

Entrepreneurial and vocational education and training in central and Eastern Europe

Harry Matlay

The author

Harry Matlay is reader in SME Development, University of Central England Business School, Birmingham, UK.

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Abstract

Since the late 1980s most of the countries in central and Eastern Europe have been undergoing a radical socio-economic and political transformation, generally referred to as the "transition" from a centrally planned, command system to a more or less liberalised, Western-style, market economy. The new thinking and the hopes for economic regenerations in the region were centred mainly upon the two inter-related concepts of entrepreneurship and small business development. In these countries, however, relatively little is known about the education and training needs of entrepreneurs and their workforce. This paper outlines the preliminary results of a longitudinal research study (1995-1999) that focussed specifically upon the training needs of 6,000 small and medium sized businesses in six of the former communist countries in central and Eastern Europe.

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Introduction

The recent upheavals in the socio-economic and political systems of former Communist countries have focussed the attention of policy makers, academics, professionals and practitioners upon both the difficulties and the opportunities created by the radical changes taking place in the region (Bateman and Lloyd-Reason, 2000). The dramatic transformation of central and Eastern Europe began in the late 1980s and, throughout the last decade, most of the countries in the region have undergone their own individual "brand" of transition from a centrally planned, command system to a more or less liberalised, Western-style market economy (OECD, 1998). Most observers seem to agree that although the main task of the transition period remains the liberalisation of these countries' economies, there still remains a great deal to be done in order to achieve this important and challenging goal (Mugler, 2000; Roland, 1994; Aghion and Blanchard, 1993). The response from the West varied widely and included considerable financial and intellectual assistance as well as support for the voluntary repatriation of formerly excluded "dissident" academics and professionals (Matlay, 1995). Importantly, however, socio-economic transition in the former socialist countries emerged as a longer and much more complex process than most observers predicted in the early 1990s (Matlay, 1998a).

Hungary, Yugoslavia, Poland and Czechoslovakia were among the first to break away from the Soviet style, one-party dominated socio-economic and political system. Their "velvet revolutions" were peaceful and in sharp contrast to the violent "democratic revolutions" of Romania, Bulgaria and some of the former Soviet Union republics. Ethnic unrest and civil war tore Yugoslavia into "splinter countries" and spread as far as some of the new republics that emerged from the territorial disintegration of the Soviet Empire (Rosati *et al.*, 1998). Interestingly, there exists little agreement, among academics, as to what would constitute an effective and stabilising transition in the region. Roland (1991) suggested a transitional programme that involved a "democratisation" stage supported by wide scale privatisation, liberalisation and restructuring of post-Communist economies.

According to Hughes and Hare (1992, p. 83), the essential elements of an effective programme of transition would broadly comprise:

- stabilisation (of inflation);
- economic liberalisation (of controls over prices); and
- ownership changes (including privatisation, restructuring and de-monopolisation).

In practice, however, while such elements were characteristic to both Russia (IMF *et al.*, 1990) and to central and Eastern Europe (EC, 1991), the economic transition as a whole has been influenced by powerful political and socio-economic constraints that varied considerably in each of the countries in the region (Matlay, 1995).

In common with contemporary Western beliefs and attitudes, much of the new thinking and the hopes for economic regeneration in central and Eastern Europe were centred upon the two inter-related concepts of entrepreneurship and small business development (Matlay, 1998a; Konings, 1997). The focus on a new “entrepreneurial culture” – based upon market-led innovation, opportunism and risk – contrasted radically with the old “bureaucratic-administrative” system that relied solely upon centralised decision-making and control (Bateman and Randlesome, 1997). In most of the newly created democracies in central and Eastern Europe, the pressures of rising youth and adult unemployment that invariably followed economic liberalisation propelled entrepreneurship and small business development issues into the forefront of political agendas. Paradoxically, however, in the early years of transition the influx of international aid became a stumbling block to the establishment of adequate support systems that proved crucial for the survival and growth of domestic small business sectors in Western Europe. Furthermore, the importance of education and training reforms to the transition process has been highlighted by the early difficulties experienced in Hungary, Poland and Czechoslovakia (Matlay, 1998b). The demand for entrepreneurial skills as well as the deficiencies inherent in their new labour markets had exposed post-Communist economies to adverse and debilitating

external shocks such as those caused by the termination of COMECON agreements and the Gulf War (Oblath, 1991 p. 94).

Entrepreneurial and vocational education and training (EVET)

In contemporary central and Eastern Europe, private and public institutes of higher education deliver a large proportion of entrepreneurial and vocational education and training (EVET). Interestingly, in the early years of transition, EVET courses leading to business, management, technical and specialised vocational qualifications were similar to those offered during the communist era, when lengthy “theoretical periods” were usually backed up by shorter “practical assignments” undertaken in relevant industrial sectors (Matlay, 1998a, b). Early in their research into transition, Amsterdamski and Rhodes (1993 p. 380) have noted that in most post-Communist countries there was a lack of a “strong interest in change”. The authors claimed that this situation was created and maintained by government officials and top managers, who were attempting to maintain the *status quo*. This manifested itself most strongly across teaching and research-oriented activities in publicly funded universities and “technical institutions”. The high ratio of teaching and research staff to student numbers and the old style curriculum largely confirmed the *status quo* thesis. Thus, much of the institutional change during the first years of transition could be described as relatively weak, with most of the educational and research structures of the communist era still in place (Matlay, 1995). Where circumstances and new legislation permitted, privately funded and fee charging higher education institutions emerged to satisfy the growing demand for EVET. Their vocational orientation, Western-style curriculum and teaching methods soon found favour amongst the entrepreneurial and “nouveau riche” classes. Furthermore, following the increased pace of privatisation and liberalisation of economic activity, attitudes towards entrepreneurship in general and EVET in particular began to change dramatically (Mugler, 2000).

Kulich (1996 p. 5) summed up the emergence of EVET in Eastern and central Europe as follows:

... on the whole, university professional continuing education as is common in "the West" was almost non-existent in this region until the 1990s, when it started slowly to be developed.

Unfortunately, most of the higher education institutions in the region were slow to grasp the importance of EVET and as a result:

... the universities especially seem to have left this field almost entirely to private enterprise, which mushroomed in this field since 1990" (Kulich, 1996).

Although many of these were local institutions, the transition period has also encouraged a proliferation of franchises of Western private education and training organisations, most of which established themselves in the region in order to take advantage of the "gold rush" of the early 1990s. These were staffed mainly by "know all" experts and "missionaries" of market economy, who often charged exorbitant fees in return for "prestigious" qualifications of dubious value to their trainees. Typically, most outside experts had only superficial knowledge of local needs or the socio-economic and political context in which Western-style training could be customised or delivered. Fortunately, not all foreign training and support organisations fell into this category and some made valuable contributions to the emergence of EVET and to local economic development (Matlay, 1998b).

The emergence of EVET was hampered, however, by a paucity of research on the training and human resource development needs of small business owner/managers and their workforce. The reasons for the scarceness of relevant empirical knowledge are both numerous and complex (Matlay, 1995). First, the sudden and dramatic collapse of communism in the region was followed by rapid and far ranging political and economic reorientation. Importantly, the development of the necessary institutional and organisational infrastructure to support radical change has been largely neglected or sidelined. Education in general and EVET in particular has had to make do with piecemeal or even experimental reform, much of which proved superficial or ineffectual. Second, most of the pertinent "knowledge" on EVET has been imported from the West and applied to local circumstances with little if any thought as to its relevance or effectiveness. Its

failures were often blamed on the speed of change or the cautiousness of the new regime. Third, in common with much of the local economic development in the region, the champions of small and medium-sized enterprise (SME) sectors in these countries had to compete with other organisational and institutional representatives for scarce resources and financial support. Finally, the attitudes inherited from a half century of one-party domination proved more detrimental to socio-economic change and development than most observers predicted in the euphoric aftermath of the Communist collapse.

It is also important to note that academic research in the newly liberalised economies in the region produced data of variable quality and usefulness (Mugler, 2000). Typically, the approaches and methods employed during the initial transition period were mainly those advocated and perfected during the Communist era. Furthermore, data collection was still viewed with suspicion and the emerging statistics proved liable to the manipulation and the double accounting so prevalent in the former, centrally planned tradition. Most established researchers were trained in quantitative methods and their dissemination rather than the much maligned and neglected qualitative approach. Due to early difficulties, both quantitative and qualitative research has grown much more slowly than anticipated (Matlay, 1998a). An extensive literature search has highlighted a paucity of empirical rigorous data related to the specific training needs of small business owner/managers in central and Eastern Europe. The longitudinal research upon which this article is based was designed to address this neglected aspect of entrepreneurship and small business development in the countries of transition.

Research sample and methodology

In the context of the transition from command to market economy, the birth and growth of small business sectors in the emerging democracies of central and Eastern Europe provided an unexpected but valuable opportunity for academic researchers to observe a wide variety of entrepreneurial activities on a scale hitherto unavailable in either the industrially developed or the developing countries. Furthermore, for some

of the academics already involved in comparative small business research and development, the opportunity to undertake comparative work on a Pan-European scale became a viable if rather daunting option (Mugler, 2000). The longitudinal research upon which this paper is based was closely modelled on ongoing work by the author, which involves an in-depth investigation of the *paradox of training* that exists in the small business sector of the UK economy (Matlay, 1996). Following the results of a pilot study undertaken in the UK (Matlay, 1993) a decision was made to extend this research to include small business sectors across Eastern, central and Western Europe. For this purpose, the English language questionnaire was translated and/or adapted for use in most of the countries across the New Europe. Designed to run over a five-year period (1995-1999), the first stage of this longitudinal research study relied entirely on native, non-academic agents who conducted telephone surveys and collected a set of quantitative data appertaining to the training needs of small business owner/managers and their workforce. For the purpose of this research study, respondents were randomly selected from the most complete commercial databases in central and Eastern Europe. Telephone and face-to-face interviews were carried out until a target sample of 1,000 private SMEs was achieved in each of the former communist countries (see Table I).

The strength of a domestic economy and the confidence of owner/managers in the ongoing transition process in the region and their own countries appear to exert a strong influence upon the response rates recorded across central and Eastern Europe. Due to

prevailing socio-economic and political circumstances, response rates varied considerably across the target countries. After two years, research in Albania had to be abandoned when local agents encountered substantial access restrictions and harassment. The lowest response rates were recorded in the former Yugoslavia where they ranged from an average of 51.2 percent in Croatia/Slovenia to 53.0 percent in Serbia/Macedonia/Bosnia-Herzegovina. The lower response rates achieved in the former Yugoslavia revealed the economic difficulties and political instability of civil war torn "splinter countries" that emerged from one of the most advanced and successful economies of the Communist era. In contrast, the response rates recorded in Hungary and Poland (81.5 percent and 83.8 percent, respectively) reflected the comparative political stability and socio-economic confidence of countries that, in the second half of the 1980s, set out to follow the example of Yugoslavia in their quest for the liberalisation of industry and commerce. Transition difficulties and the relatively slow pace of privatisation in Bulgaria (64.7 percent) and Romania (65.4 percent) were also evidenced by lower response rates. The peaceful separation of former Czechoslovakia resulted in two relatively successful countries and owner/manager response rates (76.2 percent in the Czech Republic and 74.9 percent in Slovakia) reflected their growing confidence in economic independence.

Allowing for specific country variations, the size distribution and spread of the research sample as a whole exhibited a number of interesting characteristics and trends (see Table II). Considering that, at the time, most of the SME sectors in the region had existed for just over five years, it was interesting to note that they already exhibited considerable similarities to those of market oriented, industrially developed economies. For example, there was a significant bias towards micro businesses and service sector activities. The total sample of 6,000 organisations comprised 4,592 micro businesses (76.53 percent), 885 small businesses (14.75 percent) and 523 medium sized enterprises (8.72 percent). Of the 4,592 economic units that were classed as micro businesses, 1,307 operated in the manufacturing sector (28.46 percent) and 3,285 in services (71.54 percent). The spread of small businesses,

Table I Research sample and response rates

Country of origin	Number of respondents (n = 6,000)	Response rate (%)
Bulgaria	1,000	64.7
Croatia/Slovenia ^a	500	51.2
Czech Republic ^b	500	76.2
Hungary	1,000	81.5
Poland	1,000	83.8
Romania	1,000	65.4
Serbia/Macedonia/Bosnia-Herzegovina ^a	500	53.0
Slovakia ^b	500	74.9

Notes: ^a former Yugoslavia, ^b former Czechoslovakia

Table II Size distribution of SMEs by sector of economic activity

Size band	Size definition	Number of employees	All firms (n = 6,000)	Manufacturing (n = 2,117)	Services (n = 3,883)
A	Micro business	1-10	4,592	1,307	3,285
B	Small business	11-50	885	433	452
C	Medium sized	51-250	523	377	146

however, was almost equal between the two sectors of economic activity: 433 of the 885 small units were in manufacturing (48.93 percent) and 452 in services (51.07 percent). In the case of medium sized businesses (523 units) 377 were active in manufacturing sector (72.08 percent) and only 146 in services (27.92 percent).

The tremendous growth in micro and small businesses in central and Eastern Europe can be explained by the tendency of smaller economic units to respond and compete in emerging or niche markets. Larger units tend to monopolise established markets and react more slowly to new opportunities. Liberalisation of markets in this region created a multitude of new market niches. Similarly, downscaling and restructuring in established sectors of economic activity have also created subcontract and outcontract opportunities where none existed before. In common with most contemporary market economies, service sectors in the region are expanding rapidly while traditional manufacturing is in decline. The excess demand appears to have been mopped up by newly formed micro and small businesses that thrive and grow in these market conditions. The demonopolisation of vast and mostly obsolete manufacturing structures has created large numbers of small and medium sized businesses that proved more competitive in rapidly changing economic conditions than their state owned counterparts. In the case of the service sector, demonopolisation favoured smaller as opposed to medium-sized businesses. The composition and size distribution of the research sample appears to closely reflect that of the emerging SME sectors of central and Eastern Europe.

Training in central and Eastern Europe

In entrepreneurship and small business development research, it is important to acknowledge the pivotal role played by owner/managers in the daily operation of smaller

businesses. All the respondents in micro and small businesses and the vast majority in medium sized enterprises were owner/managers. Other respondents in medium sized enterprises included personnel and training managers. The respondents in the research sample were questioned about the locus of control in training related decision-making processes (see Table III). Without exception, in micro businesses all the respondents indicated that it was the owner/manager (100 percent) who made most, if not all the decisions related to training. In small businesses, 79.55 percent of owner/managers were still responsible for training decisions, but personnel managers (14.35 percent) and key personnel (6.10 percent) were also involved in the process. Interestingly, just under two-thirds of owner/managers (61.57 percent) in medium sized businesses remained in control of the training process but a larger proportion of personnel managers (26.58 percent) and key personnel (11.85 percent) were becoming part of the decision-making process related to this important organisational function.

The importance of owner/managers to the training function cannot be overstated. In central and Eastern Europe, the entrepreneurial class has emerged as a powerful force that is actively involved in all aspects of the socio-economic and political transition. Owner/managers are perceived as courageous risk takers and hard working individuals and see themselves as business "pioneers" in the spirit of the "American Dream". In this context, the need to control most if not all of the important aspects of their businesses became obvious from the analysis of the data collected in this research study. At micro business level an owner/manager stays firmly in control of all the daily operations of his/her firm. The need to trust and delegate at least some of the minor aspects of the decision-making process only becomes imperative at small and medium size level, when a business has grown beyond the perceived and/or acknowledged control

Table III The locus of training decision making in SMEs

Size band	Size definition	Who makes training decisions?			
		Owner/ manager (%)	Personnel manager (%)	Key personnel (%)	Other employees (%)
A	Micro business	100.00	0	0	0
B	Small business	79.55	14.35	6.10	0
C	Medium sized	61.57	26.58	11.85	0

capacity of a single individual. Matters of delegation, however trivial, are viewed with acute suspicion, an approach that is blamed mostly upon the “bureaucratic-administrative” tradition inherited from the now obsolete Communist system. In particular, decisions related to training and human resources are regarded with deep mistrust, because in the past these were connected with selective promotion, rampant bribery and widespread nepotism.

Nevertheless, radical changes have been noticed in the human resource function of fast growing small and medium sized businesses, in particular in those organisations that have come to rely increasingly on “meritology” to achieve the turnover and profit targets expected by foreign partners and/or venture capitalists.

The telephone survey also measured, on a five-point scale, the respondents’ attitudes to training (Table IV). The vast majority of owner/managers exhibited a positive attitude to training. For example, in micro businesses, 77.35 percent of respondents claimed to have a positive attitude, 3.85 percent very positive, while a further 8.78 percent admitted to being indifferent towards this organisational function. In this type of firm, only 5.79 percent and 4.23 percent of respondents admitted to holding negative and very negative attitudes to training. Small business owner/managers exhibited very similar attitudes to those found in micro businesses: 78.53 percent positive, 4.41 percent very positive and 8.58 percent claimed to be indifferent to training. Only 4.86 percent and 3.62 percent of respondents disclosed their negative and very negative attitudes to training. In the case of medium sized

businesses, there was a significant reduction in responses relating to negative (0.57 percent) and very negative (0.38 percent) attitudes to training as well as in their indifference to it (2.68 percent). Conversely, positive and very positive attitudes to training have increased to 84.90 percent and 11.47 percent respectively.

Recent research on this topic has indicated that in smaller firms attitudes to training tend to influence the quality and the quantity of its provision (Matlay, 1996). Furthermore, owner/manager attitudes to training as well as their expectations of related outcomes were often acquired through personal experience, gained mostly during previous employment. Constructive experiences with training related activities at an early stage in their career usually resulted in positive or very positive attitudes towards it. Conversely, unsatisfactory or disappointing experiences/outcomes from training invariably resulted in negative or very negative attitudes that were likely to persist throughout their working careers. The comparatively high response in the positive and very positive category in central and Eastern Europe could be explained by a number of inter-related factors, including high levels of vocational education, positive training experiences and the relative ease of transition from school employment. In most of the countries in central and Eastern Europe, many of these factors were well established by the mid to late Communist period (1960-1990) and compared favourably with those influencing VET outcomes in Western Europe and elsewhere in the industrially developed world (Matlay, 1998b). Since 1989, some of the reforms that affected their education and

Table IV Owner/managers’ attitudes to training

Size definition	Very negative %	Negative %	Indifferent %	Positive %	Very Positive %
Micro business	4.23	5.79	8.78	77.35	3.85
Small business	3.62	4.86	8.58	78.53	4.41
Medium sized	0.38	0.57	2.68	84.90	11.47

vocational training systems have further improved the general quality of the labour force active in the region. Furthermore, Western assistance and support has opened up previously closed or protected borders and have enlarged the available pool of experienced, Western-educated trainers currently working in these countries.

Levels of training in the respondent micro, small and medium sized businesses were also measured on a five-point scale in order to evaluate the cumulative provision in each of these firms over the previous 12 months period (Table V). Once again, similarities were noted between levels of training provision in micro and small businesses. For example, 95.48 percent of micro and 93.33 percent of small businesses provided no training over the period under scrutiny. Furthermore, only 3.09 percent of micro businesses provided up to one day and 1.43 percent claimed to have supplied two to five days of training. Similarly, in small businesses, 4.52 percent of respondents admitted to having supplied up to one day and 2.15 percent claimed to have provided two to five days of training. None of the micro or small firms appears to have provided more than six days of training during the previous 12 months period. In medium sized businesses just over half (52.2 percent) of respondents admitted that, over the same period, no training was provided in their firms. In terms of actual provision, 25.62 percent of these firms supplied up to one day, 13.57 percent two to five days, 6.31 percent six to ten days and 2.30 percent in excess of ten days of training. In the context of the SME sectors of central and Eastern Europe it appears that size (measured in terms of employee numbers) is positively correlated to the level of training provision.

The data collected in the course of this research study appears to highlight the existence of a paradox of training in the SME sector of the countries under scrutiny. This paradox is similar to, and commensurable

with, that identified by the author in the UK. The paradox of training is particularly strong among the micro and small businesses in the sample. For example, 81.20 percent of respondents in micro businesses claimed to have positive and very positive attitudes to training yet 95.48 percent of them admitted not to have provided any training during the 12 months preceding the interviews.

Similarly, in small businesses, 82.94 percent of respondents held positive and very positive attitudes to training but 93.33 percent offered none to their workforce. Although of lesser magnitude than in micro and small businesses, this paradox also seems to hold among the medium sized organisations in the sample: a total of 96.37 percent of respondents claimed to have positive and very positive attitudes towards training yet over half (52.20 percent) admitted to having not provided training or related activities over the 12 months period preceding the interviews.

When asked to comment about the most important aspects that affected the provision of training in their businesses, the respondents in this research study have identified two types of factor: directly and indirectly relevant (Table VI). Directly relevant factors included prevailing economic conditions, the availability of relevant training and the market positioning of a firm. The economic conditions prevailing at the time when training decisions were made emerged as the most important directly relevant factor to affect the provision of training. In total 97.71 percent of respondents in manufacturing and 98.26 percent in service firms identified prevailing economic conditions as the major factor to curtail their training provision. The availability of relevant training emerged as the second most important factor and it affected 95.10 percent of all owner/managers in the manufacturing sector and 94.31 percent in services. The third directly relevant factor to influence training decisions involved the market positioning of businesses and was nominated

Table V Cumulative provision of training during the previous 12 months

Size definition	None provided (%)	Actual training provided (12 months)			
		1 day (%)	2-5 days (%)	6-10 days (%)	Over 10 days (%)
Micro business	95.48	3.09	1.43	0.00	0.00
Small business	93.33	4.52	2.15	0.00	0.00
Medium sized	52.20	25.62	13.57	6.31	2.30

Table VI Factors affecting provision of training in SMEs

Factors affecting actual provision of training in SMEs (central and Eastern Europe)	Manufacturing (n = 1,307) (%)	Services (n = 3,285) (%)
<i>1. Directly relevant</i>		
Prevailing economic conditions	97.71	98.26
Availability of relevant training	95.10	94.31
Market positioning of firm	92.65	90.32
<i>2. Indirectly relevant</i>		
Time constraints	48.05	49.68
Cost of training	47.90	46.33
Lack of financial assistance	43.45	42.86
Lack of in-house trainers	31.29	28.49
Lack of trainee cover	24.79	26.39
Lack of trainee motivation	22.19	15.74

by 92.65 percent of respondents in manufacturing and 90.32 percent in the service sector.

Thus, it appears that the harsh economic conditions that prevailed in the region since the early 1990s have negatively affected the spending power of SMEs in central and Eastern Europe and significantly reduced training provision in this important sector of economic activity. During the past decade, total spending in general and training expenditure in particular were severely curtailed by prolonged recessionary conditions that affected most of the countries in the region. Furthermore, even those owner/managers who budgeted for training related activities found it difficult to locate relevant programmes that would match their specific human resource development needs. Training shortages were particularly acute in emerging high technology sectors and tended to affect both manufacturing and service firms. The relative position of a firm in a given niche market appears to influence the type, intensity and duration of training in SMEs. A large proportion of micro and small businesses were involved mainly in long "runs" of limited ranges of goods, often on repeat order from large local organisations. To fulfil these orders of low quality, semi-finished goods, small manufacturing firms claim to require little, if any training. Similarly, most of the traditional service sector firms claimed to survive on low quality "in-house" training undertaken by either the owner/manager or a long serving and trusted employee. None of these "trainers" were either experienced or qualified in the provision of training or related activities. Individually and cumulatively, the directly relevant factors identified by these

respondents appear to have significantly affected the type, quality and duration of training provision in their firms.

The most important indirectly relevant factor to influence training decision-making processes in these SMEs involved time constraints. Time shortages affected the capacity of owner/managers to make strategic decisions and choices. In total, 48.05 percent of respondents in manufacturing firms and 49.68 percent in services were affected by considerable time shortages and related limitations. This influenced training decisions at all stages, including the evaluation of needs analysis as well as pre- and post-training feedback. The cost of training influenced the training decisions of 47.90 percent of owner/managers in manufacturing and 46.33 percent in services. Most respondents felt that external training was overpriced and that in-house activities also carried a considerable cost. Furthermore, they claimed to have difficulties in justifying actual training cost in relation to expected or achieved returns on their human resource investment. A further 43.45 percent of respondents in manufacturing and 42.86 percent in services claimed that they needed short, medium and long-term financial assistance with their training function. They argued that although funds were occasionally made available for this purpose, most of the official or foreign assistance was directed at larger, state-owned organisations and not at the private sector where it was needed most.

A lack of in-house trainers affected 31.29 percent of manufacturing organisations and 28.49 percent of service firms. Owner/managers and key employees delivered most of the in-house training even though none of

them appeared to be experienced or qualified trainers. As a result of time constraints and job-related interruption, in-house training delivered by owner/managers or key personnel was generally deemed unsatisfactory by both trainers and trainees. A lack of trainee cover influenced the human resource development decision-making processes of 24.79 percent of respondents in manufacturing and 26.39 percent in services. Due to their size and type of economic activity, this issue was particularly relevant to micro and small firms. Problems with trainee cover tended to compound those caused by time constraints and the lack of in-house trainers to the extent that in-house training was often postponed or even abandoned altogether. Lastly, 22.19 percent of owner/managers in manufacturing and 15.74 percent in the service sector claimed that they encountered problems with lack of trainee interest and motivation. In order to overcome this type of impediment and to improve the overall effectiveness of their chosen training programmes, owner/managers usually resorted to a variety of financial as well as non-monetary incentives and benefits. Indirectly relevant factors, although not as significant as the directly relevant ones, were still perceived by owner/managers as important influences upon training and related activities in their firms.

Concluding remarks

A number of interesting trends have emerged from the analysis of the comparative data collected in this research study. In common with the industrially developed world, the SME sector of countries in central and Eastern Europe comprised largely micro businesses. Similarly, their service sectors were significantly larger than the more traditional manufacturing base, which was in decline. Without exception, owner/managers in micro businesses made all the decisions relating to training and human resource development in their firms. In small and medium sized businesses, owner/managers remained firmly in control but other individuals, such as personnel managers and key employees, became increasingly involved in training related decision-making processes. Interestingly, a large proportion of respondents professed to hold positive and

very positive attitudes to training. Owner/manager attitudes appear to have been acquired early during their careers and were directly influenced by the quality of their own training experiences.

Significantly, however, the vast majority of respondents admitted that no training was provided in their firms during the 12 months preceding the interviews. This paradox of training in the SME sector of countries in central and Eastern Europe is commensurable with that observed by the author during a similar research study in the UK. According to respondents, a number of directly and indirectly relevant factors appear to have affected the provision of training in their firms. Directly relevant factors were perceived to have a significant impact on training provision and included the prevailing economic conditions, the availability of relevant training and the market positioning of a firm. Although less significant in terms of training provision, indirectly relevant factors involved time constraints, the cost of training, financial assistance and a shortage of in-house trainers as well as issues relating to trainee cover, interest and motivation.

These results could have a significant impact upon the knowledge base of interested parties involved in the promotion of entrepreneurship and small business development in the region. For example, policy-makers and regional development agencies could draw important lessons in relation to support for, and expectations from, SMEs operating in difficult local, regional and international economic conditions. Furthermore, the extent, direction and scope of foreign aid and regional assistance could be better evaluated and more effectively distributed by selectively targeting those groups of SMEs that require outside support in order to survive and grow. The same would apply to the distribution of national and local financial aid for the development of backward or neglected areas of economic activity in deprived urban, rural and inner city locations. The shortage of relevant EVET emerged as an important constraint for training provision and much more should be offered by public and private institutions of higher education as well as commercial training organisations. The overall success of socio-economic transition in central and Eastern Europe appears to depend largely upon the Western, free market

model of entrepreneurship and SME development. The results of this research study have shown that much could still be done, at local and regional level, to support and facilitate economic growth and private enterprise. In this context, concerted effort should be made to increase the quantity and raise the quality of EVET available to owner/managers operating in this important sector of economic activity.

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