Educating Managers for Business and Government

A Review of International Experience

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and
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What kind of training is most appropriate for corporate executives who must understand world trends and their counterparts in other countries? for owners of small enterprises? for public administrators? And how effective is the training in the United States and elsewhere?
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EXECUTIVE SUMMARY

Managers, in both the private and public sectors, are increasingly recognized as critical in the use of scarce resources for national development. There is no unanimity of opinion, however, regarding the models or approaches to management education that are most appropriate in different environmental settings. Traditionally, management education has been dominated by the need to train executives for large-scale enterprises. But the 1980s has seen global trend toward the deconcentration of business. The future development of the indigenous business sector in the developing world depends heavily on the emergence of small and medium scale entrepreneurs. The roles of public administrators with respect to regulatory and developmental activities enterprise are also changing. This trend is evident not only in market-oriented countries, but also in socialist countries, and many developing countries.

This volume encompasses management education for each of these groups--the managers and future managers of large-scale enterprises; entrepreneurs and small businessmen; and public administrators. Its purpose is to review worldwide trends and developments in management education for lessons in such areas as curriculum design, research and teaching methodology, and institutional policies and administration. Experience is drawn from recognized universities, educational organizations, civil service institutes, and corporations in several major countries and regions of the world.

Management education, practically unknown in the nineteenth century, has become a dynamic force for change in universities, in the workplace, and in the societies of both industrialized and developing countries. The findings of this review suggest that most management education needs may indeed be met by in-company programs where the business environment is reasonably stable and the dominant competitive issues are production and control, as was the case of the U.S. in the 1880s and Japan in the 1960s. However, a changing international environment demands that managers be able to analyze world trends and interact with counterparts in other rational cultures, creating a need for longer degree programs that build generalist analytic and communications skills. Degree and in-company programs, however, are not mutually exclusive.

Most business schools of excellence base their educational strategies on clear learning objectives and consistent sets of assumptions regarding the roles of teaching and research in achieving those objectives. Schools that seek to further knowledge that contributes to optimal resource allocation usually encourage scholarly publication; those that seek to develop general managers to occupy positions of decision-making responsibility will place greater emphasis on pedagogy and on immediate relevance in the choice of research topics.
Training programs for small enterprise managers must take account of their dual role as entrepreneurs and managers. There has been a marked shift in recent years away from conventional management skills training for small enterprises towards entrepreneurship and enterprise development programs.

As regards the institutions involved in small enterprise training, there is a wide variety of experiences which vary from country to country. In many developed countries, and in some in the developing world too, institutions of higher education play an active role in this field. In other countries, chambers of commerce and private sector institutions are the main delivery channels for small enterprise training. The government must provide a policy framework conducive to the implementation of the entrepreneurial approach and management techniques transmitted through training.

The requirements of the new roles of the public administrator are reflected in the creation of new education and training institutions whose programs are directed at senior executives from all agencies of government, with the purpose of developing general managers who can move easily from one agency to another. In the universities, the response to the changing role of the higher civil servant has been to place less emphasis upon law and administration, and more upon the disciplines required for policy analysis.

A major precondition for the effectiveness of these education and training programs is the existence of a national training policy for public service. National policy should be based upon a systematic assessment of present and future training needs, and should provide for the ongoing monitoring and evaluation of program performance.

The content and quality of public administration education and training is strongly influenced by the strategy and style of institutional management and by the organizational forms and policies that support this strategy. The most common organizational arrangements are for pre-entry, degree programs to be conducted in university settings, and in-service programs to be conducted in government training centers. However, both arrangements may produce undesired results. Many of these problems have been overcome by autonomous institutions, organized privately or with government sponsorship, that focus on the multiple but interrelated tasks of education and training, research, and consulting.
PART I

INTRODUCTION
I. INTRODUCTION

The role of managers in all societies, regardless of their stage of development or political ideology, is increasingly recognized as critical in the use of scarce resources for national development. Consequently, greater attention is being paid to management education, both the university and in the workplace.

There is no unanimity of opinion, however, regarding what models or approaches to management education are most appropriate in each environmental setting. The MBA as a path toward the development of future business leaders has been both hailed and derided in the United States.\(^1\) In Japan, the emphasis has been in the direction of on-the-job training. In many countries, executive programs conducted by specialized institutes have become popular.

Traditionally, management education has been dominated by the need to train executives for large-scale enterprises. But the 1980s has seen a global trend toward the deconcentration of business. In the United States, this trend has been driven by a resurgence of the entrepreneurial spirit precisely at a time when many large U.S. corporations have been losing their international competitive edge. In the third world, though, large scale public enterprises and foreign enterprises play an important role. The future development of the indigenous business sector depends heavily on the emergence of small and medium sector entrepreneurs. For different reasons, then, small and medium-sized enterprises have assumed considerable importance in both the developed and developing countries. Some management training institutions have recognized this and have begun to develop special programs for entrepreneurs and owner-managers of small-scale enterprises. These are among the programs that have grown most rapidly in the 1980s.

In general, the managers of both large and small business in most market-oriented countries operated in isolation from the public administrators responsible for the implementation of national economic policy. Even in such countries as France, corporate strategies—where they existed—were found to be unrelated to the needs of national development plans. In many socialist countries and in parts of the developing world, by contrast, public administrators have tended to dominate the enterprise managers and limit the latter's discretion and initiative.

The roles of public administrators with respect to productive enterprise are changing, however. In market-oriented countries, passive regulatory functions are being replaced by active partnerships between business and government. And in the socialist countries, trends toward

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1/ For a recent assessment, see L. W. Porter and L. E. McKibbin, Management Education and Development: Drift or Thrust into the Twentieth Century, (McGraw Hill, New York, 1988).
greater autonomy for enterprises have compelled civil servants to reconceptualize their roles. There is less direct interference and more concern with the exercise of support functions to promote the private sector. In many developing countries, reforms are under way to dismantle the controls and excessive regulations which constrain entrepreneurs.

Organization of the Volume

This publication, organized in three parts, encompasses management education for each of these groups—the managers and future managers of large-scale enterprises; entrepreneurs and small businessmen; and public administrators. Its purpose is to review worldwide trends and developments in management education for lessons in such areas as curriculum design, research and teaching methodology, and institutional policies and administration. Experience is drawn from recognized universities, educational organizations, civil service institutes, and corporations in several major countries and regions of the world.

The target groups for the educational and training programs discussed in the three review papers differ in significant respects. Most business schools for example, train potential managers for enterprises. Schools of public administration, on the other hand, are engaged in the development of professionals who will manage the government sector. Those who undergo small-scale enterprise training are often owner managers who operate or who plan to set up small-scale firms. Though the target groups and sectors are distinctly different, there are interesting linkages between the educational institutions and processes involved. For example, there is much in common in the concepts and tools of the management education and training programs for these different groups. It is not surprising, therefore, that in a growing number of countries, training for the three target groups tends to be offered by the same institution. Thus in the U.S.A., the Yale School of Management and the Stanford Business School cater to the training needs of both the private and public sectors. The Ecole Nationale d'Administracion (ENA) in France has, for many years, trained managers for both enterprises and the government. A similar trend can be found in the developing world (e.g., India, the Philippines, East Africa, Costa Rica). Furthermore, effective management training in the enterprise and government sectors is mutually beneficial and reinforcing. Governments do draw upon private managerial personnel, and enterprises often hire experienced government administrators. These interrelationships provide the rationale for presenting the three review papers together in a single volume.

Each of the three papers in this publication is organized in a parallel fashion, beginning with an examination of the national and regional contexts in which the education and training programs take place. The paper on business education places emphasis on the competitive environment, while the paper on public administration concentrates on cultural and political factors that determine the nature and degree of government involvement with productive enterprise.
Each paper then traces the development of educational programs in several parts of the world and describes their major characteristics. The management education paper selects several well-known MBA and executive programs for in-depth study. The small-scale enterprise paper looks at different types of training and entrepreneurial development programs. The public management training paper examines programs in a number of institutional settings: large universities; autonomous management institutes; and government training organizations. Organizational and administrative issues are then considered.

In the concluding sections, lessons are drawn from these experiences. Some of these lessons relate more specifically to program design; others are related to national training policy; and still others are concerned with internal administrative issues, from the organizational structure of the educational institution to the systems of recruitment, evaluation, remuneration, and development of faculty. The lessons of international experience discussed in the three papers and their implications for developing countries are summarized below:

Management Education

Management education, practically unknown in the nineteenth century, has become a dynamic force for change in universities, in the workplace, and in the societies of both industrialized and developing countries. It is credited with the professionalization of enterprise management, though it has been criticized by some for placing emphasis upon short-term profit criteria. This review traces the evolution of business schools and executive courses, examines the content and methodology of several well-known programs, analyzes current trends and developments in program design, and evaluates the contributions and criticisms of management education in today's competitive environment. It also addresses important questions of strategy, organization, and administration of educational institutions.

The rapid growth of management education in the United States was stimulated by the rise and concentration of the manufacturing sector in the twentieth century, accompanied by increasing disposable income, high mobility among the educated population, and a staunchly individualist ideology. In contrast, the development of management education in Europe was hindered by the low status of commercial activities, the rigidity of traditional academia, and the reluctance of family-dominated businesses to accept innovation. It was not until the American challenge posed a threat to these local companies that business schools sprang up in several European countries. As management education acquired greater academic stature, however, it faced new criticism from those who charged that it was too theoretical, removed from operating and human problems, and focused on quantitative models and measures that encouraged short-term profit maximization instead of long-term competitive advantage. The experience of Japan, where most management education takes place within the company, has even raised the question of whether MBA programs are necessary.
The findings of this review suggest that most management education needs may indeed be met by in-company programs where the business environment is reasonably stable and the dominant competitive issues are production and control, as was the case of the U.S. in the 1880s and Japan in the 1960s. However, a changing international environment demands that managers be able to analyze world trends and interact with counterparts in other national cultures, creating a need for longer degree programs that build generalist analytic and communications skills. Degree and in-company programs are not mutually exclusive; sophisticated global companies invest in a portfolio of management education options that respond to their particular needs within its specific environment.

Most business schools of excellence base their educational strategies on clear learning objectives and consistent sets of assumptions regarding the roles of teaching and research in achieving those objectives. Schools that seek to further knowledge that contributes to optimal resource allocation usually encourage scholarly publication; those that seek to develop general managers to occupy positions of decision-making responsibility will place greater emphasis on pedagogy and on immediate relevance in the choice of research topics. Underlying these two strategies are two different models of management education—the academic and the professional models—and these place different types of demands upon the business school organization.

Implementation problems occur where there is an imperfect "fit" between the requirements of the educational model and the design of the organizational structure and processes. Such problems are more frequent where the school is part of a larger university system. This review suggests that autonomous management institutes enjoy a significant organizational advantage over business schools organized within universities in their ability to respond to client needs with innovative programs and in their capacity to acculturate new faculty.

Economic, political, social, ecological, and technological trends and developments of the late 1980s have made many business school courses outdated and irrelevant. New and changing international markets, unprecedented pressures from the newly industrialized countries of Asia, the decline of traditional manufacturing, and the revolution in information technology have produced consensus among educators and managers that major changes are needed in business school and executive program curriculum design, research priorities, and teaching methodologies. Greater attention must be given to creating among students an understanding of the international environment, a knowledge of the requirements of export marketing, skills in the analysis of operations for improving productivity and building motivation among employees, and the ability to utilize information systems as a competitive weapon.

In the professional management school, curriculum changes must be accompanied by the use of interactive teaching methodologies and complemented with internship programs that bring students in direct contact
with the realities of shop floor management and operating decisions, they must also be reinforced by institutional policies that channel scarce resources to priority areas rather than spreading them ineffectually among many departments.

**Training for Small Enterprise Managers**

Training programs for small enterprise managers must take account of their dual role as entrepreneurs and managers. There has been a marked shift in recent years away from conventional management skills training for small enterprises towards entrepreneurship and enterprise development programs. The latter aim at using the "achievement motivation" characteristics of the successful entrepreneur to help screen out and enhance those with the latent potential to succeed. Entrepreneurship development programs, combined with the teaching of basic management skills, has become the main thrust in the expansion in management training for small enterprises.

Entrepreneurship development programs have been most successful in actually creating enterprises, which survive and are profitable, when combined with active counselling and guidance in securing finance and technical and marketing assistance. It is increasingly apparent that all small business management training in both entrepreneurship and management skills development is most effective when integrated with direct advice and assistance to the individual firms. Training materials specially suited to the needs of small enterprises are still lacking although there has been promising development in the preparation of case studies, visual aids and reading materials directly related to the real situation confronted by the manager-entrepreneur in the small business sector. New participatory teaching approaches have been tried with some success in sessions devoted to problem solving and decision making within the firms of those participating in the training activity.

As regards the institutions involved in small enterprise training, there is a wide variety of experiences which vary from country to country. In many developed countries, and in some in the developing world too, institutions of higher education play an active role in this field. There is sometimes the problem of an overly academic theoretical approach creating communication difficulties with the small scale entrepreneurs participating in the training, but efforts are being made by academic institutions to become more involved in the day to day operational problems of small business.

In other countries, chambers of commerce and private sector institutions are the main delivery channels for small enterprise training. In yet others publicly supported development and training agencies perform this role. Where feasible the direct involvement of the private sector has distinct advantages usually facilitating more feedback and a closer link between the training and the enterprises' real problems.
The government must play an active part for this training to succeed and have impact. First, there must be a policy framework conducive to the implementation of the entrepreneurial approach and management techniques transmitted in training. Secondly the government must display a commitment to support training by ensuring adequate financial support. There are different ways for a government to carry out this role. In some countries, taxes or levies are imposed on all industries to finance training. In others, budgetary allocations subsidize public agencies while in yet others government grants for small enterprise training are given to private sector organizations - such as chambers of commerce and industry or employers federations - to organize and implement such programs. The most active and successful programs usually combine government subsidies, private sector inputs in one form or another, local or regional grants and some moderate fees from the active participants. Governments in a few countries have provided special support for the preparation of training materials, videos, visual aids and for the training of instructors.

The quality of training is enhanced through the use of instructors who combine pedagogic skills with the practical experience of small enterprises and their problems. Teaching and development of small enterprise management and entrepreneurial skills can be made more effective through participatory techniques such as discussions, conferences, panels, case studies, role playing, problem solving exercises, business games, plant visits accompanied by good visual aids and well prepared literature.

The most successful small business management training takes account of the limited educational background of the trainees, their severe time constraints, and their need and desire to learn and assimilate information and techniques of immediate relevance to their daily operational tasks.

There is need for continuous evaluation of training programs to ensure that they are effective and responsive to the needs of the small enterprise managers being trained. Only in a few cases are there full evaluation of courses and follow up of training to find out the extent to which the trainees have put into practice what they have learned. Only through such continuous evaluation can the training be improved and the quality raised through innovation and more effective teaching methods and materials. In entrepreneurship development programs, follow up of graduates is of the utmost importance to record how many really start new enterprises or enter into new ventures and how many of these prosper. Such evaluations are costly and although some useful techniques have been developed, there are still difficulties in isolating the real impact of the training from other factors.

Cost is a matter of concern in all training programs. Virtually all small enterprise training will need some form of public subsidy, recognizing that this sector is both unable and unwilling to bear the full costs. Cost benefit analysis is therefore essential to ensure that public funds are used to produce maximum social, economic and financial returns.
As the ultimate objectives of all small enterprise training are more enterprises, higher output, increased productivity, more employment and enhanced incomes, the final benefits have to be measured in these terms with due regard to credit being given for other forms of assistance. In some cost benefit analyses of training programs efforts are made to calculate the return to governments in taxes paid resulting from increased output, profits and employment (or of savings in government social support programs) as related to the amounts spent on training.

Though training continues to be confined largely to the classroom situation where groups meet, are instructed, exchange views or carry out exercises, new horizons are being opened up to make greater use of the media in transmitting information and knowledge on business matters. Programmed learning methods using radio and television are moving out of the experimental stages and are being employed more and more alongside correspondence courses and self education using individual exercises and audits. As information technology advances one may expect more use of these approaches which have already contributed to introducing some form of training to small enterprise managers in dispersed and smaller communities.

Education and Training of Public Administrators

The education and training of higher civil servants have undergone significant changes in recent years as a consequence of the changing role of the public sector in many countries. Civil service traditions in many countries are grounded in their role as a regulatory and balancing instrument, detached from policy objectives. In accordance with this role, law has generally been the favored education for public servants in countries as culturally diverse as France and Japan. As governments have taken a more active role in economic development, however, there has arisen the need for these public servants to adopt new managerial roles in the allocation of scarce resources and in the analysis of policy options.

The requirements of these new roles are reflected in the creation of new education and training institutions such as the administrative staff colleges in the United Kingdom and many of its former colonies, the Ecole Nationale d'Administration in France, and the Federal Executive Institute in the United States. Their programs are directed at senior executives from all agencies of government, with the purpose of developing general managers who can move easily from one agency to another. This has had the effect of breaking down departmental barriers in the public sector and achieving greater inter-agency coordination.

In the universities, the response to the changing role of the higher civil servant has been to place less emphasis upon law and administration, and more upon the disciplines required for policy analysis. The curriculum at Carnegie-Mellon University, for example, is based upon the premise that rapid social and technological change requires public managers who are able to use an array of rational analytic tools. In a series of quantitative methods courses, students must relate statistical and decision-analytic tools to particular policy problems through computer methods.
A major precondition for the effectiveness of these education and training programs is the existence of a national training policy for public service. When training activities are performed in an ad hoc manner without the guidance of a policy framework, inefficient use of scarce resources and costly duplication of efforts are bound to occur. National policy should be based upon a systematic assessment of present and future training needs, and should provide for the ongoing monitoring and evaluation of program performance.

One reason that the evaluation function is frequently neglected is the absence of a clear linkage between public administration education and training programs and the broader personnel policies of government. The remedy lies in integrating national training policies with personnel policies related to career development planning.

The content and quality of public administration education and training is strongly influenced by the strategy and style of institutional management and by the organizational forms and policies that support this strategy. The most common organizational arrangements are for pre-entry, degree programs to be conducted in university settings, and in-service programs to be conducted in government training centers. However, both arrangements may produce undesired results. When the public administration school is spawned within a university, the operating culture of the university casts a dominant influence on the institution's management. If the university itself is highly bureaucratic and centralized in its management, it is unlikely that the new school or department will be given the autonomy to experiment with interdisciplinary programs and other innovations. When in-service training programs are carried out within "captive" government training centers, the natural tendency is for government to transfer to them its administrative systems and practices, which may be quite inappropriate. Rather than establishing a permanent faculty, these centers often rely upon higher civil servants who have been "seconded" by their respective agencies. They may view their training assignment as temporary and lack the commitment that is required for institutional development.

Many of these problems have been overcome by autonomous institutions, organized privately or with government sponsorship, that focus on the multiple but interrelated tasks of education and training, research, and consulting. When such institutes possess leadership capable of transmitting a sense of purpose and when they have a critical mass of faculty, international experience reviewed in this paper indicates that they may make a significant contribution to the education and training of public managers.

Audience for the Volume

These papers were originally prepared for an international workshop in China where there is considerable interest in the subject of management education. They will, however, be of interest also to Bank
staff concerned with managerial and organizational issues and to
consultants who advise governments on such issues. This publication has
several other audiences too. First are the academic administrators within
the universities and management training institutions, who will hopefully
find useful the range of issues discussed. They will, of course, wish to
focus their attention on their dominant client group, be they large or
small business or government.

Second, managers in business and government may also find these
reviews valuable in reconsidering their own needs. Corporations that
prided themselves upon providing all management education through in-
company programs may wish to reconsider this policy in light of the growing
need to understand international markets and to interact with executives of
other cultures. Similarly, civil service departments that have
concentrated on specialized technical programs may want to consider
programs to develop general management skills for high level administrators
to facilitate transfer among ministries. For leaders in industry and
government, it is important to consider how functional and general managers
can be retrained and developed, how entry-level managers can be prepared
for their work, and what sorts of programs best enable middle-level
managers to assume greater responsibility. They must also consider the
ways and means to enhance the responsiveness of government agencies and
their public administrators in relation to the productive enterprises and
the delivery of public services.

These papers offer no universal answers or simple solutions to the
design of policies and programs in management education. They do, however,
provide a rich survey of international experience from which valuable
lessons can be learned.
PART II

MANAGEMENT EDUCATION:

A REVIEW OF INTERNATIONAL EXPERIENCE
MANAGEMENT EDUCATION:
A REVIEW OF INTERNATIONAL EXPERIENCE

I. Purpose and Scope

The purpose of this review is to examine worldwide trends and developments in management education for lessons in curriculum design, research and teaching methodology, and institutional policies and administration. Experience is drawn from recognized universities, educational institutions, and corporations in several major countries and regions of the world.

"Management education" is defined to include the broad range of activities that contribute to the development of knowledge and skills in the processes of planning, organizing, implementing, and controlling to achieve organizational objectives. These activities include several types of degree and non-degree programs:

- Undergraduate programs, usually four years' duration, leading to a bachelor's degree in business administration (BBA) or bachelor of arts (BA) with a minor in business. The curriculum is usually a blend of relevant disciplines (economics, behavioral sciences, quantitative sciences) and career-oriented courses.

- Associate degree programs, offered by two-year junior or community colleges as an alternative for career-oriented high school graduates with less interest, aptitude, or financial resources for academic study.

- Masters' programs, leading to the coveted MBA, traditionally a full-time, two-year program, though increasing numbers of universities are promoting programs that are either shorter than two years or are offered on a part-time basis to accommodate working peoples' schedules.

- Doctoral programs, which may be offered either as a Ph.D. (Doctor of Philosophy) or as a D.B.A., implying a professional rather than an academic certification. Graduates usually pursue academic careers, though some are hired by research and consulting firms.

- Programs that are combinations of the above, such as the ecoles commerciales degree in France that consists of two years' undergraduate work plus one year at the graduate level.1

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Executive and continuing education programs that award no degrees, offered by universities, management institutes, consulting firms, professional associations, productivity councils, non-profit organizations and private individuals. These may range in duration from a few hours, conducted for the purpose of informing participants about developments or techniques in a particular field, to programs of several months that seek to develop managerial skills and perspectives.

In-company executive programs held exclusively for managers within a single enterprise. Such programs are appropriate where large numbers of managers must acquire uniform knowledge related to a given industry or where the objective is to solve current company problems or to build internal cohesion, but exclusive reliance on this type of program may deny the company access to fresh ideas and fruitful interchange.

On-the-job training, or OJT, by which managers "learn by doing," either through job rotation or coaching by a senior colleague. OJT may be closely tied to the organizational processes of goal-setting, performance evaluation, and personal career planning.

Management education in any national or regional context can only be understood in relation to the assumptions, rules, and conventions that govern interactions among individuals, productive enterprises, and the state, including concepts of property, competition, the regulation of prices, and other rules of the game. Section Two of this paper reviews the context of enterprise management in North America, Europe, Japan, and the third world. In Section Three, the evolution of management education is traced in each of these countries or regions from its beginnings in the nineteenth century to the present day. Within Europe, particular attention is given to Great Britain and France.

Section Four examines several models of management education. Four degree programs in the United States are reviewed in detail: the undergraduate business program at Indiana University; the MBA programs at the Harvard Business School and the University of Chicago; and the Masters' of Science in Management Program at an international consulting firm, Arthur D. Little, Inc. Two executive programs in the third world are also described for their innovative aspects: a "three-tier" program offered by the Indian Institute of Management in Ahmedabad; and a program organized for managers of Nicaraguan state-owned enterprise by the Central American Institute of Business Administration. Current trends in curriculum content, research and consulting, and teaching methodology are discussed in Section Five.

The institutional frameworks and policies through which management education programs are implemented is the topic of Section Six. Particular attention is paid to the selection, grading, and placement of students; the recruitment, remuneration, evaluation, and development of faculty;
organization and management issues in business schools; and the cultivation of external linkages. Section Seven reviews international experience in evaluating the effectiveness of management education. In the final part of the review, major themes are highlighted and lessons are drawn from the experience presented.

II. The Context of Enterprise Management

The United States in Ideological Transition

Well into the twentieth century, the United States was characterized by seemingly boundless land, unlimited resources, and a migrant population that brought ingenuity, initiative, and a propensity for hard work. These entrepreneurial settlers rejected that rigid, hierarchical structure of their European heritage. Gradually a new American ideology was formed around the doctrine propounded by the English philosopher John Locke of "natural rights"—the rights of the individual, the natural right of private property, and the notion that government existed solely to guarantee those rights. These ideas were consistent with Adam Smith's economic doctrine of the "invisible hand" which guided the rational allocation of wealth to productive activity through the individual decisions of countless buyers and sellers competing in free markets.

The rise of big business in the late nineteenth century was accompanied by a more active role of government as a regulator of economic activity. After 1890 the Sherman Antitrust Act made it illegal for companies to use monopoly power "in restraint of trade." Such legislation could not prevent the concentration of power, and in the 1980s some five hundred large corporations have a dominant effect on large sectors of United States economic activity, leading to an erosion of the individualist ideology of Locke and Smith. Free competition is stifled in industries with massive capital requirements and high entry barriers. Business decisions are no longer made by company owners but by professional managers inaccessible to the thousands of individual shareholders. The American business environment in the 1980s is thus characterized by ideological transition and uncertainty about the "rules of the game." The traditional values—primacy of the individual, unlimited rights to private property, free competition, and a limited role of the state—are strongly embedded in the national character and continue to dominate major economic institutions. Markets are free in the sense that the prices of consumer products are not regulated nor are most distribution channels. Producers are free to negotiate with suppliers but cannot collude with competitors. There has been a resurgence of interest in private ownership and an unprecedented growth in the number of small business enterprises. At the same time, however, there has been a growing acceptance of government's...

role not only in the regulation of business and the maintenance of free competition, but also as supporter of certain economic activities. For example, government subsidies to farmers have been accepted by an increasingly urban population on the grounds that the U.S. agricultural sector cannot be allowed to fall into decline.

The United Kingdom, France, and the General Will

In Europe the idea of John Locke did not take root as they had in the United States. In his native England, they were reshaped by the spirit of utilitarianism as propounded by Jeremy Bentham and John Stuart Mill. The British were less concerned with ensuring competition than with achieving national glory. In France, the Lockean notion of individualism that emerged in the seventeenth century was overtaken by the idea of the "general will" that evolved in the eighteenth, with Rousseau and the French Revolution. As the embodiment of private desires and clearly superior to them, the general will provided the rationale for the role of the French state as an instrument of intervention to plan and guide the nation's institutions. Consequently, the high-level civil servant in France was accorded prestige and social status for his role in implementing the general will, while the merchant and industrialist were looked upon with disdain for pursuing individual interests. Attitudes towards business in France, however, have turned positive in recent years and even Socialist President Mitterand has heaped praise on the enterprise.

Unlike the United States and to a lesser extent the United Kingdom, where the industrial revolution saw the rise of large corporations, most business in France was organized around the family. A study of the influence of the national plans on the strategies of French businesses in the 1960s revealed that with the exception of the first postwar plan, which included stringent controls on the allocation of resources, the plans had negligible influence, and in any case there was little if any strategic planning going on in French firms. The French business environment continues to be characterized by smaller, family-owned businesses and by more pervasive government involvement in the economy than is found in the United States. State enterprises dominate certain industrial sectors, including tobacco and automobiles. Internal competition is less intense, though this has changed since the 1960s with the opening of the European Economic Community.

Socialism and Reform in Eastern Europe

The ownership and management of productive enterprise was assumed by the state in the countries of Eastern Europe after World War II. Following Marxist-Leninist doctrine, economic planning was centralized,

3/ Lodge, _ibid._, p. 13.

markets were controlled, and efforts were made to recruit workers to managerial ranks. In subsequent years, however, policies on the organization and management of state-owned enterprises have varied substantially from one country to another, from centralized control in the German Democratic Republic to decentralized worker self-management in Yugoslavia.

In Hungary, where the management of state enterprises was decentralized following an economic reform in the late 1960s, policymakers provided the following rationale for the reorganization: first, economic efficiency and the optimal functioning of each enterprise, in their view, required that the locus of decision-making be placed within the enterprise and not imposed upon it by an external government authority. Thus Hungarian managers, in collaboration with workers' councils, have operating control over all capital assets of the enterprise and may make decisions regarding labor force and investment policies. They are also free to make contracts with other enterprises as suppliers and customers. Some observers, however, point out that these principles have not been observed consistently in Hungary.

Second, Hungarian policy-makers recognized that state enterprises would require substantial autonomy if workers were to take part in managerial decisions and efforts to improve efficiency. Third, it is easier to fix responsibility for performance in a decentralized organization. This is particularly important in an environment of growing competitiveness. "It can be stated without undue exaggeration," according to one Hungarian official, "that competition in the market measures all the activities of any company continuously, in a combined and dynamic way." 6

Japan: A View of Harmony 7

The features of enterprise management that have enabled Japan to become a great industrial power are grounded in special Japanese character traits, values and environmental factors. The first of these is diligence; in a recent national survey Japanese characterized themselves as being, above all else, diligent. They are meticulous in attending to details and work hard for long hours.


6/ Ibid.

7/ The information in this section is based largely upon Irene M. Notzli, A View of Japanese Management, Especially Management Development in Large Business Enterprises (Zurich, 1982), pp. 9-44.

8/ The survey is cited in Notzli, Ibid., p. 9.
Equally significant is a second Japanese character trait, that of 
conformity. In contrast to the Lockean individualism that continues to 
pervade the U.S. business environment, the Japanese prefer to work in 
groups: there is no concept of the individual apart from his or her 
existence in a network of human relationships. Consequently, the role of 
the leader in enterprise is not one of singlehandedly forging corporate 
strategy, but rather one of fostering group loyalties. Employees consider 
their own function and position of secondary importance; their first 
loyalty is to the group though leaders are valued and respected. Japanese 
do not mix easily with those outside their group, and this has meant that 
"the overseas orientation of Japanese business people has been rather low."

A third character trait, grounded in one of the most fundamental 
of Japanese values, is the desire to achieve harmony above all else. This 
is embodied in the corporate decision-making process, where consensus is 
sought and achieving harmony is more important than being "right". It is 
also reflected in the Japanese negotiating style: though not easy 
negotiators, they tend to reject confrontation and prefer to exercise 
haragei, literally "the art of the stomach," in feeling each other out. The 
Japanese emphasis on harmony can also be appreciated in the adaptation 
of its architecture to natural conditions.

Fourth, the Japanese are characterized by a high degree of 
exibility and pragmatism. Their willingness to test new ideas and 
approaches is facilitated by the lack of rigid class structures and by an 
almost fanatic desire to learn on the part of broad segments of the 
population.

The renowned management system of Japan had its beginnings with 
the Meiji Restoration in the nineteenth century and the heightened status 
of producers and merchants, combined with a national vision of achieving 
economic and military power. Skilled craftsmen, in particular, became a 
well-paid and highly mobile group. With the introduction of technology and 
the rationalization of production processes in the 1930s, however, the need 
for these craftsmen was replaced by the need for educated workers, trained 
in the use of specialized equipment within each plant. The large Japanese 
corporations, which had begun to hire the most promising public school 
graduates for in-company vocational training, were now interested in 
minimizing labor mobility and absenteeism to ensure production efficiency. 
They did so by training their employees in non-transferable skills; 
introducing seniority systems that rewarded longevity; providing pension 
and welfare plans; and in general creating an environment of familial 
paternalism. These corporate policies were consistent with Japanese 
character traits and, combined with such policies as heavy investment in 
research and development, established the bases for the postwar "economic

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9/ Hajime Hasegawa, "Recent Trends in Management Development in Japan" 
(Tokyo: paper presented at the 15th Anniversary Meeting of the European 
Hasegawa is General Manager, Personnel Relations Division, of the NEC 
Corporation.
miracle".10

As in the U.S., there was strong internal competition among firms in Japan, but unlike the U.S. there was close collaboration with the government in stimulating exports while retaining high tariffs. Both government officials and corporate executives were planning for the long run. In the mid-1980s, Japan is facing new competitive challenges: the revaluation of the yen from 242 to 150 per dollar has raised the price of Japanese exports and cut its competitive position in world markets severely, forcing it to rely upon suppliers in South Korea and Singapore. In keeping with its long-run perspective, it is striving to become a technology-intensive, software and service-oriented society.11

The Third World

The business environment in many third world countries was shaped by the imposition of modern business enterprises upon traditional agrarian societies with rigid hierarchical structures. Business ownership in Asia and Latin America was assumed by wealthy trading and landowning families that had accumulated capital and social status. This has produced two distinct types of manager within the company: the family members, around whom power and authority is concentrated; and the hired executives, to whom work—but never authority—is delegated.12 This concentration of power is reinforced by family contacts in other companies and in government that are essential to the operation of the business.13

This pattern of centralized authority has inhibited the growth of businesses in the third world. One approach to growth has been to multiply small production units rather than seeking economies of scale in an attempt to increase overall holdings while retaining the organizational advantages of maintaining direct control while at the same time ensuring employment opportunities for all family members.14 Another approach has been to form

10/ Another policy was the widespread use of professional managers trained in fields such as economics, law, and engineering. Only 14 percent of the general managers of large Japanese corporations attained their positions through ownership or kinship. See H. Ishido, "Professional Management in Japan," in Professionalization of Management in Developing Countries (Ahmedabad, 1978), p. 72.

11/ Hasegawa, op. cit., pp. 4-6.


13/ See James E. Austin, Strategic Management in Developing Countries (forthcoming, 1987).

business groups linked by family ties. Such groups, commonly found in Asian and Latin American countries, facilitate relationships with suppliers, open channels of credit, and are helpful in exerting influence in government. In some countries, family firms have been overshadowed by large, professionally managed conglomerates.

Beyond these family-owned companies and business groups, the third world business environments are strongly influenced by the roles played by state-owned enterprises and by multinational corporations. Governments in countries with market economies such as Indonesia, Brazil, and India have assumed ownership of key industries for a variety of reasons— for national security, for fiscal solvency, for social and political control, or to gain international competitive advantage. Multinationals, either wholly-owned or in partnership with private interests or the government, are significant actors in the business environment as providers of technology, capital, and access to markets.

The Influence of Context on Managers

These widely varying contexts have produced distinct managerial philosophies and styles. In those countries where the role of business enterprises and their managers in the society was most readily accepted, principally in the United States, the professionalization of management occurred. In contrast, where business activity was not highly regarded, as in France, management was regarded as more a family matter than a profession.

Geography also appears to have played a significant role. In the vast expanse of nineteenth century America, the business owner was accountable only to himself. But in insular Japan, group accountability has been far more important. This explains the consensual nature of Japanese decision-making.

Third world managers have been influenced by several currents: by their class traditions, by their colonial past, and by the impact of American culture. One pattern that may be observed in many third world countries is that of the bureaucratic manager. As family enterprises have grown to a size beyond which they can be controlled by family members, outsiders have been given positions of responsibility but have been delegated little authority. Taking the attitude that "it's not my company," they assume a bureaucratic style, performing routines with little concern for achieving company goals and objectives.


16/ Austin, op. cit., Chapter 1.
Bureaucratic management may also be seen in some state-owned enterprises, with the result that they perform poorly and generate huge government deficits. However, the case of Hungary demonstrates that state-owned enterprises can be run efficiently, by professional managers who are directly accountable to the workers in that enterprise and to the state.

III. The Evolution of Management Education

U.S. Business Schools: The American Challenge

Management education had its beginning in the U.S. in 1881 with the donation of one hundred thousand dollars by Joseph Wharton for the establishment of America's first school of finance and commerce in the University of Pennsylvania. The Universities of Chicago and California followed in 1898, and Harvard Business School was created in 1908. By 1915 there were some 40 business schools in U.S. universities, and for the next decade a "business school craze" swept the nation, increasing the number to 183 by 1925. The curricula of these business schools focussed on descriptive industry studies, though by the 1920s they began to look at such functional areas as "accounting" and "retailing". The focus was operational; emphasized were the "how to" questions.

The business school craze provoked a hostile reaction from university scholars. Economist Thorstein Veblen charged that the study of business was 'incompatible with the collective cultural purpose of the university" and suggested that "it belongs in the corporation of learning no more than a department of athletics". But business schools also had their defenders in the U.S. academic community. Alfred North Whitehead offered a spirited defense of the Harvard Business School in 1929, arguing that the management of enterprise was too important an aspect of human endeavor to be ignored by the major centers of learning.

The growth of management education in the universities in the 1881-1929 period had been fueled by the expansion of the U.S. business economy. During this same period, the increasing use of complex machines and the accelerated migration to the cities were placing excessive demands on the secondary and vocational educational systems. In response, U.S. corporations began to establish their own training schools as early as the

17/ The visionary Thomas Jefferson, third U.S. President, had planned to establish a school of commerce in the University of Virginia in the 1820s but was unable to do so for lack of funds.


1890s, teaching such subjects as blueprint reading and shop mathematics. By the 1920s several technology-based firms including General Electric (GE) had begun organizing short seminars for executives on special topics, often held in resort settings. One consequence of this heightened in-company training activity was the formation, in 1922, of the American Management Association (AMA), which continues to be an important provider of continuing business education in numerous countries.21 These early courses emphasized sales training, adopting the same "how to" orientation that was being popularized by the business schools. The conceptual bases included the scientific management principles of Frederick Taylor at the operating level and in the rational organizational analysis of Henri Fayol at the upper management levels.

Some corporate leaders in management development, including IBM and GE, began to invite educators from the universities to conduct short seminars. They also made use of the first university-sponsored executive programs, beginning with M.I.T.'s Sloan fellows Program in 1931 and Harvard's Advanced Management Program in 1943. The need for accelerated management training programs became generally recognized after World War II, and by 1954 there were 17 university programs plus numerous programs sponsored by the AMA or by newly-formed industry associations.22

The recognized need for skilled managers in the postwar economy also spurred the growth of the business schools, and by 1955 business had become the most popular undergraduate field of specialization. Within the universities and academic foundations, however, these were attacked as "vocational" and as having a destructive effect on the academic environment.23 The Ford Foundation and the Carnegie Corporation then sponsored two comprehensive reviews of business education in 1959 that recommend raising standards by upgrading the academic credentials of business faculty, encouraging academic research, and concentrating on graduate rather than undergraduate programs.24

21/ The AMA was formed by a merger of the National Association of Corporate Training Schools (NACTS), which had been formed in 1913, and the National Association of Employment Managers. See Gilbert J. Black, Trends in Management Development and Education: An Economic Study (White Plains: Knowledge Industry Publications, 1979), p. 6.


23/ One of the most widely circulated criticisms of business schools during this period was contained in the best-seller by William H. Whyte. See W. Whyte, The Organization Man (New York, 1957).

24/ These reviews were published as Frank C. Pierson et. al, The Education of American Businessmen (New York, 1959); and Robert A. Gordon and James E. Howell, Higher Education for Business (New York, 1959).
U.S. business schools responded quickly to these criticisms and recommendations.\(^{25}\) Well-known scholars were drawn to the business faculties with promises of ample research opportunities and funding. Curricula were revised and courses with a vocational orientation ("retailing") were substituted for those with a managerial ("marketing management") or even a scientific ("consumer research") focus. Undergraduate programs were infused with required courses in the humanities.

As a result, business education gained new academic stature within the U.S. university and greater respect from outside observers during the 1960s and 1970s. Some observers attributed the competitive superiority of U.S. corporations to the quality of business education. In 1978 a management professor, Herbert A. Simon of Carnegie-Mellon University, won the Nobel Prize in Economics for his work in decision theory. And the popularity of business education continued to grow: since 1960 the number of masters' degrees awarded annually has grown from under 5,000 to over 60,000 in the mid-1980s, and the MBA has become known as "the passport to the good life."\(^{26}\)

By the 1980s, however, U.S. business schools faced new critics who charged that the learning had little relevance to real business problems. Some went so far as to blame the business schools for the decline in U.S. competitiveness.\(^{27}\)

Amidst these criticisms, four distinct arguments may be discerned.\(^{28}\) The first is that business schools must be either unnecessary or deleterious because Japan does so well without them. Underlying this argument is the idea that management ability cannot be taught; one is either born with it or must acquire it over years of practical experience. A second argument is that business schools are overly academic and theoretical. They teach quantitative models that have little application to real-world problems. Third, they give inadequate attention to shop floor issues, to production processes, and to the management of human resources. Finally, it is argued that they encourage undesirable attitudes

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25/ Cheit, op. cit., p. 46.

26/ "My Son, the MBA," Forbes (March 1, 1977), pp. 41-42. Notwithstanding the Ford and Carnegie-sponsored recommendations to de-emphasize undergraduate programs, these expanded even more rapidly and were graduating over 200,000 students per year by the mid-1980s. See Business-Higher Education Forum, "Business Management Education: Priorities for Change" (draft, January 11, 1985), pp. 20-21.


28/ These four basic arguments were identified by Earl Cheit from a review of over 200 journal and newspaper articles on problems of management education. See Cheit, op. cit., p. 50.
in students, such as placing value in short-term, "bottom-line" targets while neglecting longer-term developmental criteria. In summary, some business executives complain that MBAs are incapable of handling day-to-day operational decisions, unable to communicate and to motivate people, and unwilling to accept responsibility for following through on implementation plans. We shall analyze these criticisms after having reviewed experiences in other countries and examined the content of specific MBA programs.

The Growth of Management Education in Europe

Management education evolved much more slowly in Europe and Canada than in the United States for several reasons. First, careers in commerce and industry were considered inferior in traditional European society. In early twentieth century England, these "were not suitable occupations for gentlemen," and elitist French society rejected business as lacking in nobility. Second, the academic view of business in Europe was even more hostile than it had been in the U.S. In Britain, according to one observer, "The moral values and political beliefs held by a majority of university professors make them suspicious of business methods and hostile to the free market capitalist system." Consequently, though schools of commerce had operated in some major universities (Birmingham, Edinburgh, and Liverpool) since the early 1900s, they "were largely theoretical and totally different in conviction and doctrine from U.S. business schools." Business professors had little if any first-hand experience and were out of sympathy with the business ethic, and taught their subjects "as purely theoretical and academic exercises". In France, the university system


32/ Fleet, op. cit., p. 6.


34/ Fleet, op. cit., p. 6.
A third reason for the slow evolution of European business education was the lack of support from the business community. While relations between companies like GE and IBM and business schools in universities like Harvard and M.I.T. were close and constructive since the 1920s and 1930s, few top European businessmen were willing to help develop and utilize local business schools or even to utilize their graduates. In England, "MBAs are too frequently found in non-managerial roles in non-manufacturing sectors of the economy... many large organizations can find no place for them." Most Canadian businessmen also kept their distance from the universities. In contrast with the U.S., where university-educated managers increased from 27 percent to 35 percent during the 1950s, Canadian managers with some university education declined from 19 percent to 16 percent during the same period.

European business schools were thus forced into a financial corner, with support neither from the academic nor the business communities. Moreover, they faced strong competition from U.S. business schools. After the appearance of Servan-Schreiber's *American Challenge*, (New York, 1968), European corporations were particularly anxious to send their managers with greatest potential to Harvard or other top U.S. schools. A number of business schools have since been established in Western Europe.

In the socialist countries of Eastern Europe, most enterprise managers continue to be recruited from specialized schools of engineering or economics within the universities. Management development centers are organized within the ministries responsible for the various economic

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35/ It was the French chambers of commerce, private business associations with the power to impose and collect local taxes, that took the initiative in establishing business schools. In 1881, the same year in which Wharton founded the first business school in the United States, the Paris Chamber of Commerce founded the Ecole de Hautes Etudes Commerciales (HEC) which is now one of the most prestigious professional schools in the country. Other French business schools were founded by chambers of commerce and gradually established within schools of engineering, with academic quality ranging from excellent to mediocre. A similar trend toward circumventing the university system occurred in England after a highly critical report on management education (The Urwick report) appeared in 1947. Diploma courses were established in technical colleges, and these became the basis for the Management Studies degree in the non-university sector. see Nind, _op. cit._, p. 7.


sectors to provide in-service training to these management personnel. In the German Democratic Republic they are characterized by a high degree of uniformity with an emphasis upon continue specialization. In Hungary, the centers are decentralized and generalist in emphasis in recognition of the fact that specialist education does not provide sufficient managerial knowledge, particularly for a new generation "that does not possess the spontaneous practical managerial experience of the former generation." In 1975 a two-year postgraduate program was introduced in the National Management Development Center in Budapest. The head of this Center, László Horváth, argues that more postgraduate education in management is necessary in Hungary and that degree programs should be introduced at the undergraduate level.

The Export of U.S. Business Education

The widely-recognized success of U.S. management education in the 1960s led to the foundation of a new generation of business schools throughout the world, including the London and Manchester Business Schools in Great Britain; INSEAD and IMEDE in France and Switzerland; Keio Business School in Japan; the Indian Institute of Management (IIMA) at Ahmedabad; the Asian Institute of Management (AIM) in the Philippines; and the Central American Institute of Business Administration (INCAE) in Nicaragua. These postgraduate institutions, often founded independent of universities, were generally based upon the Harvard Business School model of intensive, case method study with a strong decision-making orientation. The London and Manchester Schools were established along HBS lines following recommendations made by Lord Franks, Provost of Worcester College, in 1963. IMEDE and INSEAD, under the guidance of Harvard professors, focused their attention on executive education and thus did not have to prove their legitimacy in the university system. The Keio Business School was inspired by Japanese Harvard graduates who sought to promote executive development programs in their own language and culture. Many of the most successful third world institutes--IIMA, AIM, and INCAE--were established through cooperative programs with Harvard, with financial support from national governments, donor agencies, and the local business communities. Other U.S. universities helped initiate third world business schools under similar arrangements: M.I.T. and the Indian Institute of Management at Calcutta (IIMC); Stanford and the Escuela Superior de Administracion de Negocios (ESAN) in Peru; Pittsburgh and the Instituto de Estudios Superiores en Administracion (IESA) in Venezuela.

38/ "Trends in Management Development in the German Democratic Republic" (Berlin: mimeo, 1986).


40/ Fleet, op. cit., p. 5.

41/ For a detailed account of the process by which one of these institutes, the IIMA, was established with Harvard Business School support, see T. Hill, W. Haynes, and H. Baumgartel, Institution-Building in India: A Study of International Collaboration in Management Education (Boston: Harvard Business School Division of Research, 1973).
In each case, local adaptations had to be made. The Europeans were most sensitive to this issue. As one member of the European Foundation for Management Development commented,

Management education had traveled to Europe from the U.S. wearing a recognizable American guise and impregnated with a style suitable for North America but less evidently appropriate to the different social, education, and business patterns on this side of the Atlantic.42

By 1980 members of the European Foundation for Management Development meeting in Paris proclaimed that a "new management education culture" that was growing up in Europe and that European business schools were now the equals of their counterparts across the Atlantic.43

Management Education in Japan

In contrast to the expansion and development of business education in the United States and more recently in Europe, Japanese business schools graduate no more than 200 MBAs each year. The Keio business School (KBS) was the only graduate school of management in the entire country until the mid-1970s and it still boasts the only two-year masters' program. The absence of business schools in Japan would appear in contradiction with the high priority placed upon learning by its Confucian culture. Confucian colleges taught administrative skills as early as 1630,44 and Japan wholeheartedly accepted Western learning following the Meiji Restoration of 1868 when hundreds of students were dispatched to universities in U.S., Germany, England, and France to learn the secrets of Western technology and modernization. Moreover, the Japanese educational system is highly developed and intensely competitive, and can be credited for raising the literary and mathematical ability of the Japanese to the highest level in the world.

The system works as follows: the first nine years are compulsory and virtually everyone attends; the following three years (high school) are attended by 90 percent of the population, most of whom aspire to go on to colleges and universities. However, there is room for only one third of the high school graduates. Admittance to the state-supported universities, where tuition is low, is based upon competitive exams rather than financial capacity. The pre-college period is highly uniform throughout the country and is more intensive than the university studies. Japanese universities are hierarchically ranked according to prestige. Those familiar with the educational system agree that the hard part is getting in; graduation is almost automatic in comparison: the most prestigious, Tokyo University,

42/ Nind, op. cit., p. 75.
43/ Nind, ibid., p. 75.
44/ E. Beauchamp, Education in Contemporary Japan (Bloomington, Indiana, 1982), p. 10.
accepts only one in 12 of its pre-selected applicants. One fourth of the presidents of major corporations and 60 percent of high civil servants are its graduates. Tokyo University is followed by a few prestigious universities that, until 1945, had been known as imperial universities, and a handful of private universities, where tuition is at least several times that of public universities. The rest are known disparingly as "diploma mills" or "lunchbox universities.

Within the university, the most prestigious career is law, which includes a mixture of political science and public administration as well. Students who plan business careers usually enroll economics, commerce, or law, but because of the stress on academic learning rather than the acquisition of business skills, Imai asserts that "students who majored in commerce are no more knowledgeable on business subjects than those who majored in French literature." Only five percent of university graduates continue in graduate education, either in the professions of engineering or medicine, or in academic fields. The rest go to work upon graduation.

Corporate recruitment, like admission to the university, is highly standardized and includes competitive examinations. All candidates are interviewed, examined, and begin work on the same dates each year. They are all put through an initiation period or kenshukai that may last from one week to two months or longer, where they learn discipline and are melded into a cohesive work group by having to perform menial tasks. Thus "broken in", they are then given on-the-job training in accordance with company needs, though their interests and major field of study are taken into account where possible.

The power of the Japanese educational system, then, lies in the uniformity and rigor of the pre-college period, combined with the competitive selection process that places the best students in prestigious universities where they will be readily hired upon graduation by the major corporations through a highly regimented process where the rules of the game are clear at every stage. Management education simply does not fit into this model. How, then, do the star graduates destined for executive positions acquire management skills? This is accomplished through four types of activity: (1) on-the-job training (OTJ), mentioned

45/ They are "pre-selected" in the sense that only top students are encouraged by their teachers to apply to Tokyo U. See Beauchamp, ibid., p. 37.


47/ Notzli, op. cit., p. 73.

48/ Many Japanese policymakers (including Prime Minister Nakasone) and educators feel that uniformity and rigidity is one of the most serious flaws of the Japanese system, and the current Education Reform Commission is grappling with this concern. Hyung-Ki Kim, in memorandum to Samuel Paul (Washington, D.C.: The World Bank, October 23, 1987), p.3.
above; (2) courses offered within the company in such areas as leadership, decision-making, human relations, creativity, marketing, production, quality control, or computerized information systems; (3) in rare cases, management development programs offered outside the company, in which participants are selected through a careful screening process; and (4) "self-development," by which the employee makes his own plans for future development and discusses them with his supervisor. Virtually all Japanese companies have structured OJT programs; 49 90 percent of the companies with over 500 employees offer in-company courses and 60 percent offer residential training programs. 50 Japanese corporations, then, give utmost importance to the development of their managers but they do so in-house, through specialized training programs that emphasize problem-solving skills, which is precisely where the national educational system is weak.

Japan did recognize the need to look outside its own corporations for new ideas, however, just as it had in 1868. Beginning in the late 1950s, Japanese managers enthusiastically studied every aspect of U.S. management under the auspices of the Japan Productivity Center. It was here that the ideas of W. E. Denning on quality control (Q.C.) were developed and the concept of Q.C. circles begun. 51 The Productivity Center initially trained primarily at the operating levels of enterprise, but the stimulus from outsiders such as Peter Drucker turned the Center's attention to the higher management levels, particularly after 1965.

Interest in U.S. management concepts also stimulated the foundation of the Keio business School, established in 1961 as an executive training center rather than a graduate degree program. It began by providing one-week seminars for senior executives and a two-week course to middle managers. It did not begin to provide a one-year masters' program until 1969. The students were a very different group than those who attended the executive programs: only 10 percent held middle or upper management positions and 70 percent were not in managerial positions. The average age (28-29) and years' work experience (5-6) was slightly higher than that of MBA students in the U.S., but the major difference was that 90 percent of the Japanese students were sent by their companies, where most expected to return after graduation for lifetime employment. 52


50/ Notzlo. Ibid., pp. 122-123.


52/ A survey of KBS graduates revealed that 54 percent wished to work for their sponsoring company until retirement; 31 percent indicated that they might change employers if a better opportunity arose; and only one percent indicated that they wished to change employers soon. The remainder were unable to answer. This willingness to move eventually is considered high by Japanese standards, but Ishida notes that few actually have opportunities to do so. See Ishida, op. cit., p. 75.
Until recently, Japanese corporations have not been interested in using either local or foreign business schools for the development of their future executives. Their in-company training programs have sought the socialization of newcomers, the younger the better. The training is highly specific and those who receive it have neither the capacity nor the incentive to quit. "The prevailing belief," says Imai, "is that management should be borne out of experience and many years of effort, and not learned from educational institutions."\(^5\) A 1960 survey of Japanese senior executives confirmed that a majority (54\%) believed that "managerial capabilities can be attained only on the job and not in universities."\(^5\)

However, this view appears to be changing: the same survey revealed that even as early as 1960, 37 percent of the senior executives felt that the universities should teach integrated professional management. In the 1980s, a combination of increased competitive pressures and the greater multinationalization of Japanese business are making it difficult for many companies to rely solely upon internally trained managers. This has led to a rapid growth of local business programs\(^5\) and the greater use of U.S. MBA programs. In 1982-83, the Japanese comprised the largest single group of foreign students at Wharton, where they not only learn the latest techniques of financial analysis but also develop worldwide contacts through their classmates and "become Americanized," something highly useful in future negotiations.\(^6\)

The Japanese, then, do not "do without" business schools, as is sometimes contended. But the process of selecting and orienting new graduates, even MBAs, into corporations is radically different than in the U.S. Rather than being placed in high paying staff positions, new Japanese recruits are assigned responsibility for operational and even menial tasks. Success is based upon Japan's systems of highly competitive recruitment and intensive in-company management development, which in turn are grounded in its traditions of universal and rigorous academic education, lifelong employment, and strong group identification. The harmony among these traditional elements has made Japanese industry highly productive and given corporate leadership a long-term view. It is true that this has been achieved without much attention to university business education, but extraordinary attention has been devoted to the development of managerial skills both within the company and through participation in programs sponsored by the Productivity Center and other similar organizations.

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53/ Imai, op. cit., p. 10.

54/ Ishida, op. cit., p. 72.

55/ By the early 1980s there were three universities that offered MBA, undergraduate, and doctoral programs in business with a total full-time and part-time enrollment of over 10,000 students. Two other universities offered master's programs in liberal arts or economics with a specialization in business. Zoher E. Shipchandler, The International Directory: Schools of Business Administration (New York: revised edition, 1984).

Even in Japan, however, trends toward greater interdependencies among institutions, more intense competitive pressures from abroad, and greater need for interaction in other cultures is creating a perceived need for more graduate management education. It is incorrect to conclude from Japan’s economic miracle that the absence of business schools is the key to success and that their presence leads to economic decline.

IV. The Design of Management Education

The design of management education encompasses curriculum content and sequencing, research strategy, and teaching methodology. We shall analyze design issues by first getting an overview of business curricula in different countries and then examining six specific programs. These have been selected to cover many of the types of degree and non-degree programs described in the introductory section, to span several geographic areas, to include different types of institutions, and to present contrasting educational philosophies or "models" of management education.

As seen in the preceding section, undergraduate programs in business administration are a source of controversy, having been criticized by the Ford and Carnegie-sponsored studies of 1959, yet continuing to grow at an unprecedented pace in the U.S. We have selected the undergraduate program at Indiana University, which won a national award in 1973 for its innovative focus, for detailed examination.

MBA programs in the U.S. are at the center of the controversy over business education. They may be credited with forming a generation of professional managers and for creating among them a common analytic language, but they have been criticized for teaching the wrong things and developing the wrong kinds of attitudes. We shall examine two MBA programs with widely differing emphases: those of the Harvard Business School and at the University of Chicago. Additionally, we shall examine the one-year masters' program in management science offered by a U.S.-based consulting firm, Arthur D. Little, through its Management Education Institute.

Non-degree programs are so numerous and varied that it is difficult to select only a few that embrace the many design issues involved. Nevertheless, we have identified two programs that are illustrative of the range of issues that may be encountered: the Three-Tier Executive Program at the Indian Institute of Management at Ahmedabad (IIMA); and the Agricultural Management Program (known by its Spanish initials as GAM) offered by the Central American Institute of Business Administration (INCAE) to managers of Nicaragua's state-owned commercial farms. The Three-Tier program has been offered to the public for over 20 years; the GAM, in its third year, is offered exclusively to personnel of the Nicaraguan Ministry of Agricultural Development and Agrarian Reform.

A Business Curriculum Overview

Programs in business administration are composed of courses or modules in several types of content areas:
- **Functional areas**, including production, marketing, finance, control and organization;

- **Support areas**, in disciplines such as economics, psychology, statistics, quantitative methods, and international commerce;

- **Environmental areas**, such as political or environmental analysis, business-government relations, and international business;

- **Areas of application** in specific industrial sectors, such as agribusiness, banking, public enterprises; and

- The **strategic or general management area**, sometimes known as business policy.

The most common areas of specialization in U.S. graduate business schools are in the functional areas of finance and marketing, through there is growing interest in such areas as production and information systems. A survey of business schools in Europe, the results of which are shown in Table 1, indicate that finance and marketing are also popular specializations in that region, in countries with socialist as well as market economies. However, distinctive patterns do emerge from country to country. Specializations in accounting are generally more common at the graduate level, particularly in France; but in the United Kingdom this is reversed and they are more common at the undergraduate level. Specializations in economics are prevalent in West Germany and Eastern Europe, but not in France or the Benelux countries. Production appears to be accorded almost no importance in France but is emphasized in West Germany.

**Indiana’s Undergraduate Program**

The U.S. accrediting organization, AACSB, places five requirements on the curricula of undergraduate programs. Undergraduate courses must provide: (1) background in the concepts, processes, and institutions in the production and marketing of goods and services and in the financing of business enterprise; (2) background in the relevant economic and legal environment; (3) understanding of the concepts and applications of accounting, quantitative methods, and management information systems; (4) the study of organizational theory, human behavior, and interpersonal communications; and (5) the study of administrative procedures under conditions of uncertainty, including the integration of analysis and policy.

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57/ The schools included in Table 1 were selected from The world of Learning 1983-84, a compilation of educational institutions around the world published in London, England, by Europa Publications Limited (Thirty-fourth edition). The sample was narrowed by selecting only those universities with over 3,000 students or over 300 instructors. John Thanopoulos and Joseph W. Leonard, International Business Curricula: A Global Survey (Mentor, Ohio: Dwight Publishing Co., 1986), p. 5.
### Table 1

**Specializations in Selected European Business Schools (% Offering Specialization)**

<table>
<thead>
<tr>
<th>Specialty</th>
<th>BENELUX Countries (9 Schools)</th>
<th>FRANCE (19 Schools)</th>
<th>WEST (13 Schools)</th>
<th>UNITED KINGDOM (49 Schools)</th>
<th>EASTERN EUROPE (12 Schools)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UNDERGR</td>
<td>GRAD</td>
<td>UNDERGR</td>
<td>GRAD</td>
<td>UNDERGR</td>
</tr>
<tr>
<td>Accounting</td>
<td>33%</td>
<td>33%</td>
<td>11%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Behavioral Studies</td>
<td>33%</td>
<td>33%</td>
<td>5%</td>
<td>42%</td>
<td>15%</td>
</tr>
<tr>
<td>Economics</td>
<td>33%</td>
<td>44%</td>
<td>11%</td>
<td>32%</td>
<td>23%</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>11%</td>
<td>22%</td>
<td>0%</td>
<td>26%</td>
<td>15%</td>
</tr>
<tr>
<td>Finance</td>
<td>44%</td>
<td>56%</td>
<td>0%</td>
<td>53%</td>
<td>38%</td>
</tr>
<tr>
<td>International Business</td>
<td>33%</td>
<td>44%</td>
<td>0%</td>
<td>47%</td>
<td>0%</td>
</tr>
<tr>
<td>Managerial Information</td>
<td>33%</td>
<td>44%</td>
<td>0%</td>
<td>32%</td>
<td>31%</td>
</tr>
<tr>
<td>Systems</td>
<td>22%</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Public Enterprise</td>
<td>33%</td>
<td>56%</td>
<td>0%</td>
<td>53%</td>
<td>23%</td>
</tr>
<tr>
<td>Marketing</td>
<td>11%</td>
<td>33%</td>
<td>0%</td>
<td>5%</td>
<td>31%</td>
</tr>
<tr>
<td>Production</td>
<td>0%</td>
<td>11%</td>
<td>0%</td>
<td>11%</td>
<td>0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>33%</td>
<td>44%</td>
<td>11%</td>
<td>26%</td>
<td>31%</td>
</tr>
<tr>
<td>Statistics</td>
<td>11%</td>
<td>11%</td>
<td>0%</td>
<td>0%</td>
<td>8%</td>
</tr>
</tbody>
</table>

* Includes Bulgaria, Czecheslovakia, Hungary, Poland, Rumania and Yugoslavia.

determination at the general management level.\textsuperscript{58}

Most undergraduate programs, while adhering to the letter of these requirements, violate their spirit by offering the functional area courses (finance, marketing, production, organization, accounting and control) in isolation of one another and without relation to the supporting technical courses in quantitative methods and information systems or to the courses dealing with the broader economic and legal environment. Rather than building toward an integrated view, the result is a fragmented curriculum with frequent duplications: present value analysis may be taught in both finance and accounting; linear programming may be taught in quantitative methods and retaught, perhaps in a different way, in production. Students are "introduced" to breakeven analysis in almost every course.

This was the case at Indiana University prior to an innovative curriculum redesign built around an integrated core of four courses: marketing, production, finance, and the "business game" based on a computer simulation and requiring decisions in each of those three functional areas. Since students were precluded from enrolling in the core until they had completed all prerequisites in accounting, business law, economics, and statistics, they were motivated to do well in these areas and to complete them early. Once into the core, students were able to appreciate the interrelationships among the functional areas both through the interactive design of the courses and their application in the business game. One case study, for example, was used in all three areas.

Curriculum redesign had important implications for research and teaching methodology at Indiana University. A full year was spent developing integrative case materials for the core courses, a radical departure from the previous norm of academic research in the disciplines. The business game demanded more participatory teaching approaches and new patterns of interaction among faculty, including team teaching.\textsuperscript{59}

The Harvard MBA Program

It has been said about this best-known business program that it foments competition, that it stimulates cooperation, that it forces exaggerated attention to the numbers, and that it is overly qualitative and people-oriented. In the author's experience all these views and many other contradictory opinions can be sustained. There can be no debated, however, about the structural characteristics of the program: it is a two year program with classes from early September to mid-June, with the two years separated by a three-month vacation in which the student is expected to gain relevant work experience and apply what he or she has learned during the first year.


\textsuperscript{59} See Hammond, \textit{op. cit.}, p. 43.
The first year contains a mix of courses in the five functional areas (marketing, production, finance, control, and organization), on the environment (business, government, and the international economy), support courses in the areas of managerial economics and managerial communications, and an integrative course in industrial and competitive analysis. The function of the support courses is to provide frameworks and techniques for analysis. The communications course and its predecessor, "written analysis of cases," is built around the decision process framework: (1) define the problem; (2) set your goals and objectives; (3) identify the range of action alternatives; (4) analyze each alternative using the case data; and (5) make your decision. The managerial economics course teaches students, among other things, how to use decision trees to analyze decision alternatives.

Every student, whether an experienced accountant or a former production manager, must take the same courses in the first year. To understand why such uniformity is built into a program that contains such a highly diverse group of students it is necessary to know how the case method is used at Harvard. Cases are not simply examples or illustrations; they are at the center of a learning process that includes conscientious individual preparation, sharing and criticism of analyses in study groups, and participating in the class discussions that are held among sections of 85 students in amphitheatre-like classrooms. The student is expected to learn from the diverse experience of members of the class through intense and continued interaction. The role of the professor is to guide the discussion, to ensure that critical issues are discussed, to challenge, question, and encourage participation by those who hold differing points of view, and in general to help the class build a sound analysis of the case and each reasonable conclusions and recommendations. If the case method is used correctly, the class rather than the professor assumes responsibility for the solution of the case, and the results can be highly impressive.60

Some have charged that the Harvard case method in practice produces destructive competitive behavior,61 but in the author's experience it may also build cohesion. Degrees of cooperation and competition appear to vary among the 10 first-year sections in any given year.

The second year of the MBA program at Harvard has only one required course titled "Managing Policy and Practice," which concerns policy implementation and is built around the concept of utilizing organizational and leadership variables to achieve purpose in different types of business situations. All other second-year courses are electives. They may be advanced functional courses, as for example "market research

60/ The Ford Foundation was sufficiently impressed following its review of management education in 1959 to direct millions of dollars to Harvard's Doctoral Program for developing educators trained in the case method. See Marjorie Lyon, "Teaching to Inspire," HBS Bulletin (April 1986), p. 43.

and information systems" goes beyond what is taught in the first-year marketing sequence. The second year also allows for some experimentation with new courses, designed around special areas of research by faculty members. Examples are "Scenario Analysis," a course that requires students to analyze country situations and to construct alternative future situations based upon probabilities of political and economic events; and "Managing in Developing Countries," a course that examines complex decisions by multinational managers in unstable environment.

Research at Harvard, like its teaching methodology, is based primarily upon the observation and in-depth analysis of actual case situations rather than the quantitative analysis of large samples. This research tradition had its beginnings on the shop floor of Western Electric's Hawthorne Plant in the 1930s, where Harvard professors discovered that workers' behavior was inconsistent with the scientific management theories of Frederick Taylor. The tradition is reinforced by class schedules and consulting policies that facilitate and encourage contact between professors and business managers. Many case studies, articles, and books by Harvard Business School faculty are grounded in their consulting experience.

The University of Chicago MBA Program

The MBA Program at the University of Chicago, like that of the Harvard Business School, has a well-deserved reputation for being demanding. Just as Harvard is known for the use of cases, Chicago is known for the use of mathematical models. As one new MBA student exclaimed,

Imagine building and applying quantitative models to the way people make decisions and then finding that the models work better than the actual people in making future decisions.

The usefulness of some of the models is readily apparent, but others are applied in a purely theoretical context for the purpose of "training the mind to think in a different way...".


63/ The concept of corporate strategy, which was the essence of Harvard's business policy course for years, was developed from the analysis of individual cases that were developed from consulting contacts. See Kenneth R. Andrews, The Concept of Corporate Strategy (Homewood, Illinois: Richard D. Irwin, 1965).


65/ University of Chicago course Catalogue, quoted in Fischgrund, op. cit., p. 83.
This quantitative model approach is grounded in the administrative research tradition pioneered by Herbert A. Simon in the 1940s and further developed by Richard Cyert and James G. March in subsequent decades. Simon argued that the decisions facing modern enterprise were too complex to be fully understood and that managers therefore did not have the capacity to analyze them in a fully rational way. He developed the concept of "bounded rationality" to describe their actual behavior. Cyert and March went one step further, asserting that administrative behavior could not only be conceptually described but simulated on a computer. In *A Behavioral Theory of the Firm*, published in 1963, they reported the results of a computer model that was successfully tested against a portfolio manager in making investment decisions. The use of mathematical models in administrative research has come to be associated with Carnegie-Mellon University and the University of Chicago.

The curriculum at the University of Chicago contains three core areas, each of which contains several topic areas, as follows:

Core Area #1: Concepts and Methods
- Microeconomics
- Macroeconomics
- Managerial Accounting
- Statistics
- Management Science
- Behavioral Science

Core Area #2: Applications
- Financial Management
- Industrial Relations and Human Resources Management
- Marketing Management
- Production and Operations Management

Core Area #3: Policy Studies
- Business Policy
- Policy Problems in the Management of Government and Non-Profit Organizations
- International Management
- Health Care Management

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During the first year, a student must select 11 courses, including one course per topic in the first core area, at least one course from any three of the four topics in the second core area, and at least one course from any one of the four topics in the third core area, depending upon his or her interest in the public sector, in non-profit or health care organizations, or in the international area. For example, someone with no interest in any of these areas may select all courses from the Business Policy area.

Within each topic, students may also begin at different levels: someone whose undergraduate degree is in engineering may begin with the basic course in macroeconomics, whereas someone else with a rigorous undergraduate degree in economics will begin with a more advanced course, since it is considered "wasteful to take a course in which he or she is already proficient." Therefore it is highly unlikely that any two students will have the same first-year program. Classes, far from being standard in size as at the Harvard Business School, may range from 20 to 120 students.

Uniformity, however, is not an important element of the methodology used at Chicago. Most classes are taught by lecture. Blackboards are used not to record and synthesize students' ideas but to present complex graphs and curves which students are expected to understand and replicate at examination time. There is generally less in-class pressure than at the Harvard Business School, though some University of Chicago professors are known to call on students at random and the consequence of not having prepared the class material is, at the very least, extreme discomfort.

During the second year, students continue to choose courses from the various topics offered, but the only required topic is Business Policy. It is expected that students will take more courses from the core area of Policy Studies during the second year. However, financial management is also a favorite second year topic, as the school is distinguished by its world-renowned finance faculty.

The Arthur D. Little MSM Program

The Master of Science in Management (MSM) is an intensive, eleven-month program that is offered in the Management Education Institute (MEI) of one of the largest U.S. based consulting firms, Arthur D. Little. The curriculum, as in the first year at the Harvard Business School, is the same for all of the 50-60 students enrolled in the program. It is organized in three carefully-sequenced phases, beginning with basic courses in the functional areas and moving toward more integrative courses. This curriculum has several features that are distinct from most MBA programs in the United States, however, which reflect the particular needs and characteristics of its students as well as the unique resources and

68/ Fischgrund, ibid., p. 86.
limitations of its parent company, Arthur D. Little Inc. Nearly all students are foreign and most come from Africa and Asia. Many occupy key positions in government agencies in the agricultural or infrastructure sectors. Students at MEI tend to be several years older than most MBAs, with the average age being 32. Most have at least six years' work experience at the professional level.

The background of the students is reflected in a strong international orientation of the curriculum, with many developing country cases. Their greater maturity and experience is taken into account in the length of the program, which is about seven months shorter than the standard two-year MBA program, taking into consideration the greater maturity and work experience of the students. There are more courses in the areas of development economics and project analysis than in a conventional MBA program, but there is relatively less in the curriculum on financial management at the firm level than one would find in most two-year MBA programs. Computers are widely used, but there is less course work available in the management information systems area than at the University of Chicago. There is also not as much course material available on small business or entrepreneurship as one would find at Harvard, though this is changing as more students enter with interest in developing their own businesses. Another unique feature of the MSM is the practical nature of the course work and the opportunity for interaction with working consultants. Students report that this is one of the most interesting aspects of the program, but some admit to missing life on a university campus, with its social and athletic activities.

The founding of MEI was both a response to the opportunity afforded by a successful training project in Africa that could be expanded and brought home, and the recognition of advantages to be gained by applying ADL consulting experience and resources to management education. Research at MEI, therefore, draws upon the ongoing work of consultants who are engaged in the reality testing of management concepts in the field. Reports of actual consulting projects are converted to case studies by MEI professors in two to five days with the help of teaching assistants, whereas it may take a month or more for a case to be written at Harvard. Some international research is also being carried out in such areas as the management of technology, but the bulk of the course material draws upon the consulting projects.

Teaching methodology at MEI includes lectures, case discussions, and exercises, according to the nature of the material being studied and the preferences of individual professors. Senior ADL consultant who work part time at MEI tend to prefer the lecture method while the outside

69/ A growing number of MEI students, however, are self-financed and are planning to return to the private sector in their countries. In 1986, 40 percent of the students were in this latter category. Interview with MEI students (Cambridge, Mass., December 15, 1986).

70/ Interview with MEI students (Cambridge, Mass., December 15, 1986).
professors who also have appointments at local universities frequently use the case method. The MEI core faculty, which includes the dean and three staff members, may use either. When cases are used, they may either be analyzed and discussed in a single session as at Harvard and most other case method schools, or used as a data base that permits groups of students to design and present detailed projects, working over a period of several days. The cases developed from consulting experience lend themselves well to the assignment of group projects.

Current trends at MEI include a reduced emphasis on development economics and greater attention to the analysis of management issues at the micro level, particularly in the area of management of technology, using the case method approach. More materials on international finance and banking are also being added to the curriculum. Finally, the use of the personal computer is being extended to all courses in the curriculum.71

The IIMA "Three-Tier" Program

For over 20 years the Indian Institute of Management at Ahmedabad has been offering a management development program that includes three distinct managerial levels: middle-level managers (Tier I); upper-level managers (Tier II); and senior executives (Tier III). The first tier participates a five-week, general advanced management program while the second tier enters during the final two weeks and the first tier enters only for the last five days, during which strategic topics are discussed. This top tier is the least structured. Its themes tend to change in response to environmental trends, and it is used also as a forum for interaction between top managers and leaders in government and other walks of life.

A unique feature of the Three Tier Program is that participating enterprises often send teams of managers drawn from the three levels referred to above. Thus, an enterprise may nominate its production, marketing, and finance managers from one of its divisions to attend the first tier of five weeks' duration. The general manager of the same division may attend the second tier; and the chief executive or senior director of the company may participate in the top tier. Many Indian companies have sponsored different teams to attend this program year after year. In the process, they have been able to develop teams of managers who have been exposed to similar concepts and approaches to problem solving and who share a common vocabulary which facilitates collaboration and mutual reinforcement.

To date, nearly four thousand Indian managers have participated in the Three Tier Program. It has also played an important role in establishing linkages between the faculty and industry for the promotion of research, case development, and the placement of the Institute's graduates.

The INCAE Agricultural Management Program

Unlike the programs discussed above, this was not designed for the general public but rather for a specific client: The Nicaraguan Ministry of Agricultural Development and Agrarian Reform, which was assigned responsibility for managing the vast landholdings of the Somoza family and its associates following the Revolution of 1979. In 1983, the Ministry requested that INCAE design a program to develop managerial capacity within its more than 100 state agricultural enterprises. Since the managers were unable to leave these farms for extended periods, the program was designed in three-day modules, each beginning on a Thursday evening and ending on a Sunday afternoon. In response to serious problems of cost control within the enterprises, priority was given to courses in accounting and control, budgeting, and financial management.

The design of an executive program to meet the special needs of a unique client with severe scheduling limitations raises a number of issues not encountered in the design of degree programs. First, materials had to be adapted to the widely differing knowledge levels and educational backgrounds of the target group. Most had limited formal education, with a technical orientation that placed little emphasis on managerial problem solving, and yet they were responsible for Nicaragua's largest and potentially most productive economic units. Consequently, INCAE faculty felt that it was as important to build a common language and framework for problem solving as it was to teach a series of management techniques.

A second issue was how to focus on key learning objectives in very short modules. Each professor was required to be quite specific about the knowledge and skills that were to be developed by participants in the ten or 17 sessions assigned to each course area. This meant that the professors had to familiarize themselves with the critical management tasks to be performed in farm operations, which was accomplished through field visits, sometimes in war zones. Underlying these questions of content and design was a more fundamental issue, that of the role of a management school with elitist traditions in a revolutionary society. Ideological concerns were raised by some Ministry personnel that were addressed by reaffirming INCAE's role in developing managerial skills rather than in propounding economic or political models.

This role of INCAE as a management educator has been accepted. It is now a Ministry requirement that all its personnel with decision-making responsibilities, from middle-level managers to vice-ministers, attend the Agricultural Management Program. As managerial depth has been achieved in the agricultural enterprises, it is now possible to hold the Program on a full-time basis rather than in modular form. The director of every one of the enterprises has attended the Program and many have returned for a second, more advanced program.

Models of Management Education

As seen in our historical review of management education, business schools in the U.S. and other countries were traditionally criticized for their lack of academic respectability. By the 1980s the pendulum had swung
the other way and some schools, which were using sophisticated quantitative techniques, were being attacked for putting too much emphasis on theoretical knowledge about business and for seriously neglecting the "practice" of business.\(^7\) Other schools pursued a more practitioner-based approach, analyzing real case situations in the classroom, but they did not escape criticism. The case discussion approach was faulted for fostering a "three strategic decisions a day" mentality that was said to be inappropriate for managers who must accept responsibility to live with the long-term consequences of their decisions. Some further contended that the cases did not provide students with the technical knowledge required to solve today's business problems.\(^7\)

Underlying these criticisms are opposing concepts of management education that permeate curriculum design, research agendas, and teaching methodology which may be referred to as the academic model and the professional model. The academic model, characterized by the MBA Program at the University of Chicago, views management as a science. It is based upon the positivist notion that, as in the physical sciences, principles may be discovered that describe optimal resource allocation in the firm. In contrast, the professional model embodied in the Harvard Business School programs views management as a craft whose practice requires a balance of judgment, knowledge, and skill.

Specialization of knowledge is an essential concept in the academic model. Proponents of this model believe that research in each of these functional disciplines may be pursued independently under the assumption that the parts will take care of the whole. Research in finance, for example, seeks models that predict changes in bond ratings or equations that explain the valuation of corporate acquisitions. The research agenda is discipline-driven and stimulated by the search for models that optimize something, even if in a theoretical context.

Adherents to the professional model are less concerned with optimization than with the solution of the real-world management problems. They note that sophisticated mathematical models may not correspond to messy, real-world situations and that their use may be inappropriate, resulting in a "type three error:" the correct solution to the wrong problem.\(^4\) The research agenda and methodology tends to be centered around problems rather than driven by disciplines. One might ask, for example, how the resource allocation process actually occurs within the complex, diversified firm and what are the implications for managers at the divisional and corporate levels. Such problems, when studied through case observation, are usually found to be multidisciplinary.

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72/ Grayson, op. cit., pt. 46.

73/ This criticism was levelled directly at the Harvard Business School by Harvard President Derek C. Bok in his annual report for 1979, considered by many to be one of the most serious assaults on the case method.

Teaching methodologies reflect underlying beliefs about the role of knowledge and skills in management education. Methodologies used in business schools based upon the academic model are appropriate for the transmission of knowledge, and theory is most efficiently conveyed by the lecture method. If any class discussion does occur, its purpose is to clarify. Cases are used, if at all, to illustrate the application of theories and concepts. In business schools based upon the professional model, teaching methodologies are participative on the premise that "wisdom can't be told" but must be learned through a process of discovery. Cases are used not as examples but as vehicles for building analytic and judgmental skills.

Most excellent business schools are clearly based upon either one model or the other. This is because each has very different implications for the selection, grading, and placement of students; the recruitment, evaluation, remuneration, and development of faculty; the organization and allocation of resources within the school; and the cultivation of relationships and linkages outside the school. These institutional aspects will be addressed in Section Six.

V. Trends and Developments in the Design of Management Education

Current Environmental Trends

The worldwide trends that will shape the tasks of managers beyond the 1980s may be placed in six general categories—political, social, economic, ecological, technological, and international. Each of these is discussed briefly below.

1. Political Trends in this area include greater demands for worker participation in management decision-making in Europe; reduction in the role of the state in managing third world economies; and a worldwide movement toward the increasing interdependence among productive enterprises, and a greater role for the private sector in national development.


76/ There was general agreement among members of a committee of the International Academy of Management that these are the factors that influence the environment in which industry and commerce must operate and the environmental trends discussed in this section are based on the committee findings. International Academy of Management, Management Education: A World View of Experience and Needs (Hampshire, England: Printwise, 1981), p. 4.
2. **Social and Demographic.** Developed countries face a breakdown of traditional family life and an erosion of the work ethic. An aging population must be supported by a reduced workforce. Rapid population growth continues to characterize the third world countries. Everywhere, larger numbers of women are entering the workforce and more are occupying management positions.

3. **Economic.** Traditional manufacturing industries are declining in Europe and the United States, while the newly-developed countries of Asia are increasingly taking over those industries where the technologies of production are well established and inexpensive labor is an important factor in production costs.

4. **Ecological.** Growing shortages of oil, coal, and other basic materials have prompted the search for new energy sources; and the misuse and wastage of energy has produced environmental contamination. These factors have contributed to a more active role of national governments in research and development and in environmental protection.

5. **Technological.** Radical developments have occurred over the past several years in communications, information, and automation, including robotics. These developments present enormous opportunities for managers but also place heavy demands on them.

6. **International Factors.** Key elements of the current world scene that influence business and management include the progress on the arms control front and the progressive easing of tensions between the superpowers; the pursuit of major reforms in the Soviet Union and China; heightened nationalism and the reawakening of Islamic consciousness in the Third World; the struggle for international competitiveness of U.S., European and even Japanese industry; the impoverishment of Africa, and the debt crisis of major Latin American countries.

These trends make much of what was traditionally taught in business school courses outdated and even irrelevant. There is consensus among educators and managers that curriculum content, research priorities, and teaching methodologies will be significantly affected by these trends. Major implications for the design of management education are discussed in the following sections.

**Global Strategies**

Business curricula have traditionally included courses in Business Policy to study the roles and functions of the general manager of enterprise in the formulation and implementation of corporate strategy. Frequently taught by the case method, this is considered to be a "capstone" course that integrates the various functional areas and provides an integrative framework for the analysis of general business decisions.
Application of the framework, which involves relating corporate resources to environmental opportunity,\textsuperscript{77} becomes increasingly difficult in those complex companies whose operations in various countries are seen not as individual profit centers but as highly interrelated parts of a global strategy. Application of this framework some business schools have introduced more rigorous concepts of industry analysis to evaluate the multiple opportunities and risks that confront firms competing in global industries. These concepts have been successfully adapted to courses in third world business schools. The policy course at INCAE (Central America), for example, analyzes the changing structure of the world computer industry not only from the viewpoint of the giant competitors but also from the viewpoint of a Costa Rican "drawback" industry that assembles key components.\textsuperscript{78}

Analysis of the International Environment

The challenge of teaching students how to analyze the environment of business is one of the most difficult in management education. Since World War II the environmental analysis course at the Harvard Business School has been completely redesigned and renamed six times. During the 1960s and 1970s it concentrated on the teaching of planning tools useful for corporate staffs. The mission of the current course, "Business, Government, and the International Economy" (BGIE),

...is no less than achieving an understanding of the international economy over the past century. Its mandate is to instill an analytic framework that will enable future managers to reach decisions grounded in history, informed with insight into how nations conduct themselves, and imbued with the ability to see several points of view simultaneously. It is a course unique in its viewpoint, not only at Soldiers Field but in the world.\textsuperscript{79}

The organizing concept of the BGIE course is the "country analysis," which comprises the first third of the sessions. In broad case studies of critical decision points in the economic histories of Japan, France, India, Brazil, and China, students must assume the role of prime minister or minister of finance. Analysis of these cases, accompanied by a

\textsuperscript{77}/ See for example Kenneth R. Andrews, \textit{op. cit.}, Chapter 1.

\textsuperscript{78}/ A drawback industry is one that uses imported raw materials in the further manufacture of products for export. See "General Hybrid" (Alajuela, Costa Rica: INCAE Case Study, 1984).

macroeconomics text, provides them with "a kind of economic geography and vocabulary" that enables them to discuss the topics introduced in the second part of the course, which examines the major international systems. Students trace resource flows of oil, money, food, and trade and analyze their implications for country strategies and for the international economy. The third and final section of the course addresses the issue of international competitiveness. Students analyze the economic decline of the United Kingdom, the position of Japan in the 1980s, the rise of South Korea, France under Mitterand, and the United States under Reagan. BGIE professor Norman Berg argues that the country analysis and international systems approach is necessary to teach the background of concepts, facts, and analytic approach to environmental analysis in the 1980s. "It is hard to start [at the company level] and then move up to any substantive issues of international competitiveness," he maintains.

New and Changing Markets

Introductory marketing courses have traditionally been taught around the concept of the "marketing mix" with which consumer needs are satisfied. This mix includes the design of the product or service, the channels through which it is distributed, the price at which it is offered to consumers, and the advertising and personal selling efforts that provide them with information about the product, reassure them as to its quality, and convince them to buy it. There are several organizational approaches to the teaching of these concepts and the development of skill in the use of the different elements of the marketing mix to achieve sales growth and profit objectives. One is to examine each element in depth in order to understand how its use varies in different types of industries. For example, profit levels in some industries with high variable costs are sensitive to small changes in price whereas in others, with high fixed costs, volume may be more important. Another approach is to organize by industrial sector and to examine all four elements as they relate to, say, industrial marketing, the marketing of services, and the marketing of basic consumer items. More advanced courses may be organized around one of the elements ("Advertising management"), one of the sectors ("Marketing in the Service Sector") or around a specific topic or technique ("Consumer Analysis"). In the 1970s the concept of "social marketing" was popularized, by which social change must occur in the process of product acceptance. Examples include campaigns to promote breast-feeding, birth control, or the use of improved seed varieties.

The Central American Institute of Business Administration, INCAE, has had to reconceptualize its marketing curriculum as a result of two worldwide trends that are magnified in the area in which it operates. The

81/ James E. Austin, interview by author (Boston, Mass., December 16, 1986).
82/ Day, op. cit., p. 56.
first trend is toward greater scarcity in third world countries, combined with greater government controls, as seen dramatically in Nicaragua. It was argued by some that marketing courses at the Nicaraguan campus be drastically reduced or even eliminated altogether on the ground that "anything that is produced will be sold" or "the government has taken all marketing decisions out of the hands of productive enterprise," private and state-owned alike. On closer examination, however, it was found that marketing skills were highly relevant to both private and public managers in distributing basic products to target populations throughout the country, in changing consumer habits as in the substitution of fish for meat or chicken, and in product line decisions. Should a small furniture producer, for example, use scarce raw materials to make more beds for the domestic market or more desks for the expanding government bureaucracy? And while the prices and channels of many products are controlled by government, there is generally a secondary or parallel market for those products. One leather manufacturer, through productivity increases, was able to satisfy his official quota to the shoemakers' cooperative and still have capacity to buy hides and sell cured leather at market prices. What was done was not to eliminate marketing but to redesign the course using cases about local marketing problems.

The second trend is toward the export of non-traditional products, accompanied by favorable government policies, as in Costa Rica. Here it was found that export marketing has very little to do with domestic marketing. Product design and quality requirements are much more stringent; distribution channels include importers and brokers whose organization and functions are often unfamiliar. Local businessmen accustomed to being "price makers" in their domestic markets must become "price takers," accepting prices dictated by distributors in highly competitive markets. Few Central American companies have the resources to advertise or maintain sales forces in foreign countries and must depend upon government promotion offices, such as Colombia's PROEXPO for the marketing of cut flowers, or upon cooperative arrangements with distributors. These factors suggest the need for very different knowledge and skills than were needed to market goods domestically. Market intelligence about the countries to which one is planning to export becomes critical: the manager must design systems to obtain the information and understand how to analyze it. He must understand how the marketing systems work and develop skills in negotiating with the participants in those systems. Packaging, warehousing, and transportation assume tremendous significance. Intensive case research on these issues has been mounted by INCAE in the principal exporting countries of Central America and courses at its Costa Rica campus are being redesigned to meet the needs of new export industries.

83/ The author is indebted to Carlos Guillermos Sequeira, Associate Professor of Marketing, INCAE, and Kenneth L. Hoadley, Visiting Associate Professor of Agribusiness, INCAE, and Dean of the Management Education Institute, Arthur D. Little, Inc., for the insights in this section.
The Information Revolution

The information systems (IS) area of business curricula in the United States and Europe has been affected more than any other by advances in computer technology. Traditionally concerned with systems design from the perspective of the data processing department, courses in this area have now become more concerned with relating the choice of information technology to the overall strategy of the company. This has meant the incorporation of concepts from the field of strategic planning. At the Management Education Institute, the Arthur D. Little "Strategic Value Analysis" approach is taught. Using this approach, a manager in a public or private organization can direct management information systems investments into project, hardware, and software which will be most effective in supporting the strategic goals of the organization.84 Harvard Business School courses draw upon the value-added concept developed by another international consulting firm, McKinsey & Company, to assess the penetration of information technology into a firm's product and service flow and to determine how a firm can incorporate new technologies to maximum effect. "Our particular thrust with respect to information systems is how IS can be used as a competitive weapon," says Harvard professor Warren McFarlan, who heads the Harvard IS Group.85

A related issue is the use of the computer as a teaching device in the classroom. Until the mid-1970s, the use of computers by business schools was generally limited to quantitative methods and production courses. The personal computer is now used in virtually every course area. Many business cases in finance, accounting, and even marketing are accompanied by diskettes that allow students to analyze data on spreadsheets. The use of graphics is an important part of management communication/courses. In those schools where the use of computer services was dominated by the information systems faculty, this has implied an important organizational change. It has also had important pedagogical implications: how best to use the computer in the classroom? When combined with a projection screen it is a powerful teaching device, but in a case method school, there is a danger that if manipulated by the professor, it may shift the responsibility for case analysis away from the students themselves.

Links to Current Practice

Some critics of business education argue that curriculum changes are not enough; that to be relevant, business schools must introduce their students to the world of practice as is done by schools of medicine through internships. Moreover, as new service industries and technologies replace


many older manufacturing plants and methods, it is argued that students require direct contact with innovative industries. "One cannot wait two years for a good case study to be prepared on robotics in manufacturing," notes one Harvard MBA student.86

Internships appear to be more common in Europe than in the U.S. students in the Hautes Ecoles, founded by the business-minded French chambers of commerce, are required to participate in several on-site job training experiences, including six weeks on the shop floor as a blue-collar worker in their first year and three months in a full-time professional position during their final year. The Haute Ecole Commerciale(HEC) and other prestigious schools also provide for an internship abroad, which includes a six to eight-week assignment with a firm in a foreign country during the vacation prior to the final year.87

There is a growing awareness in the 1980s among U.S. business schools of the importance of increased contact with business as a part of the educational experience. To facilitate such contact by both its students and faculty, the University of California at Los Angeles established an autonomous non-profit corporation, Management Research Association, as a mechanism for the acceptance and execution of field projects.88 But even this does not go far enough for some educators. Cary Cooper, for example, has suggested that the full-time residential MBA be phased out in favor of a management apprenticeship that would admit only individuals selected jointly with sponsoring organizations and that would supervise individual development plans jointly with those organizations. This would include formal education in both the organizations. This would include formal education in both the organization and in the business school, joint action research projects, planned travel to visit and work in other organizations, personal research, and periods of actual apprenticeship.89 C. Jackson Grayson has made such suggestions as: (1) have the business school own a business and have students and faculty learn by operating it; (2) have students "adopt" an ongoing small business where they become responsible for observing and counseling in the same way that students in some medical schools "adopt" a family; and (3) have students take over a night shift operation of a business when it would otherwise shut down.90

86/ Eurich, op. cit., p. 7.
87/ Vuillez, op. cit., p. 11.
89/ Cooper, op. cit., pp. 64-65.
90/ Jackson, op. cit., pp. 50-51.
"Connected Education"

Televised instruction has been used in national education programs for many years, but satellite technology has recently made this medium available to schools and corporations for private programs. One multinational company, for example, televises instruction to its employees in learning centers and work stations throughout the world. This is especially useful in acquainting employees with new products that have short life cycles. Not being interactive, it is less useful for teaching management skills.

The limitations of telecommunications in interactive learning are rapidly being surmounted by computer networking, however. A few schools are already using these networks to offer academic degrees through personal computers at home or at work. Linked by teleconferencing, students communicate on-line via modems with each other and with the instructor. Live, real-time exchanges may be are schedules between instructor and students.

Throughout the world, a vast grid of networks and linkages is developing. One network which links professionals, known as "Connected Education," is even planning to offer on-line translation from English to Spanish for its South American members next year.91

VI. Institutional Management and Policies

An International Profile

The degree of formality in institutional management procedures will be influenced by the size of a business school, and the nature of its policies in such areas as student selection and faculty consulting will depend in part upon whether they are full or part-time. In the United States, student enrollment in masters' programs ranges from three students to over five thousand, and the variation is even greater for undergraduate students.92 In other countries and regions, however, there is less diversity in size, and patterns of full and part-time study emerge. A recent survey of over 100 non-U.S. business schools revealed the following:93

1. Dedication of faculty. All business schools surveyed in Japan, India, and the Benelux countries have at least some full-time faculty members; in other countries surveyed the percentage of schools with some full-time faculty members ranges from 90 percent (United Kingdom) to 77 percent (West Germany). Most have a

91/ Eurich, ibid., pp. 11-12.
92/ Thanopoulos and Leonard, op. cit., p. 11.
93/ Ibid., pp. .......
roughly equivalent number of part-time faculty. In the countries of Eastern Europe, business tend to have either all schools full time of part-time faculty members.

2. **Student Composition.** The percentage of schools with full-time student enrollments corresponds closely to the percentage with full-time faculties and is the same or higher in all cases except the U.K., suggesting that no school without full-time students will invest in a full-time faculty. The percentage of schools that allow part-time enrollments varies widely, from 75 percent in Eastern Europe and 71 percent in Japan (where company-sponsored education is popular) to only 21 percent in France and eight percent (a single school) in West Germany.

3. **Student-faculty ratios.** The United Kingdom and the countries of Eastern Europe clearly have more full-time faculty members in relation to full-time students (1:12), but they must also attend a large number of part-time students and they have relatively few part-time faculty members to assist them. Japan and West Germany have far fewer full-time professors in relation to full-time students.

In most countries, with the exception of the U.K. and the countries of Eastern Europe, the institutional strategies of major universities are oriented toward full-time programs. These programs are massive in Japan and West Germany, and much smaller in France. They rely principally on full-time faculty, with the exception of France and the Benelux countries.

**Students and Graduates**

**Selection.** In the selection of students, business school admissions committees must decide how much importance should be given to aptitude tests, to university grade averages, to experience, and to personal character traits that indicate ability to work in groups, leadership potential, and other positive managerial attributes. In the academically-oriented business schools, scholastic performance is usually paramount. Those students with the highest grade averages and the highest scores on a standardized national examination, the GMAT (Graduate Management Admissions Test), are generally assured admission even if they have just graduated from the university. In contrast, the Harvard Business School has eliminated the GMAT as a requirement\(^\text{94}\) and bases admissions decisions on the applicant’s answers to such questions as "given the opportunity to effect one change [with your current employer], what would

\(^{94/}\) This was done because high test scores correlated with backgrounds in consulting and investment banking; and Harvard was making an effort to admit more students oriented toward production and operations. See "Remaking the Harvard B-School," *Business Week* (March 24, 1986), p. 57.
that be?" How would you implement the change?"  

**Grading.** Once students have been admitted, business school faculties are faced with the question of how to evaluate their performance. This question has gained salience as a result of several studies, including a recent survey of 1,000 Harvard Business School graduates, that have concluded that "academic success and business achievement have relatively little association with one another." Case method schools usually base a part of the student's grade on classroom participation on the premise that a good manager must be able to communicate effectively, but some argue that this rewards verbal adroitness rather than analytic depth. Written case analyses go beyond testing knowledge retention and provide an indication of general analytic ability, but they do not reveal how well the individual would communicate and implement business decisions in a real situation. Some have urged an internship requirement as a solution to the problem of teaching and evaluating management practice.

**Placement.** The usefulness of management education ultimately rests upon the opportunities that graduates have to exercise managerial functions. This is true whether, as in the United States and Europe, graduates compete for job openings, or as in Japan, where they return to their sponsoring companies. British business schools suffered from the tendency of employers to reject special treatment for their graduates and even to hold them back "out of an absurd notion of fairness to those not privileged to take a business degree." Similarly, the first business school graduates to be sponsored by the Nicaraguan Ministry of Agricultural Development and Agrarian Reform were not placed in positions where their newly-acquired skills could be utilized, and the school's assistance was eventually sought in planning their career development. Most reviews of management education have therefore stressed that business schools take an active role in placing their graduates as they did in selecting their students.

**Faculty**

**Recruitment.** Most business faculty are recruited from doctoral programs, either in business administration or in related disciplines, that provide rigorous training in research but do not stress skills in the many...
modes of teaching and learning nor do they develop any abilities in working fruitfully with managers or in actually managing anything. Consequently there is a "cultural separation between business managers and university faculty members that is blocking, or certainly not aiding, the essential symbiosis between understanding and practice." Recognizing this problem, U.S. and European business school representatives at an international meeting in June 1980 recommended that the composition of business school faculties be changed perceptibly to "include talented and experienced individuals who do not hold traditional degrees." They also recommended cooperative arrangements with business organizations, from which would come experienced people who could serve on either a full or part-time basis as clinical professors, act on advisory boards, cooperate in research, and contribute to both curriculum and course innovations.

Evaluation and reward systems. The academic orientation of doctoral programs in business is reinforced by the evaluation and reward systems operating in most business schools. The most important criterion for evaluation in practically every business school is the number of articles that are published in scholarly journals. This overshadows teaching excellence, creativity in the design of new programs or courses, effective program leadership, and development of new faculty members. Those most prolific in scholarly research have the lightest teaching loads, receive the most praise, and are first in line for promotions. Moreover, despite widespread agreement by U.S. and European business professors attending the 1980 Paris conference (referred to above) that a closer partnership between educators and businessmen was desirable, the trend has been in the direction of greater rewards and status for research that is judged on the basis of its methodological rigor rather than by its usefulness to the practitioner. Research should not, however, be neglected or substituted for excessive concern with teaching or program administration in the evaluation process. "What makes a professional school different from other academic endeavors," according to one business educator, "is that it must integrate the activities of research, teaching, and practice."

Consulting. One way that faculty members maintain contact with the world of practice is through their consulting activities, and most business schools include some provision for a certain number of days of

100/ Grayson, op. cit., p. 48.
102/ Walton, ibid., p. 21.
103/ Grayson, op. cit., pp. 48-49.
104/ Hammond, op. cit., p. 23.
outside consulting in faculty contracts. Schools with a professional orientation encourage consulting, though they will usually prohibit faculty from engaging in routine, operational tasks where little or no learning occurs. Some business schools monitor annual consulting plans, and include the quality of faculty consulting as a parameter in the evaluation process.

Organization and Leadership

Internal organization. Business schools are typically organized around the specialized functional areas and disciplines such as marketing, economics, and accounting. Moreover, professors in each area are linked through networks to colleagues of the same specialization in other universities. This fact, combined with reward systems that encourage scholarly research in specialized journals, perpetuates and reinforces this organizational scheme.105 Disciplinary areas rather than interdisciplinary issues or innovative programs thus become the focus for faculty resource allocation, recruiting administrative support, and course scheduling. Institutional resources are generally spread evenly to obsolete as well as to vital disciplines, and program strength is dissipated among poorly coordinated specializations at the expense of broader educational objectives. This situation is exacerbated in business schools that depend upon the larger university system for policy guidelines. Such schools will have little flexibility for innovation with multidisciplinary programs, new teaching approaches, and experimental internships that bring students, faculty, and business practitioners together. Furthermore, it will be more difficult for these schools to "acculturize" faculty from disciplines such as economics or quantitative methods, because the university career incentives will continue to reward publication in one's area of specialization.106

Leadership and decision-making. Business schools in the U.S. are characterized by weak leadership structures in which the dean must share decision-making with a powerful group of senior professors whose tenure status makes them virtually impossible to fire;107 vocal alumni with their own priorities; university officials; and students who seek greater participation.

105/ Cooper, op. cit., p. 68.

106/ Nevertheless, there have been some cases of successful change. The business school in the University of California at Los Angeles have been succeeded in reorganizing along program lines and now has four major divisions: the MBA, the Ph.D., Continuing Education, and Research. Hammond, op. cit., p. 25.

107/ "Faculty deeply hold to the notion that they are the main source of continuity in a university, as students and administrators come and go. Faculty have little respect for hierarchy and when threatened by an authoritative boss, they are likely to group into political cliques that will bypass the boss in registering their complaints with powerful alumni and higher-level university administrators. The dean is relatively powerless when attempting changes contrary to faculty beliefs." Cooper, op. cit., p. 47.
There is some evidence from third world that strong leadership, and its acceptance by a committed faculty, are critical factors in the development of successful business schools. The Asian Institute of Management (AIM) and the Indian Institute of Management at Ahmedabad (IIMA) have been characterized by effective leadership at various times in their history. The Central American Institute of Business Administration was saved from imminent failure following the revolution in Nicaragua by a creative growth and diversification strategy that forced the institution into new, high-risk endeavors such as the organization of political dialogue seminars. Under less dramatic circumstances, the Institute of Higher Business Studies in Venezuela successfully survived a national economic decline when the president and dean of the faculty assumed more active leadership roles. The exercise of leadership in the third world management institutes may have been facilitated by independence from the university systems and by relatively young faculties who were more interested in institutional development than in building departmental bases of power.

Institutional Development

At the center of the institutional development of business schools is the issue of faculty development: the ongoing process of learning and enrichment that enhances the value of a school's professors to the achievement of its educational mission. The quality of the faculty, as the Dean of the Harvard Business School stated in his 1971-72 report to the University President, "is the single most important determinant of the quality of an educational experience." This issue cannot be considered apart from the model of management education that a school has chosen. Those based on an academic model will strongly support the research efforts of individual faculty members and reward the publication of research findings in scholarly journals. A school that bases its institutional strategy on the professional model will probably encourage research, but only as one of several elements to be considered in faculty advancement. The focus of its research will be on applied problems of current or evolving concern to managers rather than to the theoretical treatment of problems.

108/ The IIMA and its sister institute in Calcutta were "fortunate to have for a period of time leaders of almost charismatic attributes." For a detailed account of leadership issues and problems in these institutes see T. Hill et. al., op. cit., pp. 75-102.


The traditional hostility of academic faculties to business education, particularly in the United States and Europe, works against the institutionalization of the professional model in major universities. Professors of economics and quantitative sciences, attracted to business schools by high salaries and ample resources for research, seek to retain their identification with these academic disciplines, resulting in fragmented faculties with no common language, incapable of producing impact in the real world of business.

The assimilation of new faculty members from academically-oriented institutions has been a difficult problem for business schools in Europe and the Third World that have adopted the professional model IMEDE in Switzerland, INCAE in Central America, and some other schools have designed in-house programs to acculturize new faculty.  

IV. The Effectiveness of Management Education

The fundamental criticism of management education in the 1980s is that it is not effective. This is a much more difficult criticism to respond to than the charges of poor academic quality made in the 1950s, which could be addressed by hiring faculty, changing incentives, and revising curricula. What makes it difficult is the task of evaluating effectiveness. If the effectiveness of management education is defined as "contributing to more effective business performance" as measured by sales volumes, profit levels, or increased competitiveness in world markets, then it is difficult to demonstrate because there are many other factors that influence performance. In this section, attempts to evaluate the effectiveness of management education will be reviewed and discussed.

Evaluation Criteria

Four types of criteria have been most frequently applied to evaluate the effectiveness of management education:  

1. Reactions criteria. These are based upon the opinions of the students or participants themselves, recorded during or immediately at the conclusion of the training activity. A typical questionnaire asks respondents to indicate, on a scale, the

111/ With respect to this same problem, a report by the Harvard Business School Associates concluded that "It is up to the new members--with senior faculty help--to try to adjust to the School's culture. We believe that this is a better course to follow than to make the School's culture more academic." Associates of the Harvard business School, The success of a Strategy (Boston: HBS, December 1979), p. 36.

usefulness of the training, the effectiveness of the instructors, the quality of the materials, and the appropriateness of the physical setting. There may also be open-ended questions on the most positive and negative aspects of the training experience, or on suggestions for the future.113

2. **Learning criteria.** These refer to the knowledge acquired by a student or participant attributable to the management education program. To be valid, these should be measured by a baseline test as well as by tests at the conclusion of, and perhaps at intermediate points in the program. Examination systems in most universities do not attempt to measure knowledge acquired by an individual in comparison with others in the class at a given point in time.

3. **Behavioral criteria.** These refer to the extent to which the knowledge, skills, abilities, and attitudes acquired during the management education program influence on-the-job performance. Indicators might include self-evaluations, supervisor ratings, or peer ratings obtained in follow-up surveys.

4. **Results criteria.** These measure the extent to which the program contributes to the effectiveness of the business organization, as may be indicated by sales volumes, productivity, worker turnover, accident rates, or profits. In this category may also be "individual results criteria," for example, the positions that graduates obtain, their starting salaries, and the frequency of their promotions.

The first two types of criteria are "internal", obtained in the training environment. Though easily obtainable, they have been criticized for being unrelated to individual results criteria. Students who excel academically according to learning criteria do not necessarily achieve greater success in business. The second two types of criteria are "external," obtained in the work environment. The problem with these measures is the difficulty of establishing casual relationships. For example, a recent survey of Guatemalan small business managers who had attended a three-week course offered by INCAE revealed that 60 percent had increased their sales during the six months following the course. But those increases may have been due to normal seasonal patterns, to inflation, or to improved economic conditions. The collection of additional data or the inclusion of a control group would have increased the validity of any conclusions drawn from the survey.

Most management training departments within companies and educational organizations use the survey of participants as the chief method of evaluating management development programs.114 This is also true of university programs with which the author is acquainted. The

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113/ Based on questionnaires used by the Division of External Affairs, Central American Institute of Business Administration (INCAE, Alajuela, Costa Rica, 1986).

114/ Black, op. cit., p. 138.
results, sometimes referred to as a "happiness index," are generally favorable and reassuring to the training organization. They may lead to minor curriculum modifications but are seldom useful in making significant program improvements.

Changes in the attitudes and behavior of participants are much harder to measure than is their level of satisfaction, and evaluations that attempt to do so are seldom undertaken. In the following sections, three such attempts and their findings are discussed. The first is a broad survey of Master's Programs in the U.S. The second is a survey conducted among graduates of Japan's Keio Business School; and the third is an evaluation of executive development programs conducted in India.

MBA Programs in the United States

In 1984, two business school professors and a vice-president of IBM carried out a survey to determine the perceptions of executives and educators of the value and relevance of the MBA for the exercise of top management positions. Their findings, summarized in Table 2, is revealing of current problems and issues in graduate management education in the United States.

### Table 2
**Satisfaction with MBA's Skills and Attributes (Percent Responding Affirmatively)**

<table>
<thead>
<tr>
<th></th>
<th>Corporate Presidents</th>
<th>Community Directors</th>
<th>Business Schools 1978</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative skills</td>
<td>32</td>
<td>35</td>
<td>29</td>
</tr>
<tr>
<td>Oral communication skills</td>
<td>48</td>
<td>56</td>
<td>44</td>
</tr>
<tr>
<td>Written communication</td>
<td>47</td>
<td>40</td>
<td>37</td>
</tr>
<tr>
<td>Poise and maturity</td>
<td>67</td>
<td>58</td>
<td>50</td>
</tr>
<tr>
<td>Interpersonal skills</td>
<td>28</td>
<td>37</td>
<td>38</td>
</tr>
<tr>
<td>Managerial skills</td>
<td>43</td>
<td>21</td>
<td>29</td>
</tr>
<tr>
<td>Ability to conceptualize</td>
<td>68</td>
<td>67</td>
<td>65</td>
</tr>
<tr>
<td>Well-developed work ethic</td>
<td>65</td>
<td>45</td>
<td>44</td>
</tr>
<tr>
<td>Analytical ability</td>
<td>87</td>
<td>85</td>
<td>75</td>
</tr>
<tr>
<td>High level of initiative</td>
<td>75</td>
<td>74</td>
<td>72</td>
</tr>
<tr>
<td>Leadership skills</td>
<td>36</td>
<td>47</td>
<td>46</td>
</tr>
<tr>
<td>Specific functional</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>knowledge</td>
<td>76</td>
<td>85</td>
<td>74</td>
</tr>
<tr>
<td>Short-term operational</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>decision-making skills</td>
<td>41</td>
<td>45</td>
<td>41</td>
</tr>
<tr>
<td>Strategic planning skills</td>
<td>46</td>
<td>48</td>
<td>43</td>
</tr>
</tbody>
</table>


115/ Conclusions in this section are based on the findings of R. Jenkins, R. Reizenstein, and F. Rodgers in 'Report Cards on the MBA," *op. cit.*, pp. 20-30.
Table 2 reveals that MBAs are perceived to be most effective in situations requiring analytic ability, specific functional knowledge, and initiative-taking, and administrative skills. Faculty and deans are generally more critical of the MBAs than the executives, giving them lower marks in their ability to communicate, conceptualize and analyze. They also rate the MBAs lower in initiative and considerably lower in strategic planning skills. Corporation presidents find the MBAs lacking in interpersonal skills and in short-term operational decision-making skills. The authors also found that business executives viewed MBA programs as being too "ivory tower" and favored more applied approaches in teaching, the use of the case method, and teaching-oriented as opposed to a research-oriented faculty.

The Japanese MBA

Similar questions were included in surveys conducted in July and August 1976 among Keio Business School graduates and the personnel directors who had hired them. The survey of graduates revealed that 80 percent found the experience useful and that 95 percent believed that it had given them a broader perspective and skills in applying systematic approaches. In contrast, only 35 percent thought they had acquired technical skills and 31 percent thought they had acquired leadership skills. With respect to immediate applicability, 59 percent of the respondents claimed that they could fully exercise their capabilities in their present job, while 18 percent could not and would prefer another type of job. The remainder were unable to answer the question. Nearly all of the Keio graduates felt that they had benefited from the program through association with a wider network of professionals, and 82 percent thought that it had contributed to their career growth.

The survey also attempted to measure attitude changes among graduates. It revealed that 76 percent believed that the program had enhanced their self-confidence but only 28 percent felt that it had changed their attitude toward greater cooperation, while 25 percent felt that the program had made them more tough minded.

One contrast with American MBAs was the greater loyalty of Japanese graduates to current employers. Only 36 percent mentioned that a degree from KBS opened opportunities for future job changes. Even fewer saw the degree as a means of obtaining promotion (26%) or increased income (14%).

The responses of personnel managers revealed that 28 percent regarded the performance of Keio graduates as "remarkable" and 54 percent thought it was "reasonably good." Seventy percent of the personnel managers expected the Keio graduates in their organization to become top managers, but 84 percent affirmed that no special consideration was shown to them in training. Nor did the graduates expect such consideration: all

116/ See Ishida, op. cit., pp. 73-74.
but 13 percent regarded this as "only natural," since one doesn't improve immediately. 117

One striking difference in perception between the U.S. and Japanese cases is the extent to which MBA students gain skills in written and oral communication. U.S. business school faculty and deans are highly critical of this aspect of the program, whereas in Japan it is considered by students to be an area in which the MBA has helped them to improve appreciably their skills. This may be because in Japan, communication outside the immediate work group has traditionally not been considered important.

Executive Development in India

In 1973 one of the most exhaustive evaluations of executive education was undertaken in India by faculty from collaborating U.S. universities for the purpose of discovering possible determinants of management training program effectiveness. 118 Their interest was in the overall impact of particular training experiences on the participants such dimensions as personal growth, practical value, broadened knowledge, and overall significance. Seventeen executive development programs in three institutions—IIIMA, IMC, and the Administrative Staff College of India (ASCI) were studied.

Reaction criteria were first applied: participants were asked to rate the executive program in comparison with others attended; then to respond to positive and negative statements about the program. These revealed certain differences between the management institutes that might be explained by their historical development, with dissatisfaction at the more quantitative IIIMC over course content ("too theoretical") and methodology ("too little time spent in group discussion"). However, most (61%) who had attended other programs agreed that the management institute programs were superior by comparison. 119

Behavioral criteria were then applied: participants were asked to record their efforts to introduce innovations in their companies as a result of the training experience. These were coded as either major or minor in eight areas (such as human relations, materials management,

117/ Ishida, ibid., p. 73.
118/ Hill et. al., op. cit.,
119/ In addition, a correlation matrix showing interrelationships among 18 variables in the questionnaires revealed certain clusters which in some cases were indicative of nothing more than an inherent parallelism of measures ("overall significance" of program correlating highly with "personal growth" attained during program) but in others appeared to evidence cause-effect relationships ("faculty quality" with "practical value"). Hill et. al., ibid., pp. 206-209; 223-237.
marketing, etc.); those unable to be specifically classified were coded as "general". Among the 240 executives surveyed, about one fourth reported attempts to introduce major innovations, another one fourth reported attempts to introduce minor innovations, and the remaining half reported either no attempt to innovate or only general efforts to apply new knowledge as a consequence of the executive program. Analyses of these responses, when related to the characteristics of the participants and their sponsoring organizations, revealed that managers were more likely to innovate as a result of executive development programs when (1) the programs had been rated highly by the individual respondent and by the participants in general in terms of skills acquired and self confidence gained; (2) the interaction between program faculty and participants had been deemed beneficial; and (3) the programs were judged by participants to differ from what their employers expected. On the other hand, managers who had attended programs that were judged by participants to be either too difficult or poorly organized were less likely to innovate.120

VIII. Summary and Conclusions:

The Lessons of International Experience

Growth of the Management Profession

This review of the evolution of management education in different national context has revealed a widespread acceptance of the roles that both educational degree programs and executive or in-company non-degree programs play in developing the managers of business enterprises. The evolution has proceeded at different rates and in varying directions from one national context to another, but certain common features may be discerned.

One such feature is that the growth of management education is associated with the development of a managerial profession with its own language and conventions. The professionalization of management began to occur nearly a century ago in the United States, where the pursuit of business opportunity was seen as a natural right; and in Japan, where following the Meiji Restoration, the introduction of a conscription system prompted warriors to find new careers in business and commerce which were now accorded greater prestige.121 Even in Europe, where the management function was slow to gain legitimacy in society, management education has gained stature as the competitive challenges to traditional family business have sharpened. Third world countries have joined Europe in embracing

120/ Hill et. al., ibid., p. 245.

121/ The traditional four-tiered social hierarchy of "shi-no-ko-sho" which placed merchants in the lowest position after warriors, farmers, and technicians was replaced by a two-tiered one, the nobility and all others. Hyung-Ki Kim, op. cit., p. 3.
management development institutes which are independent of the traditional university structures, patterned after the most successful professional schools in the United States, and adapted to local cultures and conditions. The graduates of these schools around the world constitute a new type of professional manager, who possess a common set of analytic skills and a problem-solving approach to business situations.

A second common feature is that the development of management education in each national context has been influenced by the relationship of the business schools to the academic community and to the business community. In the United States, business schools were successful in forging links with major enterprises like GE and IBM, but failed to gain academic respectability within their own university settings. In Western Europe, business schools until recently were unsuccessful in achieving acceptance by either the universities or by businessmen. Only in Japan, with its emphasis on harmony, were the roles of university education, business education, and business practice reconciled through a combination of rigorous technical education and extensive in-company training programs.\(^\text{122}\)

In an effort to respond to their university critics, U.S. business schools upgraded their academic credentials by hiring more faculty from the disciplines of economics and the quantitative sciences, but in the process they confronted a new wave of criticisms: that management education is unnecessary; that it is overly academic; that it ignores important aspects of the operating manager's job; and that it encourages undesirable attitudes in its graduates. These criticisms, which are not confined to United States business schools, raise fundamental questions that encompass the major conclusions of this paper and that suggest important lessons for the design and conduct of management education in different national contexts.

The Role of Management Education in Society

The first criticism strikes at the very existence of management education and its role in society: is it really necessary? Are MBA programs of value or detrimental in the quest for national development and international competitiveness? Should greater emphasis and resources be channeled to in-service management or technical training programs? How should government policy makers or university officials decide which types of programs to foster and support; which types to discourage? The international experience reviewed in this paper provides several lessons.

1. Where the critical task is production and control, and where the competitive environment is reasonably stable, most management education needs may be met by in-company programs. In the early

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122/ Dr. Hyung-Ki Kim argues that the prevalence of in-house training stems from a lack of confidence on the part of enterprises in university education rather than because of socially agreed-on divisions of labor. However, the reliance placed by corporate recruiters upon university rankings conflicts with this view. *Ibid.*, p. 3.
industrialization of the United States and Europe, and in the postwar reconstruction of Japan, efforts were focused upon learning to manage specialized production processes. This required an educated populace and the prominence of technical specializations in the universities. Degree programs in business administration were less important; managers and workers learned their tasks on the job.

2. A changing competitive environment is accompanied by the need to develop managers through longer-term degree programs. This is true in Japan as well as in the United States and Europe. As Japanese business must internationalize in order to remain competitive, there has been a heightened interest in the MBA program as a means of developing managers who can detect and interpret world trends and interact effectively with businessmen in different national cultures. This growing need for management education is also recognized in Hungary and in other Eastern European countries that have previously relied upon in-company training programs.

3. Degree and non-degree programs are complementary and by no means mutually exclusive. The emphasis that is given to one type or the other by company policies or national priorities will depend upon whether the more urgent need is to create a managerial class with a common language or to incorporate new knowledge on rapidly-changing technology. The launching of a master's program would be an effective response in the first case; while the organization of continuing education programs for people already in management positions would be more appropriate in the latter. More sophisticated American and Japanese companies invest in a portfolio of management education and training programs that are suited to their particular needs.

Models of Management Education and their Organizational Implications

Some recent critics of management education suggest that it is "too academic." As we have seen in Section Four, some business schools consciously adopt an academic as opposed to a professional model. This review suggests several lessons with respect to the adoption of one model or the other.

4. The model of management education that a business school adopts should be based upon the needs of its client groups rather than upon the preferences of its faculty. If the generation of knowledge in specific fields such as finance or information systems is of paramount importance, and if graduates are expected to assume technical staff positions, then an academic model will be more suitable. If the priority is to prepare graduates to assume positions of managerial responsibility, the professional model, with its emphasis on skills development, will be more appropriate.
5. The academic and professional models usually do not mix well. Business schools in most institutions of excellence, such as Harvard University or the University of Chicago, base their educational strategies clearly upon one model or the other. One danger of not making a clear choice and being "caught in the middle" is that faculty energy will be drained by fruitless debate over which model is superior, which cannot be resolved unless there is agreement on institutional objectives.

6. The academic and professional models place different types of demands upon the organization, requiring different types of structures and systems. For example, schools that have adopted the professional model will be best served by a structure organized along program lines rather than divided by functional department. Their reward systems should reflect the importance given to teaching and program leadership, just as schools that have adopted the academic model will emphasize research output. If the structures and systems are incongruent with the educational strategy inherent in the model, there are certain to be failures in implementation.

7. The problem of "fit" between the educational model and the organizational structure is likely to be greater occur where the business school is a part of a larger university system. University policies and procedures seldom take into account a professional business school's need for flexibility to experiment with interdisciplinary programs, teaching innovations, or internship programs that bring students and professors together with business practitioners.

8. Experience in Europe and in the third world suggests that autonomous management institutes may enjoy a significant organizational advantage over business schools that are a part of the university systems, both in their ability to innovate and in their capacity to acculturize new faculty from the traditional disciplines. Within the university structure, there are strong incentives for the economist or the mathematician to maintain his identification with his original department, to continue publishing in his original department, to continue publishing in his field, and to resist the demands of teaching preparation, program design, and interdisciplinary work that are made by the business school. Other advantages of autonomy include the greater ease with which interinstitutional collaboration and exchange programs may be entered into.

9. The client focus of a business school should extend to its governing structure. Boards of directors should include senior managers who take an active role in policy making. Faculty responsible for educational programs should make use of advisory groups from the business community in such areas as curriculum
design, the identification of case materials, and the providing of feedback on seminar. Such involvement by the business community responds to the criticism that management education is too academic.

**Priority Areas of Management Education**

The criticism that management education has often ignored important operational or "shop floor" areas in favor of the more popular analytic tools of finance and marketing is supported by opinion surveys and analyses of areas of specialization. This review suggests some reasons and possible corrective measures.

10. Management education curricula sometimes lag changes in the economic and technological environment. In the period of the 1950s, the concerns of U.S. business shifted from production to marketing, and in the 1960s, new financial instruments gained popularity. By the late 1970s most business schools had developed strong specializations in these two areas, and in the 1980s--when a major issue is productivity and competitiveness--many of these schools have been slow to respond. Consequently, business practitioners give MBAs high marks in analysis and in the knowledge of functional areas, but rate them poorly in short-term operational or "shop floor" skills.

11. A"problem focus" will be more effective than a discipline-driven approach in ensuring that key areas of competitiveness, such as operations management, are given the emphasis they deserve within business curricula. Such a focus, if accompanied by strong institutional leadership, is necessary if financial and human resources are to be channeled to priority areas rather than being spread ineffectually among many departments.

**Management Education and Managerial Attitudes**

Two kinds of dysfunctional attitudes have been attributed by critics to management education and particularly to American MBA programs: the "bottom line" attitude that favors short-term profit criteria rather than long-term developmental criteria in business decisions; and perspective; and the arrogant attitude of those who expect rapid promotions but feel no sense of commitment or loyalty to their organizations. International experience documented in this review suggests ways in which such attitudes, to the extent that they actually exist, may be overcome.

12. "Bottom line" attitudes are reinforced by business curricula that stress only quantitative techniques and indicators without placing business decisions in their environmental and organizational contexts. The widespread use of computers may contribute to over reliance on the quantitative aspects of decision making. Such attitudes may be challenged if not overcome by a balance of qualitative and quantitative courses in the business curriculum.
13. Attitudes among MBAs that are associated with arrogance and with weak organizational loyalties, resulting in rapid executive turnover, are perceived by the critics of business education in the United States and Europe. Such attitudes and practices may be an inevitable result of the strong demand in these countries for managerial talent. Companies that attempt to teach MBAs humility by placing them in low positions may find that they lose these new graduates to competitors or to other state enterprises. Employers in France have concluded that it is better to teach humility while the students are still in business school, and French companies collaborate in internship programs that include several weeks on the shop floor.

14. High turnover may be the consequence not only of weak organizational loyalties but also of poor career development planning on the part of the sponsoring company. The experience of the Nicaraguan Ministry of Agricultural Development and Agrarian Reform suggests that organizations that send their top personnel to a degree programs must have a strategy for utilizing effectively those personnel after their graduation and thus reducing executive turnover.

The above points are not intended to be exhaustive, but they do reflect the major lessons that have been learned in the design and implementation of business education programs around the world.
PART III

TRAINING FOR SMALL SCALE ENTERPRISE MANAGERS AND ENTERPRISES

AN INTERNATIONAL REVIEW
I. Background

The purpose of this review is to survey the evolution of concepts, approaches and techniques in relation to the training of small enterprise managers and entrepreneurs on a worldwide basis. Recognizing that over the past 30 years or so, both the concepts and content of managerial education and training especially in institutions of higher education have been based predominantly on the situations and experience prevalent in large enterprises, new ideas and thinking have developed as to how management and entrepreneurial training might be adapted to the needs and special characteristics of those who manage small scale enterprises. This review attempts to document the special requirements of this group and to record and examine the experience in both developed and developing countries of the activities undertaken to provide training for managers and entrepreneurs in this sector.

Background to Small Business Management

The basic components of the management function remain the same whatever the size or character of the entity or operation being managed. It consists always of elements of planning, motivation, direction, coordination and control. This applies equally to managing a small firm as it does to a large multinational corporation but in the latter, management covers a range of different specialized functions undertaken by different individuals or groups while in the small unit all the management functions are coalesced into the activities of a single individual or in some cases a few persons linked together in a family or partnership. In the large enterprise there is usually a sharp separation between management and ownership. The owners may be faceless corporations, institutions, public agencies or individual shareholders who are far removed from the daily operations and decisions of the enterprise. In the small enterprise, however, management and ownership are almost always combined in the same person or small group of persons. For this reason many refer to those who manage small enterprises as entrepreneur-managers, who need a greater variety of qualities and skills than a manager operating within a large organization.

Entrepreneur and Manager

The entrepreneur is defined quite distinctly from a manager. While decision making is at the core of all management, the manager of a division or department or group within a large enterprise or even a manager at the level of a chief executive makes decisions within relatively defined limits. In few cases do such managers, certainly at the middle level, have any substantial share in the ownership of the business nor do their
decisions involve risk-taking in relation to their own enterprise and livelihood. On the other hand the manager of the small enterprise in practically all cases has a major share in the ownership of the enterprise and must operate continually within the dual role of owner/entrepreneur and manager. It is essential to understand this dual role before one can consider the training needs of this group.

There may at times appear to be some contradiction between the roles of an entrepreneur and that of a manager. The most prevalent characteristic of an entrepreneur is a willingness to take risks and usually such a person is driven or strongly motivated to expand and innovate not being content or satisfied to work within an established enterprise. The manager, on the other hand, tends to operate more within an existing established framework making his decisions in a more cautious and prudent fashion, always basing them on the maximum information at his disposal.

The entrepreneur/manager most likely to make a success of a small enterprise is one who balances the conflicting tendencies of the two parts of the dual role, making his entrepreneurial decisions with prudence, seeking out the maximum information available and at the same time introducing innovation and some element of risk-taking into his management decisions. A successful entrepreneur is not a gambler so that the risk taking always needs to be moderated in the light of the knowledge of prevailing conditions. Management training, as related to small enterprises, has more and more taken account of this dual role of the entrepreneur and manager and has tried to develop the appropriate characteristics and techniques. Thus there have emerged two distinct trends in small enterprise management education and training - techniques and skills for managing the small firm and the development of entrepreneurship. It is now agreed that while one needs some essential personality and behavioral characteristics to be successful both as an entrepreneur and a manager, those of the entrepreneur are more difficult to implant and to teach and that one is likely to optimize success and to minimize wasted effort through seeking to develop only those persons who are considered as having the requisite characteristics for entrepreneurial success. In the case of managers while here too, it is accepted that not everyone has the personality and qualities to become a successful manager, most are of the opinion that the techniques and skills needed can to a greater extent be taught.

Support for Small Enterprises

Small enterprises are now the object of diverse programs of support by government both in developed and developing countries. They are variously regarded as better able to create maximum employment for limited capital investment, to utilize simpler technical and management skills, to promote innovation and, by catering for more limited local and regional markets, to spread wider the benefits of economic development. Yet it is recognized that they have to face special problems if they are left to fend
for themselves within a competitive market economy. Both market forces and public interventions are subject to considerable imperfections and, for a variety of reasons, small enterprises without special support are deprived of access to finance, to technology, to market information and to the managerial and technical skills they may need for the efficient operation of the business.\(^1\) Program of assistance, advice and training aim to redress this imbalance in providing access to such resources. The small scale entrepreneur-manager cannot afford the costly specialists which large enterprises use to handle the financial, organizational, production, and marketing functions. Usually the small scale entrepreneur/manager acting alone, or with only very limited administrative support, has to handle all the decisions in relation to raising finance, committing expenditures for investment, procuring the materials and other needed inputs, designing and producing the products and selling the output. The scale may be reduced but the complexity and diversity of the problems remain and the decisions may be as difficult.

**Training Needs for Small Business Management**

Management training for the owner-managers of small scale should aim to help provide the skills and techniques to carry out the role more effectively. Most of these entrepreneurs have acquired their knowledge or skills through experience. Few have had formal education to a higher level. Most are predominantly self-educated. Before establishing their business they have earned their living as artisans, mechanics, middlemen, civil servants or as skilled workers, supervisors or at the lower management levels of larger enterprises. Few are graduates - engineers, scientists or perhaps financial specialists - mostly in more recent years in small enterprises using higher technology. While their previous occupation may have endowed the entrepreneurs with technical knowledge or skills or experience in producing or selling the products or with some administrative experience, in very few cases has it equipped them to handle the many varied facets of managing a complete enterprise.

Management training programs must aim to equip the entrepreneur/manager of the small enterprise for the integrated nature of his task and the daily problems he faces. This calls for a different type of management training than that provided by colleges, university and institutions. While no training programs can realistically correct all the deficiencies in a small business nor enable the manager to solve all these problems, it is essential that the content of such training activities is relevant to his daily problems and to the decisions he has to make. Even today a good deal of the training material presented in management courses, in virtually all countries, are based on situations prevalent in large enterprises and on techniques used to deal with problems in such organisations thus having little relevance to the real world of the small scale enterprise manager.

\(^1/\) In many developing countries, this could be the result of the political and bureaucratic discrimination in favor of larger firms.
Gradually over the past decades this has become increasingly apparent to the agencies and institutions seeking to assist small enterprises and efforts have been made in various countries to prepare training materials and to design courses, seminars and workshops to conform to the real world of the small scale manager. The situation has improved, but there's still need for more to be done to adapt the training to the real tasks and problems faced by this group. Training for entrepreneur/managers of small enterprises must take more account their general lack of advanced education and of the excessive pressures and burdens of business activities which make it unlikely that there will be time or readiness to absorb wider concepts or more complex techniques of management for which there may appear to be little or no direct relevance to immediate concerns.

II. Types of Training

Recognizing the dual role of entrepreneur and manager, training for small business owner-managers has been divided into two distinct categories of activities namely programs for enhancement of management skills and techniques and development of entrepreneurship and of new enterprises.

Alan Gibb\(^2\) has categorized the variety of programs as including:

1) **Short courses** at weekend or evening or possibly lasting one or two days. This meets the most obvious constraint of small enterprise managers, that of time, and their reluctance to be away from their business. The range of subjects covered in such courses is wide and varied and may include: problem solving, leadership or decision making, legislative matters such as taxation, employment laws, financial regulations, etc., or techniques such as costing, budgetary control, production planning, quality control, use of computers, exporting, etc. The short course is usually attended by a broad heterogenous group of participants recruited through advertising or general promotion with little pre-selection. Groups are usually around 20 to 30 but sometimes go up to 50 or more if demand is great. In some countries short courses are also held of about 20 to 40 hours as introduction to basic management skills.

2) **Workshops or Seminars** which may differ from the short courses not in duration but in its focus on problem areas within the participating enterprises. These activities use the training event as part of a process of diagnosis, problem solving and counselling for the small firm. Groups are smaller, generally in

the 10 to 15 category with definite pre-selection aiming at some homogeneity as regards sector, size, type of entrepreneurs, and degree of development. These workshops may use the company audit approach on which there is an even stronger element of participation and problem solving. The "Look After Your Firm" Swedish self audit model (described later in this paper) is a well structured example. This problem solving approach to training is set out in the chart on the following page. These training activities take the form of workshops on inter-firm comparison or "action learning" groups.

3) Longer courses of 100 to 300 hours, sometimes full time residential but more usually over a year or longer part time in the evenings or weekends. These courses are run by universities, business schools, institutes and colleges of technology, management development and productivity centres and sometimes in certain countries (Europe, Japan) by chambers of commerce and industry, employers, organizations, professional and trade associations or consulting and training institutions. In some countries these courses may require some basic qualification for participation, usually some minimal education standard or having previously passed through a short more basic course. The contents of these longer courses vary but there is usually emphasis on bookkeeping, accounting, organization, production, marketing and personnel management.

Entrepreneur and Enterprise Development

On the entrepreneurial side, training for this role is difficult. The entrepreneurial characteristics of readiness to take risks and the drive for innovation are qualities that cannot be taught and should be brought by the owner-managers to their enterprises. Most entrepreneurial development programs (EDP) aim at selecting those who are considered to have these characteristics and to enhance their latent entrepreneurial capacity. Faced with mounting problems of employment creation both in the developed and developing world, more concern is being displayed by governments and policymakers in identifying and stimulating entrepreneurship and helping those who are considered as able to take advantage of business opportunities, to marshall the inputs needed to implement a project and who have the personality characteristics to take the risks involved in putting a venture together and to invest their own resources in doing so. In most cases - but not exclusively so - such entrepreneurship results in the creation - or probably the expansion - of a small enterprise in which the entrepreneurs play the principal or major role in management.

In the training field a distinction should be made between activities in the field of enterprise development and entrepreneurship development. Industrialized countries offer a variety of courses under titles such as "How to Start Your Own Business". The decline of large scale manufacture especially in the traditionally basic industries, has made governments in industrialized countries turn more and more to small
Figure 1: Problem solving approach to training

1. Recognition and definition of problem
2. Measurement of size of problem
3. Identification of possible causes
4. Select most likely cause
5. Identify relevant behaviour deficiencies
6. Identify learning needs
7. Identify other deficiencies (e.g. systems support, etc.)
8. Clarify behaviour and learning contribution to solution of the problem and also other "supportive" changes needed (in system)
9. Develop suitable training programme
10. Set up other supportive action to "solve" problem
11. Implement actions
12. Monitor

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3/ A. Gibb, op. cit.
enterprises to provide jobs for those made redundant through automation and the competition of newly industrialising countries. The courses referred to are short usually held in the evenings or weekends possibly for ten or twenty hours offering practical advice on how to prepare a business plan, how to approach banks or other institutions to obtain finance, give an introduction to the legal pitfalls in establishing an enterprise, and give information on services available for technical, management and marketing help. They offer a whole list of "caveats" the intending entrepreneurs should know about before starting out on their ventures. Some courses may include exercises or games on the steps to go through in setting up an enterprise. Institutions as diverse as the Small Business Development Centres (SBDC) created in US Universities with assistance from the Small Business Administration (SBA), the Small Business Centre of Durham University Business School as well as a number of other such institutions in the UK, the Laval University in Quebec, Canada, the State government agencies for promoting small businesses in New South Wales and Victoria in Australia, the Irish Management Institute, the Chamber of Commerce and Business Schools in France, just to mention a few institutions in different countries that offer a training package along the lines mentioned for the creators of small businesses. In recent years the number of such courses have grown considerably focusing on managers, supervisors, professionals and skilled workers made redundant in the closing down or the reduction in operations of the larger enterprises. In the UK even some very large corporations such as British Steel and Imperial Chemical Industries, offer short training courses on setting up a small business for certain categories of employees made redundant in their organisations.

All the above training directed towards enterprise development is generally based on the premise that those taking part have ideas for a new small business and that they have the drive and motivation to carry through their plans. Those who don't - runs the belief - or who lack the characteristics to be a successful entrepreneur, will inevitably fall by the way when faced with implementing the various steps in the enterprise development process or their business will fail in the first years. This follows the view prevalent in developed countries, and borne out by overwhelming evidence that the majority of small enterprises go out of business in the first few years of existence. In fact ease of entry and exit, of birth and death, has always been regarded as in the nature of small business giving it both its strength and its weakness within the economic structure. In the USA and to a lesser extent in Western European countries too this process of high birth and mortality is considered as the price worth paying for maintaining a highly competitive system. It is considered that many entrepreneurs and managers learn from these business failures and may later reenter the economy more seasoned and more experienced. But even in the developed countries it is recognized that this may be a wasteful process as well as a very expensive educational system for managers. It is accepted that most failures are due to poor management and some - not by any means all - could be prevented by appropriate training and possibly by better screening, and advice.

4/ The socialist countries have also experienced a rapid growth of small enterprises in recent years.
III. Review of Training in Different Countries

Most governments recognize the need for a more comprehensive education and training policy to promote the development of small enterprises but there are still many differences as to how such a policy is transformed into active programs. In some countries, mostly the industrialized ones, but also a few among the developing, efforts have been made to integrate small enterprise development and management into the educational structure of the country. The following is a brief review of the experience of different countries, both developed and developing.

United States

In the USA, a whole network of education/small business interaction has developed whereby students are encouraged to become owners of small businesses through a range of university and community college small business and entrepreneurship courses. Entrepreneurship training is even introduced into the primary and secondary school teaching through "junior achievement" programs and other projects.

Management training and counselling with both potential and/or existing small enterprise owner-managers are carried out in university management courses, through continuing education programs, through the Small Business Development Centres and a variety of training activities carried out in so-called Innovation Centres, in Junior and Community Colleges and through courses run directly by the U.S. Department of Commerce. Since the mid-1960s the subject of entrepreneurship and small business management education has received increasing attention in US business schools. In 1970 it was reported that only 30 schools were offering entrepreneurship courses and this grew to 147 by 1981. This rapid growth in the entrepreneurship courses offered marked a distinct shift from a more general education in business management to the recognition of the special features involved in initiating and managing a small business. Previously business education generally trained students for management positions in larger organizations while the new approach concentrated on those who would manage their own enterprises.

The financing of training programs for small enterprise management in the US, comes both from fees charged (many courses are self sustaining in this respect) and from grants from public agencies such as the SBA, the U.S. Department of Commerce, or the National Sciences Foundation (NSF). Approximately, 500 U.S. colleges and universities are part of the Small Business Institute (SMI) program (supported by SBA) where faculty-


supervised student teams work in consulting roles with small business. During one year-1981; 10,000 graduates and undergraduates took part in the SMI Program as part of their training in this field and counselled 8,000 business owners.

Probably the major instrument for SBA support of small business training and counselling in the U.S. are the SBDCs which started operating in 1977. The SBDC structure was embodied in legislation in the Small Business Development Center Act of July 1980 which specifies in detail the activities and staffing in the centres and their role in counselling, training and research. By the beginning of 1987, there were 49 SBDCs, 46 of them based in academic institutions, mainly universities and community colleges, and three others in Illinois, which are run by state agencies. These 49 SBDCs operate from 500 service locations with assistance tailored to local needs. The SBA provides 50 percent (or less) of the funding of each SBDC, the remainder is provided as matching funds from the states, chambers of commerce, private foundations or from the academic institutions involved. In all it is estimated that the SBA spent US$35 million in 1986 supporting the SBDC.7

SBDC services range from free counselling to individual businesses in financial management, marketing, technical problems and in investment decisions, to training programs usually short courses on such subjects as legal matters, financial and cash management, record keeping, marketing and advertising, franchising, how to develop a business plan and personnel management. These courses may run to five or six sessions of two to three hours each, using as instructors both SBDC staff and outsiders from the business community. Considerable use is made in these courses of instructors from SCORE (Senior Corps of Retired Executives) a group of volunteers of retired persons with long experience in business who offer their services for no fee (only limited expenses). SCORE also runs its own training and counselling services for small business also with financial support from SBA.

SBDC counselling and training activities are generally not organized along sectoral lines. Service enterprises such as retail stores, restaurants, personal services, etc. are prominent among the recipients of SBDC assistance and as participants in the courses.

In recent years SBDC activities have tended to focus assistance to small businesses along lines in keeping with national needs. For instance SBDC's now offer counselling and guidance on how to obtain research funding to develop or improve products. Other courses and workshops help inventors to evaluate the technical and market feasibility of new products developed. SBDC also offers counselling and training to help small businesses to export. Some SBDCs have established separate International Trade Centres to

advise and instruct in identifying foreign markets, preparing the proper documentation and licenses, how to arrange to ship products and to explore sources of export financing.

In a further effort to link SBDC's activities with other support programs, centers conduct procurement conferences to inform small business owners on how they can take advantage - either directly or as subcontractors - of the large procurement programs of the federal and state governments and of major corporations.

SBDCs also work closely with the 'Incubator' Program which is designed to provide new entrepreneurs and businesses with small affordable premises to help cut start up costs by sharing administrative services such as bookkeeping, secretarial help, etc. and where they can more easily take advantage of on-site management counselling and training provided.

The location of SBDCs within academic institutions is intended to make use of all faculty expertise but in practice this has not always proved feasible. While pressing SBDCs to use all available expertise within the institution, SBA also encourages the use of SCORE and consultants from the business community as instructors in the training programs. The demands of the on-going educational programs have often made it difficult to use all the specialists available in the academic institution concerned. This conflict is even more pronounced in the operation of the SMIs where the extension and advisory work is undertaken by students (graduates and undergraduates) as part of their course requirements.

An interesting side effect of this program is that many U.S. universities are actually setting up their own small enterprises - often in so-called science or research parks - based on 'spin-offs' from research carried on in the institution. This development together with the direct small business consulting activities has helped to make the educators and trainers more directly exposed to the realities of small enterprise experience.

Canada

Canada also uses the academic institutions as the main delivery system for training for small enterprise management. Universities including the Manitoba Institute of Technology, York University in Toronto and the Laval University in Quebec, (specifically for the French speaking community) and several others have developed graduate and undergraduate courses of one or two year duration in small business management and entrepreneurship. These institutions along with other universities have

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set up Entrepreneurship Development Centres to provide counselling and training for new entrepreneurs supported financially by both the federal and the provincial governments. These centres combine entrepreneur identification and development through training together with the provision of factory space and continuous counselling.

Course seminars and one day meetings for small business managers and entrepreneurs are also provided by the Federal Business Development Bank (FBDB) in Montreal, the main government owned financial institution in the country providing credits and financial assistance to smaller enterprises. The short one-day meetings are intended to provide information on the whole range of government assistance for small firms in Canada. As in the U.S. use is also made in Canada of retired business people as instructors through the CASE (Counselling Assistance to Small Enterprises) Program. In 1980 some 1,900 retirees were involved in the FBDB counselling and training programs. It was not necessary to be an FBDB borrower to benefit from the counselling and training programs.

**United Kingdom and Ireland**

Also in the U.K. the higher education sector offers a variety of programs mainly for business start-ups known as the New Enterprise Programs (NEP) which was sponsored by the Manpower Services Commission (MSC) set up by the government to develop programs to combat unemployment. These take place at the five major business schools in the country. The London Business School, the leading institution in business education in the country has had for a number of years a small business department and is actively engaged in research and training in the field.

It was reported that in the early 1980s, 30 or 60 percent of all universities in the U.K., have university industry liaison programs which included management training and ten universities had full educational and research programs for small business. The Cranfield School of Management has set up an Enterprise Development Centre which devotes a great deal of its activities for overseas participants especially from the third world, and has established one of the only professorships in small business in the U.K. The MBA course at Cranfield gives over a high proportion of the curriculum to the setting up and managing of small businesses. The Small Business Centre of the Durham University Business School is also a prominent centre of small business management training and entrepreneurship development especially in the northeast of England. Shorter business courses both full and part time, lasting 6 to 10 weeks are offered at most polytechnics, colleges of commerce and technical colleges throughout the

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U.K. Some of these are really aimed at starting people, mainly the unemployed, in self employment. Many of the training programs in the U.K. especially those sponsored by the MSC are aimed more at self employment rather enterprise development.

Training for small business management was given increasing attention in the U.K. after the publication in 1971\(^{11}\) of the Bolton report which raised public awareness of the importance and problems of the small business sector, and which led to an increase in the training opportunities offered in small business management. A farther impetus was given with the recession of 1979-81 and the sharp rise of unemployment. Enterprise agencies developed in all the major urban countries set up by groups of large firms to advise and help small business solve their problems. These agencies usually in collaboration with colleges of farther education began to run short one or two day courses on how to start and run a business.

These courses have attracted large numbers of participants estimated to reach an enrollment of 10,000 a year by the early 1980s although the proportion of those attending that actually started businesses is considered to be quite small. Longer courses, of about a month, are provided by the business studies departments of polytechnics and business schools usually as part of the New Enterprise Programs. Further assistance in the practical steps in starting and running the business is given by the business studies department staff of the institutions. From mid-1977 to 1981 only about 350 people took part in the N.E.P. but it is reported that the drop out rate was low and that 300 new businesses were actually set up as a result of this program.

In general, small business training in Britain has not been along sectoral lines despite the elaborate network of research associations in the different industries which offer technological assistance and carry out technical development work.

In Scotland the Small Business Division of the Scottish Development Agency carries out short courses both for new and existing entrepreneurs focussed on such subjects as marketing and exporting and managing cash flows.

The Enterprise Development Programme in Ireland\(^{12}\) provides counselling and training which are matched with financial assistance for executives still in employment in large companies but with viable ideas for new businesses. This program is targetted by the Industrial Development Authority of Ireland at people with training and experience as engineers or

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accountants to encourage them to set up new industries. Apart from counselling and training, this program also provides loan guarantees and in some case some equity as well. The Irish Management Institute also conducts courses for small business managers in field such as finance and marketing and has put out booklets with (to be used as training aids). The Industrial Training Authority of Ireland (ANCO) also runs a 20-week course on starting up a new enterprise.

**In Plant Training**

Programs operate in Denmark, Ireland, the Netherlands and Portugal to support small business development by transferring both experienced professionals or recent graduates to smaller enterprises for periods up to six months with their salaries subsidized from public funds. These programs are intended to provide training both for the participant and for the small enterprise manager in the receiving firm. In Ireland the program is extended to subsidize graduates to work for small enterprises on particular innovations. Such programs also operate in Berlin, in Austria and in Norway.

**Australia**

In Australia there are five universities that offer one and two-year undergraduate courses in small business management and entrepreneurship. In addition the state governments in Australia have set up services for assisting small business, variously named Small Business Bureau, or Advisory Service or in the case of the more populated states of New South Wales and Victoria, a small business agency and a small business development corporation respectively. These entities all operate consulting and training programs at the state levels. Some of the state government agencies have developed training packages which are available to any group wishing to conduct courses for small enterprise owners. The national government has coordinated these efforts into a comprehensive broad common training package providing notes for the instructor, visual aids, film, videos, bibliographies as well as material for distribution to participants on how to deal with the problem of starting and managing a small enterprise.

**Western Europe**

In Western Europe as distinct from the English speaking countries, the Chambers of Commerce and the private sector associations

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organize and control most of the training for small business. This may be due to the fact that in three of these countries (France, Germany and Netherlands) these chambers have public law status and are financed by some form of tax on all business which gives them more resources and enhanced status. In these countries all new businesses are obliged to register with their local chamber. Also the chambers have widespread regional coverage and an extensive organization that makes them suitable vehicles for training programs.

In France the Chambers of Commerce (Chambres de Commerce et d'Industrie) have since the early 1970s been playing an increasing role in counselling and training for small scale enterprises in the management field. Many of these chambers set up "Bureaux de Promotion Industrielle" (Industrial Promotion offices) which organize regular discussion groups among small groups of a dozen or so small enterprises as well as offer longer training programmes in small business management. There is a special programme at CEFAGI (Centre d'Etudes et de Formation des Assistants en Gestion Industrielles - Studies and Training Centre for Advisers on Industrial Management) which has trained hundred of these management advisers (AGI - Assistant Techniques en Gestion Industrielle - Technical Assistance in Industrial Management) to counsel and train managers of small businesses. The Chambers of Trades (Chambers de Metiers) is responsible for maintaining technical standards of small enterprise managers and has with government help, trained a large number of technical assistants at the CEPAM (Centre d'Etudes et de Perfectionnement de l'Artisan et de Metiers - Study and Training Centre for Artisans and Tradesmen) for this purpose. The Chambers de Metiers and CEPAM also train special instructors to teach business administration and management to owners of small enterprises.

Apart from the Chambers, the Confederation Generale des Petites et Moyennes Enterprises (CGPME - General Confederation of Small and Medium Enterprises), a powerful organization, established in 1936 within the French employees organization - the Patronat - offers a wide range of services which includes the provision of technical information and management training. There are also other private sector organizations offering small business management training such as ETHIC (Mouvement des Enterprises de Taille Humaine Industrielles et Commerciales) and CJD (Centre des Jeunes Dirigeants) which groups together about 3,000 owners/managers of small industrial firms. The CJD has also made a major contribution to small business management in France by preparing hundreds of case histories for use in management courses from the experience of its members.

Many of the universities and business schools in France also provide some type of education for small business entrepreneurs and managers. It is interesting to note that in general most of this training

is focussed on improving management in existing small enterprises although there are some activities aimed at new venture creation. Some of the programmes at business schools and universities are criticized as too theoretical and as too general. In this respect the efforts referred to by CJD and by ETHIC that introduce more visits to enterprises, discussions and exchanges based on the experience of entrepreneurs, and more case materials based on real life experiences have helped to bring more reality into the training.

An interesting development in France in this field has been the help of large enterprises to small firms. In some areas groups of executives from large firms meet regularly with small enterprise owner-managers to discuss the latter's problems and to give advice on how they might improve their operations.

In Germany, training, information and counselling services are all provided through Chambers of Commerce, Chambers of Crafts (Handwerk-Kammer), various trade associations, RKW, (the German Productivity Centre). Federal and Land (State) government financial support is given to these authorities and there are also schemes for subsidizing advice and training through private consultants. In the German system the government provides finance but is not directly involved in the delivery of the training.

Management education and advice for small scale business is widespread and takes a relatively standardized form through the country. Two standard programs have been developed by the Institute for Technik der Betriebsfuhrung (ITB) - the Institute for Management Techniques - in Karlsruhe. This institute is one of six member research institutes of the Deutsche Handswerks (Crafts) institute of Munich. The first programme is called ABC and is a short course of eight days aimed at the very small firm owner-manager to cover the main features of managing a business.

The second program is the Management of Enterprises which is aimed at the professional training of the owner/manager of the larger firm although still within the small enterprise category. It consists of 300 hours on a module basis over 18 months and culminates (in keeping with most training in Germany) with an examination for a diploma. Both these courses are heavily subsidized by the Land and Federal governments and are organized by the Handwerk Chambers. The courses are given at the Handwerk training centres and are run by staff trained at ITB.

The RKW - the German Productivity Centre also hold a number of courses for small enterprise managers on financial production and marketing management.

16/ EAG/Shell-U.K. op. cit. and A. Doran (EAG) op. cit.

17/ "Handwerk" although literally translating to "Crafts", is the term used in Germany for virtually all small industry. The Handwerk(Craft) concept is old in Germany and the Chambers were originally established as guilds for the craftsmen and artisans.
The Netherlands\(^{18}\) has followed a similar practice to Germany in that training together with counselling has been carried out for small enterprises through the Chambers of Commerce and a complex network of publicly subsidized private organizations. In both these countries training is widely decentralized and localized and in both there has been a greater tendency to provide management training along sectoral lines e.g. for firms in metalworking, woodworking, leather footwear, apparel, textiles, etc. This is in keeping with the breakdown of the membership of the organizations into sectoral groups. There are many who believe that the small scale industrialists is better able to relate to the management issues and techniques if they are presented within the context of the manufacturing activity with which he is familiar. Also management training within common sectoral groups makes for more effective exchange between participants, makes better use of case material, can be more closely related to other forms of assistance - technological help, design and marketing assistance - and can be integrated into an overall effort to address the problems of the sector.

**Sweden**

One training initiative of the Swedish Employers Confederation (SAF) is of special interest. In 1970 SAF published a booklet entitled "Look After Your Firm" (later adapted in Britain by the British Institute of Management under the title "Know Your Business"). The material was intended to provide in layman's language a tool for the small scale entrepreneurs to analyze the strength and weaknesses of their businesses. It is reported\(^{19}\) that this 'analysis kit', as it might be called, proved very successful and was used extensively by Swedish small business.

The success of this material is attributed to the fact that great care was taken to adapt it to the real needs of small businesses. More than 50 small businesses were surveyed and interviewed in preparing the material as well as banks, accountants and organizations that were in daily contact with the owner-managers. The 'kit' takes the form of a lengthy check list which enables the small business manager to make a survey of his financial situation and to evaluate the real success of his operations. Later an additional part entitled 'Action Program' was added which helps the entrepreneur to consider what steps he might take to improve his business.

This Swedish material has been translated and distributed widely with support from SIDA (Swedish International Development Agency).

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18/ EAG/Shell, U.K.


has adapted the material to the needs and situation in developing countries and has published it under the title 'Improve Your Business'. It is now being distributed in 10 different developing countries as a package consisting of a workbook of simple exercises together with a trainer's manual. The material is used both as an analytical tool for the entrepreneur to use on his own and also for group learning.

The Swedish Institute of Management (IFC) introduced in the 1970s a training course specially designed for managers of small and medium enterprises entitled 'Develop Your Company' intended as a follow up to the "Look After Your Firm", exercises. The program comprises 21 days in residence made up of 7 sets of 3 days sessions each. The seven sections cover the subjects - analysis of the firm, marketing, managerial accounting, financing, provincial planning, overall management and long-range planning. The 30 or so participants each, work in groups of five or six. The trainers are all persons who have had practical experience in running small companies. There is also a second, shorter program which lasts only 20 days made up of 4 sessions of 3 days each plus eight days in the participants' own companies applying what they have discussed and learned. It is claimed that both these programmes have proved popular with the small business community.

Japan

Japan has always been recognized as a country in which small enterprises have played a major role and where government policies have always tried to assist the development of this sector. In 1948 the Smaller Enterprise Agency (SPA) was established following a decision of the post-war government to adopt as a number of supportive measures among which was the provision of guidance and training for the small business sector. A long-term program of managerial training was initiated by the SPA in 1963 and later in 1967 a short term program was added. The courses were implemented by the prefectures and the municipalities of the major cities.

Each course was of 95 hours duration, 65 hours lectures and 30 hours of practical exercises. To accommodate the time constraints of the small business managers, the courses were given in the evening over a three month period. The shorter program, for only 36 hours, covered the same field as the longer course but in a more general fashion. Both the courses covered general management practice and the management of production, finance, marketing and personnel. Costs for the courses were borne equally by the national government, the prefecture or city involved and modest fees from the individual participant, an arrangement which is widely prevalent in Japanese training programs.

In an evaluation carried out a few years after the start of the courses, many participants stated that the course has been beneficial to them but some complained that the material was theoretical and uninteresting and that the instructors, mainly college professors, had little practical experience of small business.

In general, counselling and training for improving business management in small enterprises in Japan are administered within the so-called Managerial Guidance System administered through the Chambers of Commerce. The service which had over 8,500 full-time consultants with 4,200 assistants in the early 1980s is heavily subsidized by the government. This number of consultants is estimated to provide one for every 500 small and medium enterprises throughout Japan.\(^2\) The service, which is free, is targeted especially at advising and assisting manufacturing enterprises with less than 20 employees.

The Small Business Promotion Corporation (SBPC), established in 1967, is responsible for training all grades of management guidance officers and issues the relevant certificates and licenses. These guidance officers are given a basic one-year full-time course which is followed by written and practical examinations. There are also special courses in specific fields of management of one-month duration, and a more advanced courses of ten days. The guidance personnel who receive this training are employed by the prefectural and city governments. Similar courses, although of shorter duration (one to three months) are given for management guidance personnel employed by trade associations and Chambers of Commerce.

The SBPC has also offered over the years a variety of courses, of one week to a month's long, for small business entrepreneurs on such subjects as the forming of factory clusters, government support programmes, for small enterprises, raising technological standards, legal issues, establishing and using a computer centre, development of joint production or marketing programs, etc.

The large public support program for small enterprises in Japan which includes credits, guarantees, promotion of subcontracting and government procurement, industrial estates as well as counselling and training has laid great emphasis on management improvement and raising productivity in smaller industries but has chosen to do this mainly through direct consultancy and advisory services. Its training programs, although including a wide range of courses for small business managers have emphasized the training of small business consultants who then directly advise and train the entrepreneurs. In addition, apart from the basic management training courses outlined above, training programs for managers have focused on informing them of the variety of services and programs available and how to use them effectively. Taxation (including guidance on both managing and avoiding taxes), accounting (including use of joint

\(^{22}\) EAG, *op. cit.*
contract bookkeeping and computerization services), problems of patents, using technology information services, arranging finance through the various financial and guarantee assistance programs, organizing and using insurance schemes, market research and exporting - these are among the subjects covered by consultancy and training through the Chambers of Commerce and Industry.

The Japan Productivity Centre (JPC) as part of its work in promoting productivity in the country also has special training programs for small and medium sized enterprises (SME) organized under a special productivity committee established to help work with this sector. The JPC operates consultancy, information services and training programs and runs one year courses both for training consultants and for SME managers. The JPC has provided training in cost accounting, work study and methods improvement, personnel and labor management relations and financial and business controls generally through relatively short part time evening courses or the form of seminars or workshops. The JPC has also produced a number of manuals, brochures and case materials for the SME sector.

While most management training by the SEDA, SBPC, the JPC and the Chambers have tended to be general rather than sectoral or trade specific - the Commerce and Industry Trade Associations that belong to the National Federation of Small Business Associations - do provide training to groups of the same sector. These activities aim to encourage modernization and productivity improvement of small businesses through joint business undertakings which is one of the main objectives of small business policy in Japan. Such joint undertakings include common purchasing, production, sales, storage, transportation, quality control and inspection, loan guarantees, information, either through cooperatives or other group forms.

The Developing Countries

In the developing countries, training of small business managers has taken on varied forms, some based on the experience of the more industrialized countries as described above, but some features arising out of the special situation in the Third World.

Apart from EDP, the University of the Philippines - Institute of Small Scale Industries (UP-ISSI) and other institutions in the Philippines have carried out different forms of small business training over a number of years. The Development Academy of the Philippines has over the years provided training for groups of small-scale entrepreneurs often from the same sector such as those engaged in agroprocessing and fisheries. The training was given often as part of organizing a group to encourage the use of common facilities and joint marketing. The National Cottage Industries Development Authority (NACIDA) has run training programs to improve management skills for very small scale producers in such fields as raw

materials procurement and handling, quality control, product development and marketing. NACIDA's program also includes conferences and seminars to provide information on legal issues, taxation, sources of finance and government purchases.

The Asia Institute of Management (AIM) in Manila, although a business school designed to train executives for the corporate sector, tries to encourage students to plan and set up enterprises of their own. The AIM has a special program for discussing and reporting on actual entrepreneurial experiences of students. Students are encouraged to implement projects which they have conceptualized and planned.

In Sri Lanka24 there are three organizations providing entrepreneurship development and management training for small enterprises. These are the Small Scale Enterprise Development Division of the Ministry of Employment (SSEDD), the Sri Lanka Business Development Centre (SLBDC) and the National Institute of Business Management (NIBM).

The SSEDD offers free training in the form of four-day long courses mainly to create awareness and impart some basic knowledge on small business. In addition one to three day courses are offered on specific topics such as bookkeeping. No effort has been made to ascertain the effectiveness of the program.

In the period 1983-85, the SBLDC and NIBM together with the Chambers of Commerce carried out 10 EDPs in which 200 aspiring entrepreneurs participated, together 50 others already in business. The lack of proper selection and linkage to finance and concrete support seems to have resulted in few new enterprises actually being started. EDP in Sri Lanka seems to have been conducted in an effort to place unemployed youth in self employment rather than a real effort at entrepreneurship development.

Indonesia is one of the countries that has developed a wide assortment of SMI training programs and EDPs.25 Universities in all parts of the country offer a variety of courses designed to improve the entrepreneurial and management skills of entrepreneurs and small business managers and have produced useful training materials (Airlanga University, Surabaya).26 It is claimed however that they mainly help the more advanced small enterprises who can make use of the material presented.


EDP using Achievement Motivation Training (AMT) have been carried out in Indonesia by the Institute of Technology in Bandung and by different centres in Semarang. (Central Java)- (YPD and YDS)\(^{27}\) and by some private management institutes such as LPPM - (the Institute for Management Development) in Jakarta which has developed an interesting program for training small business consultants.\(^{28}\) The curriculum of the latter includes techniques for interviewing small scale entrepreneurs, a basic understanding of the operation of small businesses, techniques for auditing small businesses and the application of modern business methods. This course consists of 100 classroom hours and 250 hours of working directly on the accounts of small business on their accounts and diagnosing their problems.

HongKong provides an interesting case of small business training in a 'laissez faire' economy. Most courses\(^{29}\) are run by the HongKong Productivity Centre ranging from training in the use of computers to improving use of technology, raising quality and management practices. As might be expected it is not felt there is need for entrepreneurship development and most training is directed at existing entrepreneur-managers as an adjunct to the consultancy services of the centre in helping in investment decisions, carrying out and using market research, information on new technologies and most recently environment control.

There are many programs for small enterprise management and entrepreneurial training in India. The Small Industry Service Institutes (SISI) which provide a variety of services for small scale industries in all the states run extension courses of varying duration for entrepreneur-managers. These include both short and longer general management courses and again workshops or seminars on special topics. SIET - the Small Industries and Extension Training Institute - in Hyderabad trains extension officers for the SISI. The major banks such as the State Bank of India and the Industrial Development Bank of India (IDBI) have developed networks of consultancy and training for small enterprises.

Particular mention should be made of the IDBI actions in setting up the Technical Consulting Organizations (TCO) set up in most of the states to provide assistance to small enterprises. The TCOs assist in

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27/ Yavasan Purba Danarta, an NGO (non-governmental organization) that gives support in the field of community development; Yayesan Darma Santi, is also an NGO that has entrepreneurship and human resources development as its main objective.

28/ Winoto, Doeriat A., Training of Small Business Consultants: Indonesia Experience; Small Scale Industry Promotion in Developing Countries; Molenaar, El-Namaki, Van Dijk, RVB, Delft, 1983.

29/ Fung-Shuen Sit V.; Wong, S-L; Kiang, T-S; Small Scale Industry in a Laissez-Faire Economy, A Hong Kong Case Study, Centre of Asian Studies, University of Hong Kong, 1979.
promoting EDPs and work with technical institutions to provide suitable training for small industries.  

The close links of many of the extension and training programs in India with the financial institutions has helped to integrate the provision of finance with these other forms of assistance. It has also helped raise the effectiveness of the credit program and to assist those facing difficulties in meeting debt payments. The extensive experience with EDPs in India is described later.

**Latin America and Caribbean**

The Asian countries have been among the foremost in promoting EDPs and small business management training. Of the 53 EDPs reviewed by Harper, 38 or almost 75 percent were in Asia. However Latin America and Caribbean countries have also developed training programs in this field. In some of these the initiative has been taken by the large well-financed national vocational training institutions such as SENA in Colombia, SENATI in Peru, INA in Costa Rica, INFOTEP in Dominican Republic. These institutions have active programs to provide training for small enterprise managers usually for particular sectoral groups. They often combine technical and management training. The vocational training institutions are usually well endowed with funds since in these countries all industry large and small, are required to pay to the government a training levy or tax based on their employment and this is usually passed on to finance these organizations which can then offer completely free courses. In Asia most government subsidies for small enterprise training go out of the general budget to the public agencies to carry out their programmes. In the system of the 'training levy' the Latin American institutions seem more solidly based financially.

Apart from the activities of the vocational training institutions other training activities are carried out both by public and private agencies. Two of the most established agencies in Latin America are CEBRAE in Brazil and SERCOTEC in Chile. CEBRAE established in 1972, has a network of 22 agencies affiliated throughout the country and employs over 2,000 persons. Through these agencies and in collaboration with various


31/ CEBRAE - Centro Brasileiro de Apoio a Pequena e Media Empresa - Brazilian Centre of Support for Small and Medium Enterprises; SERCOTEC - Servicio de Cooperacion Tecnica - Technical Cooperation Service.

universities and the Confederation of Industries. CEBRAE has helped establish Training Centres in Business Management throughout the country to provide training suited to the needs of the small scale entrepreneur which organize management courses for groups for the same sector. CEBRAE has also played a major role in preparing appropriate training materials including visual aids and case studies has organized seminars for instructors.

SERCOTEC in Chile was established in the early 1950s and is probably the largest and most comprehensive national agency in Latin America to provide finance and support services for small enterprises. Since the mid-1960s it has carried out comprehensive training programs for entrepreneur-managers of small industries mostly in the form of short courses and seminars in different aspects and techniques of management. SERCOTEC's training has always been closely linked to its well organized extension services, its assistance in marketing and its financial assistance programs. Instructors are generally SERCOTEC personnel engaged in providing advisory services.

Africa

In Africa programs of small enterprise management training have been more limited and generally conducted by agencies developed by the government to promote and assist small businesses such as: Small Industries Development Organization (SIDO) in Tanzania and Zambia, Management and Training Advisory Centres (MTAC) in Kenya and Uganda, the special offices set up to promote small enterprises in the French speaking countries - such as SONEPI in Senegal, CAPME in Cameroon, OPEN in Niger, CAPEN in Ivory Coast - all operate small business management courses. In general all these courses are based on foreign training material from Europe or the U.S. but a start has been made in preparing local material based on African experience.

33/ Carballal, Parodi J., "El Servicio de Cooperacion Tecnica y La Asistencia Tecnica a las Pequenas y Medianas Empresas en Chile", paper presented Regional Meeting of Donor Agencies on Small Enterprise Development in Latin America, Quito, Ecuador, April 1985.

34/ See Summary Record and Papers of African Regional Meeting of Donor Agencies on Small Enterprise Development, Abidjan, Ivory Coast, June 1983.

SONEPI - Societe Nationale d'Etudes et Promotion Industrielle - National Industrial Studies and Promotion Office.
CAPME - Centre d'Asistance a Petites et Moyennes Enterprises - Assistance Centre for SMI.
OPEN - Office de Promotion d'Entreprises Nigerienne - Office of Enterprise Promotion in Niger.
CAPEN - Centre d'Asistance a Petites Enterprises Nationales - National Small Enterprises Assistance Centre - Abidjan - Cote d'Ivoire.
There are two regional organizations that have made significant contributions both in delivering courses for entrepreneurs and managers of small firms, for training instructors and organizer of extension services and in preparing local training material. These are the Eastern and Southern Africa Management Institute (ESAMI) in Arusha, Tanzania and the Centre Africain d'Etudes Superieures en Gestion (CESAG) in Senegal. There are some differences of opinion as to whether entrepreneurial and management training are better undertaken on a local or national basis or regionally with participants from several countries together. It is recognized generally that it is difficult to get such people to leave their business and travel to another country. However, ESAMI and CESAG have had some success in arranging courses for those coming for short periods from neighboring countries with similar economic, social, cultural and linguistic backgrounds. In African countries where the level of industrialization is low, it becomes more feasible to gather together enough participants for certain types of courses from a few countries.

IV. Entrepreneurship Development Programs

While the USA or other developed countries may or may not have the resources to afford the waste of effort to say nothing of the personal hardships and chagrin that business failures produce, developing countries are certainly less able to bear such costs. Some countries at an early stage of industrial development can probably expect an even higher rate of failure since many inadequately qualified, and less experienced, individuals will try to exploit business opportunities. Changes in government policies and in the economic environment are more likely to prove fatal to the fragile small enterprises in developing countries. At the same time, such policies combined with cultural factors may reduce the supply of potential entrepreneurs or inhibit those with latent entrepreneurship qualities from actually setting up enterprises. This situation has led to the creation of EDPs in many developing countries aimed at stimulating those with the requisite characteristics, to set up enterprises while screening out those who, do not have the qualities needed to succeed. These programs also provide training to assist the more qualified aspirants.

Designing entrepreneurship development programs (EDP) has hinged greatly on the question of what are the required behavioral characteristics and personality traits for successful entrepreneurship. Experts have differed in this respect. Schumpeter argued that the sole function of entrepreneurship was innovation. Peter Kilby maintains, however, from his studies that successful entrepreneurship needs wider


characteristics and that such qualities as the ability to adapt to the availability of resources and a great degree of self confidence and flexibility, combined with perseverance, were as important as the accepted traits of risk bearing and pioneering innovation. In all, researchers have identified over 30 characteristics or attributes to successful entrepreneurship but despite different emphases the common denominator of all these qualities are a risk taking capacity, a decision making ability and strong motivation for success and achievement.

Achievement Motivation - McClelland's Work

In the light of the above tendency to emphasize personal characteristics, many EDPs tend to focus on the early work of David McClelland who was the first to hold that there is a close relationship between achievement, motivation and entrepreneurship. McClelland in his famous book "The Achieving Society" (1960)\(^{37}\) expressed the view that those who made the best entrepreneurs were people who had a need to achieve, to produce concrete successes, rather that those persons who had a strong need to be popular, to be part of a group or a need for the power to dominate others.

McClelland's work opened the way for using tests to screen persons as to their aptitude for entrepreneurship. It also made possible designing courses for enhancing and strengthening those behavioral patterns that might make persons more successful as entrepreneurs. While many EDPs use such tests and exercises, their validity for selecting the achievement motivation and risk taking propensities of individuals as indicative of entrepreneurial potential, has been and still is the subject of controversy. Some critics point out that McClelland's original work was concentrated mainly on people already in business and claim that the successes may have been as much due to good management as to the motives that led to the business formation in the first place. It is also felt by some that it is difficult to separate the effects of these characteristics of the entrepreneurs, from all the other factors that contribute to the success or failure of an enterprise. Furthermore, others point out that those with high needs for achievement may seek and attain success in some other professional field, in sport or in some other endeavor not necessarily in developing an enterprise. Nevertheless, with all these "caveats" on its limitations, the McClelland approach has lent modest support to the view that training programs must take account of the behavioral characteristics involved in performing the role of an entrepreneur.

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A study undertaken in the early 1980's\textsuperscript{38} identified 100 EDP throughout the world but only 53 were able to furnish any detailed information on the results achieved. Most had not evaluated their activities and could provide no data on whether the graduates had started enterprises or not. Clearly in quite a number of cases there was confusion between what was called an entrepreneurship development program and more regular courses for managers of small enterprises or training for starting new enterprises.

**Entrepreneurship Development in India: The Gujarat Program**

McClelland's group carried out some early EDPs in the USA among minorities but probably the most well known implementation of his approaches has been in India.\textsuperscript{39} One of these was started in the State of Gujarat in 1970 when the Gujarat Industrial Investment Corporation launched its Technicians Scheme and the New Entrepreneur Scheme. Technical and non-technical employees, artisans and craftsmen were provided with finance to start enterprises. The Schemes had the special innovative feature that after being selected for participation the individual received loans of up to 100 percent of the project cost without stringent collateral security being required. Later in 1979 the Centre for Entrepreneurship Development (CED) was set up on the initiative of the Gujarat State government. It is reported that while in the period 1970-79, 828 new units were started (441 with own funds), after the CED was created in 1979-84 a further 2085 (705 with own funds) new units were established. The improved results are attributed in no small measure to the CED launching a more comprehensive EDP based on the following inputs: (i) achievement motivation training; (ii) project counselling; (iii) management orientation and training; (iv) improved information; (v) continuous advice and assistance in project implementation. The CED began to recruit persons who were called entrepreneur trainees/motivators to carry through the program and to work closely with participants over a prolonged period. With the success of the Gujarat program, in 1985, EDP activities were started by 40 different agencies in 21 states throughout India. In 1982 the Entrepreneurship Development Institute of India (EDI-I) was set up in Ahmedabad supported by the main development and commercial banks in the country.


The EDI-I has introduced three main stages in its EDP work:

(i) identification, selection and initial motivation of potential entrepreneurs;
(ii) training of the entrepreneurs selected;
(iii) support counselling and follow up services to help implement the projects.

The process of identification and selection is essentially based on the McClelland approach as to what are the main characteristics required in an entrepreneur. Using behavioral science techniques involving in-depth interviews with specially designed questionnaires, together with exercises and games confronting the participants with simulated situations to test their motivation and drive for achievement, this stage is designed to screen out those who have only a casual interest in starting an enterprise and whose traits make it unlikely that they will succeed in business. The main entrepreneurial traits assessed in these behavioral tests are:

a) The need to achieve. Clear evidence of an individual's desire to compete and the drive for success and excellence in performance;

b) Risk-taking. The aim is to select those who are inclined towards taking reasonable and moderate, calculated risks rather than who lean towards extreme risk taking or gambling.

c) Self confidence. Here one would look for those with a positive image of their abilities and potential for successful achievement.

d) Problem-solving. The search would be for those who are ready to confront problems and to try to solve them.

The selection process also views positively those who take an optimistic view of future possibilities and those who like to set themselves goals but are conscious of the need to set time frameworks to plans.

The above follows broadly McClelland's teachings but there are some adaptations in the testing to take account of the special cultural factors prevailing. To be selected for the EDP the aspirant must have a minimum level of entrepreneurial traits, there being a cut off point since it is recognised that successful entrepreneurs need not necessarily possess all the above characteristics. A minimum level of entrepreneurial traits is considered paramount for selection, but there are no conditions as to minimum education, nor of experience, occupational background nor of access to financial resources. However, there are preferred target groups. These
are mainly technical and skilled workers in those with experience in commerce, middle level managers, graduates especially in accounting or in engineering, artisans, civil servants, ex-servicemen, women and (to fit the special Indian situation) under privileged castes. An analysis of participants indeed shows a diverse mix of educational backgrounds. Virtually all participating in the program have only modest financial means. A study in the early 1980s of a group of EDP participants found that 45 percent were previously employees in industry, 20 percent were traders, 25 percent were engineering and other unemployed graduates and 10% were farmers and others.⁴⁰

EDI-I claims that the selection process has been validated by evaluations which showed that only 17 percent of rejected applicants went on to start enterprises while 44% of selected candidates did so. Even though these figures show clear positive results in eliminating the most unsuitable aspirants for entrepreneurship - i.e. those who lacked the drive and persistence to carry out the plans - the evaluation still shows that the selection process is not perfect and some who are rejected may still be successful as entrepreneurs. There have been less evaluations on the performance of enterprises started. A sample study in 1984 of 40 units set up by those selected and trained in the Gujarat program did show that after five years of operation, the EDP trained entrepreneurs had less than 10 percent closures as against 20-25 percent generally among small enterprises in India and 80 of the EDP entrepreneurs were making profits as against 60-70 percent of all small-scale enterprises as reported by financial institutions.⁴¹

The basic EDP training covers around 13 weeks on a part time basis including three stages - behavioral inputs and business opportunity guidance (5 weeks), information and technical inputs (4 weeks) and management skills (4 weeks). This however, is a general model and the duration varies widely based on the characteristics of the groups and the local environment.

The first training input in the EDP is intensive Achievement Motivation Training (AMT) based on the work of McClelland in a 5 day residential program aimed at stimulating the participants' need for achievement helping them to define their goals realistically and raising their awareness of their own potentials and limitations.

In the second training phase guidance seminars are given to help participants choose an appropriate business opportunity consistent with the individual's background, education, experience and resources. Here the EDP of EDI-I differs from other programs. In most other programs it is argued that one of the bases for potential success is that the new entrepreneurs should come with a clear business idea. The EDI-I however, believes that

giving the trainee entrepreneur a chance to select a business opportunity suited to his background together with the counselling involved in this, can be an important part of the entrepreneurial development process. This phase of the training culminates with a report for a project prepared by each trainee. They are each expected, with appropriate assistance, to conduct the requisite market surveys and prepare a business plan.

The third and final part of the program aims to teach the trainee-entrepreneurs the elements of good management in fields such as production sales, finance, purchasing, industrial relations etc. The EDI-I modifies this part of the program to suit the target group and their background, education, etc. In this phase, participatory methods are used including case studies, discussions, business games, visits to existing entrepreneurs, etc. After these three stages of the programs, in plant training in industries of the type that the entrepreneur is planning to establish is arranged, where this is possible.

Other EDP Experiences

The Gujarat Program, although the most well known and most successful, is not the only example of EDP in India. The first EDP in that country was started in the early 1960's by the Small Industries and Extension Training Institute (SIET) in Hyderabad with the assistance of David McClelland himself and his team. The State Bank of India the Country's largest commercial bank launched an EDP in 1978. However both these examples were less sustained efforts and were less part of integrated programs.

Entrepreneurship development programs in Malaysia were carried out by number of agencies, including MARA (a special government agency established to assist 'bumiputras' - indigenous Malays - in setting up enterprises), the Malaysian Enterprise Development Centre (MEDEC), the National Productivity Centre (NPC) and the National Entrepreneurial Research and Development Association (NERDA) - a private organization. The main efforts are conducted by MARA, MEDEC and NPC.

The EDPs of MARA are carried out by the Entrepreneurial Development Division (EDD) which conducts courses in such fields as basic management, accounting, marketing and construction. EDD selects 'bumiputras' that it considers suitable to develop as entrepreneurs, and


then tries to provide training and guidance to set up enterprises in fields identified as providing opportunities for new businesses. It is claimed that this program helped create 348 new enterprises in the period 1976-1980. Loans were provided to start the new businesses. Some of MARA's training is carried out in conjunction with the NPC.

MEDEC actually runs an EDP closer to the Gujarat program and that of the EDI-I. The EDP are of two types - a part time course for three months which run twice a year and a full time course also held twice a year. These EDP courses are for both existing and new entrepreneurs. The participants are selected by interviewers from a much larger number of candidates. The course content includes AMT - business games and more conventional teaching of management techniques in production, finance and marketing.

An evaluation of the Malaysian EDP conducted in 1979 found these programs not to be very cost effective. It estimated that up to then the Malaysian government had spend the equivalent of US$50 million over ten years but had probably helped created only 1,000 successful small enterprises. The report was of the opinion that not enough had been done to select persons with the right aptitude for entrepreneurship. It was also considered that the trainers were of poor quality and lacked practical experience and that there was a lack of good training material. Finally it was stated the EDP and all the small business management triaining was inadequately coordinated with other assistance programs.

Harper in his evaluation of the experience of EDP's throughout the world has attempted to cost some of the programs. He refers particularly to work in the late 1960's of McClelland and Winter who found that in the SIET (Hyderabad) AMT programs during a specific period, 150 entrepreneurs were given the training at a cost of Rs 572 for each trainee (probably about US$ 60 at the time) and resulted in 46 jobs created at a cost per additional job of Rs 183 (around US$ 20). A later more substantial cost-benefit analysis by David Miron who worked closely with McClelland, of AMT programs supported by the Small Business Administration (SBA) in the US found that the 133 trainees increased their sales by $118,572 and created approximately 300 new jobs. Miron attempted to show that the government received back in taxes paid by the new employees and from increased business was US$ 238,227 which was 4.03 times the total costs of the training. Some have treated these published analyses with


some scepticism in view of the difficulty, if not impossibility, of isolating the effect of the AMT. However, the work of Miron gives some indication of how a cost-benefit analysis of government support for an EDP or any training program might be calculated.

An innovative training program developed in Kenya by an ILO advisor from the RVB (Research Institute for Management Science, Delft, Netherlands) is an interesting combination of AMT, (self awareness exercises on what it means to be an entrepreneur and an analyses of the entrepreneurial situation based on tests, exercises, games etc.) for 5 days and a further 5 days management training in carrying out a market survey, preparing a business plan, negotiating a loan (through role playing) and how to plan a manager's time allocation etc. The final day is devoted to more detailed planning of the actual project to be implemented by each participant. This combination of entrepreneurship development and management training is reported to have made those who attended the training more committed to carrying through their projects. In fact this group produced better results than those who were considered to have proven entrepreneurship and who were exempted from attending the course. Some of those who took part in the course realised their own limitations and decided not to go into business. While those who sponsored these programs regarded this drop out as a failure of the program, others consider such negative decisions by those who would have been likely to fail in their business endeavors as one of the positive results of the training. The program, a part of refugee resettlement projects, also provides financial assistance from UNHCR (United Nations High Commission for Refugees) and continuous management and technical help through consultancies provided with ILO help. As such it has produced more success in the form of actual businesses started than other programs which were not linked so directly to continuous practical support.

Conclusions on EDP

The main conclusions that one may draw from all the experience on EDPs until now may be categorized as follows:

(i) it is accepted that not everyone can be a successful entrepreneur. There are character traits needed and not everyone has these.

(ii) while there is no unanimity as to what are all the characteristics of successful entrepreneurs, the conclusions of David McClelland on the motivation for achievement together with the propensity to take risks as the major characteristics required of entrepreneurs are now generally accepted.

(iii) it is possible to devise procedures for screening those who are more likely to succeed as entrepreneurs and one can design training programs to enhance the special traits of
successful entrepreneurs. In this way the number of business failures and the waste in human and economic resources can be reduced, and more of the enterprises will probably survive and prosper.

(iv) the key to developing a profitable small enterprise lies not only in successful entrepreneurship but also in good management and training in management skills can contribute towards small enterprise survival and growth.

(v) the best results are achieved in entrepreneurial development programs (in the form of maximum establishment of new enterprises and their successful development), when the EDP is integrated with management training and linked to a support program helping to obtain access for the EDP graduates to finance, technical, management and marketing advice and to suitable physical facilities.

V. Training Content and Methodology

Some of the special problems involved in providing training for business managers have already been mentioned. Most small business managers are pressed for time and are unwilling, or unable, to free themselves to attend courses, especially during working hours. They usually lack the educational background to absorb a great deal of theory or to be motivated, especially within the time constraint, to read textbooks or material distributed. These managers are generally pragmatic people who want solutions to specific problems, rather than a study of principles. If they come to a course, freeing themselves with difficulty from their daily business concerns, they want to learn something that they can use in their business the next day.

Bookkeeping and Accounting

The priorities given in course content also differ from the perspective taken. Most small industry managers show strongest interest in production management, mostly reflecting their earlier experiences as technicians, skilled workers or foremen. Government agencies and usually consultants with academic, business or accountancy backgrounds stress bookkeeping and maintaining good financial records and controls believing such record-keeping is essential to facilitate tax payments and to maintain a positive cash flow so as to meet debt payments. Studies have shown repeatedly that poor bookkeeping, has meant that the entrepreneurs have not known the real state of their businesses and the result has been business failure. Teaching simple methods of keeping books has become a standard feature of most of the basic introductory courses designed for small business managers, especially in developing countries. Experience has shown, however, that the installation and maintenance of full bookkeeping systems after attendance at courses is quite rare. Usually, the system
appears too complex and costly. More successful is training combined with consulting, whereby the course participant is visited between sessions to help with actually putting into practice in his own firm, the record-keeping and system as taught.

Instruction in bookkeeping is attractive to business teachers since it readily creates an impression that the trainee is learning something concrete--rather than principles--which can be put into practice quickly, but often the small business entrepreneur comes away from the course unconvinced that he is going to derive some genuine benefit from the cost and trouble involved especially if his business has been profitable. Sometimes more success is achieved with younger or better educated members of the businessman's family--a son or daughter or wife--who is more attuned to the type of instruction given.

Successful teaching of bookkeeping to small business managers can help control cash flow, to determine costs, to set prices for products and services, and, most important, to establish a clear delineation between the entrepreneur's own personal resources and that of the enterprise to avoid one of the most prevalent causes of bankruptcy and business failure, namely the withdrawal of excessive funds from the business for personal use of the owner-manager.

Training Methods

Most of the better courses, especially those run by centers connected with teaching institutions or by professional training institutions, prepare reading materials, usually a synopsis of each session. Even though small business managers who participate in a course are keen to receive some written material, it is unrealistic to expect them to read a great deal. Of least interest, to the participants are extracts from publications or documents from other countries. Recommended textbooks or reading lists for such courses generally have little value as few managers have neither the time nor inclination to search out the literature nor are they motivated enough to study on their own. Preparation of examples and cases specifically for the course based on local situations, although more time consuming and costly in preparation, is certainly more effective. Handouts, manuals, and notebooks, if properly prepared, can add to the success of a training activity and are worthwhile even if only partially used.

Teaching Methods

Teaching methods may vary, but they generally consist of a mix of lectures, discussions, panels, conferences, case studies or exercises possibly with role playing, clinics and sometimes plant units as well.

Lectures

Lectures, although generally recognized as probably the least effective in small business management training, are easy to organize and come naturally to academics or university-trained instructors or indeed any
instructor who has no background in training methods nor the time to invest in preparation. It is probably the only form of training possible when groups become larger than 50 or 60. Of course, even lectures can be improved as a training method by the extensive use of good visual aids well prepared accompanying texts, or of questions and answers. However, before condemning the lecture method, it should be understood that in many cultures, particularly Asian countries, but also sometimes in other parts of the world, too, the lecture fits well as most participants expect to listen to one who has more knowledge and experiences and are not used to participatory methods of learning. This may explain why in Japan and in some other Asian and in some European countries, despite criticism of the method, lecturing continues to be a major form of imparting information and knowledge in courses.

**Visual Aids**

All visual aid techniques have been used successfully including flannel boards, overhead and slide projectors, videos, film strips, and charts. A survey in the late 1950s in the US at various business schools found that virtually 100 percent of them used visual aids extensively in their business courses. It is interesting that apart from the US, the widespread use of visual aids in small business training is more prevalent in developing countries than in Europe or Japan.

**Instructors**

The instructor remains a key factor in small business management training. Availability and qualifications as a lecturer often leads to choosing professional teachers such as staff members of business schools, training institutions or in some cases, from advisory services. This type of instructor, although usually able to deliver the material efficiently often lacks the practical experience and maturity of the trainees and sometimes ends up treating them as students causing resentment in the participants. Instructors from the business world are to be preferred as resource people for this reason, but here one can face a problem too. These people may have little aptitude or background in training and may lecture on the trivia of daily operating problems. Difficult though it is to find able instructors, the effort should be made to find persons who have not only the desired business background, but also the requisite aptitude for being a trainer or who can be helped and given training to become more effective. In this respect, the use of suitably selected retired business executives (as in SCORE in the USA and CASE in Canada) and of business advisors working in Chambers of Commerce and Industry as in Europe, can help.

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Participatory Methods

Apart from lectures, positive use can be made of discussions and conferences in small business management training. In a discussion the group of participants in a course exchange views under the guidance of the instructor on a series of questions and issues or on a case prepared and distributed beforehand. The term "Conference" usually refers to a more formal discussion where a number of the participants prepare contributions which are followed by a question and answer session. Sometimes they may take the form of a "panel" of persons making the presentations who may then answer questions or comments. All discussions, if they are to be most effective, must be guided to address specific issues or prepared case which has been studied by each participant before coming to the session. Discussions on case studies can achieve most results in changing attitudes and approaches of managers by making them relate to, and discuss a detailed "case" usually taken from real life.

Case Material

Good cases suitable for training of small business managers are in short supply in most countries. Reference has already been made to work going on in France in preparing suitable case material. In the US and in India and Philippines, a number of cases suitable for small business management have been prepared and have been used successfully. The most successful cases include exercises as well as points for comments and discussions. Even though cases are employed effectively to show the use of analytical tools in management, the discussion method has its limits in teaching management techniques, but does have the important benefit that participants learn from each other, not only from the instructor. The case method has been found to be particularly effective in teaching managers how to handle problems of human relations.

One interesting example of the preparation of case material is that of the PAI (Programa de Apoyo Integral--Integrated Support Program) in Mexico. PAI is an extension and training program of Nacional Financiera--the main National Development Bank of Mexico--for small and medium enterprises. Since its establishment in 1978, PAI has run training courses for small enterprises, both a shorter basic management course and a longer advanced course. For a period, PAI worked closely in these courses with CENAPRO( Centro de Productividad - Productivity Centre), which was later merged into the Ministry of Labor. Faced with a problem of unsuitable training material, in 1984, PAI launched a program of having its extension officers writing cases on the basis of their consultancy work and the enterprises which they had assisted. By late 1986 over 40 such cases had been prepared mainly in the fields of marketing, finance, organizational problems, production and human relations. A training manual was also prepared to assist the instructor in using the material.48

Innovative Approaches

Some innovative approaches have been introduced in some countries in small business training. In some of these, extensive use has been made of groups of entrepreneurs running enterprises in the same sector. This was tried in Denmark in the early 1960s by the Technological Institutes of Copenhagen and Aarhus, Jutland. The groups met regularly to exchange experiences; helped solve each other's problems, compared their costs and tried to work out a common costing system and make interfirm comparisons on profits and productivity. The members of the group visited each others plants and made comments on their impressions and findings. There is, of course, sometimes a barrier of secrecy that needs to be overcome when creating groups only from those not directly in competition with each other or by persuading them of their common interests. Apart from Denmark, such groups have worked successfully in parts of England, Scotland, Holland, (organized by RVB--Research Institute of Management Science in Delft) and most recently in Mexico. In Mexico, the first such group was organized in 1981 among the shoe manufacturers in the district of Leon that later spread to small glass plants in Monterrey, to engineering workshops, automotive repair shops, and small food factories in other cities. In Mexico, some of these groups have focussed specifically on design and quality control, following to some extent the ideas of the quality control circles in Japan.

Another innovative approach to training was used in Costa Rica introduced by an ILO adviser and called "Action Learning". Groups of 8-12 entrepreneurs from small industries with similar management problems were formed. Each participant submitted to the group a specific problem faced which was then analyzed together. At a later meeting he related the manner in which he had dealt with the problem and his handling would be the subject of a farther discussion. Over a period each entreprenuer would have one of his key management problems discussed by the group thus creating a process of interaction and 'self-help'. It is reported that the method proved successful but only when the advisor or moderator of the group was able to guide the process and the discussion. There also had to be a certain degree of homogeneity in the backgrounds and situation of the members of the group.

International Courses

A number of international courses have been developed for training small enterprise management even though it is recognized that most of the requirements in this field can and should be met locally. Most of these


international courses aim mainly at training those working in small industry promotion programs or in providing extension services to this sector but they often also accept entrepreneur-managers as participants as well. There is some doubt whether the sort of information and training needed by a small enterprise manager and that needed by those engaged in small enterprise promotion on a wider scale can be blended into a single course. Clearly any manager that is able to leave for two to three months to attend a course abroad is probably operating a larger more modern type of small enterprise possibly with an associate or partner to whom the management of the business can be left.

International courses in small enterprise management and development are held regularly at RVB, Delft, Holland, at Cranfield in U.K., at the Irish Development Authority in Dublin, at SIET, Hyderabad, India and intermittently courses of this type have been held in the Philippines, in Switzerland, in Berlin, in Copenhagen, in Canada and in the USA.

As mentioned previously there are regional courses in both East and West Africa for both English and French speaking participants. The Economic Development Institute of the World Bank and the Turin International Training Centre of the ILO have also held some courses on small enterprise development including some in Spanish for Latin America. The Asian Productivity Organization and the Japan Productivity Centre have held international courses on small enterprises in Tokyo mainly for participants from Asian countries. Recently the Laval University in Quebec has organized courses for French speaking small-scale entrepreneurs from developing countries. TECHNONET in Singapore established by the International Development Research Centre of Canada, and the East West Centre in Hawaii have held training programs in the fields of entrepreneurship and small scale industries for participants from South East Asia.

Indirect Training Methods

Some efforts have been made to try to use mass media for training for small enterprises. Some of the early experiments were conducted with ILO assistance in Latin America. Instruction in management for small businesses have been conducted by radio in Colombia, Mexico and Argentina and by television in Mexico and in Peru. In some countries instruction has been given using videos. 52

An interesting example of the use of T.V. was a regular program on T.V. in Maryland, U.S.A. given weekly at a convenient hour called "Its Your Business". A panel at each session considered specific management problems such as: building a solid financial foundation, developing a marketing program, controlling the business, plant layout and work improvement, personnel relations. The panel which included a representative of the SBA

answered questions sent in each week on the previous sessions.53

The use of these mass media has proved effective in dealing with dispersed communities or in small islands as in the South Pacific. Closed circuit television has been used successfully in a number of countries as an aid to discussions and conferences.

Some efforts have been made in some countries to stimulate self education in small business management. Reference has already been made to Swedish 'Know Your Firm' and its adaptation by the ILO. The Small Enterprise Development Agency in Japan has produced a number of manuals which offer a sort of home course in self diagnosis and better management. In the United States and Europe correspondence courses are used widely to supplement management training. These usually aim to teach some specific technique such as accounting, costing or production control.

Such self education methods are attractive as a way of reducing the high cost of running courses and particularly the cost to the participating manager in the time away from his business. Self education methods such as correspondence courses make it possible for the student to study at any hour available and to program as slowly or rapidly as suits him or her. It has special advantages for those in rural areas or in small towns. However, these methods are generally of use only for highly motivated better educated managers and in all cases the impact is much less than through a course when the manager is in direct contact with instructors and other managers.

One indirect form of teaching is in the field of marketing clinics. At selected centres of production, exhibitions are arranged of manufactured products of various small industries in the region. These products are appraised and inspected by specialists paying attention to features of design and packaging, quality, size, price and other factors that affect marketability. Suggestions are then made to each exhibitor as to how the market demand for their products could be improved. Information is given on market requirements. Such clinics have proved helpful to small scale manufacturers in gearing their products to changing tastes and to an expanding market.54

VI. Evaluation of Experience

Apart from the EDPs where some efforts have been made to find out what happens to graduates, most small business training has not had extensive follow up. Questionnaires are usually handed out to participants to give some idea of their views on the usefulness of the material presented and the performance of the instructors but in most cases the


54/ ILO, Services for Small-Scale Industry, op. cit.
opinions expressed are very general, subjective and do not provide a real basis for judging the effectiveness of a training activity. Despite the cost, more follow up is needed to evaluate the long term effect of the entrepreneur-manager's participation in a training program. Some comments on studies evaluating the effects of training have raised doubts.

Harper refers to a comparative study in Kenya that showed that managers who had attended training courses had actually a lower rate of return on capital employed than those whose owner/s had not been trained. Kilby in an evaluation of a number of support programs for very small microenterprises concluded that there was virtually no correlation between the successful use of credits and training received.

Despite these views many financial institutions and public agencies of government are trying to insist in many cases that those who receive loans should undergo training first. One of the foundation supporting very small enterprises in Colombia - Fundacion Carvajal in Cali makes participation in a training program a condition for receiving a loan. Some doubt this approach, however, claiming that participation in training just to satisfy a loan will rarely have any real effect. Once the loan is approved, they claim the manager will stop the training unless his attitude has been changed in the meantime. Evaluation of training carried out is important for future planning but there is need also for research on contents and methodology in small business training.

**Government Policies**

Training is expensive and for small business it is accepted that the participants cannot cover all the costs. The government must intervene to help in some way either with a subsidy or some other assistance. One way is by imposing a special tax or levy on industry as in some Latin American countries. This undoubtedly has the advantage of guaranteeing a regular substantial budget and avoids the yearly haggle over the size of the subsidy. It is claimed also that it raises consciousness among employers and entrepreneurs who may feel that, having paid the levy, they should make use of the programs offered.

Other possible approaches are:

a) The creation and financing of public agencies to provide training and consultancy for small enterprises. Of course the tax or levy approach also helps finance public agencies but the funds from such income can be used also for privately run programs. Public

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55/ Harper, M., *op. cit.*


agencies often suffer from poor management and staffing due often to the payment of low government salaries) and tend to lack credibility on the part of the business community who sometimes suspect them as being politicised and agents of government. Nevertheless, if there is strong enough government commitment, and adequate resources made available, public agencies can be at least partially effective (as in India for instance).

b) The government may make direct grants or subsidies to promote agencies, associations or chamber of commerce and industry as in the examples of some European countries and Japan. In general in developing countries the private sector, and particularly its institutions, tend to be weak and unable to play this role. On the other hand, these institutions will only develop if they are given opportunities and resources to take on responsibilities, and acquire experience. Certainly this approach is more likely to mobilize the talents and experience in the private sector.

c) A variation of (b) is when government entrusts the job to academic institutions (universities, business schools, etc.) and also provides funding to them as in the USA, UK and Australia and to a lesser extent in other countries.

None of the above approaches by the government need be exclusive of the others. In practice, it is a question of emphasis and the programs may combine all approaches although this may dissipate efforts. Most prevailing opinion, based on existing experience, is that the government has to help finance the training programs in some way but both the private sector through the business community as a whole and the participants in training programs should make some contribution to cover the costs, the latter in the form of some moderate fee charges. There are also those who believe that there are benefits in linking government financial support to the number of persons trained, possibly providing a subsidy for each trainee rather than an overall grant although this has the danger of encouraging quantity rather than quality. Sometimes when training is linked directly to loan programs, the costs can at least be partially covered by the interest or commissions paid on the loans.

Apart from providing finance and budgets government can help with appropriate policies and practical support programs (credit programs, extension and consultancy services, industrial estates, promotion of subcontracting and a suitable legal and regulatory framework) so that the training takes place in an environment conducive to small enterprise development.

Cultural Factors

All training programs for small enterprises should take account of cultural factors. This goes a long way to explain the differences in approach in different countries and their relative success or failure. The
attitudes to entrepreneurship, business, profit, government, family ties, and education differ greatly in different peoples, ethnic groups and communities. This explains why outsiders who do not have an intimate knowledge and the acceptance of local groups encounter difficulties as trainers. There is often a language problem too. As owner-managers tend to have limited education, they must receive training in their local language if they are to benefit fully. Cultural and language factors may determine the success or failure of training, particularly in the use of participatory methods such as case studies and discussions.

VII. Conclusion

The government must play an active part for this training to succeed and have impact. First, there must be a policy framework conducive to the implementation of the entrepreneurial approach and management techniques transmitted in training. Secondly the government must display a commitment to support training by ensuring adequate financial support. There are different ways for a government to carry out this role. In some countries, taxes or levies are imposed on all industries to finance training. In others, budgetary allocations subsidize public agencies while in yet others government grants for small enterprise training are given to private sector organizations - such as chambers of commerce and industry or employers federations - to organize and implement such programs. The most active and successful programs usually combine government subsidies, private sector inputs in one form or another, local or regional grants and some moderate fees from the active participants. Governments in a few countries have provided special support for the preparation of training materials, videos, visual aids and for the training of instructors.

The quality of training is enhanced through the use of instructors who combine pedagogic skills with the practical experience of small enterprises and their problems. Teaching and development of small enterprise management and entrepreneurial skills can be made more effective through participatory techniques such as discussions, conferences, panels, case studies, role playing, problem solving exercises, business games, plant visits accompanied by good visual aids and well prepared literature.

The most successful small business management training takes account of the limited educational background of the trainees, their severe time constraints, and their need and desire to learn and assimilate information and techniques of immediate relevance to their daily operational tasks.

There is need for continuous evaluation of training programs to ensure that they are effective and responsive to the needs of the small enterprise managers being trained. Only in a few cases are there full evaluation of courses and follow up of training to find out the extent to which the trainees have put into practice what they have learned. Only through such continuous evaluation can the training be improved and the
quality raised through innovation and more effective teaching methods and materials. In entrepreneurship development programs, follow up of graduates is of the utmost importance to record how many really start new enterprises or enter into new ventures and how many of these prosper. Such evaluations are costly and although some useful techniques have been developed, there are still difficulties in isolating the real impact of the training from other factors.

Cost is a major factor in all training programs. As has been stated, virtually all small enterprise training will need some form of public subsidy, recognizing that this sector is both unable and unwilling to bear the full costs. Cost benefit analysis is therefore essential to ensure that public funds are used to produce maximum social, economic and financial returns. As the ultimate objectives of all small enterprise training are more enterprises, higher output, increased productivity, more employment and enhanced incomes, the final benefits have to be measured in these terms with due regard to credit being given for other forms of assistance. In some cost benefit analyses of training programs, efforts are made to calculate the return to governments in taxes paid resulting from increased output, profits and employment (or of savings in government social support programs) as related to the amounts spent on training.

Finally, while training is still principally confined to the classroom situation where groups meet, are instructed, exchange views or carry out exercises, new horizons are being opened up to make greater use of the media in transmitting information and knowledge on business matters. Programmed learning methods using radio and television are moving out of the experimental stages and are being employed more and more alongside correspondence courses and self education using individual exercises and audits. As information technology advances one may expect more use of these approaches which have already contributed to introducing some form of training to small enterprise managers in dispersed and smaller communities.
PART IV

EDUCATION AND TRAINING IN PUBLIC ADMINISTRATION:

THE LESSONS OF INTERNATIONAL EXPERIENCE
I. Introduction

Purpose and Scope

The purpose of this paper is to examine worldwide trends and developments in public administration education and training for lessons in curriculum design, research and teaching methodology, and institutional policies and development. Experience is drawn from recognized universities, educational institutions, and government training centers in several major countries and regions of the world.

This paper is concerned with both training, which refers to the process of developing or augmenting knowledge, skills, and attitudes in the person to be applied to the performance of his or her specific work situation; and education, which refers to a more general process of intellectual development. It focuses upon those education and training programs for higher public administrators or civil servants who have managerial and administrative responsibilities within their ministries or agencies. Their training needs and resource requirements differ in important ways from those of technical personnel who perform highly specialized functions and clerical personnel at lower levels who perform routine functions. Excluded from this review are training programs especially designed for the managers of state-owned enterprises. A companion paper, "Management Education: A Review of International Experience" has been written as a basis for discussing the issues relevant to the design and implementation of education programs for this group of managers.

Types of Programs and Institutions

Consistent with the definition provided above, public administration education may be associated with the longer-term degree programs as opposed to training courses on specific topics. In the United States and in most other countries, the major degree programs offered at the university level are the following:

The Bachelor of Arts in Public Administration, or BA degree, which is obtained following four years' study at the university undergraduate level. About one third of the 219 universities in the U.S. that are accredited members of the National Association of schools of Public Affairs and Administration (NASPAA) offer undergraduate programs.

The Master's in Public Administration or MPA degree, which is normally awarded following two years' full-time study at the graduate level (or one year of study for mid-career students with substantial experience in the public sector). All but about twelve NASPAA-accredited schools in the U.S. offer either the MPA or a similar degree in such areas as public policy or urban affairs at the master's level.
The Doctorate in Public Administration (D.P.A.) or Ph.D. in Public Affairs or Administration, which is primarily for those who plan to pursue academic careers. Doctoral programs graduate under two hundred per year, in contrast to over six thousand graduates of master's programs.

Public administration training programs are usually shorter, often tied to the demands of a specific job, and do not award an academic degree. Four types of training programs—pre-entry (PET); in-service (IST); project-related (PRT); and self-development (SD)—are described in Table 1 below.

While most degree programs are conducted at universities, training in public administration may be carried out in a variety of specialized institutions (shown in Table 2). Private consulting firms and even business schools are increasingly important suppliers of public administration training. In the U.S., companies offering proprietary training "products" such as Kepner-Tregoe and AMR International are contracted by many government agencies. In the third world, international lending agencies and foreign donors have provided assistance to many development projects through local or foreign consulting organizations. In England, the London Business School now offers a modular program on public sector management. 1

Preconditions of Effectiveness

Education and training for civil servants has sometimes been prescribed as a panacea for the ills of public sector administration. In the 1960s, for example, training was identified as the prime instrument in the implementation of development projects in the third world. Unexpected barriers related to the broader environment have produced an awareness among policy makers that training must be viewed as only one part of a set of complex, interrelated variables which together determine that pace of development. From a policy standpoint, it is important, therefore, to identify other variables that influence the effectiveness or in effectiveness of training efforts. Five critical variables that constitute preconditions for effectiveness are discussed below.2

1) National training policies and institutional capacity. A national policy on training and a commitment to the support of training institutions is a prerequisite for effectiveness. When training is organized haphazardly and when training concepts, content, and methodologies are not properly adapted to the national context, both training and the training institutions usually fail to make the impact expected of them.


2/ These have been adapted from Paul, op. cit., pp. 13-17.
Table 1

<table>
<thead>
<tr>
<th>Category</th>
<th>Nature and Scope</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-entry training (PET)</td>
<td>Training given to new entrants either prior to recruitment or during probation prior to first job assignment. Focus on induction/subjects relevant to the general functions of administration. Usually a combination of classroom training and field work/attachments.</td>
<td>Generally long term-six months to three years.</td>
</tr>
<tr>
<td>In-Service training (IST)</td>
<td>Training provided after entry into the service at different stages in a public servant's career. Covers both general administration/management training and functional/specialized training.</td>
<td>Generally short term-a few days to six months.</td>
</tr>
<tr>
<td>Project-related training (PRT)</td>
<td>Training offered to different categories of personnel in a development project. Includes both technical and managerial training. Organized usually by donors.</td>
<td>Generally short term-a few days to a few months or a year depending upon projects needs.</td>
</tr>
<tr>
<td>Self Development (SD)</td>
<td>Training on a part-time or full-time basis at the initiative of a public servant, but with the formal support/approval of the government, using facilities outside of government.</td>
<td>Generally long term-Duration will depend on the qualification to be acquired.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Types of Training</th>
<th>Target Groups</th>
<th>Duration of Training</th>
<th>Types of Professional Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Service Training Academy (Government owned and managed)</td>
<td>Pre-entry training (PET) In-service training (IST) nondegree classroom work and field attachments.</td>
<td>New recruits to public service - middle and senior level personnel of ministries/departments.</td>
<td>PET - 3-24 months IST - 1-12 weeks - Short seminars/ workshops.</td>
<td>Experienced civil servants on secondment and academic trainers.</td>
</tr>
<tr>
<td>Ecole Nationale d'Administration (Francophone)</td>
<td>PET (prior to recruitment) classroom work and field attachments.</td>
<td>Pre-entry candidates mostly for the public service.</td>
<td>1 - 3 years.</td>
<td>Experienced civil servants and academic specialists.</td>
</tr>
<tr>
<td>University School Department of Public Administration</td>
<td>Mostly PET (degree/diploma programs) Part-time IST</td>
<td>Students - middle level administrators.</td>
<td>1 - 2 years.</td>
<td>Permanent academic faculty and part-time visiting faculty from public service.</td>
</tr>
<tr>
<td>Autonomous Institutions of Public Administration</td>
<td>Mostly IST, some PET classroom work and some field projects (sometimes leading to degree).</td>
<td>Middle level personnel in government - public enterprise managers.</td>
<td>1 - 9 months. Short programs/seminars</td>
<td>Permanent academic faculty and visiting practitioners.</td>
</tr>
<tr>
<td>Administrative Staff College</td>
<td>IST, classroom work</td>
<td>Senior and middle level personnel in government public and private enterprise managers.</td>
<td>1 - 12 weeks short seminars for top levels.</td>
<td>Permanent faculty with academic and practical experience and some visiting faculty.</td>
</tr>
<tr>
<td>Management Training Institute</td>
<td>PET, IST, project related Classroom work and field projects/attachments (leading to degree/diploma in PET)</td>
<td>Young people interested in private and public enterprises - middle and senior level personnel from government and industry program/project personnel.</td>
<td>1-2 years for PET; 1-12 weeks for IST; short seminars for top level.</td>
<td>Permanent faculty with academic and practical experience and visiting faculty.</td>
</tr>
<tr>
<td>Sectoral Training Institute/Center</td>
<td>IST, PET (PET rarely). Classroom work and field projects.</td>
<td>Middle level and technical personnel program/project personnel.</td>
<td>1 - 9 months 1 - 2 years (occasionally)</td>
<td>Academic specialists and practicing sectoral administrators.</td>
</tr>
</tbody>
</table>

2) The education system. The training system can only build on what the public education system is able to offer; the existence of a sound education system that can back up the training system is essential. When the educational preparation of the young is weak or inappropriate to the country's needs, short training courses cannot be expected to fill the gap.

3) The stock of educated manpower. A reasonably educated populace is a precondition for training effectiveness. Some third world countries are plagued by a general shortage of educated manpower. This is not necessarily a problem of the education system alone. Demographic factors as well as past policies of development may have led to a condition a continuing manpower shortage which makes it difficult for the public service to attract an adequate supply of educated civil servants. Under these conditions, competition for trained manpower becomes intense and a rapid turnover or depletion of personnel in the public sector renders training less effective.

4) Personnel policies and systems. Training is unlikely to be effective as long as the personnel policies; and systems of the government do not support this activity. For example, if training is not integrated with the career development plans of public servants and systems for performance evaluation, it is unlikely that effective demand for training will be created. The reluctance of government agencies to sponsor people for training and the lack of motivation on the part of civil servants to take advantage of training opportunities in some countries may be attributable to this factor.

5) The administrative culture of governments. For public administration training to be effective, it must be supported by an administrative culture that is oriented toward results and toward the needs of population groups that are the recipients of public services. In many countries, it is the weight of an administrative culture oriented toward procedures or toward status rather than toward performance that inhibits the realignment of personnel policies.

The first three variables—national policies, the education system, and the stock of educated manpower—influence training effectiveness from the supply side, in both its quantitative and qualitative dimensions. The last two variables—personnel policies and the administrative culture—influence training effectiveness from the demand side to the extent that they create incentives to pursue training opportunities. Attention must be given to the preconditions on both supply and demand sides; in order to optimize training effectiveness. It is their combined support that creates the "fit" between the education and training needs of the public sector and the actual programs offered.
Recommendations to expand training activities without paying attention to these conditions reveals a lack of understanding of their complementarity: more training alone does not necessarily lead to better public administration. The policy implications of these preconditions will be discussed in the following sections.

**Organization of this Paper**

Public administration in countries like Great Britain, the United States, France, or Japan can be understood only in relation to the rules, conventions, and underlying ideologies that define the role of the state in each national context. Section two of this paper reviews the context of public administration in these countries and in the third world, including the political and institutional environment, the administrative culture of government, and the nature of the personnel policies or systems. The purpose of this contextual review is to provide a background against which to analyze the education and training programs. Such programs are unlikely to be effective, for example, in an administrative culture whose patterns of authority and communication discourage initiative, whose attitudes toward work and values to not reward performance or whose personnel systems do not encourage continued human resource development.

Section Three traces the evolution of the education and training of higher civil servants in selected countries and regions. Experience in the United States over the past century and in Europe since World War II is described. Particular attention is given to the Japanese model of public administration. Finally, more recent experiences in the third world are examined.

Section Four is concerned with national education and training policies for public administration. Several critical questions are addressed: How are national objectives in this area defined? How are the plans, strategies, and priorities determined? How are results monitored and evaluated? And how is the individual career development of civil servants taken into account?

Section Five examines the design of public administration education and training, including the three interrelated dimensions of curriculum content, research, and teaching methodology. Several education and training programs are examined in detail, including master's programs with differing emphases in U.S. universities; the pre-entry program at the Ecole National d'Administration in France; programs for high level civil servants offered by the Federal Executive Institute in the United States; and a "special programs model" offered by a management institute in Central America.

The institutional frameworks and policies through which public administration education and training programs are implemented in the topic of Section Six. Particular attention is paid to the selection and placement of students; the recruitment, remuneration, evaluation, and
development of faculty; issues of organization and autonomy within the university setting; and problems of evaluating the effectiveness of public administration education and training programs.

The final part of the review, Section Seven, draws upon issues raised and conclusions formed from the experiences reviewed in earlier sections to develop a set of lessons for the design and implementation of education and training for public administration.

II. The Context of Public Administration

The education and training of higher civil servants is shaped by the context of public administration in each country. Table 3 provides data on the numbers of public employees in relation to the total population for a sample of developed and developing countries.

As can be seen in the above table, countries vary not only in the size of their civil service, but also in the total number of government employees relative to their populations. The OECD countries, for instance, have an average of seven government employees per 100 inhabitants, whereas developing countries have three per 100 inhabitants. Even among the OECD countries, the U.K. has 9.6 civil servants per 100 inhabitants as against 7.8 in the U.S.A. and 3.8 in Japan. The size and role of the civil service in different countries have clearly to do with their historical evolution, prevailing ideologies and income levels. In the following pages we shall take a closer look at the civil service in four OECD countries and in the third world.

British Civil Service Traditions

The civil service is one of the oldest and most conservative institutions in Great Britain. Its most important traditions are the following:

1. **Recruitment by fair and open competitive examinations.** Competition to enter the cadet grade of higher civil service is particularly intense.

2. **Rigorous abstention by civil servants from public identification with party political opinions, and absolute independence from individual politicians.** This leads to relationships between ministers and bureaucrats that are distant; based upon "mutual ignorance, misunderstanding, and mistrust."

3/ Recent privatization programs may have reduced these numbers somewhat, especially in the U.K.

## TABLE 3
GOVERNMENT EMPLOYMENT IN SELECTED COUNTRIES a/

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>STATE and LOCAL GOVERNMENT (In Thousands of Persons)</th>
<th>TOTAL GOVERNMENT EMPLOYMENT b/ (In Thousands of Persons)</th>
<th>GENERAL GOVERNMENT c/ (Number of employees per hundred inhabitants)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CENTRAL GOVERNMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OECD COUNTRIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>302.0</td>
<td>1135.4</td>
<td>1437.4</td>
</tr>
<tr>
<td>Austria</td>
<td>289.2</td>
<td>319.0</td>
<td>608.2</td>
</tr>
<tr>
<td>Belgium</td>
<td>481.6</td>
<td>184.6</td>
<td>666.2</td>
</tr>
<tr>
<td>Canada</td>
<td>360.1</td>
<td>1166.0</td>
<td>1506.1</td>
</tr>
<tr>
<td>Denmark</td>
<td>131.5</td>
<td>449.5</td>
<td>581.0</td>
</tr>
<tr>
<td>France</td>
<td>1939.0*</td>
<td>1139.0*</td>
<td>3078.0</td>
</tr>
<tr>
<td>Germany, Fed. Rep. of</td>
<td>800.6</td>
<td>2951.7</td>
<td>3752.3</td>
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<tr>
<td>Ireland</td>
<td>76.0</td>
<td>73.0</td>
<td>149.0</td>
</tr>
<tr>
<td>Italy</td>
<td>1692.7</td>
<td>1208.0</td>
<td>2900.7</td>
</tr>
<tr>
<td>Japan</td>
<td>1210.0</td>
<td>3190.3</td>
<td>4400.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>354.1</td>
<td>418.0</td>
<td>772.1</td>
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<tr>
<td>New Zealand</td>
<td>212.7</td>
<td>47.1</td>
<td>259.8</td>
</tr>
<tr>
<td>Norway</td>
<td>130.0</td>
<td>228.0</td>
<td>358.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>211.3</td>
<td>1004.6</td>
<td>1215.7</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2327.0</td>
<td>3027.0</td>
<td>5354.0</td>
</tr>
<tr>
<td>United States</td>
<td>4252.0</td>
<td>13445.0</td>
<td>17697.0</td>
</tr>
<tr>
<td>AFRICA</td>
<td></td>
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<td></td>
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<tr>
<td>Cameroon</td>
<td>55.1</td>
<td>40.0</td>
<td>56.1</td>
</tr>
<tr>
<td>Kenya</td>
<td>344.8</td>
<td>40.0</td>
<td>384.8</td>
</tr>
<tr>
<td>Liberia</td>
<td>49.2</td>
<td>5.4</td>
<td>48.9</td>
</tr>
<tr>
<td>Mauritius</td>
<td>49.1</td>
<td>45.9</td>
<td>54.5</td>
</tr>
<tr>
<td>Senegal</td>
<td>45.9</td>
<td>45.9</td>
<td>91.8</td>
</tr>
<tr>
<td>South Africa</td>
<td>204.7</td>
<td>70.0</td>
<td>274.7</td>
</tr>
<tr>
<td>Tanzania</td>
<td>249.2</td>
<td>249.2</td>
<td>498.4</td>
</tr>
<tr>
<td>Togo</td>
<td>40.2</td>
<td>40.2</td>
<td>80.4</td>
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<tr>
<td>Uganda</td>
<td>137.2</td>
<td>54.0</td>
<td>191.2</td>
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<tr>
<td>Zambia</td>
<td>143.9</td>
<td>4.4</td>
<td>148.3</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>105.7</td>
<td>22.0</td>
<td>127.7</td>
</tr>
<tr>
<td>ASIA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>4186.0</td>
<td>7119.0</td>
<td>11305.0</td>
</tr>
<tr>
<td>Korea</td>
<td>1015.7</td>
<td>160.4</td>
<td>1176.1</td>
</tr>
<tr>
<td>Philippines</td>
<td>798.5</td>
<td>161.7</td>
<td>960.2</td>
</tr>
<tr>
<td>Singapore</td>
<td>128.8</td>
<td>128.8</td>
<td>128.8</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>400.6</td>
<td>45.0</td>
<td>445.6</td>
</tr>
<tr>
<td>EMENA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>572.6</td>
<td>1067.7</td>
<td>1640.3</td>
</tr>
<tr>
<td>Oman</td>
<td>38.8</td>
<td>38.8</td>
<td>38.8</td>
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<tr>
<td>LAC</td>
<td></td>
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</tr>
<tr>
<td>Argentina</td>
<td>573.5</td>
<td>703.0</td>
<td>1276.5</td>
</tr>
<tr>
<td>Guatemala</td>
<td>105.0</td>
<td>18.8</td>
<td>123.8</td>
</tr>
<tr>
<td>Jamaica</td>
<td>63.2</td>
<td>43.7</td>
<td>106.9</td>
</tr>
<tr>
<td>Panama</td>
<td>63.7</td>
<td>4.1</td>
<td>67.8</td>
</tr>
</tbody>
</table>


* For France partial data were obtained from: Government of Japan, Public Administration in Japan, Tokyo, 1982.

b/ Aggregate of employees at the Central, State, and Local Government levels.

c/ Total number of employees in the Central Government divided by the total population.
3. **Leadership that is shaped by values of humanistic education.** Candidates for higher civil service are selected largely from Oxford and Cambridge with no specialized training in public administration, which is viewed as "a practical activity to be learned by doing and not by attending to theoretical prescriptions or by the acquisition of techniques."

4. **Lifetime Service.** Most who enter higher civil service view it as a vocation rather than a job and expect to serve until retirement at age 60. The average age of the top three grades is around 58.

5. **Civil service as a regulatory and balancing instrument, detached from policy objectives.** On the positive side, this contributes to a neutral, service ethics that makes the British civil service one of the least corrupt in the world. On the negative side, British civil servants tend to do what they are told, as impartial and devoted servants, without considering the implications for the broader public whom they are supposed to be serving.5

In the wake of the recent wave of privatization, the role of the British civil service in the country's management and regulation of economic activities has certainly been reduced to some extent. Nevertheless, the oversight and managerial functions of civil servants continue to be significant. How can the civil servants, steeped in the above traditions, be made responsible for allocating resources, exercising discretion, and monitoring performance? Can they become managers of scarce resources, oriented toward the achievement of goals? Plowden is skeptical: "[Higher civil servants] are apolitical, cynical... the citizenry can sometimes seem far away. Embarrassing one's minister is the worst crime..."6

**Civil Service in the United States**

The idea of limited government is an important element of American ideology.7 It is therefore surprising to find that the United States has more government employees in relation to its population than does France, and West Germany and twice as many as Japan (refer to Table 3). Public administration impacts all areas of American Society, including business, education, and research. Though the economic setting is one of competitive markets, business profits are limited by government laws and administrative regulations. The American marketplace is regulated by a public bureaucracy

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that can intervene to break up monopolistic business practices and ensure free trade, or to act in defense of the consumer or of society in general in such areas as food and drug administration, highway safety, occupational safety, environmental protection, product safety, and civil rights. The impact of government on education and research is even greater, in that universities depend upon the appropriation of federal funds and upon research grants. Government's role in many of these areas, however, has been cut back in the 1980s.

These activities are carried out by the federal, state and local governments through a bureaucracy which inspite of the cutbacks remains large in size. Some of its strengths are inherited from the British traditions of open competition in recruitment and prohibitions against political favoritism, institutionalized by the Civil Service Act of 1883. To administer the system a three-person Civil Service Commission was created, composed of individuals appointed by the Executive, who were to act independently and without regard to political affiliation. "The progress made [in civil service] between 1883 and 1977," according to Bernard Rosen, "was due to the fact that at least some of the members of every commission were individuals of exceptionally strong ability and commitment to the primary purpose of the agency." Accomplishments of the commission included the implementation competitive exams, job and pay classifications, performance appraisal, training, incentives, merit promotions, sick and annual leaves, retirement, and employee appeals. These benefits made it possible for the U.S. government to compete with private employers for qualified candidates.

In 1978 the Civil Service Reform Act was passed to "streamline" the system by replacing the three-person Civil Service Commission with an Office of Personnel Management, under single direction. A separate Merit Systems Protection Board was created to ensure that the merit principles that guarded against political favoritism were not weakened. However, Rosen argues that this watchdog concept has not worked; "As a practical matter, [the merit system can be effective only if it is built into the highest decisional level of the central personnel agency." A critical issue is whether the government can continue to attract and retain first rate people if OPM leadership cannot preserve the independence and partisan neutrality that characterized the Civil Service Commission.

The Reform Act of 1978 also sought to professionalize the higher echelons of the civil service, largely occupied by technical specialists with little versatility, by creating a "senior executive service" of

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10/ Rosen, Ibid., P. 212.
general managers who would be interchangeable among agencies. Executive training programs and institutions were created, mechanisms for inter-agency transfers were simplified, new performance appraisal systems were introduced, and bonus pay incentives were provided for the high performers. Nevertheless, some observers conclude that the SES has not worked out as planned. Older members of the civil service, whose advancement had been based upon their particular knowledge of a technical area, found the changes threatening; while more aggressive civil servants "on the fast track" were discouraged by poorly-functioning appraisal systems and bonuses set at a low level by Congress.

The French Public Elite

The French Political and administrative system is distinguished from the British and American systems by the concept of "general will," defined by Rousseau as "the embodiment of private desires and clearly superior to them." This legitimized the role of the French state as a planner and an instrument of intervention in the economy. Nevertheless, the French government has in recent years adopted policies of deregulation and privatization, very much like the British and U.S. governments.

The concept of general has also created a rationale for an elite civil service, Le Grands Corps, which was accorded prestige and status denied to other members of society. Like their British counterparts, they were usually educated in the humanities, but with the difference that they were also trained in the legalistic tradition, and today the influence of administrative law is seen in all aspects of public administration. This is reflected in French control systems that are concerned with checking the conformity with laws and regulations (controle de legalite) rather than evaluating actions to see whether they accomplished the prescribed goals.

Candidates for civil service must take a competitive examination as in Great Britain or the United States, but Suleiman maintains that it is not really objective because the examining jury is composed of members of the Grands Corps. He cites evidence to demonstrate that the sons of Grands Corps members are much more likely to pass the examination than others, and workers' sons have almost no chance. The system, he concludes, has lent itself to cooptation and not to widening the social basis of the Corps.

11/ Based upon interviews by the author at the John F. Kennedy School of Government, Harvard University, Cambridge, Massachusetts, December 1986.


Nor is the French civil service apolitical as in Britain or France. Under De Gaulle's Fifth Republic, the higher civil service became closely involved in top-level government policymaking, social reforms, and economic development. The strategic ministries and interministerial committees that deal with policy coordination came to be dominated by "a mix of political leaders with top administrative officials hired according to political criteria." Civil servants increasingly occupied political positions, every prime minister during the Fifth Republic came from the Civil Service. They have thus reshaped France's political elite, erasing the theoretical boundaries between servants and political representatives.

The role of the French civil servant is thus not as narrowly circumscribed as that of his British counterpart. In the same spirit of the general will, civil servants are expected to interpret and articulate social demands. Contrary to the distance maintained by British civil servants from the citizenry, they are expected to engage in the participatory process involving the citizenry (concentration), though they are not always perceived as participatory.

Democratization and Reform in the Japanese Civil Service

The first government personnel administration system was established in Japan following the Meiji Restoration of 1889. The system included two open civil service exams that tested legal knowledge rather than general knowledge or administrative capability. The system remained strongly centralized through 1945, and public administrators, known as "the Emperor's officials," constituted a privileged bureaucracy. After World War II, the National Personnel Authority (NPA) was created under United States supervision in the image of the U.S. Civil Service Commission, with three independent commissioners knowledgeable of public administration and with no party affiliation. Its mandate was to democratize the old bureaucracy and to keep party politics out of personnel administration. Its role was to ensure efficient public administration through procedures that guaranteed the impartiality of appointment and promotion based on merit. As might be expected, there was initial resistance by senior officials to the authority of the NPA.

15/ Quermonne and Rouban, op. cit., p. 398. According to the authors, "By 1981 over 50 percent of the legislature was formerly employed by the civil service. There were also many former civil servants working as staff members for political parties. This constitutes a real political force supported by an extraordinary concentration of technical expertise." Ibid., pp. 398-399.

16/ In a recent survey, 79 percent of the French polled thought that civil servants were honest, 67 percent thought them competent and 54 percent thought they were efficient. However, 74 percent complained that they did not deliver services in a timely manner, 65 percent felt they were authoritative (non-participatory), 49 percent thought they were disorganized and 39 percent charged that they were not accountable. See Quermonne and Rouban, Ibid., p. 400.

As Japan's central personnel agency, the functions of the NPA included the administration of competitive examinations, the setting of compensation scales, the establishing of requirements for adequate working conditions and the appointment and dismissal of regular government employees.\textsuperscript{18} There has been some discontent, however, on the part of junior officials with the NPA, who have suggested that a representative from the union of government employees be included as a commissioner.

In 1981 an administrative reform was introduced by which a "special organ" or "ombudsman" was to guarantee the responsibility of public service by conducting an audit to measure effectiveness. The ombudsman system was also intended to find ways to make the behavior of government employees more "democratic."\textsuperscript{19}

According to the National Public Service Law,\textsuperscript{20} the basis of appointment to the Japanese civil service is the possession of "specialized knowledge and skills in various fields of administration which is separated from politics..." In practice, however, legal knowledge is important in order to succeed in the competitive examination. Though formal prerequisites for eligibility to the civil service are held to a minimum in deference to the idea of equal opportunity, most higher civil servants are graduates of law schools in the better universities. There are also a considerable number of senior officials with technical backgrounds (e.g., engineering, forestry, agriculture) who enter the higher level civil service positions through the nationally-administered examinations in their respective field. As in France, there has been a tendency for civil servants to occupy political positions. It is quite common to find former civil servants in Japan who rise to the Prime Ministership, as has been the case with Messrs. Sato, Kishi, Yoshida and Miyazawa.

Colonial Legacies and Political Change in the Third World

The legacy of the British and French administrative systems are strongly felt in the former colonies of Africa and Asia. In a study of six Asian countries, Braibanti found that "...the apparatus and attitudes left by the British have endured. In all six systems there has been no revolutionary displacement of elites. Government service and particularly the elite cadres are attracting university graduates with distinguished records."\textsuperscript{21} National schools of administration in former colonies are a positive French legacy, but on the negative side are \textit{a priori} control systems that result in costly delays.\textsuperscript{22}

\textsuperscript{18} Government of Japan, \textit{Ibid.}, p. 62.

\textsuperscript{19} Government of Japan, \textit{Ibid.}, p. 12.


\textsuperscript{22} World Bank, \textit{op. cit.}, p. 15.
In the 1980s the networks of economic, political, and natural resource interdependencies impose responsibilities upon government agencies in the third world countries that are as complex and demanding as in the industrialized countries. These governments must often enter into partnerships with multinational corporations, collaborate and negotiate with supernational organizations such as OPEC, and bargain for multilateral trade agreements. State-owned enterprises often dominate key sectors of their economies. The implication is that the traditional models of public administration, grounded in colonial legacies, are often inadequate for the tasks required.

III. The Evolution of Public Administration Education and Training Programs

The American Experience: From Specialization to Professionalization

The first university programs for public service in the United States, inspired by Woodrow Wilson in the 1920s, sought to improve the efficiency of public administration through specialized knowledge, drawing upon the bureaucratic organizational schemes of Max Weber and the scientific management principles of Henri Fayol, with their emphasis on administrative procedures, productivity, and the clear functional separation of policy and administration in the public sector. After World War II this "scientific approach" was modified in three ways. First, more attention was given to the political process by which government decisions are made and implemented. Second, and as a consequence, greater emphasis was given to the human and organizational behavior areas. And third, the schools of public administration began to adopt "business school approaches" to management, including the use of case studies.

Despite these changes, public administration education continued to center on staff functions such as planning, budgeting, and personnel administration rather than the more general management functions of directing and guiding public organizations. In contrast to the business schools, they had relatively little impact through the early 1960s: no more than four percent of the people who held responsible positions in public administration had any training in the field, let alone at the masters' level, and only four programs in the United States graduated more than 50 students per year. Financial support for students, research, and program development was hard for schools of public administration to obtain. Academics from the traditional disciplines of political science

23/ James E. Austin, Strategic Management in Developing Countries, Chapter Three (forthcoming 1987).

24/ Dersin has referred to this stage in the development of American public administration education as "the orthodox period" because of its concentration of scientific management principles. A Dersin, "What Kind of Schools for Public Management?" International Review of Administrative Science (2:1981), pp. 159-160.

and economics considered public administration to be neither a discipline nor a field, but an area of application which drew upon other disciplines. As a consequence, the position of public administration schools within many universities was ambiguous. Since the mid-1960s there has been rapid growth in university programs in public administration at the masters' level because of demands for greater professionalization in the management of a multitude of new public programs. This has been accompanied by a growing acceptance of these programs in the academic community and by a strengthening of in-service executive programs by the United States Government through the creation of regional training centers and the establishment of the Federal Executive Institute (FEI) at Charlottesville, Virginia, in 1968. It is estimated that one out of every four U.S. federal employees benefits from some form of formal educational training at government expense each year, and that one third of the total training budget is allocated to the management area.

Post-War Developments in European Public Service Education

Public administration education and training programs in European countries have also undergone significant changes since World War II. In Britain, the Administrative Staff College at Henley and universities such as Manchester, have been active in the training of civil servants for many years, though in terms of numbers of graduates, their coverage has not been extensive. British universities have been less involved in public service programs than have their American counterparts because of the traditional British belief in generalist education for civil servants. In this regard, a major landmark was the establishment of a civil service college in 1970 on the recommendation of the Fulton Committee. The purpose of this new training and research institution was to cope with the weaknesses arising out of generalist education by providing in-service training in administration and management to public servants at middle and higher levels, and to undertake research and consultancy work relevant to public administration.

In France, training is strongly oriented to the development of technocratic elites who are influential in both the public and private sectors. The French Government is well known for its systematic approach

26/ Rose, op. cit., p. ix.

27/ The need for increased support to in-service training for government employees was recognized in the 1950s, and several conferences were held on the subject with the support of the Brookings Institution and the Ford Foundation, lending to the passage in 1958 of the Government Employees' Training Act. See Gilbert J. Black, Trends in Management Development and Education: An Economic Study (White Plains, New York: Knowledge Industry Publications, Inc., 1979), pp. 23-24.


to the training of public servants, especially at the entry level. The new French model, known as the grande écoles system, circumvents the university system and is the basis for access to key positions in the administration and for career promotion. The National School of Administration (ENA), established in 1945, follows a curriculum that emphasizes both practical and theoretical training. Recent reforms in ENA have widened the scope of field placements which now also include industry. Subjects of study include administration, budgeting and finance, international relations and law, and economics. Periods of fieldwork are included between classroom studies. Graduates are ranked according to their performance at ENA which in turn determines their first job assignment in government.

In France, as well as in other European countries, law is still the favored qualification for a public servant. Thus, French universities have continued to engage in the teaching of administrative law to the neglect of public management.

The Japanese Model

An interesting model of training for the public service is found in Japan, whose government had traditionally emphasized law as the preferred background for its bureaucratic elite. Since the 1950s, the Japanese training system has undergone major changes. Legislation has been enacted by the government specifying its training policy and the institutional arrangements for public service training. While each ministry plans its own training, the NPA (referred to in the previous section) coordinates both intra and interministerial programs. As shown in Table 4, over 200 thousand government employees attended such programs in 1980. The 4,500 persons sent to programs classified as managerial training, however, was a miniscule proportion of the total number of employees trained in Japan.

<table>
<thead>
<tr>
<th>Employee Training in Japan, 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Managerial Training</strong></td>
</tr>
<tr>
<td>Courses</td>
</tr>
<tr>
<td>Inter-Ministerial</td>
</tr>
<tr>
<td>Intra-Ministerial</td>
</tr>
<tr>
<td>Total Intra-Mural</td>
</tr>
<tr>
<td>Extra-Mural (in universities, etc.)</td>
</tr>
</tbody>
</table>


30/ Ibid., p. 25.
In addition to on-the-job training, which has a long history in Japan, systematic training for all categories of public personnel is now organized through a vast network of institutions. Career development and training are closely linked through the NPA. Orientation courses and short-term training, which include studies abroad, are planned as part of the career development of personnel from the time they join the government. The rapid expansion of in-service training facilities in recent decades has enabled the Japanese Government to provide training to almost one out of four people working in public entities every year (excluding public enterprise and local government officials). The focus of training for public administration in Japan is not merely on the acquisition of technocratic skills, but also on the creation of a strong sense of nationalism, cooperative work culture, and an empirical approach to administration.

The Developing Countries

Public administration education and training in developing countries is essentially a post-World War II phenomenon. The number and variety of training institutions expanded significantly after the war when many countries in Asia and Africa became independent. Legal training was the dominant influence, particularly in francophone countries that borrowed heavily from the French tradition. In South Asia, the British tradition of generalist training had left its mark even in the colonial days. British, as well as Indian officers who joined the civil service, were educated in selected British universities and special colleges set up for this purpose in India. In Africa, facilities for training administrators and managers were practically nonexistent in the colonial days as such positions were filled almost exclusively by expatriates. Such was the colonial heritage: a training infrastructure that was extremely limited in scope and rudimentary in nature that reflected the systems and practices of the colonial governments which ruled or influenced them.

The 1950s saw a remarkable shift in the approaches and attitudes towards training in many developing countries. The rapid expansion of the roles and functions of government into new economic and social fields led to an upsurge of interest in international organizations such as the United Nations, and this in turn led to the establishment in the 1950s of new institutes of administration in Argentina, Brazil, Burma, Colombia, El Salvador, Ethiopia, and Turkey. An even more significant initiative came during the same period from the United States technical assistance program, which contributed to institution building in Brazil, El Salvador, Ecuador, the Republic of Korea, Mexico, Pakistan, Peru, the Philippines,

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31/ Refer to Table 4. See also Government of Japan, op. cit., p. 82.

32/ These shortcomings, reflecting the weaknesses that have been described in public service training in Great Britain and France through the 1940s, are described in the United Nations, A Handbook of Training in the Public Service (New York, 1966), Chapter 1.
Thailand, and Vietnam. At the same time the French government assisted in
the establishment of new training institutions patterned after ENA in
Algeria, Cameroon, the Central African Republic, Chad, Ivory Coast, Mali,
Morocco, Niger, Senegal, Togo, Tunisia, and Upper Volta. The Ford
Foundation dedicated 30 percent of its total budget to the support of
public administration institutes in such countries as Egypt, India,

An unusual convergence of factors triggered the institution-building boom in the developing countries during the 1950s. First, the political independence won by a large number of countries and the urgent need to indigenize and modernize their civil service generated a strong demand for, or at least heightened their receptivity to, training. Second, the emergence of the concept of technical assistance supported by important bilateral and multilateral development agencies provided a timely vehicle to respond to this need. Third, the optimism and conviction of professional opinion as well as political leadership during this period considered the transfer of knowledge and skills from developed countries through training as a valid approach to development, and therefore facilitated the large-scale allocation of resources in support of public administration education and training to the developing countries.

By the end of the 1960s, however, this momentum of institution building with international support had begun to decelerate. The United States Agency for International Development (USAID), for example, decided to cut back on public administration assistance in developing countries in the belief that there was no immediate payoff in terms of improved development performance. USAID officials found such assistance "difficult, sensitive, and uncertain."\footnote{USAID, *Management Development Strategy Paper: AID’s Response to the Implementation Needs of the 1980s* (Washington, D.C.: mimeo, June 1981).} They and others, including the Ford Foundation, came to the conclusion that development administration needed approaches and tools that were different from those used in American public administration, with their emphasis on maintenance of services in a relatively stable environment. As a consequence, the share of public management-related programs in the Ford Foundation’s budget declined from 30 percent in 1955-59 to 19 percent in 1970-74. This was accompanied by a shift of resources from public administration institutes to more general programs in management\footnote{For example, in 1974 the Ford Foundation made a grant to the Central American Institute of Business Administration (INCAE) to establish a specialization in public management, using the same concepts and methodologies that it had developed in working with private enterprise.} and away from institution building to project-
related training.  

Institutional education and training capacity for public administrators has continued to expand in developing countries notwithstanding the declining trend in support for institution building by international and foreign assistance programs. In part, this expansion was financed by the growth in project-related training. But the principal explanation lies in the fact that developing country governments financed an increasing share of the institution-building costs over the year, even as international assistance began to shrink. In the heyday of technical assistance for public administration (1950-62), the United Nations, USAID, and the Ford Foundation had assisted in the establishment of 27, 45, and 7 training institutions respectively in over 70 countries. The vast majority of institutions set up after this period came into being without any significant dependence on foreign aid.

IV. Education and Training Policies for Public Administration

A major precondition for effective education and training is the existence of a national training policy for public service. When training activities are performed in an ad hoc manner without the guidance of a policy framework, inefficient use of scarce resources and duplication of efforts are bound to occur. The education and training needs of different categories of personnel and different agencies of government are numerous and varied. It is imperative, therefore, that the objectives of training and guidelines for planning, directing, and monitoring this activity be laid down by government as a part of an integrated policy.

Education and training policies for public administration must be based on a careful assessment of future national tasks and manpower requirements. Publicly declared policies help educational institutions to adapt their offerings and help government employees to understand the training opportunities available to them. Policies also provide a framework in which the directors of central or ministry personnel agencies can plan their programs, seek resources, and guide and evaluate performance. On the other hand, policy guidelines should not be so rigid and detailed that adaptation to changing circumstances becomes difficult.

36/ The budget for project-related training in the World Bank, for example, increased from $67 million in 1976 to $187 million in 1981, while project related assistance to public administration by the United Nations Development Programme (UNDP) increased from $38 million in 1972-76 to $60 million in 1977-81. World Bank, Analysis of Lending for Education and Training in World Bank Projects, FY82 (Washington, D.C.: mimeo, 1982); and data furnished to Samuel Paul by UNDP (New York, 1983).


38/ This section is adapted from Paul, op. cit., pp. 30-33.
Ideally, an education and training policy for public administration should state the objectives and scope of all activities, approaches to needs assessment, the priorities and financing arrangements, the roles and functions of different institutions involved and the mechanisms for coordinating their work, linkages of education and training to career planning and development, and guidelines for the monitoring and evaluation of training activities. Five key ingredients of a well-defined education and training policy are discussed below, with specific reference to policies in both developed and developing countries.

1. Objectives and Scope of Education and Training

One of the responsibilities of a government is to declare publicly the objectives and scope of education and training for public service and the importance it attaches to this function so that government's expectations are clear to both present and aspiring civil servants and to the educators, trainers, and their institutions. These objectives are influenced by the environmental and political context of the country. In France, government employees understand that they are responsible for the application of administrative law and the educational system is geared to provide this legalistic training. In the United States, financial control is considered more important than legal control and this is reflected in the OPM's objectives and course offerings.

The explicit statement of objectives is particularly important in times of political or environmental change. In postwar Japan, administrative efficiency became an obsession and this had to be communicated in no uncertain terms to senior civil servants accustomed to privilege. In the French Fifth Republic, civil servant had to abandon traditional legalistic roles to become involved in social reform and economic development. In the aftermath of a violent social revolution, as has occurred in many developing nations, ideological education may become an important public responsibility. Well-stated objectives relate the essential tasks of government employees to national development priorities. They identify the skills, knowledge, and abilities required to perform those tasks and are explicit as to the role of education and training in the development of those skills, knowledge, and abilities.

The boundaries or scope of education and training may also be drawn through a policy directive. For example, a government may assign considerable importance to in-service training and less to university programs, as does the Government of Japan. A government may support in-service training through its own institutions, as in many developing countries, or it may use non-governmental institutions for training and development of its employees. In the 1980s, the United States Government has made increasing use of proprietary organizations such as consulting firms for training in such areas as project management.

2. Assessment of Education and Training Needs

An important function of policy is to offer guidelines on the systematic assessment of education and training needs, and to assign responsibility for this task among relevant agencies so that orderly planning for the fulfillment of these needs is facilitated. Identification of education and training needs is essential at three levels: (a) national; (b) institutional; and (c) the individual training program. A broad assessment of training needs from a national perspective must be undertaken periodically so that educational and training institutions can be assigned appropriate roles and tasks in ways that adapt to the government's changing requirements. A national assessment must take into account both the maintenance and development needs of the government. The strategies of development programs, the training needs perceived by the different government agencies, and diagnoses of prevailing administrative inadequacies are among the sources of inputs for such a national exercise.

Given the nature of the national assessment, the central agency concerned with training, or another appropriate national body, should be assigned the responsibility for this task. In the United States, for example, the OPM has assumed overall responsibility for education and training needs assessment. For this purpose, it has developed an instrument, known as the Management Excellence Inventory, for use throughout the federal government and capable of being tailored to accommodate differences among agencies and individuals.40

Assessment of training needs at the institutional program level must be undertaken within the framework of priorities generated by the national exercise. Once each educational or training institution is assigned an area of responsibility, a more detailed exercise in identifying the needs must be undertaken by its professional staff. A variety of methodologies and techniques of needs analysis are available, from which each institution must select an appropriate mix. Among these methods are contextual analysis which relates needs to the gaps in specific administrative deficiencies, consultation with client organizations, feedback from graduates or former trainees, systematic field surveys of training needs, the use of experimental programs as a learning device, and the critical incident technique.41 The choice of methods should be made by those responsible for implementation and not by policy directives. Policy, however, must identify the key agencies or institutions most appropriate to perform this important function and assign specific roles and responsibilities so that an integrated view of education and training needs emerges.


41/ This involves the analysis of management incidents described by government employees as the basis for educational or training prescriptions. It was developed and has been used extensively by Prof. John D. Montgomery of Harvard's JFK School of Government. J. Montgomery, interviewed by author (Cambridge, MA, December 18, 1986).
Even governments that have adopted formal training policies have reported the assessment of education and training needs as a weak area. A review of the Philippine experience shows that training needs are determined by institutions on an impressionistic basis. Quite often, those responsible for training fail to undertake systematic surveys of needs over reasonable periods of time with the result that training curricula become obsolete or irrelevant to the changing tasks of government. The lack of involvement of ministries and other line agencies in this exercise makes it even more difficult to get a realistic assessment of training needs.

When a systematic assessment of needs is attempted, there is evidence that it does contribute significantly to the improvement of public administration training programs. In India, an analysis of the development plan needs initiated by the Planning Commission in consultation with the Training Division of the central personnel agency led to the identification of a set of new training needs in project appraisal, implementation, and monitoring. New training programs were designed to meet these needs and separate funds were provided under the development plan to organize the new programs by involving a wider network of institutions. In Malaysia, the practice of requiring departments to submit annual training bids to the central Training and Career Development Division has been found to be a good way of ascertaining departmental training needs.

3. Education and Training Plans: Strategies and Priorities

In light of the results of the exercise on assessing needs, a policy decision must be taken on priorities in terms of the tasks to be accomplished. Education and training needs generally exceed the resources available, so it becomes necessary to select that mix of programs that best meets the national needs for inclusion in a plan. This is a strategic decision that must be based upon what resources—human, financial, and organizational—are available in the short run and the long run. Policy decisions on annual-term and long-term training plans by a central personnel agency, for example, must be based on an iterative process of interaction with individual ministries and agencies.

Policy guidelines indicating government priorities and resources are essential to assist institutions in making their choices. While no policy can lay down the content of a training plan, the roles and

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44/ F. Ismail, "Training of Civil Servants in Malaysia," in Raksasataya and Seidentopf, ibid., p. 144.
responsibilities of different agencies in this task and the criteria and processes they must adopt are matters for policy decision. Policy guidelines for financing different types of training, for example, will indicate to both training agencies and public servants the degree of financial support they can expect for training. This is also true of guidelines for grants to universities.

Only a small number of developing countries have formally adopted training policies by law or executive order. In Latin America some countries have passed civil service laws which make references to training, but most do not have any declared training policy. In Africa, despite a major effort by the United Nations effort to have governments adopt formal manpower and training policies, no country has passed any legislation or executive orders on its public service training policy in a comprehensive manner. In Asia, a recent survey has highlighted only three countries (Pakistan, Malaysia, and the Philippines) as having publicly declared training policies. One likely consequence of this absence of education and training policy guidelines in developing countries is that ad hoc decisions tend to prevail and long-term planning that is essential in human resources development gets low priority.

4. Monitoring and Evaluation of Public Administration Education and Training

When resources are allocated to approved education and training programs, mechanisms must be established for the periodic monitoring of the inputs and outputs of these activities. These data, however, imperfect, must be aggregated at the national level so that overall performance and trends may be evaluated in rough quantitative terms. This must be complemented with the qualitative evaluation of individual programs and institutions, a more complex task requiring the creation of review mechanisms. There are several methods of evaluation and levels at which it must be conducted. From a national point of view, the most important concern is the impact of training on the effectiveness of public administration. Policy guidelines must specify (a) the criteria and periodicity of monitoring and evaluation; and (b) the roles and responsibilities of different agencies and institutions in this task. Policy reviews of a continuous nature can be attempted only when the monitoring function is strong.

45/ Based on interviews with UN advisors dealing with Latin American countries, conducted by Samuel Paul and reported in Training for Public Administration..., op. cit., p. 34.


47/ Reported in Raksasataya and Seidentopf, op. cit.
In most developing countries, emphasis is given to the quantitative dimension of evaluation, with particular attention to levels of activity. Specific programs are seldom monitored; trainers are so involved in the design of curricula and in the mechanics of training that little attention is given to the design of evaluation mechanisms. A survey of Asian countries revealed that evaluation seldom goes beyond a questionnaire survey of trainees at the conclusion of their training, and follow-up of trainees to assess the impact on job performance or on the effectiveness of public sector organizations have indeed been rare.

5. Career Development Linkages to Education and Training

An important reason for the neglect of the evaluative function in education and training is the absence of suitable linkages between these activities and the broader personnel policies of government. The remedy lies in integrating education and training policy with the relevant aspects of the government personnel policies in such key areas as career development planning and promotion. If training contributes to the career progress of public servants and their training performance is a formal input to their evaluation, they are more likely to take it seriously. Policy guidelines that specify the links between these elements are the most effective means to inform public servants on how their career progress will be influenced by education and training. Relating training to different stages in a person's career, feeding inputs from training into his or her performance evaluation, and taking training into account in promotion decisions are aspects on which guidelines must be established. The administrative mechanisms for coordinating the implementation of these guidelines must also be stated in the policy.

A close integration of public service training with broader personnel policies does not exist in many countries. A survey of four Asian countries revealed that only Malaysia had been able to report some progress in this respect: in some categories and levels of the Malaysian civil service, training is a precondition for eligibility for further promotion. The Malaysian policy has also encouraged mid-level postgraduate training of officers towards specialization in the service by providing funds for this scheme and support to proper job assignment upon completion of training. This appears to be the exception rather than the rule, however. A recent Commonwealth Secretariat conference of representatives of eight developing countries unanimously agreed that the absence of policies linking training to career development is a major

48/ Raksasataya and Seidentopf, *ibid.*

49/ Author's note: Not comprehensive evaluations of public sector training programs, either of final results or of changes in behaviors and attitudes, were found in the literature search at the Harvard library system that was conducted in the preparation of this paper.

50/ Ismail, *op. cit.*, pp. 159-161.
barrier to the effectiveness of public enterprise training in their countries.51

V. The Design of Public Administration Education and Training52

Curriculum in U. S. Schools of Public Administration

The emphasis in curriculum varies widely among the major schools of public administration in the United States, as revealed in Table 5. Harvard is policy oriented; Stanford tends to be behavioral in focus; Carnegie-Mellon is quantitative; Princeton concentrates on international affairs; and Berkeley gives more attention to public management per se. However, it should be noted that each of these schools has a variety of concentrations that allow students to vary the emphasis. For example, Berkeley has a school of public policy and Princeton has concentration fields that deal with domestic public issues.

Table 5

Curriculum Emphasis of Major Public Administration Schools
(figures in percentages)

<table>
<thead>
<tr>
<th></th>
<th>Quantitative</th>
<th>Behavioral</th>
<th>International</th>
<th>Public Mgmt</th>
<th>Policy</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Princeton University</td>
<td>4</td>
<td>5</td>
<td>48</td>
<td>11</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>Harvard University</td>
<td>16</td>
<td>2</td>
<td>6</td>
<td>16</td>
<td>56</td>
<td>3</td>
</tr>
<tr>
<td>Univ. of CA (Berkeley)</td>
<td>6</td>
<td>12</td>
<td>0</td>
<td>31</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Stanford University</td>
<td>9</td>
<td>23</td>
<td>0</td>
<td>12</td>
<td>37</td>
<td>19</td>
</tr>
<tr>
<td>U. of Southern California</td>
<td>0</td>
<td>9</td>
<td>12</td>
<td>21</td>
<td>58</td>
<td>0</td>
</tr>
<tr>
<td>Carnegie-Mellon Univ.</td>
<td>21</td>
<td>21</td>
<td>0</td>
<td>3</td>
<td>50</td>
<td>5</td>
</tr>
<tr>
<td>George Washington Univ.</td>
<td>8</td>
<td>21</td>
<td>2</td>
<td>16</td>
<td>53</td>
<td>0</td>
</tr>
<tr>
<td>American University</td>
<td>6</td>
<td>17</td>
<td>3</td>
<td>19</td>
<td>55</td>
<td>0</td>
</tr>
</tbody>
</table>


With the help of NASPAA officials, several U.S. schools of public administration were chosen for analysis. The Maxwell School of Syracuse University and the University of Southern California (USC) were chosen as typical of good public administration schools that combine the new emphasis


in public policy with solid, traditional public management. However, while Maxwell recruits most of its students fresh out of the university, USC tends to have a much higher proportion of in-service and mid-career students. George Washington University (GWU) was included because its public administration department is within a business school and has a managerial focus, with some joint offerings. Finally, Carnegie-Mellon was included as representative of the more quantitative, computer-oriented schools.

The purposes of the curricula at the four schools, as stated by their peer reports which must be submitted each year to NASPAA in order to renew membership, are similar and convey a clear professional focus. The purpose of the Maxwell School MPA curriculum is "the general training of people for high responsibility in public service," responding to "the special needs of public managers and policy analysts." The USC curriculum concentrates on "providing society with trained professionals and giving individuals the opportunity to gain professional training." At George Washington University, the MPA curriculum is "designed to prepare students for professional careers as managers and analysts in the public arena" and "to enable professionals in mid-career positions to enhance their skills and broaden their career opportunities." The Carnegie-Mellon curriculum is intended to "provide a professional education to a diverse student body for leadership and management roles in public policy and administration."

Curriculum content does reflect differing emphases, however. The Maxwell School offers a wide range of core courses in areas that range from "executive leadership" to "public administration and democracy," with less than one fourth of the required core in the quantitative area. The Carnegie-Mellon curriculum, in contrast, is based on the premise that rapid social and technological change requires public managers who are able to use an array of rational analytic tools. The required quantitative methods sequence at Carnegie-Mellon requires that students relate statistical and decision-analytic tools to particular policy problems through computer methods. At George Washington, many courses in organization and management science are cross listed and available to both public management and business students. Because of its mid-career focus, George Washington also has agency intern, cooperative, and career development programs by which MPA students may receive credit for internships by enrolling in a special seminar. These differences in emphasis may be seen in Table 5, above.

53/ The School of Organization and Management at Yale University also combines business and public administration, with a strong orientation toward the organizational area, as the name implies. The Yale experience has been that student interest and opportunity in the private sector has tended to drive the public sector focus from the curriculum. Professor Richard Hackman, interview by author (New Haven, CT, November 1985).

54/ The author is appreciative of the assistance provided by Alfred M. Zuck, Executive Director of NASPAA, in this selection. Interview by author (Washington, D.C., December 19, 1986).
Executive Training in the U. S. Government

Training for the highest levels of U. S. public service has undergone significant change since 1978 as a result of the Civil Service Reform Act's emphasis on professional management. Acting on this mandate, the U. S. Office of Personnel Management spent several years conducting research to determine the nature of managerial work in government and what civil servants at higher levels need to know to accomplish that work. The result was the development of a competency-based model of effective management performance known as the "Management Excellence Framework." This framework, in turn, is the basis for a National Management in its various training facilities. These facilities include: (1) the U. S. Government Executive Institute, located in downtown Washington, D. C. and used for short, non-residential workshops and seminars for senior executives; (2) the Federal Executive Institute, located 130 miles south of Washington, D. C. in Charlottesville, Virginia, known as the "premier residential training facility" of the U. S. Government and used only for the most prestigious programs such as the four-week Executive Education Program and one-week "featured topic" programs; (3) the three Executive Seminar Centers located in Denver, Colorado; Oak Ridge, Tennessee; and Kings Point, New York; used primarily for residential two-week Executive Development Seminars aimed at higher level servants immediately below the senior executive levels; and (4) ten Regional Training Centers located in major cities throughout the United States which are used for a wide variety of non-residential training programs, including over 300 different courses, aimed at middle-level civil servants and typically lasting three or four days, from 9 a.m. to 4 p.m. Participants in these programs come from many different government agencies.

The National Management Career Curriculum (NMCC) is used throughout this network of facilities. It consists of six competency areas that are offered in different combinations and intensities depending upon the levels and needs of program participants. The first two consist of political, organizational, and communications skill areas for actual or future top government executives; the remaining four consist of the classic management tasks of planning, organizing, implementing, and controlling. Brief descriptions of each module are included in Table 6.

Table 6

<table>
<thead>
<tr>
<th>The National Management Career Curriculum: Descriptions of Six Competency Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Integration of Internal and External Program and Policy Issues.</td>
</tr>
<tr>
<td>This area involves the discussion by senior executives of program and policy issues and the implications of carrying out those policies. Two types of implications are analyzed: those for relationships with external groups such as users of public</td>
</tr>
</tbody>
</table>

55/ "Non-residential" refers to events in which participants do not remain at the training facility overnight as they do in "residential" programs.
- 133 -

services; and those for internal organizational relationships. The purpose is to give senior executives a broader policy perspective and a more sophisticated view of policy implementation. One-day workshops in this competency area are offered at the U. S. Government Executive Institute and two-week seminars are offered at the three Executive Seminar Centers for higher grade civil servants that include this as a "future area of responsibility."

II. Organizational Representation and Liaison. As higher civil servants climb the executive ladder, they are called upon more frequently to represent their agencies before legislators, party leaders, and politicians as well as before leaders of pressure groups and the general public. This competency area, also for senior executives, is intended to discuss issues and build skills related to public communications on sensitive political issues. Like Competency Area I, it is offered to the highest levels in one-day workshops at the Government Executive Institute and to future senior executives in two-week seminars at Executive Seminar Centers.

III. Planning and Guiding. As the title implies, this competency area involves knowledge of planning techniques and skills in their application. Concepts of strategy formulation in public sector organizations are also analyzed.

IV. Administering Money and Material Resources. This area includes budgeting and resource allocation from a strategic perspective.

V. Utilizing Human Resources. Once plans have been made and resources allocated, they must be translated into action by people in the organization. This competency area deals with issues of organization and motivation of human resources through the use of incentives and other incentives and through personal leadership styles.

VI. Reviewing Implementation and Results. This competency area covers the final stage in the managerial process, that of monitoring and evaluation.

Several combinations of these competency areas are commonly used. The Management Development Seminar, for higher grade civil service personnel, includes V, III, and VI as competency areas and I, II, and IV as future areas of responsibility. The Executive Development Seminar, for senior executives, includes I, II, and IV as competency areas plus other materials designed to develop greater awareness of political, economic, and other non-technical factors so that they will approach management decisions
with a strategic view, environmental sensitivity, and a broad perspective. The seminar in Federal Program Management combines areas I, II, and IV with a view toward conveying and understanding of the total environment and operation of federal programs.

In recent years, the curriculum at the Federal Executive Institute has become increasingly oriented toward personal development and self-actualization as opposed to managerial development. One critic points out that the FEI has lost many of the contacts that it initially enjoyed with universities, and charges that it has "been taken over by the Senior Executive Service for its own purposes;" having become a place for senior executives to rest.

Reforms in the ENA Curriculum

Over half of the top ranks of the French civil service are currently occupied by graduates of the Ecole Nationale d'Administration (ENA), a government institution that has graduated over three thousand students since its founding in 1946. The founding articles stipulated that the first year of the 29-month program be spent on an "external course" in a prefecture, town hall, or other administrative body under the guidance of a senior official or elected representative who acts as course supervisor. The student is expected to organize his own program, "grasping opportunities as they arise" and to demonstrate to the course supervisor that he possesses the qualities required of a French senior civil servant. The success of the external course depends upon the example set by the course supervisor and other civil servants who work with the student, and upon the student's intelligence and skill in satisfying his own professional development needs. An internal evaluation by ENA sustains that this approach has "withstood the test of time," permitting students "to acquire a thoroughgoing professional and human experience of affairs."

Students begin theoretical studies in the ENA classrooms in Paris during the second year. In the early years of ENA, this classroom training centered on legal and administrative questions. However, the quest for an improved system of control on the executive branch in French government, plus a new thrust toward policy evaluation, has led to changes in the ENA curriculum, [Quermonne and Rouben, op. cit., pp. 400-404.] There continues to be a common core of subjects such as administrative methods and techniques, budgetary problems, national accounting, foreign policy, and labor relations, but the branches of specialization and optional courses


57/ Interviews by author with faculty members of the JFK School of Government, Harvard University, Cambridge, Massachusetts, December 1986.

58/ Ecole Nationale d'Administration, "General Presentation of the School and Description of Practical Courses" (Paris: mimeo, 1985), pp. 5-8.
have been strengthened by the inclusion of courses with managerial and policy orientations. Furthermore, they must spend several weeks in a business or industry in order to understand problems faced by the manager and to acquire a business perspective.

A student at ENA may specialize in one of two branches: general administration, which has been expanded to incorporate computer-based management information systems; and economic and financial administration, which focuses upon more macro policy issues. Because of the range of options available within these specializations, ENA graduates may be found performing a wide variety of tasks throughout the diverse institutions of the French administration. A significant contribution of ENA has been the development of informal relationships that facilitate inter-agency cooperation.

The "Special Program" Model at INCAE

Management institutes established in developing countries with the technical assistance of Harvard and other U.S. universities have been offering degree programs in public management and executive seminars for public sector institutions since the early 1970s. The Central American Institute of Business Administration, INCAE, was founded by the local business communities and its early programs adhered faithfully to the curriculum and methods of the Harvard Business School, which played a major role in guiding its early development. As INCAE became increasingly attuned to the needs of Central American development, it began to develop its own institutional identity, and this process had led to a special commitment to the public management area.

The vehicle by which INCAE has become involved in public administration education and training is the "special program under which budget and faculty are committed to carry out a coordinated set of activities that address a particular area such as family planning program management, the management of integrated rural development programs, or management systems for state enterprises in the agricultural sector. INCAE involvement in each of these has components: research, "outreach" (usually executive training and consulting), and postgraduate courses. It is the distinctive approach to each of these components that defines the special program model.

The research component. The diagnostic and developmental component is the first step in any new special program INCAE undertakes. The program team immerses itself in the functioning of the system, identifying critical institutions and relationships. Observation is conducted at the operating levels, whether it be a rural clinic, an

agricultural extension office, or the accounting department of a state-owned enterprise remote from the capital. Analysis of these data enable the project team to define the major barriers to achieving objectives and to determine policies and actions that will contribute to overcoming the barriers. This analysis also leads to the identification of key incidents that are used as the basis for case studies.

The outreach component. The case studies developed as a part of the research component are used in workshops or seminars attended by key individuals in the system. For example, several cases on specific problems in Nicaraguan state-owned agricultural enterprises were recently discussed in a three-day workshop that included not only the enterprise managers but also regional directors (responsible for supervising all enterprises in a geographic region) and high officials from the central Ministry of Agricultural Development and Agrarian Reform, including vice-ministers and heads of key staff departments such as accounting, auditing, and planning. Participative discussions in these workshops and seminars enable participants to share their analysis, each developed from a different organizational perspective, and to gradually arrive at a broader understanding of the problems and alternatives in each situation. These outreach activities are also an integral part of the research process, providing a crucial test of the validity of diagnostic frameworks and generalizations developed from field observations. Validity is judged in relation to usefulness: does the public manager or ministry official find the diagnostic frameworks and generalizations useful in gaining new, actionable insights into his problems? "If we viewed the outputs of our research as primarily for academic consumption, our approach probably would be different. But we believe that the role of an institution such as INCAE is to produce research which will be directly useful in improving the quality of life within the Central American community."60

The postgraduate course component. Once the cases and conceptual materials have passed the usefulness test of validity, they form a part of the permanent collection that is used in INCAE's postgraduate programs and continuing executive programs. Depending upon the specificity of the problem area being addressed, these materials may form a part of a postgraduate course, an entire course, or even a "concentration" consisting of several courses. In the mid-1970s, for example, INCAE conducted research on organizational and budgeting problems faced by Central American public managers, an area so broad that it became the basis for the concentration in Public Management in the Master's Program. More recently, research on Nicaraguan state-owned agricultural enterprise has led to the development of a new course in agricultural management. The design of these courses requires faculty to think in terms of broader, more integrative frameworks and there is more opportunity to explore ideas that may not be ready to stand the test of immediate usefulness. Also, the degree program courses allow for generalizations that apply across problem areas.

60/ Ickis and Cruz, ibid, p.99.
The content and quality of public administration education and training programs is strongly influenced by the strategy and style of institutional management, and by the organizational forms and policies that support this strategy. In this section, three approaches to institutional management and institutional development are discussed.\\n
1) The Government Training Center

One approach is for a government to set up a training institution to manage it departmentally, as a part of its civil service structure. When this occurs, the normal tendency is to transfer the governmental administrative system and practices to the new organization. Thus, recruitment of trainees, distribution of authority, decision-making processes, and financial regulations may be based on governmental practices which may be quite inappropriate to the institution concerned. The establishment of such practices and systems in the early stages of institutional development will have profound and long-term impact on the way that the training center will be managed.

A further problem is often encountered in the staffing of government training centers. A common practice is to appoint government officials to key positions and to "second" experienced civil servants from public agencies as instructors. This may result in the transfer of an inappropriate institutional culture. Thus, in training centers in some countries, many problems have been created by the appointment to leadership positions of public officials who may be quite competent but whose experience is chiefly derived from routine administration. Furthermore, instructors who are seconded by their agencies may view their work in public administration training as temporary, they may lack the commitment that is required for institution-building.

Among the fully government-controlled and financed training institutions, INTAN in Malaysia has achieved a reputation for its performance. The usual stereotype that government-run institutions are rigid in their staffing patterns and approaches to training, plagued by instability in leadership, and consequently neglectful of their internal management, does not fit INTAN. There appear to be three reasons for this. First, though controlled by government, INTAN has been given autonomous status by the government not only in operating its own budget but also in planning and managing its activities. Second, particular attention has been given to the selection of qualified leadership and staff members, and their terms have been set at a minimum of five years. Third, INTAN is engaged not just in training but also in research, consultancy, and the development of training materials.

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61/ These approaches were originally presented in Paul, op.cit., pp. 67-73.


63/ F. Ismael, "Training of Civil Servants in Malaysia," in Raksasataya and Seidentopf, op.cit.
2) Public Administration within the University

The second approach is that of an institution spawned by a university. In this case, the operating culture of the university casts a dominant influence on the institution's management. If the university itself is highly bureaucratic and centralized in its management, it is unlikely that the new department will be given any autonomy or allowed to experiment with new ways of planning and organization. The poor performance of some university departments of administration, particularly in the third world, can be attributed to the inadequacies of their approaches to institutional development in their formative years.

Student selection and placement. Most public administration schools that are organized within universities in the U.S. and other countries draw upon two sources of graduate students: recent university graduates who are seeking careers in the public sector; and government employees in search of career development opportunities. However, as may be seen in Table 7, fewer numbers of public administration graduates are going into public careers or returning to the public service, especially at the state and local levels.

In contrast, more and more MPA graduates are being attracted to business and industry and to private voluntary organizations (PVOs). This is particularly true in schools with a quantitative or financial specialization like Carnegie Mellon. Only 29 percent of all Carnegie Mellon graduates went into government service at any level, while 19 percent were attracted to private industry, 11 percent went to work for banks and financial institutions, 13 percent were hired by consulting firms, and 14 percent went to work for PVOs.64

Table 7

<table>
<thead>
<tr>
<th>Placement of M.P.A. Graduates in the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Career</td>
</tr>
<tr>
<td>Local government</td>
</tr>
<tr>
<td>State government</td>
</tr>
<tr>
<td>National government</td>
</tr>
<tr>
<td>Quasi-government institutions</td>
</tr>
<tr>
<td>Further graduate work</td>
</tr>
<tr>
<td>Business or industry</td>
</tr>
<tr>
<td>Other*</td>
</tr>
<tr>
<td>* Includes foreign students returning home; private voluntary organization, etc.</td>
</tr>
</tbody>
</table>


Faculty recruitment. Public administration schools depend heavily upon faculty members whose primary identification is with a specialized discipline such as economics or political science (see Table 8). Public administration, after all, is not a discipline but an area of application of multiple disciplines. While this confluence of diverse disciplines undoubtedly enriches the academic content of graduate education in public administration, it may increase barriers to interdisciplinary work if accompanied by systems that reward publication in one's specialized field above all else. This poses problems for obtaining faculty commitment, discussed below under "motivation and incentives."

Table 8

Specialization of Faculty in Selected U.S. Schools of Public Administration, 1984

<table>
<thead>
<tr>
<th>Field</th>
<th>All U.S. Schools*</th>
<th>Carnegie Mellon</th>
<th>Univ. So. CA</th>
<th>Maxwell School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Administration</td>
<td>26 %</td>
<td>16 %</td>
<td>33 %</td>
<td>32 %</td>
</tr>
<tr>
<td>Economics</td>
<td>9</td>
<td>16</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Political Science</td>
<td>20</td>
<td>2</td>
<td>25</td>
<td>9</td>
</tr>
<tr>
<td>Statistics; Math</td>
<td>4</td>
<td>5</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Business Administration</td>
<td>7</td>
<td>0</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Law</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Finance; Accounting</td>
<td>n.d.</td>
<td>17</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>30</td>
<td>42</td>
<td>27</td>
<td>30</td>
</tr>
</tbody>
</table>

* Includes 205 schools responding to NASPAA survey.


Organizational arrangements. The public administration area may be organized at three levels in the university: as a "school" or faculty with its own policies; as a department within a school of arts and sciences; or as a program within a department of political science. It may be organized separately or in combination with other schools or departments, usually business administration. In Table 9 it may be seen that there is a growing percentage of public administration programs which are offered by political science departments, schools of arts and sciences, and business schools in the United States. The total number of those organized as university schools did not decrease.

65/ For a discussion of this issue, see Dersin, op.cit., p.154.
Table 9

Public Administration Organizational Arrangements

<table>
<thead>
<tr>
<th>Organizational Arrangement</th>
<th>1973</th>
<th>No.</th>
<th>%</th>
<th>1983</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program within a Political Science Department</td>
<td>36</td>
<td>35</td>
<td></td>
<td>70</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Separate Department of School of Arts and Sciences</td>
<td>23</td>
<td>23</td>
<td></td>
<td>64</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Department Combined with Other Department (Bus Adm)</td>
<td>6</td>
<td>6</td>
<td></td>
<td>16</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Professional School Combined with Other School (Bus Adm)</td>
<td>11</td>
<td>11</td>
<td></td>
<td>10</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Separate Professional School Reporting to University Admin.</td>
<td>25</td>
<td>25</td>
<td></td>
<td>26</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>100</td>
<td></td>
<td>186</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>


3. Autonomous Institutions

Evidence of the third approach is found in the establishment of several autonomous institutions. Whether established under public or private auspices, these institutions show a more sensitive understanding of the management systems and practices required for their proper functioning even though, at times, the concept of autonomy has remained nominal. Much depends also upon who the initial sponsors or collaborators are. Where international assistance is used, the foreign sponsors may sometimes unwillingly transfer to the new institution designs and approaches to management that have little relevance to the national context. This may have occurred in some of the early collaborations in developing countries in which U.S. schools of public administration designed and developed new university departments in their own image to impart pre-entry training, whereas the most important local need was for in-service training, which requires a different design and management style.

Several well-known autonomous institutions have been established around the world for enterprise management. Many of these, such as IMEDE in Switzerland and INSEAD in France, have confined their education and training activities largely to private business enterprise. In the third world, however, several autonomous institutions that began as business schools have expanded their programs to include public administration. Three institutions which have been widely judged by outside observers as
high performers in this area are the Indian Institute of Management at Ahmedabad (IIMA); the Asian Institute of Management, Manila (AIM); and the Central American Institute of Business Administration (INCAE). The major organizational features identified as common to these institutions are the following:

1. **Organizational form.** The Government of India was responsible for the establishment of IIMA, whereas AIM and INCAE were established as private sector institutions. In spite of government sponsorship, however, IIMA operated with a substantial measure of autonomy, much like the other two. The important feature was the absence of inflexible government control rather than the specific structural form. All three institutes had the required autonomy to carry out the evolutionary and flexible programs that were critical to the changing needs of their environments. In IIMA's case, the government monitored its progress through a Board of Governors on which it was well represented. The institute, in part, augmented its autonomy through the quality of its performance and through the diversification of its funding sources. Government sponsorship provided legitimacy to IIMA which may be described as a joint venture between government and industry.

2. **Focus on multiple, but related risks.** All three institutes were engaged in training, research, and consulting with a mutually reinforcing relationship among these related tasks. The vitality of teaching in these institutes has been sustained by the linkages that research and consulting provided with practicing managers in both private and public sectors. Such linkages have been particularly effective in collaborating with government agencies for improving systems and practices through long-term arrangements of three to five years. Management of these multiple tasks is more complex than that of training as a single activity. Groups of faculty members with responsibility for different tasks were set up to ensure accountability for results. Close contacts with client groups reinforced their performance orientation.

3. **Educational model.** All three institutes started with a well-defined model of business enterprise management that had a good measure of conceptual coherence. With an established record of success in this field, they were able to expand into the field of public administration through a process of adaptation and learning. The tradition of pulling together several relevant disciplines and applying knowledge to solving problems in the organizational context are strengths of the model on which they have been able to build further.

4. **Leadership and internal decision-making.** One of the widely shared generalizations about building organizations is the role of leadership. Though all three management institutes had foreign

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66/ ILO, Managing a Management Development Institution (Geneva, 1982).
collaboration during the initial period, they also had local leaders from the beginning who were able to establish a sense of purpose and direction in these organizations. These people had the stature and ability to establish the organizations' legitimacy in their unique political and cultural settings.

5. A critical mass of faculty. The size of the faculty built up in these institutes was large compared to that of university departments engaged in comparable activities. Too small a group seldom developed the critical mass needed to undertake multidisciplinary activities and experimentation. IIMA has 90 members on its faculty; AIM has 40 and INCAE has over 50. Internal organizational structures, however, did not become hierarchical. On the contrary, their methods of internal planning and decisionmaking are participatory in nature. The practice of hiring temporary faculty on secondment is uncommon. Investment in faculty development and motivation through performance evaluation are some of the important features.

A combination of events, persons, and strategies which lead to success in one situation cannot always be repeated elsewhere. However, research on public administration training has revealed that the mix of features identified above are common to high performers in other parts of the world. For example, the Pan African Institute for Development (PAID), which focuses on rural development training, has four noteworthy features: (1) it has good leadership and linkages with various development agencies in Africa; (2) it enjoys substantial autonomy through its multilateral financing arrangements; (3) it adopts a tri-dimensional approach which emphasizes multidisciplinary field research for developing relevant training materials; and (4) it has decentralized management so the local adaptation is facilitated at its regional centers.

The Role of Motivation and Incentives

An important area that often gets neglected in the design of institutional policies is the role of motivation and incentives in improving performance. Compensation policies are critical in this regard. Even though private organizations are usually more flexible in offering monetary compensation as an incentive than government-run training institutions, the latter have, in some cases, introduced innovations in this area. Some institutions offer additional payments when faculty members do consulting work; they have increased the number of posts thereby improving promotion possibilities; accelerated increments are also given to the faculty who perform outstandingly.

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68/ Ibid.
Since there are limits to monetary incentives, institutions can seek other approaches to motivate their staff. First, several institutions have found an annual performance appraisal of the faculty a useful device to review their output and also to provide them with feedback on their performance. When promotions are based only on seniority and performance inputs are ignored, institutional performance suffers. Second, the periodic evaluation can be a basis for offering non-monetary incentives, such as recognition of a person's work by the institution, new opportunities for self-development, and nominations to prestigious positions. Third, the management style of the leader and the faculty's role in internal decision-making also may contribute to better motivation. A professional organization's performance depends on the extent to which it uses the ideas and collaborative efforts of its staff. The motivation to innovate and collaborate will be strong when the staff is encouraged to participate in the process of institutional development.

Evaluation Policies and Procedures

There is general agreement among observers that inadequate attention has been given to the evaluation of public administration education and training programs. The most frequent type of evaluation is the questionnaire distributed to program participants at the conclusion of the training activity. A typical questionnaire asks respondents to indicate, on a scale, the usefulness of the training, the effectiveness of the instructors, and the quality of the materials used. There may also be open-ended questions on the most positive and negative aspects of the training experience, or on suggestions for the future. What is obtained are the reactions of the participants. Beyond these reactions criteria, some evaluations attempt to ascertain the extent to which learning has taken place. Grading of students is, of course, a common feature of degree programs.

Less common, however, are ex post evaluations that attempt to measure change that has occurred as a result of an educational or training program. Such changes might include behavioral change of participants as observed by their supervisors or obtained through peer ratings; or organizational change that occurs as the result of introducing innovations that may be observed and registered. Finally, evaluations may attempt to measure changes in performance or in impact.

Interestingly, there appear to have been more impact evaluations performed on public administration education and training institutions in the third world than in industrialized countries, perhaps because foreign donor and lending agencies require these evaluations for continued funding. One theme that runs through most of these evaluations is that the impact and effectiveness of training in third world countries have not matched the

62/ Based on questionnaires used by the Division of External Affairs, Central American Institute of Business Administration (INCAE), Alajuela, Costa Rica, 1986.
institutional capacity that has been created during the past three decades. Several causes for the between expectations and achievement have been highlighted in these assessments. First, methodologies were often inappropriate, based upon the passive teaching of theory rather than active facilitation of learning. Second, staffing and remuneration policies were inadequate and failed to provide for the motivation and development of core faculties. Third, civil service career paths were often unrelated to the training programs. Fourth, training often occurred in the context of short-term projects and lacked a long-term development perspective. An finally, government itself often assigned low priority and insufficient resources to the training activities.°

VII. Summary and Conclusions: The Lessons of International Experience

This review of the evolution of public administration education and training around the world has revealed several trends that have important implications for the design and management of these programs. First, there has been a growing recognition of the need to develop a professional core of senior public managers who are more identified with the general management function than with a particular agency or technical area. Second, this has been accompanied by a changing perception of the higher civil servant's role, from one of caretaker or administrator to one of policy analyst and decisionmaker. Third, there has been a growing interdependence between the "traditional" public sector and other sectors of society, including the productive enterprises. International experience in adapting to these and other trends have suggested several lessons, which are discussed below.

Need for a Unified Approach

The international experience reviewed in this paper reveals the need for a unified approach to public administration training, particularly at higher levels, that reinforces that trend toward professionalization of the senior civil service. Training programs at this level should not be compartmentalized by agency but rather should be organized to include a number of different agencies or ministries, for at least two reasons: first, this creates a common language among higher civil servants and facilitates inter-agency cooperation. Second, this makes possible the lateral transfer of senior executives from one agency to another. The Ecole Nationale de'Administracion (ENA) has contributed to this unified approach in France, as has the Administrative Staff College at Henley in England. The Civil Service Reform Act of 1978 sought to create a professional elite of general public managers in the United States, but this has been only partially successful.

Despite this widely recognized need for a unified approach to the training of senior civil servants, the forces for compartmentalization are strong. The limited success of civil service reform in the United

70/ See Paul, op. cit., pp. 52-61.
States is partly due to the tendency of some in the senior executive service to seek refuge within their technical areas of specialization in a given agency. Moreover, agencies with excess training capacity may prefer to conduct all courses, even at the senior level, in-house rather than to use the services of a centralized personnel office. It is therefore important that incentives be provided to ensure that inter-agency training programs are carried out.

Limitations of "Captive" Institutes

This review has examined several forms of organizing public administration education and training, including the establishment of "captive" institutes within central government personnel agencies. Experience from a number of countries indicates that these institutes, when staffed by government employees who are seconded from their public agencies, are unlikely to develop a core of faculty with the professional commitment required to achieve continued excellence in senior level programs. An important ingredient of this excellence, for example, is the synergy created by teaching, research, and consulting.

While these captive institutes may be adequate for training in the routine functions of public administration, evidence presented in this review indicates that senior level programs are more appropriately designed and conducted by autonomous institutions that possess certain attributes including research capability, linkages to practicing managers, effective leadership, a critical mass of faculty, and a problem-solving approach to education.

The Public Administrator as Policy Analyst

Education in public administration traditionally focused on the legal and administrative aspects of the civil servant’s job. However, evidence in this review highlights the changing role of the senior civil servant, from administrator to policy analyst. This transition has been particularly evident in France, where the distinction between policy formulation and implementation became blurred after establishment of the Fifth Republic. It is reflected in the changing emphasis of the public administration curriculum in many universities toward public policy. This, in turn, requires a multidisciplinary approach that draws heavily upon economics, political science, and the quantitative sciences. Though public administration schools in universities such as Carnegie-Mellon, Southern California, and Syracuse differ in their emphases, all share this multidisciplinary approach to building knowledge and skills in policy analysis.

An Integrated Approach to Career Development

University course work, while important in developing policy analysis skills, must be complemented with an array of programs and policies that contribute to the career development of the higher civil servant. These include induction programs, opportunities for job rotation,
and continuing on-the-job training programs. Moreover, to be effective, these programs must be integrated with the performance appraisal systems and reward schemes in use. A problem that was seen in the implementation of civil service reform in the United States was that the bonuses were not sufficiently attractive and the performance appraisal systems were not used adequately in some agencies. Without careful attention to all aspects of career development, even the best-designed training programs will be ineffective.

**National Training Policy as a Central Function**

Though the implementation of many training programs is decentralized, the findings of this review indicate that the formulation of training policy for public administration should be centralized at the national level to achieve coherence. This policy should be based upon a careful assessment of training needs that have been thought out on a government-wide basis. There has been a greater awareness of the importance of national training policy since World War II, and several countries such as Japan and France have undertaken thorough policy formulation efforts. Even the U. S. Government, noted for its decentralization, has invested several years' research in a single needs assessment that served as a basis for its new training curriculum. Conversely, the weakness of public administration in some third world countries may be traced to the absence of a national training policy.

Even those countries with coherent national training policies, however, seldom invest sufficient resources in the evaluation process. This appears to be a uniformly weak area, as evidenced by the lack of evaluation data on training programs around the world. This weakness could be addressed, and in part overcome, by incorporating specific policies on evaluation in the national training policy.
How does the Harvard MBA stack up against executives trained in other ways? How do US business schools compare with training institutions in Japan and India? Which training approaches are most useful for:

**Entrepreneurs and owner-managers of small enterprises**

Traditionally, management education has been geared toward training executives for large-scale enterprises. But in the 1980s, small and medium-size enterprises have also become important (for different reasons) in both developed and developing countries. And any new training programs for entrepreneurs and owner-managers of small enterprises have shifted from an emphasis on conventional management skills to one on entrepreneurship and enterprise development.

**Corporate managers**

In-company programs may meet many management training needs, but managers who must understand world trends and interact with counterparts in other cultures may also need degree programs that build general analytical and communications skills.

Students in both business schools and executive programs need more understanding of the international environment, more knowledge about export marketing, and more ability to analyze and improve operations and productivity, motivate employees, and make practical use of information systems in competition.

**Public administrators**

The role of public administrators is shifting away from regulation toward partnership with business and support of a more autonomous private sector. The higher civil servant's role has shifted from caretaker or administrator to policy advisor and decisionmaker.

The new roles of the public administrator are reflected in senior executive programs designed to develop general managers who can move easily from one agency to another. Even university training places less emphasis on law and administration and more on disciplines relevant to policy analysis.

Many problems associated with pre-entry university degree programs and in-service government training programs are overcome by autonomous management institutes, organized privately or with government sponsorship.

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