

Past, Present and Future Management Development in the Former Republics of Yugoslavia

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In December 1989, Yugoslavia adopted an economic reform programme aimed at killing rampant inflation, stabilising the value of the dinar, privatization and movement towards a free market economic system.

Yugoslavia had for 40 years distinguished itself from other Central and East European countries by its unique brand of self-management and socialist economy. This system embraced many elements of non-centralized Western economic systems, but combined with widespread "social ownership" and self-management as a decision-making process as well as a social political system. With this system, Yugoslavia achieved an impressive growth record in the 1960s and early 1970s. However, foreign borrowing subsequently burdened the country with substantial debt service payment. Money printed to cover the large federal deficit to support inefficient industry and inflation in the late 1980s, eventually ran out of control.

In this system management took on a very special character. The position of manager was an office rather than a profession. Managers were chosen and appointed by a workers' council and were held responsible to them.

Human resources management was likewise underdeveloped and limited to the basic function of personnel administration and, while management schools existed, they performed the functions of supporting the status quo rather than developing professional managers and professional management skills. Nevertheless, management education, as we understand it, did get a start in Yugoslavia earlier than in the other socialist countries of Central and East Europe. It is significant that the first Yugoslav management school (The International Executive Development Centre) was established in the most developed northern republic, Slovenia (in 1986), which through its important export volume (it makes one-third of all Yugoslav exports) was also the most market-oriented Yugoslav republic*.

Management Education

The beginning of management education in Yugoslavia in the late 1970s, can be found in two kinds of institution: universities (especially faculties of economics and of organization of work), and chambers of commerce, which exist in every

* This article was written in 1991, before Slovenia became an independent state.

republic and at the federal level. Chambers of commerce are, in Yugoslavia, important associations of industry and have special departments of education. These departments take care of vocational training and of the education of managers. Each chamber organizes a number of short (from one day to one week) courses for different levels of managers. The most active in this respect were the Slovenian and Croatian Chambers of Commerce, creating permanent forms (even special educational centres) of education for people working in international trade, and programmes for top managers. The Slovenian Chamber of Commerce was the only one to institutionalize such activities.

Since these schools operated under conditions of self-management and social property, their main concerns were to deal with the legal frame of the enterprise, the social and political environment, labour relations and self-managed practices, etc. The international environment, marketing and organization of work were also important parts of the curriculum, and in the 1980s quality control became an important issue.

The main characteristic of the early beginnings of management education was its accent on political issues. Very often, the sessions finished with managers complaining that they could not do anything to implement better practices since the political and economic system did not allow it. Since performance was not measured, and the system made it impossible to dismiss bad performers, it was very difficult, for instance, to motivate employees. On the other hand, political criteria prevailed in decisions about investments and appointments of managers to important positions.

In 1985, the Slovenian Chamber of Commerce decided to change radically the curriculum of the Executive Development Centre in the direction of a real management school. The new institution started to operate at the beginning of 1986. The school integrated the programmes of the best management schools in Europe (such as INSEAD, IMEDE — now IMD — and others), invited a number of foreign faculty and installed very high standards of quality in all aspects of management education. Derek Abell, a visiting professor from IMD commented:

Many people ask why so many excellent professors from IMD, INSEAD, Harvard, MIT and other leading schools come to the International Executive Development Centre. The answer is simple. For those of us interested in the development of the "New Europe", Slovenia lies at the crossroads between East and West — geographically but also economically. Slovene management has already established an important foothold in Western markets, and has much to tell other socialist countries on the road to market economies. But equally important, the International Executive Development Centre is well on the road to becoming the leading executive education institute in the whole area — and we are all supporting this effort of the Director and her staff to realize the enormous future potential which exists there.

As founder of the new Executive Development Centre, I was myself confronted with all the questions that the Yugoslav economy faced. What is management? What are the abilities and skills required? How can they be developed? I visited some leading European management schools to find out what they did, and interviewed 50 Slovene industrial leaders. Out of this came a 70-page proposal to the Slovene Chamber of Economy for a completely new school. The word "management" was still politically "off-limits", so in the proposal I referred

to the new school as a "Centre for educating leading people in the economy". With this language the proposal was accepted and we started to develop and grow. Slovene management, in spite of the cautious wording, now had a place to go to develop the professional skills needed.

The introduction of economic reform in Yugoslavia gave management education a new importance. Managers started to see clearly the necessity of education themselves. They became ready to spend more time and money in the educational institutions.

Besides the International Executive Development Centre, which took a lead in these processes, many new educational institutions emerged, concentrating primarily on MBA studies at the universities and on executive education at the chambers of commerce. We notice also the emergence of the first private business school in Zagreb and some private institutes for management (e.g. the Slovenian Institute of Management in Ljubljana).

Tables I and II summarize the Yugoslav situation as of mid-1991. Table I shows the institutions engaged in executive education, while Table II shows the institutions engaged in MBA education.

Most of the MBAs started in 1991. As Table II shows, the Ljubljana and Maribor Faculties of Economics (in Slovenia) rely mostly on their own faculty and the teaching is primarily in the Slovenian language. In 1991 Zagreb University introduced an MBA in co-operation with Florida State University, and the teaching is partly in English. In 1991 the International Executive Development Centre at Brdo pri Kranju (Slovenia), launched the first *executive* MBA in the English language with a strong mix of international faculty (primarily from INSEAD, IMD, Harvard, Sloan, etc.). Already in the first year participants were recruited from Eastern and Western Europe as well as Yugoslavia. Management education is also in English at the International Centre for Public Enterprises in Developing Countries situated in Ljubljana.

Teaching methods for MBA studies as well as for executive education vary from school to school. The most participative are the courses with foreign teachers (case, projects, simulations, discussion groups). Yugoslav studies are sometimes too theoretical and too abstract. Often they are also built too much around a specific expertise, developed at the particular faculty. In faculties of economics, MBAs often do not get enough interdisciplinary views of business, and the development of managerial skills is rather neglected.

Another very big problem is teaching material. Case outlines about Yugoslav enterprises hardly exist but in 1991 ten cases were written under the sponsorship of UNDP (IMV Adria A and B, First of May A and B, and Saturnus A and B) and EFER (ESKOD A and B, 'Aleksander and Zdenka', Hidronorm). Software is not developed, and contact with the business community is poor. In this, the schools founded by the chambers of commerce have an advantage.

Looking at the variety of business schools in Yugoslavia, their partners, their background, etc., it is certainly impossible to talk about a "Yugoslav style" of management education. Some schools rely more on American experience, others more on Western European experience. Most of the schools try to combine their own expertise and experience with foreign experience in order

| Institution | Seminars per year | Duration | Language | Participants per seminar (approx.) | Fee | Professors (foreign/local — respective percentages) |
|---|-------------------|--|--|------------------------------------|---------------|---|
| International Executive Development Centre, Brdo pri Kranju, Slovenia | 55 | Two days to five weeks | English, Italian, German, Slovene, Croat | 30 | DM300-500/day | 85/15 |
| Faculty of Economics, Ljubljana | 20 | Three to four days | Slovene/English | 50 | DM180/day | 5/95 |
| Chamber of Commerce of Macedonia | 7-8 | Seven days | Macedonian | 25 | DM100/day | 40/60 |
| International Center for Public Enterprises, Ljubljana | 5-6 | One week to two months | English | 30 | no data | 85/15 |
| Institute for Sociology, Political and Law Research, Skopje | 8 | Two to three days | English, Macedonian, Croat, Serbian | 50 | DM230/day | 70/30 |
| Business Weekly, Ljubljana | 15 | One day | Slovene | 100 | DM130/day | 5/95 |
| Faculty of Business Economics, Maribor | 30-40 | Two-three days | Slovene | 20-25 | DM140/day | 0/100 |
| Zagreb Business School | 80 | Two-five days | Croat/English | 20 | DM100-150/day | 25/75 |
| Chamber of Commerce of Rijeka | 15 | One to five days | Croat | 50 | DM100/day | 20/80 |
| Chamber of Commerce of Vojvodina | 12 | One to five days | Serbian | 80 | DM250/day | 70/30 |
| Chamber of Commerce of Serbia | 50 | One to 15 days | Serbian | 80 | DM100-300/day | 60/40 |
| Chamber of Commerce of Croatia | | (Planned in autumn 1991 with Florida International University) | | | | |
| Training Centre for Foreign Trade, Radenci | 50 | Three days | Slovene/English/German | 25 | DM200/day | 10/90 |

Table I.
Continued

Table I.
Executive Education

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|--|----|---|---------------------|-------|---------------|-------|
| Chamber of Commerce of Zagreb | 40 | Two days | Croat | 30 | DM70/ day | 10/90 |
| Slovene Institute for Management, Ljubljana | | (Teaching consulting activities in companies) | | | | |
| Gea College, School for small business, Ljubljana | 22 | Three to four days | Slovene | 25 | DM230/ day | 5/95 |
| Faculty of Economics, Titograd | 2 | 14 days | English/ Serbian | 50 | DM35/ day | 50/50 |
| Faculty of Economics + Chamber of Commerce of Bosnia and Hercegovina | 4 | Seven days | Serbian | 50 | DM200/ day | 50/50 |
| International Institute for Management, Belgrade | 6 | One to 40 days | English/ Serbian | 50-60 | DM250/ day | 60/40 |
| (Planned in autumn 1991 with Florida International University) | | | | | | |

Table II.
Continued

| Institution | Duration | Language | Participants per seminar (approx.) | Fee | Professors (foreign/local — respective percentages) |
|--|---|----------|------------------------------------|-------------|---|
| International Executive Development Centre, Brdo pri Kranju, Slovenia | One year (Executive MBA) | English | 25 | DM 16,000 | 90/10 |
| International Center for Public Enterprises in Developing Countries, Ljubljana | One year | English | 15 | US\$ 19,000 | 85/15 |
| Faculty of Economics, Ljubljana | One year (Thurs, Fri, Sat) | Slovene | 30 | DM 6,000 | 10/90 |
| Faculty of Business Economics, Maribor | One to one-and-a-half years | Slovene | 25 | DM 10,000 | 10/90 |
| Faculty of Economics, Belgrade | Three MBAs: Two years: 1. Marketing 2. General management 3. Services | Serbian | 100 | DM 16,000 | 10/90 |

| | | | | | |
|---|---|-------------------|------------------|-------------------|-------|
| Faculty of Economics, Sarajevo, and Chamber of Commerce of Bosnia and Hercegovina | One year or two years with The Netherlands International Institute for Management (RVB) | English | 30 | US\$ 7,000 | 10/90 |
| School of Business Administration, Zagreb | Two years | Croat, English | 20 | DM 16,000 | 30/70 |
| Faculty of Sociology, Political Science and Journalism, Ljubljana | Two years (Thurs, Fri, Sat) | Slovene | 15 | no data | 10/90 |
| Faculty of Economics, Titograd | Two years with Eastern Washington University | English | 30 | DM/1,000 semester | 50/50 |
| <i>MBAs in preparation</i> | | | | | |
| Zagreb Business School (9.91) | Five times a year with Henley — The Management College, each lasting three semesters | Croat/ English | 4 × 30 1 × 30 | DM12,200 | 25/75 |
| Faculty of Economics, Osijek | (Planned, no data) | | | | |
| Institute for Sociological, Political and Law Research, Skopje | (Planned with the help of TEMPUS) | | | | |
| Center for Human Resource Management, Skopje | (Planned in co-operation with Yugoslav universities) | | | | |
| Faculty of Economics, Split | (Planned in co-operation with INNEA (Bologna), financed by TEMPUS) | | | | |
| Chamber of Commerce of Croatia | (Planned for autumn in co-operation with Florida International University) | | | | |
| International Institute for Management, Belgrade | (Planned for autumn in co-operation with IFAM, duration 20 months) | | | | |

Table II.
The MBA

to get a new quality. As the citizens of this part of the world feel themselves European, there is a strong belief that they should contribute to the development of a European style of management.

The Future

The scale of the management development need, combined with the crisis atmosphere in which needs must be met, leads me to conclude that management education alone cannot do the job. Even more than in the West (where a marked redefinition of management education's role in a larger system of change is also under way), management education must be seen as one piece of a broader system.

I believe in particular that management development needs a *combination* of general management education, consulting and personal counselling help, and processes which provide learning opportunities as managers wrestle with their own specific problems. The managerial workplace must also become a classroom. We must devise new educational processes (project work with students and teams of executives is one of these) to meet management's immediate as well as longer-term needs. In this kind of "hands-on" learning, which is so desperately needed, we hope to lead, not follow, Western practice.

What Should Be Taught?

Any debate about what might be taught in these newly emerging institutions usually covers not only the knowledge and skills of professional managers, but also the attitudes and values needed to compete in a complex global economy. Further, the teachers have to tackle the current situation of the East as a starting point. Thus any entrepreneurial and managerial activity has to be founded on an understanding of the reform process itself and on legal and organizational forms in a market-driven economy. To understand and to support this, management should know marketing, an integrated quality approach, accounting and control systems, productivity improvement, and the like. Above all, they should have the skills to manage change. They should know languages (English is No. 1), to make contacts with the business world, to attend seminars with foreigners, and to read the advanced literature. Specific subjects that should be taught are shown in Table III.

Most of these subjects could be recommended to any management school in the developed world, but there is one big difference; the process of learning has to start with the basics but it must also meet the needs of those companies that are already competing successfully in demanding world markets. Besides, what is in one country the most important issue may not be so in another. Productivity and quality improvement is, for instance, now critical in the Commonwealth of Independent States (formerly the Soviet Union), Poland, Bulgaria and Romania — as it was some years ago in Yugoslavia. The same goes for marketing. The main issues in the former Yugoslav Republics today are the internationalization of companies, financial controls, management of technological innovation, creativity, negotiation and communication skills, etc.

Updating on reform processes
Getting a "market orientation"
Productivity and quality improvement
Shifting to higher value products
Understanding market segmentation and marketing
Business planning; strategic management
Human resource management
Restructuring organizations
Management of service
The European and world environment
International business; international marketing; exporting
Basic financial and accounting skills
Collecting/using business information
Management information systems; computer use
Financial controls
Negotiation skills, communication skills
Foreign languages for management

Table III.
Specific Subjects for
Yugoslavia

Who Should Be Taught — Target Audiences

I am personally convinced, as are many others in Eastern and Central Europe, that change must start from the top. So must management development. And, as I have pointed out earlier, it must provide not only general concepts and skills but contribute directly to the resolution of pressing problems on these leaders' agendas. MBA education is an ingredient in the change process, but to get fast results, it should be balanced by senior executive development and counselling. Unfortunately, many new schools in Eastern and Central Europe are starting with "student"-level business education, including rapidly spreading MBA-type education, and ignoring the decision makers at the top. One obvious reason is that they have few teaching materials, little contact, and hardly any experience for addressing this vital segment (does this sound familiar to Western firms?)

I believe that, starting from the top, there are three target audiences to address:

- (1) senior enterprise management;
- (2) senior public officials with:
 - enterprise responsibilities;
 - public administration responsibilities;
- (3) entrepreneurs leading smaller but high-growth-potential firms.

Once these needs are being looked after, and the wheels of real change get in gear, management development at lower levels will fall on fertile ground. I am not, of course, arguing for ignoring MBA education and the like, but I am arguing for balancing student education with a heavy dose of senior management development.

Conclusion

Management education in the former Yugoslav Republics is developing in diverse ways, reflecting the diversity of needs and the diversity of stages of development of the different republics, and of enterprises within them. The most advanced management education institutions are already international in orientation, experienced in executive education, and challenging the best European schools in terms of quality. They are attracting excellent participants not only from their own region, but from other countries in Eastern and Western Europe. They are attracting the attention of the international executive development community and of leading multinational firms — especially those operating in Eastern and Central Europe. Other institutions, more domestic in orientation, and more oriented to students than executives, are also experimenting in new and interesting ways, providing strong forward momentum and support to the overall reform process — in spite of current political difficulties.