Some remarks on Management Training in Russia and the NIS

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This note addresses some issues raised by an independent evaluation of twenty projects intended to provide managerial and vocational training (MVT) in various areas of the former Soviet Union. These projects were carried out in the period 1991-97 and were financed under the TACIS program of technical assistance. The sample of projects was evaluated by a desk review of the available documentation and interviews with deans, project managers, teachers, former students, managers of local firms sending people to attend courses, and key informants in the local polity-economy[1].

Tacis was launched by the European Community in 1990 with the aim of providing financial assistance to Russia and the New Independent States in the area of training and education. Other sectors were also covered, such as privatisation and enterprise restructuring, SME development, transport and energy, food production and distribution. Thus the training programs were conceived both as the means to foster a sustainable entrepreneurial environment and as the necessary condition for achieving the more general aim of transition to a market economy. In following years, the activities carried out in pursuit of that general aim also included reform of the public administration and social protection.

The evaluation was based on the following criteria. The first was *Relevance*, a criterion for assessing whether the activities and results of a project were consistent with its mandate, and whether any significant outcome should therefore be realistically expected from a project, also taking into account the sectoral policies supported by other agencies in the area. The second was *Effectiveness,* which was the criterion used to verify the extent to which the objectives set at the inception in the Terms of Reference had been achieved, by comparing them with the end results as reported by the Contractors and the Monitoring teams that evaluated them across the project cycle. Effectiveness was rated by taking account of the many intervening variables which impinged on the final results in various ways.

The criterion of *Impact* was applied in verification of whether the project had brought about noticeable changes in the local environment, with special

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[1] The final report may be consulted on the website: http://europa.eu.int/comm/src/evaluation/reports/tacis/951467.pdf.

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reference to enterprise management and the development of entrepreneurship. Particular attention was paid to multiplier effects on local demand for management training and the capacity to meet such demand by the existing institutions. Finally, *Sustainability* was the criterion used to verify the extent to which the project aims will continue to be met when Tacis assistance ceases. Both internal and external factors affecting the degree of sustainability were considered: financial, environmental, technological, institutional and cultural.

The twenty projects in the sample were divided into three basic types: (a) "strengthening of MVT institutions", (b) delivery of MVT services", and (c) MVT as a component of a sectoral project. The minimum value of a project was around ECU 2,500,000 and the maximum around 3,350,000. The duration was between 31 and 39 months.

The results may be summarised as follows. The proportion of projects rated "very good/excellent" or "good/satisfactory" amounted to about one third according to the criteria of effectiveness; around half on sustainability and impact, and more than two thirds on relevance. The desk review of documentation and the interviews in Russia and the NIS which were discussed in the Final Report.

The first aspect to note is that the respondents generally agreed on the following three points. First, that the projects should continue to be targeted on two basic groups: middle managers and young graduates or specialists at the beginning of their careers. Second, that training should continue beyond the period of Western support, both in sector-specific institutes and in business schools. Third, that the endorsement of top management would be crucial to successful knowledge transfer to enterprises.

Beyond these points of agreement, local circumstances gave rise to different replies. Where the local economy was relatively well developed and differentiated (such in the Moscow and St Petersburg areas) the request was for all kinds of programs, from vocational training to MBA courses. By contrast, where the local economy was not differentiated (and usually declining, for example in areas where the military industry prevails) the basic requirements were seen to be short, practical programmes for middle managers and the creation or strengthening of local training institutes. Managers did not want lectures on Western methods and practices, be they in the areas of 'orthodox' or 'critical' management. More precisely, the latter was not even known about, while as regards the former managers wanted to be shown how it could be used to solve their organizational problems.

The deans and directors of local institutes were preoccupied with the difficult issue of retaining their teaching staff trained by the programs. The reason was simple: these people can usually find a better salaries in business than in schools. Another important problem cited was the administrative back-up needed to establish fruitful links with the enterprises whose people are attending

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courses. Also frequently mentioned were the issues of establishing procedures and structures for the targeting of possible trainees, the revenues to be earned and the salaries to be paid. Finally, deans and directors gave high priority to establishing and maintaining contacts with business schools in the West beyond the period of technical assistance. When these problems had been satisfactorily addressed, it could be said that the project was successful (Table [1]).

Table 1. Successful projects

Successful projects
1. Political endorsement for a beneficiary institution considered of strategic importance by national political authorities.
2. Initial organizational efficiency of the training institution.
3. Realistic feasibility studies.
4. Good organizational capacities of the local Program Manager.
5. Contractor with previous experience of co-operation with the local institution.
6. Possibility for changes both in the design and the project cycle management in relation to the turbulence of the environment.
7. Involvement of local enterprises in the programs of training and consultancy.
8. Effective government support to the economic branches in which Tacis programs have been established.
9. Co-ordination among different donors operating in a given area.

Local trainers recognised that they needed to acquire new skills in teaching methodology, for instance business games. They also felt a need for more exposure to the practical problems of firms in the local environment, and acknowledged that their internships in Western firms and study tours had helped them to appreciate what questions they should ask.

The conclusion to be drawn from the interviews with the people involved in the projects is that the problem is how to match a project with the local stage of development: cases of mismatch resulted from the proposing of ideas ahead of time. These were also the cases in which Soviet legacies became apparent (Table [2]). Indeed rapid changes took place in all the countries involved with Tacis projects, but the nature and pace of change varied widely from country to country and from region to region. In some instances there was political change with little economic change, in others precisely the opposite occurred. More often than not, changes in training institutions failed to keep up with changes in the economic environment. Overall, one may say that the polar cases were: (a) environments in which there was already a commitment to reform, and (b) environments in which there were reform-minded individuals but a Soviet-style institutional setting still prevailed.

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Table 2. Some continuities with the past

Some continuities with the past
1. Capacity to obtain technical assistance more on the basis of *know who* than *know how.*
2. Soviet-style administrative behaviour in beneficiary institutions.
3. Low ability to analyse local demand for training.
4. Formal compliance with rules and programs without achieving the intended results.
5. 'Dead souls' among the participants in the training courses.
6. Requests for a 'practical approach' as a way to accept Western management techniques but not the culture in which they are embedded

In the 'chaos of transition' it was objectively difficult to determine at the start of a project just what type of training was suited to what local context. In many cases, the readiness of local markets for anything beyond the most basic training had been overestimated. Consequently, the recommendations proposed in the Main Report included the following.

As regards the *forms of training*, the first suggestion was that finer discrimination was required, in order to reflect the wide differences among the kinds of training appropriate to different locations and circumstances. Clearly differentiated packages should be offered to different categories of potential recipients. In settings where old style administrators still prevail, the first task was to identify people able to carry out reforms in the beneficiary institutions, be they schools, enterprises or governmental agencies. In the other, more advanced setting, it has been possible to build *institutional flagships* with the ability to set high standards and develop new forms of training for which enterprises would be prepared to pay realistic fees. Thus the choice of assisting flagship institutions and initiating programs which deal directly with managers should be further developed, because this would give competitive edge to institutions already operating in a real market. In the future, more resources should be applied during a project's preparatory stages in order to ensure a fully informed choice of beneficiary and adequate understanding of local environments.

The right choice of the beneficiary and its involvement in the various stages of the project cycle is of great importance for the success of future projects. When making the selection, particular attention should be paid to the following factors: the way in which the recipient organisation is managed; the degree of its cultural openness and flexibility towards the proposed change, the real capabilities of local program managers, the environment's receptiveness to the proposed assistance. But this should be flanked by a more proactive role of the donors in negotiating conditionalities and major changes, if they appear necessary during

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the implementation stages. Some sort of ‘forum’ should be created in which the contractor, the monitor, the beneficiary and the donor(s) can align the project more closely with developmental objectives and demonstrate sensitivity to changes in the local environment. Future projects should be characterised both by a ‘flexibility of blueprint’ allowing for changes in the design prior to implementation, and ‘flexibility of process’, that is, the capacity to adapt to the evolving needs of its beneficiaries.

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