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**Investing in
Human Capital:**

**Poland's Transition
to a Market
Economy**

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Arthur L. Warman, Team Leader
David Harmon
Jean Gilson

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Development Alternatives, Inc. 624 Ninth Street, N.W. Washington, D.C. 20001

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EXECUTIVE SUMMARY

Nine years of sporadic movement toward a free market economy culminated in serious economic reforms at the end of 1989. After six months of free market economics, Poland is at a critical economic and political juncture: accelerated economic progress must be fast in coming. Although the economic reform program is far-reaching and in many ways successful, some feel that time is running out and that the program (and democracy) is in jeopardy.

Poland, although new to real economic reform, has various advantages: its location between Eastern Europe and Germany; a large, relatively well-educated labor force; and the only agricultural sector in Eastern Europe that remained largely in private hands under a communist regime. Moreover, 40 percent of the population farms or works in agricultural activities, representing a large potential source of demand for Polish manufactured goods. Furthermore, Poland's large agricultural sector represents export potential for both agricultural and processed products. The housing sector, beset by structural impediments, lack of financing mechanisms, and a deteriorating economy, holds promise if these problems can be resolved. There is a persistent and growing housing deficit, which if answered could provide business and employment opportunities to the construction industry.

To complete its transition to a market economy, Poland will require an environment in which the private sector can flourish. An important element of that environment is entrepreneurial and managerial talent. The urgent need to develop managers capable of operating in a market economy is becoming widely recognized.

The principal goal of U.S. assistance to Eastern Europe is to support economic reforms that, in turn, spur market-oriented policies and growth led by a vigorous private sector. The basic framework for U.S. assistance to Poland is the Support for East European Democracy (SEED) Act, which has two broad objectives: (1) fostering free market-oriented economies and private enterprise, and (2) supporting political pluralism through assistance to democratic institutions.

CONCLUSIONS

Polish enterprises with management training needs or responsibilities fall into four groups: training and private sector support organizations; entrepreneurs and small and medium-scale enterprises; banking and finance organizations; and agribusiness, housing, and state-owned enterprises (SOEs).

Two characteristics mark Poland's **Training Institutions and Private Sector Support Organizations (PSSOs)**: many institutions and most business training programs are brand new. Until very recently, "business" training was done within the context of responding to the production requirements of a command economy. Western business training that emphasized profits, return on investment, financial and cost accounting, financial management, the primacy of the marketplace, and investment in human resources was virtually unknown. Overnight, training institutions are having to do

an about-face to meet the new knowledge and pedagogy required by Poland's shift to a market economy. Thus, curricula have to be developed and adapted, new pedagogical techniques have to be instilled, and faculty/trainers have to be almost completely revamped.

The obverse of the institutional side is the business owners and managers themselves. This group cuts across most sectors of business activity and comprises the **Small and Medium-scale Enterprise (SME)** sector. This sector is the heart of Poland's private enterprise activity. Its members include traditional entrepreneurs with little interest in business skill training and "new-style," younger entrepreneurs with a great deal of interest in acquiring business skills. The traditional entrepreneur considers practical experience to be the best source of the knowledge necessary for managing his business. With little time or interest in formal training, this cluster of entrepreneurs needs predominately information support, networking, assistance with contacts, and capital. To the extent that this group is open to training at all, it is to practical training for new technology and equipment. The new-style or modern entrepreneur has a much more precise understanding of his training needs, which include management; marketing; financial management (cost accounting and control); foreign languages, especially English and German; information on trade practices and importing country regulations; and the ability to conduct commercial negotiations with Western contacts.

The **Banking and Finance** sector, crucial for the development of the private sector, has enormous and immediate training and technical assistance needs. The needs range from simple front and back office operations to the establishment of a modern capital market. Key for the private sector today, however, is that banks be able to provide credit on a timely basis and carry out normal depository and clearing transactions rapidly.

Housing and Agribusiness, two key sectors for Poland, are illustrative of most other productive sectors in Poland. They operate with 30- to 40-year-old technology and equipment, have little access to domestic and foreign business information, and lack the business skills particular to their own sector. Here, the training needs are in fields such as management, marketing, and finance, including industry-specific business skills and new technical skills.

An analysis of the needs of these groups is presented in Sections Three and Four of this report.

RECOMMENDATIONS

Of the Eastern European countries, Poland is in a unique position because of its size, economic diversity, and rapid and serious move to a market economy. A sense of urgency leads the field team to emphasize recommendations that have the potential for quick impact in stimulating the private sector. The desire for quick results entails the need to seek specific outcomes by working with existing institutions in a short time frame. Urgency necessitates the leveraging of other funding, other U.S. assistance projects, and other donor activities, so that a multiplier effect may be obtained. Thus, recommendations for training and technical assistance to Poland are somewhat weighted to the immediate, but are designed to carry into the medium term and be sustained in the longer term without continued foreign assistance.

Support to Poland's weak, but growing, training infrastructure requires careful selection of the institutions to assist, as well as careful focus on how to change the teaching thrust and strengthen teaching quality. Strengthening those training institutions and private sector support organizations is currently the most efficient and cost-effective way of reaching the many new business owners and state-owned enterprise (SOE) managers who are and will be entering the market economy.

On the public sector side, an immediate audience are those thousands of newly elected local and regional public officials who have a new responsibility — that of providing a legal, regulatory, and economic environment conducive to the growth of the private sector. Support should be targeted to those public sector agencies directly involved in local and regional economic development. On the private sector side, the principal audience is the SME, the main component of the private sector. As the primary focus, it will be the engine of the private sector in the future.

In view of the immediacy of Poland's situation, the banking system's operational constraints must be addressed at once so that business can be conducted rapidly and efficiently. A viable, efficient banking system is the linchpin to a well-functioning private sector.

Housing and agribusiness are key to Poland's success in its move to a market economy. These sectors are a mixture of small and medium-size private enterprises and large state-owned enterprises. Support to these sectors should emphasize immediate action so that firms can have access to information and new technologies as well as acquire rapidly those business skills that a market economy demands.

The enterprise focus of the Polish assistance strategy is largely on Polish-owned firms and their owners and managers. SOEs and agribusiness cooperatives, to the extent that they become private entities, are also part of the assistance strategy. Polish-foreign joint venture firms are not focused upon because they have the advantage of being able to arrange internal training from the foreign partner side.

Recommendations follow for the four target-group categories: training and private sector support organizations; small- and medium-scale enterprises; the banking and finance sector; and the agribusiness, housing, and SOE sectors.¹ Assistance to the target groups are divided into four areas: scholarship assistance, technical assistance, commodities and English language training. These recommendations are presented in greater detail in Section Five of this document.

Training and Private Sector Support Organizations

1. Scholarship Assistance

- Provide U.S. training to retool key faculty in critical business skill subjects.

¹ Because of the complexity and scale of assistance to Poland, recommendations were also developed for a regional approach to training assistance. This is a concentrated strategy that incorporates the four focus areas. Recommendations for the regions of Poznan and Drakow are presented in Section Five.

- Provide tailored internships in U.S. firms, banks, and business associations for key faculty as well as for key officers of PSSOs.

2. Technical Assistance

- Provide business curriculum development and improvement for universities and training institutions, and update faculty in key business skills.
- Develop linkages between Polish universities and training institutions and appropriate U.S. business schools.
- Train the faculties of educational and training institutions in business teaching skills.
- Assist PSSOs in the development of data banks of information on domestic and foreign markets, suppliers, and business contacts.
- Strengthen national PSSO outreach capabilities to regional and local chambers.
- Train instructors with the Confederation of Polish Employers for subsequent training of SOE managers and private sector managers to take over top management positions of privatized SOEs.

3. Commodities

- Provide one-time inputs of audiovisual, office, and computer hardware and software to universities, training institutions, and PSSOs according to need on a case-by-case basis.
- Provide educational materials to universities, training institutions, and to those PSSOs that will offer training to member firms.
- Provide computer hardware and software to the Polish Chamber of Commerce for its consolidated data bank.

4. English Language Training

- Offer language training assistance only in conjunction with scholarship and internship opportunities.

Small- and Medium-scale Enterprises

1. Scholarship Assistance

- Establish internships for selected owners and senior managers with comparable U.S. firms and with dynamic Polish firms.

2. Technical Assistance

- Help local PSSOs develop training programs for small business development in order to make SMEs "bankable."
- Expand local PSSO business development training programs into training in business skills necessary for survival in a market-driven economy.
- Establish data banks with market, supplier, and business contact information.

3. Commodities

- Provide business educational and development materials to local PSSOs.
- Provide computer hardware and software to those local PSSOs developing data banks.

4. English Language Training

- Provide language training to local PSSO training staff for those owners/managers going on U.S. internships.

Finance and Banking Sector

1. Scholarship Assistance

- Offer selected long- and short-term training, as well as internships in key areas of commercial banking and financial market activity.

2. Technical Assistance

- Support the development of Poland's banking system with technical assistance to the National Bank of Poland and the Ministry of Finance in developing and implementing bank supervision, licensing, regulation, and bank privatization.
- Help establish front and back office operations, and provide training in these operations for several commercial banks and specialty banks.
- Provide training assistance for the above banks in credit analysis and SME lending.

- For those banks involved in lending for housing, provide training in savings mobilization and the linking of savings to long-term housing and building financing.
- Under the aegis of the International Banking School, offer training in topical bank subjects where U.S. assistance would have a comparative advantage, such as tailoring and marketing of appropriate financial products and services.

3. Commodities

- Provide educational materials on topical bank subjects to selected training institutions.
- Provide computer hardware and financial software to the School of Finance.

4. English Language Training

- Provide for sufficient, timely language training for financial training and internship candidates.

Agribusiness, Housing, and State-Owned Enterprises

1. Scholarship Assistance

- Establish internships for selected owners and senior managers in agribusiness and housing with comparable U.S. firms and with dynamic Polish firms.

2. Technical Assistance

- Provide U.S. regulations and import procedures for food products to national and local PSSOs to help Polish food processors access the U.S. market.
- Disseminate U.S. technology in agribusiness and construction sectors to local Polish chambers of commerce through observation tours in the United States.
- Provide training-of-trainer assistance to local PSSOs in food processing and construction technologies.
- Provide assistance in developing housing standards to the Ministry of Construction and the chambers of small-scale industries.
- Provide for training in business skills for cooperatives that are becoming private entities.
- Via the chambers of small-scale industries, provide for training in missing business skills specific to the housing industry.

- Help create commercial linkages between Polish food processors and housing firms and appropriate U.S. firms (suppliers, customers, food brokers, future partners).

3. Commodities

- Provide food and soil testing equipment to the Ministry of Agriculture.
- Provide educational materials in business skills to local PSSOs.

4. English Language Training

- Provide language training to local PSSO training staff for those owners/managers going on U.S. internships.

SECTION ONE

INTRODUCTION

U.S. ASSISTANCE TO POLAND

On January 1, 1990, the hyperinflating command economy of Poland plunged into free market economics. The market forces unleashed during the first five months have produced effects both exhilarating and painful. Fixed squarely in the middle of its transition between economic systems, the government now warily eyes the clock. Thus far, the Poles have been remarkably patient with the painful side of the transition.

Recognizing the urgency, multiplicity, and depth of Poland's needs, the U.S. government enacted the Support for East European Democracy (SEED) Act, which offers support during Poland's transition to democracy and a free market economy. The United States is coordinating its assistance efforts with those of the European community. In Washington, U.S. agencies are organizing assistance in the areas of currency stabilization, development of the private sector, technical and business skill training, scholarships, trade credit insurance, labor reform, educational and cultural exchange, and specific environmental help. Early FY 1990 activities have included assistance to private farmers under an ongoing program, technical assistance to farmers and cooperatives, technical assistance and funding for privatization efforts, scholarships, educational and cultural exchanges, trade initiatives, and labor reforms.

The principal goal of U.S. assistance to Eastern Europe is to support economic reforms that will foster the adoption of market-oriented policies and encourage the growth of a vigorous private sector. The framework for U.S. assistance to Poland is the SEED Act, which has two broad objectives:

1. To encourage free market economies and private enterprise; and
2. To support political pluralism through assistance to democratic institutions.

Economic assistance to Poland will focus on mobilization of private sector investment through an enterprise fund, trade development, and the creation of modern financial markets; support for the process of privatization of parapublic business organizations; training in business and technical skills; and specific interventions in the environmental area.

For Poland, the core of the SEED legislation is the Polish-American Enterprise Fund, which authorizes \$240 million to promote policies and procedures that foster private sector growth, including support for small businesses, joint venture investments, and the agricultural sector. Assistance will be given through a variety of mechanisms: loans, grants, equity investments, training, technical assistance, and feasibility studies.

The SEED Act supports bilateral activity in Poland by a variety of U.S. agencies, including the Agency for International Development (A.I.D.), the Department of State, the Department of Labor, the Department of Commerce, the U.S. Information Agency, the Department of the Treasury, the Department

of Energy, the Environmental Protection Agency, the Peace Corps, Eximbank, the Overseas Private Investment Corporation, and the Trade and Development Program.

A.I.D.'s defined role is "to develop and implement a program for extending basic agribusiness, commercial, entrepreneurial, financial, scientific, and technical skills to the people of Poland to enable them to better meet their needs and develop a market economy." To thoughtfully plan and target its assistance program for maximum impact, A.I.D. commissioned a study of the management training needs in Poland.

PURPOSE OF THE STUDY

This report presents the findings and recommendations of the management training needs study conducted in Poland in April and May 1990. The objectives of the assignment were:

- To examine human resource constraints on the development and sustained growth of a market economy;
- To assess in-country training resources in relationship to their capacity to address identified constraints; and
- To recommend a multiyear strategy to address training needs resulting from the development of a free market economic system.

The study was conducted in three phases. The first phase involved a review of relevant documents addressing the following issues: the economic transformation of Poland, characteristics of the Polish private sector, and descriptions of those key subsectors and institutions in the public and private sectors that play critical roles in the development of a market economy.

In the second phase, a two-person team spent five weeks in Poland (with support of Polish professionals) interviewing entrepreneurs and managers of companies, cooperatives, and state-owned enterprises (SOEs), as well as leaders of training institutions and private sector support organizations, to acquire basic information for the study. The team also discussed relevant issues with a wide cross-section of national and local government officials. Analysis of the findings, formulation of the recommendations, and preparation of this report comprised phase three.

A more detailed description of the project methodology is provided in Annex I of this report.

SECTION TWO

BACKGROUND

ECONOMIC LIBERALIZATION IN POLAND

INTRODUCTION OF A MARKET ECONOMY

Poland's move toward a market economy has occurred in three stages. The first had little success and the second had only very modest success. These efforts did, however, help set the stage for today's more comprehensive, serious move to free enterprise and a free market economy.

First Stage: 1981 Reform Program

In the 1970s, Poland attempted to modernize an inefficient, vertically integrated, and highly concentrated industrial sector born of an extensive growth strategy (investment in new plants coupled with greater use of raw materials, energy, and labor). The failure to modernize prompted the government to try to decentralize industry and remove itself from the decision-making process of the firms themselves.

In an effort to decontrol and decentralize the industrial sector, the government implemented indirect controls of credit, tax, and subsidy policies, coupled with price liberalization. Most industries, however, remained under the control of the government, because of specific industry exemptions, ongoing barter arrangements with other Eastern countries, failure to disband the "voluntary associations" of industries, and, most importantly, the appointment of Communist Party personnel (*nomenklatura*) to key management positions throughout the SOEs. Price liberalization was also a failure, as the government increased the range of administered prices for producer and consumer goods. The result was falling production, shortages, and rationing. By the end of 1985, it was clear the reform program had failed.

Second Stage: 1986 to 1989 Reform Program

During 1986 and the first part of 1987, various reforms were attempted to transform Poland's economy into one of "market socialism." These were rendered ineffective because of exemptions granted SOEs and other interests. Liberalization of private enterprise made some modest steps forward; the most successful was the expansion of fields of business activity in which "Polonia" firms¹ could operate. In addition, the maximum allowable number of employees for a private enterprise was raised from six to 50.

¹ A Polonia firm is one established by an expatriate Pole(s), 100-percent privately owned, and given various incentives. The government allowed the development of this class of firm to stimulate foreign investment.

Other initiatives were less successful. By 1988, the joint-venture law of 1986 had resulted in only 12 joint ventures. Price increases, which were to bring some rationality to the price system, were diluted. Trade union response to these price increases was to demand an equal wage increase, which culminated in a series of strikes during April to August 1988. The need for change gave rise to the third stage.

Third Stage: The 1990 Reform Program

On January 1, 1990, the government introduced a reform program more radical than anything previously attempted in Poland or elsewhere. The first objective was to break the hyperinflation that was running at the rate of 2,000 percent a year at the end of 1989. The second was to begin the transformation of the still centrally planned economy into a competitive market system based on private ownership and enterprise.

The Polish economy was in disarray at the end of 1989. Durable goods were in short supply. Queues and disguised unemployment were prevalent. Budget subsidies were 14 percent of gross domestic product (GDP) and most prices were controlled. Foreign exchange was rationed and the parallel exchange rate was 10 times the official exchange rate. Eighty percent of the economy was in SOEs, which were too vertically integrated, overly energy intensive, and overmanned. Ownership rights were vaguely specified, and control rested in the hands of workers' groups, which, in resisting the Communist government, resisted both restructuring and wage restraints.

Dramatic measures were adopted after January 1:

- The zloty was devalued 58 percent on January 1. The currency became convertible, and individuals were allowed to purchase and sell foreign currency. This step was crucial to opening up the Polish economy. Virtually all quantitative and licensing restrictions on foreign trade have now been eliminated.
- The subsidy cuts begun in 1989 were further slashed. Subsidies were eliminated on bread, meat, and many other products. Coal prices to consumers increased by 600 percent and to producers by 400 percent. Electricity prices tripled and transport prices doubled. Partly as a result of these subsidy reductions, the government was, by May, running a budget surplus, and there was a chance for a balanced budget in 1990. In 1989 the budget deficit amounted to 8 percent of GDP.
- Monetary policy was tightened. As part of an International Monetary Fund (IMF) agreement, positive real interest rates were introduced for the first time in postwar Polish history.
- Price controls were, or had been, eliminated on 90 percent of the goods and services in the economy. The main exceptions are public utility rates, public transport, and coal.
- An innovative wage policy was introduced, aimed at breaking the inflationary cycle. The policy involved punitive taxes on excessive wage increases. Wages were allowed to rise by only 30 percent of inflation in January and 20 percent in February and March.

The positive results of these changes have been dramatic. Inflation has been tamed, though it is still high by European standards — about 60 percent a year at the end of April. Shortages have been eliminated; the stores are now fully stocked and active street markets exist. Exports to hard currency areas have risen substantially; the March figures are about 20 percent higher than March 1989. There is a current account surplus in the balance of payments, and the zloty has been stable.

As expected, the shock treatment to the economy has produced some negative side effects. The economy has fallen into a recession. The 10,000 recorded unemployed in January rose to 443,222, by the end of May, and to 511,152 by June 16, 1990. Production — what the Poles call "sold production" — fell sharply: March 1990 was 32 percent below March 1989. Recorded real wages have also fallen sharply; in March 1990 they were 75 percent of average March 1989 wages.

There are, however, reasons to believe that the picture is not as gloomy as these statistics indicate:

- Unemployment is still only 3.8 percent of the labor force.
- Declines in sold production are overstated because they do not reflect the growth in parallel and private markets. Legal private sector activity is underreported. The food sector, which has had the largest measured fall in production, has the most rapidly growing private and parallel activity. Moreover, the data refer to sold production, not consumption or true production. The old system encouraged hoarding of stocks. The fall in true production and consumption is likely considerably smaller than the fall in sales from factories to wholesalers. The economy is disgorging inventories.

The economy, while in a recessionary period, has nonetheless shown some signs of supply responsiveness:

- Although employment in the socialized sector fell by 3 percent in the first quarter of 1990 (211,000 workers), the fall was greater than the number of recorded job-losers. This suggests that the trend begun in 1989, when private sector GDP rose by over 10 percent while public sector output fell by 2 to 3 percent, is probably continuing. The number of private enterprises has in fact increased slightly since January.
- The SOEs are being exposed to new discipline, via import competition and weak demand. Many are struggling to adapt. The growth of exports is one manifestation of such adaptation that is particularly marked. Some SOEs have cut prices of outputs. Workers and managers in many enterprises have apparently agreed to keep wages low, below the level allowed by the wage tax, to protect jobs.

There are still no visible, dramatic, private sector supply responses. Changes will occur gradually, because privatization of SOEs has hardly begun, cooperatives continue to block the flow of entrepreneurial activity, and other major structural obstacles to change, such as housing scarcities and weaknesses in financial intermediation, have hardly been addressed at all. But the stabilization measures and the initial structural changes have already begun to revitalize the Polish economy. Thus far, public opinion remains steadfast in support of the belt-tightening measures. Everyone knows the economy will get worse before it gets better. Much remains to be done to spur new growth, and in particular to

encourage a broader private sector responsiveness. Without faster growth and a more vibrant private sector, Poland's extraordinary experiment will be at risk.

OUTLOOK FOR CONTINUED DEVELOPMENT OF A MARKET ECONOMY

The adjustment to a market economy will require patience, discipline, and austerity. During the second quarter of 1990, two key political events occurred that will affect the continued development of Poland's economy. These events were the nationwide local and regional elections of public officials and the railroad strike in northwestern Poland. Other factors affecting Poland's development such as unemployment and inflation are economic, and have serious political ramifications.

On May 27, 1990, the first completely free elections were held nationwide to determine local and regional public positions. In a low voter turnout, Solidarity won easily, taking 41 percent of some 52,000 contested seats. The importance of this election is that it removes the majority of remaining Communist Party bureaucrats from office.

The second major political event was a railroad worker strike, which began May 19, 1990, in northwestern Poland. In a time of economic austerity in which wage restraints are imposed as part of inflation containment measures, railroad workers demanded a 20 percent wage increase as well as increases in old age and disability benefits. These demands could have undermined Poland's economic reform program. Lech Walesa was successful in stopping the strike, but it should be viewed as a harbinger of patience wearing thin. The economic reform program must show some tangible progress in terms of standards of living.

The decline in the economy has led to the closing of many SOE business operations, resulting in increased unemployment. Late in 1989, there were 275,000 jobs available; by the end of March there were 266,000 unemployed. With the planned wide-scale divestiture and restructuring of SOEs, unemployment may accelerate and is estimated to reach up to 2,000,000 by the end of 1990. A structural impediment to addressing the problem of unemployment is the lack of mobility in the labor market due to insufficient housing.

If the policies and actions favorable to private sector development continue — stabilization of inflation, reorganization of SOEs, reform of the tax system, halt to budgetary drains and capital flight, increase in revenues in a noninflationary manner, and a rise in lending limits — these factors will bolster new investment, which is key to resolving the unemployment problem.

There is informal consensus in the Polish government and private businesses that continued progress in economic reform must take place within the next 9 to 12 months, or the current government and the economic reform program will be jeopardized. The May 19 railroad strike demonstrates Poland's political fragility. To date, the pace of donor response to Poland's needs has been slow, a fact that government officials often point out. Training and allied support are types of assistance that will have a rapid impact and be self-sustaining. Training interventions should help overcome constraints and promote the emergence of a viable private sector.

SECTION THREE

THE PRIVATE SECTOR ENVIRONMENT

This section assesses the private sector in Poland, which has evolved significantly since its recent reforms, with particular attention to the management training needs of Polish enterprises. The description of the private sector will include an examination of structural and human resource constraints to its development. The last part of the section analyzes selected target groups for management training assistance.

DESCRIPTION OF THE PRIVATE SECTOR

Prior to the liberalization efforts of the 1980s, Poland's private sector activities were largely limited to agriculture. Slightly over 75 percent of the country's farmland was in private hands. Private firms were allowed to operate in areas in which the state had little interest or over which the state had little control. Although operations ranged from manufacturing to service activities, there were laws limiting firms to six employees, which curbed expansion. Severe regulation and taxation further hampered operations. This led to the creation of a "second economy," similar to an informal sector. In 1978, the private sector accounted for 10 percent of national income. By contrast, the industrial sector was highly concentrated with little competition. SOEs and cooperatives produced over 90 percent of industrial net production and employed 90 percent of the industrial labor force.

With the reforms initiated in 1982, the private sector became more dynamic, consistently growing faster than the state sector. Engineering, light industry, and small manufacturing firms today account for about 5 percent of industrial net production. The "second economy" reportedly now accounts for slightly over 20 percent of national income. In 1989, the present, Solidarity-led government removed major impediments to the private sector, granting everyone the right to form any legally sanctioned business. There are no limits to the number of employees in a private firm and repressive, high taxes on small businesses have been reduced. As a result, over 200,000 businesses have been formed, some as a second income source for people supplementing their wages while other businesses are start-up or second economy businesses attaining full legal status.

The formal private sector, apart from agriculture, is so small that it will have little effect on the Polish economy in the short-term. Moreover, the economy, as structured, supports the large SOEs, not the smaller firm. This does not mean, however, that the small and medium-sized enterprise (SME) is not important. On the contrary, the SMEs are one of the keys to Poland's future. Within the formal private sector and the second economy there is a reservoir of business aptitude and experience, gained from having operated successfully under an oppressive state-run economy. The SME, by virtue of being small, is often able to seize opportunities and capitalize on them faster than the larger firm. The small size (and consequently smaller requirements) and the ability to act rapidly often allow the SME to sidestep such structural bottlenecks as lack of mobility in the labor market and lack of capital from formal bank sources.

The SME will be important in expanding the breadth of the business base, adding backward, forward, and lateral linkages to other businesses, suppliers, and consumers. Poland lacks such links today. For example, there is a need for SMEs along the food chain from producer to consumer; private transportation, storage, and distribution activities are noticeably absent in this subsector.

Privatization and restructuring of those SOEs with economic potential can create greater competition and more efficient use of resources. In the longer term, the private sector will have a major impact on the national economy, assuming that policies and actions continue to favor its development.

CONSTRAINTS TO PRIVATE SECTOR DEVELOPMENT

While the Solidarity-led government has taken several measures to promote private enterprise, the private sector faces many impediments to further development. The most significant of these constraints, according to Polish businesses and business associations, are:

- **Overregulation:** Laws regulating the activities of businesses are incoherent, complex, illogical, and contradictory. Restrictive and illogical regulations, left over from command economy days, still abound. For example, in the fish processing industry, all fish products must have the same taste. In the food processing industry, the only food fortification permitted is vitamin C. More serious are cases where private firms must continue to operate through state agencies, and purchase their inputs from SOEs.

Continual changes in legal and financial regulations and lack of information about the changes create an environment in which it is difficult to operate or plan for the future. An inordinate amount of time is spent trying to decipher laws and regulations as they emerge from Warsaw.

- **Repressive tax system:** An unstable, illogical, and sometimes repressive tax system hampers the conduct of business and makes financial planning difficult.
- **Legal system:** The commercial legal system in Poland lacks a reliable way of enforcing contracts and resolving disputes.
- **Uncertain economic climate:** The private sector is concerned about downward spiraling of the Polish economy since January 1990. Businesses report declines in production and sales. Some operate at 10 percent of capacity while others have sold or shut down all but primary businesses. The cost of electricity, water, and heat have risen rapidly in the first four months of 1990, to the point where these costs are having a ratchet effect on the prices of goods and services and adding to inflationary pressures.
- **Deteriorating infrastructure:** There are severe constraints on the private sector due to the state of Poland's infrastructure. An antiquated, overburdened telephone network constrains communications within Poland and to the exterior. Water from the river Vistula is so laden with chemical salts that it cannot be used to cool machinery.

The lack of a well-organized transportation sector is a problem for the agricultural and agribusiness sectors, contributing to food losses. State-run transportation is poorly organized and becoming increasingly inefficient. More serious is the lack of storage capacity, especially in the agricultural sphere. Private agriculture has little general storage for agricultural produce and almost no refrigerated or frozen storage capacity.

- **Outdated technology and equipment:** Much of Poland's industry, public and private, operates with technology and equipment dating from the 1940s and 1950s. One businessman stated succinctly: "We operate with museum pieces." The equipment is costly to operate and maintain, inefficient, and ill-adapted to today's markets. Moreover, firms lack the mechanisms or means to transfer up-to-date technology to the Polish private sector.
- **Lack of linkages:** Insufficient business linkages impede the rapid development of the private sector. Firms must develop upstream linkages with local suppliers of raw materials and intermediate and capital goods, downstream linkages to intermediate and final business consumers, and cross linkages between industries.
- **Lack of market information:** There is a lack of both domestic and foreign market, price, and supplier information in Poland. This lack of timely, accurate information leads to operating inefficiencies and missed marketing opportunities, especially in Western Europe.
- **Lack of credit:** A critical constraint on the private sector is the lack of credit for start-up or expansion of businesses. Most of the elements that make up a banking system as well as a true commercial bank are absent, ranging from a financial accounting system that permits comparability across firms and consistency across time to the ability to evaluate a business loan request. Polish banks, for example, are unable to accept and process a foreign bank's check denominated in hard currency; locally, a check can take as long as three months to clear a bank. Furthermore, Polish banks do not know how to create financing for either home building or home buying. They have little idea how to mobilize savings and tie those savings into long-term financing. The banking system has been summed up as follows: "Our bankers are merely shovelers of money."
- **High interest rates:** High interest rates for lending pose another critical constraint. This particularly affects long-term loans, which are needed for replacement of obsolete plants and equipment, and for expansion.
- **Lack of managerial and entrepreneurial skills:** Having operated under a command economy for over 40 years, the private sector lacks management, marketing, and organizational skills.

SELECTED TARGET GROUPS FOR MANAGEMENT TRAINING ASSISTANCE

As Poland evolves into a free-market economy, reducing the state's participation in the economy, unemployment will continue to grow. It is estimated that by the end of 1990 up to 2 million people will be out of work (close to 10 percent of the active population), in a country where employment was formerly guaranteed. Questions of human resources, how to employ them, and how to make them employable become crucial to the survival of the economy.

Under the former command-distributive economic system, independent business decisions were irrelevant. Firms were told what and how much to produce, and the price that would be paid for the production. Everything could be sold regardless of the product's quality and regardless of the efficiency or lack of efficiency of the business operation. Low fixed prices of products prevented companies from setting aside retained earnings in order to upgrade technology and equipment. With a guaranteed market, business decision making was superfluous. Basic business skills, such as marketing, product pricing, purchasing, and financial management, were not necessary in such an economy. Today, the command economy, with little need for business skills, is rapidly giving way to the free-market economy, which demands the requisite business skills. Even the firms that managed to survive, and occasionally flourish, under the Communist regime lack these skills.

In the study of management training needs in Poland, 85 firms, drawn largely from the agribusiness and housing sectors, were interviewed. Other companies contacted included banks as well as manufacturing, service, and commercial firms. The firms interviewed included foreign joint ventures, and several SOEs in the process of becoming private. On the basis of the literature analysis and the fieldwork, the team focused on the management training needs of five business sectors, which were clustered into three target categories with similar training requirements: entrepreneurs and small and medium-sized businesses; the banking and financial sector; and agribusiness, housing, and SOE sectors. These sectors are discussed below, and specific recommendations for management training needs are elaborated in Section Five.

Entrepreneurs and Small and Medium-scale Enterprises

Two types of entrepreneurs and small and medium-scale enterprises comprise Poland's private sector: the "traditional" and the "new-style." Each type has distinct characteristics, as do their businesses.

The traditional entrepreneur has been in business for a relatively long period of time, in either an unsophisticated manufacturing activity or service activity. Characteristics of the firm include small size; sole proprietorship or family firm; activity confined to the local market; and low rate of growth, especially in recent years.

This entrepreneur is generally older with a low level of formal education, who has survived in business in spite of the constraints imposed on private enterprise under the Communists. Experience is considered the best source of management knowledge and capability. Although often technically competent, this entrepreneur is most interested in the acquisition of new technology and updated equipment. There is little knowledge of the market economy and a failure to recognize the necessity of

acquiring these skills. These entrepreneurs are interested in practical training with immediate application and technical training on new equipment rather than theory or general business skills training.

By contrast, the new-style entrepreneur has been in business for a relatively short period of time. His business is larger than the traditional entrepreneur's firm and is both more capital intensive and sophisticated, whether a manufacturing or a service operation. The new-style entrepreneur can be involved in a variety of ownership forms: sole proprietorship, family concern, partnership, limited liability company, or joint venture. He or she often operates more than one business activity in domestic and foreign markets. Although there have been high growth rates in recent years — often because of a sudden boom — new-style businesses have little financial resilience or experience to withstand rapidly decreasing market demand.

The new-style entrepreneurs are young and energetic, often involved in diverse business activities, but lack the requisite business skills. Although the level of education is high, there is no formal preparation for business. Typically they imitate what others have done, rushing into new, "hot" areas, such as computer hardware and software sales and service, and then getting burned in a shake-out of a super-saturated business activity. Because of this experience, these entrepreneurs are more aware of limitations than the traditional entrepreneur and more open to training in basic business skills. In addition, because of decreased domestic market opportunities and increased foreign market opportunities, there is keen interest in training and information on how to penetrate these markets, as well as in English and German language training to negotiate contracts.

The two types of entrepreneurs are quite different. Training implications for the traditional entrepreneurs should take account of the need to change their attitudes to investment in human resources and innovation. As these firms move closer to a competitive, market-driven economy, there is increased need for modern management skills. In short, traditional entrepreneurs will have to be persuaded that knowledge is a valuable resource for every entrepreneur.

The new-style entrepreneur does not have the attitudinal constraints of the traditional entrepreneur. The new-style businessperson recognizes the value of training, having seen how training could have helped when starting a new business and how it can help now in a turbulent economy and market. If there is an attitudinal problem, it is one of impulsiveness born of the uncertainties of a rapidly changing economy. Opportunities arise suddenly and the new-style entrepreneur moves in, often with no experience in the particular business activity. To undertake longer-term risks, the new style entrepreneur will need encouragement and direction in management skills, vision, and business motivation.

Entrepreneurs and SMEs constitute Poland's private sector and will continue to be the driving force of the private sector. Information and Western contacts were the more immediate concerns of this group. The training needs for this group include functional business skills in such areas as management, marketing, financial management, and human resources; specialized skills in banking and the use of credit, international business, productivity, and product quality improvement; and technical skills in new technologies, processes, and equipment. Entrepreneurs consistently stress that management support must be of a practical nature with immediate application and should address specific problems rather than generic issues.

Banking and Financial Sector

Poland does not have a viable, modern banking system. Commercial banking, investment banking, savings and loans, and credit unions are unknown in Poland today. The present banking system stifles business activity, because appropriate financing mechanisms such as financing of construction do not exist and because financial transactions either cannot be carried out (mechanisms are not yet in place) or take so much time that business opportunities are lost.

Poland began reforming the banking sector in January 1989, when two-tier banking was introduced. The National Bank of Poland (NBP) transferred its lending activities to nine new commercial banks from its own branch bank system. National Bank of Poland maintains only its central bank functions.

The banking system is organized on three levels: the NBP (central bank), nine commercial banks, and five specialized banks. The specialized banks concentrate on activities for five particular industry sectors: housing, agriculture and food processing, short-term foreign exchange financing of trade, export development, and foreign exchange services. In addition, there are 1,700 cooperative banks, which are serviced and refinanced by the bank specializing in agriculture and food processing. Among the banks that have been formed recently are the Bank for National Economy (established for state investments and industrial restructuring), the Bank for Economic Initiatives (the first commercial bank with private capital participation), and Market Bank (the first wholly owned private commercial bank). There are approximately 50 applications to open new banks under review.

Because the operations of the central bank and commercial banks have been separated only recently, the banking system needs training in the organization and management of all departments of a full-service commercial bank. The management training needs for the banking sector include financial accounting, credit analysis, risk management, asset valuation, lending to small-scale enterprises, marketing bank services, front and back office operations, venture capital, construction financing, and mobilization of savings linked to long-term financing.

The Ministry of Finance (MOF) has responsibility for preparing regulations and implementing policies in a number of different financial areas that will have an impact on the banking system, such as bank supervision, promulgation of bank finance and accounting regulations, and bank privatization. Advisory services will be helpful for government regulators in the development of the banking system in support of private enterprise.

Agribusiness, Housing, and SOE Sectors

Agribusiness

In the past, the government has given priority to heavy industry. With the appropriate policies to induce investment, and the large agricultural production potential behind it, agribusiness has significant growth possibilities. The principal agribusiness processing activities in the private sector are in animal production, processing and byproducts, and in fruit and vegetable processing. The structural impediments to the growth in food processing are the general lack of storage facilities, and the absence of a private transportation infrastructure and private distribution channels to reach the consumer.

Far more lucrative than Poland's domestic market, export markets are growing and hold the most promise in the near term. The economy is shrinking under current austerity measures, as inflation has had its impact.

The agribusiness sector is suffering from a drop in agricultural production due to highly priced raw materials. Many farmers cannot afford to buy the inputs needed to increase production, and they are limiting their production to little more than subsistence. Prices paid for the farmers' output by monopolistic state-owned firms do not cover the costs of production, much less allow for a profit. Further aggravating the situation is the 40-percent drop in consumer purchasing power. The ripple effect on food processors is such that business has decreased, personnel are being laid off, and assets and business units are being sold. Some firms have gone out of business.

Management training for this sector should focus on the input side and on the postharvest side, with consideration of both domestic and export market requirements. This group requires training in the areas of management, marketing, and finance.

Specific training is essential for particular subsector businesses within this group. Food marketing companies require information on marketing tools and techniques, especially product and packaging differentiation, advertising, and pricing strategies. Food processing establishments need basic, modern food processing technology. Food distribution firms need information and training in modern food product storage and handling techniques, and distribution channels.

Housing

The housing sector is extremely important, economically and socially. Housing shortages have increased to today's shortfall of 1.3 million apartments. The government estimates the number of households will increase by 1.2 million over the decade, resulting in an aggregate demand of 2.5 million units. In addition, over one million apartments require extensive repairs and modernization, while there are some 300,000 units which should be scrapped. The housing shortage also has a pernicious effect on the economy in that it blocks the mobility of labor.

The housing sector is plagued by 30-year-old Russian construction technology that consists of large, panel type, multifamily dwellings. This technology aims at maximizing quantitative results with no consideration to quality or cost-effectiveness. Ancillary industries, such as building materials, suffer the same technological lag. Building maintenance standards are low, building codes are antiquated, and state and multifamily housing are poorly administered.

The housing sector registered a large decrease in demand as interest rates escalated from 6 percent per year (subsidized) in December 1989 to 40 percent per month (unsubsidized) in January 1990. There was a ripple effect on many suppliers of materials and services to the construction industry, as well as on labor engaged in construction and ancillary activities. Investment in capital goods and new ventures has virtually ceased. Businessmen report severe retrenching as they cut their work forces.

Much of the housing sector is dominated by vertically integrated, poorly run, state-owned building enterprises. The private sector concentrates on one-family housing construction and repair and renovation of existing buildings. The housing sector has many structural impediments to its growth.

Two critical impediments are the lack of bank financing mechanisms for housing development and building construction, and the lack of appropriate lending instruments as well as savings mechanisms for home buyers. Other serious impediments are the current high interest rates, a chronic shortage of building materials, a lack of subcontracting know-how, and the growing cost of building site infrastructure.

Once these constraints are overcome, the construction industry has great potential, given pent-up housing demand. An important reason for concentrating on this sector is employment. The construction industry, including ancillary business activities, is relatively labor intensive, and able to absorb unemployment rapidly.

This sector requires training in the areas of management, marketing, finance, asset valuation, and quality control. Builders need to learn negotiation skills and how to develop subcontract networks. There is also a need for this sector to have access to and be trained in new construction technology including construction and product standards.

State-Owned Enterprises

State-owned enterprises make up 90 percent of the industrial output of Poland. Most Polish managers and technicians in SOEs lack management training and skills. Specifically, they lack knowledge and experience in general management, business organization, planning, personnel management, financial management, and, most importantly, marketing. Coming from and having operated in a command economy, there was little reason or opportunity to acquire the skills essential to run a profitable business.

Most managers of the SOEs are described as having little initiative or ability to work independently. They do not think in bottom-line terms, work efficiently or identify with the firm. The manager is not a self-starter who can make decisions on his own, or a problem solver. Lower managers, unwilling to assume responsibility, require constant direction from the top. These managers should acquire skills in problem-solving, finance and accounting, marketing, and personnel management.

The technical staffs of the SOEs need supervision, for they exhibit little self-reliance and lack the willingness to assume responsibility. Their educational background, grounded in old technologies, is too theoretical. They need improved administrative and technical skills for efficient manufacturing processing and quality control.

Those SOEs that will undergo the privatization and restructuring process will require a change in management attitude. These SOEs will move from the command system in which one fills quotas to a market-oriented system that runs on initiative, competition, and hustle. Younger managers are expected to adapt more rapidly to new concepts and practices of the market-driven firm. Management training for SOE managers should include financial management, accounting, marketing, strategic planning, production management, personnel management, and organization management.

Poland faces a dearth of management, organizational, and technical skills and experience, as well as a historical business outlook not conducive to a market economy. Nowhere is this clearer than in the case of the SOE manager. These factors must be overcome to ensure a successful transition from a command to a market economy.

SECTION FOUR

OVERVIEW OF TRAINING INSTITUTIONS

This section provides descriptions of the major public and private sector training institutions examined, as well as those private sector support organizations that offer or plan to offer management-related training to the private sector. Also included are those few specialized, Western-oriented training institutions that are emerging in the banking sector.

Although Poland, a highly literate society, places strong emphasis on education, Western business training is new to Poland. Most business training institutions and programs are brand new. Thus there is little track record to gauge either the effectiveness of what is offered or the potential of programs and training institutions. Moreover, new management training schools appear almost weekly, many of which have few credentials. Given these limitations, the team selected those institutions exhibiting the greatest stability, realism, and highest potential for success in reaching existing and future business owners and managers.¹ The high-potential institutions are classified into five categories:

- Universities and Other Institutions of Higher Education (7)
- Specialized, Western-Oriented Training Institutions (3)
- Local Management Training Institutions (5)
- Business Associations (5)
- Other Institutions (2)

Table 1 summarizes these institutions with respect to the range of training programs offered.

UNIVERSITIES AND OTHER INSTITUTIONS OF HIGHER EDUCATION

Poland's formal educational system offers two main university tracks: a three-year program leading to the equivalent of a BA degree, and a five-year program leading to the Master's degree. The three-year program is predicated on a secondary education more rigorous than that found in the United

¹ Other institutions interviewed that do not merit priority attention but may, in the future, prove suitable candidates for assistance include University of Warsaw: Department of Economic Sciences and Department of Law and Administration; University of Silesia (Katowice); Institute of Economic Education; The Scientific Society of Organization and Management (TNOiK); Center of Technical Development of the General Technical Organization; Polish Society for the Propagation of Knowledge; Katowice Chamber of Industry and Commerce; National Junior Chamber of Commerce; Liberal Congress (Gdansk); and Department of Managerial Training (Ministry of Industry).

TABLE 1
MANAGEMENT TRAINING INSTITUTIONS IN POLAND

	Formal Degree or Certificate Programs	Short-Term or Executive Training	Information Seminars/ Workshops	In-Company or On-Job Training
INSTITUTES OF HIGHER EDUCATION				
University of Warsaw: Department of Management	●	●	●	● ⁽¹⁾
Central School of Planning & Statistics (W)	●		●	
Gdansk University - The Gdansk Managers Training Foundation (cooperation with The Economic Foundation of Solidarity) (G) ¹	●	●	●	●
University of Lublin (L) (Catholic University of Lublin)	●		●	
Lublin Business School (L) ¹	●	●	●	● ⁽¹⁾
Academy of Economics (K) ¹	●	●		
Academy of Economics (Poznan Business School) (P) ¹	●	●		
SPECIALIZED WESTERN-ORIENTED TRAINING INSTITUTIONS				
International Training Center for Bankers (CIFPB) ¹		●	●	●
Ministry of Finance School of Finance (W) ¹		●		● ⁽¹⁾
The Polish American Bank Academy (P)		●	●	●
ESTABLISHED POLISH MANAGEMENT TRAINING INSTITUTIONS				
International Business School (W)	● ¹	●	●	● ⁽¹⁾
International Business and Management School (W)		●		
Polish Foundation (W)	●	●	●	
POLINVEST Business School (K) ¹	●			
Poznan School of Management (P)	●			● ⁽¹⁾

	Formal Degree or Certificate Programs	Short-Term or Executive Training	Information Training Workshops	In-Company or On-Job Training
BUSINESS ASSOCIATIONS				
Polish Chamber of Commerce (Chamber of chambers) (W);			●	
Confederation of Polish Employers (W) ¹	●	●		
Chamber of Foreign Investors (W)			●	
Krakow Industrial Society (K)	●	●	●	
OTHER				
Regional Center for Studies in Management and Administration (P) ²	●	●	●	
National Association of Self-Management (W) ¹	●	●	●	

NOTES:

¹ planned

² (W) = Warsaw; (G) = Gdansk; (K) = Krakow; P = Poznan; Ka = Katowice; (L) = Lublin

³ (I) = internships

States. The student has a greater degree of flexibility in the five-year program, being able to specialize in one of a number of areas. The student often has the opportunity to build on his or her three-year program in a related area for a Master's degree; for example, a student studying undergraduate economics can shift into a management track for the last two years. Advanced degree programs through the fourth and fifth years are also offered.

One common characteristic of the Polish institutions of higher learning is the tradition of offering programs in management education based on the tenets and elements of a command economy. Today, however, these universities and academies of economics are attempting to make the transition in curriculum and pedagogical techniques necessary to move from a centrally planned economic model to a free market economic model. To accomplish this task, they must retool faculty and curricula to meet the new requirements. The following schools appear to be the most dynamic in their efforts to make the change, and seem to offer the greatest potential of providing business men and women with quality business education.

University of Warsaw: Department of Management

The Department of Management, established in 1978, offers a five-year business studies program, culminating in the MBA degree. The same curriculum is offered through evening courses. Students in the regular MBA programs learn English and one other foreign language. Internships are also a requirement. The department offers a two-year MBA program for graduates of other universities and institutions of higher learning, as well as for graduates of its own three-year management college for mid-level local and regional public administrators. All of the above programs are funded by the Ministry of Education.

The department also offers postgraduate courses of study for MA and MS degree holders in five fields: industrial management, public administration, financial administration, cooperative housing, and automotive industry management. The courses of study last one academic year and are arranged at the request of government organizations and SOEs. These postgraduate courses are funded by the requesting institution or, in some cases, by individual students. Postgraduate students come from industry, banking, public administration, the cooperative movement, and the private sector.

Full-time MBA students number 500, whereas 300 evening students pursue the same course of study. In addition, 200 students come from other universities for the two-year MBA program. Annually, 150 students pursue the various postgraduate offerings. The department has 160 faculty members and its own facilities, including a computer center, 15 PCs, a fully equipped language laboratory, and a "decision-making" laboratory. The department is also a center for research and development of new methodologies for managerial training. It has no formal linkages with other training or educational institutions, Polish or foreign.

The university's MBA curriculum is somewhat weighted toward public law, quantitative decision making, economics, and behavioral management theory. But when coupled with its human and physical resources, the combination makes the department a solid candidate for faculty retooling and curriculum broadening that will incorporate the basic business skills required in a market economy.

Central School of Planning and Statistics: Department of "Home" (Domestic) Trade

For the past 10 years, this department has offered a five-year Master's degree program in organization and management in either domestic trade or transportation. The program specifically targets the direct management of enterprises as well as strategic management and its relationship to Poland's general economic system. Starting in the 1990/1991 academic year, it plans to offer two new management-oriented programs:

- A regular five-year MA program in the management of international trade; and
- Postgraduate studies and in-service courses leading to the MA degree in management for those students who complete the first three years (BA equivalent) of the organization and management Master's program.

The regular academic Master's programs are financed by the Ministry of Education. The department plans to charge fees to cover the costs of postgraduate and in-service courses.

There are 200-250 students in the MA program at any one time with 40-50 graduating each year. The department employs 20 faculty members responsible for teaching the program, uses rooms and lecture halls in various universities, and has several PCs available for student use. Several businessmen interviewed believe that graduates of this program are well prepared.

School for Managers — Gdansk University

In collaboration with Solidarity and the City of Gdansk, the university is establishing a management school that will offer both an MBA program and specific training tailored to the needs of managers. English will be emphasized in the MBA program. The school will be located in the former Communist Party training center, which has ample classroom and dormitory space. Once the MBA program is fully operational, the school expects to have 30-60 students enrolled. British universities, in particular Strathclyde University (Glasgow), have helped plan the organization of the school and its curriculum. The school also is receiving assistance from the Norwegian School of Management.

The school has fairly specific desired characteristics for the student body: an entering class of 30, with 3-4 years practical business experience, principally drawn from emerging enterprises and from northern Poland. The school will offer a part-time, two-year MBA program, with instruction given five days per month for three semesters, followed by a two-month semester of practical training abroad coupled with a business project and comprehensive final exams. It plans to conduct short courses ranging from 3-30 days covering management, marketing, finance, accounting, small business management, international business, and business law. In both the long- and short-term training, business English will be emphasized. The school will have 30 classrooms available and Gdansk University will provide 60 percent of the teaching staff. For the MBA program, the school will recruit the remaining staff from firms and universities in Poland and from foreign universities and companies. For the short course program, the school will need 12-20 foreign specialists per year for an average stay of five days.

M. Curie-Sklodowska University in Lublin: Department of Organization and Management

The Department of Organization and Management was established in 1965. Today, as part of the Economics Faculty, it provides most of the teaching for the Organization and Management Master's program. It also has a branch school operating in Rzeszow (south of Lublin), which offers a regular Master's program in management. The academic program includes 11 weeks of internship during the first three years of study. Some foreign training is occasionally provided. The Master's program is completely financed by the Ministry of Education. However, the department generates some income from research projects and consulting activities carried out for cooperatives, SOEs, and private firms.

Including the Rzeszow branch, the department has approximately 80 students taught by 8 faculty members. Curriculum development is carried out by the faculty. The department, as part of the Economics Faculty, has its own building, its own computer laboratory equipped with several PCs, and access to the university's computer center. International linkages include research projects with the University of Innsbruck, the University of Kassel (FRG), and the University of Lvov (USSR). The department also maintains contacts with European and U.S. universities.

Annual seminars on various management topics, including entrepreneurship, are held with the participation of other academic institutions and business representatives. In addition to the seminars, the department, in collaboration with the Polish Economics Association, regularly gives lectures on the theory of organization and management, the design of management systems, organizational sociology, and strategic management. The department plans to become active in career planning and development for its students and recent graduates. The department wants to upgrade its curriculum and faculty to ensure that it addresses all the elements of business operation in a market economy as well as those issues critical to future privatization actions.

Lublin Business School (Catholic University of Lublin)

Begun in early 1990, under the auspices of the Foundation for Development of the Catholic University of Lublin, the school plans to provide a mix of training programs. These include a core, two-year MBA program in the management of small- and medium-scale private enterprises for executives with a minimum of three years experience in senior management. This will be supplemented by two six-month programs in banking, with an emphasis on cooperative banks and managerial (cost) accounting. Selected short courses in topics such as financial management, strategic planning, and capital markets are to be offered. In business English language, coursework will lead to the Cambridge First Certificate Examination. Finally, seminars combined with study tours for foreign business people planning to invest in Poland will be conducted.

Presently, the school operates under the aegis of the Catholic University of Lublin. It intends, however, to become financially autonomous as its major sources of revenue will be tuition, consulting, and research and development activities. Its ambitious program targets the central-eastern region of Poland, an area of 4.5 million people with a limited number of training institutions, but with many small-scale businesses. The school also will focus on training for local and regional administration (public sector) to strengthen the capacity of local and regional administrators to provide an environment conducive to private sector growth. This training focus is similar to the planned emphasis of the Poznan Business School.

When fully operative, the school plans to train 1,000 students annually. About 30 faculty members will be drawn from university faculties in Lublin. The school currently uses the facilities of the Catholic University, but is negotiating with the Lublin Town Council to obtain the former Communist Party building. The school cooperates closely with the International Business Services and Management School in Warsaw.

Academy of Economics (Krakow)

The Academy, founded in 1925 as a private school, is the second largest academy of economics after the Central School of Planning and Statistics (Warsaw). It is establishing a business school that will offer an evening and a summer program principally for SOE managers and some managers of private firms. The program will entail three semesters of study, concentrating on legal and regulatory changes, financial management, banking, and investment modalities within the context of the economic changes taking place in Poland. Business English also will be a part of the curriculum. The summer program will target both mid-level and younger managers, as well as foreign and graduate students.

The business school plans to use Academy faculty and Polish businesspeople as instructors, and will have the use of all Academy facilities. The Academy collaborates with the University of Tilden (Netherlands) and Jagellonia University (Krakow), and cooperates informally with the local Krakow community and other Polish educational institutions such as the Academy of Economics in Poznan and the Central School of Planning and Statistics in Warsaw. Internationally, the Academy cooperates with 14 institutions; the two American facilities are the University of Pittsburgh and Grand Valley State College (Michigan). The business school, at the appropriate time, will establish links with the Krakow Industrial Society and with various business chambers.

Poznan Business School — Academy of Economics

The Poznan Academy of Economics is establishing a school of business as a joint venture with the business community of the district (*voivode*) of Poznan under the auspices of the Chambers of Industry, Commerce, and Agriculture, the district, and the regional office of Solidarity. The School of Business is an important part of the broader program to set in motion the Wielkopolska (West Poland) Economic Initiative — a regional program designed to create and shape the appropriate economic, social, and political environments that will stimulate and support business activity in Poznan and the Poznan region. The trade capital of Poland, Poznan sits astride the main East-West corridor and has the second largest concentration of Polonia firms in Poland. The eight districts that make up the region of Poznan (Poland has 49 districts) account for 25 percent of the agricultural output of the country. Since the average farm size here is three times larger than Poland's average (3.5 hectares), some commercial farming is done and more is possible.

The school's objective is to emphasize those business skills that the business practitioner will need in a market economy. They include management, marketing, and financial management — skills largely absent today in Poland. The part-time and short-course programs will target the executives of private and privatized companies, banks, and consulting firms. The school of business will offer comprehensive programs in business administration, finance, banking, international business, and public administration, starting in October 1991.

Graduates will have the opportunity to enter a one-year, post-graduate program leading to a Master of Economics degree at the Academy of Economics. The academy employs 360 full- and part-time faculty, operates out of its own building, and has access to one-half the capacity of the facilities (building, dormitories, equipment, computers, printshop) of the Regional Training Center for Local Administration. These facilities also will be available to the School of Business. The School of Business will be financed by contributions from the founding organizations, tuition, profits on consulting and research services offered, and foreign assistance. The academy has linkages with the Universities of Tilberg and Onderwijs (Netherlands) for a few student exchanges. The School of Business plans to establish a formal link with an appropriate U.S. business school.

Training of trainers is an urgent need, particularly in banking, international business, and financial management (especially financial and cost accounting). Curriculum development and adaptation, as well as educational materials, are immediate needs. Equipment needs are less pressing now, but as the program grows in the next year or two, the school will need its own audiovisual equipment, computers, and so forth.

SPECIALIZED, WESTERN-ORIENTED TRAINING INSTITUTIONS

One of the most critical and timely elements in Poland's economic development will be the early establishment and operation of a modern banking and financial markets sector. If this sector is to become successful, specialized, Western banking training is necessary. New banks will need training at all levels, technical assistance for many administrative and organizational processes, and policy guidance at the executive level. The banks will also need to establish links between one another so that later-established banks can learn and profit from the experiences of the earlier-established banks. Equally important, Polish banks will need to be able to relate to foreign banks in both operational and investment matters. Thus, it is in this sector that the first specialized, Western-oriented training institutions are being established and proposed.

International Banking School (CIFPB)

This banking school, to be established in Katowice under the auspices of the French banking industry's principal training institution (Centre International pour la Formation des Professionnels Bancaires), is scheduled to open in October 1990, at the earliest. Issues such as the structure of this French-Polish partnership, a syllabus applicable to Poland, development of educational materials, and preparation of teaching staff must first be settled. The purpose of the school is to train and raise the qualifications of bank personnel to the level of sophistication necessary for an effective commercial bank system, which Poland does not have today.

The school will be open to all banks, on a shareholding basis. The principal banks participating are the nine, recently created, commercial banks. Another 11 state-owned and private banks are expected to become shareholders. Once the school begins operations, more banks, existing and to be established, are likely to become involved. Bank personnel at all levels will be trained, as well as those not currently employed by a bank. For example, lower-level personnel will receive operational-type training, English language training, and computer courses. High-level personnel will receive the appropriate managerial training as well as internships in Polish and foreign banks.

Different types of training will be offered: long-term training covering the full syllabus, which lasts 2-3 years and awards a certificate at successful completion; short courses on specific topics, such as correspondent relationships with foreign banks; and internships. Approximately 1,000 students will open the school, and the NBP estimates that 5,000 students will be enrolled when the school is fully operational. The school will operate on a cost-recovery basis, with member banks paying the tuition of the employees they send for training. Limited scholarship assistance will be available for those who do not work for banks.

The Poles want a flexible system. They hope the school and, as a corollary, the banking system will be open to other kinds of banking systems and knowledge. They invite all donors to participate substantively in the school's bank training program, to bring their particular expertise to the program. Specific needs expressed by NBP officers are: training of trainers, educational materials, books, and journals.

School of Finance — Ministry of Finance

Concomitant with its capital markets development and privatization efforts, the MOF wants to establish a school of finance that will produce well-trained, disciplined experts and professorial staff in all the professions in a modern, Western-style financial market system. The areas of expertise required range from corporate finance to the many areas (pension funds and insurance companies as sources of investment funding) ancillary to an auction stock market, from stock brokerage operations to establishing and running venture capital operations.

One of the principal objectives of such a school will be to break the links with the past, and establish as quickly as possible a cadre of extremely competent professionals. The ministry envisages intensive, three-month courses taught by foreign instructors, and open only to the most highly qualified and motivated students. Foreign assistance will be required to provide instructors, educational materials, and translation of materials.

Initial funding for the school would come in part from the government and in part from donors and foreign foundations. Once the initial cadre of 200-300 professionals are trained (within 2-3 years), the school's financial and ownership configuration will likely become more private.

The Polish American Bank Academy (Poznan)

A bank academy, related to the Academy of Economics in Poznan, has been proposed to meet the needs of the emerging private banks in Poland. The proposed bank academy also envisions its role as a facilitator in the process of privatizing individual units of the public banking system. It will assist in the establishment of a new regulatory framework, as well as play a large role in the implementation of privatization policies. Finally, the academy can play an important role in helping to affect the climate and motivations of the public banking sector personnel today. It could train current personnel, recruit new talent to be infused into the public system, and give technical assistance to help reform and update public sector banking operations.

At this stage, the following organizations are discussing the funding for a design team and the organization and funding of such an institution: the Academy of Economics (Poznan), which is playing

a lead role; the Transcentury Corporation, which provides a facilitating role in the United States, and administrative service support until the academy becomes self-sufficient; the South Shore Bank (Chicago), which has already started to provide technical assistance to Market Bank, the first privately owned Polish commercial bank; and the American Institute of Banking and the American Bankers Association (ABA), which provide training and technical assistance.

Once under way, the Polish American Bank Academy will contract with the Academy of Economics for personnel and facilities. Subcontracts for training and technical assistance will be negotiated with the providers noted above. These subcontracts will recruit Polish-speaking U.S. personnel to help staff the academy, recruit long- and short-term technical assistance personnel to work with the emerging private banks, and organize short- and long-term technical and academic education in the United States.

LOCAL MANAGEMENT TRAINING INSTITUTIONS

As is true of many educational institutions, business education in the Western sense has just begun in Poland, with the result that most institutions have little, if any, track record. With little prior experience, it is often hard to judge the quality and potential of the institution. Moreover, and unfortunately, some private management training institutions have a fly-by-night character, which stains the reputations of most training institutions among the business community. Furthermore, according to business people, most government-related training institutions have little worth. Thus many business people, especially those of the traditional type, consider outside training to be of marginal value.

Training institutions vary as to their program offerings. Some offer MBA-type programs, with short-term courses on specific topics; others have only short-term (maximum six months) programs with the intention of offering an MBA program once they "get their feet on the ground." Most offer seminars and workshops on topics pertinent to the immediate concerns of the businessman. To date, only one group of individuals has thought of offering training that would target exclusively business owners and senior management on a very high level. The institutions described below are those the assessment team found to have the most potential.

International Business School (Warsaw)

The International Business School (IBS) is an independent, private institution that began operating in the autumn of 1989. The school has a core executive MBA program operating on a part-time basis — one week per month. Seventy students are enrolled. The school has set a maximum of 120 students annually to maintain quality. If IBS can develop a formal association with the University of Warsaw, it will start a one-year, full-time, intensive MBA program.

Instruction is bilingual in Polish and English. Most Polish faculty come from the University of Warsaw's Department of Management. Foreign professors provide approximately 30 percent of the school's teaching needs. Using a mix of lectures, cases, games, exercises, and role playing, the curriculum includes the functional business skills, with sufficient flexibility to allow students to tailor their own programs.

The student body comprises private entrepreneurs (40 percent), SOE managers (30 percent), and free-lancers (30 percent). The typical student is 35 years old, has previously earned a university degree, and has at least three years of practical business experience. Most are engineers, economists, lawyers, or liberal arts generalists.

The school offers short courses in management development, strategic management, statistical quality control, and international accounting standards. It conducts in-house training for Polish firms, management orientation courses for foreign business people on how to conduct business in Poland and briefings with the government, and how to manage contacts with appropriate Polish business people.

The school is renting space and has some access to computers and other equipment. The head of the school states that they need everything, from a building to student internships and scholarships. Future plans include a program in entrepreneurship, possibly in collaboration with the Glasgow School of Business. As an alternative to a link with the University of Warsaw, the school is looking at possible foreign university links, including, in the United States, UCLA because of its international orientation; and NYU because of its strengths in accounting, finance, and taxation, as well as its proximity to Wall Street.

The International Business and Management School (Warsaw)

This private school was established in July 1989 as a joint venture with the Central School of Planning and Statistics, the Polonia Foundation, and the Canadian firm, NORAM. The school offers an eight-week program aimed at business executives from all sectors. The first program began at the end of October 1989. The eight-week program splits students into two groups: private business managers and SOE managers. The program offers fairly classic business and English courses in an effort to change the executive's command economy mind-set to a market economy perspective.

The school uses faculty from the Catholic University of Lublin, the Central School of Planning and Statistics, and the University of Warsaw. It retains five foreign professors: three American (Polish expatriates), one British, and one Japanese. The school has three classrooms, audiovisual equipment, and a language laboratory, but no computers. Medium-term plans are to perfect the eight-week courses and develop courses that will target career development needs. There is also interest in developing an in-plant training program. The principals of the school feel that it is premature to consider an MBA program.

Polish Foundation (Warsaw)

Established as a nonprofit organization in October 1989, the Polish Foundation has the dual objective of promoting private sector development and the use of private capital in Poland. The foundation has a school for management training that focuses on SMEs. The foundation offers short courses on how to start a business, bookkeeping, financial accounting, and marketing. It plans to establish a six-month course, entailing four months in Poland and two months abroad. This MBA-type program would target SMEs. The foundation's faculty is drawn from the University of Warsaw, the Central School of Planning and Statistics, and from the private sector. Other programs include a data bank to match up joint venture partners, asset valuation along UNIDO lines, and business visitation services.

Although the Foundation has access to three classrooms, a computer room, and a hotel where it can rent space, it needs the following: training of trainers in marketing, finance, and banking; equipment and educational materials; and a university link for accreditation.

POLINVEST Business School (Krakow)

The principals of the consulting firm, POLINVEST, established a business school at the Nowa Huta Steel Works in Krakow in January 1990. The operations are in the introductory phase, with the first group of students in attendance. Full operations are planned for October 1990. The school offers a two-month program consisting of the traditional lecture and seminar approach to business training, project feasibility studies, and investment proposal preparation. The school's faculty come from universities and the Academy of Economics in Krakow.

POLINVEST has full access to Nowa Huta's training facilities, including a building with 20 classrooms designed for training, all audiovisual equipment, commercial TV, and computers (PCs). The school's needs include Western lecturers and teaching materials such as books, journals, and printed case materials, which can be translated and disseminated. Nowa Huta would pay for lecturers' living expenses while in Krakow.

Poznan School of Management

This private business school started operations in Autumn 1988 with a grant from the Miriada Foundation (supported by private Polish firms). The school offers a 14-month program in management and other business fundamentals. Developed by teaching staff, the curriculum consists of case studies, lectures, and computer simulations. The faculty comes from the Academy of Economics, Adam Mickiewicz University (Poznan), Central School of Planning and Statistics, the University of Warsaw, and other universities. Of the 20 to 30 students that have enrolled in each of two cycles, the majority have been SOE and private firm managers.

The school rents several classrooms, has two computers, and one video cassette recorder. It needs other audiovisual equipment, a copier, and video cassettes with lectures.

BUSINESS ASSOCIATIONS

Four Private Sector Support Organizations (PSSOs), or business associations, are described below. Two of them, the Polish Chamber of Commerce and the Confederation of Polish Employers, will form the superstructure for many of the principal regional business associations and industrial societies. Both need assistance in organizational strengthening so they can serve the needs of their members. Three of the organizations are or will be involved directly in business training and need assistance in developing the scope and quality of the training offered, while the Polish Chamber of Commerce will be involved to the extent of promulgating training among its member chambers.

Business associations also recognize the importance of making the public aware of the implications of the shift to a market economy, and the benefits that will accrue to Poland in the longer

term. The associations plan to use the media to gain widespread public awareness as rapidly as possible. They are also interested in the potential of television, radio, newspapers, and videotapes to carry out "distance learning," and business skills training for individuals who, by reason of geography or cost, do not have easy access to formal training. The British Know-How Fund will likely be involved in this type of training through its proposed Open Learning Centers.

Some business associations, such as the Krakow Industrial Society and various local and regional Chambers of Small-Scale Industries, have targeted SMEs for training and technical assistance. Their aim is to create an environment in which the small business can develop and to address those needs specific to the smaller business, such as credit carrying a higher risk factor and training in marketing and cost accounting.

Polish Chamber of Commerce (Warsaw)

As the successor to the now-defunct Polish Chamber of Foreign Trade (a former government organization), the Polish Chamber of Commerce was established in February 1990. It is the "chamber of chambers," or umbrella over 18 branch offices that act as regional chambers, as well as 26 different business associations. Ten additional applications for membership are presently under review. It also collaborates with various industrial societies.

The Polish Chamber of Commerce sees its role as a repository and clearinghouse of business information and international contacts for its member organizations' members (particularly SMEs, for which there is a dearth of market and supplier information, and which the Chamber sees as the future for Poland). The Chamber considers complete information on the structure of Poland's private sector as its first need, especially for the development of investment opportunities.

The Chamber is the principal voice of the business community and represents community interests before government as well as the public. It hopes to be the initiator of new training and technical assistance to business via the regional chambers and other member organizations. An example of new training and technical assistance that the Chamber wants to promote is entrepreneurship training coupled with the establishment of business incubators. The Chamber strengthens the capacity of member organizations to handle training activities, practical import/export matters, and the needs of SMEs, existing and emerging.

The Polish Chamber of Commerce, like most of the other business organizations, has limited financial resources. Because of the state of today's economy, the membership cannot bear the financial burden of getting these organizations on solvent footing. The president of the Chamber reports that as a result of his recent trip to the United States, some Center for International Private Enterprise (CIPE) funds may be forthcoming.

Confederation of Polish Employers (Warsaw)

The second half of the PSSO superstructure is the Confederation of Polish Employers, which was established in November 1989 as an amalgam of the federations of employers that came into being in 1988-1989. Until 1988, there were no such organizations in Poland. Ninety-five percent of all private employers and 65 percent of SOE employers are members of the confederation.

The objectives of the confederation are three-fold: to negotiate with trade unions regarding salaries and working conditions; to give employers an opportunity to shape the laws that will affect them (advocacy role); and to train owners and managers so that they can operate in a market economy.

With respect to training, the confederation has an agreement with the University of Lille (France) under which the university will help it establish a college for managers, and will offer training opportunities for those managers who are selected to take over top management positions at key SOEs susceptible to being privatized or reorganized into a profitable company. The confederation is also discussing assistance with employer federations in West Germany and the Netherlands, and has an offer of 12 computers from IBM.

Its specific training plans are as follows:

- May 1990: Training SOE managers in the basics of business administration; SOEs cover the cost of accommodations, while the Ministry of Industry pays for the teachers and the equipment;
- May 1990: Training for SOE and private sector managers in the basics of the free market system and verification of students' potential. Those with the greatest potential would be trained, starting in July, as diagnosticians of SOEs. Those who excel will be assigned to replace the top management of those SOEs that can be privatized or reorganized into a profitable configuration;
- September 1990: General training for private sector owners and managers in the fundamentals of business administration; and
- Future: Establish links with economic societies, like the Krakow Industrial Society, such that each principal city has an educational center for managers.

The confederation has two buildings close to Warsaw at its disposal. Its equipment consists of the IBM offer of computers. All other elements of the training infrastructure, ranging from training of trainers to curriculum adaptation, are needed. The confederation also needs assistance building its administrative organization and skills, in developing institutional linkages, and in developing and disseminating the appropriate publicity so that the public better understands the change to a free market economy.

Foreign Investors Chamber of Industry and Commerce (Warsaw)

Established in July 1982 as the Polish-Polonian Chamber of Industry and Commerce, this organization became the Foreign Investors Chamber of Industry and Commerce in December 1988. The chamber, a totally private organization, has 500 voluntary member companies, each paying a yearly fee of \$250 to belong. All members are companies with foreign partners or are fully owned by foreign interests.

The chamber's principal objectives are to create an environment conducive to the operation of foreign capital in Poland; to increase the participation of foreign capital in introducing new technologies in new and existing firms; to represent its members vis-a-vis the GOP in matters involving the law,

taxation, and foreign exchange; to develop the capacity to be proactive in changing regulations;² and to carry out high-quality training on pertinent and timely topics for their members.

The chamber has held five one-day seminars since June 1989. These included import duties and regulations, changes in income, turnover, and real estate taxes. The most recent seminar, lasting five days, dealt with new tax legislation and regulations and the implications for member firms.

The chamber has a paid staff of 25 in Warsaw, with branch offices in Gdansk, Poznan, Lodz, Krakow, and Wroclaw. For training, the chamber uses its own office space and rented space, if its office space is insufficient. To ensure the quality of its training, the chamber endeavors to engage only the best lecturers and practitioners from business, universities, and the government. This policy is consonant with the chamber's philosophy that since membership is voluntary (and paid) the chamber has to be effective. The chamber plans to expand the scope of its training consonant with its members' needs. It also recognizes that it should develop its training subjects and skills.

Krakow Industrial Society

Started in 1984, and formalized in 1987, the society has fulfilled much of the role of a chamber of commerce. Today, it brings together private business people, members of the professions, and scholars who advocate a free market economy. The society represents its members vis-a-vis government authorities. It provides services including a data bank of Polish and foreign business contacts, consulting services, environmental education and research, and a business school in operation since 1987.

The business school as first conceived was set up to educate young managers. Three years later it has trained 300 business people. Its current program covers basic and advanced business courses in financial and managerial accounting, finance, taxation, business law, management and organization, production, marketing (to be introduced), and foreign trade (to be introduced).

The school has limited space (two classrooms), but does have audiovisual, video, TV, and copying equipment. It has one computer that it shares with the society. Key needs are textbooks, videotapes, and other educational materials. It is looking for a building to rent. The Krakow Industrial Society is also establishing a private commercial bank. The society has made formal application and expects to start in late 1990. It also has plans to publish a daily business newspaper.

OTHER INSTITUTIONS

Two institutions that are neither formal business training/educational organizations nor PSSOs, but that are significant and merit support, are described here. As Poland's transition to a market economy continues, regional administration training centers will become increasingly important in training those public officials who will help create the local environments in which the private sector will operate.

² Most recently, the chamber went before the court to litigate (successfully) a dispute between many member companies and the tax authorities over artificial profits shown in company financial statements because of the severe inflation of 1989.

SOEs, as a group, are not only important because they number 8,000 and account for more than 90 percent of industrial production, but because they will need managers who can run the resultant business entities after the privatization and restructuring process takes place.

The Regional Center for Studies in Management and Administration (Poznan)

This organization is considered the leading public sector management training center in Poland. The center is preparing to meet the training requirements of the many new local and regional public sector employees who have assumed responsibility since the May 27, 1990 elections. A key role the Center will play will be to prepare officials in the regional development agencies so that they can better serve the needs of both the public and private sectors.

The center is cognizant of the role the public sector should play in providing a legal, regulatory, and economic environment conducive to the growth and success of the private sector in the Poznan region. Poznan, as a region and as a city, is important because it is the contact point between Western and Eastern Europe and is the cultural and educational focus of Poland. Poznan is also a critical juncture in the sense that industry will likely move from south Poland (an environmental disaster) to the north into the Poznan region via credit and tax relief. Thus, the center plans training in strategic plans for development and the design of new directions for the region's economy, effective employment of new technologies with existing resources, and the means local and regional authorities should use to promote entrepreneurship and develop the business infrastructure.

The center trains 2,500 individuals annually, and its facilities can accommodate 300 at any one time. It can house 100 people, has 8 computers, audiovisual equipment, and a print shop. In its training it employs a mix of academics with practical experience and business people, thus ensuring a strong theoretical-practical link. Having trained municipal organizations, including utilities, the center uses lectures, decision-gaming techniques, and situation-simulation exercises. It also emphasizes budgetary training.

The National Association of Self-Management (Warsaw)

This organization represents managers of 8,000 SOEs across Poland who have attained their positions by merit based on the decisions of SOE worker councils. They can also be fired for poor performance by the worker councils. These managers are the counterbalance to the *nomenklatura* (Communist Party officials) who in large part have been named to senior management posts by virtue of party affiliation, contacts, and so on. Many of these managers, in the future, will run those SOEs that will be privatized, fully or in part, or reorganized and run on strict business principles. As privatization proceeds, the role of self-management will give way to the shareholder.

The association wants to provide the appropriate screening and training for those managers who show themselves to have sufficient ability and experience to assume senior management positions in the successor companies to the SOEs. The association has regional divisions covering Poland, but lacks the linkages with the appropriate training and private sector support organizations. Funding is comprised of membership fees, gifts, and company donations for publicity.

The Confederation of Polish Employers will undertake some of the training burden for SOE managers, and intends to establish links with industrial societies in order to set up training opportunities in each principal city. As other training institutions come into being and as regional PSSOs start to offer business training, the association must be prepared to tap into this training as well as have input into the nature of training offered to make certain that it meets the needs of SOE managers.

SECTION FIVE

CLOSING THE GAP: NEEDS VERSUS RESOURCES

Management and technical training needs are acute in Poland. Gaps exist in the government, private organizations, productive enterprises, and the to-be-divested SOEs that will play major roles in shaping the economic future of Poland. Growing unemployment, economic dislocations within the economy, and rising social expectations all point to the immediate need to develop a functioning private sector with requisite government and private support functions.

Poland's rapid movement to a market economy highlights the severe mismatch between the training needs, at all levels of the economy, and the training provided by traditional Polish institutions. To date, the Polish educational system has been tightly controlled by central government authorities, and the rapid changes in the economy are not being accompanied in sufficient quantity and quality by changes in the provision of new and additional skills to foster economic growth. Traditional training institutions must undergo a lengthy process of upgrading faculty skills and curriculum changes. The newer training institutions, those that focus more on the private sector and private sector support organizations, lack experience, skills, teaching materials, and commodities.

The speed and depth of economic change in Poland will be determined largely by how rapidly the country can create and draw upon the human resource skills necessary to an emerging private sector. The Poles recognize this need for immediate action and the dearth of training opportunities available in critical areas of the economy.

DESIGN PARAMETERS

Several premises underlie the analysis above and guide the recommendations. Most important, in view of the limited resources available for training and institutional assistance, is a catalytic approach to assistance. Opportunities should be grasped to provide support that will have a multiplier effect, either by leveraging other funding or by building specific capacities in institutions that are well placed to make a key contribution to management training and management performance in Poland. Unlike other countries in Eastern Europe, this will be of particular importance given Poland's size and the economy's geographic diversity.

At the same time, support to institutions should be defined in terms of time and expectations so that there are clear, mutually understood outputs from each assistance package recommended. Creation of new organizational mechanisms or indefinite core support to institutions should be avoided. Instead, specific outcomes should be identified that can be achieved via existing structures within set time frames. Scholarship, technical assistance, or other support should be tailored to these limited, but clearly defined, objectives.

Poland is at a critical juncture economically. Emphasis should be given, though not exclusively, to activities that have the potential for quick impact and stimulate the emergence of a functioning private sector. Within this context, however, stress should be placed on beneficial impacts that can be sustained over a longer period in the absence of continued foreign assistance.

Other important design parameters include the following:

- In view of the weak and incipient training infrastructure in Poland for both formal and executive training, foreign assistance should focus on strengthening the teaching quality of these institutions rather than on providing direct training to Polish managers.¹
- Support to public sector agencies should focus on government agencies or units with a direct impact on private sector performance such as regulatory agencies or local government units with economic development and business support functions.²
- The emerging banking sector in Poland poses unique problems that affect the economy across sectors.
- Support to entrepreneurs and small businesses should be emphasized, since they have immediate needs for traditional management training and access to information and networking services.
- English language training (especially business English) is of great importance both for managers who may be involved in international marketing or negotiating and for persons who will be candidates for overseas training or internships.
- The enterprise focus of assistance strategies should be on emerging Polish firms as distinct from joint ventures that are dominated by non-U.S. firms. Most joint ventures of any size have a built-in advantage in arranging internal training and executive exchanges. While the United States may wish to encourage joint ventures, many viable Polish firms will remain that will not have this advantage, but will need access to high-quality training and related services.
- The to-be-privatized SOEs and cooperatives have training needs similar to as those of private sector firms operating in Poland.

¹ With over 8,000 SOEs being privatized, reorganized, or closed, and a myriad of new private enterprises entering the economy, focusing training via established or newly formed training institutions has the potential for significantly enhanced and rapid impact on private sector development in Poland.

² Support at the local level will be important given the 80,000 newly elected local officials who will have oversight roles in local and regional economic development.

- Where feasible, assistance packages should be linked through add-ons to ongoing U.S. assistance projects or programs to minimize start-up time and bureaucratic red tape. The varied nature of the recommended assistance would not necessarily be served by packaging into a single umbrella project.³

THE RECOMMENDATIONS MATRIX

Recommendations for assistance are summarized in Table 2. The inclusion of a recommendation means that it is an appropriate and significant opportunity to consider, though not necessarily an immediate priority.⁴ The exclusion of an item such as longer-term scholarship assistance to entrepreneurs does not mean that such aid would be ill advised but rather that it is of secondary merit at this time. The recommendations outlined below cover a range of interventions from support for training institutions to the provision of commodities to private sector support organizations. Assistance categories include scholarship assistance, technical assistance, commodities, and language training.

The recommended interventions are also divided into **immediate/short-term (0-6 months)** actions, which should be undertaken to support the economic transition, and **medium-term (1-3 years)** interventions, which can foster longer-term economic stabilization within the emerging Polish private sector.

As pointed out earlier in the report, time is running short for Poland's economic reform program to show visible progress. The recommendations set forth below include those with institution-strengthening characteristics, as well as those with rapid impact potential.

Overlapping and interlocking needs are apparent for each of the sectors examined. This is particularly evident for the assistance to training and private sector support organizations. The four categories of assistance (**Scholarship Assistance, Technical Assistance, Commodities, and English Language Training**) are applied to the following four target sectors:

- Training and Private Sector Support Organizations
- Entrepreneurs and Small and Medium-size Enterprises
- Banking and Finance
- Agribusiness, Housing, and SOEs

³ U.S. assistance should continue to be coordinated with that of other donors, especially the Group of 24. The recommendations matrix outlines a wide range of activities identified for support. However, consideration should be given to how these fit in the context of the Group of 24, ongoing coordination responsibilities of the Polish government, and private support activities that are emerging.

⁴ For example, English language training is a pervasive need throughout Poland. In part, this is being met through other donor assistance, U.S. Peace Corps, and so forth, and, while needed, it is not recommended here except as it relates to scholarship or internship opportunities.

TABLE 2
RECOMMENDATIONS FOR ASSISTANCE

Assistance Category	Training and Private Sector Support Institutions	Entrepreneurs and SMEs	Finance and Banking Sector	Agribusiness/Housing/SOEs
/ Scholarship Assistance	<ul style="list-style-type: none"> • U.S. training and internships for key faculty/instructors in critical subjects 	<ul style="list-style-type: none"> • limited internships in selected activities 	<ul style="list-style-type: none"> • U.S. training for key instructors/bank regulators • internships in selected securities market activities 	<ul style="list-style-type: none"> • limited internships in selected activities
/ Technical Assistance	<ul style="list-style-type: none"> • TA to update faculty/instructors in key subjects and support curriculum improvement/adaptation • trainer training in pedagogy and basic business skills • establish linkages between Polish and U.S. training institutions • help Polish Chamber of Commerce establish data bank, initiate standard-setting role for industry sectors, strengthen outreach to member chambers • support Confederation of Polish Employers to train private sector and SOE managers • support regional administration training centers 	<ul style="list-style-type: none"> • local-level support to develop data banks • discrete training activities in small business development • trainer training in basic business skills 	<ul style="list-style-type: none"> • TA to policy apparatus to support effective regulation of sector • TA for School of Finance and Academy of Banking to update instructors • TA for Banking School in Katowice; training for instructors/curriculum development for topical subjects • TA for banks in office operations, credit analysis, SME lending, savings mobilization 	<ul style="list-style-type: none"> • establish database on U.S. import procedures/regulations for food products • observation tours on food-processing and building technologies • TA for newly private co-operatives in business skills • trainer training for chambers in food processing and construction technologies; specific business skills for builders • commercial linkages between Polish and U.S. firms • TA for Ministry of Construction on building standards
/ Commodities	<ul style="list-style-type: none"> • training hardware/software/educational materials support 	<ul style="list-style-type: none"> • training hardware/software/educational materials support to selected training institutions 	<ul style="list-style-type: none"> • training hardware/software/educational materials support to selected training institutions 	<ul style="list-style-type: none"> • soil testing equipment/procedures • business educational materials
/ Language Training	<ul style="list-style-type: none"> • English language training to support opportunities for U.S. training 	<ul style="list-style-type: none"> • English language training to support opportunities for U.S. training 	<ul style="list-style-type: none"> • English language training to support opportunities for overseas training and correspondent banking relationships 	<ul style="list-style-type: none"> • English language training to support opportunities for U.S. training

TRAINING AND PRIVATE SECTOR SUPPORT ORGANIZATIONS

As detailed in Section Four, there is a wide range of educational, training, and private sector support organizations in place in Poland. Unfortunately, for the most part these institutions are newly created and lack institutional histories and directional focus. This situation requires careful selection of the training and private sector support organizations to be included for assistance.

As a category, institutions of higher education and the newly emerging private business schools generally cut across business sectors and address the more generic business skills training needs. By contrast, PSSOs are important in that they affect the economy sectorally, and have the potential for leveraging and catalyzing assistance. Those included here represent the regional and national centers (Warsaw, Poznan, Krakow, Gdansk,) and are the most prepared to receive and effectively use assistance. Others will emerge during the implementation of the assistance and these should be considered for future support.

The team recommends assistance in all four categories to these institutions.

Immediate/Short-Term Interventions

Technical Assistance

1. **Training trainers/business curriculum development/university linkages:** Since these three activities are closely related, they are treated as a package. These activities will take place in the United States. Individual faculty, drawn from a variety of institutions that will offer business training, will be grouped according to basic business discipline, and will go to selected U.S. universities to work in collaboration with U.S. faculty for one semester. Polish faculty will learn new pedagogical techniques and the core business skill areas of management, marketing, corporation finance, and financial/managerial accounting. For example, six Polish faculty for each core business skill area will be trained working in collaboration with one U.S. faculty member.
 - **Training trainers:** Training faculty and trainers in the pedagogical techniques entailed in non-lecture-type teaching, such as case studies, simulation, gaming, and decision making, will be provided for a variety of Polish training institutions.⁵

⁵ A special case is the Regional Center for Administrative Training in Poznan that will require the training of trainers in both pedagogical techniques and in the substance of regional and local economic development. Since the Center's needs are specialized and concentrated in one organization, training would be done locally. A second special case is the Confederation of Polish Employers, where support should be given for training trainers in order to train SOE and private sector managers to take over top management positions of privatized SOEs. This support will entail both training in pedagogical techniques and in the skills of running larger businesses. It will have to be determined whether this training would be more appropriately given in Poland or in the United States.

- **Business curriculum development/improvement:** Universities and training institutions with management programs in place should have their curricula adapted to Western standards and made applicable to market-driven economies. As the Polish faculty learn new pedagogical skills, they will adapt curricula, under a teaching situation, according to Polish requirements. They will return to Poland with both teaching skills and appropriately tailored, classroom-tested curricula. They will serve as "master trainers," training other faculty in the new teaching skills and substance matter.
 - **University linkages:** As a corollary to training trainers and curriculum development, linkages between the appropriate U.S. universities and Polish institutions will be made. These linkages will be used in the medium term; for example, U.S. faculty will follow up the progress made with the Polish trainers and the adapted curricula.
2. **Data banks:** Immediate work on creating a national data bank at the Polish Chamber of Commerce is critical for the Polish business community. Polish businessmen are legion in their complaint that they have little knowledge of and access to both domestic and foreign market, supplier, and business contact information. A national data bank, recommended for the Polish Chamber of Commerce, will be available to regional and local chambers, and will also be the basis for future regional and local chamber data banks. Three months of support will be necessary to create the data bank and make it operative.
 3. **PSSO linkages:** Links between the principal Polish business associations and regional/branch chambers should be established to create outreach capabilities for business development, business information, business support, and member services. The Polish Chamber of Commerce should have a primary role in establishing standards for different business sectors such as the housing sector.

Commodities

1. **Audiovisual, office, and computer equipment:** A number of educational, training, and PSSOs need one-time inputs of audiovisual equipment, microcomputers, printers, software, copiers, and telefax machines. Some organizations require the full range of equipment, while other require only specific items. Individual requirements should be examined, especially in the case of computers; in a few instances a computer network may be justified on the basis of cost and a large number of users.
2. **Business educational materials:** Basic business texts (accounting, corporate finance, marketing, and management), subscriptions to journals, and case studies should be provided to a variety of training institutions on an introductory, one-time basis to prepare them with materials for the new business skill subject matter they will be delivering.
3. **Computer hardware and software:** The appropriate equipment and programs should be provided for the consolidated data bank of the Polish Chamber of Commerce, as well as for selected training institutions according to specific needs.

English Language Training

Training in English, particularly business English, is needed by all the target categories to take advantage of foreign training opportunities, to be able to tap foreign markets, to be able to deal with correspondent banks, and to negotiate with foreign suppliers, distributors, and potential investment partners. ELT is being undertaken by a few organizations and the number will likely grow to fill the need. The Peace Corps will send English teachers to Poland in 1990, and the British Know-How Fund will provide language training. A.I.D.'s assistance should take the form of collaborating with the Know-How Fund and helping determine where Peace Corps volunteers might meet specific institutions' needs. ELT will only be a priority for A.I.D. as it relates to scholarship or internship opportunities for training institutions and for the finance and banking sector. Thus, based on rough estimates of scholarship and internship demand, two teachers should be placed in Warsaw and one each in Krakow and Poznan.

TABLE 3
TRAINING AND PRIVATE SECTOR SUPPORT ORGANIZATIONS
IMMEDIATE/SHORT-TERM INTERVENTIONS

Category	Type	Recipient	Duration	Cost
Technical Assistance	Trainer Training; Business Curric. Development; Univ. Linkages	MCS, UW, GU, LBS, KAE, PBS, CSPS, PF, IBS, CPE/NASM	4 months	\$408,000
	Trainer Training	PRCA	1 month	20,000
	Data Bank	PCC	3 months	60,000
	PSSO Linkages	KIS, FICC, PCC, CPE/NASM	3 months	60,000
Commodities	Audiovisual and Office Equipment, Computers & Software	GU, KIS, PCC, IBS	---	156,000
	Business Educ. Materials	PBS, GU, PF, PV, KIS, IBS, IBMS, PRCA	---	125,000
Language Training	English language for LT training and internships	PBS, UW, MCS, LBS, KAE, GU, SF, PABA	6 months	250,000

KEY TO RECIPIENTS

CPE	Confederation of Polish Employers	IBMS	International Business and Management School	MCS	M. Curie — Skłodowska University	PF	Polish Foundation
CSPS	Central School of Planning and Statistics	IBS	International Business School	NASM	National Association of Self-Management	PRCA	Poznan Regional Center for Studies in Management and Administration
FICC	Foreign Investors Chamber of Industry and Commerce	KAE	Krakow Academy of Economics	PABA	Polish American Bank Academy	PV	Polinvest Business School
GU	Gdansk University School for Managers	KIS	Krakow Industrial Society	PBS	Poznan Business School	SF	School of Finance (MOF)
		LBS	Lublin Business School	PCC	Polish Chamber of Commerce	UW	University of Warsaw

Medium-Term Interventions

Scholarship Assistance

1. **Faculty retooling:** U.S. training of varying duration (6 to 18 months) should be provided for key faculty in critical subjects such as marketing, financial management, banking, strategic planning, organization and management of the firm, cost accounting, human resource management, management information systems, and international business. Some of these faculty could also be involved with the trainer training and curriculum adaptation recommended above. For the purposes of these initial recommendations, however, faculty retooling is treated as a separate category. For purposes of estimation, this three-year training strategy should include three groups of 20 to 30 faculty each to be retooled, requiring an average time of 12 months.
2. **U.S. internships:** For specific needs, tailored internships will be provided to faculty as well as to key officers of private sector support organizations. The internship will also round out the faculty member's theoretical background by providing hands-on work experience in a market economy situation. Internships for PSSO officers will serve to expose and train them in the operations of member service-oriented business associations as well as to establish linkages between Polish and U.S. business associations.

Technical Assistance

1. **Training trainers/business curriculum development/university linkages:** Once ELT has been completed, these activities will be provided to a wider spectrum of institutions. Also, follow-up on the progress of the U.S. interventions by U.S. faculty in Poland should be provided.
2. **PSSO linkages:** Limited support could be given to extend the outreach of the national PSSOs to regional and local member chambers and to other local PSSOs.

Commodities

1. **Audiovisual, office and computer equipment:** Should be provided to other training institutions and PSSOs at the appropriate stage of their development as a one-time input, according to specific needs on a case-by-case basis.
2. **Business educational materials:** Materials will be provided to a larger number of target training institutions and PSSOs as their development in training activities warrants. Since the volume of educational materials will be large, the feasibility of local publishing of basic business texts should be explored.

English Language Training

See Immediate/Short-term Interventions above.

TABLE 4

TRAINING AND PRIVATE SECTOR SUPPORT ORGANIZATIONS
MEDIUM-TERM INTERVENTIONS

Category	Type	Recipient	Duration	Annual Cost	Total Cost
Scholarship Assistance	Faculty Retooling	UW, PBS, LBS, KAE, GU, MCS, CSPS, others	6-18 months (12 months average)	\$500,000	\$1,500,000
	U.S. Internships	GU, KIS, PF, PCC, CPE, others	2 months	100,000	300,000
Technical Assistance	Trainer Training; Business Curriculum Development; University Linkages; Followup	MCS, UW, GU, LBS, KAE, PBS, others	4 months	528,000	1,056,000
	Trainer Training	PRCA	1 month	20,000	40,000
	PSSO Linkages	KIS, PCC, FICC, CPE/NASM	1 month	20,000	40,000
Commodities	Audiovisual and Office Equipment; Computers and Software	PBS, IBMS	---	---	90,000
	Business Educational Materials	PBS, GU, PF, PV, KIS, IBS, IBMS, PRCA	---	---	To be determined
Language Training	English Language for LT Training	PF, PV, KIS, PRCA, IBS, IBMS, various universities	9 months average	500,000	1,050,000

KEY TO RECIPIENTS

CPE	Confederation of Polish Employers	IBMS	International Business and Management School	LBS	Lublin Business School	PF	Polish Foundation
CSPS	Central School of Planning and Statistics	IBS	International Business School	MCS	M. Curie — Skłodowska University	PRCA	Poznan Regional Center for Studies in Management and Administration
FICC	Foreign Investors Chamber of Industry and Commerce	KAE	Krakow Academy of Economics	NASM	National Association of Self-Management	PV	Polinvest Business School
GU	Gdanek University School for Managers	KIS	Krakow Industrial Society	PBS	Poznan Business School	UW	University of Warsaw
				PCC	Polish Chamber of Commerce		

ENTREPRENEURS AND SMALL AND MEDIUM-SIZE ENTERPRISES

Entrepreneurs and SMEs in Poland can be broken into two groups: traditional and modern. Both groups represent smaller-scale enterprises with an average of one to 50 employees. The traditional entrepreneur considers practical experience to be the best source of knowledge for enhancing growth. The modern entrepreneur is more risk oriented and recognizes the need for and importance of training assistance. Both have generic training and private sector support needs that will have direct and immediate impact upon their abilities to grow within the Polish economy.

Managers or entrepreneurs in this category will benefit from the programs and services developed for training and PSSO institutions outlined above. In addition, the team recommends that limited direct support be provided to the local Chambers of Agricultural and Food Processing, and the Chambers of Small-Scale Industry — to provide assistance at the local level to small firms.

Immediate/Short-Term Interventions

Technical Assistance

1. **Data banks:** In connection with the development of a national data bank at the Polish Chamber of Commerce, data banks will be developed at local business associations so that the SME has easy access to market, supplier, and business contact information. On a pilot basis, two local PSSOs will be assisted over a period of two months.
2. **SME business development and business skill training:** On a pilot basis, two key PSSOs will be given short-term (two months) assistance in developing and offering a training program for small business development and basic business skills for new and existing firms. The program will emphasize the development of business proposals, feasibility studies, market studies, business plans, and effective bank borrowing.

Commodities

1. **Business development materials:** In connection with technical assistance for SME business development, educational materials will be provided to these PSSOs. Included in these materials will be information on the role of the business association vis-a-vis its members and what the members should expect from their business association.
2. **Computer hardware and software:** Assistance could be furnished to the key PSSOs that will be creating data banks for their members' use.

TABLE 5
 ENTREPRENEURS AND SMALL AND MEDIUM-SIZE ENTERPRISES
 IMMEDIATE/SHORT-TERM INTERVENTIONS

Category	Type	Recipient	Duration	Cost
Tech Assistance	Local data bank development	SSI, AFP	2 months	\$40,000
	TA for SME business development and business skills — multiple courses	SSI, AFP	1 month	20,000
Commodities	Business development and educational materials	SSI, AFP	---	5,000
	Computer hardware and software	SSI, AFP	---	20,000

KEY TO RECIPIENTS

AFP Local Chambers of Agricultural and Food Processing

SSI Local Chambers of Small-Scale Industry

Medium-term Interventions

Scholarship Assistance

Internships: Selected owners and senior managers of firms will have the opportunity to receive internships with comparable U.S. firms. They could also receive internships within Poland at similar firms advanced in their fields, but that offer no immediate competitive threat because of such factors as geographic location or degree of sophistication. Another option will be internships in Poland at firms that are upstream/downstream of the firm receiving the internship so that both firms' owners and managers could profit from a better understanding of how each operates, the constraints each faces, and what each requires of the other as members of a chain of activity operating in a market economy.

Technical Assistance

1. **Course development/materials adaptation:** As expansion of the immediate pilot technical assistance for SME business development and business skills, assistance should be given to 10 local PSSOs in developing training capacity in those business skill areas that will be key to survival in a market-driven economy, namely: marketing, financial management, cost accounting, and budgeting.
2. **Data banks:** Development should continue and 10 other local business associations should be assisted in their creation yearly.

Commodities

1. **Business development and education materials:** Materials will be made available to those PSSOs offering training in key business skill areas.
2. **Computer hardware and software:** Assistance could be provided to those local PSSOs developing data banks.

English Language Training

Recipients of internships in Warsaw, Krakow, and Poznan will be trained by teachers stationed in these three cities. Recipients in other localities would receive English language orientation from the Peace Corps, the British Know-How Fund's efforts, and other donor programs.

TABLE 6
ENTREPRENEURS AND SMALL AND MEDIUM-SIZE ENTERPRISES
MEDIUM-TERM INTERVENTIONS

Category	Type	Recipient	Duration	Annual Cost	Total Cost
Scholarship Assistance	Internships	Selected owners/managers	1 month	\$88,000	\$264,000
Technical Assistance	Local Data Bank Development	SSI, AFP	1 month/PSSO	200,000	400,000
	TA for training capacity in SME business development and basic business skills courses	SSI, AFP	1 month/PSSO	200,000	400,000
Commodities	Computer software	SSI, AFP	—	100,000	200,000
	Business development and educational materials	SSI, AFP	—	25,000	50,000
Language Training	English language orientation	SSI, AFP	variable	See ELT Table 5	See ELT Table 5

KEY TO RECIPIENTS

AFP Local Chambers of Agricultural and Food Processing

SSI Local Chambers of Small-Scale Industry

FINANCE AND BANKING SECTOR

A critical need within the economy is a functioning financial sector. Commercial, privately owned and operated banking and financial services institutions are new to Poland. What few financial services do exist reflect divestment of the National Bank of Poland's portfolio. Ancillary financial institutions such as credit unions, nonbank financial institutions, and the like are nonexistent in Poland. Devoid of a

functioning financial sector, the productive sectors in Poland cannot obtain credit and financial services necessary to operate in a market economy. This problem is compounded by the drive for divestiture of SOEs and the sudden emergence of new and untried banking operations.

Interventions in this sector are by nature longer term in duration; however, Poland has immediate needs if its banking sector is to function effectively. Symptomatic of the banking sector's problem is that it can take as long as three months for a check to clear. Consequently, interfirm transactions are largely cash or barter. Furthermore, banks have little ability to do basic credit analysis. The planned banking school in Katowice to be sponsored with French donor assistance is not expected to be operational until October 1990. Certain of the following recommendations center on taking immediate actions to address the simpler issues of front and back office operations, including clearing operations and credit analysis of the smaller enterprise.

Other key interventions involve the organizational structure under which the banking system operates. These interventions include the establishment of bank finance and accounting standards and regulations, the registration and supervision of banks, and the privatization of existing state-owned banks. Finally, there is the broader objective of creating functioning financial markets, including the development of capital markets.

Immediate/Short-Term Interventions

Technical Assistance

1. **Front and back office operations:** U.S. specialists should provide training in the way to establish such operations and set up procedures. This training should be provided for Market Bank, the Krakow Industrial Society Bank, the Bank for Food Economy, and PKO Savings Bank.
2. **Credit analysis and SME lending:** U.S. specialists should provide training for the above banks, including Market Bank (Poznan) — the private commercial bank that serves as a model to other emerging privately owned commercial banks.
3. **Construction financing:** U.S. specialists should provide training to the PKO Savings Bank in how to mobilize savings and link mobilized savings into long-term housing and building financing.
4. **Supervision and regulation:** U.S. specialists will provide assistance for 18 months to the NBP in the framing of legislation, bank licensing, and regulation that would allow NBP to exercise a careful oversight and supervisory role of a nonstate banking system.
5. **Bank privatization:** U.S. specialists will provide assistance for two years to the NBP and the Foundation for Capital Market Development and Privatization of the MOF. Assistance will be in the restructuring of existing state banks, the development and start-up of commercial banks, and bank management.

Commodities

1. **Banking educational materials:** Materials will be provided to the MOF's proposed School of Finance, which will deal with all aspects of the creation and operation of a modern financial market. Appropriate educational materials should also be provided to Market Bank, the Krakow Industrial Society Bank, BFE, and PKO.
2. **Computers and financial software:** Software should be provided for the MOF's proposed School of Finance, Market Bank, and the Krakow Industrial Society's Bank.

English Language Training

The candidates for short- and long-term U.S. training outlined below under Medium-term Interventions will have to be near-fluent in English to take advantage of these training and internship opportunities. English language training, including business English, should start immediately in those institutions whose staff will be the recipients of this training. The English language teachers based in Warsaw, Krakow, and Poznan will give this instruction. Their costs are included in ELT for training institutions and PSSOs. For candidates from cities other than Warsaw, Krakow, and Poznan, ELT could be carried out by Peace Corps volunteers and A.I.D. assistance, in collaboration with the British Know-How Fund. For ELT to be effective, a minimum of nine months of training is necessary.

TABLE 7
FINANCE AND BANKING SECTOR
IMMEDIATE/SHORT-TERM INTERVENTIONS

Category	Type	Recipient	Duration	Cost
Technical Assistance	Bank Supervision and Regulation	NBP	6 months	\$100,000
	Bank Privatization	NBP, FCMD	6 months	100,000
	TA/Training in Front/Back Office Operations	MB, BFE, PKO, KIS Bank	6 months	400,000
	Training in Credit Analysis and SME Lending	MB, BFE, PKO, KIS Bank	1 month/ bank	80,000
	Training in Savings Mobilization and Construction Financing	PKO	2 months	40,000
Commodities	Banking Educational Materials	SF, MB, BFE, PKO, KIS Bank	—	10,000
	Computers and Financial Software	SF, MB, KIS Bank	—	135,000
Language Training	English language for LT training	NBP, SF, PABA, MB, KIS Bank	See ELT Table 4	See ELT Table 4

KEY TO RECIPIENTS

BFE	Bank of Food Economy	KIS	Krakow Industrial Society	NBP	National Bank of Poland	PKO	PKO Savings Bank (Housing)
FCMD	Foundation for Capital Market Development (MOF)	MB	Market Bank	PABA	Polish American Bank Academy	SF	School of Finance (MOF)

Medium-term Interventions

Scholarship Assistance

1. **Short-term financial training and internships:** In conjunction with other donor activities, short-term training and internships in selected areas of commercial banking and the establishment and operations of financial markets will be offered to NBP staff, the MOF's School of Finance, and newly emerging private commercial banks. The locus of internships would be U.S. organizations such as the Department of the Treasury, the Securities and Exchange Commission, the FDIC, stock exchanges, U.S. commercial banks, and other specialized banks and brokerage houses.
2. **Long-term financial training:** In conjunction with other donor activities, selected long-term training in commercial banking activities will be made available for the staff of the Polish-American Bank Academy (Poznan). Where appropriate, selected long-term U.S. training will be offered to NBP staff and MOF's School of Finance in connection with the establishment and operation of modern financial markets, one practical example being the full span of brokerage house operations.

Technical Assistance

1. **Supervision, regulation, and bank privatization:** The activities proposed above could be expanded with assistance in putting the new laws and regulations into effect and implementing them. Assistance should be given to the NBP and the MOF's School of Finance and extended to the Polish-American Banking Academy once it becomes operational.
2. **Training in topical banking subjects:** Under the aegis of the French-sponsored banking school (Katowice) and the Polish-American Banking Academy, training will be provided in subjects that address specific Polish needs, and where U.S. assistance would have a comparative advantage. For example, training in the creation and marketing of financial products and services, venture capital operations, and SME lending should be offered.

Commodities

Banking educational material: In connection with topical banking subjects addressed above, educational materials will be provided on a one-time basis.

English Language Training

See above under Immediate/Short-Term Interventions; medium-term training will include three repetitions of nine months each.

TABLE 8

FINANCE AND BANKING SECTOR
MEDIUM-TERM INTERVENTIONS

Category	Type	Recipient	Duration	Annual Cost	Total Cost
Scholarship Assistance	Short-term Financial training; internships	NBP, SF, MB, BFE, PKO, other banks	1-4 months	140,000 to 560,000	280,000 to 1,120,000
	Long-term financial training	NBP, SF, PABA	12 months	150,000	300,000
Technical Assistance	Training in front/back office operations	MB, KIS Bank, BFE, PKO	6 months	400,000	400,000
	Bank supervision and regulation	NBP, SF, PABA	12 months	200,000	200,000
	Bank privatization	NBP, SF, PABA	18 months	200,000	300,000
	Training in Topical Banking Subjects (e.g., SME lending, venture capital)	IBKS	1 month	25,000	75,000
Commodities	Bank Curriculum Material	IBKS	—	5,000	5,000
Language Training	English for LT training	NBP, SF, PABA, other banks	9 months average	See ELT Table 5	See ELT Table 5

KEY TO RECIPIENTS

BFE	Bank of Food Economy	KIS	Krakow Industrial Society	NBP	National Bank of Poland	PKO	PKO Savings Bank (Housing)
IBKS	International Banking School	MB	Market Bank	PABA	Polish American Bank Academy	SF	School of Finance (MOF)

AGRIBUSINESS, HOUSING, AND SOES

Each of these sectors is unique for the roles that they have held and will continue to hold within the Polish economy. Discrete and significant differences exist between the sectors. Priority, sector-specific management training needs are identified. Moreover, management within enterprises in these priority sectors recognizes the need for short- and medium-term assistance in financial management, business planning, marketing and market information, cost accounting, and so forth.

For its part, agriculture has traditionally been in the hands of the private sector with agricultural input supply and output marketing dominated by parastatal or SOE enterprises. Housing, other than single family dwellings, has traditionally been a state operation, drawing upon traditional and outdated technologies pervasive throughout Eastern Europe. SOE involvement in agriculture and housing has traditionally covered the range of services to and from the sectors along with total control of financial services to the sectors.

Immediate/Short-term Interventions

Technical Assistance

1. **U.S. regulations and import procedures:** The pertinent information (sources: USDA, FDA, Customs, food brokers) for the full spectrum of food products should be provided to help Polish food processors gain access to the U.S. market. This information should flow from the USDA through the Polish Chamber of Commerce to regional and branch chambers and to local Chambers of Agriculture and Food Processing, as well as to Chambers of Small-Scale Industries where food processing is a member industry.
2. **Current agribusiness and building technologies:** Observation tours of approximately three weeks in the United States will be planned for the representative officers of local chambers. Tours could be scheduled to include a major U.S. trade fair, the acquisition of requisite technical information, opportunities to see technologies in operation, and opportunities to meet with U.S. business counterparts. The individuals who will ultimately be technical trainers on the new equipment portion of the technological packages should accompany the tour.
3. **Building and building materials technologies and standards:** Assistance should be given in establishing common, modern building standards and codes to the Ministry of Construction and the Chambers of Small-Scale Industries.

Commodities

Soil testing equipment/techniques: Given the serious concern with heavy metals in Poland's soils, farmers and food processors are especially anxious about their current and future export markets. Both equipment and technology training will be required, and the USDA will likely be providing these to the Ministry of Agriculture as part of the joint program to renovate Poland's extension service.

TABLE 9

**AGRIBUSINESS, HOUSING, AND STATE-OWNED ENTERPRISES
IMMEDIATE/SHORT-TERM INTERVENTIONS**

Category	Type	Recipient	Duration	Cost
Technical Assistance	Establish U.S. import procedures	PCC, AFP, Warsaw seminar — USDA	1 month	\$35,000
	5 seminars; info dissemination	AFP	1 month	50,000
	U.S. observation tours on agribusiness and housing technologies	AFP, SSI	1 month	320,000
	Building standards	MOC, SSI	1 month	20,000
Commodities	Soil Testing Equipment	MOA	---	To be determined
Language Training	English language orientation	AFP, SSI	variable	See ELT Table 4

KEY TO RECIPIENTS

AFP Local Chambers of Agricultural and Food Processing MOA Ministry of Agriculture PCC Polish Chamber of Commerce SSI Local Chambers of Small-Scale Industry
MOC Ministry of Construction

Medium-term Interventions

Scholarship Assistance

Internships in agribusiness and in housing construction: Selected owners/senior managers of firms and privatized *Kombinats* will have the opportunity to receive internships with comparable U.S. firms. Also, internships can be offered within Poland at similar firms that are advanced in their fields, but to which the holder of the internship offers no immediate competitive threat because of such factors as geographic location, or degree of sophistication of operation. Another option would be internships in Poland at firms upstream/downstream of the firm receiving the internship so that both firms' owners/managers may profit from better understanding of how each operates, the constraints each faces, and what each requires of the other as members of a chain of activity operating in a market economy.

Technical Assistance

1. **Training of trainers:** To follow up the observation tours, training of trainers should be provided in current food and construction processes and technologies for the chambers of agriculture and food processing and small-scale industries that will undertake training of their members. The type of trainer training that can be offered in food processing will cover quality control, sanitation, preservation, storage, and packaging.
2. **U.S. observation tours:** Tours will continue at the rate of two per year for the appropriate chamber officers who represent the agribusiness and housing sectors. They should be accompanied by individuals who will be future technical trainers.
3. **Management and accounting skills:** Training of trainers for agricultural and food processing cooperatives which are in the process of becoming private entities should be available.⁶
4. **Skills specific to the housing industry:** Training should be provided in the following areas via the chambers of small-scale industries: banking as it relates to construction (building finance), job planning, critical path method, job costing, cost accounting, negotiation skills, and development of subcontracting networks. Training will be offered by the chambers of small-scale industries.
5. **Commercial linkages:** Linkages between Polish agribusiness and housing firms and the appropriate U.S. firms could be established via the local chambers, their national umbrella chambers, U.S. chambers, and industry associations.

Commodities

Technical and business skill educational materials: Materials should be provided to those institutions housing the above technical assistance.

English Language Training

Recipients of internships in Warsaw, Krakow, and Poznan would be A.I.D.-funded teachers stationed in these three cities. Recipients in other cities would receive English language orientation from the Peace Corps and via the British Know-How Fund's efforts.

⁶ This assistance would be given under the aegis of Volunteers in Overseas Cooperative Assistance (VOCA), in the three regions in which VOCA is operating and in those regions which VOCA enters in the future.

TABLE 10
 AGRIBUSINESS, HOUSING, AND STATE-OWNED ENTERPRISES
 MEDIUM-TERM INTERVENTIONS

Category	Type	Recipient	Duration	Annual Cost	Total Cost
Scholarship Assistance	Internships	Selected owners/managers	1 month	\$88,000	\$264,000
Technical Assistance	Training Trainers followup	AFP, SSI	2 months	80,000	160,000
	Training in specific skills for housing	SSI	3 months	60,000	120,000
	U.S. observation tours on agribusiness and housing technologies	AFP, SSI	1 month	320,000	640,000
	Management/accounting skills	Cooperatives via VOCA	3 months	60,000	180,000
	PSSO Commercial linkages	AFP, SSI, PCC	2 months	40,000	80,000
Commodities	Business Educational materials	AFP, SSI	---	10,000	20,000
Language Training	English language orientation	AFP, SSI	variable	See ELT Table 5	See ELT Table 5

KEY TO RECIPIENTS

AFP Local Chambers of Agricultural and Food Processing

PCC Polish Chamber of Commerce

SSI Local Chambers of Small-Scale Industry

VOCA Volunteers in Cooperative Assistance

A REGIONAL APPROACH TO ASSISTANCE

One approach to offering technical and training assistance in Poland is to concentrate the assistance in specific regions and cities. The cities and regions of Poznan and Krakow present opportunities to take advantage of established institutions and the link in place between these institutions. Both cities are dynamic: Poznan, the trade capital of Poland, and Krakow, a center of heavy industry. Concentrating assistance in these two areas has certain advantages. First, it would strengthen the foundation from which rapid economic development would come. Second, rapid results from technical assistance and training are likely because strong institutions already exist in these cities and they have already made effective, logical links with each other. Finally, success of such an approach and the lessons learned could be transferred quickly to other regions and cities in Poland.

Through the collaboration of the Chambers of Small-Scale Enterprise, Agriculture and Food Processing; Solidarity; the Poznan *Voivode*; and the Academy of Economics, Poznan has set in motion a regional economic development program (Wielkopolska Economic Initiative). This program will establish a school of business and an academy of banking to operate under the aegis of the Academy of Economics. Once established, the banking academy would become financially autonomous, contracting with the Academy of Economics for facilities and personnel. The program also includes the participation of the Regional Center for Studies in Management and Administration, Poland's leading public administration training center.

As part of the economic development program, Poznan expects to become a center for banking. The 11 districts in Poland have 1,700 farmer cooperative banks. The Poznan district has 250. In late May 1990, the government abolished the public superstructure that controlled these banks, thus returning them to fully private status. In addition, Poznan has the first 100 percent, privately owned commercial bank: Market Bank. Market Bank, which receives technical assistance from Chicago's South Shore Bank, is seen as the flagship private commercial bank in Poland to which many of the fledgling private commercial banks will turn for assistance.

Krakow, a center of heavy industry and the agricultural center for south Poland, has established collaborating business training institutions and PSSOs. The seven-year-old Krakow Industrial Society fulfills much of the role of a chamber of commerce and operates a business school founded in 1987. Moreover, a private commercial bank owned by the society is expected to begin operations in September 1990.

A key link in Krakow's organizational structure is Urban Solidarity, whose primary interests include promoting the housing sector and establishing business incubator projects. Urban Solidarity's hold on the Krakow political scene was further strengthened on May 27, 1990, when it won 75 of the total of 77 seats in Krakow's local elections (part of Poland's first totally free local and regional elections).

Following are recommendations for implementing training needs on a city and regional basis for Poznan and Krakow, presented by category of assistance:

POZNAN

Scholarship Assistance

1. **Training/internships in the United States:** Assistance should be provided for key faculty of the proposed Poznan Business School, the Academy of Banking, and the Poznan School of Management. Such assistance would serve to retool faculty members in subjects critical to business operating in a free market economy. Well-tailored internships in business and banking settings could enhance faculty members' grounding in the workings and requirements of a market economy.
2. **Short-term study tours:** Tours will be provided for key officers of the Chambers of Agriculture and Food Processing and of Small Scale Industries. Study tours would emphasize food processing technologies, commercial-scale farming (farms in the Poznan area are three times larger on average than the average Polish farm), and new technologies in construction and ancillary activities. A second set of study tours should be provided to train trainers in basic business skills for small-scale agribusiness and housing construction firms.

Technical Assistance

1. **Business curriculum development/improvement:** This category of assistance includes the development and adaptation of curricula to Western standards and its applicability to a market economy. Ancillary to curriculum development and improvement is training faculty and trainers in varied pedagogical techniques. The Poznan Business School, the Academy of Banking, and the Poznan School of Management should receive this assistance.
2. **Data banks:** Both the Chamber of Agriculture and Food Processing and the Chamber of Small-Scale Industries would receive assistance in establishing data banks of domestic and foreign market, supplier and business contact information.
3. **U.S. regulations, import procedures, and market channel information:** Assistance could be made available to the region's food processors via the Chamber of Agriculture and Food Processing.

Commodities

1. **Business educational materials:** Basic texts, subscriptions to journals, and case studies should be provided to the Poznan Business School and the Academy of Banking. The chambers will also require a certain amount of educational and technical materials.
2. **Audiovisual, office, and computer equipment:** Assistance would be provided to the Academy of banking and the two chambers. The Poznan Business School requires microcomputers, software, and photocopiers. The Regional Center for Administration requires microcomputers, software, photocopiers, and training films. The chambers require computers, software, videotapes, and photocopiers.

3. **Demonstration and special equipment:** The Chamber of Agriculture and Food Processing requires appropriate demonstration food processing technologies/equipment, food and soil testing equipment, and quality control instrumentation. The Chamber of Small-Scale Industries requires appropriate demonstration equipment for new building technologies and for technologies in those activities ancillary to construction.

English Language Training

As needed to support overseas training opportunities, English language training will be provided. The scope and extent will be determined prior to implementation of the training.

KRAKOW

Scholarship Assistance

1. **Training/internships in the United States:** Assistance should be provided for key faculty of the Academy of Economics (Krakow) who will become the initial professorial staff of the proposed business school. Similar assistance could be given to the Krakow Industrial Society and Polinvest Business School if they develop a cadre of full-time faculty. Such assistance would serve to retool and develop faculty members in business subjects pertinent in a free market economy.
2. **Short-term study tours:** Tours should be provided for key officers of the Chamber of Small-Scale Industries and the Malopolska Foundation (the agricultural chamber for south Poland). In Krakow's case, the study tours would cover both food processing and construction technologies, with emphasis on dairy, meat, vegetable, and fruit processing; bakeries; and wood products used in construction.
3. **Training in cooperative management:** Short-term study tours could be provided for key cooperative officials to similar U.S. cooperatives to see how cooperatives are run as true business enterprises, not as socialized enterprises. This assistance will be coordinated with the VOCA activities in the Rzeszow area.

Technical Assistance

1. **Business curriculum development/improvement:** Assistance should be provided to develop and adapt curricula to Western standards and made applicable to a market economy. Curriculum design should take the needs of SOE managers into account, since numerous management staff of the Nowa Huta steel mill will undergo retraining. Training faculty in various pedagogical techniques will also be necessary. The Krakow Industrial Society, the Krakow Academy of Economics, and Polinvest Business School will require this assistance.
2. **Data banks:** The Chamber of Small-Scale Industries and the Malopolska Foundation will be provided assistance to establish data banks of information on domestic and foreign markets, suppliers, and business contacts.
3. **U.S. regulations, import procedures, and market channel information:** Information should be made available to the region's food processors via the Chamber of Small-Scale Industries and the Malopolska Foundation.

Commodities

1. **Business educational materials:** Basic texts, journal subscriptions, and case studies could be provided to the Krakow Academy of Economics, the Krakow Industrial Society, and the Polinvest Business School. The Chamber of Small-Scale Industries and the Malopolska Foundation will require a certain amount of educational and technical materials.
2. **Audiovisual, office, and computer equipment:** A limited amount of these commodities will be required by the Krakow Industrial Society. The Malopolska Foundation should be provided with a microcomputer, appropriate software and audiovisual equipment. The Chamber of Small-Scale Industries will require the full range of equipment.
3. **Demonstration and special equipment:** Equipment should be furnished to the Malopolska Foundation in the food processing area, and to the Chamber of Small-Scale Industries for both the food processing and the construction guilds. The equipment and new technologies will match the area's broad fields of activity, in other words, dairy, meat processing, fruit and vegetable products, construction techniques, and wood products for construction.

English Language Training

As needed to support overseas training opportunities, English language training will be provided. The scope and extent will be determined prior to implementation of the training.

IMPLEMENTATION ISSUES

The size and complexity of Poland's training needs coupled with the pace of change in Poland argue for in-country management of U.S. training assistance. We recommend a small, long-term technical assistance presence to manage the Poland training package. One possible arrangement would be a single expatriate assisted by one technical and one support staff person, hired locally. Local hires should have the skills required under the recommended short-term technical assistance plan. Skills in training design and technology would be particularly useful.

Among the tasks to be performed by this technical assistance team would be:

- Managing in-country, short-term technical assistance and provision of commodities;
- Organizing and managing the selection process for scholarships and internship candidates;
- Monitoring donor assistance provided, and coordinating reporting to U.S. donor agencies;
- Directing technical assistance to Polish educational and training institutions, PSSOs, and other specialized organizations such as the Polish-American Bank Academy and the Poznan Regional Center for Studies in Management and Administration;
- Coordinating with other donor programs in Poland that provide management and technical skills training; and

- Implementing needs assessments and making recommendations for types of assistance to meet opportunities suggested in this report and opportunities not anticipated by this study.

The recommendations in the preceding matrices include a number of items that will require additional needs assessment in the future. For example, entrepreneurship development for nascent entrepreneurs may be a desired activity and could be situated in local business associations. The organization of candidates to do internships in Poland might be expanded to place business owners and managers upstream or downstream of their own business activities, in businesses in which they depend for supply of raw materials or market outlets.

Just as the needs will change from the present assessment, so will the available implementation opportunities and mechanisms. New projects from A.I.D. and other U.S. agencies will provide opportunities for cost-effective buy-ins that cannot be forecast.

ANNEX I
PROJECT METHODOLOGY

ANNEX I

PROJECT METHODOLOGY

This study was commissioned by the Bureau for Asia/Near East of the U.S. Agency for International Development (AID/ANE). The purpose of the study was to develop a multiyear management training strategy that would address the key human resource constraints in Poland's transition from a command economy to a market economy. The strategy was to promote human resources development within the private sector by a combination of both short- and long-term academic training and technical assistance, in Poland and in the United States.

The study was conducted by a two-person team, which consisted of a private sector analyst and an education and training specialist. The fieldwork was carried out during a five-week period in April and May 1990. The project embodied three phases using the following methodology:

Phase 1: Literature Review/Key Sector Selection/Data Collection Instruments.

This first phase involved a review of relevant documents addressing issues in Poland's economic transformation, characteristics of the Polish private sector, and descriptions of key subsectors and institutions in the public and private sectors with critical roles in the development of a market economy (see Annex III for bibliography). The team interviewed World Bank and IFC officers responsible for Poland. On the basis of the literature review and in consultation with AID/ANE, the team decided to concentrate the management training appraisal on several economic sectors determined to be key to Poland's near-term economic transformation. The sectors identified were agriculture, housing, and finance. The team also developed data-collection instruments for in-country analysis of training needs and training resources.

Phase 2: Fieldwork: Key Private and Public Sector Players/ Support Organizations/Educational and Training Institutions.

A two-person team, with the support of Polish professionals, carried out the fieldwork across Poland over a five-week period. The team interviewed 85 companies, about equally divided between agribusiness firms (40) and housing sector firms (33). Additionally, 11 companies in diverse categories of business activity were contacted. While most of the firms were small and medium-size enterprises with 100-percent Polish ownership, a few firms were Polish-foreign joint ventures and partially or fully state-owned enterprises in the process of privatization. The firms were located in the major cities of Warsaw, Krakow, Gdansk, Poznan, Kielce, Lublin, Lodz, Katowice, and Plock or in their vicinities.

In addition, to obtain as broad a perspective as possible on private sector training needs, the team interviewed Government of Poland officials of the key ministries (Prime Ministry, Construction, Agriculture, Education, Finance and Industry), key Senate and Parliament leaders, 13 private sector support organizations, the Central Bank, those banks responsible for the housing and agriculture/agribusiness sectors, and two newly formed commercial banks, one state owned, the other wholly privately owned. Other key donors and international organizations were interviewed to round out the perspective.

On the training resource side, the team interviewed 25 training institutions to assess their capabilities to provide management training in business and technical skills. These organizations included universities, academies of economics, business schools (public and private), and selected government-linked management training organizations and training institutions. Private sector support organizations were examined for the types of business services provided to their member firms as well as their capability to deliver management training.

Phase 3: Findings/Recommendations/Strategy.

Findings from the fieldwork were analyzed, from which recommendations were made for a multi-year managerial and technical skills training strategy. The strategy addressed both immediate and medium-term needs and recommended the appropriate interventions. A report of the findings and recommendations was prepared for AID/ANE. This was followed by a presentation of the strategy to A.I.D., the State Department, and several agencies of the U.S. Government.

ANNEX II

**PERSONS CONTACTED FOR
MANAGEMENT TRAINING ASSESSMENT IN POLAND**

ANNEX II

**PERSONS CONTACTED FOR
MANAGEMENT TRAINING ASSESSMENT IN POLAND**

I. Government of Poland

Ministry of Finance
Henryk Sterniczuk

Privatization Advisor

Jacek Bukowski

Advisor, Office of Government Plenipotentiary for
Ownership Changes

Ministry of National Education
T. Diem
Wiktor Kulersky
Ryszard Romaniuk

Deputy Minister of Education
Deputy Minister of Education
Director, Task Force: Training and Human Resources

Foreign Investment Agency
Mieczyslaw Olender

Director, Promotion Bureau

The Senate of the Republic of Poland
Jozef Slisz
Witold Czartoryski

Vice Marshall of the Senate
Secretary of the Foreign Relations Committee

Member of Parliament
Maria Stepniak
Ireneusz Pieta
Antoni Furtak
Henryk Wujec
Andrzej Stanislaw Milkowski

Plock
Tomicki
(also Vice President of Rural Solidarity)
(also Secretary of the Civic Parliamentary Club)
(also Citizen's Parliamentary Club)

Office of the Prime Minister
Kyszard Ceglowski

Advisor to the Deputy Prime Minister

Ministry of Agriculture and Food Economy
Jozef Martyniak

Vice Director, Department of Science, Education and
Development

Ministry of Spatial Planning and Construction
Ryszard Jajszyk

General Director

Ministry of Industry
Wladyslaw Wlodarczyk

Director, Staff and Training Department

II. Government of the United States**Embassy of the United States of America (Poland)**

Jack Spilsbury	Second Secretary for Economic Affairs
Paul H. Wackerbarth	Economic Counselor
Algis Avizienis	Political and Economic Officer, U.S. Consulate, Krakow

U.S. Agency for International Development

Donald Pressley	Director of the Office of European Affairs, ANE
Michael Morfit	Officer in Charge of Eastern European Affairs, ANE
Thomas Chapman	Human Resource Development Officer, ANE
Margaret Bonner	AID/W, Office of Egypt and European Affairs
Joyce Kaiser	Assistant Director for Participant Programs, OIT

III. Educational and Training Institutions**University of Warsaw**

Krzysztof Podstawka	Professor, Faculty of Management
Jerzy Wilkin	Associate Dean, Faculty of Economic Sciences
Elzbieta Chojna-Duch	Professor of Law, Institute of Financial Law
Krzysztof Nowak	Professor, Institute of Sociology

Polish Economic Society

Edward Getkowski	General Director, Institute of Economic Education
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Central School of Planning and Statistics

Urszula Grzelonska	Associate Professor, Faculty of Home Trade
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Institute of Entrepreneurship (Warsaw)

Ludwik Kozlowski	
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Lublin Business School, Catholic University of Lublin

Miroslaw Loboda	Director
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M. Curie-Sklodowskiej University (Lublin)

Zbigniew Szeloch	Department Head, Organization and Management Department
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Academy of Economics (Krakow)

Stefan Mynarski	Vice Rector
Ryszard Szweczyk	Professor, Institute of Finances

University of Gdansk

Maciej Rydel	Profess., Institute of Foreign Trade Economy
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Academy of Economics (Poznan)	
Bohdan Gruchman	Professor, Institute of Economics
Zbigniew Czerwinski	Professor, Institute of Economics
Grzegorz Golebski	Assistant Professor
Eryk Wojciechowski	Assistant Professor
Wieslaw J. Otta	Associate Professor, Institute of Economics
Academy of Agriculture (Szczecin)	
Antoni Piwowarski	Professor, Faculty of Economics and Organization of Food Economy
Jagiellonian University	
Ewa Kryszakowska-Budny	Professor, English Language Center
University of Silesia	
Wladyslaw Jacher	Professor, Institute of Sociology
Jan Grabowski	Department Head, Faculty of Law and Administration.
Centre of Technical Development of the General Technical Organization (Warsaw)	
Stanislaw Sokolski	
Polish Society for Propagation of Knowledge (Warsaw)	
Stanislaw Karas	Secretary General of the Board
Polish Academy of Sciences (Warsaw)	
Piotr Ploszajski	Director, Institute of Philosophy and Sociology
The Scientific Society of Organization and Management (Warsaw)	
Robert Kaminski	Director
International Business School (Warsaw)	
Andrzej Kozminski	President
International Business Services and Management School (Warsaw)	
Jerzy Kalisiak	President
Zuzanna Kalisiak	Managing Director
Warsaw Polytechnic Institute of Technology and Organization in Housing: Institute of Material Construction (Warsaw)	
Czeslaw Uhma	Economist
Academy of Agriculture (Poznan)	
Andrzej Gajtkowski	Assistant Professor, Institute of Mechanization of Agriculture
Poznan School of Management (Poznan)	
J. Trzeciakowski	Professor

Polinvest Business School (Krakow)

Wieslaw Samitowski
Adam Donimirski

President
Vice President

Polish Foundation, School of Management (Warsaw)

Andrzej Makacewicz
Malgorzata Pawlisz

President
Director

Solidarity Economic Foundation (Gdansk)

Julian Skelnik

General Director

IV. Private Sector Support Organizations**Polish Chamber of Commerce**

Andrzej Arendarski

President (also Member of Parliament)

Confederation of Polish Employers

Andrzej Machalski

President (also Senator)

Foreign Investors Chamber of Industry and Commerce

Marek Niedzwiedzki

Deputy Director

Polish Association of Small-Scale Industries

Henryk Rospara

President

Krakow Industrial Society

Leslaw Kuzaj
Lech Jeziorny

Member, Board of Directors
Vice President

Pawl Rey

Marta Baranska

Control Officer
English Teacher

Krakow Chamber of Small-Scale Industries

Bohdan Kozlowski

Vice President, Board of Directors

Agricultural Foundation of South Poland (Krakow)

Wladyslaw Zawislak

President

Poznan Chamber of Small-Scale Industries

Jan Pawlak

Vice President

Wielkopolska Chamber of Agriculture and Industry: Grodzisk Wielkopolski Branch

Tadeusz Bukiewicz
Kazimierz Borowski
Tadeusz Russ

President
Secretary
Member of the Board

Wielkopolska Chamber of Industry and Commerce (Poznan)
Piotr Wronski
Managing Director

Private Entrepreneurs Club (Gdansk)
Janusz Lewandarski

Katowice Chamber of Commerce and Industry
Andrzej Rajpert
Chairman of the Board

Junior Chamber of Commerce (Warsaw)
Krzysztof Bialowolski
Vice President (also President of the Board "Budoma"
Housing Society)

V. Financial Institutions

National Bank of Poland
Witold Kozinski
Lucyna Maksymiuk
Advisor to the President
Vice Director, Department of Personnel and
Employment

PKO Savings Bank
Miroslaw Sochaczewski
Elzbieta Dubczyk
Manager, Multi-Family Housing Group, Credit
Department
Vice Director, Credit Department

Bank for Food Economics
Janusz Dedo
Krzysztof Grzybowski
Director, International Department
Deputy Director, International Department

Market Bank (Poznan)
Eryk Wojciechowski
President

Bank of Gdansk
Jan Cesarz
President

VI. Polish Companies

A. Agribusiness

Walker Company (Bledow)
Krzysztof Paciorek
President

Biomex Rzeszow (Warsaw)
Krzysztof Zadrozny
Managing Director

Wojtaniuk Pork Products (Lomianki) Kazimierz Wojtaniuk	Owner
Bartenbuch Company (Warsaw) Ryszard Bartenbuch	Owner
Turski & Company (Wolka Koszowka) Leszek Turski	Owner
Lubicz (Warsaw) Z. Pochrzest	Manager
Fructana (Milanówek) Zbigniew Rybak	Owner
Druzynski Company (Warsaw) Wlasyław Druzynski	Owner
Ciecierzynscy Brothers Confectionery (Warsaw) Tomasz Ciecierzynscy	Owner
Pomianowsky Company (Warsaw) Lech Pomianowski	Owner
Polnish Kosher, Ltd. (Warsaw) Andrzej Klamut	Plant Manager
Mikulska Enterprises (Grodzisk Mazowiecki) Halina Mikulska	Owner
Jaskolski Flavors (Warsaw) Ryszard Jaskolski	Owner
Boguslawski Company (Warsaw) Andrzej Boguslawski	Owner
Janeczek Baking (Krakow) S. Janeczek	Owner
Bubucorn (Krakow) Wladyslaw Lazarski	Owner
Ptys Confectionery (Krakow) Jan Kwiatowski	Owner
Burkat Company (Krakow) Jozef Burkat	Owner

Confectionary Cooperative (Krakow) Stanislaw Czerny	Manager
Trela Bakery (Krakow) Zdzislaw Trela	Owner
Karnecki Company (Krakow) Roman Karnecki	Owner
Garbarz, Ltd. (Krakow) Marian Cebula	Vice-Director for Trade
Cichon Company (Katowice) Piotr Cichon	Owner
Dryszel Company (Katowice) Joachim Dryszel	Owner
Olczak Foods (Sinniki) Artur Olczak	Owner
Wielgonas Farms (Blonie) A. Wielgonas	Owner
Rolniczej Spoldzielni Produkcyjnej w Koszelewie Cooperative (Koszelew/Gabin) Adam Sierocki	President
Knop Company (Poznan) Henry Knop	Owner
Interfragrances (Poznan) Romuald Gajewski	Production Manager
Nowak Company (Poznan) Adam Nowak	Owner
Korn (Poznan) Zbigniew Filipek	Export Manager
Drew-Torf, Ltd. (Poznan) Jan Skrzypczak	Chairman of the Board
Gdaniec Company (Gdansk) Wieslaw Gdaniec	Owner
Polish Farmer, Ltd. (Kielce)	Owner

Majka Company (Lodz) Jerzy Majka	Owner
Celides (Lodz) Dorota Zaluga	Owner
Dyzmanski Ccpany (Rumnia) Zygmunt Dyzmanski	Owner
Nowak Flowers (Zolwin) Andrzej Nowak	Owner
Kozak Company (Tarczyn) Slawomir Kozak	Owner
Tropical (Zabrze) Andrzej Ogrodnik	Owner
B. Housing.	
Curtis International, Inc. (Warsaw) Zbigniew Dick Niemczycki	President
Budoma S.A. (Warsaw) Krzysztof Bialowolski	President
Bau-Pol (Warsaw) J.J. Teichmann	President
Olejniczak Brickworks (Warsaw) Wieslaw Olejniczak	Owner
Rynscy & Company (Marki) Miroslaw Rynscy	Owner
Mank Company (Marki) Lech Mank	Owner
Pol-Dach (Belsk Duzy) Magdalena Wilczynska	Manager
Gamma-Tronik, Ltd. (Warsaw)	Director
Mador Company (Warsaw) Pawel Bielez	Director

Miko (Warsaw) Jerzy Grylewicz	Deputy Director
Sap-Project, Ltd. (Warsaw) Cezary Mickiewicz	Chairman of the Board
Kotlarstwo Gazowe (Wolomin) Jan Krzyna	Owner
Arem, Ltd. (Krakow) Marek Gortat	Owner
Corina (Krakow) Edward Krajewski	President
Liberta (Krakow) Jan Suchon	Owner
Mediana, Ltd. (Krakow) Aleksander Angerman	Managing Director
Locksmiths Company (Krakow) Miroslaw Przybyl	Owner
Silcopro, Ltd. (Katowice) Andrezej Wojtasiewicz	Director
Ceglarz Company (Katowice) Jan Ceglarz	Owner
Mega, Ltd. (Katowice) Jacek Zimny	Administrative Director
Alfa, Inc. (Poznan) Grzegorz Gwojdzinski	Chairman of the Board
Utech, Ltd. (Poznan) W. Organista	Owner
Pozbid, Ltd. (Poznan) Waclaw Gracz	Manager
Korytowski Company (Poznan) Eugeniusz Korytowski	Owner

Murarski Company (Gdansk)	
Kazimierz Wojtowicz	Partner
Alojzy Bartkowski	Partner
Elgaz (Gdansk)	Owner
Tomaszewski Enterprises (Gdansk)	
Andrzej Tomaszewski	Chairman of the Board
Masia, Ltd. (Gdansk)	
Grzegorz Matulewicz	Manager
Minar, Ltd. (Kielce)	
Grzegorz Walus	Director
Elbud, Ltd. (Kielce)	Director
Delma-Tech (Kielce)	
Andrzej Cichopek	Owner
Acumen and Acumen-Service Company (Kielce)	
Andrzej Cichopek	Owner
Rowicki Builders (Lodz)	
Konstanty Rowicki	Owner
C. Other	
Marco, Ltd. (Warsaw)	
Ireneusz Nawrocki	General Director
Promotor, Ltd. (Warsaw)	
Bodgan Chojna	General Director
Maciej Jura	Agent
WSK Krakow (Krakow)	
Tadeusz Piekarz	General Director
River Holding Company (Krakow)	
Tomasz Schoen	Principal (also Economic Advisor to Krakow Region Solidarity)
Bipromex (Krakow)	
Jerzy Czekał	Export Division
Lodzinski Trade Company (Krakow)	
Marian Lodzinski	Owner
Krzysztof Bryniarski	Manager

Proxy, Ltd. (Krakow) Marek Dochnal	President
Emar (Krakow) Antoni Poniak	Owner
Kusnierz Company (Krakow) Henryk Kusnierz	Owner
Machine Mechanics Company (Krakow) Andrzej Pajak	Owner
Machalica Metalworks (Pszczyna) Edward Machalica	Owner
Vitronica, Ltd. (Poznan) Michal Wieczorek	President
Harpo Company (Poznan) Jaroslaw Urbanski	Director
Zielonka Cooperative (Zielonka) Zbigniew Tomczuk	President

VII. Other Organizations

World Bank, International Bank of Reconstruction and Development (IBRD)) Raymond J. Ellis	Technical Educator, EMENA Technical, Population and Human Resources
Mario Reyes-Vidal	Industrial Economist, EMENA Industry and Energy Operation Division
International Finance Corporation (IFC) Anthony Doran	Senior Investment Officer, Europe and Middle East
European Centre for the Development of Vocational Training Peter Grootings	
British Council (Warsaw) Charles Chadwick	Director
Peace Corps (Warsaw) William Lovelace	Director
Foundation in Support for Local Democracy (Warsaw) Ludwig Bieganski	Executive Director

Institute of Tourism (Warsaw)	
Julian Bystrzanowski	Deputy Director
Regional Center for Studies in Management and Administration (Poznan)	
Roman Andrzejewski	Director
Regional Council of Rural Solidarity (Poznan)	
Ireneusz Adamski	Executive Director
Regional Council of Rural Solidarity (Gdansk)	
Alojzy Formela	President
National Council of Rural Solidarity (Warsaw)	
Gabriel Janowski	President
Citizens' Committee of Urban Solidarity (Krakow)	
Zygmunt Kolenda	President
Krzysztof Gorlich	Vice President
Tadeusz Piekarz	Vice President
Andrej Olesiak	
Centre for Continuous Training for Management of the Mutual Aid Society of Farmers (Warsaw)	
Antoni Kazimierz Ciosinski	Director
National Committee AIESC Poland (Warsaw)	
Andrzej Voigt	President
Farmer's Party "Solidarnosc" (Warsaw)	
Andrzej Kostarczyk	Spokesman (also Manager — Public Relations Department of Technical Consulting Centre)
Consultant (Warsaw)	
Timothy J. Smith	
Wadolna Consultants, Inc. (Vancouver)	
Eva Wadolna	President, Management and Training
Volunteers in Overseas Cooperative Assistance (Washington, DC)	
Donald L. Mooers, Jr.	Regional Representative
Transcentury Corporation (Washington, DC)	
Warren Wiggins	President

ANNEX III
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BIBLIOGRAPHY

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