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PAVING THE ROAD TO PROSPERITY

Management Education in the Czech Republic, Slovakia, Hungary, and Poland

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Printed by Novographic, Vienna, Austria.

I dedicate this report to my wife Olivia, daughters Carol and Judy, and granddaughter Julia.

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Appendix 4

The Czech Republic and Slovakia

The General Situation and Selected Management Education Institutions in Detail

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†There is no quality control on management education in Poland, Hungary, the Czech Republic, and Slovakia. As a matter of convention, the report adheres to the local usage of titles, that is, MBA and so on. Neither IIASA nor the author endorses the MBA or MBA-type title for these programs as, at present, there is no system of accreditation.

Preface

The purpose of this study was to survey, evaluate, and analyze management education efforts in the Czech Republic, Slovakia, Hungary, and Poland since 1989, and to render my findings and recommendations. These will start off this report, followed by the body of the analysis and evaluation. This summary, then, is followed by individual reports on the state of management education in the Czech Republic, Slovakia, Hungary, and Poland. The study concludes with a survey of the major management education efforts, by universities and centers, in the above four countries. I view this as a modest beginning, representing a one-person attempt – certainly with a great deal of cooperation – over a period of about five months. My recommendations suggest scope for further action.

From the outset I had to confront two major issues: what criteria should be used (a) to select institutions or centers to visit and (b) to evaluate those I selected. Visiting all institutions was out of the question as there are approximately 150 each in the Czech Republic and Slovakia (combined) and Hungary, and 300 in Poland. Calling on the "major" ones was also beyond my reach; of these there are 43 in Hungary alone. I aimed, therefore, for a stratified sample, making certain that I included institutions that provided undergraduate, MBA-type, and executive education. Some of these were university-affiliated and some were not, some were heavily externally financed and some were not, some were public and some private, some in capitals and some in regional areas, some were generalists and some specialized in agriculture or industry. Given the time constraint, I think I was reasonably successful.

Selecting the criteria for evaluating the management centers was less difficult than I anticipated. As I traveled through the four countries one overwhelming economic need was evident: to raise individual, corporate, and national productivity. Economic reforms and management education go hand in glove. As reforms progress, countries need managers who can operate in a market environment or in economies in transition from central planning to market. Management education should proceed simultaneously at all levels: undergraduate for entry-level jobs in business, MBA-type for promising middle managers, and executive education for executives. Also, the management education provided should be appropriate to Eastern Central Europe in the 1990s and not mindlessly adapted from a program abroad, however prestigious that program is. Management is partly skill and partly culture. The former can be more easily imported than the latter, which will have to be adapted. Programs that emphasize marketing, human relations, international business, entrepreneurship, and intermediate accounting, finance, and operations are likely to raise productivity. Programs that emphasize state-of-the-art finance or those that aim to send graduates to consulting jobs are less likely to do so. In terms of pedagogy, the accent should be on practitioner orientation with theory providing only the necessary background.

Since both the economies and management education in the Czech Republic, Slovakia, Hungary, and Poland are in a state of flux, some detailed data may be out of date by the time this report is published. Also, some of the written summaries I received or verbal information I was given may not be entirely accurate (or was motivated by wishful thinking), or, of course, I may have misunderstood. While I attempted to survey the major management education efforts, no attempt was made to be totally comprehensive. This was not possible given the fluid nature of the task and I am doubtful that including more institutions would have changed my findings. I attempted to double-check all my information. Likewise, I was not driven by being completely up-to-date. Given the changing conditions, this would not have been possible in any case and, again, I doubt that my conclusions would have been materially changed. I am convinced that in all key aspects the data I obtained were the best available at the time.

Acknowledgments

The International Institute for Applied Systems Analysis (IIASA) in Laxenburg, Austria, made this study possible. What I accomplished could not have been done without IIASA. Though I knew what data I needed, I greatly benefitted from the inputs of the relevant national committees of IIASA and their professional staffs. They arranged most of my interviews and helped me to obtain maximum cooperation from the surveyed institutions. I owe much gratitude to IIASA's Director, Peter E. de Jánosi, who invited me to spend three months in 1992 and two months in 1993 at IIASA. The IIASA project – one result of which is this volume – dealt primarily with a survey of management education in the Czech Republic, Slovakia, Hungary, and Poland, and was financially supported by the Andrew W. Mellon Foundation, New York. Professor Richard E. Quandt of the Foundation also contributed greatly to the formulation of the project. A Rockefeller Brothers Fund (RBF) grant to IIASA financed the dissemination of this report and a volume of case studies and teaching notes entitled *Management in Eastern Central Europe and Russia* (1993), distributed by and available from IIASA. To Peter de Jánosi, Professor Quandt, to IIASA, The Mellon Foundation, and RBF, I express my appreciation. At IIASA I also wish to thank János Gács, Angela Ferrari, Shari Jandl, Sabine Malek, Jennifer Spitaleri, and Tibor Vaško. Dr. Tibor Asboth of the Hungarian Academy of Sciences and Dr. Maciej Krawczak of the Polish Academy of Sciences were most helpful, as were MBA Enterprise Corps members Tonica Smith, Sheilia Terranova, and Julie Shryne (all three in Cracow), Lisa Riley and Marie Trexler (both in Bratislava), Hayes Clement (Budapest), and George Collins (Prague). My wife, Olivia Grayson, edited the preliminary drafts. Finally, and most importantly, I express my appreciation to the faculty members, administrators, government and trade association officials, and business people who gave me interviews. I spent about six weeks making on-site visits to Prague, Brno, Bratislava, Budapest,

Pécs, Miskolc, Warsaw, and Cracow. I did the first round of interviews in 1992 and follow-ups, together with filling in gaps in my data bank, in 1993.

I also wish to register my thanks to my colleagues at my permanent institution, The Darden Graduate Business School at the University of Virginia, who encouraged me to undertake this project. In addition I wish to thank the reviewers of the report for their detailed comments.

Paving the Road to Prosperity

Major Findings Applicable to all Four Countries

1. There is no quality control, no accreditation, no rankings, and no visiting committees in management education. (See page 10.)
2. Management education is characterized by extreme proliferation of effort. It is "cowboy capitalism" at its best (or worst). I found this chaos more creative than not. There are no economies of scale or even understanding of economies of scale in management education. The programs are too numerous and too small. Most, or at least many, of them are academically and financially unsound. This will, of course, change as the shake-out begins, but the shake-out will take a while. There is little long-term thinking on the part of the institutions. Nor is there a realization that educational programs, except executive education, are money losers everywhere. (See page 8.)
3. It is too early, in my judgment, to pick "winners" or "national champions". Reforms and management education started a scant four years ago. In a couple of years there might be a shaking-out of the effort. Then will be the time to search for "winners". (See page 9.)
4. The emerging dual structure – public and private – in management education is appropriate. Undergraduates will have to be educated mostly by public universities, MBA-types by a mixture of private and public centers. The bulk of executive education will be carried out by private institutions. (See page 17.)
5. There is a large need (to operate in market economies) and a large demand (to be successful in market economies) for management education. It will be many years before the backlog or suppressed demand has cleared. (See page 4.)

6. A unique opportunity exists for instant globalization of management education in Eastern Central Europe by internationalizing the student body, faculty, and teaching materials. (See page 24.)
7. There is considerable scope for improvement in making external assistance more effective and productive. (See pages 27 and 30.)

Major Recommendations

1. Some ground work toward a process of accreditation or rankings should be commenced.
2. Make sure that the better, externally financed, private centers stay afloat. These will certainly include the Czechoslovak Management Center (Celákovice), the European Business School (Prague), and the International Management Center in Budapest, and, possibly, the International Business School (Poland), the Warsaw Business School, and (a state institution) the Faculty of Management of Warsaw University. The Polish institutions only provide MBA-type education and no executive programs (see point 3 in this list). These centers, because of their expensive fees, will not provide the answers to mass management education and the temporary nature of their leadership is a concern. Yet they are at the forefront of curriculum and course reforms and are needed to spur the understandably more tradition-bound universities to update and expand their educational offerings.
3. Priorities ought to be given to executive education (over MBA-type and undergraduate programs) aimed at the upper management of existing enterprises. The management problem is occurring *now*, and it can be alleviated most effectively by short-term courses aimed at top/upper middle executives.
4. The feasibility of a one-year MBA program – in contrast to the traditional two-year program – ought to be explored.
5. Improved utilization of colleges for management education ought to be explored to reach entry level (into business) people.
6. There is considerable scope for improved curriculum and course design. Special attention should be paid to the internationalization of curricula and courses, as the small countries of Eastern Central Europe will largely depend on the rest of the world for their economic fortunes.
7. "Teach" management instructors to teach using methods other than lecturing: i.e., case studies, simulations, games, and so on. Many present

instructors are political economists or engineers in disguise; they need to be immersed in modern management subjects, such as marketing, human relations, international business, and entrepreneurship. Continuing to retool workshops would go a long way toward addressing this issue.

8. Develop appropriate pedagogy to introduce and encourage the case method of teaching, facilitate case writing, and to establish a case bibliography or clearing house. These efforts should be made for the area as a whole and not country-by-country. Training for case-method teaching can be done in the summer. Support for case writing is an on-going activity and should be encouraged as such. Establishing a case bibliography requires an up-front investment and smaller funds to maintain it.
9. Strengthen the inadequate infrastructures of both public and private institutions engaged in management education. Wherever appropriate, support should be made conditional on the institutes cooperating among themselves to realize economies of scale. Some efforts that come to mind include assisting the management institutions of the region to obtain optimum quality counterparts in North America and Western Europe, keeping an informal clearing house of Western management instructors visiting the four countries, and tying in with the MBA Enterprise Corps. My further recommendations include setting up mechanisms that will facilitate (a) strengthening the infrastructure to deal with foreign visitors and providing improved logistics for the countries' own institutions, faculties and students, and (b) assisting these universities and centers in formulating long-term plans and establishing priorities.
10. One of the goals of management education in the four countries should be to make some of the degrees, e.g., the MBA, internationally recognizable. To this end it would be beneficial to introduce the Graduate Management Admissions Test (GMAT) and the Test of English as a Foreign Language (TOEFL) as one of the admissions criteria. As standardized tests are not used in Eastern Central Europe, external support would be helpful to support preparatory courses for the GMAT (or for that matter the GRE) and the TOEFL.
11. Special attention ought to be given to management education efforts located outside the countries' capital cities.
12. Funding agencies – internal and external – ought to insist on some long-term planning by management education centers. This exercise should go well beyond a generalized mission statement: rather, it ought to build on the distinctive competence of the institution(s) and give a reasonable plan of implementation.

13. Thought could be given to offering, say, two-day courses on basic management subjects to politicians, journalists, and university administrators. This would serve the double purpose of increasing economic literacy in key constituencies and, at the same time, highlight for these groups the relevance of management education.

The Political and Economic Environment

Creating market economies, launching economic reforms, and starting management education was jump-started in an environment of declining economic conditions (since 1989). In all four countries of Eastern Central Europe, gross domestic product declined dramatically, with unemployment reaching highs of 13% in Slovakia, and 14% in Hungary and Poland. In the Czech Republic, it is a remarkably low 3%; it is expected to rise slightly in the next couple of years. Inflation in the period ranged from 25% in Hungary to 55–60% in the Czech Republic and Slovakia. In Poland inflation reached 600% in 1990, but was down to 45% in 1992. By mid-1993, the koruna, the forint, and the zloty almost stabilized vis-à-vis the dollar, but all four (there are separate Czech and Slovak korunas) currencies were significantly down from their 1989 values.

The Czech Republic and Slovakia have no significant external debt, while the debts of Hungary and Poland rank among the world's highest on a per capita basis. The four national budgets were running at serious deficits, though the seriousness varied from country to country; as of mid-1993, the Czech Republic's budget swung into surplus. The good news is that three of the four countries, Slovakia is the exception, have registered surpluses in 1992 in their balances of current account, and the same three countries' Central Banks, and some of their private entities, were and are able to borrow in the international capital markets. The deteriorating economic conditions were predictable as the communist governments left horrendously poor economic legacies to their successors. It seems, at least as of mid-1993, that Hungary and Poland have turned the corner; the Czech Republic's economy is still declining slightly and the economic fortunes of Slovakia are not yet clear.

The economic strain was too much for the former Czech and Slovak Federal Republic and on 1 January 1993 it split into two countries. In the June 1992 elections the two largest parties each received about 33% of the vote. The dominant party in the Czech Republic was firmly committed to the conversion to a market economy, almost with an ideological zeal; this republic is relatively prosperous. The dominant party in the considerably less developed Slovakia was equally firmly committed to slowing down the march toward a market economy. Thus the ethnic issues, Czechs versus Slovaks, were exacerbated by the differences in their states of prosperity and their expectations regarding economic policy. The almost inevitable result was the break-up of the CSFR.

In mid-1993, the political situation in Hungary is relatively stable; the governing three-party coalition has a 60% majority in the parliament. The government is mainly interested in political, not economic, issues. With the electorate, the priorities seem the other way around, and 1993 opinion polls seem to indicate widespread dissatisfaction with the government's performance. Further, in mid-1993 the main coalition party, the Magyar (Hungarian) Democratic Forum, split into two factions with the walk-out from the party of right-wing members of parliament. New elections are due in 1994.

Poland is an example of how an economy can perform reasonably well when the government is weak. (In Western Europe, Italy in the 1970–1990 period would be the classic case in point.) Parliament has representatives of 29 parties, the coalition government consists of more than half a dozen parties, and many of the coalition partners have conflicting agendas. After a political stalemate during parts of 1991 and 1992, with frequent changes in the government, the coalition has held between the fall of 1992 and May 1993.

Consequently there was not much central decision-making, except – importantly – the implementation of the standard IMF stabilization program. The result is a seemingly thriving and growing private sector, consisting mainly of small and medium-sized companies, and a rather sick public industry consisting primarily of large companies. The output of the latter group of companies was partially produced to export to other Soviet Bloc countries; with the collapse of the Soviet Bloc, exports, and therefore this portion of Polish production, have nowhere to go.

The juxtaposition of the booming private sector and the lagging public sector is in the process of exacerbating the already existing social problems between the new rich and the new poor. The extent to which the discontent of the new poor will be exploited by the populist parties – aiming at slowing down economic reforms – is yet to be seen in Poland, or, indeed, in the Czech Republic, Slovakia, and Hungary as well.

Probably the greatest obstacles to faster economic improvements in living conditions in the Eastern Central European countries are non-economic factors, namely, unrealistic expectations and the low morale of the people. The two go hand-in-hand. The arrival of the free enterprise system – to replace communist central planning – was either heralded or was expected to provide easy and quick solutions to economies that were in a state of collapse. The expectations were unrealistic and there were (or are) no easy and quick solutions. On the contrary, the change-over from central planning to a gradual market economy brought with it further hardship and pain, and no immediate panacea. Many people are getting disillusioned, their morale is low, they are mentally tired of the struggle that still lies ahead. That, in turn, becomes a re-enforcing obstacle to further economic improvements.

From the point of view of management education, the privatization attempts of the four countries are cases in point. Many small-scale, some medium-scale (mostly in trade and service enterprises) businesses have been privatized quickly and successfully. However, the privatization of large-scale enterprises – primarily in the manufacturing sector – has come to a virtual standstill. The exception is the formation of some joint ventures, where foreign investors teamed up with the best of the state enterprises. Also, privatization does not provide answers to the structural problems facing firms (lack of new products, new markets, excess capacity, over-manning, and so on). Much restructuring should take place before privatization so that "healthy" companies could find willing buyers – unlike, as of 1993, the situation in which no or few buyers emerged for the larger state enterprises. This, however, takes political will, which the four governments, already under pressure on social fronts, seem unwilling to exercise.

Given this background, it is encouraging to note that management education has been as successfully launched in the Eastern Central European countries as it actually has since 1989. Much of this was due to private initiative; certainly all non-university-affiliated management centers were. However, even those responsible for university programs reacted to the changing conditions and reshuffled their priorities, creating management education programs or strengthening existing ones. Still, the implication of the economic and political environment on management education is clear. This effort can not count on increased governmental financial support. Governments are running budget deficits and are under pressure to alleviate social problems. The bulk of new finance for management education will have to come, therefore, from private sources.

Creating Market Economies in Eastern Central Europe

Creating markets where they did not exist before is a task of unprecedented proportion. It is much, much more involved than the transition from communist to democratic regimes. While the latter is very important, the transition in the economic system affects the daily working lives of every adult in the Czech Republic, Slovakia, Hungary, and Poland. It involves such mundane but penetrating changes as what they consume or sell, where and how they earn their living or, for that matter, whether they have a job at all.

Economic changes, of course, create social change, including change in the values, skills, and habits of working people. Operating in a market economy requires managerial skills and institutions that the people of North America and Western Europe acquired over centuries. As will be demonstrated below, these changes in values, skills, and habits have a profound impact on management education in Eastern Central Europe.

Notwithstanding assurances to the contrary, Czechs and Slovaks, Hungarians and Poles do not fully understand the operation of a market economy. The English- or German-speaking intelligentsia may have some understanding but they are in most cases not the business decision-makers. The majority of the latter – whether they are in the private or public sectors – have scant appreciation of competitive markets. Such appreciation is cultural and cannot be taught like a technical skill, and the historical and cultural underpinnings for this appreciation are simply missing in the region. Thus, in addition to transferring management skills, management education will also have to include modifications in behavior and values. Among these are the beliefs that government is paramount (which is partly true, since one still needs a permit for almost everything) and that every government action is politically motivated. In a market economy the government is present but certainly not paramount.

Other issues are income and wealth inequalities. In a market economy some people will get richer than others, and some will get very rich. Seeing these nouveaux riches, many in the Czech Republic, Slovakia, Hungary, and Poland assume that the wealth was accumulated illegally or unethically, rather than that somebody had a good idea and worked hard to implement it. Life and work tend to be viewed as zero-sum games; somebody has to lose. This runs counter to the market economy approach, in which life and work are generally viewed as positive-sum games.

As much education in the region under the previous regimes was theoretical, so it continues to be, especially in the Czech Republic. The "market" has become the "Promised Land", with Milton Friedman and Friedrich Hayek as the prophets. The trouble is that, apart from Hong Kong, there is no completely free market; the issue is the extent of governmental intervention. This will be considerable in all countries within the region in the foreseeable future. Understanding, analyzing, and forecasting governmental actions should occupy an important part of a management curriculum.

In education, the Oxford–Cambridge model, and much of the North American educational system, is based on a liberal arts philosophy. The Eastern Central European countries, generally, follow the German system of specialization, beginning at a very early age and continuing right on through the entire work-life of men and women. This is a different culture and environment from the ones in which virtually all MBA programs have been launched. Further, the apprenticeship system, with internships and work projects that are familiar in the Germanic system, has not been used in the so-called academic tracts of Eastern Central Europe, including in management education where, in fact, internships might well be used to good advantage.

The creation of a market economy is a gradual process that cannot be legislated or decreed. It can be facilitated or retarded by governments, but it cannot be imposed. For management education this is just as well. The production of properly trained and experienced managers takes time; just as the conversion to a market economy is a process, so is management education. The key challenge is to synchronize the two. Synchronization is confounded by the fact that for many years to come economies will be mixed, in transition from central planning to market.

The Coming Restructuring of Management Education

Since 1989, management education centers have sprung up like wild mushrooms in Eastern Central Europe, showing great entrepreneurship and producing somewhat creative chaos. This is unavoidable, but is all to the good. After 1989, management education became both a necessity in the region (to implement and accompany economic reforms) and a vogue. Sooner or later, the management education "industry" will either restructure itself or will be restructured. Incidentally, the proliferation of business schools is a worldwide phenomenon. In 1992, Spain had 180 compared with 3 in 1987. Britain had 90 MBA-type programs in 1992, compared with 40 a decade ago. [See *International Herald Tribune*, 1992; *Times* (London), 1993.]

At least two models come to mind as to what the result of the restructuring might look like:

- The anointing of one or more (but *very* few) "national champions" in management education. [The phrase is borrowed from Raymond Vernon's *Big Business and the State* (Vernon, 1974)]. National champions would be able to realize economies of scale, provide a critical mass of faculty and students, increase funding effectiveness, and so on.
- The alternative model is the intense rivalry of competition; "local rivalries go beyond economic competition–they become intensely personal feuds for bragging rights" (Porter, 1990). In this sense, a large number of institutions are good, and so is Western assistance to multiple centers. Rivalry will lead to innovation and efficiency, and so on.

Alas, the market is not likely to work all that perfectly in restructuring the management education industry for a host of reasons, such as:

- Many institutions are publicly financed and the tendency is for such funding to continue with a limited regard for results. As a result of persistent governmental budget problems, funding for education is becoming increasingly insufficient. This is likely to put a stop to the automatic funding of programs without regard to their effectiveness. The other source of funding is private and, more often than not, external. This type of funding frequently also has the tendency to continue regardless of results.
- By way of illustration, in the United States the shake-out of the management education industry has just begun, about 25 years after the BA and MBA booms in this field began. In the US there is limited public funding of management education (even in publicly assisted universities), and it has been apparent for some time that the number of institutions offering management education are too many and quite a few of them are of marginal quality.

There are issues that the market is less likely to take care of, such as the geographical dispersion of centers. Even a cursory examination of these centers in the Czech Republic, Slovakia, and Hungary (not in Poland) indicate that they are mostly located in Prague, Bratislava, and Budapest. This is inefficient since there is no reason to believe that most students or executives who seek management education are located in the capitals. There are good regional institutions of higher education that already have fledgling management education efforts. Moreover, the cost of living and of education is considerably less outside the capital cities than in them. Many of the regional universities are small, especially in Hungary. With some imagination and moderate funding, efforts to aid them could be pooled to the benefit of all of them.

The concomitant phenomenon with the proliferation of management education efforts is the lack of any long-term planning. As of 1992–1993, there were 300 programs teaching business in Poland (80–100 in Warsaw alone), about 150 in Hungary, 100 in the Czech Republic and more than 50 in Slovakia. For the lack of long-term thinking, everybody blames the government, no doubt justifiably. However, I saw no evidence of long-term thinking on the part of the management centers themselves, though there are a few exceptions; the idea is to jump in so as not to "miss the boat", and worry about implementation later. My suggestion is that neither international, nor bilateral institutions, nor foundations should support any institution without a meaningful long-term plan.

Still, at least as of 1993, it seems to me that it is too early to decide on "national champions" for management education. The jury is still out on many of the institutions regarding teaching effectiveness (how to evaluate this is an unanswered question which needs to be addressed), the development of an appropriate (to circumstances of economic transition) curriculum, and the updating of course content with relevant pedagogical materials.

Management education in Eastern Central Europe is where one expects it to be at this stage, which is about four years after it seriously commenced. The next three to five years will witness a significant shake-out of management education centers and university-affiliated management programs, with the academically and financially strong institutions surviving. The end of this period will also see some moves toward a system of quality control or accreditation or rankings. The general issue of quality control is addressed below.

The Major Issue of Quality Control

The corollary of the chaos existing in management education is that there is no quality control. In the United States, the AACSB (American Assembly of Collegiate Schools of Business) accreditation offers a quality control minimum. During the spring and summer of 1992 the author of this report created and distributed a survey questionnaire to selected universities and management centers listing the kind of questions any accreditation agency might ask institutions seeking such recognition. Many of the institutions voluntarily filled out the questionnaire.

Ideally, of course, the need for (and provision of) external funding might exercise some quality control. As proven by the USAID (US Agency for International Development) grants of mid-1991, this is not necessarily so. The AID grants went to a varied mixture of institutions. These grants, in many instances, rewarded entrepreneurship, i.e., American faculties that had initiated contacts in the target countries or Czech, Slovak, Hungarian, and Polish officials that had initiated ties with an American institution. Alas, much external funding – not just AID – is driven more by the logic of the provider of the funds and less by the need of the recipient of the largesse. Ironically, this was the practice under the command economies, the very ones that external assistance intends to turn into market economies where "the consumer is the king". Further, major funding sources tend to be risk-averse, making the "rich" institutions "richer", which might lead to a too-early and not-yet-appropriate selection of national champions.

In Western Europe, and particularly in the United States, academic institutions welcome the assessments of visiting committees. The notion of independent visitations is unknown in Eastern Central Europe. Moreover, members of such committees would have to be not only competent but independent. In the small target countries, where academics know, are beholden to, or hate other academics, such independent assessments will be hard to realize. The danger of external visiting committees is obvious. These countries were colonized for forty years by the Kremlin, so they will be loath to trade advice from Moscow for advice from Brussels or Washington. Yet, eventually some mechanism will need to be put in place, together with some moves toward a system of accreditation.

An alternate method of quality control, besides accreditation or visiting committees, is to publish rankings regularly in professional or business journals. These are regularly made available in the United States, and are specific to undergraduate, MBA, and executive programs. They are also now available in Western Europe. In the United States, management education is in the mature phase of the product life-cycle; in Western Europe it is a step behind. In the United States, one of the (two) primary goals of MBA programs was to increase their rankings (Porter and McKibbin, 1988).

(Increasing research output was the second major goal.) In Eastern Central Europe, management education is at the take-off stage. Sooner rather than later, rankings in the Czech Republic, Slovakia, Hungary, and Poland could work as guides to students, faculty, and funding agencies.

The quality control difficulty is exacerbated by the shortage of skilled professors of management in general, and in certain fields in particular. People in the fields of marketing, finance, international business, and competitive analysis are in great demand. Therefore, while most people work part-time at educational institutions because faculty salaries are so low, most good faculty teach at more than one institution. Further, they move as the financial fortunes of their affiliated institutions change. If one were to rank, say, a finance department highly because a particular professor teaches there, and then that professor moves, the rankings would have no meaning. Most "departments" consist of a single faculty member, due to the legion of new schools which have been started. Finally, there is great potential for a conflict of interests. A faculty member may teach at a university at low pay and also in a private management training center in which he or she has a proprietary interest.

Quality control is also needed in the admissions process of degree-granting management programs. For programs that are taught in English, some steps along these lines are already being taken. The International Management Center and the Technical University of Budapest, for instance, require satisfactory results in the standardized GMAT and TOEFL tests, in addition to a minimum of two years of work experience and demonstration of a managerial attitude – whatever this last point means. Preparation for the GMAT and TOEFL tests (multiple choice tests are rarely, if ever, used in the Czech Republic, Slovakia, Hungary, and Poland) may well be centralized in one institution and supported by various bodies. This is only possible if not all institutions offer these preparatory programs.

Demand for Management Education

In the Czech Republic, Slovakia, Hungary, and Poland there is little notion of the number and types of managers needed. In market economies, supply and demand signals work reasonably well. (If the need for MBAs headed for investment banking declines, job offers will be fewer and of lesser quality, and starting salaries will decline or not rise. Bright, young people intent on making lots of money will either go to law school or switch to marketing.) As yet, no such market exists in Eastern Central Europe, and won't for a while. Therefore, some forecast of manpower needs (at least some mental image of the future) is called for. Approximately how many trained managers will be needed overall, and of these, how many in finance, marketing, operations, accounting, international business, information systems, and human relations? How many entrepreneurs and how many administrator–implementors, how many middle and how many senior managers will be required?

Need is one thing, but determining it is something else in the absence of market signals. First, anything which seems remotely like a plan will send the peoples of Eastern Central Europe into orbit, and justifiably so after four decades of experience with planning. Second, data for the assessment of such needs are not readily available. Third, who would carry out the manpower assessment? Businessmen would be the obvious answer, yet many of them are mistrusted, and they are still few in number and inexperienced. This will require some maneuvering as to how businessmen should be involved. Without assessments or market signals there will be erroneous or inadequate efforts, under-utilization, and duplications.

Under the communist central planning system which prevailed in Eastern Central Europe from 1949 on, fulfilling production and distribution quotas (under the plan) was the prime motivation for managers. Many of the top enterprise managers were either Communist Party appointees or, if they were technocrats, their training was likely to be in engineering. If they had any other training, it was in macro- or microeconomics, though much of that education was tainted by ideology.

Since 1989, as the economic conditions have changed, so have the requirements for management education. The main driving forces are the growing number of new enterprises (some privatized, some newly launched), the attempts by the government to make public sector companies profitable, the reorganization of agriculture, the proliferation of joint ventures with foreign partners, and the general internationalization of business activity.

The determination of the need for trained managers is clouded by two factors: rising unemployment and the restructuring of the economy. Unemployment complicates the picture in conflicting ways. The unemployed cannot afford to pay for training. On the other hand, to alleviate social unrest, governments offer a limited number of stipends to the unemployed to be retrained as managers. Whether some of these people would have chosen management training anyway, or whether they are doing it because it is available as a paid alternative is not clear. The impact of the restructuring of the economy is also unclear. While some state-owned enterprises will undoubtedly close down, some will be regrouped as smaller enterprises. What will be the balance between the disappearing and the new enterprises? It is safe to say that the "new" enterprises will be smaller, though some joint ventures will be large. How will these changes impact the managerial employment picture?

During the communist system, tuition fees were paid by the state. That is still true (as of 1993) of basic university education, though there is talk about charging some tuition. However, graduate education is not supported by the state, including management education. Also, young employees are reluctant to leave their jobs to pursue further education as they are not certain that their job (or any job) will be available after graduation. The result of this economic situation is, as I was repeatedly told in the Czech Republic, Slovakia, Hungary, and Poland, that a two-year, full-time program of graduate management education is not generally feasible. For the time being, therefore, the emphasis has to be on part-time programs, unless sufficient external funding can be found.

Regarding shorter executive programs of several weeks or less, they tend to be high-priced and out of reach for most young managers. Many management education institutions are able to fill their short programs, though frequently with considerable effort.

One measure of the need for managers is that most joint ventures, realizing that there is a lack of professional managers, send their new employees to be trained at their own in-house training facilities outside Eastern Central Europe. In Hungary's case, Arthur Anderson and General Electric are large users of outside training facilities. There are many others. The implication of these business decisions is that if foreign investors recognize the need for trained managers, enterprises fully owned by Czechs, Slovaks, Hungarians, and Polish people also need well-trained managers, and probably more so. Pál Teleki, Managing Director of the Hungarian State Holding Company, stated that "out of 160 companies [of the holding company] no more than 3 or 4 have proper management." (International Monetary Fund, 1993.)

A conceptual framework for estimating the demand for education is provided by Charles T. Clothfelter *et al.* (1991, especially Chapter 2). Clothfelter points to the known, strong association between college degrees and lifetime earnings, but proceeds to note that it is not clear whether education makes workers more productive or because a college degree is a credential leading to bigger and better things. In the same vein, it is the view of many MBA recruiters that the top-tier graduate business schools perform a double screening function, first by accepting the best applicants, and then by flunking out those who do not perform well during the two-year course. These considerations apply equally well to management training in Eastern Central Europe: so does the quality aspect of education in general, and of management education in particular. All undergraduate, MBA, and/or executive education programs are not the same: some are better than others, and some are a lot better than others. Assuming that the customers are well-informed – still a dubious assumption in Eastern Central Europe – applications will gravitate toward the superior institutions, taking cost considerations into account. This is summed up by the answer Henry Adams, a member of Harvard's faculty, received in the 1870s in answer to his question as to what one of his students meant to do with his college education. The student replied, "The degree of Harvard College is worth money to me in Chicago." [Quoted by Clothfelter *et al.* (1991, p. 61).]

To quantify the need for management education, the following approach might be taken, using the information I was told repeatedly by academic administrators: namely, that they are able to admit only about 25% of qualified applicants. (Universities in Eastern Central Europe do not have a system of multiple applications, or its practice is limited, so applicants are limited to one possibility, or two at the most.) One could sum the enrollment in all "serious" schools by category, i.e., undergraduates, graduates, by subject matter and length, and then multiply the number by four, which should give the demand for management education. This approach, however, assumes sufficient knowledge of market conditions, which is somewhat doubtful. What is clear is that many young people think they could do better if they had management education courses, but are, at present, unable to take them at universities.

An alternate method of estimating demand for management education is to count the number of new companies being formed and assume the demand for new managers from that data. By way of illustration, I will use Slovakia. In March 1993, I was told in Bratislava that the Association of Slovak Entrepreneurs (ASE) had, as of that date, 300,000 members; one has to register if one is, or wants to be, an entrepreneur – though one does not have to "de-register" if one's enterprise failed. Upon inquiring further, I was informed that "probably ASE has 200,000 active members". I was also given some anecdotal evidence on the size distribution of the new firms. From that I deduced that about 80% of the new entrepreneurs could benefit from a 2–5 day course, about 15% from a 2–6 week course, and 5%, or less, from an MBA (or MA)-type program – maybe a one-year course – of management education. This estimate did not take into account the management education needs of managers in existing enterprises (except those ASE members who planned to expand their businesses). Slovakia has a population of five million, the Czech Republic and Hungary each have populations twice as large, and Poland about eight times as large. Whichever way the exact calculations go, one may conclude that the demand is substantial.

I am aware of several attempts at assessing the need for training managers in Poland. One was prepared by Coopers & Lybrand in Poland in 1990. The report said in its introduction that "it has been produced under the constraint of availability of numerical data, and therefore is subjective" (meaning little or no hard data). Poland has a high-quality educational system; however, education is strictly academic and instruction in management skills was marginal or non-existent until 1989. Labor productivity is low, primarily due to absenteeism, low levels of automation, over-manning and worker morale. Absenteeism is primarily due to moonlighting for other work. As a result of the chronic housing shortages, there is very little labor mobility in Poland. As the economy moves away from central planning to a market system, unemployment, which was 0.3% in January 1990, increased to 14% in January 1993, according to the Ministry of Labor and Social Policy.

The demand for management skills is considerable, especially in sales and marketing, finance, business strategy, and product development. The establishment of joint ventures has been relatively slow in Poland for a host of reasons, including lack of management skills. In these ventures, demand is concentrated on Western management techniques, sales and marketing, accounting and finance, technology management, and office automation. Privatized companies face the same demand for management skills as do joint ventures.

The second needs analysis that I am aware of was conducted in June 1990 by the Dansk Ingenior System/Carl Bro Group, together with their Polish partners, the Joint Systems Research Department (JSRD), the predecessor of the Progress and Business Foundation (P&BF) of Cracow. This consortium visited seven companies to ascertain training needs and concluded that the primary needs are in business planning, sales and marketing, cost accounting, managerial and worker motivation, and finance and banking. *Table 1* is illustrative of perceived needs.

Yet another attempt at assessing the need for management training is a survey by Barbara Heyns of the University of Warsaw and New York University, Jan Szczucki of the University of Warsaw, and Michael Kennedy of

Table 1. Perceived needs for management.

	Relative distribution of manpower	
	Polish company (%)	Western company (%)
Production	67	45
Marketing	8	30
Administration	10	13
Development	5	12
Others	10	0
Total	100	100

the University of Michigan Business School. (See Heyns *et al.*, unpublished.) They and their associates conducted questionnaire surveys of the first-year class of the Management Education Faculty of Warsaw University and the Private Business and Administration High School, one of the first private schools in Poland. The questions centered around the background and aspirations of business students, their economic and political attitudes, and their perceptions of entrepreneurial opportunities in Poland.

Heyns *et al.* found, through surveying Polish students in three business programs, that they would prefer to work in the private sector, start their own business, or work for a foreign firm. (This was despite the fact that 66–75% of the respondents in every program disagreed with the statement that "foreign businesses should have the right to transfer profits earned in Poland abroad." See the section on "Creating Market Economies in Eastern Central Europe," p. 7.) Overwhelmingly, the students surveyed responded that the practice of business should be restricted to those "with proper credentials and qualifications" and to those "most qualified". These, presumably, are young people who have a business degree or certificate. Thus, in the final analysis the demand for management education will also be driven by the need to obtain paper qualifications or titles, and not necessarily only or primarily by the need to learn management concepts and techniques.

Criteria for Evaluating Management Education Centers

Two possible models present themselves: university-based and independent (from institutions of higher learning) management education. Management education has three branches: undergraduate, graduate (MBA or MBA-type), and executive. Each ought to be thought of as a separate activity. Management courses such as introductory accounting, finance, and marketing may be offered at the undergraduate level, so that young people entering the labor force have some notion of the market system. Although undergraduate education already exists in management, it will be further developed by the universities. As a result of the large number of students involved and their inability to pay the hefty tuition fees involved in non-university education, it is likely that undergraduate education will be provided by the universities. At the university level there are already too many MBA programs that are either in operation or are under preparation. University administrators in the region tend to get carried away with their plans, frequently confusing them with what is actually happening. It is clear, though, that whatever is being done is in an embryonic state, both in terms of the number of the students enrolled and the curricula offered.

The alternative model of management education to university affiliation is the type of independent centers which have multiplied like amoebae throughout the Czech Republic, Slovakia, Hungary, and Poland. A small number of these are lynchpin programs and, in terms of orientation, curriculum, and pedagogy, are probably the only business schools in the region. They are, as a rule, heavily externally financed and tend to offer both MBA (or MBA-type) and executive education. They are entirely privately funded, tuition fees are high, and are not, therefore, within reach of the majority of people seeking management education. Their programs are likely to include a number of other nationalities along with the native born. The courses are jointly taught by local instructors and visiting Western faculty, usually in English.

As of 1993, the dual approach to management education (universities and independent, heavily externally supported centers) bodes well for the Eastern Central European management institutions. Both are needed, albeit for different reasons. Universities will have to educate the large number of undergraduates. Due to their high costs, independent centers will be active only in MBA-type programs, executive (part-time) MBAs, and executive education, and are likely to be able to educate a relatively small number of students or participants. By the nature of these programs, they are likely to be more innovative with more academically up-to-date faculty, teaching materials, and curricula. These centers may well be models for those Eastern Central European universities which teach management, with the latter serving the "mass" market.

Different constituencies in higher education frequently have conflicting goals. Public monies channeled into management education are aimed at raising national competitiveness by making managers more competent. Faculty members want to deepen their knowledge and improve their professional standing. Students want to learn and improve their chances in the job market. While these goals are not necessarily mutually exclusive, they can be. In case of conflict in Eastern Central Europe in the 1990s, the criteria for funding ought to be the national goal: that is, to raise the countries' competitiveness. This thought was reflected in the United States in the *Report of the President's Commission on Industrial Competitiveness* (Government Printing Office, 1985), which saw the need for improved management training in terms of increasing national efficiency in the global economy.

To effectively change business practice in the Czech Republic, Slovakia, Hungary, and Poland, management education ought to proceed on all levels simultaneously with economic reforms. It makes no sense to, say, free prices or privatize and not have managers who can operate in a quasimarket environment, any more than it does to have entrepreneurs in a centrally planned economy. Economic reforms and management education have to proceed in a coordinated fashion and at all levels of management. Top executives, who were/are the likely managers of large public enterprises should be retrained in shorter executive programs, while younger people with an MBA qualification need to be produced for middle-management positions. Both need to be done in synch; otherwise lack of communication will slow productivity increases and will create frustration.

While economic reforms and management education have to be synchronized, there are some priorities within management education. In my judgment, priority ought to be given to executive education aimed at the top and upper management of existing, or newly formed, enterprises, i.e., retraining people who are running firms at present. Top management has to deal with issues now; if it can not or can do so only poorly, tomorrow will be that much more discouraging. MBA and undergraduate education, while they need to be started now, are for the long term. They will provide some, but not necessarily substantial, assistance for the present. Certainly, a start on these programs needs to be made in order to improve enterprise management five to ten years hence.

Some Benchmark Studies of Management Education

In the evaluation of management education centers, it is instructive to return to the landmark study of Gordon and Howell (1959). They examined the state of business education in the United States and suggested some changes that needed to be made in order to better prepare future businessmen. They found a great need for competent, imaginative, and responsible business leadership, which required a better education for young men and women studying business. They realized that there is no clear-cut model of what a business school should be and that there is no answer as to what is a "better" business education.

Gordon and Howell observed that in order for the recommended changes to occur, certain conditions are necessary: the will to improve, the knowledge of a better alternative, confidence that these alternatives do represent improvement, and sufficient resources to make improvement possible. In my judgment, all of these conditions are present in the Czech Republic, Slovakia, Hungary, and Poland, except that the resources are not sufficient. To help create these conditions for improvement is part of the purpose of this study.

In preparing business students there are two main objectives. The first stresses preparation for a career in business without regard to the kind of business or job, except that it will have an exceptional amount of managerial responsibility. The second assumes a lifetime career in business, emphasizing a particular area of specialization.

The emphasis in management education should be placed on those skills most needed in the business world. The most important of these skills include analytical ability, judgment, skill in interpersonal relations, the ability to accept responsibility and to make decisions, facility in personal communication, and strong personal motivation. All of these qualities are not needed for every type of position, but combinations of them are necessary for business careers.

Even though the general direction in which business schools need to move is somewhat clear, there is still a strong need for flexibility. There has to be more than one educational route to a business career. Several suggestions were made by Gordon and Howell that are useful in business education, depending on the circumstances. A broad, two-year business program at the graduate level is best for those students who are qualified for it, with a solid undergraduate background and at least two years of work experience. A five-year program, with the first three being devoted to non-business courses and the last two to business courses, is an alternative. The most widely used alternative will be an undergraduate program in which half the work involves business and related subjects.

Gordon and Howell mentioned the rapidly growing services offered by American universities, i.e., executive education programs. These are limited to experienced businessmen. Participants are sent by firms for a considerable length of time, ranging from two weeks to a year. The purpose of these programs is to improve the managerial skills of those already in the middle and top levels of management. The topics covered usually emphasize finance and control, management of human resources, and an area that focuses on the firm's non-market environment, which includes material on national income and related topics, the place of business in society, and the responsibilities of business to the community. Other topics that are included are marketing, production, personal development, managerial economics, and business policy. Published rankings of North American and Western European executive education programs have appeared in the business press since the early 1990s.

Thirty years later Porter and McKibbin (1988) reviewed the state of management education in North America. They found, from the viewpoint of the business sector, moderate satisfaction with the work that management schools are doing in teaching, research, executive education, and interactions with the business community. They were most satisfied with the quality of teaching and least with relations with the business community. Looking at the curricula, they thought that more behaviorally oriented subject matter should be emphasized. Most thought that the amount of emphasis on quantitative oriented subject matter was about right, and that the strong emphasis on developing students' analytical skills should be maintained. They responded moderately positively about the quality of MBA graduates, but they were seeking better leadership and interpersonal skills. They did not notice the impact of research on their companies; therefore, they did not see its significance. The undergraduate business majors that companies prefer to hire are those with a broad background and knowledge base, and who have the potential for future positions in leadership. The academic viewpoint is just the opposite, namely, that companies prefer hiring someone with a well-developed area of specialized knowledge and who is particularly well prepared to perform effectively on the first job.

Porter and McKibbin concluded that the education business students are receiving is more narrow than it ought to be in order for them to cope with a rapidly changing business environment. The curriculum offered by universities should allow the students to broaden their scope of interests. The business portion of the curriculum should be reduced to 40% of the four-year, undergraduate BBA program. It is important for the students' education to go beyond the analytical and methodological and to focus on a broad, well-rounded education.

Other criticisms suggested that there is too much emphasis on the internal, organizational environment, such as how to improve the operating and financial effectiveness of the firm. Porter and McKibbin recommended that increasing attention be given to the external environment, such as government relations, societal trends, legal climate, and the international dimension of management. There is a strong need, especially at the MBA level, to be more educated in the culture, history, geography, economy, and politics of foreign countries.

Porter and McKibbin's final consideration was the need for continued education – executive education/management development. Managers should be participating in systematic development activities to a much greater extent than they were in the late 1980s. The issue of meeting these needs is a major challenge for both business schools and corporations. First, business schools must decide what role executive education programs should play in their total educational systems. The second challenge is how to use these programs as potential instruments of change. Executive education activities could provide the opportunity for improving instruction at the undergraduate and graduate level. Providing the opportunity for executives to teach could be used as a faculty development experience.

Alternatives to the Traditional Model

Two alternatives to the traditional North American and Western European models of management education should be seriously considered for Eastern Central Europe. One is the offering of a one-year MBA as compared with the standard two-year programs, and the other is the utilization of the so-called colleges. Colleges are a level below universities, their courses take three to four years – as compared with four to five for universities. Both universities and colleges enroll students at age 18. These alternatives are explored below.

A one-year, full-time MBA has been offered by INSEAD of Fontainebleau, France, most successfully since its inception in 1958. Though this is not in itself a sufficient reason for the introduction of this system into the countries of Eastern Central Europe, the obviously lower cost of a one-year course compared with the two-year one and the speeding up of the process of producing trained, middle-level managers for countries that need them in a hurry, even with a reduced level of management sophistication, are ample reasons for looking carefully at the INSEAD model. The argument against a one-year program is that in the present transition economy it takes two years to bring students (and faculty) up to accepted standards. The solution might well be that some MBA programs should be one year long, while others stay at two years.

The utilization of colleges for the purposes of management education has several obvious advantages. For one, the number of people enrolled in these institutions is large compared with the management programs offered by universities and independent centers. Also, some of the colleges are already offering – if only in name – a modicum of management education. In Hungary, for example, there is a College of Finance and Accounting and a College of Foreign Trade. Finally, the business world in the Eastern Central European countries needs entry-level young people with elementary knowledge of management concepts and techniques, which these colleges can provide, if upgraded, at low cost.

As far as costs or funding (internal or external) are concerned, it ought to be noted that educational programs everywhere, undergraduate or graduate (including MBA programs), are money losers and need to be subsidized. Successful executive education courses are profitable and are used by universities to cross-subsidize undergraduate and MBA education. However, even after cross-subsidization, the undergraduate and MBA programs still need to be supported by funds raised by the universities. After undergraduate and MBA programs reach a certain size, they lose less money as they are able to realize economies of scale. The Czech, Slovak, and Hungarian cases are a long way from reaching any kind of economies of scale. In fact, all three countries are really too small to achieve real economies of scale in management education. Economies of scale are possible in Poland if managed properly, but, as of 1993, Poland is very far from this goal.

To my knowledge, there are only two MBA programs that are not affiliated with universities and are, at the same time, top ranked. One, mentioned before, is INSEAD and the other is IMD in Lausanne, Switzerland. Both happen to have disproportionally large, and very good, executive education programs which provided a sound financial foundation and stability. (Actually, as of mid-1993, IMD had financial difficulties.) Also, because of their size, they lose less on the MBA and make more on executive education programs. The suggestion here is that, even in management education, university affiliation is crucial to success. All top-ranked programs, in North America, Western Europe (except INSEAD and IMD), and Japan are university-affiliated. Thus, in the case of Eastern Central Europe, one may expect the greatest attrition of management centers to take place in the private sector.

A Unique Opportunity: Instant Globalization

Management institutions in North America and Western Europe have been laboring hard, at least by way of public pronouncements, to globalize their faculties, their student bodies, their curricula, and so on. After about two decades of efforts at globalization, alas, not all that much has changed. Most institutions retain the characters of their home countries. The primary reason for this lack of any substantial modification is that it is very difficult to change an existing, tradition bound, institution. As is well known, institutions of higher learning are more tradition bound than are other bodies, due, in part, to the tenure, or life-term appointment system, of senior faculty.

Management centers and universities teaching management in the Czech Republic, Slovakia, Hungary, and Poland are now facing a unique opportunity for instant globalization. There is little tradition of management education in the region as serious efforts did not start until the late 1980s. Centers in the private sector do not have tenure and even in universities the life-term appointment system is quite tenuous. Thus, there is a good chance of changing the status quo as there is little status quo to change – and if there are countries that need a global orientation, they are the countries of Eastern Central Europe. Compared with countries in North America and Western Europe, the Czech Republic, Slovakia, Hungary, and even Poland are small. They will prosper through international trade, investment, finance, marketing, and management. Globalization of management education in Eastern Central Europe would be a worthwhile goal for external funding agencies.

That "instant" globalization can be accomplished via the formation of new institutions can be illustrated by the examples of IMD and INSEAD. In 1992, IMD (founded in 1957) had 82 MBA students from 30 nationalities. The much larger INSEAD, founded in 1958, in 1990 had 74 faculty members from 19 countries, 430 MBA students from 41 countries, and 10,000 plus alumni who worked in 97 countries. Study groups at INSEAD are systematically selected for maximum incompatibility and are assigned problems with intercultural (and intergender) dimensions to fully exacerbate national differences. "Each participant becomes acutely sensitive to the very different premises and presuppositions, prejudgments and prejudices with which different societies imperceptibly, if you like, insidiously, inculcate their members and become acutely conscious of the relativity of the preconceptions with which they themselves have been stamped by their own societies and their positions within them". [See Kitzinger (1991, p. 37). Dr. Kitzinger is a former dean of INSEAD and the retired president of Templeton College, Oxford.]

Research and Faculty

As part of an effort to control the universities, most research – including what little management education there was – was made the responsibility of research institutions by the communist regimes. This had several deleterious effects. Management education thrives on the synergy of teaching, pedagogical material development, and research. Unlike, say, in theoretical physics, if teaching, pedagogical material development, and research are decoupled in management education, none will be particularly effective. Specifically, the development of pedagogical material benefits from outside contacts with practicing managers. Also, in Eastern Central Europe, at present, there are no economies of scale in research and/or pedagogical material development, and there is no critical mass of teachers or researchers, to the detriment of both. Finally, researchers decoupled from teaching are likely to produce theoretical pedagogical materials (to read 20 articles to produce a 21st) rather than producing relevant, management-oriented, applied material set in the real policy context of the enterprise.

There is the imminent danger of an internal brain drain from the faculties of the management education centers to private industry. Some of this is inevitable, even good. Wholesale defections, however, will have serious, long-term, negative consequences. The reasons for this employment shift are the abysmally low faculty salaries, the practice of not rewarding outstanding performance, the custom of not compensating different faculties differentially within universities, or even differentially within management education according to market conditions. (Even in the States these are sore subjects for universities and for faculties of business administration. However, the difference between university and private sector compensation in the USA is nowhere as great as it is in the Czech Republic, Slovakia, Hungary, and Poland.) This is a long-term issue as governmental budget problems make it unlikely that faculty salaries will be raised substantially in the near future. There is scope, however, for possible outside funding of institutions that economize (most Eastern Central European institutions are over-staffed by American standards) and of individual faculty members who make an almost full-time institutional commitment and satisfy other academic requirements.

The result of inadequate faculty compensation is that professors are at their institutions only part-time since they have to have multiple jobs to earn a decent living. (The exceptions are the very few privately and externally funded centers; these tend to be small, compared with the universities.) Apart from the impact on university life, this system is very inefficient as much time is spent looking for colleagues and/or administrators. A nearly full-time commitment to the institution, perhaps a commitment of four out of five days, might well be rewarded.

As a result of the low growth in student population in the last couple of decades there is an apparent aging of university faculties, at least by American standards. This fact, coupled with the imminent internal brain drain, will create a problem in replacing the faculties of the management education centers. This may have funding implications. Should priority be given to younger faculty, to the more experienced professors, or to both and in what proportion?

The usefulness of visiting professors is a function of their competence and also, to a large extent, the amount of time they are willing to spend in the target countries. The transition from central planning to a market system is going to be an arduous and ongoing process. People in Polish management training occasionally referred to the "Marriott Brigade", named after the large number of short-term experts in Poland who stay at the very expensive Marriott Hotel, dispense quick advice, and fly out again. Much of the advice the Czechs, Slovaks, Hungarians, and Poles receive is as contradictory as it is tempting (and they have little expertise in evaluation), and this adds to the confusion. Institutions need long-term partnerships with long-term commitments (three months to two years) of faculty and not a quick infusion of yet more ideas and projects. The cooperation of foreign management experts with indigenous experts has to take place over an extended period of time, partly to transfer Western concepts and techniques and partly to learn the historical, cultural, and social context in which this process is progressing. In general, funding ought to be committed to arrangements that are longer term – three months or more.

Further Suggestions Related to Management Education

Outside funding can be useful in other areas as well, mostly by leveraging better existing forms of assistance. I shall endeavor to list some.

Curriculum and course design

It would be most helpful if alternative curricula and courses could be designed and made available to the various universities and centers teaching management. Adapted to the economic and business conditions in the region and originating from the best practices in North America and Western Europe, such designs would be of crucial importance to the institutions in the management field. Indeed, the leading universities and centers have already created their own curricula and courses. In terms of numbers, though, many, if not most, institutions have not. Rather, what the latter group has done is to relabel political economics (both macro and micro) and some industrial economics courses as management courses, alongside courses on politics and mathematics. Thus, there is a need for a new design for all courses, but especially for those on international business (previously taught as abstract trade theory), marketing, human relations, and entrepreneurship. These tend to be neglected in the present curriculum.

Teaching

Decades ago the Ford Foundation helped to launch the International Teacher's Program (ITP), a program that for some weeks in the summer taught teachers of management to teach management. Appropriate teachers of management in the Czech Republic, Slovakia, Hungary, and Poland should be encouraged to attend ITPs, or special ITPs should be organized for them. As of 1991, Harvard, MIT, Northwestern, Stanford, and Wharton offer a somewhat similar program, but they are not necessarily oriented toward teaching and include only a very small number of Eastern Central European management teachers. Naturally, the best teachers have been picked for these choice assignments, but these are also the faculty members who need the additional training the least. Generally, this training is individualized and lasts three months. This activity ought to be strengthened. The lack of qualified and experienced faculty to teach undergraduates, MBA students, and executives is a critical bottleneck and one which will take years to remove. However, it must be removed, as relying on short-term, visiting professors is expensive and will eventually be politically unpalatable to the host countries.

Teaching key subjects

The teaching of certain subjects critical to the success of the Eastern Central European countries (subjects with which these countries have little experience) ought to be encouraged. These include pricing, entrepreneurship, managerial and worker motivation and incentives, and international business, including appreciation of foreign business practices, since, in the case of many joint ventures, the partners will come from outside the host country. Further significant needs are in such mundane subjects as how to set an agenda, run a meeting, make an effective presentation, work in a team, and acquire familiarity with basic business jargon. Besides being useful in themselves, they will increase the self-confidence of executives and managers – a key objective of management education.

Nature of pedagogy

In evaluating business education it is not enough to look only at the curriculum of the business programs; the way in which the courses are taught must also be considered. Universities in the region want to turn management graduates into scholars; this is a misguided idea. Management education is professional training; its goal ought to be to produce decision makers and business practitioners, not theoreticians. Generally, the people of Eastern Central Europe are well educated. However, management has never been a specialization in the region, nor a profession, but rather a function. The concept of a professional manager who can go from industry to industry and from country to country, as in the West, is unknown.

Teachers of business administration in the Czech Republic, Slovakia, Hungary, and Poland tend toward theory and emphasize a descriptive way of teaching, i.e., lectures, rather than using an analytical or a managerial–clinical approach. By doing this a student will often forget the information after it has been memorized for an exam. What is needed is a combination of the analytical and the managerial–clinical approaches, although some descriptive material cannot be avoided. This method will enable the student to develop the basic skills that he or she will need as a business person. Above all, it is important for the student to participate actively in the learning process and to develop the requisite analytical, organizational, and communicational skills. The best pedagogical approach for achieving this is the case method.

Nature of testing

The century-old tradition of taking lengthy semester-end or year-end, long, written examinations is frequently still in practice. This method of testing does not separate good managers from poor ones. Managers make decisions hourly, daily, and weekly on matters large and small, and this environment needs to be replicated in the classroom and in the evaluation process. The introduction of frequent and correspondingly smaller tests would be the effective alternative.

Case writing

The Harvard Business School, the University of Western Ontario, and the Darden Graduate Business School, University of Virginia, periodically organize case-writing workshops. (Writing a business case is not rocket science, but it does require special skills.) Case writing should be augmented by workshops on curriculum and course development. It makes no sense to teach management in Eastern Central Europe using North American and Western European cases; indigenous cases will have to be developed. Or, at the very least, whatever is acquired abroad must be made suitable for transferral to the target countries. These workshops could be held in the target countries, or in Western Europe, or North America. Obviously, the Eastern Central European option would be the cheapest.

Case bibliography

A case clearing house (cases and notes bibliography) should be established for the Czech Republic, Slovakia, Hungary, and Poland; it should also be available to Russia, the Ukraine, the other members of the Commonwealth of Independent States, Bulgaria, Romania, Albania, and former Yugoslavia. Western European business schools formed their own case clearing house, which is located at the Cranfield Institute of Technology in England. In

North America, the largest bibliography is at the Harvard Business School, with significant case clearing houses operated by Darden Graduate Business School at the University of Virginia and the School of Business at the University of Western Ontario. Given national and institutional rivalries, IIASA might be an ideal place to house such a bibliography. While, at present, the in-house capability for establishing this bibliography is lacking at IIASA, I am certain that technical assistance can be obtained from existing universities for its establishment. In 1993, the author of this report edited *Cases in Management in Eastern Central Europe and Russia* (Grayson, 1993a) and a separate volume entitled *Instructor's Manual* (Grayson, 1993b) which accompanies the case book. Both are available from IIASA. The International Management Center in Hungary and the Czech Management Center are, as of 1993, producing cases; they are available both in English and the native languages.

Data bases

Those data bases that are standard at Western European and North American business school libraries ought to be made available in the target countries to facilitate teaching, case development, and research.

Leveraging External Assistance

Virtually all institutions that I visited want to start an MBA program. This is understandable; institutions want it for prestige. While it is possible to launch an undergraduate program without an external partner, it is very difficult to start an MBA program without such a partner. German-speaking partners will have to come from Germany, Austria, and Switzerland. The bulk of external partners, however, will come from the United States, Canada, and Western Europe. While talking to business school deans and faculty in the region I formed the impression that they do not select their foreign partners; rather the latter select them. Initially this is all right, since at this stage any assistance is better than none at all. Subsequently, however, quality control ought to be exercised on the foreign partners by the Eastern Central European institutions.

The difficulty is that these institutions lack reliable information and contacts. Eastern Central European institutions have heard only of the very top North American and Western European universities. While a number of these do not have a business school at all, and some have schools that are not in the top tier of business schools, my impression is that all of the Eastern Central European institutions would like to be associated with the very top institutions. This, I think, is a mistake. Many of the top institutions are already over-committed internationally. Furthermore, for North American institutions the primary target markets are in Japan, East and Southeast Asia, South America, and Western Europe. The Czech Republic, Slovakia, Hungary, and Poland are not only latecomers, but they also don't seem to represent vital interests, and they are small. Even if a top institution were to commit to a collaboration, the interests of the Eastern Central European countries may fall between the cracks.

On the other hand, many North American and Western European institutions who are now active in the Czech Republic, Slovakia, Hungary, and Poland may not be satisfactory in the long run. Eastern Central European institutions need to seek out partners in the middle tier, where the quality is good enough for collaboration, where the foreign partner is not already over-committed internationally, and where the Czech, Slovak, Hungarian, or Polish interests will be adequately considered.

Foreign funding agencies could be helpful in two ways. First, they could provide a system of improved information, contacts, and guidance in locating a suitable foreign partner. Second, they could encourage the foreign partner to foster cooperation between centers in the Czech Republic, Slovakia, Hungary, and Poland that are geographically located within reasonable distances from one another. Such willingness to cooperate seems to be lacking in Eastern Central Europe and it can and should be fostered by the foreign partner. Both the funding agency and the foreign partner could obtain a "bigger bang for the buck" this way. In thinking about collaboration, one must consider distances in Eastern Central European terms. Outside major cities, 120–125 miles in the United States is a two hour trip; in Eastern Central Europe, when all goes well, it may take three hours or more.

It should be possible to establish a system that would track visiting professors in the four countries in order to better utilize their services. Institutions outside the capitals would benefit from even a few lectures by a visitor; the visitor, in turn, would know more about the country and its schools and students. Such a tracking system could be a goal for outside funders.

Another major possibility of leveraging outside assistance is to tie in with the MBA Enterprise Corps. This would meaningfully assist management education centers outside the capital cities. Financed by USAID and private funds, and administered by the University of North Carolina's Kenan Institute of Private Enterprise, the Enterprise Corps has the participation of 22 of the top MBA programs in the United States. (For the list of participating institutions, see Appendix I.) Each institution is invited to nominate four to five recent recipients of MBAs per year; the assignment is for one year, renewable for another. These are coveted assignments; hence, highly qualified MBA graduates from the best US schools, about 80–90 per year, are dispatched to Poland, Hungary, the Czech Republic, and Slovakia, many of them are posted outside the capital cities. These are talented people who, with imagination and a little money, could be encouraged to tie in with the local centers of management education regarding the development of pedagogical materials, curricula, and courses, and even teach an occasional class.

Many management education centers concluded cooperative agreements with Western European and North American institutions. In obtaining these agreements, the centers are in competition with one another, and that is good. However, even the big institutions have inadequate management structures to implement these agreements; the small ones have even less. This causes frustrations for both parties. It might be feasible to set up an implementing agency, adequately and competently staffed, in each of the target countries to take care of logistics such as housing, insurance, foreign exchange, and travel. In the United States, the US Information Agency (for government grants), the Institute for International Education (for Fulbright awards and others), and the International Researches Exchanges Board (IREX) (for research exchanges with Eastern Europe and the MBA Enterprise Corps, mentioned above) come to mind as examples.

The transition to market economies requires the support of members of the parliament and the media. As one follows the public debates and their reporting it is evident that economic literacy is lacking in the Czech Republic, Slovakia, Hungary, and Poland. (I left out government officials, assuming that their economic literacy is higher; if I am in error the following applies to this group as well.) Management education centers may offer short courses, specifically aimed at Members of Parliament and the media, on elementary business principles: that is, how to read a balance sheet and an income statement, alternative ways of valuation, different pricing approaches, and factors that impact international marketing – in short, nothing profound, just the fundamentals. In the United States, for instance, Harvard's Kennedy School of Government offers a course for first-term Congressmen on public administration and the Brookings Institution offers another on public finance.

Similar programs may be offered to university administrators, both to enhance their skills and also to introduce some skills unknown in the administrative area, such as fundraising and writing grant applications. In an era of shrinking governmental budgets, calling on private support will become increasingly crucial.

Compared with doing business in North America and also in Western Europe, getting things done is expensive in the four target countries. First, the communication problems are formidable; mail, fax machines, and telephones are grossly inadequate. Beyond that, however, Eastern Central European societies are of the "personal contact is important" variety. Even if the physical communication systems were to work, faculty members and university administrators from these countries will want to see their counterparts before making a commitment.

Any support targeted for management education in the Czech Republic, Slovakia, Hungary, and Poland should be thought of on the long-term time scale. This will not be easy since other attractive opportunities are available for limited funds. Mexico and some South American countries have economies in a stage of transition. Also, countries in South East Asia, Thailand, Malaysia, and Indonesia, are at the point of economic take-off. Compared with these, the target countries are small. Of course, so are the funding requirements for management education. Providing support for this activity will, in my view, result in creating productive economies and, hopefully, civilized societies.

Conclusions

My main conclusions are that the demand and need for management education will be very considerable for many years to come, that the dual approach to management education (universities and private centers) is appropriate for the region, that primary emphasis should be placed on executive (short courses) education and that the international aspect of management ought to be emphasized.

Management education in Eastern Central Europe has recorded impressive progress since 1989. Much has been accomplished and, of course, a great deal is yet to be done. All in all, the "report card" is definitely a positive one. There is still uncertainty: the whole management education effort is in a state of flux. Further improvements will not all go smoothly and to expect otherwise is unrealistic. It is my hope that this report's findings and recommendations, and the rationale underlying both, will provide the universities, the management centers, and the external funding agencies with some impetus for further work.

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Appendix 1

Management Education Project
Consortium for the MBA Enterprise Corps

Carnegie Mellon University
Graduate School of Industrial Administration

Columbia University
Graduate School of Business

Cornell University
Johnson Graduate School of Management

Dartmouth College
Amos Tuck School of Business Administration

Duke University
Fuqua School of Business

Harvard University
Graduate School of Business Administration

Indiana University
The Graduate School of Business

Massachusetts Institute of Technology
Sloan School of Management

New York University
Leonard N. Stern School of Business

Northwestern University
J.L. Kellogg Graduate School of Management

Southern Methodist University
Edwin L. Cox School of Business

Stanford University
Graduate School of Business

University of California at Berkeley
Walter A. Haas School of Business

University of California at Los Angeles
Anderson Graduate School of Management

University of Chicago
Graduate School of Business

University of Michigan
School of Business Administration

University of North Carolina at Chapel Hill
Kenan-Flagler Business School

University of Pennsylvania
The Wharton School

University of Rochester
William E. Simon Graduate School of Business Administration

University of Virginia
Darden Graduate School of Business Administration

Washington University (St. Louis)
John M. Olin School of Business

Yale University
School of Organization and Management

Appendix 2

Poland

The General Situation and Selected Management Education Institutions in Detail

Management Education in Poland

During my stay in Poland in June 1992 I visited four management centers in Warsaw and two in Cracow. In Warsaw I also called on the Ministry of National Education and in Cracow on two businesses, one of which was a joint venture. I returned to Poland in April 1993.

In a report published early in 1992 on Management (Business) Schools by the Task Force for Training and Human Resources, Warsaw, 36 "major" business schools were mentioned. This list was neither complete nor final. During an interview at the Ministry of National Education it was suggested that there were "many more such schools in existence that the Ministry is unaware of". Further, one of the promising ventures that I visited in Warsaw and two of those in Cracow are not included in the above 36 as they were formed after the report was completed. Unlike in the Czech Republic, Slovakia, and Hungary, management education centers have been established in all the major Polish cities; this is a beneficial development.

The National Educational System and the Role of Management Education

After completing high school or gymnasium, there are two types of higher education: universities, with a more theoretically based education, and the non-university, higher education institutions/academies and commercial polytechnics, which have a more practical orientation. The higher education institutions are academically independent, but funded mainly by central government. Formally, the duration of study is five years. There are no tuition fees.

Competition for places in higher education is severe. Students are admitted on the basis of graduation certificates, entrance examinations, and, in some cases, aptitude tests. Examinations during the five-year period on a semester-based calendar lead up to the degree examination and to a Master's degree. Once the degree examination is completed, students can take special exams and continue studying for a Doctorate at a university or other scientific institutions, like the Polish Academy of Sciences. Four years of doctoral studies are offered. Full-time higher education in Poland is provided through: 11 universities – the biggest ones are located in Warsaw, Poznan, and Lublin; 18 polytechnics; 17 academies of arts and music; 11 medical schools; 10 pedagogical schools; 9 agricultural academies; and 6 academies of economics.

The universities and academies of economics are attempting to make the necessary transition, in terms of curriculum and teaching, from a centrally planned economy to a free-market economic model – as are, of course, some of the private management educational centers. The need for management education is substantial. The private sector is growing, with many small and medium-sized firms (50–1,000 employees) being started. Most of them have been started by entrepreneurs who turned out not to be good managers. They, generally, lack focus, customer identification, and marketing in all respects. These skills are needed against the background of established companies which are entering the Polish market and are thus increasing competition.

Not only is the number of management centers changing, so is the quality of the existing centers. In early 1991, at the urging of UNDP, the Task Force for Training and Human Resources attempted to prepare an evaluation. A questionnaire was sent out requesting data on physical facilities, equipment, enrollment, curriculum, faculty, and faculty activities. Of these, the faculty is the crucial one and the most mobile. Many faculty teach at more than one center, and also move from center to center. I was told repeatedly to disregard the rankings, and I did.

The overwhelming impression I got from my interviews was the proliferation of effort and lack of any long-term planning in Polish management education. It has been estimated that there are 300 programs teaching business in Poland and between 80 and 100 in Warsaw alone. In Warsaw I was told that there are 29 institutions offering or planning to offer MBA programs. Academically and financially, Warsaw probably could support two such programs. In Cracow I was told that only one MBA program will be offered. Two hours later I was told by the rector of a major educational institution that (in the fall of 1992) he was aware of at least three MBA programs starting. A plethora of foreign financing is available and I am certain more will be forthcoming. However, this assistance doesn't seem to be dispersed or utilized in any efficient pattern. While some of this is understandable, given the early stages of management education in Poland, I found the situation in that country more chaotic than I found in the Czech

Republic, Slovakia, and Hungary. Upon my return to Poland in 1993, I found that the shake-out of management institutions had not yet begun.

Some Thoughts on Evaluating Management Education in Poland

Some efforts to establish minimum standards for centers were first made in December 1991; these proved to be unsuccessful due to the rapidly changing cast of characters in management education. The Scientific Society of Organization and Management (Tnoik in Polish) held a conference of representatives of 70 management centers (37 new ones) and offered to establish minimum standards for them. Another impediment to coordination was the heterogeneity of the centers themselves. While some were/are attached to established universities, most were/are privately supported. Many are extensions of consulting firms. As is to be expected, some are full-time, though most are part-time, programs; there are those of one or two years in duration, or a couple of days in length. Some offer general education, others are management-education specific, i.e., marketing, finance, and human relations.

Business education more than flourishes in Poland. A host of state institutions have been formed or reformed from the institutions of the old regime. Enrollments in these institutions have increased; new faculty have been hired, and new courses developed. In addition to the official degree-granting programs, there are several hundred new programs offering courses of study in accounting, business English, Western finance, and so on. The institutions are quite diverse; many are small schools with foreign funds and connections, several are large. They provide certificates of completion, work experience or "exchanges" with foreign firms, and even "degrees", many of dubious quality. These programs vary from a few weeks to several months. They are very costly, especially in the current economic situation in Poland, but they seem to be popular.

Foreign academics and consultants recognized the need to develop managers in what was the Soviet Bloc and lavished particular attention on Poland for a variety of reasons. Poland was the Bloc's first country to undertake political and drastic economic reforms, there are large communities of Poles in the West, and there is specific authorization for management education in the US Congressional Aid Program for Poland.

The Structure of Polish Management Education

The new Polish law for higher education, adopted as of 12 September 1990, alters the legal and political status of higher education in Poland. The new educational legislation confers broad autonomy and discretion to Polish universities in both structure and governance. The Ministry of National Education's role is budgetary, primarily embodying oversight functions with respect to state funds and, ultimately, monitoring the legality of new programs. In most other respects, the Higher Education Council is charged with responsibility for academic standards, the curriculum, and the general program. The Council is a democratically elected, 50-member body, consisting of 35 professors, 10 other academic staff, and 5 students. Decentralization does not end there, however. The various programs within universities are allowed substantial discretion in setting their courses – deciding when to charge fees, and by what criteria students are admitted – although these are subject to the approval of the rector.

The Ministry is also charged with the right to approve the creation of private universities, and to exercise supervision over the legality of the programs, but has little control over their daily operation provided they conform to the very general statutes. Private universities can be established, run, financed, and controlled by foreigners or by Poles, if approved by the ministry. As of mid-1992, only one new private university has been established – the Private Higher School of Business Administration – by a Polish–American businessman in Warsaw.

The two traditional places of higher economics education – universities and academies – now all have management training faculties. The main universities are located in Warsaw, Lodz, Torun, Gdansk, Lublin, and Poznan; the economic academies are in Warsaw, Cracow, Katowice, Poznan, and Wroclaw.

According to the information I obtained at the Polish Ministry of National Education, most management students in the university system take a five-year Master's degree course. Students start at the age of 18 or 19. In October 1992, some universities began to offer a three-year management course, the curriculum being aimed more at practitioners than scholars, though the students would still be 18 or 19. This is what I was told; I am not entirely certain that this is what is actually happening. The Ministry hopes that sooner, rather than later, all universities will introduce such a curriculum.

Whether or not the Ministry's expectation will be realized is open to question. According to my interviews, the major universities are not happy with their partially changed roles. Universities are used to training scholars and practical training does not appear high on their list of priorities. The Ministry has some funding to promote practical university training but not much. It is negotiating with the European Community and the World Bank to obtain funding for this purpose.

Finally, the Polish university system is divided into two groups. One is the big, prestigious group (Warsaw, Jagiellonian, etc.): these schools receive funding from the government but are run autonomously. The second group includes small and generally somewhat lower quality universities, where the government has considerable influence. Where it really counts, it seems the government's role in setting programs, curricula, and courses is small.

The Academic and Financial Implications of the Proliferation of Management Education

As I reviewed the management centers that I visited and the ones that I discussed with Polish and foreign experts, the following preliminary conclusions are evident:

- There are far too many programs offering management education in Poland, more than can be sustained either academically or financially. I shall return to both considerations later.
- There is a correspondingly large variety of management programs offered, including:
  - Newly established university departments of business studies (Warsaw University, Warsaw School of Economics, Cracow Academy of Economics, etc.).
  - Separate business schools linked to established universities (Torun Business School, Nicholar Copernicus University; Lublin Business School, Catholic University, Lublin, etc.).
  - Newly established training centers for business (International Management Center, Warsaw, etc.).
  - Country-linked management schools (Polish–American or Polish–German business schools).
  - Proprietary, non-profit schools of management supported by local foundations, formed by groups of business leaders (Poznan School of Management, etc.).

- Specific and local programs providing short courses, ranging from three days to three weeks (Market Economy Enterprise Foundation, etc.).

Given the diversity and number (over 300) of programs in Poland, it is not surprising that there is little sense of what quality education is and is not. At this stage, it is fruitless to attempt either accreditation or rankings, though, slowly, steps should be taken toward these goals. One has to wait until the system sheds its excess capacity. In the meantime the quality issue ought to be emphasized and institutions made aware of the issue's importance. The difficulty is exacerbated by the shortage of skilled professors of management in general, and in certain fields in particular. People in marketing, finance, international business, and competitive analysis are in great demand. The same goes for any kind of accounting, including cost and financial accounting. Therefore, while most people work part-time at educational institutions because faculty salaries are so low, most good faculty teach at more than one institution. Some Polish attempts at quality control include the Scientific Society of Organization and Management (previously mentioned) and The Committee of Management and Organization of the Polish Academy of Sciences.

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Selected Management Education Institutions in Detail†

Center for Industrial Management (to be renamed Warsaw Business School by the fall of 1993): Polish Academy of Sciences

Started in October 1991, the center is being externally supported by, among others, the Common Market's TEMPUS project. Between 1991 and 1992, the center offered 16 executive programs.

An Executive MBA program was started in October 1992, with the London Business School as the external partner. Also, in the development stage is a human resources program, with the University of Lancaster as the external partner. The program lasts 41–44 weeks: there are 25 weeks of lectures and seminars, 3 weeks of exams, 12–15 weeks of project work, and 1 week of evaluation. The lectures are given in English.

The center's goal is to admit 20–25 people, it expects 50–60 applications with an average age of 30. Half of the students are company-sponsored with the other half self-financing. The Polish Chamber of Commerce has established a foundation which will give interest-free loans to some of the self-financing students. Financing and physical facilities are the constraints on expansion. The center itself obtains 60% of its income from government funding and 40% from consulting.

Admission criteria include a TOEFL-like English test, judgment on professional drive, and a psychological test to ascertain a managerial attitude. The center's director is an applied mathematician with overseas experience at Berkeley, Carnegie-Mellon, University of Copenhagen, and shorter stays at other European universities.

Systems Research Institute: Polish Academy of Sciences

The institute, founded in 1976, is a management consulting venture with special emphasis on systems analysis, operations research, and computer science. The aim of the institute is to forge long-term partnerships with business – public or private – to introduce to management the concepts and techniques of systems analysis. The institute also has the capability of implementing computer applications and management information systems in firms. The situation in mid-1992 was that most of the consulting was done

†These are the management education institutions that have been visited by the author.

for various public institutions; efforts are underway to market the institute's services to joint ventures and privatized firms.

The institute also offers "skill upgrading courses" for managerial staff. These courses take place either at the customer's premises or at the institute. Courses deal with computer skills at various levels of management and the development of software. The, courses on average, last 40–50 hours.

The institute has ties with IIASA and with universities in Western Europe, the United States, and Japan.

Warsaw University International Postgraduate Management Center

Founded in 1990, Warsaw University International Postgraduate Management Center is concentrating on the following lines of activity: postgraduate management education (MBA programs), short management development courses and executive seminars for both Polish and foreign managers, research activities aimed at producing pedagogical materials, and academic research.

In pursuing these activities the center uses the services of the English-speaking foreign faculty, and employs on a contract and part-time basis Polish scholars, teachers, and practitioners in the field of management. The two languages used in the center's activities are English and Polish, and some programs are carried out exclusively in English.

The main line of activity is the MBA program. There are three programs which are already operational or are being prepared. The first is the two-year MBA executive program with 240 contact hours per semester. It was started in February of 1992.

The second program is a two-year MBA executive program organized jointly by the Erasmus University, the Economic University of Prague, the Economic University of Budapest, and Warsaw University. The program, which opened in February of 1991, has a mixed international composition: there are 12 participants from Poland, 13 from the Czech Republic and Slovakia combined, and 2 from Hungary.

The third program is a regular, two-year MBA program for Polish post-graduate students, organized jointly with the University of Illinois' College of Commerce, and leading toward a joint MBA degree offered by the University of Illinois and Warsaw University. This program opened in September 1992.

Of the university's 3,000 students, about 1,500 are undergraduates undertaking a five-year MA course in management: 60% attend full-time and 40% part-time. About 1,000 are graduate management students engaged in a two-year program (after the five-year course).

Executive education is strongly practitioner oriented. Participants are sought with at least three years of work experience. A total of 60 people have been admitted to the first program – out of 180 applications. The average age was 35–40.

The director of the program returned in the summer of 1992 from Harvard Business School where she completed the 12-week executive education course.

Warsaw School of Economics: Copernicus Program

The faculty of the program will consist of specialists in Poland who have significant experience in business activity. The staff comprises academic lecturers from Hungary, the Czech Republic, Slovakia, Russia, Ukraine, USA, Germany, Holland, Great Britain, France, and Belgium. They also have a broad background in business consulting and are or were experts with international organizations.

The MBA program started in the fall of 1992 with about 30 students. The language of instruction is English. Recruitment of qualified students is a problem because of the large number of programs in Warsaw, financing, and the use of the English language. According to the director, this is a part-public, part-private venture with the faculty providing equipment and the initial funding.

The Copernicus Program received support from the Common Market's TEMPUS project, from the University of Minnesota, Middlesex Polytechnic, and other universities in Austria, Belgium, Canada, and the Netherlands: a highly fragmented assistance effort. Still, the school managed to send 25–30 young faculty members for a one-year training period to Western Europe, Canada, and the United States.

Institute of Economics, Jagiellonian University: Faculty of Business and Market Economy

The Faculty of Business and Market Economy was created in the academic year of 1990/1991 on the initiative of the Institute of Economics of the

Department of Law and Administration of the Jagiellonian University. At first, the faculty offered a year-long course, but now, having gained some experience, the faculty is conducting two-year postgraduate studies in business for university graduates and students of the Jagiellonian University (approximately 100 students). Long-term plans provide for starting a four-year, full-time university course in business. The faculty participates in the TEMPUS program (which provides foreign teachers and a library) and received cooperation from the University of Hartford Consortium, which in turn was financed by the Mellon Foundation.

Cracow Academy of Economics

The Cracow Academy of Economics was originally founded in 1925 and after being shut down by the Nazis in 1939 it resumed its courses in 1945. The academy has two faculties: the Faculty of Economics and the Faculty of Management. Two different types of studies are offered at the academy. The first type requires four to five years and concludes with the title Master of Economics or Engineer of Commodity Science. Students in this full-time program spend three semesters undertaking basic studies within the four major departments of economics, management, computer science, and econometrics and commodity science. The next five to seven semesters involve studying the following subjects in nine departments: economics and organization of production, regional economics, finance and banking, organization and management, socio-economics, economics and organization of international trade, economics and organization of trade and services, economic cybernetics and computer science, and commodity science.

The second program is a correspondence course. These studies are pursued at the consulting centers in Cracow, Kielce, Tarnow, Olkusz, and Sanok. After seven semesters the students receive the title of Commissioned Economist and then continue to receive a Master of Economics. In 1991, 3,692 students participated in the full-time program and 1,202 in the correspondence activities.

The academy has maintained many contacts with universities all over Europe and the West. All students are also required to study a foreign language. They can choose from English, French, German, Russian, and Italian. The academy is likely to start an MBA program in 1993 – "due to competitive pressures", according to the rector.

Progress and Business Foundation (P&B Foundation): Regional Privatization and Small Business Development Center

This center was started by the Progress and Business Foundation and is supported by the United States Peace Corps, as well as the Jagiellonian University, the Academy of Mining and Metallurgy, and the Academy of Economics. The center obtained a US$1 million grant – over three years – from USAID. Its goals are to provide business training for managers from post-communist societies, to provide technical assistance for privatization and restructurization efforts in Eastern Europe, to conduct research and analysis, and to train the Peace Corps volunteers to work in post-communist societies.

In order to better serve volunteers and involved organizations, the Peace Corps is working with the Jagiellonian University, the Academy of Economics, the Academy of Mining and Metallurgy, and the Progress and Business Foundation in order to form a Free-enterprise Transition Consortium. The consortium will provide training for projects, a lessons-learned case study library and a privatization data base. This project will primarily benefit Poland, but other countries in the region will also have access to it.

Polish Institute of Management (PIM)

PIM was established in 1990 by a group of Warsaw-University-based management consultants. PIM's activities are supported by an international board. Activities fall within three areas: management training, management consulting, and conducting surveys.

Polish–American Enterprise Fund

The fund was formed in May 1990 with US Government funding of $240 million. Since 1990, some $100 million of outside capital has also been raised. As of the end of 1992, a total of $180 million of actual investments or commitments have been made to small and medium-sized enterprises.

Polish Business Advisory Service

This service assists private, small, and medium-scale enterprises with consulting and provides them with access to finance, marketing, and production technology. It prepares business plans and investment proposals for its clients, concentrating on enterprises with a labor force ranging between 50 and 1,000 employees. The service was established in 1991 by the International Finance Corporation and the European Bank for Reconstruction and Development.

CARESBAC-Polska

Established in 1991, CARESBAC is an investment company focusing on the business and financial needs of small and medium-sized enterprises (employing 15 to 100 employees or with annual sales between 150,000 and 1,500,000 zlotys). It is a venture capital firm that combines providing risk capital with technical and managerial training, primarily the latter. Investment amounts ranged from 75,000 to 300,000 zlotys.

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Appendix 3

Hungary

The General Situation and Selected Management Education Institutions in Detail

Management Education in Hungary

In early 1992, under the Ministry of Education and Culture, a National Management Education Council and a Foundation for Management Education were formed. One of the first tasks of the Foundation (the executive body) was to initiate a survey of management education: 150–160 questionnaires were sent to identified centers, of which 58 were returned. Of the latter, 43 centers completed enough responses to be considered. During my stay in Budapest in May 1992, I identified 12 centers as meriting further inquiries. I selected these after consulting with Hungarian experts on management education and verified them through the data provided to me by the Information and Coordination Center for Management Training. I took pains to obtain a sample of "serious" institutions and to arrive at a list that is stratified according to geography, whether the institution was public or private, general or specialized (e.g., agriculture or industry), university-affiliated or not. I returned to Hungary in June 1992 to visit two management centers affiliated with two large, regional universities at Pécs and Miskolc. A brief description of each management education center I visited is given below. I returned again to Hungary from mid-April to mid-May 1993. The Information Center lists, as of mid-1993, 70 "serious" institutions in management education.

The National Educational System and the Role of Management Education

Hungary has 21 universities and 43 colleges. Higher education in Hungary comprises the following fields: political science and law, medicine, liberal arts, philosophy, physical sciences, economics, technology, agriculture, arts, and teachers' training.

Only students with a high school (gymnasium) diploma, having passed the entrance examination, are admitted to universities and colleges. The entrance test consists of a written, an oral, and sometimes an aptitude section. Universities and colleges decide on the number of students they wish to admit. Some colleges do not insist any more on the entrance test: instead, they rely on the student's scholastic record.

University education generally comprises 10 semesters, except for medicine which has 12 semesters. Evening schools and correspondence courses take 12 semesters. Students who have graduated from an evening school or a correspondence course are granted the same diplomas as regular students. College education – depending on the institution – consists of six to eight semesters. In the case of evening or correspondence courses, two semesters are added.

Elements of management education based on Western patterns are mostly to be found in postgraduate courses in the university system. Private management courses are growing in number: over 100 organizations have announced management training courses so far. Many of them, including small enterprises, are offering a great variety at different levels.

Some Thoughts on Evaluating Management Education in Hungary

Two possible models present themselves – university-based and independent (from institutions of higher learning) management education. Management education has three levels: undergraduate, graduate (MBA or MBA-type), and executive. Each ought to be thought of as a separate activity. At the university level, there are four MBA programs that are either in operation or are under preparation. They are at the Budapest University of Economic Sciences, the Technical University of Budapest, the University of Miskolc, and the Janus Pannonius University of Pécs. It is clear, though, that whatever is being done is in an embryonic state, both in terms of the number of students enrolled and the curricula offered. Golden opportunities exist for addressing both issues. Support ought to be given to institutions like the four above if they are willing to form a consortium. In the next few years these four universities might enroll enough MBA students to make one program academically and economically viable. Certainly, a start ought to be made with the two universities located in Budapest that are within walking distance of each other, subsequently they could include Miskolc and Pécs. The financial impact of the generally poor economic situation is simple: governmental support for management education, in real terms, has been substantially curtailed. This state of affairs is likely to persist for the next few years, therefore a consortium would have added value.

During my visits to Pécs and Miskolc I found a refreshing sense of realism and activity in both places. At Pécs, there are two programs. The six-year version is partially by correspondence and partially residential. The five-year, full-time program in management had its first class graduation in June 1992. This consists of three years of undergraduate studies and two years at the Master's level. Both of these programs currently enroll about 150 students per annum.

At Miskolc, the need for management education and the nature of that offered is determined by the economic conditions prevailing in northeastern Hungary. Chosen by the Communist regime as a heavy industrial zone characterized by large enterprises, Miskolc and its surroundings felt, as of the early 1990s, the brunt of the conversion from central planning to a market economy. Miskolc offers part-time "external" courses, combining correspondence and three-day in-residence programs culminating in a diploma after two years of training. Only engineering graduates (a five-year course) at the University of Miskolc are admitted and some practical experience is required. The average age of the students in 1992 was 30–35, and 20–25 students per year are enrolled in the course.

Pécs and Miskolc (along with the Budapest University of Economics and the Technical University of Budapest) are recipients of grants from the Hungarian Know-How Fund allocated by the United Kingdom. Of a total of £25 million for 3 years, the 4 universities received £2.5 million (for more details on the universities' external ties, see the summaries of individual programs). Management education programs, as of mid-1993, continue to grow in number. Many are addressing the need for retraining people whose jobs have disappeared. A case in point is Veszprem, where the chemical industry – the university's main outlet for its graduates – collapsed. The constraint is the availability of competent professors in general, and in certain fields in particular. The gap is filled by "traveling professors" who cover some of the regional universities, either from Budapest or from other regional centers.

Agriculture is an important activity in Hungary's economy. There is one major agricultural university, Gödöllö, that has an Institute of Management Education. Other agriculturally related universities have begun to think about management education: namely, the Animal Husbandry Faculty at Kaposvar, the University at Keszthely, and several institutes in Budapest (in the fields of horticulture, animal husbandry, and the food industry). All of these efforts are small and receive little or no external aid. Given the importance of agriculture in Hungary and the scope for raising productivity in this sector, there are significant reasons for creating a first-class management center. Provided that most of the above universities and institutes in the agricultural field join forces, this would be a good target for external intervention.

There are other efforts toward management education at the university and college level. Some of these are serious, others less so. All are small and neither academically nor economically viable at present. These include programs at the University of Veszprem, the University of Debrecen, the University of Szeged, the OKTAV Industry Management Enterprise in Esztergom, and the College for Foreign Trade in Budapest. Details of these are included in individual sections at the end of this appendix. (Excluded from this analysis is the State Administrative Management Institute, Budapest, as it addresses the educational needs of public administrators and is not business oriented.)

The alternatives for management education take the form of some independent centers, namely, the International Management Center (IMC) in Budapest, The International Training Center for Bankers, Budapest, and the International Business School, Budapest. Of these, the IMC provides the lynchpin program and, in terms of orientation, curriculum, and pedagogy, is probably the only "Western-type" business school in Hungary. Founded in 1988, heavily financed externally and affiliated with the universities of Pittsburgh, Tulane, Emory, and Temple, it offers MBA, executive MBA and executive education courses. It is entirely privately funded, tuition and fees for the programs are high, and thus not within reach of the majority of Hungarians seeking management education, nor most of the other nationalities represented in the student body. The enrollment level in the MBA program, about 30 per year, is almost viable. The courses are jointly taught by Hungarians and short-stay, visiting Western faculty in English. The IMC, because of its small size and expensiveness, will never be the answer to management education in Hungary. Yet it performs a vital function in introducing a Western management education outlook, programs, and subject matter that are needed to serve as a model to Hungarian universities embarked on management education. IMC also has an active executive education activity organizing open enrollment and single-company programs.

The International Training Center for Bankers is offering executive programs in the financial field and seems to perform a worthwhile function in this vital field. The International Business School is at an initial stage and it is difficult to form a judgment of its potential. Some other private management centers have little to do with management but, rather, address the need for people who are up-to-date on the rapidly changing legislation, like taxes.

Regarding partners for international cooperation in management education, the Budapest University of Economic Sciences has an agreement with the London Business School (LBS), the Technical University of Budapest with Heriott-Watt University in Scotland, Miskolc with the University of Bradford, and Pécs with Middlesex University. Of these, LBS is a world-class institution, Heriott-Watt has an outstanding engineering school but is not particularly well known for business administration, and neither are Bradford and Middlesex. Further institutional affiliations are provided in the details of the individual institutions given later in this appendix. The scope for additional, technical collaboration between these Hungarian and other Western institutions is considerable. (IMC's cooperative arrangements have already been mentioned.)

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Selected Management Education Institutions in Detail†

Technical University of Budapest: Department of Industrial Management and Economics

The area of instruction in the Department of Industrial Management and Economics focuses on introduction to business and introduction to management, as well as industrial engineering, total quality management, work studies, and ergonomics. In the academic year 1990/1991, 98% of the participants in the department were diploma students, 36% were managers, and 92% were company sponsored.

Admission criteria include an entrance exam, a higher degree, and courses at the work place. The degrees granted in 1991/1992 were the university diploma, postgraduate diploma, doctorate diploma, and specialized subject degrees.

The department employs 70 faculty members, 27 full-, 3 half-, and 40 part-time. All of them hold university degrees and 15 hold higher academic degrees; 32 are practitioners and 48 are language instructors. The teaching methods include lectures, seminars, team study groups, and case studies. The instructional materials used are books, lecture notes, and journal articles. A total of 18% of all programs are executive education programs.

The department's annual budget is 450,000 Forint: 55% of this is the teaching budget, 20% is for other uses, and 25% is for overheads. The Hungarian institutions that the department is connected with regarding research and consulting are Taurus, TUNGSRAM, Pannoplas, TVK, MMG, and KOFEM. The department's foreign connections are the Heriott-Watt Business School, Scotland (a joint MBA partner since 1990); the University of Karlsruhe, Germany (since 1985 for research purposes); the Johannes Kepler Universität, Linz, Austria (since 1989 for joint research on marketing); and the Technical University, Dresden, Germany (since 1975 for joint research on quality management).

Technical University of Budapest: The International MBA Program

The Technical University of Budapest was founded in 1782 by Emperor Josef as the Institutum Geometrico Hydrotechnicum. The university has

†These are the management education institutions that have been visited by the author.

developed into the largest institution of higher education in Hungary and is now one of the most important research centers of Central Europe.

The Technical University of Budapest launched a part-time MBA program, in cooperation with the Heriott-Watt University Business School, Edinburgh (UK). The program is being offered in English and started in September 1992.

The part-time program is designed to provide accelerated career development for individuals and is intended for professionals with an academic background and with some years of practical experience. Requirements for the program include the stipulations that the applicants must hold a degree in engineering or an equivalent qualification, they must have at least two years of work experience, and they must have taken the GMAT exam and achieved a score of at least 500, as well as achieving a score of at least 500 in the TOEFL exam.

The structure of the MBA course covers a period of four semesters. There are eight core and four elective courses, each course taking up one full day a week, which is ideal for a continued career in business. The eight core courses include the following: human resource management; quantitative methods; business economics; accounting; marketing; strategic management; finance and business law; and ethics. All classes are taught by lecturers from the Technical University and other Hungarian universities, with visiting professors from Heriott-Watt University. In addition, experienced practitioners from industry and commerce cover certain subjects. The size of each class is being kept to 25 to allow students full "hands-on" experience.

Budapest University of Economic Sciences (BUES): International Studies Center (ISC)

Started in 1990, the ISC is a non-profit-making institution responsible for all courses taught in English at the BUES. During the year 1991 there were 250 students enrolled in the program, divided into 5 categories: undergraduates (18); graduates (18); those on exchange or partial courses (179); those on short courses (27); and those doing postgraduate work (8). Students attending exchange or partial courses are selected by their own university or the organization that sent them.

The ISC offers postgraduate and doctoral training, as well as the possibility of obtaining a degree at the Bachelor's and Master's levels. The center allows for the continuation of studies with or without receiving credits.

Budapest University of Economic Sciences: Faculty of Business Administration

The Faculty of Business Administration at the university focuses its instruction on introduction to business and introduction to management. In 1990/1991, about 1500 students participated in its programs: 1200 daytime and 300 evening and correspondence students. Of the evening and correspondence students, 70% are diploma students, 90% are managers, and 90% are company sponsored. Of the daytime students, 100% come straight from universities with no work experience. Admission into the department requires the entrance exam given by the university. In 1991/1992, the degrees granted were the university diploma, the higher degree diploma, the postgraduate diploma, and the doctorate diploma.

The department employs 149 full-time, 35 half-time, and 108 part-time faculty members. All of them hold university degrees, 40 hold higher academic degrees, 108 are practitioners, and 1 is a non-Hungarian. Teaching methods include lectures, seminars, team study groups, and case studies.

Budapest University of Economic Sciences: The MBA Program

The Budapest University of Economic Sciences is introducing an MBA program in affiliation with the London Business School. The introduction of the MBA as a postgraduate qualification separate from the existing five-year university degree program marks a move toward Hungarian identification with mainstream European and American thinking in management education, and coincides with important moves within Hungary to reconstruct university education.

Budapest University of Economic Sciences: Management Development Center

The Budapest University of Economic Sciences founded a Management Development Centre (MDC) more than 20 years ago, with the assistance of the Hungarian government. The program was started with the intention of providing training at a senior level in company management and public administration.

Within the MDC is the School of Personnel Management. This school offers multisemester courses, providing participants with the diagnostic tools and the conceptual framework for the management of human resources. Participants are recruited from management positions and company personnel departments. Topics included in this program are organizational analysis and job design, human resources planning, appraisal and remuneration systems, leadership and group processes, organizational culture, and labor relations.

The MDC offers both senior courses and short courses. The senior courses are two to three weeks long, focus upon the needs of senior managers, and are strategic rather than operational. The short courses focus on special management areas and are designed for immediate application. The center also offers tailored company programs designed to meet the unique needs of a client.

In 1990/1991, a total of 3,000 students participated in the center's programs: 95% were diploma students; 50% were managers; and 95% were company sponsored. Admissions criteria include an entrance exam, a higher degree, courses at the work place, and knowledge of foreign languages. Degrees granted in 1991/1992 were postgraduate degrees and specialized subject degrees.

The center employs 20 full- or half-time faculty members and 100–200 part-time. They all hold university degrees: 50% hold higher academic degrees; 100–200 are practitioners; and 40 are non-Hungarians. Their teaching methods include lectures, seminars, and case studies, and the instructional materials in use are books, lecture and other notes, journal articles, and material from firms.

The annual budget of the center is 43 million Forint: 60% is the teaching budget; 20% is for other uses; and 20% is overhead. The center's outside connections are Trinity College, Dublin, Ireland (since 1990); TEMPUS; Namur University, Belgium; Tilburg University, the Netherlands; University of Mannheim; University of Bamberg; London Business School (since 1990, MBA program assistance); and INI, Spain (since 1991, a six-week course).

Gödöllö University of Agricultural Sciences: Institute of Management Education

The areas of instruction at the Institute of Management Education are introduction to business, introduction to management, foreign languages, psychology, and sociology. In the academic year of 1990/1991, a total of 1,210 students participated in the institute's programs: 62% were diploma students, 74% were managers, 91% were company sponsored, and 2% came straight from universities with no work experience. Admissions criteria include an entrance exam, a higher degree, or gymnasium or high school graduation or matriculation. In 1991/1992 the types of diplomas granted were postgraduate diplomas and specialized subject degrees.

The institute employs 549 faculty members: 36 are full-, 3 half-, and 510 part-time. Of these, 39 hold university degrees, 12 have higher academic degrees, 10 are language instructors, and 2 are non-Hungarian. Methods of teaching include lectures, seminars, team study groups, and case studies. The instructional materials used are books, lecture and other notes, journal articles, and homework exercises. The annual budget is 62 million Forint: 61% is for the teaching budget, 14% for other uses, and 25% is overhead.

The foreign institutions connected with the institute are the Societé Ecole Superieure de Gestion, France (since 1990 it has participated in joint teaching); Berufsförderungsinstitut, Austria (since 1990 it has participated in joint teaching); STABO Engineering and Consulting Office of the Belgian Boerenbond TRANSTEC Consulting Firm, Belgium (since 1991 this office has been working jointly with the institute in the PHARE program on the "Development of Agricultural Trade" project and agro-marketing teaching, and consulting on better farming techniques).

The Gödöllö University of Agricultural Sciences requested financial support from the World Bank for the purpose of reconstructing the present university and college education and research system into a more efficient multilevel and multidisciplinary higher education program in the field of agriculture. The multilevel business-oriented management education program started in 1990 at the Gödöllö University.

University of Miskolc

The University of Miskolc bases its instruction on theoretical economics, introduction to business, introduction to management, and introduction to economics. In 1990/1991, a total of 60 students participated in its program, all of whom were diploma students, managers, and company sponsored. Admissions criteria include an entrance exam and a higher degree. As of 1992, an MBA degree is granted to those completing the program.

The university employs 20 faculty members: 5 full-, 5 half-, and 10 part-time. All of them hold university degrees, 15 hold higher academic degrees, 5 are practitioners, 15 are language instructors, and 5 are non-Hungarians. Teaching methods include team study groups and case studies, and the instructional materials used are books, journal articles, and lecture and other notes.

The annual budget for 1991 was 6 million Forint: 60% of which was for the teaching budget, 20% for other uses, and 20% was overhead. The foreign institutions that are connected to the university are the Management Center, Bradford, UK (for the exchange of faculty and material); the PA Consulting Group, Denmark (for the exchange of faculty); and the University of Vienna, Austria (for the exchange of faculty).

University of Miskolc: Faculty of Economics

The Faculty of Economics at the University of Miskolc was founded in 1990 for the purpose of offering training to students in management studies. Full-time students are offered training at both graduate and undergraduate levels, but part-time students only at an undergraduate level. The aim at the graduate level is to train company-oriented economists to work in business. The aim at the undergraduate level is to train managers who are able to operate business units.

Under a United-Kingdom-financed program, the University of Miskolc contracted in 1991 with Bradford University to organize an MBA program. The program took 18 months to prepare and started in the fall of 1992. A total of 15–20 students enrolled and approximately 25% of the applicants were admitted. Admission criteria included a BA-equivalent at the University of Miskolc, two years' work experience, and proficiency in English. The four-semester program consists of three semesters of classroom instruction – 50% compulsory, 50% electives. The fourth semester is devoted to writing a thesis.

Janus Pannonius University, Pécs: Faculty of Economics

The Faculty of Economics at Janus Pannonius University created a two-step business administration program in 1991. The students participating in the program are able to choose the subjects that they want to study, after completing the basic courses. The students can interrupt their studies between separate educational levels (three-year undergraduate and two-year graduate) and continue them at a later time.

After three years, the students receive a Diploma in Business, which is equivalent to a Bachelor of Art degree. At this point the students are given the option of continuing with the second step of the university's program.

The second step is training that ends with a degree equivalent to a Master of Science degree. The requirements for this degree include courses in general economics and management. The students are also given electives from the subjects of advanced accounting, informatics, economics, financial management, marketing, tourism, general management, strategic management, and agrarian management. Language courses in both English and German are offered, as well as courses that focus on the economy of German-speaking regions (Germany, Austria, and Switzerland).

In 1990/1991, the university had 150 students involved in its programs: 40% were diploma students, 10% were managers, 15% were company sponsored, and 50% came straight from universities with no work experience. Admissions criteria include an entrance exam and a higher degree. In 1991/1992 the degrees granted were the university diploma and the postgraduate diploma.

The university employs 103 faculty members: 98 full-, 5 half-, and 10 part-time. All of them hold a university degree, 20 hold higher academic degrees, 3 are practitioners, and 57 are language instructors. Their methods of teaching include lectures and seminars, and the instructional materials used are books, lecture notes, and journal articles. Executive education programs are also offered.

Janus Pannonius University's major external connections include Germany's University of Bayreuth, Holland's Vrije University (Amsterdam), Denmark's Aarhus School of Business, and Teeside Polytechnic (UK). All of these are financed by the Common Market's TEMPUS program. The key collaborator is the Middlesex Business School – a relationship financed by the British Council. Another important collaborator is Portland State University, which is supported by the United States Information Agency. The University of Wales, Swansea, and SUNY are also connected to the university.

University of Veszprem: Department of Business Management and Economics

At the Department of Business Management and Economics at the University of Veszprem 90% of the students enrolled for the academic year 1992/1993 were managers and 60% were company sponsored. For admission into the department, a higher degree is necessary.

The types of degrees granted in 1991/1992 were the university diploma, the doctorate diploma, and specialized subject degrees. About one-third of the program focuses on executive education. Seminars, team study groups, and case studies are all part of the teaching methods, and the instructional materials used include books, journal articles, and lecture and other notes. There are 17 faculty members: 14 full- and 3 part-time. Of these, 14 have university degrees, 2 have higher academic degrees, and 9 are practitioners.

The university has connections with many Hungarian institutions. The university's foreign connections are with the Darmstadt Technical University (since 1980, which involves joint research in marketing, joint ventures, and management) and Linköping University, Sweden (since 1988, which involves research in joint ventures).

College for Foreign Trade, Hungary

The College for Foreign Trade focuses its instruction on law, marketing, mathematics, logic, and advertising. In the academic year of 1990/1991, a total of 2,125 students participated in its programs: 40.5% were diploma students, 12.9% were managers, and 43.34% came straight from a high school equivalent with no work experience. Admissions criteria include an entrance exam, a higher degree, gymnasium or high school graduation or matriculation, courses at the workplace, and knowledge of a foreign language. The types of degrees granted in 1991/1992 were the higher schooling diploma, the postgraduate diploma, and the specialized subject degree.

The college employs 222 faculty members: 212 full-, 10 half-, and 15 part-time. Of the faculty, 218 hold university degrees, 12 have higher academic degrees, 15 are practitioners, and 200 are language instructors. Methods of teaching include lectures, seminars, team study groups, and case studies. The annual budget is 173 million Forint: 66.83% is for the teaching budget, 22.49% for other uses, and 10.68% is overhead.

The foreign institutions with which the college is connected include Anglia Polytechnic, Derbyshire Polytechnic, Humberside Polytechnic (through the Know-How Fund), Leicester University, and Wolverhampton Polytechnic, all in the UK; Aarhus Business School and Danske Export Scholje in Denmark; Hogeschool voor Economie, Utrecht, and Hogeschool voor Economie, Amsterdam, Holland; Helsinki School for Economics and Business Administration in Finland; the Universities of Verona and Siena, Trieste, and Udine in Italy; and the Folk Universitat in Sweden.

International Management Center, Budapest: Young Manager Program

The International Management Center (IMC) was formed in Budapest in 1988 as a Hungarian, American, and Italian joint venture. The center was the first private business school in Eastern and Central Europe. It is a private institution governed by a Board of Trustees whose work is supported by an Advisory Board with representatives from a wide range of fields and countries. "IMC is a unique independent institution... which looks like a miniature version of many high-quality business schools yet it operates within a very foreign context". [Quoted from *Making Change Last* (Business-Higher Education Forum, 1992).]

The teaching at the center emphasizes specific skills, practical methods, and the information and theory needed for effective management. Its activities can be divided into three main areas: the graduate management program, executive education, and consulting services. The center holds 55 programs in executive education. These programs last three to five days and are for senior and middle managers. Programs are also offered that are directed at a more general audience. The center has established a consulting service where they organize and conduct specific training programs to suit the needs of a particular company. The training given in these programs is based on the problems of the specific company and involves consultation with company management.

The Graduate Management Program is a full-time, 12-month program for young managers, in which all lectures and discussions are conducted in English. It begins with a month-long preparation period during which the students study English communications, computer basics, and introduction to management. The program is then divided into three terms, each one lasting three to four months. In the first term the participants study organizational behavior, financial accounting, managerial economics, business environment, business statistics, and marketing. The second term involves managerial accounting, operations research, production management, finance, human resource management, and management information systems. The third term offers strategic management, business research, international business, and business and society.

Following the end of term three, the students can spend several weeks on an internship with a Western company. The results of these internships are then organized in written papers and presented orally to the students' colleagues. Upon completion of the program the students have the opportunity to continue their studies at a business school in the United States, Canada, or Western Europe in order to earn the full MBA degree. Depending on the school, it is possible for this to be done in only one semester.

The admission process is highly selective. The GMAT and TOEFL exams are required, as well as at least three years of work experience. IMC also offers a part-time Executive MBA. The center is active in executive education as well, offering both open enrollment and in-company enrollment. In 1993 the companies enrolled included Coca Cola, United Technologies, KONTRAX, Ganz Hunslet, Allami Biztosito, AUTOKER, and Graphisoft.

In the 1990/1991 academic year, a total of 1,000 students participated in IMC's programs, with an average class size of 20 students. Of these, 100% received postgraduate diplomas and went on to obtain managerial assignments: 60% were company sponsored. The center employs 56 faculty members, 6 full-time and 50 part-time. Each faculty member has earned a university degree, 36 of them have higher academic degrees, 20 are practitioners, 36 are language instructors, and 30 are not Hungarian.

IMC is connected with many foreign institutions through the exchange of professors and information on curriculum material. In 1992/1993 it was associated with the University of Pittsburgh (USA), University of York (Canada), University of Indiana (USA), IMD (Switzerland), Manchester School of Business (UK), INSEAD (France), Tulane University (USA), Nijenrode (Netherlands), and EMORY University and TEMPLE University (both USA).

International Training Center for Bankers, Hungary

The International Training Center for Bankers offers instruction in the areas of theoretical economics, introduction to business, and introduction to management. About 60% of its participants are diploma students, 50% are managers, and all are company sponsored. The average class size is 24 and admissions criteria include courses at the work place. The types of degrees granted in 1991/1992 were the postgraduate diploma and specialized subject degrees.

The center employs 170 faculty members: 10 full-, 2 half-, and 158 part-time. All of the faculty members hold a university degree and about 40% have higher academic degrees. About 95% are language instructors, 120 out of 170 are practitioners, and 20 are non-Hungarian.

Methods of teaching at the center include lectures, team study groups, and case studies. Books, lecture and other notes, and journal articles are the types of instructional material used. Executive education programs are not offered.

The annual budget is 67 million Forint: 38% is for the teaching budget and 62% goes toward overhead. The center's foreign connections are the British Know-How Fund (UK), the Common Market PHARE Project, Coopers and Lybrand, the European Bank for Reconstruction and Development (EBRD, London), the Allied Irish Bank (Ireland), the Chartered Institute of Bankers (UK), and the New York Institute of Finance (USA). This listing includes only the most important partners from the years 1989 to 1991.

International Business School, Hungary

The International Business School in Hungary was started in 1991. Its areas of instruction include theoretical economics, introduction to business, and introduction to management. The students that participate in the school's program come directly from universities, with no work experience. After four years of study, the participants will receive a diploma. Admissions criteria include an entrance exam, gymnasium or high school graduation or matriculation, and knowledge of the English language.

There are 43 faculty members: 6 full- and 37 part-time. There are 37 with university degrees (including 11 with higher academic degrees), 7 are practitioners, and 35 are language instructors.

The annual budget of the school is 20 million Forint. It has an affiliation with Oxford Polytechnic School of Business (UK). In 1990, a seven-year contract was arranged for the exchange of faculty, training, and courses, and for regular visitations to each other's school.

The SUNY Projects in Hungary: The Center For Private Enterprise Development, Budapest

The Center For Private Enterprise Development was established in 1990 by the Office of International Programs of the State University of New York (SUNY) with "seed money" from Wall Street financier and SUNY Board of Trustees Chairman Donald Blinken, whose wife is Hungarian-born. The majority of the funding has been provided by the US Agency of International Development (USAID), a unit of the US State Department (US$1.3 million in 1992), the Andrew W. Mellon Foundation, and the Pew Charitable Trust (a total of US$2 million in 1992). The center has the goal of becoming self-financed and fully staffed by Hungarians by mid-1994, three years after the first large grant was given by USAID.

The center uses SUNY's resources (SUNY itself does not have a nationally ranked business school) to support its activities in Hungary. These activities are far-reaching and interesting and seem to address tasks that other institutions are not covering – specifically, entrepreneurship and small businesses.

The center's activities are divided into three major areas. The first area is management training for small business and entrepreneurship development; a series of two-day courses are offered for entrepreneurs to learn the basics of survival in a competitive economy. The center also provides two-day courses for the public under the heading of line management and supervisory training. The center further provides a two-week course in executive development and a one-week course in finance and accounting for non-financial executives.

The second area is business support activities which focus on broad programs to develop awareness of market economics and management concepts and skills. Within this area are consulting services, research and analysis services, trade development, and brokering and network services.

The third area is market economics education, which includes public education, management training, and business skills. Video tapes are available to increase public understanding of a market-driven economy and the basics involved in business and economic literacy.

Management Education in the Czech Republic and Slovakia

When I started this project, the Czech and Slovak Federal Republic (ČSFR) was one country: as I am completing it, the Czech Republic and Slovakia have become two countries. Wherever appropriate, I will be dealing with them as one country (overall educational system) or as two countries (management education).

During my stay in Prague, in May 1992, I visited four management education centers. During my visit to Bratislava, in June 1992, I called on three management education centers, a government official, an association director, and a businessman. On return visits to Prague (March 1993) and to Bratislava (March 1993), I had interviews primarily with consultants, bankers, and businessmen.

After the "Velvet Revolution" of 1989, management education became both a necessity (to implement and accompany economic reforms) and a vogue. Whatever the reasons, management education centers multiplied like amoebae: as of mid-1992, the Management Development and Consultancy Center in Bratislava estimated that there were about 100 centers in the Czech and 50 in the Slovak Republic. I visited seven of these: I attempted to obtain a stratified sample to include universities and private centers. They grant various degrees, diplomas, or certificates; some have MBA programs, some contemplate starting one, and some have made no attempt.

The National Educational System and the Role of Management Education

There are substantial changes under way as regards higher (university-level) education in the Czech Republic and Slovakia. In the past, the average university course lasted five years and ended with a series of comprehensive final examinations. Students then obtained degrees equivalent to an MS or MA. As of 1993, a two-tier system of university study was introduced resembling the American system of undergraduate and graduate studies with Bachelor's and Master's degrees. These undergraduate and graduate studies will be organized according to the "credit system", where students will have much more freedom to select which subjects they study. The curricula of universities are approved by a special committee under the auspices of the

Ministry of Education, Youth and Sport, which entitles the universities to grant academic degrees.

There are several groups of management courses available: regular courses as a part of university curricula (undergraduate and graduate) and postgraduate courses taken as doctoral courses, lasting typically for several weeks or several months, or for as long as two years. Such courses are organized by the Prague School of Economics, Bratislava University of Economics, the Czech Technical University in Prague, the Technical University in Brno, and Comenius University, Bratislava. The fee depends on the duration of the course.

The other group offering management education is the newly established "private" universities or centers, such as the Central European University, the European Business School, the Masaryk Academy (in Roznov near Ostrava), and the Czechoslovak Management Centre. They do not have the status of a "classical" academic institution. The quality of education provided by these institutions is high, mostly due to direct contacts with foreign academic institutions because the curricula correspond to the curricula of North American and Western European universities and courses are taught by foreign professors. The admission fee for such courses is usually very high. All these institutions provide short-term and medium-term "integrated" courses or single-topic-focused courses lasting (usually) from a week to a month. Some of these institutions also run MBA programs or equivalent academic degree programs (e.g., the Czechoslovak Management Centre, the European Business School) lasting between one and two years.

Some Thoughts on Evaluating Management Education in the Czech Republic and Slovakia

The historical context of the former ČSFR heightens some of the issues facing management education in the country. Prior to World War II, the former ČSFR was a major industrial power, and a number of officials or executives I talked to reflected that bygone status. Further, it was one of the last Soviet Bloc countries to start economic and political reforms; the role of the Communist Party in politics and of central planning in economics remained intact until 1989. In contrast, economic reforms in Hungary were started in the 1970s and political reforms in 1988, while Poland started both in 1980. Therefore, compared with Hungary and Poland, the Czech Republic and

Slovakia are relative latecomers to management education. In Hungary, for instance, the Soros Foundation started to support management education in 1983; significant external support did not start in the two republics until 1989. The Czechs feel that they are ahead of the Hungarians and Poles economically, and in some respects, for example, per capita income, that is true. In terms of management mentality in mid-1993, they are not – though they think they are.

Basic management education is provided by the university system, and because of the costs involved this could be the only mass outlet for such education. The Prague School of Economics and the Charles University in Prague serve the Czech capital, while Comenius University and the Economics University in Bratislava serve the Slovak capital.

Much of what passes as management education is actually economics (macro and micro), politics, mathematics, and revamped engineering, which have been relabeled as management courses. What is needed in particular is an emphasis on international business, marketing, human relations, and entrepreneurship, all of which are neglected in the present curriculum. The lecture method, a tradition in Eastern Central Europe, is also used in management education, though there it is not appropriate. (A mixture of lectures and the case method of teaching would be appropriate.) The exception is the Comenius University in Bratislava, where, on average, five American or English instructors teach per year.

The alternative to university education is independent centers: these concentrate on MBA-type and executive education. The Czechoslovak Management Center (CMC) in Celákovice, 25 km east of Prague, and the US Business School in Prague are the prime examples. Both are large recipients of foreign assistance. The CMC is linked with the University of Pittsburgh, instruction is in English, and it uses the case method in its full-time, eighteen-month residential program. CMC's program is modeled on an American MBA program and instruction is given by a combination of resident Czech and visiting foreign faculties. It is expensive. CMC produced the first set of Czech cases; they are available in both Czech and English.

The US Business School in Prague has links with the University of Rochester and instruction is in English. It is an almost full-time, eight-month, non-residential program, taught by visiting foreign professors. It is less expensive per semester than the CMC. The CMC program, because of its length, more closely resembles an American MBA program than does that of the Rochester affiliate.

The European Business School (EBS) is also a private institution and a joint venture with a German university. It grants an executive MBA-type diploma. The market niche that EBS occupies is due to the German orientation, because of the overwhelming influence of Germany on Czech business. Instruction is in German and internships are in Germany.

Executive education in management has also become a growth industry. The major efforts that I visited in the Czech Republic were the Institute of Consultancy at the University of Economics, Prague; the Czechoslovak Management Center (some programs are USAID or USIA financed, others are CMC sponsored); and the Anglo-American College in Prague. Of these, the first two seem quite successful. I did not learn enough of the third to form a judgment. In Slovakia the Academy of Management Education in Bratislava is an interesting operation of the American Management Association type. It blankets all districts of the country, so it has potential. In my view, it would benefit from external assistance.

External assistance is unevenly distributed, and this is hardly surprising. CMC and the US Business School in Prague depend largely on external financing. Comenius receives a fair amount of assistance. Prague's University of Economics' Institute of Consultancy, the Economics University of Bratislava, and the Academy of Management Education in Bratislava receive no assistance whatsoever.

Virtually all institutions that I visited want to start an MBA program. This is understandable; institutions want it for its prestige. The difficulty with MBA programs is financial, and this is exacerbated by the lack of economies of scale in current and prospective MBA programs in the Czech Republic and Slovakia. In the two countries, partly because of the small market and partly because of the proliferation of management education centers, such economies of scale cannot yet be realized. As competition forces many centers out of the market, the situation will improve somewhat, but there is little doubt that the Czech Republic and Slovakia will never be able to support – academically or financially – the MBA programs being planned.

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Selected Management Education Institutions in Detail†

University of Economics, Prague: Institute of Consultancy and Economic Expertise

The Institute of Consultancy and Economic Expertise was founded in 1979. It is an affiliate of the University of Economics in Prague and it is a profit center. It can retain a portion of the profits for its own development. The Director said he sets fees at slightly below the market level. Financially, the institute is fully independent; it receives no governmental support, but has received a small grant from the Wirtschafts-Universität, Vienna.

The institute has on its roster over 100 consultants in all fields of management. Its activities fall, broadly, into three categories. The first category is consulting: since 1989 the institute's 35 members have acted as consultants for about 100 companies. The second category consists of the training

†These are the management education institutions that have been visited by the author.

courses and seminars which are offered in management, marketing, and finance. Annually, approximately 65 courses are offered of one to two days' duration, with an average attendance of 20 people per course. Another set of courses are offered to company general managers. These last two to five days and cover subjects on strategic management, control, and foreign trade. The Director estimated that, as of May 1992, approximately 4,500 top- and middle-level managers have been trained by the institute.

The third category is a Strategy Club. To be a member, one has to be a general manager, or higher, in a successful company. As of May 1992, the club had 65 members representing employment of 170,000 employees. The club meets monthly with a three-fold purpose: providing strategic advice, the interchange of ideas and information and networking, and facilitating deal making. Club members often recruit from the cadre of institute-trained graduates.

University of Economics, Prague

This is a large state university offering undergraduate, graduate (MBA-type), and doctoral programs, as well as some executive education. The entire university – of which management education is only a small part – has an enrollment of 25,000 students. External ties exist with the University of Michigan, the UK's Know-How Fund, and Nottingham University.

Faculty of Social Sciences, Charles University, Prague: The Centre for Economic Research and Graduate Education (CERGE)

CERGE is a semi-autonomous unit of Charles University, organized with the help of the University of Pittsburgh, the European Bank for Reconstruction and Development, and the Czech Ministry of Economics. Funding is also being provided by the Mellon Foundation, USAID, and the World Bank. CERGE's primary line of activity is an American-style PhD program in economics. However, it also organizes seminars and workshops for businesses, both in the private and public sectors. The faculty consists of 50% Czech people and 50% Western visitors. Instruction is in English.

The European Business School, Prague

The European Business School (EBS), Prague, is a joint venture between the European Business School Schloss Reichartshausen (Frankfurt and

Wiesbaden), a private university in Germany, and the Prago-Union joint-stock company. The EBS, Prague, started in 1990 and it is mainly a school for top managers. It is a private institution that receives no government support.

Seminars are held by leading German professors and specialists in the subjects of economic systems, marketing innovation, investments and financing, cooperative organization, human resource management, quality control, cooperative strategy and planning, logistics and material management, cooperative law and employment laws, and international economic relations.

The EBS, Prague, has been formally recognized by the Czech Ministry of Education, thereby enabling it to award a diploma in management. The diploma program consists of two intensive nine-day seminars and nine three-day weekend seminars over the course of two semesters. The second semester includes a four-to-eight-week internship for students in Germany. Instruction is by visiting German professors, supplemented by adjunct Czech faculty. A German language course is required; its aim is to refresh the participants' knowledge of the language and of economic terminology. The primary language of instruction is German, and diplomas are awarded in Czech and German. In 1991/1992 the enrollment was 85, which is a good size for a class. The average age of the students was 35.

The EBS sees the Czech affiliate of the University of St. Gallen, Switzerland, as its major competitor. The Swiss government strongly subsidizes this program. Both of these programs are German in orientation and language of instruction; all others are Anglo-Saxon oriented, though the instruction may be in Czech. The EBS capitalizes on the fact that Germany is, and is likely to be, the Czech Republic's main investment, trading, and business partner: it has directed management education toward Germany. The school received a small subsidy from the German Government to partially defray the costs of German professors and Czech interns in Germany.

Czechoslovak Management Center: The MBA Program

The Czechoslovak Management Center (CMC) is located in Celákovice, a small town 25 km east of Prague. It includes residential accommodation for 350 people, a restaurant, state-of-the-art classrooms, a computer teaching facility and laboratory, a modern library, gymnasium, bookstore, a 250-seat auditorium, and numerous lounge areas for relaxation and discussion. It was established as a non-profit foundation in 1990 by the University of Pittsburgh and the Ministry of Industry of the Czech Republic.

The MBA program is an 18-month, full-time program that was developed in conjunction with the Joseph M. Katz Graduate School of Business of the University of Pittsburgh. It aims to give students an understanding of running a business in a market economy. Twenty-six students [from former Czechoslovakia (23), Bulgaria (1), and the United Sates (2)] were admitted to the first year of the MBA program in December 1991.

The MBA program has courses, in English, over a series of three terms, each one concentrating on a specific area of management theory and practice. In addition, there is a three-week preparation course given just prior to the start of the MBA program. This preparation course includes computer basics, introduction to case study methods, and English for business.

This three-term series of courses requires that a twelve-month residential year is spent at the center. Following the third term, the students participate in a three-month internship with a Western company, after which they study for three months at the Katz Graduate School of Business at the University of Pittsburgh, or at other collaborating schools of business. This semester abroad provides the opportunity to complete the MBA degree at an American school of business.

Students for admission to the MBA program are selected based on their demonstrated experience and abilities. The principle criteria for selection include: satisfactory preparation in mathematics, educational background and evidence of superior academic performance, professional experience and evidence of leadership and interpersonal skills, intellectual abilities, English language proficiency, and diversity of class composition. Candidates for admission will usually have at least three to five years of professional experience. While certain levels of GMAT and TOEFL scores are required for admission, CMC recognizes that it is not always possible for Central and East European students to take these tests. Therefore, it administers similar tests as part of the application process for those who are unable to take the GMAT and TOEFL.

According to CMC's Dean, the MBA program is a significant loss generator – "a black hole". For instance, of the 26 students, only 5 were company sponsored; the rest were supported by CMC. To cover the losses, CMC obtained from the Canadian government a one-time contribution. The Dean has also approached joint-venture companies operating in the Czech Republic to market the résumés of its students. The "understanding" is that if these companies will hire CMC's MBA graduates, then they will reimburse CMC for the tuition and fees incurred. Imaginative as this approach is, the outcome is quite uncertain. MBA financing is, undoubtedly, a major concern and will remain so.

CMC's major competitor is the US Business School in Prague. The American partner institution is the University of Rochester's Simon Graduate School of Business. CMC's course is an eight-month, MBA-type program, almost full-time, taught exclusively in English by visiting faculty. The 1991/1992 enrollment was a respectable 60. Tuition and fees are inexpensive, as the venture is financed by the Anheuser-Busch Company.

Czechoslovak Management Center: USAID-funded Seminar Courses

Among the courses offered by the Czechoslovak Management Center are a number provided with the financial support of the United States Agency for International Development (USAID). These public outreach courses are designed to train Czech and Slovak managers in the areas of management, business, and economics. The grant was given to CMC through the University of Pittsburgh, and in 1991 it was the largest given to any institution for the purpose of providing education in the former Czechoslovakia.

Under the terms of this grant, two courses are offered: a USAID seminar program and a management program for executives. The USAID seminar program consists of a series of one- and two-week seminars on a range of management-related topics. Seminars are given by a professor from a US institution, normally in conjunction with a member of CMC's Czech faculty. The program consists of approximately a dozen lecture topics, including business planning for entrepreneurs, business planning for managers, introduction to capital markets, introduction to market economy, marketing and sales methods, principles of marketing, and privatization in the Czech Republic. Due to the financial support, these courses are offered at a fraction of the fee asked for by other organizations. As a result of this, the program attracted over 2,000 participants in about 35 courses, as of May 1992.

The management program for executives is a four-week training course designed to broaden the skills of those who already have fairly extensive experience in management. This course is taught at the University of Pittsburgh to small groups of internationally selected participants. These participants study the topics of strategic leadership, human resources management/organizational behavior, global business, corporate culture in transition, marketing management, and financial management.

Also under the contract awarded to the CMC by USAID, a series of professional development programs are offered throughout the year. These courses range in length from one to two weeks. They focus on subjects that offer practical solutions to business problems. The subjects include valuation of a business, introduction to market economy, marketing principles, organizational development and change, financing a business, privatization, methods of achieving ownership, strategic planning, technology transfer, business planning, and introduction to capital markets.

Czech Management Center: USIA-funded Programs

The United States Information Agency (USIA) issued a grant to the CMC for the purpose of upgrading the management teaching capabilities of Czech universities. The courses given with the support of USIA are seminars for university teachers and educational tours by US faculty. The goal of these seminars is that the participant will be able to lead the development of courses in the subject studied, and to assist in the development of colleagues' expertise in these areas. Educational tours by US faculty involve faculty from US institutions visiting the universities of the Czech Republic and meeting with faculty in their area of specialization to talk over current developments in US business schools and to help transfer this knowledge to the Czech Republic.

Czech Management Center: Customized Corporate Programs

The CMC specializes in the development of customized programs for companies that have particular training needs. The center and its faculty have designed tailor-made courses that include subjects and schedules which meet the requirements of its corporate clients. These courses are held on weekends, or for one to three days during the week, depending on company requirements. They include subjects appropriate to the needs of selected management groups. These programs are taught in Czech by Czech faculty. Some of these include internships of between one and three months in Western Europe and North America. This activity is an important revenue generator for the center.

The Anglo-American College in Prague: Department of Economics

The Department of Economics at the Anglo-American College in Prague is offering two courses focusing on economics and finance. They are introductory economics and finance, and financial economics. The course in financial economics is offered for the participants to acquire and demonstrate knowledge of the fundamental principles and issues in international financial management.

Academy of (Management) Education, Bratislava

The academy is a not-for-profit entity which was started in 1952. It is outside the governmental educational system, but it did receive public funding. As of 1990, public support ceased: the academy had to become self-financing.

The academy, actually, is a series of centers (38, as of mid-1992) covering every district of Slovakia. The 38 centers are independent: each has to be self-financing. The Bratislava center designs programs for itself and also assists the regional centers in their own program designs.

The programs themselves are offered at two levels. The first is addressed to university graduates in their first jobs. The aim is to retrain them so that they can make the transition from central planning to a market economy. The average length of this course is 60 hours and attendance is 20–25 people per course. The second target group is middle managers, and the aim is to provide them with the rudiments of managing in a market economy. This course's duration is about 150 hours, taken in "doses" of two days a month for a total period of a year. At the conclusion of the course a diploma is awarded. The average attendance is also 20–25 people per course. Attendees came from small companies, who paid the tuition themselves, or from middle-sized companies, most of them publicly owned, who were company sponsored.

As of mid-1992, the academy had one instance of foreign cooperation in the form of two visiting professors from the University of St. Gallen, Switzerland, providing instruction in marketing.

Comenius University, Bratislava: College of Management

In 1991 the Comenius University in Bratislava opened a College of Management. The goal of the college was to prepare specialists in business management and other related fields, with the hope that the students would acquire the necessary knowledge and experience for successful careers in a market economy. It is the first of its kind in Slovakia.

The College of Management was modeled on American schools of business administration. After completing the core curriculum, the students choose an area in which to specialize. They are also given the option to study abroad for a semester.

After participating in this three-year program, the students receive a Bachelor's degree. If they choose, they can continue their education for an additional two years in order to receive a Master's degree. In the 1991/1992 academic year, about two-thirds of the courses were offered in English, one-third in Slovak. The entrance-level class in 1991 consisted of 50 students, in 1992 it consisted of 100. The expectation is that in five years' time the entrance-level class will rise to 500 students.

The Dean spent one year at the University of Illinois, Urbana, during which period he developed a remarkable set of external connections. In the 1991/1992 academic year, visiting professors came for either a year or a semester from Texas A&M University, University of Missouri, Essex University (United Kingdom), and St. Gallen University (Switzerland). The Dean has an arrangement with the Fulbright Commission that the latter will send one faculty member a year to Comenius for five years. The Dean's expectation is that Comenius will have, on average, five visiting professors per year. There is, understandably, a dearth of Slovak professors of management. Slovak professors cover subjects of law and mathematics. Some instructors came from the Academy of Sciences on a part-time basis: these are mostly economists. The business subjects are covered by visiting foreign faculty.

Economics University of Bratislava

This new university is a public institution, education is free, and it is part of Slovakia's educational system. Out of a total of 1,200 students who graduate each year, about 150 attended full-time and 50 part-time management training. The average age of the students attending is currently 22–23; these students have completed their economics or engineering degrees at the university. In the academic year 1991/1992 the university had an affiliate in Kosice, in eastern Slovakia. The major subjects taught are national economy, informatics, commerce, and enterprise management.

In 1991/1992 the university had a few lectures delivered by foreign visiting professors and it sent a handful of its own faculty members for study abroad. Lack of a foreign language facility, German or English, is a serious impediment.

Anglo-American Business Institute

The institute offers services on small-business development, investment promotion, trade promotion, and logistical support. It is the co-sponsor of the MBA Enterprise Corps, provides privatization training, assistance in governmental reforms, and educational assistance.

The Entrepreneurship Center

With offices in Prague and Washington, DC, the center was established to assist Slovak business people in the creation and expansion of enterprises. The center combines education (developing better managers), connections (access to funds), and some business consulting. These include advice on writing a business plan, providing financing assistance, and linking Slovak and US businesses. Services are on a "for fee" basis. However, as the center is subsidized by the US government and US foundations, the fees are inexpensive. The consultants reported that they have a backlog of applications for the center's services.

The Slovak American Enterprise Fund

With offices in Bratislava and Washington, DC, the fund is a privately managed pool of money which was set up with the view of promoting private enterprise in Slovakia. The original capital for the fund was provided by the US government. The fund provides both debt and equity capital to start new ventures or to expand existing ones. It has participated in the privatization of state enterprises and the formation of joint (Slovak–US) ventures. The fund charges a 1%–3% fee (of the financing needed), less than a traditional investment bank would charge. The fund works with The Entrepreneurship Center and also independent of it. (Conversely, the center also has activities independent of the fund.)

Slovak Academic Information Agency (SAIA)

Founded in 1990, SAIA is a non-profit organization which promotes educational exchanges, distributes educational materials, and organizes seminars. It cooperates with a host of foreign institutions. In terms of management education, the SAIA offers information on the GMAT and TOEFL tests.

The Association of Slovak Entrepreneurs (ASE)

This association has 300,000 registered members. One has to register if one operates a private enterprise or wants to start a new venture. Still, this seemed to me to be a very large number, and when I inquired I was told that people whose businesses go bankrupt often fail to "de-register" with the ASE. Nonetheless, the impression I received was that entrepreneurship in Slovakia is thriving. People start businesses, take over parts of privatized state enterprises, and operate plants and equipment that they received as restitution. Slovak émigrées are returning, not necessarily to settle down permanently, but rather to go into business with family and/or friends, and so on.

The Czech Management Association (CMA)

This is a trade association which represents managers in tripartite negotiations. The three parties are: (a) the government (through the economic ministries); (b) trade unions; and (c) employers – including the CMA. It also renders opinions on drafts of laws and regulations that affect its membership. Finally, the CMA operates a clearing house or data bank for employment opportunities.

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