

# REPORT

## **Assessing management training needs in Central and Eastern Europe**

### **Survey of selected enterprises in Ukraine**



European Training Foundation



CEEMAN



## European Training Foundation

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The European Training Foundation is an agency of the European Union which works in the field of vocational education and training in Central and Eastern Europe, the New Independent States, Mongolia and the Mediterranean partner countries and territories. The Foundation also provides technical assistance to the European Commission for the Tempus Programme.

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# Assessing management training needs

## Ukraine

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# Foreword

This report is one of a series prepared as an integral part of an international research project on 'the Assessment of Management Training Needs at the Achieved Level of Transition' in various Central and Eastern European countries. The project was implemented by the Central and East European Management Development Association (CEEMAN)<sup>1</sup> and was sponsored by the European Training Foundation<sup>2</sup>, which also contributed its expertise to different stages of the project.

To date the project covers selected enterprises in nine countries, in research phase 1 carried out during 1998: Bulgaria, Poland, Romania, the Russian Federation, and Slovenia; in research phase 2 carried out during 2000: Latvia, Lithuania, Hungary and Ukraine. It concentrates on the issue of management training needs in manufacturing and service sector enterprises, with the aim of understanding training processes, approaches and practice in order to evaluate how training has been used as a response to evolving business needs and how it can be further developed in the future.

The questionnaires used for this survey are included in annex to this report. Further copies of this report and the others can be obtained directly from the European Training Foundation or downloaded from the web site [www.etf.eu.int](http://www.etf.eu.int).

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- 1 CEEMAN is an international network comprising 116 members (including business schools and enterprises) from 30 countries with the aim of enhancing management development in Central and Eastern Europe. The headquarters is in Slovenia. Further information can be obtained from [www.ceeman.org](http://www.ceeman.org).
  - 2 The European Training Foundation is an agency of the European Union which works in the field of vocational education and training, including in particular management training, in Central and Eastern Europe, the New Independent States, Mongolia and the Mediterranean partner countries and territories.



# Table of contents

<b>Foreward</b> .....	<b>iii</b>
<b>Summary</b> .....	<b>vii</b>
<b>1. Introduction and methodology</b> .....	<b>1</b>
<b>2. An overview of transition in Ukraine</b> .....	<b>5</b>
2.1 The transition process in Ukraine.....	5
2.2 The enterprise level and sample characteristics .....	7
<b>3. Main challenges and strategic responses</b> .....	<b>15</b>
<b>4. Assessment of current management capabilities</b> .....	<b>23</b>
<b>5. Training experiences and lessons drawn</b> .....	<b>33</b>
5.1 Volume, coverage and investment in training .....	33
5.2 Content and concentration of courses.....	35
5.3 The training process .....	37
5.4 Training providers.....	40
5.5 Selection criteria .....	42
5.6 Special courses and approaches.....	45
5.7 Evaluation .....	51
<b>6. Assessment of training needs</b> .....	<b>59</b>
<b>7. Currently planned and/or contemplated training strategies and actions</b> .....	<b>67</b>
<b>8. Recommendations for learning partners</b> .....	<b>69</b>
<b>List of Ukrainian companies</b> .....	<b>71</b>
<b>Annexes (Research Questionnaires)</b> .....	<b>73</b>





# Summary

This report is one of a series prepared as an intergral part of the second stage of the international research project "Assessment of Management Training needs in CEE Countries at the Achieved Level of Transition". Its sponsors are the European Training Foundation, Turin, Italy, and it was implemented in co-operation with the Central and East European Management Development Association (CEEMAN).

The first stage was carried out simultaneously in Bulgaria, Poland, Russia, Romania and Slovenia. The second stage started in March 2000, and covered Latvia, Lithuania, Hungary and Ukraine.

We can therefore consider the survey's findings on management training needs in Ukraine alongside trends in the rest of Eastern Europe.

We researched managers at three levels: General Managers, Human Resources Managers and Individual Managers. The project comprised 69 questionnaires (24 General Managers, 21 Human Resources Managers, 24 Individual Managers) from 24 Ukrainian businesses (nine in manufacturing, 15 in services) from three regions in Ukraine. Although the sample does not fully represent Ukraine, it gives some idea of the trends now developing in management training practice.

The report is divided into eight chapters:

- ➔ *Chapter 1 "Introduction and methodology"* discusses the way in which the survey was set up; the circumstances in which it was carried out; and the difficulties faced by researchers.
- ➔ *Chapter 2 "An overview of transition"* assesses the current Ukrainian economy; identifies trends in the development and reform of the economy; and defines characteristics of the participating businesses. It also compares the economic development of the service and manufacturing sectors. And, as the industrial and human resources policies of any business now largely depend on the managers' personalities, the chapter defines characteristics typical of managers at each of the three levels.
- ➔ *Chapter 3 "Main challenges and strategic responses"* describes factors central to developing a strategy regardless of who owns a businesses. It also shows that, when developing a strategy, most Ukrainian businesses appreciate the need to allow for evolutionary change. That said, our research shows that, over the past five years, many businesses concentrated on strategy, often restructuring themselves from scratch, to gain competitive edge. In the process, the directors of these businesses were sometimes confused as to the overall aims of their strategic planning. And they did not pay enough attention to developing their personnel.

➔ *Chapter 4 “Assessment of current management capabilities”* evaluates the scope for decision-making on the part of managers at different levels – and the skills they bring to it.

Currently in Ukraine, there is little true understanding of how corporate bodies run companies. Instead, General Managers mostly rely on their own skills and create their own opportunities. They also think that further training is strictly for the future. Only 25% of businesses in the sample accurately identified factors such as strengths, weaknesses, opportunities and threats. The rest associated strength with competent top management and a knowledgeable workforce with a capacity for analysis. They saw the main threat as an external factor, the unstable economic situation in Ukraine.

General Managers saw an efficient board and top executive management as the key advantage, and inability to resolve differences effectively as the main weakness. From this, we can infer that these managers need training in solving problems.

Young prospective managers are energetic and ready to learn. Given their age, any training they receive would have a long-term impact.

➔ *Chapter 5 “Training experiences and lessons drawn”* presents a detailed analysis of the training initiatives set up by the businesses researched. It covers issues such as suppliers of education services, ways of training, subjects covered, and the duration and content of courses. Most of the information came from the Human Resources Managers who set up the courses and the Individual Managers who attend them.

Most directors of businesses saw staff training as an unimportant, secondary matter to be postponed until circumstances improve. Although the financial crisis in 1998 was less severe in the Ukraine than in Russia, most of our businesses could only afford to invest a little in training. Over the past few years, all companies put a premium on training that enhanced the functional capacity of their managers. In future, priority will go to making administration more efficient and, at the same time, to training courses related to developing managerial and leadership skills.

At all three levels, managers prefer medium-length courses best and distance learning least. For both Manufacturing and Services, universities are the main providers of training. It is usually specific challenges that prompt a business to select a particular provider of education. There are still very few long-term agreements between businesses and education providers. This shows that the education services sector is still under-developed, and that Human Resources Managers lack initiative.

➔ *Chapter 6 “Assessment of training needs”* defines the priorities of businesses when they choose training courses; priorities that are shaped by preferences, needs and culture. Managers at all three levels assessed training needs on the assumption that they came about through current management problems. This approach gives business education establishments scope to offer detailed advice on the courses that would best meet the needs of businesses in Ukraine. Research shows that, during transition, businesses primarily require courses that improve the functional skills - the professional knowledge - of their staff.

- *Chapter 7 “Currently planned and/or contemplated training strategies and actions”* relates what businesses do when they set up courses. Research confirms that most businesses have no long-term development strategy and no action plans for when such a strategy gets under way.
- *Chapter 8 “Recommendations for learning partners”* states what managers at all three levels require of education providers. The main themes of their aspirations, comments and proposals are:

### ***General Managers***

- courses must allow for specific markets - and for the economic, political and social characteristics of the country.

### ***Human Resources Managers***

- there must be seminars that present methodology as a step-by-step process and provide ways of evaluating the efficiency of employees at different levels.

### ***Individual managers***

- there must be a national centre to provide information about training options and courses.



# 1. Introduction and methodology

To accelerate the transformation of the business economy in Ukraine, we must develop a hard core of well-informed, up-to-date managers. To achieve this, we must answer these points about management training:

- precisely what specialists do Ukrainian businesses require?
- how can education providers meet the needs of the businesses?
- which ways of training work best for every type of manager?

The research aims to:

- assess information about the development of business education in Ukraine over the past year;
- analyse the current situation and existing trends;
- study ways of teaching and the content of courses as used by the businesses;
- clarify the management-training priorities of Ukrainian businesses when it comes to selecting the content of courses and those who provide them. Also the ways in which the location and length of courses differ from one set of participants to another;
- devise effective methods of meeting business needs in today's economic climate; methods that also appeal to administrators at every level; recommend ways of setting up human resources departments as developed by business schools.

The overall aim of the research was to pinpoint what specialists and what courses are required by businesses if they are to flourish in today's economic climate.

Our detailed findings and recommendations will be particularly useful to business schools, whether long established or about to set up courses for the first time. The research results will also help businesses to evolve the right strategy, especially in the staff development sector. We hope this document will also be of interest to the media, to trade unions, business incubators, centres that encourage entrepreneurship and other organisations.

The research involved giving questionnaires to decision-making administrators on three levels: General Managers, Human Resources Managers, and Individual Managers. While the questionnaires were largely the same for all three groups, they also included points specific to

the decision-making roles of each group. We analysed the resulting data in both quantitative and qualitative terms. As business schools have to prepare specialists to advise businesses of every size sector and type of ownership, our research covered the whole range of businesses current in Ukraine.

Our report follows the methodologies recommended by the overall administrators of this project. This means you can compare our findings with equivalent data from other countries participating in the project. We handed out 45 questionnaires and also e-mailed them to various regions so that participants could question their colleagues. We finally researched 24 enterprises: 9 in Manufacturing, and 15 in Services. And we processed 69 questionnaires from managers at all three levels.

While the questionnaires were being completed, the following problems emerged:

- A shortage of time in which to complete the project created problems especially in more remote regions;
- Some General Managers failed to grasp that all information given was confidential and only for the purposes of research. As a result, they mistrusted the research team, and were unwilling to participate;
- Some General Managers refused to complete the 13-page questionnaire, as they did not have enough time;
- The structure of the questionnaire was complex, and involved reference to a separate list of numbers relating to different courses;
- Responses from Human Resources Managers were virtually useless because of a semantic difficulty: in Ukraine, a Human Resources Manager keeps records and controls paperwork while responsibility for educating and developing personnel devolves onto a key director or their deputy;
- Confusion arose over titles such as “Middle Manager” and “Young Prospective Manager” and why they were not one and the same.

Our findings are based on the assumption that management-training needs are dictated by the key problems and opportunities now facing the managers of the businesses we researched.

As well as this introductory chapter, the report comprises seven further chapters as follows:

Chapter 2 “*An overview of transition in Ukraine*” consists of two parts. The first, “The transition process”, gives a grounding on the pace and thrust of transition in Ukraine. It also provides the context for discussing current and future management-training needs – and for comparing the situation in Ukraine with that in other countries.

The second part, “The enterprise level and sample characteristics”, introduces the survey sample and assesses its participants.

Chapter 3 *“Main challenges and strategic responses”* defines the challenges now facing the businesses we surveyed, how General Managers see those challenges, and their strategic responses to them, past and future. The chapter defines the key issues of strategic thought. It also discusses the balance between “hard” and “soft” strategies – and the eventual shift to “soft”.

Chapter 4 *“Assessment of current management capabilities”* considers current managerial capabilities from two different points of view. First, General Managers assess staff at various managerial levels as regards knowledge and understanding, skills and competencies, values and attitudes. Second, Individual Managers define their roles (professional, managerial, and as leaders) at various levels (on the board, top management, middle management, lower/first line management, and future management). Taken as a whole, these definitions portrayed the structure and practice of management current in Ukraine. The chapter also profiles the functions and responsibilities of Individual Managers at various levels.

Chapter 5 *“Training experiences and lessons drawn”* describes past management training initiatives in detail as follows:

- Training initiatives: volume, extent and cost
- Content and concentration of courses
- Training process
- Providers
- Selection criteria
- Special programmes and approaches
- Evaluation

Chapter 6 *“Assessment of training needs”* evaluates training needs from the points of view of the General Manager, the Human Resources Manager and the Individual Manager. Our findings show the overall strategic thrust of the businesses, how the managers see the human resources function as part of that strategy, and how Individual Managers perceive training needs. It follows that our analysis defines the businesses’ training needs on the assumption that there is a strong link between them and the problems and opportunities recognised by management.

Chapter 7 *“Currently planned and/or contemplated training strategies and actions”* summarises data from the businesses concerning the setting up of courses.

Chapter 8 *“Recommendations for learning partners”* offers suggestions, comments and proposals from managers at all three levels to providers of training services.

The Microsoft Excel programme for processing electronic tables contributed to the presentation of the quantitative data.





## **2. An overview of transition in Ukraine**

### **2.1 *The transition process in Ukraine***

#### **2.1.1 *Preconditions***

Ukraine has great potential – with its wealth of labour and natural resources alongside its industry and agriculture and their well-developed infrastructure.

After it became independent in 1991, Ukraine opted to generate a socially oriented market economy. But the route to achieving this was fraught with obstacles. Chief amongst these were:

- no experience of running a state because, for many centuries, the Ukraine was governed by the state;
- under-developed social structure;
- after 70 years of centralised planning and command economy under state ownership, Ukraine was not keen to shift to an open market economy based on private ownership;
- virtually no human resources to control administration and the economy; and practically no-one with an up-to-date business education and experience of working in a market economy.

#### **2.1.2 *Crisis events***

For eight years, Ukraine suffered stagnant production, hyperinflation and appalling social upheaval. Gross Domestic Product, production volume and other main macroeconomic indicators declined by 200-250%. Different assessments put the black market at 40-60%. The well known British magazine “The Economist” forecast that in 2000 the Gross Domestic Product would be about \$590 per capita. Forecasts for India, Vietnam and Nigeria were even less. But in neighbouring countries they were as follows: Poland \$4290, Slovakia \$3290, Bulgaria \$1530, Romania \$1480 and Russia \$1410. The average salary in Ukraine is just over \$31, pensions, \$11, and average monthly income per capita, \$20. Between 1991 and 1999, the population of Ukraine fell by 3 million due to emigration and to deaths exceeding births.

According to “The Report on World Competitiveness” by J.Saks, M.Porter and others, Ukraine came very low in a list of 53 countries ranked according to success in 1998. Its position in the separate sectors was:

■ regulating administration: .....	53
■ competence of state sector: .....	43
■ bureaucracy: .....	53
■ state economic policy:.....	52
■ protection of foreign investments:.....	53
■ contracts in state sector: .....	53
■ independence of public service from political pressure:.....	51
■ tax evasion:.....	53
■ financial regulation: .....	53
■ development of general infrastructure compared with neighbouring countries:.....	52
■ investments in infrastructure: .....	53
■ protection of know-how:.....	53

### ***2.1.3 Transition processes***

To strengthen the Ukrainian economy, the high priority was to reform the administration of state property and to restructure and privatise businesses.

Started in 1992, privatisation continues to speed up. Of 45,000 small businesses, 97% have already been privatised. Of 18,000 medium and large businesses, 79% have been privatised. And 193 strategic businesses were due for privatisation in 2000. The schedule for privatising large businesses aims to increase their efficiency, sharpen their competitive edge and raise their profits. Privatisation has already had a positive and successful impact. For instance, in spring 2000, reforms in the agricultural sector allocated land to farmers who then had the right to lease it (although they were still unable to sell it as land is not an article of trade).

### ***2.1.4 Breakthrough: The second half of 1999 witnessed an upturn in the Ukrainian economy, which continues ...***

The government has introduced wide-ranging measures to improve the state’s finances. Compared to the same eight-month period in 1999, 2000 saw Gross Domestic Product rise by

5%. Currency stabilised, and industrial output rose by 12%. This rate of progress was unprecedented under Soviet rule or during subsequent years of independence. The most significant profits were recorded in light production (37.2%) and wood processing (35.9%). The output of heavy industry went up by 10.6%: in particular, car production rose by 78.3%; shipbuilding by 54.2%; electro-technics, by 43.1%; and aircraft, by 36.3%. The products of Ukrainian heavy industry were exported to 54 countries including the United States of America, the United Kingdom, Germany, Italy, Sweden, and Finland. A 55% rise in state income led to higher outlay on social care and security. These advances prompted foreign investors to see Ukraine in a far more positive light. Compared to the same period in 1999, their commitment to the development of the economy rose eight times – a fact that confirms the country is now in a phase of economic growth.

The government set the targets for economic and social development in 2001 as follows: real Gross Domestic Product to increase by 4%, and a project for balancing the budget to be discussed in parliament. The President created a landmark in Ukrainian industrial policy by stating ways of improving corporate control and the management of our businesses. Currently, the shortage of market-minded managers is slowing down economic growth. Even top-level managers are not ready to perform in the open market. So Ukraine urgently needs to generate new approaches to management and new ways of thinking among owners, leaders and managers.

It follows that the most immediate and important aims are to:

- develop human resources that fully acknowledge market needs;
- revolutionise top management;
- nurture a new generation of managers fully committed to radical market reform.

## **2.2      *The enterprise level and sample characteristics***

Following the proposed approach for the project, we handed out 45 questionnaires. We also e-mailed them to various regions so that participants could question their colleagues. We researched 24 enterprises: 9 in Manufacturing, and 15 in Service (see Table 2.1). And we processed 69 questionnaires from managers at all three levels. Although the sample is too small to represent the whole Ukraine, it is sufficient to gauge trends likely to develop in management training (see list of Ukrainian companies, page 71).

**Table 2.1: Businesses surveyed throughout Ukraine**

Region	The number of companies
Kyiv and Kyiv region	20
Dnipropetrovsk region	2
Ternopil region	2

The more successful questionnaires were largely the result of the businesses concerned being paid to participate in the project. The details of the businesses are as follows:

**Table 2.2: Industries covered**

Manufacturing Sector	Service Sector
Energy (1)	Trade (2)
Absorbents and catalysers (1)	Investment management (2)
Energy-saving glass (1)	Trade agencies (4)
Cables (1)	Certification of goods (1)
Construction (1)	Information Technology consultants (1)
Furniture (2)	Education (3)
Publishing (1)	Electricity supply systems (1)
Gas equipment (1)	Insurance (1)

To provide a varied sample, we deliberately chose companies that differed in size, field of production, background and history of ownership. Some companies did not provide details such as annual income, profits, number of workforce and extent of investment. Their directors were concerned that such data might be used by their competitors and/or prompt enquiries from the tax office.

None of the companies mentioned any downturns such as staff cuts or reductions in income or profits. However, over the previous five years nine of them had gone through significant structural upheavals. These happened because of change in type of ownership – i.e. release of stock to new shareholders. Changes were also due to growth and the opening of new offices in Ukraine; and, having acquired new equipment and technologies, to setting up new lines of business.

Between them, the participating companies include almost every type of structure current in Ukraine:

- Open stock company;

- Closed stock company;
- Partnership;
- Management and Employee Buy-Out;
- Joint venture;
- Sole proprietorship.
- State enterprise

## 2.2.1 Characteristics of Managers' sample

As the success or failure of an organisation often hinges on the General Manager, we will examine the characteristics of those researched.

*Table 2.3: Age and experience of the General Managers in years*

	Total			Manufacturing			Service		
	Aver.	Min.	Max.	Aver.	Min.	Max.	Aver.	Min.	Max.
Age	42	25	65	41	25	65	43	28	56
Work experience	20	5	43	19	5	43	21	8	35
In-company	7	1	26	7	1	19	7	1	26
As General Manager	5	1	13	6	1	13	5	1	13

Table 2.4 gives the basic educational background of the participating General Managers.

*Table 2.4: Basic education of General Managers*

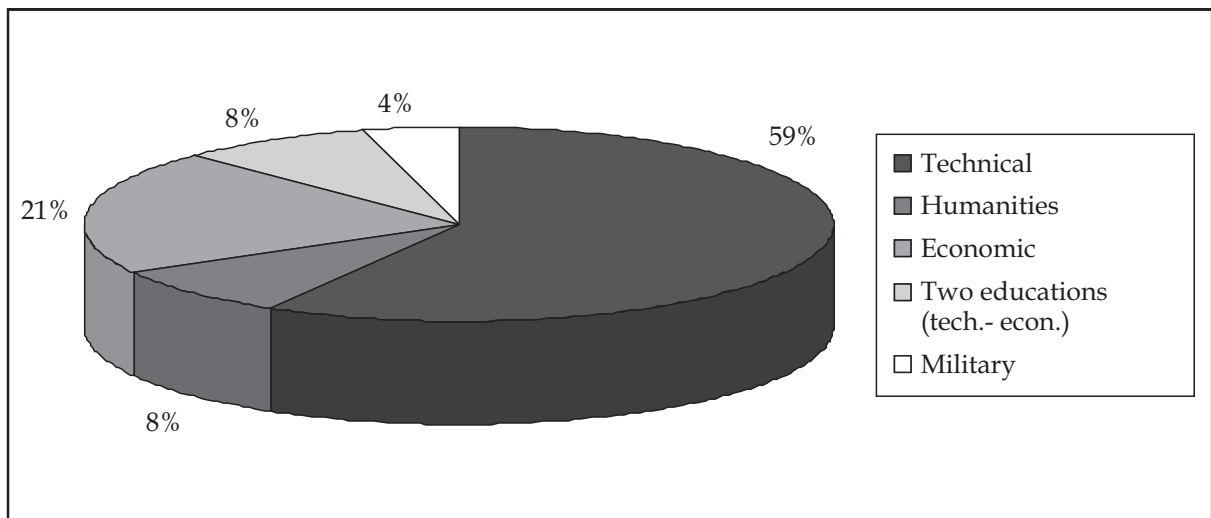
Education	Number of managers
Technical	14
Humanities	2
Economic	5
Two disciplines (technical/economical)	2
Military	1

This shows that:

- As a rule, General Managers have a higher education (notably in technical sciences) and more professional experience than other managers;
- Out of 24 General Managers, two (8%) were women: one appointed in 1999, the other in January 2000. Two General Managers, one of them a woman, have both technical and economic qualifications;
- The General Managers in state-owned businesses are significantly older than the rest. In both Manufacturing and Services, half the General Managers were appointed “from outside”, i.e. without previous work experience in the company concerned;

Half the directors had no education or previous experience relevant to the sector within which they now work.

**Diagram 1. Distribution according to educational background of General Directors**



In Ukraine, the position of Human Resources Manager is relatively new. Most Human Resources Managers have only recently switched from keeping records and controlling paperwork to “Human Resources” as defined in Western Europe, i.e. selecting, developing and training staff. Individual Managers are in middle and junior management. Although their roles differ significantly from those of more senior managers, they are still responsible for solving immediate operational problems – and making a vital contribution to the success of their companies.

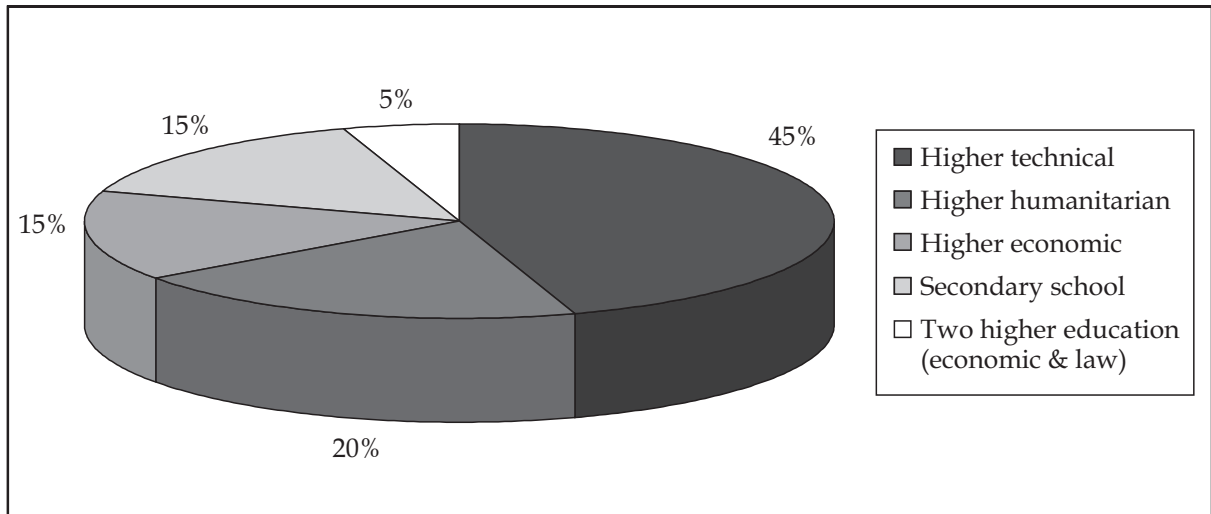
**Table 2.5: Age and experience of Human Resources Managers**

	Total			Production			Services		
	Aver.	Min.	Max.	Aver.	Min.	Max.	Aver.	Min	Max.
Age	39	23	52	39	23	44	39	24	52
Work experience	18	3	31	18	4	26	18	3	31
In-company	7	1	21	5	1	10	7	2	21
As HR Manager	4	1	13	4	1	10	4	1	13

This data shows that:

- ➔ Human Resources Managers have spent markedly less time in their current function than working for their companies in other roles. It follows that the sorts of people appointed as Human Resources Managers have earned the respect and trust of directors and staff alike. That said, they have not necessarily been specifically trained for their current role – and sometimes have had no higher education. (See Diagram below.)
- ➔ While young Human Resources Managers have usually been specifically trained for their current role, they have no previous business experience.

**Diagram 2. Educational background of HRM whose companies participated in the research**



**Table 2.6: Age and experience of Individual Managers**

	Total			Production			Services		
	Aver.	Min.	Max.	Aver.	Min.	Max.	Aver.	Min.	Max.
Age	35	24	58	32	24	49	34	15	58
Work experience	14	3	41	11	3	23	14	1	41
In-company	5	1	21	5	1	10	5	1	21
As Individual Manager	4	1	13	5	1	10	4	1	13

Individual Managers:

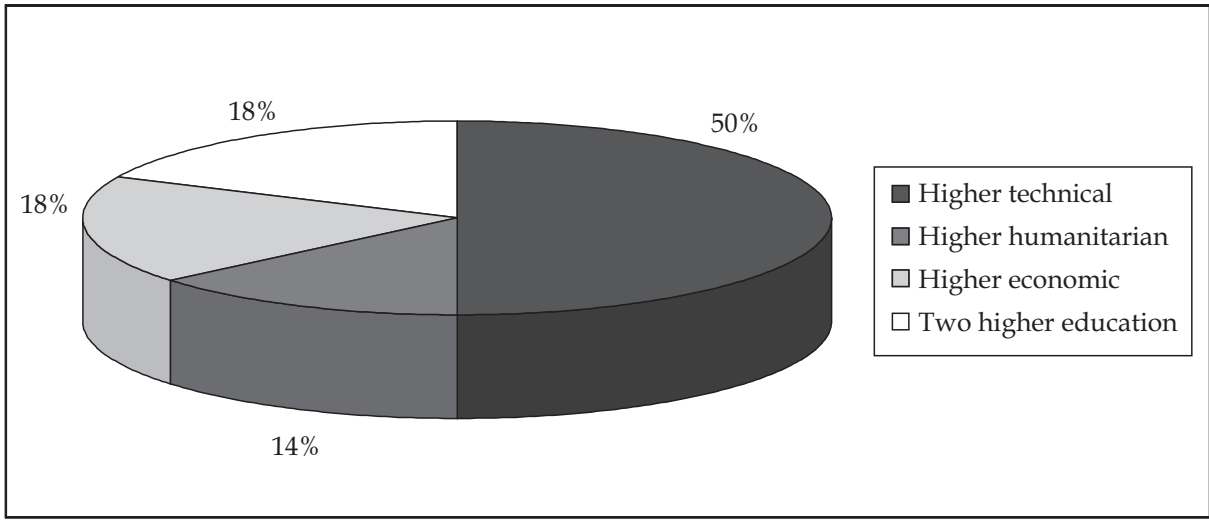
- are usually younger than Human Resources Managers;
- have a relatively high level of education (18% are qualified in two disciplines);
- are likely to change roles within a business.

**Table 2.7: Individual Managers' functions and tasks**

Managerial Functions and Tasks	Total		Manufacturing		Services	
	Number	%	Number	%	Number	%
General management	3	12.5	1	6.67	2	22.22
Accounting and control	3	12.5	1	6.67	2	22.22
Marketing	1	4.17	0	0.0	1	11.11
Advertising	3	12.5	3	20.0	0	0.0
Sales	6	25.0	4	26.67	2	22.22
Purchasing	1	4.17	1	6.67	0	0.0
Technology, operations and logistics	2	8.33	1	6.67	1	11.11
Research and Development, innovation processes	2	8.33	2	13.33	0	0.0
Project management	3	12.5	2	13.33	1	11.11
<b>Total</b>	<b>24</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>9</b>	<b>100</b>



**Diagram 3. Educational background of Individual Managers**



The remit of Individual Managers is fairly extensive. Overall, the findings in this chapter show that:

- The businesses researched are typical of businesses throughout the Ukraine in terms of type of ownership, size and history of operation;
- The previous education and experience of General Managers are usually unrelated to the sector in which they now work; this particularly applies to those in dynamic businesses outside government ownership;

Typically, there are two sorts of Human Resources Manager. The first has worked for the same business, usually a state business, for some time in various roles and has no specific training for his or her current role. The second is specifically qualified but has little or no work experience.

Individual Managers in middle or junior management tend to be young and energetic. They belong to the post-independence generation, and are ready for – and sometimes even ask for – training. Managers at every decision-making level require special courses. These courses would benefit existing businesses. They would also develop a new generation of administrators fully equipped to tackle the complex tasks attendant on today’s economy.



### 3. Main challenges and strategic responses

“How would you describe the challenges that currently face your business?” We asked General Managers to select the most apt description from this list. This was the outcome:

*Table 3.1: Magnitude and nature of challenge*

	The level of change	Overall %	Manufacturing %	Services %
1.	<b>Stable situation</b> <ul style="list-style-type: none"> <li>■ Business performance shows a steady 10-15% year-on-year improvement;</li> <li>■ Core business is unlikely to change;</li> <li>■ Satisfactory benchmarking position.</li> </ul>	17	22	13
2.	<b>Improvements are required</b> <ul style="list-style-type: none"> <li>■ Need to establish more ambitious goals and improvements to keep pace with competition;</li> <li>■ Portfolio needs rearrangement to stay competitive;</li> <li>■ Strategic thrust requires review.</li> </ul>	54	34	67
3.	<b>Facing the changes</b> <ul style="list-style-type: none"> <li>■ Regulatory pressures are changing market dynamics;</li> <li>■ New competitors are entering into the market;</li> <li>■ Core business needs restructure;</li> <li>■ New ways to grow are becoming necessary.</li> </ul>	29	44	20
4.	<b>Radical transformation</b> <ul style="list-style-type: none"> <li>■ Business must adjust to upheavals in the sector and its environment caused by changes in technology and economics;</li> <li>■ Business portfolio must be completely rearranged.</li> </ul>	0	0	0
	<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

This data shows that:

- Companies dislike change. None of those researched thinks it has to implement radical changes in its business. This is because companies feel such changes might well repeat the disruptions attendant on transition at the start of the 1990s. For all that, discontent with their current situation (83% of companies saw themselves as unstable) makes strategic and structural changes timely and desirable:
- 54% of companies appreciate the need to change strategic goals;
- 29% of companies appreciate the need to restructure the main business;
- 17% of companies (22% in Manufacturing, 13% in Service) are satisfied with what they see as their stable situation in the market. To assess this, they consider their finances, their market share and current and future trends;
- 34% of Manufacturing companies think they should improve their situation; while 44% think their businesses are structurally sound but not equipped for radical changes;
- Service companies are usually younger, more flexible and more sensitive to changes in the economy. Sixty-seven percent think their current situation needs improvement, and 20% consider their businesses need restructuring. It follows that most Ukrainian companies admit the need for evolutionary change. This conclusion is confirmed by the following tables, which summarise the answers to questions concerning strategies for the next two to five years.

*Table 3.2: Existence of comprehensive business strategy*

<b>Existence of comprehensive strategies</b>	<b>Yes</b>	<b>No</b>	<b>Total</b>
Overall	65%	35%	100%
Manufacturing	77%	23%	100%
Services	57%	43%	100%

**Table 3.3: Time span of comprehensive business strategy  
(expressed as % of all the businesses that have one)**

	Overall	Manufacturing	Services
Less than 1 year	0	0	0
1-2 years	20	14	25
2-3 years	27	14	38
More than 3 years	53	71	37
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In marked contrast to those in Services, General Managers in Manufacturing face the future with confidence – 71% of businesses have a development strategy for the next three years.

To analyse the main directions of strategic change, we asked General Managers to name in order of priority tasks carried out over the past five years and those to be completed over the next two to five years. See Table 3.4 below.

Our findings show that over the past five years most businesses have formed strategies to generate competitive edge (3.30 points on a 5-point scale). These strategies focused on a fundamental redirecting of business activity and on a more positive approach to human resources (respective points 3.17 and 2.96). The average assessment of seven components of business strategy was 2.91, no other components of the strategy were higher than 3.0.

This choice of components of strategic development is fully justified. Due to transition, the past five years, from 1994 to 1999, have witnessed vast changes in the Ukrainian economy. During that time, the overriding aim of most businesses was to find the right place in the market – and survive as best they could under very different conditions.

Over the next two years, attention will focus on all seven components (average estimate rises from 2.91 to 3.69). At the same time, the most important components will be management of human resources and raising the level of qualifications and skills (estimates are, respectively, 4.00 and 4.26).

**Table 3.4: Shifting foci in strategic thinking (according to 5-point scale)**

Focus of strategic thinking	Last 5 years	Next 2 years	Next 5 years
Developing business strategy to achieve competitive advantages	3.30 (24)	3.43 (24)	3.94 (24)
Organisation and internal architecture of firm (reorganising and restructuring of basic groupings of activities and reporting relationships)	3.17 (24)	3.57 (24)	3.31 (24)
Improving formal systems and procedures used in planning, budgeting, performance measurement and control, rewards and information systems	2.52 (24)	3.65 (24)	3.56 (24)
Development and better use of human resources (selecting and recruiting people, management development, career management, training, integration)	2.96 (24)	4.00 (24)	4.00 (24)
Improvement of competencies and skills (basic potential of the firm – technology, competencies of people, management practices)	2.74 (24)	4.26 (24)	3.63 (24)
Changing or improving prevailing characteristics of company (leadership style of top management and internal work style, interactions between people)	2.74 (24)	3.57 (24)	3.63 (24)
Changing or improving internal culture of firm (by installing a few shared values that motivate, promote solidarity and represent the firms’ identity)	2.91 (24)	3.35 (24)	3.38 (24)

Within the next five years, attention will continue to focus on all components of business strategy (average, 3.63). General Managers consider that in five years’ time issues that promote competitive edge will still be the most crucial (estimate, 3.94), while the management and development of human resources will also command much time and attention (maximum, 4.00).

That said, 30% of General Managers could not estimate the main thrust of strategic change over the next five years. Now for an analysis of shifts in strategic thinking in both Production and Services. (See Table 3.5.)

Over the past five years, Manufacturing has ignored two key issues –improvement of qualifications and development of management skills (lowest estimate of seven components, 2.20). During the next two to five years, these issues will become central to the strategic development of companies in Manufacturing (highest rate of seven components, 4.63). Service gave improvement of qualifications fairly high priority during the past five years (estimate 3.20 at average 2.9). And, over the next two years, this will rise (highest rate of seven, 4.20). But, over the next five years, there will be less and less priority given to all aspects of business-generating strategy. This is because General Managers are uncertain about the future, and have too little information on possible ways in which matters might develop.

**Table 3.5: Shifting foci in strategic thinking by sector (according to 5-point scale)**

Strategy components		Manufacturing			Services		
		Last 5 years	Next 2 years	Next 5 years	Last 5 years	Next 2 years	Next 5 years
1.	Strategy	3.20 (9)	3.70 (9)	4.00 (9)	3.38 (15)	3.23 (15)	3.88 (15)
2.	Structure	3.40 (9)	3.40 (9)	4.13 (9)	3.00 (15)	3.69 (15)	2.50 (15)
3.	Systems	2.30 (9)	3.50 (9)	4.13 (9)	2.69 (15)	3.77 (15)	3.00 (15)
4.	Staff	2.90 (9)	3.80 (9)	4.13 (9)	3.00 (15)	4.15 (15)	3.88 (15)
5.	Skills	2.20 (9)	4.30 (9)	4.63 (9)	3.15 (15)	4.23 (15)	2.63 (15)
6.	Style	2.80 (9)	3.60 (9)	4.38 (9)	2.69 (15)	3.54 (15)	2.88 (15)
7.	Shared values	3.30 (9)	3.70 (9)	4.13 (9)	2.62 (15)	3.08 (15)	2.63 (15)

We asked General managers whether their strategic plans included courses and action plans that aimed to develop human resources and management skills.

**Table 3.6: Human Resources and management development as integral parts of overall strategies (expressed as % of the total number)**

	Overall %	Manufacturing %	Service %
Always	27	33	23
Often	32	33	31
Sometimes	23	11	31
Seldom	9	11	8
Never	9	11	8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

This confirms that both Manufacturing and Services put a high premium on developing staff and improving their qualifications and skills. All the same, the following vital issues still need to be resolved:

- Broadening range of services;

- Sustaining presence in the market;
- Strengthening market position by developing a network of agents;
- Raising quality of products by implementing International Standardisation Organisation (ISO) 9000 quality standards.

General Managers believe Human Resources management will be increasingly important in the future – and generate competitive advantages for companies.

The two tables below present data on developing human resources.

- 1) Has your company ever audited its personnel or human resources management practices? Have you ever used a SWOT analysis to identify Strengths and Weaknesses or current Opportunities and Threats? (See Table 3.7)
- 2) Has your company tried to audit personnel by outlining management processes, positions occupied and the general personnel register? (See Table 3.8)

It follows that most businesses pay no heed to the auditing of personnel or management, any more than they assess their human resources or analyse their management methods. This goes for both Manufacturing and Services.

**Table 3.7: Human Resource audit**  
(expressed in quantity and as % of total number)

	Yes		No		Total	
	Number	%	Number	%	Number	%
Overall	8	33	16	66	24	100
Manufacturing	4	44	5	56	9	100
Service	4	27	11	73	15	100

**Table 3.8: Management development systems**  
(expressed in quantity and as % of total number)

	Yes		No		Total	
	Number	%	Number	%	Number	%
Overall	6	25	18	75	24	100
Manufacturing	2	22	7	78	9	100
Service	4	27	11	73	15	100



The data listed below reflect ways of building up professional labour forces during the past five years.

**Table 3.9: Recruitment of critical managerial talents  
(average of data presented)**

	<b>External recruitment %</b>	<b>Internal resources %</b>	<b>Total %</b>
Overall	55.2	44.8	100
Manufacturing	50.0	50.0	100
Service	60.4	39.6	100

There are no real differences in the ways Manufacturing and Services recruit qualified personnel. Indeed, neither sector has yet worked out the best way to attract personnel. Some companies said they just identified promising staff in-house and then groomed them for promotion, while others only recruited talent from outside. But most companies had no preference either way and recruited both ways.

To find out how staff are trained when they are destined for new responsibilities, we asked General Managers whether they used special courses. Our findings were as follows:

**Table 3.10: Internal recruitment/development**

<b>Use of special in-house courses</b>	<b>%</b>
Always	16.7
Frequently	16.7
Sometimes	41.7
Occasionally	25.0
<b>Total</b>	<b>100.00</b>

These results show that most businesses (66.7%) have no consistent policy for assessing and training specialist staff with a view to possible promotion. We will now see how General Managers approach the recruitment of staff from outside organisations.

**Table 3.11: External recruitment  
(assessment according to 5-point scale)**

Source of information	Assessment on 5-point scale
Knowing right person	3.29 (24)
In-house recommendation	3.63 (24)
Recommendation from business partners/peers from outside company	3.46 (24)
References of human resources agencies	2.42 (24)
Advertising in mass-media	1.83 (24)

The data shows that informal sources of information – from members of staff and business partners – carry considerable weight while little importance is attached to mass-media advertising (1.83 - lowest ranking). Nor are specialised agencies taken seriously – possibly because businesses in the Ukraine are not used to working with them.

Hence, this conclusion: companies recruiting in-house and from outside. They appreciate that professional personnel provide many competitive advantages, and they try to make personnel development part of their future strategy.

This conclusion is borne out by the order of priorities in the strategic development of businesses (see above). However, despite the companies’ insistence on the importance of human resources development and enhancement of management practices, they set these issues aside “for later – until the situation is more stable”.

Overall, the directors of businesses in the Ukraine seem uncertain as to how they can overcome the difficulties of developing a business strategy; and appear to have little grasp of how to target their strategic plans.

## 4. Assessment of current management capabilities

This chapter gives a general assessment of decision-making skills at different levels of responsibility.

First, we asked General Managers to evaluate the role of the bodies responsible for corporate administration in their businesses.

When we analysed their responses, we allowed for the current Ukrainian law whereby corporate management, following the so-called “German model”, consists of two separate bodies with different functions:

- The Supervisory Board is responsible for appointing and replacing the Executive Director. It also formulates and implements development strategy, i.e. what to produce, how to attract and use investments, and how to assess the outcome of those activities.
- The Executive Council (Board) runs the business from day to day. It reports to the owners on the financial state of the business. It is also responsible to staff for working conditions, salaries and other matters. In fact, these corporate administration bodies (Boards of Directors) in the Ukraine are still in embryo and there is some confusion over their roles – as the General Managers’ answers show.

*Table 4.1: The role of the Board of Directors  
(expressed as % of total number)*

The role of the Board of Directors	%
Supervisory role	57.1
Administrative role	42.9
<b>Total</b>	<b>100</b>

So at present in the Ukraine the functions of the Supervisory and Executive Boards are not separated, and there is some misunderstanding as to what those functions are.

We asked General Managers and Individual Managers about the general approach to assessing management capabilities and decision-making skills of managers at different levels of responsibility. And we identified five levels at which decisions were taken: the board, top management, middle management, lower management and prospective managerial talent (young talent).

- ➔ Board of Directors: frames the business’s development strategy, defines long-term goals and makes decisions that ultimately impinge on the whole business;
- ➔ Top management: determines measures to implement business strategy, defines tactical goals and makes decisions that affect the business’s activities over the long term;
- ➔ Middle management: decides how best to carry out measures specific to the achievement of set targets. These decisions usually have only a short-term impact on the business as a whole;
- ➔ Lower level and Line management: make administrative decisions regarding the day-to-day running of the business;
- ➔ Prospective managerial talent: the new, ambitious, well educated post-Independence generation of managers. In marked contrast to older managers, they are not inhibited by restrictions.

Overall capabilities are classified as follows:

- functional skills (knowledge and understanding) regarding hypotheses or basic knowledge concerning a specific management function;
- professional skills and competence (basic skills) that comprise practical know-how;
- moral attitude and values (personal qualities), including leadership qualities.

**Table 4.2: General Managers’ views of current management capabilities (according to 5-point scale)**

<b>Management levels</b>	<b>Knowledge and understanding</b> <i>Functional skills</i>	<b>Skills and competence</b> <i>Core skills</i>	<b>Attitudes and values</b> <i>Personal qualities</i>
1. Boards	3.63 (16)	3.50 (16)	3.75 (16)
2. Top management	4.25 (24)	4.42 (24)	4.54 (24)
3. Middle management	3.46 (24)	3.75 (24)	3.67 (24)
4. Lower management	3.38 (24)	3.29 (24)	3.54 (24)
5. Young talent	2.29 (22)	2.29 (22)	2.71 (22)

This table shows:

- ➔ Top management, not the Boards, was rated highest and Young Talent came lowest in all three skill categories. One respondent said there was no young talent working at his company;

- ➔ The “moral attitudes and values” of managers at all levels (apart from middle management) were rated higher than “Decision-making skills and competence”;
- ➔ Boards and middle management on average scored almost the same in the three categories. Top level management scored the highest. These findings show that managers are currently using their personal knowledge, skills and competencies to run their companies. Managers at every level rate their personal qualities far higher than their functional and managerial skills. functional and managerial skills.

**Table 4.3: General Managers’ views of current management capabilities (by sector)**

Management level	Manufacturing			Services		
	Functional skills	Core skills	Personal qualities	Functional skills	Core skills	Personal qualities
1. Boards	3.45 (7)	3.56 (7)	3.59 (7)	3.78 (9)	3.44 (9)	3.89 (9)
2. Top management	4.48 (9)	4.58 (9)	4.50 (9)	4.07 (15)	4.29 (15)	4.57 (15)
3. Middle management	3.41 (9)	3.70 (9)	3.70 (9)	3.50 (15)	3.79 (15)	3.64 (15)
4. Lower management	3.49 (9)	3.39 (9)	3.69 (9)	3.29 (15)	3.21 (15)	3.43 (15)
5. Young talent	1.94 (8)	2.30 (8)	2.88 (8)	2.57 (14)	2.29 (14)	2.57 (14)

Both Manufacturing and Services shared the views listed above. For instance, both were critical of young talent. Managers in Manufacturing gave the two highest marks to top management for evaluating basic skills – 4.58. General Managers in Services gave top management almost the same mark – 4.57, the highest in the sector – to top management for personal qualities.

Both sectors put a high premium on “personal trust”, and rated the moral attitudes and values of managers at every level higher than their functional skills. Below, we compare the General Managers’ view of priorities in their current roles and in sought-after future roles. They assessed the roles of the professional, the manager and the leader:

- The professional’s role is based primarily on functional skills (knowledge and understanding);
- The manager’s role is based mostly on professional skills and competence;
- The leader’s role expresses personal qualities mainly connected with moral attitude and values.

**Table 4.4: Roles by managerial levels**

Managerial level	Current roles			Desired roles		
	Profes- sional	Manager	Leader	Profes- sional	Manager	Leader
1. Boards	3.24 (15)	3.29 (15)	3.88 (15)	4.17 (15)	4.07 (15)	4.31 (15)
2. Top management	4.13 (24)	3.57 (24)	4.13 (24)	4.75 (24)	4.52 (24)	4.42 (24)
3. Middle management	3.75 (24)	3.30 (24)	2.71 (24)	4.38 (24)	4.30 (24)	3.75 (24)
4. Lower management	3.83 (24)	3.09 (24)	2.42 (24)	4.58 (24)	4.26 (24)	3.50 (24)
5. Young talent	2.63 (24)	2.00 (24)	2.08 (24)	3.13 (24)	2.83 (24)	2.71 (24)

As for the current roles of managers at different levels:

- The low ranking of “young talent” is another instance of their critical treatment at the hands of top management.
- The highest ranking (4.13) went to top management as “Professionals” and “Leaders”.

As for desired roles, the rating rises in all three roles especially for that of “Manager”.

The above information confirms that General Managers link the development of human resources with that of managerial skills.

Here is a more detailed comparison between current and future role priorities as seen from different levels in Manufacturing and Services.

**Table 4.5: Roles by managerial levels by sector  
(according to 5-point scale)**

*Manufacturing sector*

Management level	Current roles			Desired roles		
	Profes-sional	Manager	Leader	Profes-sional	Manager	Leader
1. Boards	3.50 (5)	3.00 (5)	3.75 (5)	4.50 (5)	4.13 (5)	4.38 (5)
2. Top management	4.42 (9)	3.50 (9)	4.08 (9)	5.00 (9)	4.50 (9)	4.17 (9)
3. Middle management	3.83 (9)	3.17 (9)	2.58 (9)	4.58 (9)	4.50 (9)	3.58 (9)
4. Lower management	4.00 (9)	3.25 (9)	2.33 (9)	4.75 (9)	4.25 (9)	3.25 (9)
5. Young talent	3.00 (9)	2.17 (9)	2.25 (9)	3.67 (9)	3.33 (9)	3.08 (9)

*Service sector*

Management level	Current roles			Desired roles		
	Profes-sional	Manager	Leader	Profes-sional	Manager	Leader
1. Boards	2.86 (10)	3.71 (10)	4.00 (10)	3.57 (10)	3.75 (10)	4.25 (10)
2. Top management	3.83 (15)	3.67 (15)	4.17 (15)	4.50 (15)	4.58 (15)	4.67 (15)
3. Middle management	3.67 (15)	3.33 (15)	2.83 (15)	4.17 (15)	4.17 (15)	3.92 (15)
4. Lower management	3.67 (15)	2.83 (15)	2.50 (15)	4.42 (15)	4.33 (15)	3.75 (15)
5. Young talent	2.25 (15)	2.00 (15)	1.92 (15)	2.58 (15)	2.17 (15)	2.33 (15)

This analysis shows that:

- Both Manufacturing and Services rated “Young talent” lowest;
- In future, top management in Manufacturing will give the “Professional” role highest priority (much the highest: every participant gave 5 points to their future role as “Professional”).
- The “Professional” role, which assumes possession of special knowledge, will become mandatory for managers at every decision-making level, especially in Manufacturing.

In Services, boards and top managers need managerial knowledge and skills more than professional knowledge. It follows that the future success of managers at every level of decision-making is closely linked to further training that will enhance their professional knowledge and managerial skills – and develop moral attitudes and values.

When assessing management problems and capabilities, an important factor is self-assessment by Line Managers (Individual Managers) of their current roles and further education priorities. The way in which they see those roles and priorities is an indicator of management problems and capabilities.

**Table 4.6: Individual Managers’ views on their own role (according to 5-point scale)**

Functional/ task area	Current roles			Desired roles		
	Profes- sional	Manager	Leader	Profes- sional	Manager	Leader
Overall	3.78 (18)	3.89 (18)	3.22 (18)	4.0 (18)	3.11 (18)	2.94 (18)
Manufacturing	3.17 (6)	3.67 (6)	4.4 (6)	3.67 (6)	3.17 (6)	3.0 (6)
Services	4.25 (12)	3.83 (12)	2.75 (12)	4.17 (12)	3.25 (12)	2.83 (12)

- In future, the manager’s function will include the “Professional” role implying command of special knowledge;
- Now and in future, line managers recognise that personal development depends much more on improving professional knowledge and managerial skills than it does on generating qualities of leadership.

We wanted to gauge how much General Managers focus on developing the potential of their businesses. We also wished to analyse the current potential of those businesses. To that end, we assessed human resources by SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis.



**Table 4.7: Main Strengths, Weaknesses, Opportunities and Threats (SWOT) related to Human Resources**

<b>Strength</b>	<b>Number of responses</b>	<b>Weakness</b>	<b>Number of responses</b>
Competence of top management	3	Lack of follow-through	2
Knowledge and analytical abilities of personnel	3	Inadequate approach to human resources development	
Staff's grasp of business development strategy		Under-use of modern information technology	
High internal culture	2		
<b>Opportunities</b>		<b>Threats</b>	
Professional growth	2	Unstable state economy	3
Creative potential		Competitors	
Development of business		Extremely volatile information environment	
		Weak business experience of West	

Only six General Managers (25% of all respondents) contributed to the above data. This means that even those who implement the human resource audit (Table 3.7) pay little attention to these issues. Most respondents believe that strength stems mainly from a competent top management and the staff's knowledge and analytical abilities. They identify the main threat as the country's unstable economic situation. To see how General Managers assess problems and opportunities, we will analyse what lies behind the strength and weakness of managers at every level. (See table below.)

**Table 4.8: Strong and weak points related to managerial capabilities**

<b>Strength</b>	<b>Number of responses</b>	<b>Weakness</b>	<b>Number of responses</b>
<b>Boards of Directors</b>			
Experience in strategy	1	low practical skills	2
Fast reaction		Insufficient information	1
Professionalism	1	Overload	1
<b>Top management</b>			
Creativity	2	Unable to predict and resolve conflicts	2
Enterprise	1	Little experience	1
Fast reaction	1	Lack of time	1
Experienced in analysing real situation	1		
Rigorous attitude to themselves and staff	1		
Professionalism	1		
<b>Middle management</b>			
Professionalism	3	One-track approach	2
Dedication to business needs	1	Unable to predict and resolve conflicts	1
<b>Lower management</b>			
Professionalism	3	One-track approach	2
Stability	1	Low dedication to business	1
		Dependence on top management for decision-making	1
<b>Young talent</b>			
Energetic	3	Low qualifications	3
Age	2	Low dedication to business	1
Ready to take responsibility and make inspired decisions	1		

Sixteen (66.6%) General Managers of businesses could not answer the questions about the main causes of Strength and Weakness of managers at different levels of responsibility. Yet again, this confirms our conclusion that top management focuses too little on assessing personnel and improving methods of management. (Tables 3.7 and 3.8)

As Table 4.8 shows, General Managers rate professionalism in every type of manager very highly, but stress that middle and lower managers only have limited professional knowledge while young prospective managers are usually under-qualified. However, the latter have the great advantages of energy and a capacity to learn. It follows that any course for these young managers would, given their youth, have a long-term impact. Weakness in top and middle managers largely stemmed from their inability to resolve conflicts. Courses that help them overcome this failing would clearly be useful. This survey of how various managers assess responsibility for problems and opportunities prompts these conclusions:

- Even now, the roles of the Supervisory and Executive Boards are not separate; and there is still some confusion as to what they do;
- At present, directors of businesses rely on their own resources, knowledge and skills to keep their companies successful. People place far more confidence in the personal qualities of managers at every level than they do in the functional and administrative skills of managers;
- General Managers believe that the future success of all managers hinges on the development of human resources – and on further training that enhances professional knowledge, improves management skills and develops moral principles and attitudes;
- Only 25% of General Managers gave data on the causes of strengths, weaknesses, opportunities and threats. Even directors who activated personnel audits (Table 3.7) paid scant attention to this issue;
- Most participants think the key assets to emerge from a personnel audit are the competence of top management and the knowledge and analytical skills of staff. They consider the main threat to be an external factor: the country's unstable economy;
- While they rated the professionalism of all managers very highly, General Managers also mentioned the limited professional knowledge of lower managers;
- The weakness of top and middle managers largely lay in their inability to resolve conflicts effectively. Hence, the need for them to take appropriate courses. The main assets of young prospective managers are energy and readiness to learn. Given their youth, any courses specially set up for them will have a long-term impact.



## 5. Training experiences and lessons drawn

This chapter evaluates the results of past initiatives and advises on what should be done in the future. The data comes from the Human Resources Managers who set up the courses and the Individual Managers who are the main participants.

### 5.1 *Volume, coverage and investment in training*

The table below shows how Human Resources Managers regard coverage by courses at various management levels.

*Table 5.1: Concentrations of training (expressed as % of training)*

	<b>Boards</b>	<b>Top</b>	<b>Middle</b>	<b>Lower</b>	<b>Prospective</b>	<b>Average</b>
Manufacturing	62.00	47.7	28.8	8.4	34.3	36.24
Services	29.5	74.3	68.2	51.8	37.3	52.22
<b>Total</b>	<b>44.3</b>	<b>64.9</b>	<b>54.1</b>	<b>36.3</b>	<b>36.1</b>	<b>47.14</b>

The situation in Manufacturing clearly contrasts with that in Services. In Manufacturing, lower management and prospective young managers rarely attend courses while in Services they participate quite frequently. Top managers often go on courses: in Services, they are the most frequent participants and in Manufacturing they come a close second. You can see patterns of management attendance at courses by relating the number of courses attended to the level of the participants and the subject matter covered.

**Table 5.2: Number of training programmes attended, by management level**

Functions	Board	Top	Middle	Lower	Prospectives
General management	50	28	30	27	1
Corporate governance and corporate law	15	19	2	5	-
Accounting and control	18	25	23	15	20
Corporate finance	12	37	4	-	-
Marketing	18	25	15	22	2
Sales	21	18	13	7	20
Research and Development innovation processes	11	24	11	6	15
Technology, operations and logistics	18	11	2	2	14
Quality management	5	6	8	-	-
Management Information systems	24	26	18	4	11
Human resources	18	22	37	3	-
Public relations including relations with public authorities	19	16	2	-	-

This shows that:

- Board members, top and middle managers were the most frequent participants at courses on functional skills;
- “Young prospective talent” were the least frequent participants. They went to only seven courses out of 12. This shows lack of confidence in young managers, and a need to redress the situation by running courses especially for them. When training every type of manager, there is an obvious need to set up more self-contained courses on functional skills such as quality management, public relations and innovation processes. As stated, nearly every business refused to give information concerning financial indicators in case it was used to their detriment by the competition. Seventy percent of the businesses answered the question about investment in training.

However, we can infer the following:

- Investment in training does not exceed 0.2% of total outlay whereas investment in technology fluctuates between 2% and 15%. This shows yet again that top management think of personnel training as a secondary task to be postponed until “better times”;

- The amount of investment in training rose in 1998 in comparison with 1997, and then in 1999 declined significantly. Planned indicators for 2000 in most cases do not reach the level of 1998. Between 1997 and 1998, the investment in training rose, only to fall dramatically in 1999; projected outlay for 2000 was below the 1998 level. These fluctuations clearly relate to the financial crisis of 1998, which, while less extreme than in Russia, still hit most Ukrainian enterprises very hard.

## 5.2 *Content and concentration of courses*

To find out what sort of management training was attended by what level of management, we asked Human Resources Managers to specify the courses most popular at each managerial level.

**Table 5.3:** *Areas of concentration in management training by management level (number of programmes for past 5 years)*

Training area	Board	Top	Middle	Lower	Prospectives
Functional skills	8	14	16	9	17
Managerial skills	1	2	5	2	1
Leadership skills		6			
General skills	1	2	3	3	6

- The above shows that the most popular courses cover the development and training of functional skills.
- There are very few courses on the enhancement of managerial skills (development and improvement of analytical skills, problem-solving skills and project management), and general managerial skills (mostly computer skills and knowledge of foreign language). Also neglected are courses on enhancing leadership skills: leadership and organisational behaviour, change-management, creativity and entrepreneurship, interpersonal communication, conflict management, negotiations, business ethics and time-management.

The two tables below give detailed analysis and evaluation in both Manufacturing and Services.

**Table 5.4:** *Areas of concentration in management training by management level (number of courses over past 5 years)*

**Manufacturing**

Training area	Board	Top	Middle	Lower	Pros- pectives
Functional skills	7	5	10	4	10
Managerial skills		2	2	1	
Leadership skills		2			
General skills	1		3	3	4

**Table 5.5:** *Areas of concentration in management training by management level (number of courses over past 5 years)*

**Services**

Training area	Board	Top	Middle	Lower	Pros- pectives
Functional skills	1	9	6	5	7
Managerial skills	1		3	1	
Leadership skills		4			
General skills		2			1

When comparing the two sectors, the following emerges:

- Courses on functional skills are the most popular in both Manufacturing and Services;
- Apart from top management, there is virtually no training in leadership in either sector;
- Manufacturing companies mainly focus on courses in general managerial skills.

All companies stressed that functional characteristics improved during training, due to courses that tackled the following issues: general management, corporate governance and corporate law, accounting and audit, corporate finance, marketing, sales skills, innovation processes, operation management and logistics, quality management, information systems management, human resources management, and public relations. These issues are important in any country with a transitional economy – at the very time when new knowledge, approaches and ideas are at a premium.



Before we discuss the administrative aspects of courses, we should see how current trends in setting up courses developed over the years.

As Table 5.6 shows, the number of courses rises every year. The table also shows that Services set up courses before Manufacturing, and run more of them.

**Table 5.6: Incidence of training over past 5 years**

Years	Overall	Manufacturing	Services
1996	2	-	2
1997	4	2	2
1998	14	3	11
1999	16	1	15
2000*	11	4	7

\* Information relates to four months only

### 5.3 The training process

This chapter covers various aspects of training such as types of courses, their duration and location. It also discusses the participants and the training providers. While analysing the courses, we will also see who provides them. See table below.

**Table 5.7: Types of training by managerial level**

Type of course	Number of courses				
	Boards	Top	Middle	Lower	Young talents
Long (over 3 months)	4	7	4	1	6
Medium (1 week-3 months)	4	13	11	5	3
Short public seminars	9	8	7	7	7
Short in-company seminars	3	5	7	7	9
Distance learning	1	0	2	0	2
Study visits to overseas companies	1	4	2	2	3

It follows that:

- Managers at all levels prefer medium length courses (1 week–3 months), and short public seminars;
- The course least popular with every type of manager is distance learning. They mistrust it because it is new. Moreover, they do not have the technical capacity to support it.

The above responses make interesting comparison with managers’ views on courses they have attended during the past five years.

**Table 5.8: Types of course**

Type of course	Overall (%)	Manufacturing (%)	Service (%)
Seminar	40.4	31.3	44.4
Course	50.0	68.7	41.7
Master of Business Administration	1.9	-	2.8
Working meeting	1.9	-	2.8
Other	5.8	-	8.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

50.05% of Managers preferred courses and 40.4%, seminars. Manufacturing was more inclined to courses, Services to seminars. Both virtually neglected Master of Business Administration courses and working meetings – a sure sign that more of them should be set up. The list also included practice and self-training, under ‘other’ types of course.

To see where the courses took place – on businesses premises, in the Ukraine or overseas – see the table below.

**Table 5.9: Location of training**

Location	Overall (%)	Manufacturing (%)	Services (%)
In-house	28.30	23.53	30.56
In Ukraine	62.26	70.59	58.33
Abroad	9.44	5.88	11.11
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- Most companies usually ran courses for managers in the Ukraine (62.26%). In Manufacturing, the percentage share is greater (70.59%) than that for Services (58.33%);
- Training abroad is rare (9.44%), mostly because of expenses and international relations. Services almost outstripped Manufacturing twice over (11.11% as against 5.88%);
- In-house training – primarily a Services initiative – is mostly linked to specific company needs. It accounts for under a third (28.30%) of all types of training.

Crucially, courses give participants a chance to exchange views, ideas and experiences. This table shows the variety of participants on courses.

**Table 5.10: Participants' structure  
(sample of Individual Managers)**

Category of participants	Overall	Manufacturing	Services
From own department	8.70	12.50	7.89
From the same company	30.43	25.00	31.58
From another company	50.00	62.50	47.37
From international company	10.87	-	13.16
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- The above table shows that half (50.0%) the Individual Managers were trained with employees of other companies: 62.50% from Manufacturing and 47.37% from Services. About a third (30.43%) of the Individual Managers were trained with employees of their own company: 31.58% from Manufacturing and 25% from Services. Only a few Individual Managers (8.7%) were trained alongside employees of their own department. This suggests that not enough in-house training is geared to solving “internal” solutions. Only a few Individual Managers (10.87%) train with colleagues from international companies, which reduces the scope for studying overseas approaches to management.

## 5.4 Training providers

Having analysed the character of the courses, we wanted to find out what sorts of institution set them up.

*Table 5.11: Providers of training services*

Provider	Total (%)	Manufacturing (%)	Service (%)
<b>Educational institutions</b>			
University	22.92	18.19	24.32
Business school	8.33	-	10.81
Management education centres	8.33	18.19	5.41
Other educational institutions	2.08	9.08	-
<b>Institutions of practical production training</b>			
Own company	25.00	27.27	24.32
Consulting firm	16.68	9.08	18.92
Foreign partner	12.50	18.19	10.82
Customers	2.08	-	2.70
Suppliers	2.08	-	2.70
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

As the table shows, universities – traditionally the most respected authorities in education – provide about one-fifth of all educational services (22.92%). Because they have far fewer students, business schools and management centres are responsible for correspondingly fewer educational services (8.33%). As for training in practical production, own firms come an easy first (25.0%), consulting firms second (16.68%) and foreign partners third (12.5%). Customers and suppliers provide virtually no educational services (2.08%) because a new wave of providers is only now emerging in the Ukraine. The Service sector is much more enterprising than Manufacturing in its choice of education services such as business schools, consulting firms, customers, partners and other sources. (Manufacturing is, however, more frequently engaged in using foreign experience than the service sector.)

The next table compares the above data with the views of Individual Managers on the number and type of the courses they attended.

**Table 5.12: Providers of training programmes: Individual Managers' views**

Category of provider		Total		Manufacturing		Services	
		Number	Share %	Number	Share %	Number	Share %
<b>Education institutions</b>							
1	University	17	30.4	8	32.0	9	29.0
2	Business school	5	8.9	1	4.0	4	12.9
3	Centre for management training	4	7.1	2	8.0	2	6.5
4	Other	1	1.8	1	4.0	0	0.0
<b>Authorities for production education</b>							
5	Own company	12	21.4	6	24.0	6	19.4
6	Consulting firm	7	12.5	1	4.0	6	19.4
7	Foreign business partner	6	10.7	5	20.0	1	3.2
8	Customers	1	1.8	0	0.0	1	3.2
9	Suppliers	2	3.6	1	4.0	1	3.2
10	Other	1	1.8	0	0.0	1	3.2
	<b>Total</b>	<b>56</b>	<b>100</b>	<b>25</b>	<b>100</b>	<b>31</b>	<b>100</b>

Two salient points emerge from the Individual Managers' comments:

- For both Manufacturing and Services, universities are the main suppliers of training services;
- In-house resources were often used for production training.

To conclude, we asked Human Resources Managers how their businesses worked with the various institutions that provided education services.

**Table 5.13: Relations with training providers**

Criteria	Total	Manufacturing	Services
Depending on specific tasks	4,7 (21)	5,0 (7)	4,5 (14)
According to long-term agreement	2,1 (21)	1,0 (7)	3,2 (14)

As the table shows, the businesses' specific assignments usually dictated the ways of working with the education providers. Compared to these ad hoc arrangements, there were far fewer long-term contracts. There are two reasons for this. First, compared to Manufacturing, Services rated long-term contracts much higher. And, second, Manufacturing is more inclined to use training courses to achieve specific aims.

## 5.5 Selection criteria

To find out what prompts companies to set up courses, we asked Human Resources Managers. The following table gives their replies, using a 5-point scale.

**Table 5.14: Motivation for implementing training needs**

Selection criteria	Overall	Manufacturing	Service
Company's strategy implementation	4.3 (21)	4.2 (7)	4.4 (14)
General Human Resources policy	1.6 (21)	1.0 (7)	1.9 (14)
Needs of the department	3.7 (21)	3.5 (7)	3.9 (14)
Personal performance	0.8 (21)	1.0 (7)	0.8 (14)
Personal interest	2.5 (21)	1.0 (7)	0.8 (14)

The reasons for running courses are, first, implementation of company strategy (4.3); second, departmental needs (3.7); and third, interest shown by individuals (2.5). Overall Human Resources development policy came a poor fourth (1.6), which again confirms the insufficient development of Human Resources departments. Note, too, that in this instance the responses of both Manufacturing and Services were very similar.

We asked Human Resources Managers to tell us what criteria they used when selecting a course in a "real-life situation". The following table shows their answers, using a five-point scale.

**Table 5.15: Selection of training courses**

<b>Selection criteria</b>	<b>Overall</b>	<b>Manufacturing</b>	<b>Service</b>
Technical quality of course	3.9 (21)	4.0 (7)	3.7 (14)
Learning output	3.4 (21)	3.3 (7)	3.5 (14)
Fit with Human Resources policy	1.9 (21)	0.0 (7)	2.6 (14)
Fit with company strategy	3.4 (21)	3.5 (7)	3.3 (14)
Fit with specific Human Resources programme to support a strategic project	3.0 (21)	2.6 (7)	3.4 (14)
Fit with individual's perception of his/her training needs	3.2 (21)	3.4 (7)	3.0 (14)
Fit with individual's perception of his/her future career and/or employability	3.5 (21)	3.8 (7)	3.2 (14)
Reputation of provider	3.5 (21)	3.1 (7)	3.8 (14)

The table reveals that “technical quality of course” (3.9) comes first, just ahead of “fit with company strategy” (3.7). Manufacturing gives high priority to the first while Services puts more stress on the second. Once again, the table shows that Services is more adept at reconciling management policy with the setting up and implementation of company strategy.

Criteria linked to the development of human resources attracted only low ratings (3.0 and 3.4). This shows once again that scant attention is paid to the development of human resources and that human resources initiatives are in any case only used sporadically.

Next, we asked Human Resources Managers to identify who initiates training and education. The table uses a 5-point scale.

**Table 5.16: Decision to implement training**

Selection criteria	Overall	Manufacturing	Service
Personal initiative	3.3 (21)	3.6 (7)	3.0 (14)
Senior Manager	2.9 (21)	3.0 (7)	2.7 (14)
Human Resources Manager	2.9 (21)	3.3 (7)	2.6 (14)
General Manager	3.1 (21)	3.0 (7)	3.2 (14)
Business Partner	2.2 (21)	2.0 (7)	2.4 (14)

The table shows the main reasons for opting to train are:

- personal initiative of the employees: need for personal and professional development, for self-fulfilment;
- initiative of General Manager.

In theory, Human Resources Managers should take initiatives about training. But, in practice, the General Manager plays a more important role in this respect, and the Senior Manager is just as influential as the Human Resources Manager. Proof, yet again, of the low standing of Human Resources in the Ukraine. Significantly, business partners do not confer much amongst themselves about issues of this kind.

Once the decision to embark on training has been made, the companies use the following criteria to select the provider. (See Table 5.17)

The following criteria divide into three groups, each of virtually equal importance to Manufacturing and Services. The first group, "Reputation", scored 4.3. The second group – which includes "Availability", "Price", "Previous experience with provider", "value-added/additional services" and "personal contacts" – scored between 3.5 and 3.8. The third, encompassing "Location" and "Convenience", scored between 2.6 and 2.8, with Manufacturing putting more emphasis than Services on "Convenience". In general, priority goes to the content and outcome of training, and not to the ways and conditions in which it is carried out.



**Table 5.17: Selection of training providers**

<b>Selection Criteria</b>	<b>Overall</b>	<b>Manufacturing</b>	<b>Services</b>
Reputation	4.3 (21)	4.3 (14)	4.2 (7)
Availability	3.8 (21)	4.0 (14)	3.5 (7)
Price	3.7 (21)	3.6 (14)	3.8 (7)
Location	2.8 (21)	2.5 (14)	3.1 (7)
Personal contacts	3.5 (21)	3.3 (14)	3.6 (7)
Previous experience with provider	3.7 (21)	3.8 (14)	3.6 (7)
Value-added/additional services	3.6 (21)	3.8 (14)	3.3 (7)
Convenience	2.6 (21)	3.1 (14)	2.1 (7)

## 5.6 *Special courses and approaches*

This chapter focuses on aspects of the Human Resources department such as the most important services it provides internally, and how Human Resources Managers think their services are valued by internal customers.

**Table 5.18: Main activities and effectiveness of Human Resources functions**

Activity	Self-assessment	Evaluation by internal customers
<b>Overall</b>		
Staffing	3.6 (21)	3.5 (21)
Development	3.1 (21)	3.8 (21)
Appraisal	3.2 (21)	3.8 (21)
Rewards	3.0 (21)	3.8 (21)
Organisational governance	2.9 (21)	3.3 (21)
Communication	3.4 (21)	4 (21)
<b>Manufacturing</b>		
Staffing	3.8 (7)	3.6 (7)
Development	3.6 (7)	4.5 (7)
Appraisal	3.2 (7)	4.0 (7)
Rewards	2.8 (7)	4.5 (7)
Organisational governance	3.4 (7)	4.5 (7)
Communication	3.6 (7)	5.0 (7)

Activity	Self-assessment	Evaluation by internal customers
<b>Services</b>		
Staffing	3.4 (14)	3.5 (14)
Development	2.6 (14)	3.0 (14)
Appraisal	2.0 (14)	3.5 (14)
Rewards	3.2 (14)	3.0 (14)
Organisational governance	2.5 (14)	2.1 (14)
Communication	3.3 (14)	3.1 (14)

Human Resources Managers believe that they are best at traditional personnel functions such as staff selection, communication and audit. They are less adept at motivating staff with rewards, at developing staff, and at organisational governance – activities which, although long a part of Western management, are relatively new to the Ukraine. Compared to Services, Manufacturing thought Human Resources’ handling of traditional issues more efficient while Services, compared to Manufacturing, thought the Human Resources approach to some of the new activities, especially motivating by reward, more competent. Especially in Manufacturing, Human Resources Managers thought their customers valued their services higher than they did themselves. We were interested to note how outside assistance influences the execution of training assignments in the Human Resources department. So we asked Human Resources Managers to state how often their businesses called in outside facilitators. Seventy-five percent of the sample provided information.

**Table 5.19: Use of external facilitators**

Sphere of activity	Overall	Manufacturing	Services
Needs assessment	1.14 (14)	1.50 (6)	0.88 (8)
Course design	1.36 (14)	2.33 (6)	0.63 (8)
Selection of providers	0.93 (14)	1.33 (6)	0.63 (8)
Implementation of training programmes	2.71 (14)	2.33 (6)	3.00 (8)

The above table shows that businesses, especially in Services, do call on outside experts to implement courses. Manufacturing also uses them, in particular for design. Other business activities do not as a rule involve outside consultants. The table below concerns the current convention whereby Human Resources staff invite other staff to organise courses.

**Table 5.20: Use of internal facilitators**

	Overall	Manufacturing	Services
Staff invoke internal assistance	3.27 (14)	4.00 (6)	3.00 (8)
Staff do not invoke internal assistance	4.60 (14)	5.00 (6)	4.50 (8)

Both Services and Manufacturing, therefore, often involve staff in the development and carrying out of courses. Given that more than 21% of courses were implemented in-house, let us now see for whom they were intended.

**Table 5.21: In-house courses (%)**

Assignment of courses	Boards	Top management	Middle managers	Lower managers	Prospective young talent	Total
Functional skills	62.96	5.88	44.26	41.49	36.36	40.35
Managerial skills	0.00	14.71	9.84	10.64	16.67	10.89
Leadership skills	18.52	50.00	34.97	1.06	12.12	23.51
General skills	18.52	29.41	10.93	46.81	34.85	25.25
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

In-house courses were often devoted to improving functional skills. These courses were attended by every type of manager, except top management who mainly concentrated on enhancing their leadership skills. However, it is significant that most businesses usually overlooked courses on “Managerial skills”, i.e. development of analytical abilities, problem-solving skills and project-management skills. General Managers and Human Resources Managers produced useful information on the use of International assistance and aid programmes.

*Table 5.22: International assistance and aid programmes*

Use of international aid programmes	Overall	Manufacturing	Services
<b>Dominating</b>			
General Directors	0	0	0
Human Resources Managers	5.88	0	9.09
<b>Significant</b>			
General Managers	5.00	0	8.33
Human Resources Managers	11.76	16.67	9.09
<b>Occasional</b>			
General Managers	50.00	50.00	50.00
Human Resources Managers	23.53	0	36.36
<b>Never used</b>			
General Managers	45.00	50.00	41.67
Human Resources Managers	58.82	83.33	45.45

Clearly, for both General Managers and Human Resources Managers, international aid is seldom or never used. However, Human Resources Managers went into more detail on this issue.

General Managers give their views on the “Diffusion of Knowledge” in the table below.

**Table 5.23: Diffusion of knowledge**

<b>The concept of learning organisation</b>	<b>Overall</b>	<b>Manufacturing</b>	<b>Services</b>
Remains mainly with those individuals/groups	19.05	12.50	23.08
Gets diffused	42.86	50.00	38.46
Becomes integral to collective wisdom of institution	38.10	37.50	38.46
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

The survey shows that knowledge acquired during training is quite efficiently exploited. Note, too, that General Managers said this knowledge often passed into the corporate culture of the company.

Another aspect of this issue emerged when Human Resources Managers gave their views on the extent to which those who attended mutual and joint training passed on their freshly acquired knowledge to other staff.

**Table 5.24: Mutual and shared training**

<b>Methods of training</b>	<b>Total</b>	<b>Manufacturing</b>	<b>Services</b>
Team work	4.0 (21)	4.6 (7)	3.5 (14)
Coaching	3.6 (21)	4.0 (7)	3.3 (14)
Briefing & debriefing	2.7 (21)	3.3 (7)	2.1 (14)
Joint projects	2.4 (21)	2.3 (7)	2.6 (14)
Personal responsibility for development of other employees	2.6 (21)	2.6 (7)	2.6 (14)
Workshops	3.0 (21)	2.8 (7)	3.2 (14)
Jobs rotation	1.8 (21)	1.2 (7)	2.3 (14)
Internal work guides	2.9 (21)	3.0 (7)	2.9 (14)

The most effective ways of disseminating knowledge, skills and values are still the traditional methods: teamwork, coaching, workshops, internal work guides and briefing. Only slightly less popular were new approaches such as joint projects, personal responsibility for development of other employees and job rotation. If traditional methods prevail in Manufacturing, new methods lead in Services. Human Resources departments should stress the advantages of new methods – of mutual and shared learning.

## 5.7 Evaluation

General Managers and Human Resources Managers tell us whether or not their businesses have a way of charting the effectiveness of training initiatives. See Table 5.25:

*Table 5.25: The existence of measuring systems*

Answers	Total	Manufacturing	Services
<b>General Managers</b>			
Yes	8.9	11.1	6.6
No	91.1	88.9	93.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Human Resource Managers</b>			
Yes	5.2	-	10.5
No	94.8	100.0	89.5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

As the above table shows, most businesses do not have a system for measuring the effectiveness of training. Only 8.9% of General Managers and 5.2% of Human Resources Managers said they had such a system.

However, Human Resources Managers said you could assess the effectiveness of courses by judging employees in terms of a clear idea of their duties, course certificates, low job turnover, motivation and quarterly performance assessment.

General Managers used more focused criteria for judging the effectiveness of training: professionalism; keenness; dynamics of professional growth of employees; activities to promote continuous growth; overall rise in company's efficiency in terms of increased profits, new business and enhanced methods of management. This shows yet again that it is mostly General Managers who carry out staff development initiatives at businesses.

**Table 5.26: Overall evaluation of training programmes**

Value	Total	Manufacturing	Services
<b>Personal values</b>			
■ higher knowledge potential	4.1	4.6	3.6
■ improved skills and competence	3.8	3.8	3.9
■ wider horizons	4.3	4.3	4.2
■ changed attitudes and values	2.4	2.1	2.7
■ enhanced employability	3.0	3.5	2.6
<b>Value for own department</b>			
■ improved effectiveness	4.0	4.0	3.9
■ increased efficiency	3.9	4.2	3.6
■ better co-operation and team work	3.9	4.2	3.6
■ new projects and tasks	4.1	3.7	4.5
■ higher employee satisfaction	3.9	3.6	4.2
■ better customer service	4.1	4.5	3.8
■ improved performance and profits	3.8	4.8	2.8
<b>Value for the company</b>			
■ enhanced collective wisdom	3.4	3.5	3.3
■ improved internal culture	4.2	4.2	4.2
■ good citizenship	3.3	3.5	3.1
■ improved competitive position	4.5	5.0	4.0
■ learning organisation concept	4.4	4.5	4.2

As for training employees, General Managers mentioned the twin aims of reaching a higher level of knowledge (especially in Manufacturing) and broadening horizons (4.1–4.3 points). They placed less stress on training to change attitudes and values; and kept that subject for later courses.

Training for the department rated high across the board, (3.8–4.1 points). Compared with Services, Manufacturing rated training to increase productivity and profits very high. As for the company as a whole, General Managers said that, first, training sharpened its competitive edge. (This especially applies to Manufacturing who accorded competitiveness 5.0 points.) And, second, that constant training raised its image and promoted corporate culture (4.2–4.5 points). Issues such as increased loyalty and overall company experience were deemed less



important. So we can assume that training promotes the development not only of employees but also that of individual departments and the company as a whole. Furthermore, there are various resources for making training a more important issue.

It is vital to set up and implement top quality courses. To achieve this, you need to know how General Managers and Human Resources Managers approach various forms and ways of training, their prevailing habits and priorities. See Tables 5.26 and 5.27.

**Table 5.27: Learning habits: General Managers' views**

<b>Learning habits</b>	<b>Knowledge and understanding</b> <i>Functional skills</i>	<b>Skills and competence</b> <i>Core skills</i>	<b>Attitudes and values</b> <i>Personal qualities</i>
<b>Traditional:</b> (Lectures; Case studies; Guest speakers; Senior management inputs; Debate)	3.90 (20)	3.35 (20)	3.30 (20)
<b>Peer Group:</b> (Group exercises; Brainstorming; Networking; Participatory learning; Peer consulting; Outdoor training; Open space)	4.25 (20)	4.20 (20)	3.65 (20)
<b>Technology-based:</b> (Simulations; Distance learning; E-mail; Video conferencing; Lotus notes)	2.60 (20)	2.45 (20)	1.90 (20)
<b>Action-oriented:</b> (Project based; Action learning; Action reflection learning; Full feedback and follow-up; Individual action plan; Group action plan)	3.40 (20)	3.30 (20)	2.65 (20)
<b>Benchmarking:</b> (Experience sharing; Site visits; Internships; Other investigative learning)	3.50 (20)	3.25 (20)	2.95 (20)
<b>Broadening:</b> ("Time-out"; Reflections; Arts, music, painting, poetry; Non-traditional guest speakers; "Imagineering"- thinking outside the box)	2.30 (20)	2.40 (20)	3.90 (20)

**Table 5.28: Learning habits: Individual Managers' views**

<b>Learning habits</b>	<b>Knowledge and understanding</b> <i>Functional skills</i>	<b>Skills and competence</b> <i>Core skills</i>	<b>Attitudes and values</b> <i>Personal qualities</i>
<b>Traditional:</b> (Lectures; Case studies; Guest speakers; Senior management inputs; Debate)	4.40 (22)	3.30 (22)	2.80 (22)
<b>Peer Group:</b> (Group exercises; Brainstorming; Networking; Participatory learning; Peer consulting; Outdoor training; Open space)	4.00 (22)	4.15 (22)	3.90 (22)
<b>Technology-based:</b> (Simulations; Distance learning; E-mail; Video conferencing; Lotus notes)	2.60 (22)	2.90 (22)	2.15 (22)
<b>Action-oriented:</b> (Project based; Action learning; Action reflection learning; Full feedback and follow-up; Individual action plan; Group action plan)	4.00 (22)	4.30 (22)	3.60 (22)
<b>Benchmarking:</b> (Experience sharing; Site visits; Internships; Other investigative learning)	4.30 (22)	3.90 (22)	3.30 (22)
<b>Broadening:</b> ("Time-out"; Reflections; Arts, music, painting, poetry; Non-traditional guest speakers; "Imagineering"- thinking outside the box)	2.80 (22)	2.30 (22)	4.00 (22)

As the two tables above show, only "Broadening" - the bottom-ranking "habit" in functional skills (Knowledge and Understanding) - is transmitted by technologies and new methods. This is because these methods are still under-developed in the Ukraine.

When teaching basic skills (Professional skills and Competence), the stress is first on work with colleagues, then on comparative methods and ways of taking action. Again, technologies and new methods are little used.

When developing personal qualities (Moral attitudes and Values), teamwork and unconventional forms of training are paramount.

Given this background, we can assume:

- we should raise the value of different methods and forms of training (no position was rated 5);

- we should follow Western practice and make intensive use of modern ways of training;
- different ways and means of training should be matched to the management qualities desired.

The tables below assess the sources of training preferred by General and Individual Managers. These options were based on the managers' own preferences, not on which education provider the company should or should not use.

*Table 5.29: Preferred learning sources: General Managers' views*

Sources	Overall	Manufacturing	Service
Family and friends	2.0 (21)	3.0 (6)	2.3 (15)
Reading	3.5 (21)	3.5 (6)	3.5 (15)
Television and media school	2.5 (21)	2.3 (6)	2.3 (15)
Peers and colleagues	3.5 (21)	4.5 (6)	3.5 (15)
Consultants	4.5 (21)	4.3 (6)	4.7 (15)
Foreign business partners	3.5 (21)	4.8 (6)	3.0 (15)
Formal business training	3.0 (21)	3.3 (6)	3.2 (15)

General Managers gave the highest scores to sources such as co-operation with consultants, colleagues and foreign business partners – the latter attracting a high score (4.8) from directors in Manufacturing. The least effective sources of training are the family and television. And, clearly, formal business education also rates low.

**Table 5.30: Preferred learning sources: Individual Managers' views**

Sources	Overall	Manufacturing	Service
Family and friends	3.1	2.4	3.5
Reading	4.3	4.6	3.9
Television and media school	2.6	2.6	2.6
Peers and colleagues	3.8	3.8	3.9
Consultants	4.1	4.2	4.0
Foreign business partners	3.8	3.6	4.0
Formal business training	3.9	4.0	3.9

Almost the same trends emerged when we considered the Human Resources Managers' selection of training sources, although the Individual Managers put reading first. Manufacturing is generally more used to published sources, while Services prefers working with consultants and foreign partners. Next come formal business education and business colleagues. And lastly family, friends and mass media. Significantly, family and friends play a larger training role in Manufacturing. This reflects the ways in which businesses are set up in the Service sector. The general conclusion is that formal business education should play a more important role as a potential training source.

Individual Managers pinpointed the weaknesses and strengths of the courses they attended.

**Table 5.31: General evaluation of courses attended**

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>■ very competent speakers</li> <li>■ systematic approach to teaching</li> <li>■ contemporary methods of teaching</li> <li>■ opportunity to share impressions</li> <li>■ opportunity to network</li> <li>■ access to knowledge of how successful companies run in the Ukraine and overseas</li> </ul> <p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>■ too theoretical</li> <li>■ low in practical knowledge</li> <li>■ too many participants</li> <li>■ almost irrelevant to problems specific to business in the state with different forms of ownership</li> </ul>
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Generally, therefore, in Ukrainian businesses, there is plenty of scope for improving business education. Furthermore, any business education institution must aim to:

- provide high quality education services that match business needs;
- persuade all company directors and managers that staff training is not just a way of solving a business's immediate problems – it should also become integral to its long-term development strategy.



## 6. Assessment of training needs

A business can decide on the management courses it needs by focusing on its current problems and the training that would help to solve them. This assessment was made by General Managers, Human Resources Managers and Individual Managers.

**Table 6.1:** *General Managers' views on main training-related problem/opportunity areas*

Problem/ opportunity areas	Overall		Manufacturing		Services	
	Value	Number	Value	Number	Value	Number
Functional skills	4.43	46	4.43	31	4.43	15
Managerial skills	4.11	19	4.25	9	4.00	10
Leadership skills	3.10	23	3.67	7	2.87	16
General skills	3.67	16	4.00	6	3.50	10

As the Table shows, General Managers put improvement of functional skills first because competent staff are sorely needed during a time of transition. Managerial skills came second. General managerial skills and leadership came respectively third and fourth.

It is significant that both sectors gave pride of place to the improvement of functional skills (4.43), and accorded similar ratings to other issues. However, functional skills attract more than twice as many points from Manufacturing (31) as they get from Services while Services rates leadership far higher than Manufacturing more (16 against 7). The views of Human Resources managers contrast a little with those of General Managers.

**Table 6.2:** *Human Resources Managers' views of main training-related problem/opportunity areas*

Problem/ opportunity Areas	Overall		Manufacturing		Services	
	Value	Number	Value	Number	Value	Number
Functional skills	4.42	26	4.44	17	4.38	9
Managerial skills	4	2	4	2	0	0
Leadership skills	4.22	9	4.50	4	4	5
General skills	4	2	4	2	0	0

Human Resources Managers think that, in company management, the priority should be to improve functional skills. Next, they opted for enhancing leadership skills – which General Managers rated lowest. In Manufacturing, Human Resources Managers rated managerial skills very highly although they were only mentioned twice. The following table goes into the above data in more detail. It gives ratings of the most frequently mentioned types of problems and opportunities as grouped in previous tables under functional, managerial and leadership skills.

**Table 6.3: Most frequently mentioned specific problem/opportunity areas**

General Managers		Human Resources Managers	
Problems/ opportunities area	%	Problems/ opportunities area	%
Marketing	7.53	Marketing	17.50
Human Resources management	7.53	General management	12.50
General management	6.45	Sales	10.00
Corporate governance and corporate law	6.45	Quality management	7.50
Sales	6.45	Accounting and control	5.00
Management information systems	5.38	Management information systems	5.00
Analytical skills	5.38	Public relations including relations with public authorities	5.00
Decision-making skills	5.38	Leadership and organisational behaviour	5.00
Project-management skills	5.38	Change-management	5.00
Computer skills	5.37	Creativity and entrepreneurship	5.00
<b>Total</b>	<b>61.35</b>	<b>Total</b>	<b>77.50</b>

Having analysed the above, we can assume:

- Nine of the issues relate to functional activities;
- At both levels, most managers mentioned the first six problems. These fall into four categories: marketing, general management, sales skills, and management information systems; with pride of place going to marketing.

We will now compare how General and Human Resources Managers in Manufacturing and Services rated the most frequently mentioned categories of problems/opportunities.



**Table 6.4: Most frequently mentioned specific problem/opportunity areas: Manufacturing**

General Managers		Human Resources Managers	
Problems/ opportunities area	%	Problems/ opportunities area	%
Marketing	9.76	Marketing	17.24
Human Resources management	9.76	Sales	13.79
Corporate governance and corporate law	7.32	General management	10.34
Management information systems	7.32	Quality management	10.34
General management	7.32	Management information systems	10.34
Computer skills	7.32	Foreign language	10.34
Technology, operational management and logistics	7.32	Corporate governance and corporate law	6.90
Sales skills	4.88	Accounting and control	6.90
Project-management skills	4.88	Public Relations including links to public authorities	3.45
Analytical skills	4.88	Project management skills	3.45
<b>Total</b>	<b>70.76</b>	<b>Total</b>	<b>93.09</b>

**Table 6.5: Most frequently mentioned specific problem/opportunity areas: Services**

General Managers		Human Resources Managers	
Problems/ opportunities area	%	Problems/ opportunities area	%
Human Resources management	9.62	Marketing	14.29
Marketing	7.69	General management	10.71
Corporate governance and corporate law	5.77	Sales	7.14
Management information systems	5.77	Management information systems	7.14
Technology, operation management and logistics	5.77	Corporate governance and corporate law	7.14
Sales	5.77	Accounting and control	7.14

General Managers		Human Resources Managers	
Problems/ opportunities area	%	Problems/ opportunities area	%
Accounting and control	5.77	Public Relations including relations with public authorities	7.14
Research and Development, innovation processes	5.77	Quality management	7.14
Project management skills	3.85	Foreign language	3.57
General management	3.85	Leadership and organisational behaviour	3.57
<b>Total</b>	<b>59.63</b>	<b>Total</b>	<b>74.98</b>

This analysis shows that there is little difference between the two sectors, only minor discrepancies in the order – and frequency of mention – of the types of problems/opportunities. Significantly, General Managers in both sectors identified ten sets of problems/opportunities, and these are very similar to those named by the Human Resources Managers. When asked to define categories of problems/opportunities vital to the success of both the company and the individual, Individual Managers produced answers with a different stress. See table below.

**Table 6.6: Most frequently mentioned specific problem/opportunity areas: Individual Managers' views (in order of priority)**

Marketing
Sales
Conflict management
Negotiations
Interpersonal communication & effectiveness
Corporate governance and corporate law
Accounting and control
General management

The Individual Managers produced five issues in common with the General and Human Resources Managers. However, they came up with three more:

- Conflict management
- Negotiations
- Interpersonal communication and effectiveness

Against that background, we will now assess what courses are needed by investigating:

- which courses are being considered by managers at different levels;
- to what extent those courses relate to the problems and/or opportunities defined above.

**Table 6.7: General Managers' views of priorities for additional training**

Training area	Overall	Manufacturing	Services
Functional skills	4.9	4.8	4.2
Managerial skills	4.0	-	4.0
Leadership skills	3.9	4.0	4.0
General skills	4.5	5.0	4.0

The above analysis confirms that, in the first place, General Managers/managers want courses largely focused on the improvement of the staff's functional skills. Such skills are vital to success during transition. Second, they want courses on general administration. Courses on management skills and leadership development come respectively third and fourth. Obviously, answers vary according to sector: while General Managers in Services often opted for courses on management skills, their equivalent in Manufacturing did not mention that type of course. However, both sectors expressed a need for leadership development. Human Resources Managers rank the most useful courses in the table below.

**Table 6.8: Human Resources Managers' views of priorities for additional training**

Training area	Overall	Manufacturing	Services
Functional skills	4.7	4.5	4.7
Managerial skills	-	-	-
Leadership skills	5.0	5.0	5.0
General skills	4.0	4.0	4.0

The views of Human Resources Managers are largely the same in both Services and Manufacturing but they differ from those of the General Managers. Human Resources Managers think priority should be given to leadership development rather than functional and general administrative skills. And they make no mention at all of management skills. The Individual Managers give their views on courses and training in the table below.

**Table 6.9: Individual Managers' views of priorities for additional training**

Training area	Overall	Manufacturing	Services
Functional skills	4.1	3.8	3.1
Managerial skills	4.3	5.0	3.6
Leadership skills	3.0	3.7	2.3
General skills	1.5	1.0	2.0

Clearly, Individual Managers are mostly interested in developing their management skills. They think that attendance at every available management skills course will equip them well for their future roles as managers. If we combine the results, the various levels of manager focus on three main types of course selected from a total of 27.

Group "A" comprises top priority courses that can influence the overall effectiveness of the company in management, marketing and sales skills. A resounding 43.0 % of respondents endorsed this priority.

Group "B" consists of courses which, while less popular than those in group "A", were mentioned by every kind of manager: corporate governance, corporate finance, technologies, operations management and logistics, and change management. Group "C" includes every other listed course on the list that prompted one or more mentions.

It follows that business education institutions must now develop and enhance the courses in group "A" and "B" and merge them into a single training area of "Functional characteristics" that would meet the current needs of the business community.

The table below gives an overview of the courses that, in the General Managers' view, are most likely to meet personal development aims.

**Table 6.10: General Managers' personal development objectives**

Suggested training area	Overall	Manufacturing	Services
Functional skills	4.64 (25)	4.69 (12)	4.58 (13)
Managerial skills	4.20 (5)	4.00 (3)	4.50 (2)
Leadership skills	4.15 (13)	4.00 (6)	4.29 (7)
General skills	4.50 (8)	5.00 (3)	4.20 (5)

As Tables 6.8 and 6.10 show, to a great extent General Managers see personal development as the key to business development – usually with the stress on courses devoted to improving functional skills. Managers in Manufacturing gave the top rating (5.0) to courses that improved general skills. This is because such courses include the study of foreign languages, notably English.

We will now examine the sort of courses that General and Operational Managers prefer.

**Table 6.11: General Managers' preferred type of training**

Types of course	Overall	Manufacturing	Services
Long courses (3 months and more)	3.53 (19)	3.75 (9)	3.67 (10)
Mid-length courses (1 week-3 months)	3.79 (19)	3.13 (9)	4.44 (10)
Short public workshops	3.47 (19)	3.63 (9)	3.33 (10)
Short internal workshops	3.42 (19)	3.88 (9)	2.89 (10)
Distance learning	2.47 (19)	2.00 (9)	2.44 (10)
Study visits in overseas company	3.68 (19)	3.50 (9)	3.89 (10)

General managers usually prefer mid-length courses. They moderately favour courses that last more than three months and study visits to overseas companies. Because of various Manufacturing issues, General Managers in that sector rated short internal seminars highest while General Managers in Services favoured mid-length courses most. As it is relatively new in the Ukraine, Distance Learning has yet to attract General Managers in either sector.

**Table 6.12: Individual Managers' preferred type of training**

Types of course	Overall	Manufacturing	Services
Long courses (3 months and more)	10.20	6.25	11.76
Mid-length courses (1 week-3 months)	40.82	31.25	47.06
Short public workshops	18.37	25.00	14.71
Short internal workshops	8.16	6.25	8.82
Distance learning	8.16	0	11.76
Study visits in overseas company	14.29	31.25	5.89
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Mid-length courses come a clear first across the board in both sectors while distance learning rates lowest with General Managers. Note, too, that Individual Managers rejected the overseas study visit. The next table shows the extent to which Individual Managers make courses part of their overall plans for staff development.

**Table 6.13: Status of courses as seen by Individual Managers (%)**

Whether in the human resources plan	Yes	No	Partially	No information	Total
Overall	5.26	26.32	52.63	15.79	100.00
Manufacturing	0.00	28.57	28.57	42.86	100.00
Services	9.09	23.24	60.60	7.07	100.00

Most Individual Managers only partly incorporate courses in their overall plans. Moreover, 42,86% of Individual Managers do not know how courses stand in relation to overall plans although they consider them to be vital to the development of both individual careers and the business as a whole. This is yet another index of insufficient work on the part of Human Resources.

## **7. Currently planned and/or contemplated training strategies and actions**

As stated, some of the businesses lacked a coherent development strategy. Even companies that have such a strategy, do not always take account of activities specific to personnel development – even though most directors appreciate that business success hinges on improving the qualifications of staff. Given their inadequate human resources, it is obvious why none of the 24 businesses researched had detailed plans for future activities specific to personnel development.

At present, courses come about in two ways:

- a) ad hoc – due to an individual's interest in a course or to a seemingly attractive course happening to coincide with company requirements;
- b) when a business can progress no further without new knowledge of a sort only obtainable through a course.





## 8. Recommendations for learning partners

Unlike previous chapters, this chapter contains no quantitative data, only comments and recommendations from managers at all levels, responsible for selecting providers of educational services.

### *General managers:*

- courses must relate to a specific market, and take account of the economic, political and social characteristics of the country;
- courses must include hands-on experience;
- the most useful courses take account of what participants produce and how they do it;
- the “manager-owner” course should be widely run;
- managers who are proven problem-solvers in their businesses, must be asked to teach during courses; in the interests of good public relations, providers of courses should promote themselves more vigorously.

### *Human resources managers:*

- take account of the country’s economy and what the business actually does;
- focus more on the particular ways in which new businesses develop and operate;
- hold seminars on ways of defining issues and ways of setting up standards to assess the operational efficiency of all managers;
- set up hands-on ways of training such as business games and computer simulations.

### *Line (individual) managers:*

- set up a centre to issue updates on training and courses – and thereby make up for the current lack of information on these matters; adapt Western scientific terminology to conditions in Ukraine;
- create seminars that combine theory and practice;
- ensure courses are more concerned with real experience.



# List of Ukrainian companies

No.	Name of company	Type of company	Region	GM	HR	IM
<b>Service</b>						
1	Academy of Labour & Social Relations	education	Kyiv	1	1	1
2	ANKLAV	trade-intermediary	Kyiv	1	0	1
3	Anonim	investment company	Dnipropetrovsk Region	1	1	1
4	Anonim	investment company	Kyiv	1	1	0
5	Balance-Audit	consulting	Dnipropetrovsk Region	1	1	1
6	Bilyy Paroplav (White Ship)	trade	Kyiv	1	1	1
7	Bureau Veritas	certification of goods	Kyiv	1	1	1
8	ILTA	trade-intermediary	Kyiv	1	1	2
9	IMI-Kyiv	education	Kyiv	1	1	1
10	INPAT	trade	Kyiv	1	1	1
11	JSV "Insurance Company"	insurance	Kyiv	1	1	1
12	PRO-Electro	systems of electric supply	Kyiv	1	1	1
13	Special Centre for Personal Education of the Ministry of Energy of Ukraine	education	Kyiv	1	1	1
14	STAKS	trade-intermediary	Ternopil Region	1	1	1
15	Vita-K	trade-intermediary	Kyiv	1	1	1
	<b>Total</b>			<b>15</b>	<b>14</b>	<b>15</b>

No.	Name of company	Type of company	Region	GM	HR	IM
<b>Manufacturing</b>						
16	Admiral	furniture manufacturing	Kyiv	1	0	1
17	ARTPRINT	publishing	Kyiv	1	1	1
18	AVERS	construction	Kyiv	1	1	1
19	Demokom Ltd	heating engineering	Kyiv	1	1	1
20	JSV "Zavod Ukrcabel"	cable-conductor production	Kyiv	1	1	1
21	JV "Alfa"	gas equipment	Kyiv	1	1	1
22	Scientific-Research Plant	protection material from environment	Kyiv	1	1	1
23	Stekloplast	furniture manufacturing	Ternopil Region	1	0	1
24	Tekhnoluch Ltd	energy-saving glass	Kyiv	1	1	1
	<b>Total</b>			<b>9</b>	<b>7</b>	<b>9</b>