

REPORT

Assessing management training needs in Central and Eastern Europe

Survey of selected enterprises in Bulgaria



European Training Foundation



CEEMAN



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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.

This report was prepared with the financial assistance of the European Training Foundation. The views expressed herein are those of the contractor and do not necessarily represent any official views of the Foundation.

Assessing management training needs

Bulgaria

By

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European Training Foundation



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Foreword CEEMAN reports

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)¹ and was sponsored by the European Training Foundation². The Foundation also contributed its expertise to different stages of the project.

To date the project covers selected enterprises in five countries (Bulgaria, Poland, Romania, the Russian Federation, and Slovenia) and concentrates on the issue of management training needs in manufacturing and service sector enterprises. All in all, the project surveyed a total of 82 enterprises and 564 managers between July and December 1998. The aim was to understand 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 the cross-country report which has also been prepared. Further copies of this report and the others can be obtained directly from the European Training Foundation or downloaded from the web site on <http://www.etf.eu.int>.

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- 1 CEEMAN is an international network comprising 122 members (including business schools and enterprises) from 32 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.
 - 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.

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Summary

This report presents the results of a survey on the 'Assessment of the Management Training Needs in Central and Eastern European Countries at the Achieved Level of Transition' carried out in Bulgaria. The study was carried out at the request of the Central and East European Management Development Association (CEEMAN) in Slovenia for the European Training Foundation in Turin, Italy, an agency of the European Union specialising in the field of vocational education and training and management development and training.

The study was carried out and the report compiled between October 1998 and January 1999. The team of researchers included national and international experts from Bulgaria and Germany.

The purpose of the report is to provide comprehensive information on management training needs as assessed nine years after the changes in the political system. The authors trust that the report's findings and conclusions will be of value to different target groups:

- donors (when preparing new training programmes);
- providers of training and other tools of human resources development (e.g. consultants, business schools etc.); and
- important and relevant groups in society (e.g. trades unions, employers' associations, governmental agencies that deal with human resource development etc.).

The research was based on questionnaires, which were sent to general, human resources and individual managers in 22 companies. Eleven of these failed to respond for different reasons, but mainly because of their fear that the information provided could subsequently prove harmful; a secondary reason was lack of time and/or commitment.

Main findings

- Bulgaria has overcome the macroeconomic instability and related difficulties that reached their height in February 1997, but still lags behind most other Eastern European countries in economic development.
- Industrial companies were much more cooperative with the researchers during this study and provided more reliable and complete information than service firms.

- The average Bulgarian manager is fully aware of the need for improvement but is rather hesitant to risk radical change. Only 10% of managers admit to not having a development strategy, but the authors have good reason to believe that the lack of strategic approaches is probably the major weakness of the average firm in Bulgaria. This belief is based on significant contradictions observed in answers to the questionnaire used in this study.
- The assessment of current management capabilities provides a confused picture. All three categories (knowledge and understanding, skills and competencies and values and attitudes) are mentioned equally often and it can be assumed that the interviewees had difficulty understanding the questions on these different kinds of management capabilities.
- Most managers questioned have participated in general management courses, but an examination of their assessment of their own learning needs and of the training they have undertaken shows that they have no clear training strategy. It is obvious that most managers are still unsure of their own abilities, their learning needs and how to acquire the skills needed in the future.
- Managers in Bulgaria are more often assessed on the basis of seniority (age, life experience and professional experience) than of criteria derived from modern human resources development practices, e.g. creativity, innovative behaviour, social competence, ability to operate in a multi-cultural context etc.
- Training and management development measures are often regarded as an incentive, the nature of which varies for different kinds of managers. High-level, general managers often identify training with international business trips, while line managers tend to put their own interests above those of their employers when choosing a training course.
- Training is seen as a means of enhancing technical and other professional skills rather than improving leadership skills, team spirit and other 'soft' factors.
- The training chosen is wide-ranging and no specific trends can be identified.
- Managers clearly prefer short seminars with as much practical information as possible but, at the same time, complain of the brevity and excessively theoretical content of the training they receive. Traditional methods of learning (e.g. lectures) are still the norm.
- Consultancy companies are clearly the leading providers of training, followed by foreign partners and in-house training providers.
- Little or no training audits are carried out and, consequently, no information on the return on investment in human resources development activities is available.
- The most common reasons for undertaking training are the opportunities it offers to improve personal status, increase remuneration and advance career development plans.
- Answers to questions about future plans for training and management development reveal no clear trends. Future activities in the field are likely to evolve on an ad hoc basis

Main conclusion and recommendations

The **main conclusion** of this study is that the kind of strategic management development and training associated with innovative and strong businesses in stable macroeconomic environments is not appropriate to companies in transition economies. The latter may need a different strategy for human resources development, most likely a strategy that concentrates on a small number of objectives and that allows a high degree of flexibility. Furthermore, firms in transition economies rely more heavily on immediate results and training outputs than richer and more established enterprises in developed countries. Consequently, the design of training programmes has to be revised and streamlined to ensure that useful and sustainable results are achieved more quickly.

The authors outline some recommendations in Chapter 8 of this report, the most important of which are summarised here.

- Training providers and recipients have to cooperate more closely, beginning with the preparation and design of training. This is especially the case for international programmes funded by foreign donors, where the final recipient and the consultant often meet for the first time only at the end of a long preparatory phase (which involves the development of terms of reference, tendering, mission preparation etc.).
- Human resource development and training is a high-quality service and should be paid for (at least partly) by the final recipient. Otherwise the value of this input may not be fully appreciated. Little will be achieved unless trainees are strongly motivated. Direct and feasible incentive schemes for successful trainees need to be developed by human resource managers, with the help of the training provider.
- Training providers and agents need to pay more attention to raising awareness of the need for, and potential benefits of, training and other human resources development measures.
- All aspects of human resources development theory need to be communicated to managers, on different levels, in a down-to-earth way. The real-life situation of the target group should be taken into consideration.
- Junior managers and professional staff are often neglected when training is being planned and implemented although they can provide useful resources needed for managing change.

The future impact and success of human resources development activities and management training will depend, mainly, on the willingness and capabilities of the different stakeholders in management training to cooperate throughout the whole training process (starting with the assessment of learning needs). There must be a strategic dimension to cooperation; an ad-hoc approach will not yield long-lasting positive efforts. The more the Central and Eastern European countries manage to overcome the economic constraints caused by the transition from a planned to a market economy, the more essential this strategic dimension will become to management.

It is even more important to show the contribution that management training and other human resources development activities can make to improving the life of individual managers and other workers and to overcoming the worst effects of deprived economies. Training and management development need to be underpinned by a shared vision and by values agreed in partnership by all stakeholders. Training strategies of this kind are more likely to succeed than purely technical training strategies.

1. Introduction

The report examines management training needs in Bulgaria, one of the Central and Eastern European countries in transition from a planned to a market economy. It is based, in the first instance, on an assessment of their own training needs by general managers, human resources managers and line managers of different kinds in both production and service companies. This self-assessment is then analysed from the point of view of internal consistency (i.e., the extent to which managers' responses are consistent or contradictory) and in terms of its accuracy (i.e., the extent to which it corresponds to objective observations on the performance of companies in Bulgaria as outlined in Chapter 2.1, 'The country level').

The European Training Foundation, an agency of the European Union working in the field of vocational education and training, and management training asked the Central and East European Management Development Association to carry out this study with a view to learning more about management training needs at the current level of transition in Central and Eastern European countries. Nine years after the changes in the political system, remarkable results have been achieved in economic, legal and political reforms throughout this group of countries. It is now necessary to take a closer look at the progress each country has made towards the free market economy in general and the 'acquis communautaire' in particular. The time is past for general, basic and unspecified inputs into management training and development. Projects in human resources development (either implemented by international or bilateral donors or organised by indigenous organisations, companies, governmental bodies etc.) need to be more fine-tuned and embedded in the local environment. Donors like the European Training Foundation wish to take more account of the real needs of the managers and the necessity to use management training as a tool for change rather than an activity to be pursued for its own sake. This country report (along with others from different Central and Eastern European countries) is designed to inform decision-makers at the Foundation about the current situation and current training needs. The provision of up-to-date information on management training needs in Central European and Eastern countries, as assessed by local experts, may also help to avoid the misallocation of donor funds for future programmes and projects in human resources development and management training. Frequent assessments of the real situation in each recipient country will help training providers to design new programmes that focus on the real needs of beneficiaries. This focus can be seen as part of the latter's right to self-determination and is also a necessary prerequisite for the successful implementation of all kinds of human resources projects. Success, in this context, can be measured by the contribution these projects make to the improved performance of

companies in Central European and Eastern countries (e.g. increased turn-over and profits, fewer bankruptcies, increased purchasing power, a greater role in decision-making for the workforce etc.) and to their adoption of standards applied by similar companies in equivalent sectors in the economies of the European Union (the adoption of the 'acquis').

This report contains seven chapters, in addition to this introductory chapter. Chapter 2 gives an overview of the transition process and the results achieved. This overview is on two levels, the country level and the enterprise level. The latter provides more specific information on the companies surveyed and the managers interviewed and shows the extent to which this sample is representative of the state of affairs nationally.

Chapter 3 deals with the main challenges faced by companies and the strategic responses given by management. The main purpose of this chapter is to establish whether the training needs and management development efforts in general are linked to concrete strategic issues and the 'real life' context of the firms in question. It will be seen that managers in Bulgaria feel that, if they are to keep pace with change, they need:

- to establish more ambitious goals;
- to introduce more radical improvements; and
- to review the orientation of their overall development strategies.

Human resource development, however, is not regarded as a significant part of these overall strategies.

Chapter 4 partly explains why this is still the case. More importantly, this chapter assesses current management capabilities based on three components of overall capabilities: knowledge and understanding, skills and competencies and values and attitudes, as seen by general and line managers themselves. This information will be important when multidisciplinary and/or integrated training programmes are being planned in the future.

Chapter 5 will focus on training experiences and the lessons drawn from these and covers:

- volume, coverage and investments;
- content and concentration of training programmes;
- training processes;
- providers of training;
- criteria for the selection of training programmes, trainees and training providers;
- special programmes and approaches (e.g. in-company training) and
- evaluation (e.g. of value added).

Chapter 6 focuses on the assessment of training needs, starting with the internal perception of training needs, as expressed by the different groups of managers (general, human resources and individual managers). This chapter also includes some analysis of the compatibility of perceived training needs with the general strategic orientation of the enterprises surveyed and the relevance of these needs to overall strategic objectives. In addition, some information is provided on the relationship between the trainees' personal expectations and the anticipated value added for the company as a whole.

Chapter 7 deals with training strategies and actions currently planned and/or envisaged.

In Chapter 8, the concluding chapter, the authors make some recommendations to the different actors who have an interest in meeting training needs in the region. These include:

- the companies and their managers;
- members of the Central and East European Management Development Association (CEEMAN); and
- Western training institutions and donors who support the management development process in this region through grants, transfer of know-how infrastructure etc.

This report would not have been possible without the support of the European Training Foundation, and the authors wish to express their gratitude for the opportunity to be members of the research team. Special thanks go to the Central and East European Management Development Association (CEEMAN) and, in particular, to Reti Shutina. Without her understanding and assistance with queries that arose during its preparation, this report would not have been possible. Last but not least, the authors wish to thank all the managers who gave of their valuable time to complete the questionnaires and to answer the questions put to them.

2. Overview of the training process and results achieved

2.1 *The country level*

Since the election to government of the United Democratic Forces in April 1997, Bulgaria has achieved macroeconomic stability. The following indicators show the improvement of the economic situation in Bulgaria, which is a pre-condition for the development of management training and development activities.

Inflation and foreign currency reserves

Periods of hyperinflation are not conducive to the implementation of training activities. The hostile environment occupies the full attention of management and planning is reduced to speculation. Fortunately, the hyperinflation of early 1997 was brought under control and was down to 3% in September 1998, after a period of deflation in June, July and August 1998. Foreign currency reserves had increased to 4 billion DM by March 1998. The prime interest rate dropped to 5-6% in 1998 and the banks are solvent.

Privatisation

The rate of investment, which had contracted during the process of privatisation, almost tripled in 1997 compared to 1996 (US\$ 1,499,378 vs. US\$ 587,134). However, much of the economy is still under state control and privatisation in some sectors (e.g. banking) is only at the preparatory stage. The comparatively slow pace of privatisation does not encourage the development of long-term human resource strategies, including management training. In fact, companies facing the painful process of privatisation often cancel human resource development measures. Even worse, the approach of privatisation prompts some managers to engage in activities that effectively amount to sabotage, i.e., which reduce the value of the company and undermine the motivation of the remaining workforce.

Economic growth and purchasing power

Economic growth of 3.7% is forecast for 1999 (compared to 1998) and the budget deficit should not exceed 2.78% of GDP. Purchasing power per person (PPP) increased according to the Ministry of Labour and Social Policy; the average salary could buy 24 kg of bread in February 1997, 291 in November 1997 and 319 in January 1998. This indicator reveals the limited resources available for any kind of management training and development, especially in cases where individual managers want to contribute to their own training costs.

Employment

Total public sector employment decreased by 21.1% between December 1996 and December 1997. Total registered unemployment rose slightly from 512,993 people in January 1997 to 543,751 in January 1998. The number of unemployment black spots increased. One hundred and seventeen municipalities had unemployment rates of 10%-20%, while, in 75 municipalities, the rates ranged between 20% and 30%. Thirty-seven municipalities have unemployment rates exceeding 30%.

The positive macro-environment data, however, are considered to be the result of massive levels of external financial assistance that Bulgaria has received since the political changes of early 1997. Economists unanimously agree that Bulgaria has overcome its financial crisis but is now facing a (partly invisible) economic crisis. Some of the factors that have contributed to poor economic performance are:

- the decreased purchasing power of the people, after unemployment rose and hyperinflation dramatically devalued personal savings;
- underdeveloped (and partly paralysed) financial markets, together with the financial austerity policy operated by the Currency Board appointed by the International Monetary Fund; and
- the slow pace of privatisation and the isolation of state-owned enterprises, which led, initially, to a sharp decline in production.

These macroeconomic weaknesses will continue to affect Bulgaria for some time. They represent a serious challenge for companies and underline the need to invest in human capital. The lack of macroeconomic stability leads to an inconsistent human resources policy or the complete absence of such a policy, which, in turn, contributes nothing to microeconomic stabilisation. Entrepreneurs and managers in transition economies find that it is extremely difficult to break out of this vicious circle. Even after remarkable stabilisation of the macroeconomic situation, many managers in Bulgaria are still doubtful about the future and are, therefore, reluctant to take a strategic approach with more long-term oriented goals. This can be seen as the main challenge for the development and implementation of human resource development strategies, including all management training and development activities.

2.2 *Enterprise level*

The research covered 22 companies, thirteen service companies and nine industrial firms. Of the 22 companies, eleven did not answer for the reasons explained below. The remaining companies did respond, though not all of them answered all three questionnaires (for general managers, personal managers and line managers).

The names of the companies and the number of employees is provided below:

The companies selected include service and industrial companies, domestic and international companies, and large, small and medium-sized companies. They are mainly from the area of Sofia, the capital of Bulgaria, but include some enterprises from different regions (e.g. FMA, Balance, Chimsnab and SPA). The idea was to ensure that the sample was representative of the different kinds of companies operating in Bulgaria. At the same time, the research team was aware of the need to have at least one contact person in the firms in order to increase their chances of getting answers from them.

A major problem for this study was the widespread fear of any kind of assessment or research among entrepreneurs and managers. Many companies believe that the data gathered by the researcher could be made available to state authorities, especially tax authorities (e.g. data on annual turn-over, investments etc.), which the interviewees considered not to be in their interests. More account of this aspect needs to be taken in the future!

Other difficulties are listed below.

- Some managers are very busy (often for reasons associated with conditions in transition economies) and are not able to spend, or are not interested in spending, a significant amount of time answering questions.
- There are also managers who are simply unable to understand the questions because they have never given any thought to the topics included in the questionnaires. As they do not wish to lose face, they pretend to be too busy to reply to the questionnaire.
- One firm refused to answer the questionnaires because of political opposition to the European Union and its institutions (e.g. the European Training Foundation).

Table 1: Survey sample enterprises

No	Service or industry	Name of company	Number of employees	Survey status
1	S	M.A.R.C. Advertising Comp.	15	All questionnaires answered
2	I	Nestle Bulgaria	500	Only human resource questionnaire answered; refusal to answer other questionnaires
3	I	PirinTex Ltd., produces for Hugo Boss in Germany	1,000	No questionnaire answered, no reasons given.
4	I	Sparky Electric Tools	1,000	All questionnaires answered.
5	S	Kempinsky Hotel	300	No questionnaire answered because of lack of commitment (managers are too busy).
6	I	Teletec (Producer of alarm-systems)	100	All questionnaires answered
7	I	Inter-Time Continental (construction company)	100	All questionnaires answered
8	S	McDonalds	1,000	No questionnaire answered because of lack of commitment (managers are too busy).
9	S	Biochim Bank (state owned bank)	2,000	Only human resource questionnaire answered.
10	S	Bulgarian Insurance Comp. (private insurance comp.)	100	No questionnaire answered because of lack of commitment (managers are too busy).
11	S	Technologica (private software and hardware company)	100	No questionnaire answered because of lack of commitment and interest ("We don't need training, hence we are not interested in this survey")

No	Service or industry	Name of company	Number of employees	Survey status
12	S	EURAPEL (advertising company)	30	No questionnaire answered because of lack of commitment and serious difficulties in answering as questionnaires were too complicated
13	I	FMA (Tinnery)	80	All questionnaires answered
14	I	BALANCE (produces scales)	100	All questionnaires answered
15	I	SPA (Electronic company)	30	All questionnaires answered
16	I	Emailchim (produces latex paints)	100	All questionnaires answered
17	S	Shell	800	No questionnaire answered because of lack of time (company was moving premises, staff were too busy).
18	S	Union Bank (private bank)	50	Refused to answer. No reasons were given. It is assumed that there is no interest or commitment.
19	S	Daily paper "TRUD"	80	Refused to answer. No reasons were given. It is assumed that there is no interest or commitment.
20	S	State Savings Bank (state-owned bank); Questionnaire was answered by one branch office	50 (out of 5,000)	All questionnaires answered.

No	Service or industry	Name of company	Number of employees	Survey status
21	S	TMF (private consultancy/ accounting company)	30	Refused to answer. No reasons were given. It is assumed that there is no interest or commitment.
22	S	“BITOWA” (produces electric household appliances)	1,000	Company in liquidation.

It is interesting to note that most service companies did not complete the questionnaires. This is most probably because production companies need training and human resources development more than service companies, which are, typically, newly established by entrepreneurs on the basis of already their own, up-to-date expertise. The management of these firms do not see the need for training and human resource development. Another factor is that more of the service companies are transnational firms. These firms (e.g. Shell, McDonalds, Kempinsky Hotel etc.) conduct sophisticated and well-developed training programmes and use other human resource development tools as part of their corporate culture and identity.

3. Main challenges and strategic responses

The general managers, from both the service and the manufacturing sectors, were asked to identify the major challenges they faced. A large majority identified the need for improvement. A 10% minority considered the further stabilisation of their firm as the priority (e.g. ensuring a steady annual improvement of 10-15%, continuing their core business and maintaining their satisfactory benchmark position). Another 10%, while aware of the need for improvement, wished to continue working in a stable situation. None of the companies considered the other options (i.e., the challenges, 'Facing change' and the need for 'Radical transformation') to be applicable to them.

Returning to the majority of companies, who agreed that 'Improvements are required', it can be concluded that managers in these companies feel that they need to establish more ambitious goals and to introduce more radical improvements in order to keep abreast of their competitors. They also see the need to review their strategic orientation and to re-organise their portfolio of products and services in order to remain competitive.

The challenge, 'Improvements are required', which was the number one priority of almost all of the interviewees, is far less radical than challenges four and five (see questionnaire). Challenge number three ('Facing the change') includes the aspects 'new competitors are entering the market', 'core business needs restructuring' and 'new growth avenues are becoming necessary'. The fourth challenge ('Radical transformation') mentions aspects like 'business must adjust to dramatic changes in the technological and economics characteristics of the sector and in the environment in which it operates' and 'business portfolios must be completely re-organised'.

It is interesting to note that challenges three and four are totally ignored by the interviewees although, in the opinion of the authors, they reflect current macro- and micro-economic realities more accurately than challenge number two ('Improvements are required'), which was seen as *the* main challenge by almost all (90%) of the managers. Various reasons could be put forward to explain this.

- Bulgaria began restructuring and privatising its firms later than other Central and Eastern European countries.

- Bulgarian managers had fewer opportunities than their colleagues from other Central and Eastern European countries to come into contact with firms in the European Union where they could have compared macro- and micro-economic standards and levels. Managers from other Central and Eastern European countries are geographically closer to the EU and, prior to 1989, had stronger links to Western firms for many different reasons (historical, political, economic etc.). Compared to managers from other Central and Eastern European countries, Bulgarian managers may tend to over-estimate their capabilities and to underestimate the challenges they face in the context of an enlarged EU.
- The readiness to meet challenges depends on a minimum level of economic stability and access to resources. If these are not available, the entrepreneur will have great difficulty surviving the hardship associated with radical reform.

Question 4 asks whether managers have a comprehensive strategy to respond to the challenges of the next 2-5 years. Only 10% admit not having a strategy on how to meet current challenges. All others believe that they have a comprehensive strategy. The authors, however, have reason to believe that the interviewees interpreted the term 'strategy' differently. In many instances, it is confused with tactics.

It should also be said that, from a methodological point of view, this question is not likely to elicit reliable information on the existence of a comprehensive strategy. In economically less developed countries especially, managers are reluctant to admit weaknesses and nobody likes to admit working without a strategy.

The answers given by the managers to Question 5 give a deep insight into their perceptions of the challenges they face and the main focuses of their strategic thinking.

The need to change or improve the prevailing company style (the leadership style of top management, internal work practices and workforce interaction) emerged as the main focus of strategic thinking. There was almost unanimous agreement among managers that this need has been widely neglected in the last few years and that it required much more attention in the next two years. It is interesting to observe the way managers tend to focus on a given period (i.e. the next two years but not beyond this period). This is a general pattern in their responses and indicates that they take a static or mechanical approach to development. The view appears to be that once the job is done (i.e., 'the leadership style is changed'), that is the end of the matter and there is no further need of improvement.

Focus number three ('Improving formal systems and procedures used in planning, budgeting, performance and restructuring of the basic groupings of activities and reporting relationships') reveals the least significant changes. Figures describing the priority of this focus in the past five years are nearly identical with the figures given for the next two to five years. It can be assumed that this focus comes closest to the content of strategic thinking in both planned and free market economies. The median factor is 2.78 (the last five years), 2.88 (the next two years) and 2.75 (the next two years) in the range from 1 (requiring the least

attention) and 5 (requiring the most attention). If it can be assumed that there is a track record in establishing and maintaining good formal systems and procedures in planning, budgeting etc., (good, at least compared to other focuses of strategic thinking) the question arises of why managers do not think that this focus will need less attention in the future. It is likely that the interviewees felt that the existing planning procedures are still effective, but that some of the formal systems and procedures used in planning and budgeting need to be revised. From the authors' point of view, this is most probably the case in the field of cost accounting.

Focus number four, 'Development and utilisation of human resources' (e.g. the recruitment and selection of people, management development, career management, training and integration) emerged as the second most neglected area in the past five years. It will require much more attention in the coming two years.

For all other focuses, there are no significant differences between the attention they were given in the past five years and will be given in the coming two years.

The priorities respondents listed for the next 2-5 years could be said to describe tools rather than strategic objectives as the following examples show.

- 'Investments in buildings and software products'. It is unclear to which strategic objective these investments could contribute.
- 'Increasing production of our new products, obtaining ISO 9000, increasing exports and gaining a competitive position in Western markets'. Again, there is little mention of strategic objectives and indicators of achievement (e.g. increasing production by 150% and becoming the domestic market leader).
- 'Improving existing products', 'Widening the range of clients' These are vague priorities which will be of little help in developing a work programme targeted at contributing to the achievement of an overall strategic objective.

A broad consensus among the managers was evident in answers to Question 7: 'Do your strategic plans ... and projects contain a list of concrete human resource and management development projects...?' Possible answers were 'always', 'often', 'sometimes', 'very seldom' and 'never'. Thirty per cent of the interviewees answered 'often', 50% 'sometimes' and 20% 'seldom'. In other words, 80% of the managers interviewed see concrete human resource and management development projects as a natural and necessary part of any strategic plan. Only a fifth of the managers admit to neglecting this aspect of strategy.

On the basis of two-year's intensive observation of Bulgarian companies, the authors would argue that only large transnational companies really plan concrete human resource and management development projects. One large international food company, where the authors organised intensive in-company training, had such a plan. Every manager had discussed his or her training programme for the coming year with the human resources manager and the plan provided, not only full particulars of training for every trainee, but also training budget details. This was the first time the authors, who had organised in-company training (funded

by the Phare Management Training Programme) in 1997 and 1998, had seen such a comprehensive plan. Indeed, the need for such a plan was not even mentioned in discussions with personnel managers who participated in open, executive training courses.

To sum up, the managers interviewed have a clear idea of the key challenges involved in human resource and management development in the context of the new, overall economic challenges to be faced in the process of adopting the 'acquis communautaire' (see, in particular, Question 5 in the general managers' questionnaire, 'The focuses of strategic thinking'). However, for a variety of reasons, most of them have not progressed enough and have been unable to meet the challenges in a sufficiently radical manner. This study shows that managers take a cautious approach to change and, while there is a strong belief in human resource programmes, very little is done to develop them. This could be explained by:

- a lack of awareness of the real challenges and inadequate assessment of needs (typically, underestimation of upcoming challenges and/or overestimation of the company's capacity to meet them successfully);
- a lack of resources to overcome the difficulties encountered when implementing radical reforms;
- the way strategic planning and thinking are undermined in an unstable macroeconomic environment (e.g. the total collapse of financial markets and mechanisms in early 1997, which led to the introduction of the Currency Board under the control of the International Monetary Fund); and
- the lack of an industrial history and free-market experience and the prevalence of an agricultural economy.

4. Assessment of current management capabilities

4.1 *General managers' views on the capabilities of their staff*

General managers were asked to assess three components of the overall capabilities of their staff:

- knowledge and understanding (functional skills, i.e., mainly theoretical and basic knowledge of the disciplines related to appropriate functions and/or managerial tasks);
- skills and competencies (core skills, which are related more to abilities and practical know-how); and
- values and attitudes (personal qualities and behaviour, including leadership capability).

First, it can be said that responses from general managers give a very unclear picture of what they see as major problem areas and/or areas with the most significant opportunities for improvement in the overall management of their companies. All 27 categories (from general management to managing stakeholders) are mentioned as major problems and/or areas with the most significant opportunities for improvement. Almost all 27 areas mentioned are also rated at the top of the scale, either 5 ('highest importance') or 4. Area no. 27 (managing stakeholders) is the only exception. This indicates that the general managers did not really assess the areas in terms of 'real-life' challenges or how best to meet them. They paid very little attention to the importance of each area for them. This leads us to the conclusion that they do not know what the most important areas in terms of management training and development are, although the task of identifying such areas would be regarded as central to the role of general manager. In the absence of more detailed information from the general managers, the three different components of overall capabilities mentioned above cannot be assessed. All that can be said is that all three areas are thought to be of the utmost importance.

4.2 *Self-assessment by individual managers*

Of the 27 areas listed in the questionnaire, the individual managers believe that additional training in the area of general management would be of greatest help to them (56%). Other areas mentioned are (in order of priority):

- decision-making skills (38%);
- management information systems (31%);
- accounting and auditing (25%);
- corporate finance (25%);
- management of change (25%);
- marketing (13%);
- quality management (13%); and
- leadership (13%).

The responses of individual managers to the question, 'In which areas would training help?', do not provide a clear picture of their views, although it is clearer than that provided by the general managers. The areas mentioned are usually given high, if not the highest, priority scores.

The question on the functional and work-task responsibilities and qualifications managers need to carry out their professional, managerial and leadership roles effectively was frequently not answered. Respondents obviously found this question difficult to understand. Research has shown that there is a poor understanding of these roles among managers and firms alike. Future management training will need to address this issue as an essential part of human resources and management development.

4.3 *Assessment of overall priorities given to the issue of managerial capabilities*

The general managers were asked to assess the current capabilities of their managerial staff by grading each of the managerial groups (board members, top managers, middle managers, lower and first-line managers, professional staff and talented young executives) from 5 (the highest) to 1 (for the lowest) in terms of the following skills:

- functional skills (knowledge and understanding);

- core skills (skills and competencies); and
- personal qualities (attitudes and values).

The managers informed the researchers that, in their companies, groups 3 and 4 (middle managers and lower managers) are combined to form one category only. This fact is of interest given the ongoing discussion in the West about whether middle managers are superfluous.

Skill levels are shown to conform to the appropriate managerial level. Board members are seen as more capable in all three areas of skills (functional, core and personal) than top managers, top managers are more capable than middle managers and so on. This might not necessarily accord with reality, but is more likely to reflect the tendency to rely on the principle of seniority when assessing management capabilities. The best grade is 4.25, on average, which is given to the core skills and personal qualities of board members. However, top managers are assessed as having greater capability in terms of functional skills (4.38). The lowest average grades are given to talented young executives (the average grades were 3.11 for functional skills, 2.78 for core skills and 3.11 for personal qualities). This pattern supports the view that managers in Bulgaria are assessed mainly on the basis of their age and professional experience, rather than against other criteria such as creativity, innovative behaviour, social competence, the ability to operate in multi-cultural situations etc.

Another question addressed to the general managers was the extent which the three roles (professional, manager and leader) are currently being performed by staff working at different managerial levels. The second part of the question sought to establish how important a contribution managers thought these three roles could make to the fulfilment of the company's objectives.

In their assessment of current roles, general managers attach most importance to the professional role of managers at all levels (from board members down to talented young executives). Further research might be necessary to establish precisely what their perceptions and exact understanding of 'being a professional' are. Unless shown otherwise, it must be assumed that general managers in Bulgaria still attach too much importance to the role of professional (as opposed to those of manager and leader). Only board members are currently considered to act more as managers than as professionals or leaders. None of the managerial groups is seen as performing a primarily leadership role. The average scores given to current performance of leadership roles are:

- board members (4.12);
- top management (3.86);
- middle and lower management (3.12);
- professional staff (2.71); and
- talented young executives (2.5).

If we look at responses to the question of how important the three roles *could*, or *should*, become in the future, there is evidence of a slight shift in emphasis towards the leadership role. The average grades given by general managers to the importance of leadership for the different managerial groups increases as follows: board members (from 4.12 to 4.89), top management (from 3.86 to 4.71), middle and lower management (from 3.25 to 3.75), professional staff (from 2.71 to 3) and talented young executives (from 2.5 to 3.4). The shift is particularly noticeable in the case of talented young executives and suggests that general managers have confidence in the leadership potential of this group and in the likelihood of that potential being realised in the medium and long term.

General managers tend to think that the roles board members and top managers will, and should, play in the future are the same as those they play now, i.e., they see the future roles of these groups in terms of professional capabilities rather than leadership skills. The highest average score (5) is given to the managerial role only in the case of top managers.

This overall conclusion to be drawn from this part of the research is that technical and professional qualifications are ranked very highly (higher than managerial and leadership capabilities) and that leadership skills obtain comparatively low scores. The reasons for this could be:

- Bulgarian managers face serious challenges in terms of the quality of products and services produced by their firms;
- there is a lack of technical know-how compared to Western businesses; and
- Bulgarian firms are finding it difficult to set up effective production and distribution systems.

The difficulties they face could lead Bulgarian managers to the conclusion that technical and professional experts are needed more than experts in leadership. This perception is not unusual in economies undergoing reconstruction and could have been observed in the post-war economies of the countries that now form the European Union. However, it is also possible that the under-estimation of the importance of leadership skills affects (if, indeed, it does not cause) the problems outlined above. Future training activities should address this issue and raise awareness of, for example, the correlation between good leadership and commitment to quality among the workforce.

Asked whether they had ever carried out a human resources audit (to analyse the human potential and human resource functions) in the same way as a strategic audit is carried out when a corporate strategy is being developed, 50% of the general managers said they had, and 50% said they had not. As in previous, similar instances, the researchers doubt the validity of these answers, as they do not correspond to the knowledge they have of many companies whose managers took part in open executive courses or where in-service training was carried out in 1997 and 1998.

5. Training experiences and the lessons learned from them

This chapter describes the quantitative data on past management training efforts and provides a qualitative analysis of them.

5.1 *Volume and coverage of, and investment in, training efforts*

Data was gathered on training efforts in many areas, including:

- general management;
- corporate governance and corporate law;
- accounting and auditing;
- corporate finance;
- marketing;
- sales;
- research and development and innovation;
- technology;
- operations and logistics;
- quality management;
- management information systems;
- human resources; and
- public relations, including relations with public authorities.

Board members participated, mainly, in general management training. Other training priorities for this group were ranked as follows:

- corporate governance and corporate law;
- management information systems;
- accounting and auditing;
- marketing;
- sales;
- quality management;
- corporate finance;
- research and development and innovation;
- human resources; and
- public relations.

Only two companies reported that at least 75% of their board members had participated in training in one of these areas. On average, only 30-50% of board members participated in training in any of these areas.

Top managers are slightly more involved in management training and development measures. At least four companies reported that 75-100% of their top managers participated in general management training. Corporate governance, corporate finance, marketing, research and development, quality management, management information systems and public relations are other categories of management training in which at least 75% of the top management of one firm participated. One company reported that only 30-50% of its top managers had participated in human resource development training. Sales and accounting and auditing are other areas which were only of minor interest to top managers.

Middle managers are the most frequent participants in management training and development activities. Like top managers and board members, these participated, mainly, in general management courses. Other priorities were accounting and auditing, management information systems and sales.

Lower level managers too participated, mainly, in general management courses. They also undertook training in technology, operations and logistics, quality management and management information systems but only rarely in public relations and human resources.

Professional staff and talented young executives have had little opportunity to enhance their capabilities through management training. The vast majority of human resource managers explained that only up to 10% of their professional staff or young executives participated in training. The key areas of training for those who do get some training are corporate

governance, accounting and auditing, corporate finance, marketing and sales and management information systems.

The estimated percentages of those who received training during the last five years reveals, surprisingly, that management training and development activities are undertaken mainly by middle managers. This contradicts the widely-held belief that management training is more of a perk for the higher echelons than a serious tool for the transfer of know-how and the exercise of new roles and responsibilities.

No information was made available on the level of investment in management training and development as a proportion of overall investment.

5.2 *Content and concentration of training programmes*

Responses to another question addressed to human resource managers confirm that middle managers are the main participants in management training. Asked for the training participation rates in the last five years, they indicated that 54% of middle managers, but only 7% of board members, 13% of top managers, 9% of lower managers, 11% of professional staff and 9% of talented young executives participated in any kind of management training. Managers at all six levels are trained in management information systems and in general management. Accounting and auditing are training areas mainly for middle and lower managers. Board managers, middle managers and professionals participated in courses on the development of project management skills. Marketing is mainly a subject for middle managers and, less frequently, for directors (i.e., board members). Sales training attracts only middle and lower-level managers.

It is interesting to analyse individual managers' assessment of the content and concentration of the training programmes in which they have participated. Courses in accounting and auditing were most popular. Next came courses in general management (seven out of 16) and quality management courses (six out of 16). In the middle range were subjects like computer skills and English language training. Individual managers rarely took courses in corporate finance, marketing, research and development, public relations, analytical skills, project management skills, change management or negotiations.

5.3 *The training process*

Managers at all six levels clearly prefer training in the form of short public seminars and short in-company seminars. Medium-length seminars (one week to 3 months) are less frequent, but

are attended by all kinds of managers. Board members favour frequent travel abroad for training. Professionals and talented young executives never take this route. Distance learning is never used by lower level managers and very rarely by board members, middle managers, professional staff or talented young executives (on average only 5%).

Training process and learning practice are two sides of the same coin and are very interdependent. The answers to the question on the learning practices that individual managers use throughout their work careers are, therefore, important for understanding the training process and identifying future requirements in this field. Training providers have to respect learning practices but should not limit themselves to training methods that suit these practices. On the contrary, it might be useful to encourage the managers to try new learning practices.

The individual managers indicate that the learning methods they prefer are:

- traditional methods (i.e., lectures, case studies, guest speakers, senior management inputs and debate);
- peer-group based methods; and
- action-oriented methods.

Technology-based methods and 'broadening' techniques are the learning methods least frequently used by the interviewees. This is due, almost certainly, to the lack of technical equipment and of access to up-to-date learning methods such as 'broadening'.

There are no differences in the training methods used for the development of different kind of skills (functional skills, core skills and personal qualities).

5.4 Training providers

Human resources managers select training programme providers for various target groups as follows:

- consultancy firms (23%);
- foreign partners (20%);
- own firm (19%);
- business schools and universities (both 13%);
- companies that offer placements to trainees (8%);
- suppliers (1%); and
- customers (only 0.4%).

These figures indicate what the majority of the human resources managers expect from training programmes. They prefer to engage consultancy firms rather than training companies, thereby expressing a preference for practical rather than academic training. Foreign partners are the second most favoured training provider. It can be assumed that this is mainly the case in joint venture companies but it can also apply to independent Bulgarian companies that have business relationships with foreign firms. Many human resource managers draw on the existing potential and human resources of their own companies. It appears that only 0.4% of human resource managers realise that their own customers are providers of training services. It seems that business relationships are still not understood in such a broad sense by either managers or customers.

Individual managers report similar preferences for training providers:

- consultancy companies (25%);
- business schools (23%);
- foreign partners (17%);
- own company and management training institutions (both 12%);
- other, i.e. locally based and donor-funded international providers of management training (8%); and
- universities (4%).

Many individual managers stated that they pay for business school management training courses themselves. This explains the relatively high percentage for business schools.

5.5 *Selection criteria*

5.5.1 *Selection of training programmes*

In analysing the selection criteria used, human resources managers were asked to describe 'real life' situations in their companies. The following answers were given (in order of priority):

- general human resources policy (92%);
- needs stemming from the implementation of firm's strategy and needs of the department (83% each);
- personal performance (75%);
- personal interest (58%); and
- other criteria (25%).

The average frequencies (5 for the most frequent real life situations and 1 for least frequent situations) for the above criteria read as follows:

- needs stemming from the firm's strategy (3.8);
- general human resources policy (3.64);
- needs of the department (3.3);
- personal performance (2.57); and
- other criteria (1).

Both sets of figures (absolute numbers of real life situations and frequency of each of these situations) reveal a similar pattern. Needs stemming from the firm's strategy, general human resources policy and the needs of the department are the real life situations that have the most effect on the selection of training providers.

Providers of training programmes have, above all, to fit in with the company's general human resource policy. This is a 'soft' criterion that can be interpreted in many different ways. Personal interest ranks second lowest in the criteria for the selection of providers. This reflects the very limited resources available for management training, but also indicates a certain disregard for individual motivation, ambition and commitment to the firm's overall strategy.

The most common and most important selection criteria for training programmes are:

- general awareness of the need for the learning output offered by the programme (mentioned by all human resources managers, average frequency 4.08);
- compatibility with the general human resources policy of the company (ten out of 12 human resources managers, average frequency, 4.0);
- compatibility with the general strategy of the company (eleven out of 12 human resources managers, average frequency, 3.55);
- consistency with concrete human resources programme (nine out of 12 human resources managers, average frequency, 3.22);
- technical quality of the programme (eleven out of 12 human resource managers, average frequency, 3.0);
- in accordance with an individual's perception of his/her own training needs (nine out of 12 human resource managers, average frequency, 2.8);
- reputation of provider (eight out of 12 human resource managers, average frequency, 2.5).

5.5.2 *Selection of trainees*

Human resource managers, general managers and other senior managers are by far the most important actors in initiating the selection of trainees. Business partners and trainees' personal initiatives are also mentioned and are each of equal importance. The research indicates no other source of initiative in this area.

Only one out of 10 general managers confirm that their firms have a method of measuring cost effectiveness, overall value added and the impact of management training programmes. Two thirds of the companies, however, plan to adopt similar methods so that training providers can be assessed and selected in a more professional way.

5.5.3 *Selection of providers*

When asked which criteria their company used to choose between various training providers, human resource managers gave the following answers (in order of priority and with frequency in brackets):

- reputation (4.1);
- price (3.73);
- availability (3.5);
- previous experience with the provider (3.5);
- personal contacts (3);
- value added (2.8);
- convenience (2); and
- others (0.8).

Remarkably few companies choose 'value added' as the main criterion for the selection of a training provider while, for a surprisingly high number, 'availability' is an important criterion. The reason for this could be that there are relatively few training providers in Bulgaria and fewer still of high repute. These providers typically combine local expertise (i.e., mainly local trainers and consultants) with international know-how through strategic partnerships with foreign training and/or consultancies.

5.6 *Special programmes and approaches*

In-company training is the most significant specialised approach in management training according to current professional thinking. However, in Bulgaria this form of training is still

largely unknown and only eight out of 12 human resource managers could answer questions about it. According to the human resource managers interviewed, the preferred areas for in-company training are:

- computer skills (mentioned 24 times);
- management information systems (10 times);
- total quality management (9 times); and
- research and development (7 times).

The group that participate most often in in-company training seminars are professional staff (mentioned 15 times), followed by middle managers (12 times), top managers (11 times) and talented young executives (9 times). Lower-level managers and board members are mentioned least often.

The most common reasons for undertaking training are the opportunities it offers to improve personal status, increase remuneration and advance career development plans. Career development, however, is barely developed as a systematic tool of human resources policy in Bulgarian companies. The effects of training in general, and especially the effect of training provided through special programmes, are rarely audited, as there is still little experience of how to use and conduct human resource audits. Every second human resources manager claims to work with this tool, but the researchers seriously doubt whether this is really the case. This question warrants specific research in the future.

5.7 *Evaluation*

The main strengths of the training providers, as indicated by the individual managers are:

- practical orientation of the courses and adequate methods to support this orientation (e.g. case studies);
- dialogue-oriented training methodology that allows active learning and direct feed-back (an adult-oriented method of learning); and
- the high standard and useful content of the training provided.

The main weaknesses observed in previous training courses are:

- too much information in too little time;
- discussions which are too general and not practical enough; and
- learning outputs which cannot be put to use in the company.

It is interesting that shortness of duration is now seen as a weakness in management training whereas, previously, short, general seminars and in-company training were seen as highly appropriate. This reflects a dilemma that managers face: how to reconcile the difficulty of absorbing new material in a short space of time with the dangers of leaving the company and the job (including contacts with clients) for too long.

Training providers are mainly contracted on an ad hoc basis and, in some cases, with the help of international assistance and/or aid programmes.

Individual managers indicate that almost all the possible outcomes listed in the questionnaire are relevant to their estimation of the value added through training. This non-committal answer could allow us to conclude that the interviewees did not think in terms of specific priorities. Although the frequency is almost the same for every specific outcome listed in the questionnaire, minor differences can be detected. Higher employee satisfaction and improved internal culture are two positive outcomes which are marked by every individual manager interviewed. Better customer service was identified as important by the smallest number of individual managers (10 out of 15). Almost all other outcomes were marked by 13 or 14 out of 15 individual managers. The fact that better customer service is not necessarily considered to be an important element of value added is in line with the researchers' general observations. Dissatisfaction with the situation at the workplace and especially the internal culture of the company is considered to be more important.

Asked whether the companies have systems in place to evaluate training (human resource audits), 90% of the general managers admit they are not familiar with such systems. Here, a great need for improvement is apparent.

Another aspect of evaluation in management training and development is how general managers acquire the critical knowledge, skills and competencies necessary to ensure that their companies perform well. The first step was to establish whether the necessary know-how is bought in (e.g. through the recruitment of outside personnel) or acquired by fostering expertise from within the company. The answers show that 80% prefer to work with existing staff and only 20% choose external recruitment. This approach is quite conservative and indirectly indicates a lack of experience in the professional recruitment of expert staff, e.g. with the help of an assessment centre. It also leads to the conclusion that the specialised personnel services market (e.g. contracting managers for limited periods of time etc.) is still underdeveloped.

The evaluation of management training and development is typically a task of human resource departments, particularly human resource managers. This raises the question of whether human resource managers themselves consider this assignment to be a normal part of their duties. Most human resource managers believe staffing (i.e., mainly hiring, promoting, outplacing and orientation) to be their most important duty. They list communication (employee interaction and staff relations) and development (training and career planning) as their two next most important tasks. Development (including training) is the third priority

but, as was mentioned earlier, too little attention is paid to strategic planning and the evaluation and auditing of inputs into management training and development. Rewards (compensation and benefits), review of performance and setting goals follow in order of priority and the lowest priority is given to organisational supervision (work flow, teams, labour policies and process improvements).

6. Assessment of training needs

This chapter outlines the internal perception of training needs as expressed through the views of the three groups of managers (general, human resource and individual managers).

General managers look, mainly, for training in change management (with particular reference to company restructuring). Research and development and innovation processes, management information systems, human resources and interpersonal communications and effectiveness and accounting and auditing are secondary priorities. All general managers believe that these training areas are of a very high or a high level of importance (grades 5 and 4). Again, little differentiation can be observed.

Like general managers, human resource managers have a preference for training in the field of change management and, to a slightly lesser degree, in research and development, human resources management, conflict management, interpersonal communication and marketing. Again, all subjects mentioned are considered to be very important (average frequency score, 4.5). It is of interest to observe that, although human resources managers are well aware of different training needs and the priority that should be given to each of them, the majority of these managers have failed to devise concise training plans. It appears that human resource managers have never devised such plans, nor do they feel the need to do so. Management training is viewed, predominantly, as an input or an incentive, organised, mainly, on an ad hoc basis and in a subjective way.

Individual managers are interested, mainly, in subjects related to corporate finance, which does not coincide with the training needs of their companies as perceived by general and human resource managers. Next in order of priority for individual managers are general management, accounting and auditing and foreign languages. Marketing, sales, total quality management, management information systems, project management skills, leadership and organisational behaviour and negotiation are given least priority. As the range of training needs they identify is wide, it can be assumed that individual managers find it difficult to focus their interest and develop a more specialist career orientation.

Individual managers prefer to participate in seminars of medium duration (i.e. one week to 3 months) in contrast to managers from higher levels, who prefer short public seminars or in-company training. At the same time, general and individual managers frequently use lengthy, distance learning programmes (3 months and over) to improve their skills.

Only 14% of individual managers confirm without qualification that their firm provides the kind of training they prefer. Twenty per cent say that training is as requested by them and 42% say that their training priorities are taken into account. 'Don't knows' amounted to 21%.

Consistency of perceived training needs with strategic orientation

In analysing the consistency between perceived training needs and strategic orientation, it is necessary to compare two significant indicators: internal perception of training needs and focuses of strategic thinking.

General managers seek training mainly in the area of change management, but still retain a more static focus in their strategic thinking (i.e., improving formal systems and the procedures used in planning, budgeting, performance measurement etc.). The inconsistency between strategic thinking and training needs assessment is obvious.

When participating in training, individual managers often put their individual needs and personal prospects ahead of potential benefits to the company. Because the firms have frequently failed to develop a clear strategic outlook that can be communicated to the different managers, and as there are normally no consistent and structured human resource development plans available, it comes as no surprise that individual Bulgarian managers do not really think in terms of value added to the company.

7. Training strategies and actions currently planned and/or envisaged

The questionnaires included questions on training strategies and actions currently planned and/or envisaged. However, the answers to this part of the questionnaire were very poor and yielded very little information. The authors, therefore, have decided to quote only those answers given by human resource managers to questions 23-26.

- “No of people attending different courses
Research and development – 400 people,
Technology and logistics – 50,
Sales – 20,
Quality management – 50.”

There was no explanation of how participants were selected from among the staff.

This company says that it invested US\$ 10,000 in 1997, US\$ 20,000 in 1998 and that it plans to invest US\$ 40,000 in 1999.

Questions 25 (comments, ideas, suggestions) and 26 (messages to the providers) were not answered.

- Another company says that it did not have a training plan, because of ‘...lack of orientation to the new market conditions and new business methods’.

No comments, ideas or suggestions were forthcoming (Question 25).

This company says that it invested US\$ 1,000 in 1998 in training and that it plans to increase this to US\$ 10,000 in 1999.

The message to the provider (Question 26) is: ‘Please provide fresh information and consider the practical side of the courses.’

- The State Savings Bank branch office in Sofia answered: ‘We are thinking of educating our staff at all levels in order to increase their qualifications.’

The human resources manager indicates that there is a training plan, but no information can be provided as is only now in the process of preparation.

No indication of the investment in training is provided.

Neither comments, ideas, suggestions nor messages to the providers are given.

- Company No 2 says it has a training plan, but again no information is provided. Asked why information could not be provided, the human resource manager (as in the vast majority of the other cases) stated that the plans were confidential.

This company admitted that a training budget has still not been prepared.

The answer to Question 25 (comments, ideas and suggestions) is: 'Motivation for management qualification, individual approach to groups, practically-oriented programs'.

Question 26 is answered as follows: 'More detailed and concrete information, adaptation of training to Bulgarian business environment, methods for finding practical solutions to problems, flexibility in pricing the programmes'.

- The human resource manager of Nestle did not provide any information on Questions 23-26 on grounds of confidentiality.
- Company No 4 admits to having no training programme, because it 'doesn't have the money or time for this'.

No other information on Questions 23-26 is provided.

- Company No 7 (a large industrial company) also admits to having no training programme for the next five years as they normally plan only one year ahead.

They add: 'Our training plan is directed towards the training and pre-training of the (blue-collar) workers and also training in research and development and innovation processes and in quality management.'

Investment in training is: 1997, US\$ 9,500, 1998, US\$ 10,750 and 1999, US\$ 11,000.

Under comments, ideas and suggestions it is stated: 'Please provide more case studies which deal more with practice.'

The message to the providers is: 'Find out the good management practices of some big companies and describe them in your lectures. Bear in mind the Bulgarian situation.'

- Company No 8 is also without a training plan for the next five years.

The reason given for this is: 'Nobody knows what kind of illness he will have in the future and which kind of medicine he should have bought in advance. These kind of training plans depend on changes in the strategy and policy of the company, otherwise such plans remain purely abstract and participation in training as planned will be useless.'

No information on investments is provided.

The message to the providers is: 'Courses should be conducted by instructors with practical experience in a similar business. Instructors must have a clear idea about the link between theory and practice. Many trainers provide only the theory without examples of practice. My opinion is that management is not a subject that can be learnt from books in universities – the theory is only a rough base and natural talent is needed to become a good manager.'

- Company No 10 has no five-year training plan because it is to be privatised in the near future.

In 1997, US\$ 700 was invested in training. No figures are given for 1998 and 1999. No suggestions nor messages to the providers are given.

- Company No 9 also has no training plan, because the human resources manager does not think that the firm needs it.

That is the extent of the information given.

- Company No 11 has no training plan.

In 1998 it invested US\$ 100 in training. No other figures are given.

The message to the provider is: 'Make participants feel that this is neither leisure time nor tourism, but a serious and important activity.'

- Company No 6 (an advertising agency) says it has a training plan. 'Three managers will be educated in the following areas: general management, human resources management, decision-making skills and interpersonal communication.'

Investment in training was: US\$ 5,000 in 1997, US\$ 2,000 in 1998 and US\$ 3,000 in 1999.

The following comments are given: 'We have not too much information on the courses which the EU provides. The questionnaire is difficult and takes a lot of time.'

The message to providers is: 'Do not make it so complicated.'

8. Recommendations for learning partners

The recommendation for learning partners are based on the following findings described in previous chapters.

- The political and macro-economic environment in Bulgaria has greatly stabilised since the formation of the new government in April 1997. However, there are still too many changes in legislation (e.g. tax regulations) and in economic policy, which hamper the development of strategic approaches to company, including human resources development and training.
- The market in training providers (or other actors in the field of human resources and management development) is still only emerging. Accordingly, there is still a lack of competition and companies are typically not approached pro-actively by business schools or other training providers.
- The average manager in our sample is aware of the need to introduce a strategy for the development of the firm, but this does not necessarily include human resource development. Managers are especially lacking in experience in this area and are often doubtful whether it is necessary and/or useful to buy in this know-how. This is particularly the case when young or foreign professionals offer their services in training and management development. It can be concluded that the value of, and the potential return on, investment in the field of human resources development are not appreciated.
- If training or other human resources development tools are used, they are expected to be very focused and of brief duration. Expectations are often too high and the overall strategic concept for the development of the firm is not expressed in a single integrated action plan.

The conclusions learning partners can draw from the above findings are listed below. Learning partners in this context are:

- donors (e.g. the European Training Foundation);
- service providers in the field of management training and development;
- associations of service providers and other human resource development lobby groups;
- industrial associations and trades unions; and
- scientific research institutions and other relevant non-governmental organisations.

Management training and development in transition economies is urgently needed and, at the same time, widely neglected. The legacy of old habits and management structures co-exists with today's need for strategic, future-oriented development and the attitude towards human resource development reflects this ambiguity.

Bulgaria, like other Central and Eastern European countries, has to face the challenge of adapting to new techniques and methods in human resource development, which are oriented towards a democratic, dynamic society that provides equal opportunities to its citizens and adequate opportunities for sustainable development.

All kinds of management training and other human resource activities have to be measured against these benchmarks. It is not enough to promote and market management training and development solely as a means of facilitating Bulgaria's accession to the European Union (the adoption of the 'acquis communautaire'), although the importance of this objective is not to be underestimated.

The success of training depends greatly on the potential recipient's enthusiasm and on whether he or she is able and ready to contribute as much as possible to it (the economic difficulties in the transition countries have left many people in reduced circumstances). Learning partners, too, often neglect this simple but important finding. These partners have a lot to learn themselves and need to make further efforts to develop more client-oriented approaches in education and training, e.g. they need to ensure that more expertise and responsibilities are sought in the trainees' local environment. No input should be provided from outside without a reasonable share of input by the beneficiary. The fostering of co-responsibility and the commercialisation of management training and development activities will lead to a more direct relationship between provider and customer. This will make it more likely that real learning needs are properly assessed, understood and met.

In order to encourage managers to pay more attention to the human factor, it might be useful to come up with easy-to-understand information on the impact that training and other management development tools can, and will, have if they are planned and implemented professionally. There are enough examples to show the effect human resources development schemes can have on companies.

More attention needs to be paid to developing a strategy for human resource development in countries that sometimes find themselves in extremely difficult situations arising from the disruption caused by the transition from a planned to a market economy. The strategies put forward too often assume that the macroeconomic environment in which the companies are operating is stable and secure. This is still not the case in Central and Eastern European countries and especially not in the former Soviet Union. An appropriate strategy for human resource development has to be able to provide answers to difficult questions raised by personnel managers. Some of the questions the authors have encountered in their work with personnel managers are listed here.

- How can firms retain personnel whose expertise has significantly increased through management training? In other words, how can firms ensure long-lasting returns on investment?
- How can the learning needs of staff be assessed, if it is not at all clear which skills will be necessary and useful in the future?
- How can training be prepared and implemented, if the entire firm is in a precarious situation?

The authors know that it is not easy, and sometimes impossible, to give satisfactory answers to these and similar questions. However, they do need to be addressed as long as the situation has not changed significantly.

If learning partners want to be taken seriously by the learners, they need to serve the real needs of companies and individual managers more, and to deliver the outputs expected of them. More time and attention needs to be devoted to the identification of expected outputs by both parties. If realistic and constructive outputs can be consistently anticipated with confidence, good managers will be more motivated to spend time and money on different kinds of strategic activities in the field of human resources development and management training.

