REPORT

Assessing management training needs in Central and Eastern Europe

Survey of selected enterprises in Romania

European Training Foundation

CEEMAN

European Training Foundation

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Assessing management training needs

Romania

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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)[1] and was sponsored by the European Training Foundation[2]. 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.

Table of contents

Summary

This report is an integral part of the international research project *Assessment of Management Training Needs in the Central and Eastern European Countries at the Achieved Level of Transition*. The study was sponsored by the European Training Foundation and carried out by the Central and Eastern European Management Development Association (CEEMAN).

The purpose of the project was to identify the major developments and trends in management training practice during the past decade, with a view to assessing the way in which management development can be used in the future to improve the competitiveness and performance of companies in the region.

The overall coordination of the study was ensured by Milenko Gudic, on behalf of the Central and Eastern European Management Development Association. The present report was prepared by Dr Gabriel Matauan. He was assisted by a team of local consultants. The principal source of information was a survey of 229 managers in 20 Romanian companies. The research was carried out between July and December 1998.

This report is structured in eight chapters. Chapter 1 briefly sets out the methodology of research and the main problems faced in the field.

Chapter 2, An overview of the transition process and results achieved, aims to give the reader a grasp of the factors influencing current management practices in Romania. It reviews briefly the historical and cultural roots of the Romanian people and the country's present economic and political situation.

Chapter 3, Main challenges and strategic responses, examines the main challenges faced by the companies and their strategic responses, and shows the following.

■ Although most managers do not see any need for radical change, a visible shift has occurred in their perceptions: rather than viewing problems as beyond their control they now view them as issues they can and should manage themselves.

■ The development of strategies is taking over from the need to concentrate on survival.

■ Nevertheless, human resources and management development remain low priorities.

Chapter 4, Assessment of current management capabilities, assesses current management capabilities and comes to the following conclusions.

■ Hierarchy is untouchable in most Romanian companies.

■ Professional competencies are valued more highly then managerial skills.

■ Talented young executives are often underestimated and neglected.

Chapter 5, Experiences with training and the lessons drawn, focuses on training experiences and concludes that approaches to training are neither systematic nor coherent. This conclusion is supported by the main findings as summarised below.

■ Investment in training is very low (US$0.2-US$17.8 per employee per year).

■ Training plans are drawn up only occasionally.

■ One-third of the managers questioned had never attended any training courses, while only 10% of them had participated in at least one training programme per year.

■ Training topics are not differentiated according to managerial positions and roles.

■ Human resource departments are still focusing on staffing, while performance appraisal,

■ career planning, training and development are almost non-existent.

■ There is a strong preference for the functional areas of management.

■ In trainee selection, hierarchy plays a key role and personal initiative a rather marginal one.

Chapter 6, Assessment of training needs, assesses training needs and shows the following.

■ Managers provide rather vague definitions of their companies' problems and opportunities and this makes it hard to demonstrate a direct link between the above and training programmes.

■ The perception of training needs varies significantly at different management levels.

■ Marketing is seen as the top priority, while general management, and technology, operations and logistics remain traditional areas of concentration.

■ There has, however, been a slight evolution in training, from basic functional areas towards more sophisticated ones.

Chapter 7, Currently planned and/or contemplated training strategies and actions, examines the content of companies' training plans, confirming most of the above conclusions.

Chapter 8, Conclusions and recommendations, endeavours to encapsulate the views and expectations of managers and to refine them, along with the lessons of the previous sections, into the following **recommendations**.

General managers

■ Treat human resources as your most valuable assets, and invest accordingly

■ Communicate and inform staff about the company's strategies and plans

■ Listen to your staff

■ Pay more attention to talented young executives

Human resource managers

■ Facilitate communication throughout the company

■ Create and innovate, rather than administrate

■ Diversify and promote the services you offer

■ Find out what people's needs are, and meet them

Individual managers

■ Try to understand where your company is going and its potential

■ Make your voice heard and your needs known

Training providers

■ Raise awareness about the benefits of training

■ Promote training services actively

■ Focus on good practice

■ Ensure training materials are of high quality

■ Make use of interactive training methods

■ Ensure trainers are of high quality

■ Make sure training is relevant and adequate

■ Develop shorter programmes and in-company programmes

1.   Introductory note

The information on which this research project is based comes mainly from a set of three questionnaires addressed to general managers, human resource managers and individual managers, respectively, from 20 Romanian companies. The first draft of the questionnaires was received in July 1998 and discussed with a number of managers and consultants. It was concluded that the questionnaires were too complicated and, therefore, too difficult to complete.

At the first meeting of experts in early September in Brdo pri Kranju, Slovenia, the questionnaires were considerably simplified to make them more user friendly and easy to complete. The meeting also decided that the overall approach of the research would be a multiple-case one. The main rationale for such an approach was the budgetary and time constraints of the exercise. It was seen as unrealistic that a random sample of companies and a significant response rate could be achieved within three months and with the funds available. As a result, the decision was made to use a selective sampling methodology specific to qualitative research, and to combine qualitative and quantitative instruments to analyse the data. In this way, each country would represent a case study. Meanwhile, an indicative standard format for country reports was agreed.

In the case of Romania, we decided to sample on a regional basis. We selected the most important city from each region (Timisoara, Cluj-Napoca, Iasi, Brasov and Craiova; 3 companies each), plus the capital Bucharest (5 companies). In each city, a local consultant was contracted to carry out the fieldwork. The consultants selected the companies to take part in the sampling process, according to the following criteria.

1.   Sector of activity

These were manufacturing and services. We indicated to each consultant how many companies from each sector should be involved, in order to balance the overall sample.

2.   Size of the company

We preferred medium-sized or large companies to small ones, so as to obtain the requisite number of individual managers, and accepted small companies only as exceptions.

3.   High level of existing awareness

We recommended that, as far as possible, consultants approach companies that had already undertaken some management training and/or were aware of and interested in the benefits of

training programmes (the guiding principle, derived from the agreed qualitative sampling approach, was "if it does not happen here, it will not happen anywhere else").

4.   Willingness of the company to get involved in the research

Although the consultants personally knew most of the general managers they contacted, the rate of refusal was quite high (about 50%) and, given the time constraints, this criterion proved to be of crucial importance.

Originally scheduled to last some two weeks, the fieldwork took almost six. The consultants indicated the following as the major problems they had to deal with:

■ in general, companies were rather reluctant to get involved in the research and most managers could not see any direct benefit from this exercise, while they saw their own input as substantial;

■ nobody agreed to fill in the questionnaire on the spot during the visits of the consultants;

■ the average completion time requested by the managers was one week, but in fact the questionnaires were returned much later than promised;

■ many general managers were rather suspicious with regard to the company-related questions for general managers (Questions 1, 2 and 6 of the general managers' questionnaire), in spite of the fact that most, if not all, of the data were supposed to be publicly available; and

■ many individual managers saw the questionnaire as too sophisticated and, to a certain extent, irrelevant to their current work and preoccupations and, consequently, some of them did not answer a number of questions.

However, in the end, 20 general managers, 19 human resource managers and 178 individual managers, from 20 companies (10 manufacturing and 10 service), completed the questionnaires. The list of the companies and managers is presented in Annex 1.

In parallel with the fieldwork, an expert was contracted to develop dedicated software to process the data.

A second meeting of experts took place in early November at the same venue as the first one. The participants noted that the problems encountered were almost the same in the five countries (Poland, Romania, Russia, Slovenia and Bulgaria, which joined the group at a later stage). The following decisions were made.

1.   The same software would be used throughout the project, in order to ensure comparability of information.

2.   The study would be enriched by including in it personal experiences and the findings of other research, where available, instead of relying exclusively on the data provided by the questionnaires. This approach was considered to respond better to the overall objective of

producing a comprehensive assessment of management training needs at both the national and regional levels. The approach was also considered to be in line with the multiple-case structure of the final report.

3. The processed data (available at that time for Romania) showed that there were no significant differences between the manufacturing and service sectors. It was, therefore, decided that each country report would treat the sectors together, pointing out the major differences only as they appeared (no specific comments were made on the manufacturing or service sector in the chapter on Romania because no significant differences were apparent). For the same reason, it was decided to produce only one cross-country report, instead of two (on manufacturing and service enterprises).

2. An overview of the transition process and of the results achieved

2.1 Country level

In any country, management practices and behaviour are influenced by a wide range of factors. These include, importantly, the local culture and history and the country's stage of economic development. To aid understanding of our research findings, this section sketches the main features of the Romanian character, influenced as it is by some 20 centuries of history. It also shows how the events of the past 30 years have affected the transition process as well as the economy at both the macroeconomic and enterprise level.

2.1.1 Some history

Many studies published in the 1990s account for the differences between Western and Eastern Europe by referring almost exclusively to the communist period. This is, most probably, too narrow an approach. As Child and Markoczy (1994)[3] pointed out: "even when one recognises the importance of the fifty years of socialist polity one cannot understand managerial behaviour in the post-command economy without also considering the 450 years of local history and culture which preceded the Marxist experiment and gave it its particular character in the particular country in question". A historical perspective allows one to discern and understand the roots of the values and attitudes that influence the present behaviour of a people.

Romania is located in the eastern part of central Europe and in the north of the Balkan peninsula, at the crossroad of routes from Greece to Scandinavia and from Eastern to Western Europe. Throughout history, the zone has been a restless one. As a result of the two Dacian-Roman wars, the Roman Empire conquered Dacia early in the second century AD and made it into a Roman province. The Roman colonists were quite easily assimilated by the local

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3   Child, J. and Markoczy, L. (1994), "Host country managerial behaviour in Chinese and Hungarian joint ventures", in M. Boissot (ed.), East-West Business Collaboration: The Challenge of Governance in post-Socialist Enterprises, London, Routledge.

population. Many of the migratory waves of later centuries crossed the territory. The locals sometimes fought those entering their territory, but when they were overwhelmed by their opponents they also tried to live alongside them. It seems that passive resistance, together with their readiness to assimilate newcomers, characterised the local population.

Throughout the Middle Ages, Romanian states were surrounded by powerful neighbours: the Ottoman Empire, the Russian Empire and, later, the Habsburg Empire. Resistance on all fronts was difficult and most of the Voievods (Kings) understood this and tried to come to an agreement with their neighbours. However, when these "agreements" proved to be too expensive and the situation became untenable, the only solution was to fight. Romanian history is full of defensive battles, many of them successful. Most of these successes in the battlefield were exploited in order to negotiate better conditions for further agreements. This succession of battles and agreements was characteristic of these centuries and probably constituted the only viable long-term strategy for defending Romanian territory and preserving a national identity.

It is, therefore, not surprising to find in the behaviour of present day Romanians such features as defensiveness, a readiness to negotiate, adaptability, toleration and a strong determination and readiness to fight when fundamental values appear to be under threat.

In addition, Romanians have Latin, Orthodox and Balkan roots, which carry with them both strengths and weaknesses. Romanians have the Latin characteristics of creativity, spontaneity and passion, and are not really at ease with systematic and long-term projects. The Orthodox faith is, paradoxically, both a conservative and tolerant one. It is a religion that, while strictly preserving the old traditions and rituals, is more open to reflection than to action. A tendency among Romanians to be less aggressive in taking or creating opportunities, and to think and conceptualise rather than act, may be rooted in their religion. An ancient Balkan ballad tells the story of three shepherds who are travelling together with their flocks. Two of the shepherds start to plan to murder the third shepherd in order to steal his sheep. However, a wise sheep reveals the murder plot to the third shepherd. Instead of taking any action, the shepherd thanks the sheep and calmly gives her detailed instructions for his funeral arrangements. In Romania, this ballad is called Miorita and it symbolises the strong belief of the Romanians in an implacable fate. If fate is predetermined, why even try to alter what is unalterable? The above story is, of course, just a parable. However, a weak sense of urgency and a certain serenity when faced with crucial decisions can be seen as features typical of the Romanian people. That the overall picture is a very complicated one is shown by the fact that these characteristics can coexist with a tendency to expend a significant amount of energy and passion on trivial daily issues.

The complex nature of the Romanian people is accentuated by the very special mix of French (cultural), German (economic) and Russian (political) influences of the past 150 years, not forgetting the impact of the communist period.

2.1.2   Ceausescu's legacy and the political scene in the 1990s

The communist regime in Romania was among the toughest of the post-Stalinist era and had a considerable impact on the political scene in the 1990s and, consequently, the economic transition.

After the "Dark Age" of the 1950s, when private ownership was completely destroyed and the intellectual and political elite was thrown into communist prisons, the arrival of Ceausescu seemed to inaugurate a period of relative liberalisation. Courageous moves on his part, such as the open disagreement with the Soviet invasion in Czechoslovakia, brought him sudden notoriety and popularity both at home and abroad. This was short-lived, however, and following his visit to China and North Korea in 1971, there was a dramatic change in his behaviour. In just a few years, he concentrated all power into his own hands. In the 1980s, he set out on a great race to repay the country's external debt, in parallel with the launch of his pharaonic constructions. Consumption was severely curtailed, to the limit of survival. All information, especially from abroad, was rigorously controlled and contacts with foreigners were forbidden. The country was isolated and "locked out", while daily life became more and more difficult. By 1989 the general situation had become unbearable.

The shift in power, when it came, was violent and marked by a popular revolt. The main enemies, Ceausescu and the Communist Party, vanished overnight. In spite of their democratic and market-oriented political platform, those who seized power were perceived largely as reformed communists. They established the National Salvation Front, which won the first free elections in 1990 with an overwhelming 66% of the vote. In the absence of a "visible enemy" (the Communist Party no longer existed and there was great bitterness towards communism), popular support became radically divided between supporters and opponents of the ruling party.

This polarisation was reflected in the emergence of two blocs of political parties which took place against a background of widespread consensus that democracy and the market economy should be the two pillars of the new Romania. The two political blocs were not necessarily divided by ideology or their political programmes, but rather by the similar positions taken by their constituent parties vis-à-vis the ruling party of the time (the FSN (National Salvation Front) and, later on PDSR (Party of Social Democracy)).

Under these circumstances, the former opposition came into power at the 1996 elections. However, the new coalition is a rather diverse group, comprising as it does Christian-Democrats, Liberals and Social Democrats. If the previous government was widely blamed for its slow pace of reform and neo-communist practices, the new government is characterised by a lack of clear vision, hesitation, an absence of concrete programmes and frequent disagreements on major issues, which, given its configuration, is not surprising. Unfortunately, the political situation is reflected in the economic performance of the country, which, in spite of political and social stability and considerable legislative effort, remains rather poor.

2.1.3   *The economic environment*

In comparison with the other Central and Eastern European countries undergoing transition from a command to a market economy, Romania can hardly be considered as a success story. Since 1990, GDP has fallen by about one-fifth[4]. Some 1.5 million jobs have been lost. The trade balance has been constantly in deficit. The inflation rate remains high. In 1997, Romania's per capita GDP was 24% of the EU average, and this figure continues to worsen. Most alarming of all, there are as yet no visible signs of recovery.

The Romanian economy after 1990 can be divided into three distinct phases. The first phase covers the period 1990-1992 and marks the beginning of the transition to a market economy. This period was characterised by a dramatic fall in output, labour productivity, investment and exports. GDP fell every year (by 5.6% in 1990, by 12.9% in 1991 and by 8.8% in 1992). The rate of inflation rose to 170.2% in 1991 and was even higher in 1992, at 210.4%. Romania had to face the following major problems:

■ a large macroeconomic and sectoral imbalance;

■ an increasing imbalance between supply and demand, resulting in a rapid increase in inflation, in the budget deficit and in exchange-rate instability for the national currency); and

■ distortions in the price system, caused by the subsidising of some commodities and state price-setting for certain products.

The second phase of the post-1990 economy covers the period 1993-1996. The year 1993 marked the end of the downward trend of the Romanian economy. In spite of the highest rate of inflation (256.1%) ever, GDP increased for the first time since 1990 (by 1.5%), a trend which continued in the following years (it grew by 3.9% in 1994, by 7.1% in 1995 and 4.1% in 1996). From 1995, inflation was kept under control (it was 32.3% in 1995 and 38.8% in 1996). Efforts were directed towards the process of structural adjustment and macroeconomic stabilisation. Special attention was paid to the following priorities:

■ elaborating an institutional framework for property and the administration of state property;

■ promoting legislative measures to improve the functioning of the market;

■ setting up a capital market; and

■ improving the fiscal and budgetary system.

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4   The sources for figures presented in this section are: the National Commission for Statistics, the National Bank of Romania, Eastern Europe Monitor and the Economist Intelligence Unit.

Nevertheless, subsidies to inefficient large companies continued throughout this period and were equivalent to 3.8% of GDP in 1994 and 4.1% of GDP in 1995. The subsidies had a direct impact on the budget deficit, which, in 1996, reached 4% of GDP. Payment arrears continued to remain a major problem for most state-owned companies.

The third stage of the post-1999 economy started in 1997. The new government set as its priorities strengthening financial discipline and reducing the volume of financial arrears (estimated at about 20% of GDP at the end of 1996). These objectives were to be achieved through:

■ privatising or liquidating the major loss-making companies;

■ reforming the agricultural system, by reducing subsidies and enhancing competition through price liberalisation;

■ promoting foreign investments, by adopting a new law to remove restrictions on the repatriation of profit and to guarantee free transfers of foreign currency;

■ speeding-up the privatisation process, by quickly privatising about 3,600 companies; and

■ reducing trade tariffs.

Unfortunately, the pace of reform remained very slow. The privatisation process was considerably delayed and the large loss-making companies are still in operation. Inflation is controlled largely by the tough monetary policy of the National Bank, while the real economy shows no signs of recovery.

Consequently, the economy has returned to a pattern of decline. GDP shrank by 6.6% in 1997 and by 5.2% in the first half of 1998. The most recent forecast for 1999 is for a decrease in GDP of 2%, and this is considered by many economists as too optimistic. Inflation increased to 54% in 1997 and was 3% per month in January-September 1998 (the target for the year was 40%). Inflation is forecast at 25% for 1999. The trade deficit for the first eight months of 1998 was US$2 billion. Industrial output fell by 17.3% in the first nine months of 1998 compared with the corresponding period in 1997. The unemployment rate fluctuates around 9%. The national currency depreciated by 27% between November 1997 and November 1998. The level of foreign investment is still low compared with that in other countries in the region, reaching a total of US$3.4 billion between 1990 and September 1998. The average gross monthly wage was the equivalent of US$158 in September 1998.

In late November 1998, in the face of this sharp economic decline, the prime minister announced a tough programme for rapid recovery, including the liquidation of large loss-making companies. At the time of writing (December 1998) the government has started to implement the new measures and some visible results are expected in about six months time.

2.2   *Enterprise level and sample characteristics*

Before 1989, the Romanian economy was based mainly on large industrial companies, most of which were overstaffed and used obsolete equipment and technologies. Owing to central planning, top managers were more concerned with operational issues than with strategic decisions. Human labour, lauded by the regime as the supreme value, was in fact severely undervalued. Slogans such as: "We pretend to work, they pretend to pay us" or "Long and frequent breaks are the key to great successes" were bitter jokes, reflecting a sad reality. Moreover, owing to the strict control of the regime, people developed a pattern of dual behaviour: public behaviour, to hide their real thoughts and beliefs, and private behaviour, shared only with their families and close friends. After almost a decade, and in spite of the spectacular changes that have occurred, most of the above structural and cultural problems continue to affect the performance and behaviour of companies.

The structural problems of post-communist firms are generally well known and do need repeating here. However, some brief remarks on the culture of post-communist firms might prove revealing. There has been a blending of beliefs and attitudes and this has affected the attitudes of managers, employees and even entrepreneurs. This strange amalgamation has been highlighted by the findings of a recently published study[5]. For purposed of illustration, we have extracted the answers provided to questions posed in this study on three major issues:

■ the globalisation of economy and unfettered competition;

■ corporate governance; and

■ decision-making.

First, Romanian managers and employees firmly believe that foreign investment will aid economic recovery (84% of those questioned agreed with this viewpoint, whereas only 9% considered foreign investment to be harmful). However, when asked about the best means of improving their own companies' performance, only 11% of those questioned indicated foreign investment as a potential source of improvement. Meanwhile, when they were asked whether the state should offer protection against foreign competition, 44% answered "yes, very much so" and 45% "yes, to a certain extent". In other words, Romanian managers and employees would welcome the foreigners as investors, but not as competitors.

Secondly, as regards corporate governance, the question "Who should appoint the management of the company?" received slightly different answers from employees and managers. The results are presented in Table 1.

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5   Mereuta, C. (coord.), (1998), "Culturi organizationale in spatiul romanesc. Valori si profiluri dominante", Bucharest, FIMAN/Expert.

Table 1: Managers' and employees' opinions on "Who should appoint the management?" (%)

	Managers	Employees
The owners should appoint the management	51	25
The owners and the employees should appoint the management	26	36
The state should be the owner and appoint the management	6	7
The state, as the owner, and the employees should appoint the management	6	13
Companies should be owned by employees, who appoint the management	11	19

Evidently, the collectivist mentality is still present, while the role of owners is not yet fully understood.

Thirdly, the answers given to the questions regarding the decision-making process were answered in the same contradictory manner. More than 90% of the interviewees believed that employees should be consulted when decisions are made (70% said, "yes, in the case of those decisions that concern them" and 20% answered "yes, always"). Taking into account the results of a study published in 1994[6], in which 52% of the subjects said that decisions should be made through *consultation* with employees, and 38% indicated that decisions should be made *jointly* by managers and employees, it would seem that the situation has not changed significantly over the past five years. Paradoxically, the same people who preach dialogue and consultation also have a strong preference for a tough management style. When asked how a company should be managed, only 21% replied "in consultation with the employees", whereas 64% were inclined to favour "tough managers".

When the inherent difficulties of managing in a turbulent environment and the downward trend of the economy are also taken into consideration, it is not surprising that the overall picture is a rather confusing one.

The companies who participated in our survey are no exceptions to this. As explained in the introductory note, the sample cannot be considered to be statistically representative. However, in many respects, the sample reflects the general profile of the Romanian economy. The answers to Questions 1 and 2 of the general managers' questionnaire confirm the above statement, at least with regard to the following variables.

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6   Zamfir, C., Matauan, G. and Lotreanu, N. (coord) (1994), "Formarea manageriala in Romania: nevoi si capacitati", Bucharest, FIMAN/Alternative.

Ownership

Out of the 20 companies in the sample, 14 are private and 6 are state-owned. The variety of privatisation methods is revealed by the structure of the sample (see Table 2).

Table 2: Ownership structure of the companies making up the sample

Ownership	Number of companies
State-owned (public limited company)	5
Public utility company	1
Private company (Romanian strategic investor)	1
Private company (management and employee buy-out)	3
Privately owned company (vouchers)	2
Privately owned (public limited company)	4
Private (limited liability company)	3
Joint venture	1

The situation differs for the two sectors surveyed: the manufacturing sector comprises 5 state-owned companies and 5 private ones, whereas the service sector is represented by 9 private companies and only 1 state-owned company. These figures are in line with trends in the privatisation process, which has been considerably slower in manufacturing industry than in the service sector. Moreover, 4 out of the 5 private manufacturing firms have been state-owned in the past and were privatised through the two methods of privatisation which have been most commonly up to now: management and employee buy-out and vouchers released during the mass privatisation process.

Size of the company

If the number of employees is taken into account, the sample presents the following structure.

Table 3: The sample companies by size

Number of employees	Number of companies		
	Manufacturing	Services	Total
Under 100	1	2	3
101-200	—	3	3
201-500	—	—	—
501-1,000	2	4	6
Above 1,000	7	1	8

As expected, manufacturing companies are, on average, larger then service ones (9 out of 10 have above 500 employees). Although small to medium-sized companies are typical of the service sector, the sample includes 5 large companies. In this respect, the sample is not representative for the sector, but it is still meaningful in that it includes rapidly growing areas such as banking and insurance, together with public utilities (water supply in our case) which will, no doubt, continue to operate in the future.

Trends in job creation

Since 1990, about 1.5 million jobs have been lost in the economy, mainly as a result of the severe contraction in activity by large state-owned companies. At the same time, small private firms have been the only ones creating new jobs. The companies in our sample reflect these trends (see Table 4).

Table 4: Job creation trends in the sample companies

Ownership	Number of companies according to the trend in job creation		
	Increase in jobs	Reduction in jobs	No answer
State	1	3	2
Private	7	1	3
Management and employee buy-out	—	—	3

The only private company that reduced its employees was the one taken over by a private investor, who probably noticed that the company was overstaffed. Companies that were privatised by means of management and employee buy-out are shown as a distinct category because, although they are formally private, in fact they still have to face problems similar to those of state-owned firms. On the other hand, none of them gave any indication of changes in the numbers of their employees and we saw this as a reflection of the confusing situation in which they find themselves.

State of the business

It is quite difficult to assess this accurately, as most general managers hesitated to fill in all items in Question 1. Nevertheless, without too much speculation, we may distinguish the categories of companies shown in Table 5.

Table 5: State of business in the sample companies

Sector of activity	Number of companies according to the state of business		
	Growing	Still making profit	No answer
Manufacturing	2	4	4
Services	3	3	4
Total	5	7	8

The following three aspects may be noted:

■ only 25% of the investigated companies increased their turnover and profit during the past 5 years;

■ 35% declared that they were still making a profit, but there is no indication as to the trend of the business or the health of the companies, because the rates of growth for the past five years were not disclosed; and

■ 40% did not answer this question at all, which might indicate either a too marked reluctance to disclose information, or poor performance by the company.

All the issues discussed above should provide a better understanding of the environment and circumstances in which the companies we sampled live and operate. We can, therefore, now move on to the central aspects of the study.

3. Main challenges and strategic responses

This section assesses how managers perceive the environment in which they operate, the main challenges they face and their strategic responses to those challenges. The conclusions are based on the responses of general managers to Questions 3 to 7 of their questionnaire.

As far as the state of their companies is concerned, general managers are rather optimistic: 8 of them described the situation of their company as stable, 6 stated that improvements are required and the other 6 admitted that they face major changes. No one saw the need for a radical transformation of their company. Optimism appears to characterise mainly the service companies and private companies (see Table 6).

Table 6: Magnitude and nature of challenges

Situation of the company	Number of companies	Manufacturing	Service	Private	State-owned
Stable	8	2	6	8	–
Improvements are required	6	4	2	3	3
Facing change	6	4	2	3	3
Radical transformation	–	–	–	–	–

Eighteen of the 20 general managers declared that their companies have comprehensive strategies. The main focuses of these strategies are presented in Table 7.

Table 7: The shifting focuses of strategic thinking (averages)

Focus of strategic thinking	Last 5 years	Next 2 years	Next 5 years
Development of business strategy	3.87	4.21	4.47
Internal organisation and architecture	3.50	4.00	3.38
Improvement of systems and procedures	3.25	3.94	4.33
Development of human resources	3.06	3.89	4.06
Improvement of competencies and skills	2.73	3.61	4.06
Change of style	3.43	3.67	3.83
Change of internal culture	2.87	3.89	4.31

The following conclusions may be drawn from those responses.

■ Over the past 5 years, concern for strategy was not very high, but no conclusion as to the relative concern for strategy versus other concerns can be drawn from Table 7. The most important concerns were: business strategy, internal organisation and architecture, improving systems and procedures and the style of the company.

■ For the next 2 years, there is clearly an increased preoccupation for all issues, with the main emphasis continuing to be on the the first three of these and on the development of human resources.

■ Over the next 5 years, this trend will continue and, with the exception of internal organisation, business strategy will remain the main focus of strategic thinking, while more attention will be paid to the internal culture of the company.

The general trend is for an increased concern for all areas of strategic thinking. This suggests that general managers are still at an early stage of strategic planning and that up until now strategies have been formulated primarily in reaction to external stimuli and to ensure the company's survival.

Question 6 of the general managers' questionnaire invited them to set out the main priorities of their companies for the next 2 to 5 years. We have grouped the various responses into the six major categories shown below.

1. Export-related issues (mentioned 11 times)

    • to increase the volume of exports (5)

    • to enter new foreign markets (3)

    • to achieve a stronger position on existing foreign markets (2)

    • to recover market share on traditional foreign markets (1)

2. Internal issues (mentioned 11 times)

    - to expand the volume of business (3)
    - to reduce energy consumption (2)
    - to develop an integrated management information system (1)
    - to change the legal status of the company (1)
    - to carry out an internal reorganisation (1)
    - to reduce costs (1)
    - to reorganise the company into profit centres (1)
    - to develop a long-term partnership with a foreign company (1)

3. Investment-related issues (mentioned 10 times)

    - to modernise the premises, equipment and technologies (7)
    - to make new investments in order to develop existing activities (2)
    - to invest in order to develop new activities (1)

4. Quality-related issues (mentioned 7 times)

    - to achieve ISO-9000 (3)
    - to implement a total quality management system (2)
    - to improve the quality of services offered (2)

5. Other market-related issues (mentioned 5 times)

    - to diversify the range of products/services offered (2)
    - to develop a new distribution system (1)
    - to promote a better image of the company (1)
    - to increase market share in the domestic market (1)

6. "Soft" components of management (mentioned 4 times)

    - to improve human resource management, including training (2)
    - to reduce the number of employees (1)
    - to improve the corporate culture (1)

The good news is that exports, quality and investment are seen as high priorities. Meanwhile, "soft" components of management (including human resources) continue to be the "Cinderella" of corporate strategies. Generally, priorities are in line with the main focuses of strategic thinking, that is, business development and internal organisation. This may be explained by the loss of traditional external markets immediately after 1989, for state companies, and by the strong drive towards development and expansion, in the case of private firms.

Asked whether their strategies include human resource and management development components, the general managers answered as follows.

Always	7 (35%)
Often	9 (45%)
Sometimes	3 (15%)
Seldom	1 (5%)
Never	—

The validity of the replies can be doubted when one considers the answers to the previous question (Question 6). The responses to Question 6 show that, although general managers may claim to value human resources, human resources do not, in fact, represent a priority. The experience shows that investing in the development of people is still seen as a cost and not as an investment in the future.

4.   Assessment of current management capabilities

General managers were asked to assess current levels of management capabilities among their staff (Question 8 for general managers). The question divided management capabilities into the three categories of functional skills, core skills and personal qualities. The responses are shown in Table 8.

Table 8: General managers' assessment of management capabilities (averages)

Management level	Functional skills	Core skills	Personal qualities
Boards	4.24	4.41	4.18
Top management	4.30	4.35	4.20
Middle management	3.42	3.84	3.68
Lower management	3.00	3.61	3.33
Professionals	3.83	4.22	3.33
Talented young executives	3.17	3.72	3.44

Top levels of management receive a high rating for all three categories of skills, including functional skills. This is surprising in the case of management boards, which are not necessarily composed of professionals in the company's field of activity, especially in state-owned enterprises. On the other hand, professionals seem to be more highly appreciated than middle and lower management. The largest gap between top and other levels of management is perceived to be in terms of attitudes and values.

The responses of general managers to Question 9 on the roles, rather than skills and qualities, of each management level show a slightly different picture.

*Table 9: General managers' view on the role of
different management levels (averages)*

Management level	Current roles			Desired roles		
	Professional	**Manager**	**Leader**	**Professional**	**Manager**	**Leader**
Boards	3.81	4.12	3.75	3.88	4.38	3.69
Top	3.94	4.69	4.06	4.12	4.62	4.25
Middle	3.78	3.53	3.24	4.06	4.24	4.06
Lower	3.35	3.00	2.75	3.94	3.75	3.56
Professionals	4.06	2.73	2.33	4.59	3.62	3.38
Talented young executives	3.19	2.67	2.00	3.88	3.50	2.93

The responses of general managers with regard to their current roles show the following.

■ Professionals are valued as professionals, but general managers also view themselves as professionals. This reflects a widespread belief among Romanian managers that to be a manager is incidental, and what is important at the end of the day is one's original profession. Therefore, general managers cannot conceive themselves other than as excellent professionals.

■ General managers accord the management role of boards a higher value than their leadership role. This is surprising and may reflect the fact that the role of boards is not fully defined and understood, even by general managers.

■ The low ranking accorded to talented young executives, even as professionals, is also surprising. One reason for this might be that general managers are concerned only to a very limited extent with the development of capabilities at this level of management. Consequently, they may lack information about their successors.

As far as the desired roles are concerned, it is evident that general managers would wish to improve the performance of each level of management, as almost all average scores are higher for desired roles than they are for current ones.

The assessment of their own roles by individual managers (Question 6 for individual managers) seems more realistic.

Table 10: Individual managers' view of their own roles (averages)

Sector	Current roles			Desired roles		
	Professional	**Manager**	**Leader**	**Professional**	**Manager**	**Leader**
Total	3.89	3.95	3.43	4.05	4.06	3.62
Manufacturing	3.77	4.03	3.33	3.94	4.04	3.51
Services	3.99	3.88	3.51	4.16	4.08	3.76

As regards their current role, individual managers consider themselves managers first and then professionals, although the difference is minimal. However, the responses from the two sectors differ. Managers working in the services sector are more professionally oriented, whereas their colleagues from manufacturing view themselves more as managers. As far as the future is concerned, their responses follow the same pattern as those of general managers, in that they expect an increase in the importance of all three roles.

Another issue addressed was the extent to which companies pay systematic attention to human resource and management development practices. Questions 12 and 13 for general managers asked them whether their companies were making any efforts to develop and make use of adequate tools in this field. There were 10 positive and 9 negative responses for the human resource audit, and 9 positive and 10 negative responses for the management development audit. Considering that 80% of general managers indicated that their companies' strategies include strong human resource and management development components, we might conclude that these areas are systematically and appropriately addressed by most companies. However, we can doubt such a conclusion for the following reasons

First, in response to Question 14, a high proportion of general managers (10 out of 17) claimed that they would recruit outsiders, rather than develop internal talents, when they needed new competencies. Secondly, it is significant that only 2 general managers indicated human resources as a priority of their concrete strategies (Question 6). Thirdly, in response to Question 15 (further discussed below, Chapter 5, 5.6 Evaluation), only 4 general managers declared that their companies possess tools to measure training effectiveness. Thus, we suspect that Questions 7, 12 and 13 generated the Hawthorne effect (whereby the respondent tries to please the interviewer). If this is case, it is likely that human resource and management development components are not yet seen as strategic priorities, and are not systematically and consistently addressed by most companies. On the other hand, the responses suggest that managers are, at least, aware of what constitutes good practice in the field.

5. Experiences with training and lessons drawn

Although systematic and continuous development of people is not yet a top priority for enterprises, efforts have been made in this area. The present section aims to examine these undertakings and to highlight some lessons for the future.

5.1 Volume, coverage and investments

The responses to Question 1 for human resource managers reveal a clear pattern of training provision at various management levels, focusing on middle managers, professionals and top managers (see Table 11). Meanwhile, lower managers and talented young executives have received far fewer training opportunities.

Table 11[7]: Training coverage by management level (%)

Sector	Boards	Top	Middle	Lower	Professionals	Talented young executives
Total	30	48	68	27	54	28
Manufacturing	19	34	47	18	30	19
Services	11	14	21	9	24	9

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7   Responses were given in percentages; in order to make possible the aggregation of data for the whole sample, companies have been grouped in 5 categories, as shown in Annex 2.1.-2.3. The figures in Table 11 represent the aggregate frequencies for all 5 groups of companies, irrespective of the training area. Full details are presented in Annex 2.1.-2.3.

This pattern is almost identical for the two sectors, but it is noteworthy that, in terms of frequency, the training provided in manufacturing companies was almost double that provided in the services sector.

The pattern changes considerably if one takes only those companies that trained more than 50% of managers (see Table 12).

Table 12[8]: Training coverage in companies with intensive training (%)

Sector	Overall	Boards	Top	Middle	Lower	Professionals	Talented young executives
Total	46	43	52	44	41	44	54
Manufacturing	41	42	47	30	39	43	53
Services	57	45	64	76	44	46	56

Service companies consistently record higher percentages than manufacturing ones. This may be because, although training is more frequent in manufacturing enterprises, it is approached in a more systematic manner by service enterprises. However, fewer than half of the responses indicated that at least 50% of the managers received training. For us, this shows a lack of clear human resource and management development strategies. Such strategies should allow for the training of most of company's managers within a given period of time, for example, 5 years. The percentages in Table 12, however, give the impression that training takes place inconsequentially.

This hypothesis is confirmed to a certain extent when we look at the training programmes most frequently attended by each level of management.

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8   Table 12 is based on Annex 2.1.-2.3. The figures represent the percentage of companies that trained more than 50% of managers from various categories, irrespective of the area (C IV+ C V).

Table 13: Number of training programmes attended, by management level

Training area	Boards	Top	Middle	Lower	Professionals	Talented young executives
General management	9	10	7	3	–	4
Accounting and auditing	3	7	8	–	9	–
Corporate finance	–	–	–	–	–	4
Marketing	3	6	8	–	6	–
Sales	3	–	7	3	–	–
Quality management	3	7	8	3	7	3
Management information system	–	–	–	–	–	3
Technology, operations and logistics	–	–	–	5	–	–

The management levels may be divided into two categories: upper levels (boards, top and middle managers) and lower levels (lower managers, professionals and talented young executives). The lack of clear differentiation among the upper levels is striking. Given their different positions and roles in the company, it is very unlikely that boards and middle managers would have the same training needs. One possible explanation of the similar training they receive may be the low level of knowledge of fields such as marketing, accounting and quality management, among all categories of managers in the early 1990s. In addition, marketing and quality management have become very fashionable terms, having a symbolic value as evidence of a modern and effective approach to management, and this may explain the frequency with which they are mentioned. It is also worth mentioning that the accounting system was radically changed in 1992 and this generated an urgent training need. Again, it is noteworthy that the area of human resources is missing from the training "favourites".

The volume of investments in training (see Table 14) confirms once more the feeble preoccupation for human resources and management development.

Table 14: Investment in training

(M = manufacturing S= services)	Number of employees	Investment in technology over the past 5 years (thousand US$)	Investments in training (thousand US$)			Average annual investment in training per employee (US$)	Investment in training as a proportion of investment in technology (%)
			1997	1998	1999		
A-M	5,300	7,000	16	20	20	3.5	0.5
B-M	6,200	–	3.5	6	10	1.0	–
C-M	830	3,000	4	5.5	6.7	6.5	0.3
D-M	2,000	–	2	22.5	25	8.3	–
E-M	3,950	2,000	–	0.9	–	0.2	0.05
F-M	450	8,000	3	4	7	10.4	0.09
G-M	1,240	–	156	96	150	108.1	–
H-S	170	350	1	1.5	2.5	9.8	0.7
I-S	800	1,500	7	7	7	8.8	0.9
J-S	700	2,000	10	15	–	17.8	1.2

A first observation, which speaks for itself, is that only about half (10 out of 19) of the human resource managers responded to this question. Secondly, the gap between investment in technology and investment in people is enormous. Investment in people represents just 0.05%-1.2% of that in technology. Thirdly, in absolute figures, the amounts allocated for training are very modest. There is one exception, an aircraft company (G-M), which, given the standards of the industry, probably invested quite considerably in specific technical training. Even more modest is the average expenditure on training per employee, which varies between US$0.2 and US$17.8 (with the exception of the aircraft company). However, 7 companies increased their investment in training for 1999.

5.2   Content and concentration of training areas

The responses to Question 2 for human resource managers largely confirm the concentration of training areas shown in Table 13. Table 15 presents the training areas most frequently mentioned (the less frequently cited managerial categories are not included). (Three human resource managers did not respond. The figures represent the number of times each area is mentioned. Subjects were allowed to give multiple answers.)

Table 15: Areas concentrated on in management training, by management level

Area of management	Boards	Top	Middle	Lower	Professional	Young
General management	9	13	8	5	–	5
Accounting and control	–	4	–	–	5	–
Corporate finance	–	4	–	–	–	–
Marketing	–	4	6	–	4	–
Sales	–	–	–	–	4	–
Quality management	–	9	8	5	6	3

General management and quality management (especially in manufacturing companies) are the dominant areas of training for most managers, while accounting and control, corporate finance, marketing and sales feature to a lesser extent. In all, 92 training courses were mentioned. The total number of times the different areas were mentioned was 225. Middle managers attended the highest percentage of those programmes (65%), followed by top managers (58%) and professionals (41%), confirming that these three groups are the main targets of training programmes. Areas of concentration (irrespective of management level and including those cited less frequently, not included in table 15) were, as expected, general management (mentioned 40 times or 18%) and quality management (mentioned 34 times or 15%), followed at distance by accounting and auditing (mentioned 17 times or 7.5%), marketing (mentioned 16 times or 7%) and corporate finance (mentioned 14 times or 6%).

The strong preference for functional programmes shows a general basic level of training needs. More sophisticated areas, grouped in the questionnaire under headings such as managerial skills or leadership (see front page of questionnaire), were seldom mentioned. The low level of interest in human resources is also noticeable.

Responses of individual managers to Question 1 of their questionnaire provided additional information with regard to the content and concentration of programmes, especially at the middle management level (of the 178 individual managers, 57% were third-level managers, 24% second-level and 19% fourth-level).

An indication of the volume of training is given by the total number of programmes attended by the sample of individual managers during the past 5 years. It was 349, which means that, on average, a manager attended 2 programmes in 5 years. The average differs slightly for the two sectors: it was 2.04 for services and 1.87 for manufacturing. More detailed figures underlying these averages are given in Table 16.

Table 16: Attendance of training programmes in the last 5 years

Number of programmes attended	Number of managers	%
0	56	32
1	37	21
2	24	13
3	32	18
4	11	6
5	7	4
more than 5	11	6

Those who did not attend any training programmes represent one-third of the sample and make up the largest category (32%). In fact, only 10% attended, on average, at least one programme per year. However, compared with the situation shown by the 1994 survey (Zamfir, Matauan and Lotreanu), when only 11% had attended more than one programme, the picture today seems brighter.

Respondents mentioned 212 different programme titles. Table 17 presents the main areas covered by these programmes.

Table 17: Main areas of training

Area of training	Number of programmes (%)		
	Overall	Services	Manufacturing
General management	21	18	24
Accounting and control	7	8	7
Corporate finance	6	6	6
Marketing	10	12	7
Technology, operations and logistics	12	11	12
Quality management	13	7	20
Computer skills	7	8	5
Foreign languages	6	6	5

The main area remains the traditional one of general management training. For the others, the two sectors follow a similar pattern. The higher percentage of marketing in the service sector and of quality management in the manufacturing sector is worth mentioning. Compared with the situation portrayed by human resource managers, Table 17 reveals three new areas of concentration: technology, operations and logistics, computer skills and foreign languages, whereas sales do not appear as a priority. The reason behind these differences is not obvious, and we should probably rely more on the responses of the individual managers who attended the courses.

Another interesting aspect is the change in the number of people who have attended training programmes since 1992 (see Table 18).

Table 18: Attendance at training programmes over the period 1992-1996 (%)

	1992	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**
Total	2	23	25	48	92	84	54
Manufacturing	0	13	12	19	58	38	23
Services	2	10	13	29	34	46	31

It appears that, after 5 years of continuous increase (1992-1996), the year 1997 marked a downturn. In essence, this evolution has closely followed the changes in macroeconomic indicators, leading to the conclusion that the general economic situation has a direct and significant impact on training activities.

5.3   *The training process*

The 1994 study (Zamfir, Matauan and Lotreanu) found that Romanian managers prefer training programmes of short duration, owing mainly to the lack of time. Table 19 shows the preferred duration of training programmes.

Table 19: Preferred duration of training programmes in 1994

Preferred duration of programme	**%**
2-3 days per week, over several weeks	28
1-2 weeks	27
4-6 weeks	17
3-6 months	15

Our survey asked the same question but, in addition, asked human resource managers to distinguish among management levels in their responses. The responses are presented in Table 20.

Table 20: Type and duration of training programmes attended

Training programme	Boards	Top	Middle	Lower	Professional	Talented Young Executives	Total	
							No.	%
Long (3 months)	2	3	2	3	–	2	12	9
Medium (1 week-3 months)	2	9	12	4	6	6	39	30
Short public seminars	1	5	3	1	4	–	14	10
Short in-company seminars	1	4	3	5	7	6	26	20
Distance learning	1	1	2	–	1	–	5	4
Study visit to a foreign company	5	13	6	3	5	3	35	27

The question was answered by 16 out of the 19 human resource managers. They were allowed to give multiple answers. The most frequent type of training programme attended was of medium duration (30% of the total number of answers), but, given the wide definition of medium duration indicated in the questionnaire (from 1 week to 3 months), it is difficult to be precise as to the most common duration of programmes. The second preference was for study visits to foreign companies, while short in-company seminars came third. This might indicate the high value managers place on the mix of knowledge acquired in a classroom and practical learning, which is better achieved through in-company training. Study visits seem to be reserved mainly for the top management levels, while middle managers are directed towards public seminars. Short in-company programmes were the predominant types of training provided for lower levels of management.

This trend is largely confirmed by the responses of individual managers to Question 1. They indicated the following breakdown of training locations (see Table 21).

Table 21: Location of training programmes

Location	%
Own company	49
Own country	33
Abroad	16

Their responses also confirmed the dominant types of training as programmes of medium duration and short seminars (see Table 22).

Table 22: Type of training

Type	%
Course	62
Seminar	22
Workshop	11
Others	3

The structure of training groups was also investigated and is presented in Table 23. It reflects a situation that is normal for participation in public training events.

Table 23: Structure of training groups

Participants	%
From other companies	40
From own firm	35
International	13
From own department	5
No answer	7

As far as learning methods are concerned, results from the 1994 study offer a useful base for comparison. At that time, managers were apparently convinced of the need for systematic functional knowledge, as 88% of them stated that "a manager definitely needs systematic knowledge". However, when asked what they did improve their knowledge, the answers were surprising:

■ 66% said they read, but mainly when they needed immediate information to solve an urgent problem;

■ 40% said they read management books;

■ 32% indicated training as a source of systematic learning (but only 11% of them had attended more than one training programme); and

■ 8% admitted they did nothing in particular to improve their knowledge.

As part of the 1998 survey, general managers and individual managers were asked to list their learning methods (Questions 21 and 4, respectively). The responses are shown in Table 24.

Table 24[9]: Learning methods of general managers (GM) and individual managers (INDM) (adjusted averages)

Learning method	Functional skills		Core skills		Personal qualities	
	GM	INDM	GM	INDM	GM	INDM
Traditional	96	100	78	81	88	91
Peer group	92	93	100	90	87	98
Technology-based	74	75	78	75	80	78
Action-oriented	96	91	100	100	100	100
Benchmarking	100	99	91	93	94	98
'Broadening'	61	93	64	61	80	85

The findings are in line with what one would expect, but are, nevertheless, surprising. The similar learning methods of the two groups of managers may indicate that hierarchical position in a company has less influence on learning methods than common national cultural features. The strong preference for action-oriented training is obvious. The definition of "peer group" and "benchmarking" in the questionnaire entitles us to place these learning methods in the same wider category of "action-oriented" learning. Therefore, it is not surprising that "broadening" techniques come last, even though these are highly valued in terms of personal development. As expected, traditional learning is seen to make a major contribution to the acquisition of functional skills. However, the mistrust or fear of technology-based methods is surprising, given the boom in computers in recent years as well as the large number of companies that have already purchased a significant number of computers. A possible explanation is that managers do not use computers themselves, but rather deal with computer-processed data, and when they do become direct users of computers, they may be quite hesitant in using them.

Sources of learning were also investigated. The 1994 study showed that the most important sources of learning for Romanian managers were: their own experience, reading and the mass media. Training was ranked 7th out of 8 items. It would seem that some changes have occurred since then. Table 25 presents the averages for the two categories of managers, in absolute and adjusted values (using the same technique as in Table 24).

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9   The averages, in absolute values, may be found in Annex 3, and indicate an almost identical pattern for both general and individual managers. To ease the reading and make differences more visible, data were adjusted by taking the highest value as 100% and dividing all others by it. Results are presented in Table 24.

Table 25: Sources of learning for general managers and individual managers

Source of learning	Averages		Adjusted averages	
	General managers	Individual managers	General managers	Individual managers
Family and friends	2.00	2.67	45	62
Reading	4.40	4.30	100	100
TV and media	2.50	2.87	57	67
Peers and colleagues	3.12	2.95	71	69
Consultants	4.06	3.72	92	87
Foreign business partners	4.15	3.53	94	82
Formal business training	4.21	4.23	96	98

Reading remains the main source of learning for both groups of managers, although training comes a very close second. The role played by consultants in the learning process is also increasing. Foreign partners represent another new source of training, particularly for general managers.

5.4.   Training providers

In the 1994 survey, 58% of Romanian managers were not aware of any provider of training services other than the universities. For the 1998 survey, human resource managers were asked to estimate the proportion of each type of provider over the past 5 years. The full results are presented in Annex 4, as average percentages (counting only those who indicated that they used the services of the respective provider) and numbers of human resource managers who worked with each provider. In the case of individual managers, the share of each training supplier was calculated by dividing the number of programmes delivered by each provider by the overall number of courses attended by individual managers. To make the two sets of results comparable, for the answers of human resource managers we multiplied the average percentage with the number of users for each type of provider, added all the obtained values, which represent the total volume of training (100%), and divided the calculated values for each provider by this figure. The results are presented in Table 26.

Table 26: Training providers for
manufacturing companies (M) and service companies (S)

	Human resource managers			Individual managers		
	Total	M	S	Total	M	S
Own company	26.3	38.1	15.0	15	12	17
Management development centre	24.3	19.6	28.9	21	22	21
Business school	5.4	11.0	—	10	17	4
University	4.9	6.4	3.5	9	8	10
Consulting firm	4.9	3.2	6.6	17	21	14
Foreign partner	15.6	1.9	28.9	16	12	20
Customer	0.3	0.6	—	1	2	—
Supplier	0.8	0.6	0.9	2	1	3
Private company/internship in another company	15.3	18.6	12.0	4	1	7
Other	2.2	—	4.2	3	4	3

There are visible differences between the two categories. The possible explanations for this are manifold[10]. However, some conclusions may be drawn. The four main providers of training services are: companies themselves, management development centres, foreign partners and consulting firms. As far as providers are concerned, the weighting differs for the two sectors: manufacturing companies emphasise in-house training and management development centres, while service companies are oriented towards management development centres and foreign partners. Universities, customers and suppliers play a minor part in the overall provision of training.

It is useful to know how managers obtain information about training providers and what kind of relation they wish to have with them. Table 27 shows the criteria that human resource managers most often use in selecting training providers. It is based on the responses of 16 of the 19 managers who answered Question 19 for human resource managers.

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10   First, it is a matter of translation. "Own firm" and "internship in company" were translated differently into Romanian for human resource and individual managers. Secondly, it is a matter of understanding. For instance, management development centres provide both training and consulting services and can easily be confused with consulting firms, which also deliver both types of services. On the other hand, there are no real business schools in Romania. It is, therefore, possible that universities, post-graduate institutes and business schools were sometimes confused. Thirdly, the answers of the two groups do not refer to the same amount and structure of training. Human resource managers covered all categories of managers, while individual managers took into account their experiences only. Finally, the responses of human resource managers represent estimates, whereas those of individual managers reflect real facts.

Table 27: Selection of training providers

Criterion	Average	Number of managers using the criterion
Reputation	4.38	13
Availability	3.14	7
Price	3.00	11
Location	2.82	11
Personal contact	3.00	9
Previous experience with the provider	3.73	15
Value added/additional services	2.64	14
Convenience	1.88	8

The main selection criteria are, in terms of both average and frequency, the reputation of, and previous experience with, the training provider. This indicates a preference for stable, long-term relations with the training provider. Availability is also an important factor, although it is not used so often in the selection process. Surprisingly, price does not seem to be a determining factor in the selection of training providers.

The responses to Question 10 for individual managers provide further information on the most important sources of information about training providers.

Table 28: Sources of information on training providers

Source of information	Average	% of managers who use the source
Family and friends	2.39	80
Press	3.45	92
TV and radio	2.71	83
Peers and colleagues	2.77	89
Direct mailing	3.68	89
The Internet	2.79	64
Human resource department	3.52	72

The main sources of information are direct mailing (this refers to mail sent to the office, not the home), the human resource department and the press (very probably, weekly economic journals). The figures given for the Internet might be slightly lower in reality.

General and human resource managers have divergent views on the type of relations that should be developed with training providers (Question 19 for general managers and 10 for human resource managers).

Table 29: Main types of relations with training providers (averages)

	Human resource managers	**General managers**
Ad hoc basis	3.42	3.14
Permanent or long-term	2.83	3.71
International assistance	1.64	3.11

It appears that general managers prefer long-term agreements with training providers, whereas human resource managers are inclined towards ad hoc selection. There is also a significant difference between the two groups regarding the importance of international assistance, and this might be explained by the wide range of information available to general managers.

5.5   Selection criteria

The questionnaires used two sets of criteria with regard to the selection of training programmes. The first concerns the internal needs of the company, which generate training demand (Question 7 for human resource managers). The second set of criteria refers to the characteristics of training programmes (Question 8 for human resource managers). Averages and frequencies may be found in Annex 5.1. – 5.2. The adjusted data are shown in Tables 30 and 31.

Table 30: Criteria used to identify training needs

Criterion	Averages (%; highest = 100%)
Needs stemming from the company's strategy	100
General human resource policy	80
Needs of department	72
Personal performance	60
Personal interest	26

Table 31: Criteria used to select training programmes

Criterion	Averages (%; highest = 100%)
Technical quality of the programme	68
Learning output of the programme	68
Fits with human resource policy	91
Fits with the company's strategy	100
Fits with concrete human resource programme to support a strategic project	62
Fits with individual's perception of his/her own training needs	46
Fits with individual's perception of his/her future career and/or employability	48
Reputation of the provider	65

The results are consistent for 4 types of criteria: company strategy is always the most important criterion, followed by human resource policy, whereas job requirements and personal interest are seen as the least important criteria. This might give the impression that, generally speaking, companies have clear and comprehensive strategies, carefully and responsibly pursued, with the development of human resources as a key component. We would, however, hesitate to reach such a conclusion. The rationale for our reservation can be found at the end of Chapter 3.

The basis on which trainees are selected reveals the importance of hierarchy in Romanian companies (Question 6 for human resource managers).

Table 32: Selection of trainees

Initiative	Average	Averages (%; highest = 100%)
Personal initiative	1.57	36
Senior manager	3.08	70
Human resource manager	3.20	73
General manger	4.38	100
Business partner	2.54	58

It is clear that the higher the position the stronger the initiative. Personal initiative seems to be marginal at lower levels of management.

5.6   *Special programmes and approaches*

Another major issue is support services offered by human resource departments. Within this context, in-company training programmes are one of the most important tools. The responses to Question 4 for human resource managers indicated that companies themselves have the largest share of the training market. In-company training is tailored mainly to lower levels of management. Thirty-eight types of programmes were delivered in-house (Question 5). Table 33 presents, in absolute values and percentages, the involvement of various management levels in training, confirming that it is targeted at lower layers of management.

Table 33: In-company training programmes

Level of management	Number of types of programmes attended	Proportion of the overall number of programmes (%)
Boards	3	8
Top	13	34
Middle	22	58

Level of management	Number of types of programmes attended	Proportion of the overall number of programmes (%)
Lower	18	47
Professionals	29	46
Talented young executives	17	45

Human resource departments and top managers should complement training efforts by increasing knowledge and disseminating good practice. Questions 16, 17 and 18 for human resource managers and Question 8 for general managers addressed this issue. About two-thirds of human resource managers used employees from other departments to design, implement and/or facilitate training programmes. This proportion is considerably higher in manufacturing companies (80%) than in service ones (55%). Most human resource managers use external facilitators, but not to a significant extent, as Table 34 shows.

Table 34: Use of external training facilitators

Activity	Average	Number of managers using external training facilitators
Needs assessment	2.47	15
Programme design	2.80	15
Selection of training providers	2.64	11
Implementation	2.20	15

General managers were appreciative of the extent to which knowledge and skills acquired by individuals through training programmes are disseminated throughout the company. Their responses showed that 50% (or 10) of them agreed with this proposition, 35% (or 7) of them thought that such knowledge had become an integral part of the company's collective wisdom and 15% (or 3) that knowledge acquired by individuals remained mainly with those individuals.

It seems that information is properly circulated in most companies, contributing to a mutual and shared learning process. The main methods of achieving this, according to human resource managers, are as shown below (see Table 35).

Table 35: Diffusion of knowledge

Method	Average extent to which the method is employed	Number of companies using the method
Teamwork	4.42	19
Coaching	3.84	19
Briefings and debriefings	2.67	18
Joint projects	3.00	17
Personal responsibility for developing items	2.53	17
Workshops	2.07	15
Job rotation	1.94	16
Internal work guides	1.57	14

Teamwork remains, by far, the most common method of sharing ideas and knowledge, confirming the strong emphasis on action-oriented learning revealed above. Coaching and joint projects are also highly valued, while the other methods are used to a lesser extent.

In addition to promoting, facilitating, implementing and monitoring training, human resource departments should be offering other services. Human resource managers were asked to estimate to what extent such services are in fact supplied (Question 11 for human resource managers). The results can be seen in Table 36.

Table 36: Main activities of the human resource management function

Human resource service	Provision of the service (averages)	Perception of those receiving the service (averages)
Staffing	4.53	4.31
Development	2.83	2.50
Appraisal	3.00	2.43
Rewards	3.29	2.86
Organisational governance	3.31	3.00
Communication	3.06	2.62

Staffing continues to be the major service offered by human resource departments. In fact, under the former regime it used to be the only service provided, so this is hardly surprising. The other activities are very close to each other in terms of averages. Human resource managers appear to admit that "development" and "appraisal" are still lagging behind, but the real extent of the gap between these two activities and the rest is not, in our opinion, accurately reflected in the above figures. As far as those on the receiving end are concerned, this follows the same pattern, but the values are, as expected, slightly lower.

The identification and provision of support to, talented young executives were addressed by Questions 12 and 13 for human resource managers. Of the 18 human resource managers who answered the Question, 8 declared that they use institutionalised methods to identify young people with high managerial potential, whereas the other 10 employ informal methods. The services most frequently used to support the high-flyers seem to be:

■ rewards (mentioned by 12 of the 16 human resource managers who addressed the question);

■ development (mentioned by 8); and

■ promotion (mentioned 6 times).

5.7   *Evaluation*

Evaluation and appraisal activities are critical in taking corrective measures and improving performance in the medium to long term. The research project addressed this issue, using a threefold approach.

■ General managers were asked whether their companies use a system to measure effectiveness, value added and the impact of training programmes (Questions 15, 16 and 17).

■ Human resource managers were asked about the systems they use to assess the effectiveness and efficiency of their own departments (Questions 14 and 15).

■ Individual managers were invited to assess the value added of training programmes they had attended and to indicate the strong and weak points of those programmes (Questions 2 and 3).

In general, the results proved to be in line with the present level of development of the human resource function in Romanian companies.

The responses show that evaluation, appraisal and measurement of performance are not areas to which managers turn their attention in a systematic way. The tools to deal with these areas are either not institutionalised or do not exist at all, but both general managers and human resource managers are aware of the importance of such activities and this might be a good starting point for future developments. This conclusion is based on the small number of

general managers (4 out of 19) who said that their companies do use a measuring system. Only one-third of human resource managers (6 out of 18) answered positively. On the other hand, all general managers who are not currently using such a system intend to develop one in the future.

One obstacle they will have to overcome is the fact that most of them do not even know what such a measuring system would look like and are not at all familiar with the specific tools involved. In response to Question 17, only one general manager indicated that s/he used individual annual appraisals, individual professional tests and quarterly evaluations based on budgets and individual tasks in his company. The other responses reflect intentions and/or objectives rather than the existence of real evaluation tools:

■ 3 general managers intend to hire specialised firms to develop a measuring system;

■ 2 general managers indicated training as an evaluation tool;

■ 2 others mentioned interviews and questionnaires without going into any details; and

■ 2 spoke about periodical appraisals in a very general manner.

The responses of human resource managers to Question 15 indicated a very similar situation. Although the question was clearly formulated and very accurately translated, most of the respondents either indicated tools specific to individual appraisals, but not to the activity of human resource departments, or mentioned activities currently underway such as:

■ developing job descriptions and individual performance indicators;

■ communication with other departments;

■ professional competence;

■ psychological tests;

■ individual appraisal forms; and

■ efficiency at work.

As it is very unlikely that the questionnaires generated confusion, we would be inclined to explain the vague answers as resulting from the lack of familiarity of human resource managers with the issues under discussion.

One last, but no less important, issue was the direct assessment by individual managers of the training programmes they had attended. They assessed the strong and weak points of those programmes. The results were as follow.

Strong points of training mentioned by individual managers

1. Trainer-related issues (mentioned 86 times)

    - high professionalism of trainers (20)
    - excellent presentational skills (18)
    - high degree of interaction (17)
    - high quality of written materials (14)
    - modern overall approach to training (11)
    - modern training equipment (6)

2. Issues related to information and knowledge (mentioned 72 times)

    - fresh information and updated knowledge (34)
    - large volume of interesting and useful information (14)
    - relevant practical examples (14)
    - relevance of information and knowledge (10)

3. Issues related to output (mentioned 63 times)

    - development of new skills (25)
    - broadened horizons (16)
    - increased efficiency (8)
    - information about potential business partners (5)
    - information about and learning from foreign experience (5)
    - changed attitudes and values (4)

4. Training organisation issues (mentioned 10 times)

    - good facilities (7)
    - administration of a final test (3)

Weak points of training mentioned by individual managers

1. Training organisation issues (mentioned 60 times)

    - short duration of programme (36)
    - poor translation (6)
    - poor timing of programme (late in the afternoon, after working hours; 5)
    - lack of a final test and certificate (5)
    - inadequate facilities (4)
    - heterogeneity of trainees (4)

2. Issues related to information and knowledge (mentioned 53 times)

   - insufficient or non-existent practical information (32)
   - examples irrelevant to the situation in Romania (9)
   - information not specific enough (6)
   - information already known (3)
   - knowledge irrelevant to professional needs (3)

3. Trainer-related issues (mentioned 28 times)

   - poor quality of written materials (9)
   - low level of interaction (8)
   - poor quality of the trainer (7)
   - training equipment was insufficient or non-existent (4)

4. Strategic issues (mentioned 3 times)

   - lack of a systematic, long-term approach to training by the company (3)

The following points might prove useful to training providers:

■ participants value the personal and professional qualities of the trainer very highly;

■ interaction during the course and the quality of written materials are key issues;

■ practical information (such as concrete examples, different experiences and case studies) is very much appreciated;

■ knowledge and information should be relevant to the Romanian situation; and

■ the development of new skills and the broadening of their horizons are what participants seem to value most, in terms of output.

The 1994 survey also found the issue of relevance to be critical. In 1994, 56% of trainees considered their newly acquired knowledge to be virtually irrelevant to their situation and about one-third of them found training courses interesting, but not very relevant. The problem of relevance in training remains and should be properly addressed.

Lastly, individual managers were asked to assess the value added provided by training programmes (Question 3). The detailed results may be found in Annex 6 and are summarised below (see Table 37).

**Table 37: The views of individual managers
on the value added provided by training**

Value added	% of managers mentioning the item (average)	Averages	Adjusted averages (highest = 100%)
Personal value	83	3.64	92
Value for own department	74	3.54	89
Value for the company	68	3.36	85

It should be mentioned that 127 (or 71%) of 178 individual managers responded. Although the differences between them are rather small, it would seem that value added as a result of training, as perceived by those directly involved, is higher at the individual level than at the departmental or company level. If this is the case, it confirms once more the question mark we placed on the results of Questions 7 and 8 for human resource managers. It is strange that training programmes, which stem from a company's wider objectives and are designed and implemented accordingly, add the highest value at individual level. We do not have a convincing explanation of this apparent paradox, but, based on our experience, we believe that the problem lies mainly with human resource managers.

6.   Assessment of training needs

The previous chapter tried to detect managers' needs in an indirect manner, by asking them what they do and how they do it. This chapter aims to assess training needs directly. For this purpose, direct questions were addressed to all categories of managers.

The aim of the questions was to identify the problems and opportunities companies are dealing with and, on this basis, to identify training needs and training programmes to meet those needs. In the process, some unexpected difficulties arose. First, many managers did not indicate the importance they attached to the problems and opportunities mentioned (Question 10 for general managers and 19 for human resource managers), or the value they put on training programmes (Question 11 for general managers and 20 for human resource managers). Therefore, we were obliged to abandon quantitative analysis and to try to draw some conclusions based mainly on frequencies and qualitative analysis. Secondly, owing to the ambiguous wording of the responses, it was virtually impossible to distinguish between the problems and opportunities mentioned by general managers and human resource managers. Thirdly, for the same reason, and the use of same structure of question to address both issues (Questions 10 and 11 for general managers and 19 and 20 for human resource managers), it was very difficult to work out what was in fact the difference between the problem and the training programme proposed to deal with it.

General managers seem to have found listing the problems and opportunities (Question 10) far more difficult than formulating strategic objectives and activities (Question 6). On the whole, problems and opportunities were vaguely defined. In addition, there were significant differences in approach. Some respondents indicated areas taken straight from the questionnaire such as accounting and auditing, marketing, sales, human resources, interpersonal communication and effectiveness and negotiations. Others were more specific and focused in their responses, suggesting for example: "a more active presence on the market", "improving the market data collection system", "identifying priorities for the marketing plan", "increasing clients' trust in our brand name", or "improving the human resource appraisal and development system". Others indicated some general lines of action: "empowerment of middle management", "overcoming the difficulties generated by privatisation by management and employee buy-out", or "increased orientation of the company towards its clients". In quantitative terms, 73 problems/opportunities were mentioned. Of the 27 training areas cited in the questionnaire, the most frequently mentioned are listed below (only those mentioned at least 3 times are listed; the number of mentioned times is shown in brackets).

- Marketing (9)

- Decision-making skills (8)

- Human resources (7)

- Sales (6)

- Management of change (6)

- Technology, operations and logistics (6)

- Corporate finance (5)

- Management information systems (5)

- Quality management (4)

- Project management (4)

- Leadership (4)

- Creativity and entrepreneurship (4)

- General management (3)

- Public relations (3)

A significant change seems to have occurred over the past five years. In the 1994 survey (Zamfir, Matauan and Lotreanu), Romanian managers were indicating the following major problems:

- lack of financial resources;

- financial blockage;

- the legal framework; and

- difficulties in gaining access to raw materials.

It is clear that the problems identified at that time were ones over which managers had little or no control. In other words, they were very much inclined to consider all harm as externally caused, and their role as one of crisis management. In 1998, their focus is much more on problems that are internal to the company and on those issues that they can directly control or influence. As a consequence, there is an awareness that much depends on them and that they are the ones who can bring about desired change. We consider this evolution from a passive to a proactive attitude as a very encouraging sign for the future of their companies.

The responses on training programmes were also not always properly formulated. The answers followed the same pattern: from citing areas taken from the questionnaire (such as general management, marketing, quality management and management of information systems), to citing very general subjects (such as investment, international relations,

international seminars, European Union-based courses, post-graduate courses, seminars and courses). Specific programmes mentioned included:

■ cost management;

■ calculating the costs of non-quality performance;

■ credit techniques under high-risk circumstances;

■ public relations techniques;

■ staff appraisal;

■ setting priorities; and

■ setting personal agendas.

Of the 56 different training programmes mentioned, the most frequent areas are listed below. (The number of times they are mentioned is given in brackets.)

■ Marketing (12)

■ Human resources (6)

■ Corporate finance (4)

■ General management (4)

■ Public relations (4)

■ Decision-making skills (4)

■ Leadership (4)

■ Sales (3)

■ Project management (3)

■ Technology, operations and logistics (3)

■ Quality management (3)

In general, there is a certain correspondence between the needs and opportunities identified and the training programmes indicated, as Table 38 shows.

Table 38: Problems/opportunities and training needs
(in decreasing order of frequency)

Problems/opportunities	Training programmes
Marketing	Marketing
Decision-making skills	Human resources
Human resources	Corporate finance
Sales	General management
Technology, operations and logistics	Public relations
Management of change	Decision-making skills
Corporate finance	Leadership
Management of information systems	Sales; Technology, operations and logistics

However, it should be borne in mind that this correspondence concerns only the general level of the main fields of management training. Direct links between each problem or opportunity and a corresponding training programme cannot be demonstrated.

General managers were also asked to assess their own training needs. Their responses fit into the pattern discussed above. Some responses are clearly formulated and focused, suggesting training, for example, in "new techniques in water treatment" or "marketing for banks" and others are barely comprehensible or cite areas taken directly from the questionnaire itself (such as general management, public relations, quality management and leadership).

However, general managers perceive their own needs as slightly different to those of others. The following needs were the most frequently mentioned (of the 49 different programmes indicated overall).

- Leadership (mentioned 6 times)

- Public relations (5)

- Foreign languages (mainly English; 4)

- General management (4)

- Management of change (4)

- Corporate finance (4)

- Quality management (4)

- Decision-making skills (3)

- Technology, operations and logistics (3)

In essence, the areas of interest are consistent with general managers' role in company.

Human resource managers had the same problems as general managers in answering the questions on problems, opportunities and training programmes (Questions 19 and 20 for human resource managers). In general, their answers were quite similar to those of general managers. As expected, they were more concerned with the field of human resources and less with marketing issues. The following areas were the most frequently mentioned (52 problems and opportunities were mentioned in all; the number of times each item is mentioned is given in brackets).

- Human resources (mentioned 12 times)

- Technology, operations and logistics (5)

- Interpersonal communication (4)

- Corporate finance (3)

- Marketing (3)

- Management information systems (3)

Human resource managers were asked to indicate the human resource problems confronting them. The areas they identified are listed below:

- job analysis;

- continuing training and performance evaluation activities;

- optimal reorganisation of work teams;

- lay-offs;

- the absence of a training needs assessment system;

- reduction of administrative staff;

- human resources;

- staff selection;

- selection, appraisal and wages systems;

- staff specialisation,

- training appraisal;

- rewards;

■ career planning;

■ communications; and

■ lack of a human resource policy or strategy.

Human resource managers suggested 40 different training programmes to address identified problems or make use of opportunities, in particular:

■ human resources (mentioned 7 times);

■ interpersonal communication (4);

■ marketing (4);

■ management of change (4);

■ general management (3); and

■ time management (3).

To assess the extent to which the proposed training programmes match the problems identified, it is worth examining the human resource training proposed by human resource managers in response to Question 20:

■ job analysis;

■ human resource audit;

■ the identification and definition of human resource department tasks and responsibilities;

■ human resource management;

■ identification of staff development needs;

■ staff specialisation; and

■ internship in Western banks and consulting services.

■ Individual managers had to assess their training needs in the light of:

■ their current tasks and areas needing improvement (Question 6);

■ company development and their own career needs (Question 7); and

■ the relevance of training programmes for the department and company (Question 8).

A total of 543 suggestions were made in relation to the first topic, 604 in relation to the second and 474 to the third. Complete results are presented in Annex 7.1-7.3. In order to focus the analysis, Table 39 presents those areas that were mentioned in more than 5% of the replies to at least one of the three questions.

Table 39: Individual managers' assessment of their own training needs in manufacturing companies (M) and service companies (S)

Field of management	According to job requirement and areas needing improvement (%)			According to company development and own career needs (%)			According to relevance of training for department and company (%)		
	Overall	M	S	Overall	M	S	Overall	M	S
General management	9	10	7	6	6	6	8	9	7
Accounting and auditing	4	5	3	3	5	2	4	5	2
Corporate finance	4	6	3	4	5	3	5	5	6
Marketing	7	8	7	6	6	7	7	8	7
Technology, operations and logistics	6	6	6	6	7	5	7	6	7
Quality management	6	8	4	6	7	5	7	8	6
Management information systems	4	3	4	4	5	3	4	5	4
Public relations	4	2	6	3	2	3	3	3	4
Decision-making skills	6	7	6	6	7	5	5	5	5
Project management skills	4	4	4	2	1	3	4	2	5
Interpersonal communication and effectiveness	4	3	4	4	3	6	5	3	8
Negotiations	5	4	5	6	5	7	7	6	7
Computer skills	4	4	3	4	5	3	4	6	3
Foreign languages	4	3	5	5	6	3	5	6	4

Six areas dominate, namely: general management; marketing; technology, operations and logistics; quality management; decision-making skills; and negotiations. Corporate finance, management information systems and computer skills are seen to have a higher value for the department and the company than for job requirements. There are also some differences between manufacturing and service companies. Manufacturing companies stress "hard" components of management, such as accounting and auditing, quality management, management information systems and computer skills, whereas service companies emphasise "soft" components such as negotiations and interpersonal communication.

A comparison of the top six priority areas indicated by each category of managers is revealing. The areas of training are shown in Table 40 in order of priority.

Table 40: Comparative views on training priorities

General managers	Human resource managers	Individual managers
Marketing	Human resources	General management
Decision making	Marketing	Marketing
Human resources	Management of change	Technology, operations and logistics
Sales	Interpersonal communication	Quality management
Technology, operations and logistics	General management	Negotiations
Management of change	Time management	Decision making

There is only one area common to all three groups: marketing. Otherwise, perceptions of priorities are rather divergent. One possible explanation for this might be poor communication within companies. Middle and lower-level managers are not always informed about strategic courses of action and top managers are not always aware of the specific problems of their subordinates. Human resource managers are supposed to facilitate communication, at least with regard to their own field of activity, which includes training needs assessment. However, Table 40 is far from confirming the existence of such practice. Moreover, when asked whether the training programmes they indicated as priorities are embedded in their companies' training plans (Question 9) individual managers answered as follows.

Yes	4%
No	16%
Partly	32%
Don't know	46%

The figures speak for themselves. We think that communication and consultation among different levels of managers remain a key issue to be urgently addressed.

Question 8 for individual managers was aimed at finding out their opinions on the relevance of various training programmes suggested by themselves for both their own department and their company. The results can be found in Annex 8.1. – 8.3. The most relevant areas cited are shown in Table 41, which shows the top 5 items for the managers' own departments and for their companies, in service and manufacturing companies.

Table 41: Relevance of top five suggested training programmes
for managers' departments and for their companies

Training fields	Averages		Training fields
	Department	Company	
Overall			
Technology, operations and logistics	4.58	4.65	Quality management
Decision-making skills	4.48	4.53	Project management skills
Corporate finance	4.44	4.52	General management
Negotiations	4.32	4.32	Decision-making skills
Quality management	4.27	4.31	Marketing
Services			
Project management	4.58	4.62	Quality management
Decision-making skills	4.50	4.58	Project management
Technology, operations and logistics	4.50	4.47	General management
Corporate finance	4.39	4.42	Technology, operations and logistics
Marketing	4.31	4.42	Decision-making skills
Manufacturing			
Technology, operations and logistics	4.67	4.67	Quality management
Management information system	4.58	4.57	General management
Corporate finance	4.50	4.40	Technology, operations and logistics
Decision-making skills	4.46	4.32	Marketing
Negotiation	4.43	4.25	Management information system

In general, the differences between department and company, in terms of the relevance of the different training programmes, are not so marked. The same is true of the various areas of management. Still, some distinctions can be made if one considers the top five preferences: service companies value project management highly for both levels and marketing at the level of department, whereas manufacturing firms focus on technology, operations and logistics and management information systems and consider that marketing has a high value at company level.

Table 42 shows the responses to Questions 7 for individual managers and 23 for general managers, on the preferred types and duration of training programmes.

Table 42: Preferred types and duration of training

Type of training	Individual managers (%)	General managers (averages)
Long programme	12	2.35
Programme of medium duration	51	3.63
Short public seminar	11	3.16
Short in-company seminar	9	3.28
Distance learning	3	2.94
Study visit to a foreign company	11	4.16

Both groups have a strong preference for programmes of medium duration. In addition, general managers appreciate very highly study visits to foreign companies as a way of getting acquainted with best practice and gaining experience. Long programmes appear to be more appropriate for middle and lower levels of management and irrelevant for top levels. However, we should notice that the figures above are very much in line with the declarations of human resource managers (Question 3 for human resource managers).

Overall conclusions may be summarised as follows:

■ the perception of training needs varies at different levels of management;

■ marketing is seen as a top priority, while decision-making skills, management of change, negotiation skills and time management are valued more and more, and general management and technology, operations and logistics continue to be regarded as classic fields where there is a need for training;

■ human resource managers should pay greater attention to internal communication, facilitating the flows of information on company strategy and individual needs throughout the organisation;

■ the identification of concrete problems and opportunities and training needs continues to fall short of best practice, and this issue should be addressed through specific training programmes and consulting services in the near future; and

■ training programmes of medium to short duration are the first preference of most managers.

In general, there is a certain correspondence between the strategic priorities of the companies (export, quality improvement and business development) and the training needs identified. However, a lack of a systematic and comprehensive policy, capable of articulating priorities and needs, and of promoting concrete actions accordingly, continues to be lacking.

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

To meet the training needs of their managers and employees, companies should plan and allocate dedicated resources. This examines to what extent section this really happens.

Human resource managers were asked whether they have a 5 years training plan (Question 21). Of the 19 who replied to this question: overall, 7 said they had and 9 said they had not. Only 3 of the 9 manufacturing companies have such plans, while in service sector this proportion is 4 out of 7.

Question 22 for human resource managers asked those without a long-term plan to explain the reasons for this. Of the 9 human resource managers without such plans, 6 gave the following explanations:

- economic instability,

- the changes that had occurred in internal and external markets;

- the lack of software to keep staff records; and

- poor organisation.

Three of them explained that the training plans of their companies are elaborated annually, and not for a 5-year period, and 1 human resource manager stated that such a plan is under preparation.

Only 7 out of the 20 companies surveyed declared that they have a long-term training plan. As for the content of these plans (question 23 for human resource managers), 2 out of the 7 human resource managers gave no details of their plans while 1 admitted that, in fact, his plan covers only two years. The other 4 did not indicate an implementation period. Three managers gave the number of participants per training programme and 2 mentioned the training providers. The most frequently mentioned programmes (grouped by the main areas) were as follows:

- Technology, operations and logistics (most of them being purely specialised technical training; mentioned 16 times)

- General management (6)

■ Human resources (5)

■ Management information systems (4)

■ Marketing (3)

■ Quality management (3)

If the top five of these areas are compared with the answers given to question 20 (on training priorities) for human resource managers, some differences are noticeable.

Table 43: Training priorities as compared with training plans

Training priorities (in decreasing order of importance)	Content of training plans (in decreasing order of importance)
Human resources	General management
Marketing	Human resources
Management of change	Management information systems
Interpersonal communication	Marketing
General management	Quality management

Funds allocated for the implementation of planned programmes are rather modest. Setting aside the aircraft company as an exception (it has a planned investment in training of US$150,000 for 1999), only 7 other companies have a training budget for 1999. The size of these budgets varies from US$2,500 to US$25,000. It should also be borne in mind that training funds represent, at most, 1.25% of the investment in technology, while expenditure on training per employee, where it exists, varies between US$0.2 and US$17.8. Thus, these activities can hardly be described as training strategies or coherent and well-resourced action plans. Generally, managers are aware of the benefits of training and some efforts are being made to develop it. However, resources allocated to training remain very limited and are not used in a systematic way, whereas appraisal, evaluation and needs assessment tools are underdeveloped and are seldom employed effectively.

8.   Conclusions and recommendations

The first part of this chapter deals with the comments of the managers themselves (Questions 24 and 25 for general managers, 25 and 26 for human resource managers, and 11 and 12 for individual managers). The second part summarises the conclusions of the research and, based on those, offers some specific recommendations for training partners.

The three groups of managers were invited, on the one hand, to make comments and suggestions related to research topics, and, on the other, to use this opportunity to convey their messages to training providers. Three general managers and 7 human resource managers responded, and 55 comments and 66 messages were conveyed by individual managers. Managers' comments are organised into two main areas: the questionnaire and recommendations to training providers.

Opinions of the questionnaire were very mixed. Some managers found it too difficult, abstract and irrelevant, commenting, for example, that:

■ "the language and concepts are too sophisticated, and do not relate to reality";

■ "the terms are too abstract and the questionnaire is utopian";

■ "the questions are not clear enough";

■ "given the complexity of the questions, instructions are not detailed enough"; and

■ "the questionnaire looks rather like a psychological test".

Others viewed the questionnaire as a useful exercise, commenting, for example, that:

■ "it was a good, comprehensive questionnaire";

■ "such a questionnaire should be periodically administrated"; and

■ "the questionnaire is useful and most welcome".

Suggestions for further improvements included the following:

■ "the questionnaire should have included a question on the age structure of employees";

■ "questions should be diversified"; and

■ "key terms should be defined".

Last, but not least, some managers expressed an interest in the research findings and in receiving a copy of the final report.

Recommendations and messages to training providers may be grouped into the following main areas.

- *Raise awareness about the benefits of training*:
  "Everybody should be made aware of the necessity of training."
  "Everybody, including the general manager, should attend training programmes and be aware of their usefulness.
  "We need more training and everybody should be aware of this".

- *Promote more actively the services of training providers*:
  "Training programmes should be more actively promoted on TV and the radio."
  "Training services should be better advertised in newspapers."
  "Providers' offers should be circulated at all management levels."
  "Training suppliers should send out their annual offers".

- *Focus on practice*:
  "Training courses should contain more case studies."
  "The number of practical explanations should be increased."
  "More concrete examples, taken from real life, should be used."
  "Theory should be better articulated and practical examples and exercises should be used".

- *Improve the quality of training materials*:
  "Handouts should be provided for each training programme."
  "Training materials must be updated."
  "More comprehensive handouts, including some bibliography, are needed."

- *Use interactive training methods*:
  "Interaction between trainer and trainers is essential."
  "More debates and group work would be useful."

- *Ensure that trainers are of high quality*:
  "Trainers should be experts in their field of competence and, moreover, have hands-on experience."
  "The trainer should master modern training methods."
  "Trainers should come with fresh information and up-to-date knowledge";

- *Relevance*:
  "Knowledge and information should be applicable to real-life situations."
  "Courses should be more relevant."
  "Practical relevance is essential."
  "Practice-oriented programmes would be useful."

■ *Adequacy, at the three levels of country, company and trainees, is important*:
"courses should be adapted to the concrete situation of Romania."
"Some of the advanced theories presented in training courses are not relevant to our economic and social context."
"Tailor-made programmes are needed."
"Training programmes should use case studies based on the client-company experience."
"Courses should be closely linked to the activity of the client-company."
"Training providers should undertake needs assessment in-company, before designing and delivering the course."
"Packages of services, including training and consulting, should be offered."
"Training providers should keep in close and permanent contact with their clients."
"Courses should be adapted to the level of participants."

■ *Duration of programmes*:
Most managers prefer training events of medium to short duration.

■ *Location*:
There is a strong preference for programmes delivered in-company.

The analysis undertaken so far may be summarised in the following **overall conclusions**:

■ Romanian companies are severely affected by the delay in reforms and the general economic decline;

■ however, after 6 to 7 years of almost exclusive preoccupation with survival, coherent organisational strategies are now emerging, with a focus on business development and the recovery of external markets, as well as the improvement of quality;

■ the human resource function continues to lag behind and is not yet capable of responding quickly and effectively to the strategic needs of companies;

■ the development of people is not seen as the top priority and, as a consequence, investment in people is very low;

■ nevertheless, progress is being made in the area of human resource and management development and the next step is to articulate these efforts into a coherent and effective human resource policy at company level; and

■ in line with new developments, training needs are gradually evolving from basic/functional topics towards more sophisticated ones, although functional training will remain significant in the coming years.

The above conclusions are not striking, yet they reflect reality. At societal level, revolutions do not happen overnight and change takes time. Change is occurring at its own rhythm and, although its pace cannot exceed a certain limit, this does not mean that efforts should not be made to speed it up. The recommendations below might be of use in this respect, in offering some ideas to the main learning partners.

General managers

■ Treat people as the most valuable assets of the company, and invest accordingly. Results will follow.

■ Inform your staff about the company's strategies and plans. This will provide them with a sense of direction and the ability to identify their needs.

■ Communicate with your staff and listen to their needs.

■ Pay more attention to talented young executives.

Human resource managers

■ Facilitate effective communication throughout the company.

■ Do not remain a grey bureaucrat who simply keeps records and takes care of payrolls.

■ Diversify and promote more actively the services you offer.

■ Find out what people's needs are, and meet them.

Individual managers

■ Try to understand where your company is going and your role within it.

■ Make your voice heard and your needs known.

Training providers

■ Stay in touch with your clients, learn about them and adapt your services to their real needs.

■ Keep in mind that relevance and adequacy are what your clients expect from you.

■ Offer your clients the best quality in everything (trainers, methods, materials, knowledge and information).

■ Make yourself and your services better known on the market.