

**MANAGEMENT TRAINING
AND ECONOMICS EDUCATION PROJECT
FOR CENTRAL AND EASTERN EUROPE**

**SEMIANNUAL EVALUATION
AND MONITORING PROGRESS REPORT
(JULY 1, 1998–DECEMBER 31, 1998)**

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LIST OF ACRONYMS

AACSB	American Assembly of Collegiate Schools of Business
BUES	Budapest University of Economic Sciences (Hungary)
CBE	Center for Business Education (Hungary)
CDO	Career Development Office (Hungary)
CEE	Central and Eastern Europe
CEU	Central European University (Hungary)
CPED	Center for Private Enterprise Development (Hungary)
CSOM	Carlson School of Management
CU	Comenius University (Slovakia)
DATEX	DATEX, Inc.
DIMBE	Department of Industrial Management and Business Economics (Hungary)
DL	distance learning
EMBA	Executive Master of Business Administration (Poland)
EMRIM	Executive Master of Rural Industries Management (Poland)
ENI/DGSR/HRDSR	Bureau for Europe and New Independent States/Office of Democracy, Governance, and Social Reform/Human Resource Development and Social Reform
EUB	Economics University of Bratislava (Slovakia)
FM	Faculty of Management (Slovakia)
FMPH	Faculty of Mathematics and Physics (Slovakia)
HHH	Hubert H. Humphrey Institute of Public Affairs
ICBPM	International Center for Business and Public Management (Poland)
IMC	International Management Center (Hungary)
IU	Indiana University
KGSB	Katz Graduate School of Business
KSB	Kelley School of Business
MATCH	Management Training Cooperation in Hungary
MDC	Management Development Center (Hungary)
MEF	Mathematics of Economics and Finance Program (Slovakia)
MTEEP	Management Training and Economics Education Project
MUCIA	Midwest Consortium of International Activities
NACC	National Association of Career Centers in Higher Education (Hungary)
NCA	North-Central Association of Schools and Colleges
OUAT	Olsztyn University of Agriculture and Technology (Poland)
PACAMAM	Polish-American Center of Agriculture Marketing and Agribusiness
PACEM	Polish-American Center for Economics and Management
PAM	Polish-American Management Center
PDCP	Post-Diploma Certificate Program (Poland)
PDP	Professional Development Program (Slovakia)
PDS	Post-Diploma Studies (Poland)
PMP	Professional Managers Program (Hungary)

SME	Small and Medium-Sized Enterprises
SO	Strategic Objective
SUNY/I.P.D.	State University of New York/International Programs and Development
TQM	Total Quality Management (Hungary)
TUB	Technical University of Budapest (Hungary)
UL	University of Lodz (Poland)
UMCP	University of Maryland, College Park
UMN	University of Minnesota
UPitt	University of Pittsburgh
USAID	United States Agency for International Development
WEMBA	Warsaw Executive Master of Business Administration (Poland)
WEMBA	Weekend Executive Master of Business Administration (Slovakia)
WSE	Warsaw School of Economics (Poland)

1.0 INTRODUCTION AND OVERVIEW

This report is a follow-up to the third Annual Summative Evaluation Report on Management Training and Economics Education Project (MTEEP) for Central and Eastern Europe (CEE) submitted by DATEX, Inc., in July 1998. The evaluation represents the combined efforts of the evaluator, the grantee institutions and their CEE partner institutions, USAID personnel in the respective CEE countries, and the USAID project officer at the ENI Bureau.

The purpose of the MTEEP grants and cooperative agreements, as stated in the Request for Applications of April 1994, was “to develop counterpart institutions in creating, running or expanding programs in the areas of management training, market economics education, and support programs.” The objectives of each program are presented under Program Description; the progress made toward these objectives is discussed under Principal Findings.

MTEEP programs have embraced a wide variety of activities that address the management and economics education needs of each of six ongoing projects in Albania, Hungary, Latvia, Lithuania, Poland, and Slovakia. Programs include academic (Ph.D. and MBA degree) and certificate programs as well as non-academic programs (short-term training seminars and workshops, English language training, and business counseling and support services).

During the semiannual evaluation and monitoring activity, the evaluator visited the following programs: Indiana University/Hungary; State University of New York/Hungary; University of Maryland, College Park/Poland; University of Minnesota/Poland (two programs); and University of Pittsburgh/Slovakia. The report summarizes the evaluator’s findings, conclusions, and major recommendations.

2.0 HUNGARY: INDIANA UNIVERSITY

U.S. Grantee:	Indiana University, Kelley School of Business (IU/KSB)
Local Partner:	Budapest University of Economic Sciences (BUES) and its Management Development Center (MDC)
Program Start:	1995
PACD:	June 30, 1999
Total Grant Amount:	\$2,378,679
Funds Available:	\$1,950,000

2.1 PURPOSE OF THE SITE VISIT

The most recent site visit conducted under the previous evaluation contract took place in April 1998. IU's program is scheduled to close in June 1999, at which time Hungary will graduate from USAID assistance. The scope of work for the site visit, coordinated with USAID/Washington to ensure that the needs of that office would be adequately met, concentrated on a more limited examination of institutional, programmatic, and financial sustainability. To prevent duplication of the evaluation efforts described below, the site visit did not address program impact. Instead, this report is based on interviews conducted with the U.S. Project Director, MDC Director, CDO Director, and Assistant Project Manager and on a review of documentation from various program components. As part of the Mission's close-out strategy, USAID/Hungary has requested an independent evaluation by a local firm. The same firm that recently completed an evaluation of the MTEEP SUNY project will conduct the evaluation.

2.2 PROJECT DESCRIPTION

In 1995, the Indiana University (IU) Kelley School of Business (KSB) and the Budapest University of Economic Sciences (BUES) launched the Management Training Cooperation in Hungary (MATCH) under the MTEEP cooperative agreement. The program expanded an existing partnership between IU and BUES that was forged under an earlier USAID grant awarded to the Midwest Consortium of International Activities (MUCIA); KSB was a managing entity in that effort. The overall goal of the MATCH program was to bridge the gap between Hungarian and Western business practices. The objectives outlined in the 1995 cooperative agreement called for strengthening BUES's institutional capability and enabling its faculty to provide high-quality management training and education and business outreach services; and helping train managers in two of Hungary's highest-profile companies.

In 1996, USAID/Hungary underwent a process of reengineering and subsequently refocused its

strategic objectives on strengthening small and medium-sized enterprises. As a result, USAID/Hungary placed the MATCH program under SO 1.3—Improved Operations of Small and Medium-Sized Enterprises (SMEs). Under the approved cooperative agreement and during its first year of operation, the MATCH program focused almost exclusively on large and medium-sized enterprises. In response to the shift in Mission strategy, the IU program underwent major redirection and reorganization. In March 1997, IU and USAID signed an amendment to the cooperative agreement that outlined revised program objectives. The new MATCH objectives are

- ! to continue to improve the capability and capacity of the BUES faculty and the Management Development Center (MDC) to provide high-quality and high-impact management education and training and to enable BUES to build lasting relationships and a secure funding base with medium-sized firms through the development and delivery of client-based training programs;
- ! to increase BUES's ability and capacity to deliver specialized courses and to serve specific target groups in accordance with changing market demands, focusing on small and medium-sized enterprises, entrepreneurs, and underserved groups such as women and minorities;
- ! to develop an international business resource center to assist businesses and training institutions throughout Hungary and in neighboring countries; and
- ! to organize and operate a career services office for BUES students.

Institutionally, MATCH consists of the Management Development Center, the Center for Business Education (CBE), and the Career Development Office (CDO). Responsibility for implementation of the MATCH program rests with MDC, which is part of the Faculty of Post-Graduate Studies at BUES as well as the administrative and physical location for most of the university's postgraduate management training programs.

The Management Development Center provides training and assistance to small and medium-sized enterprises through customized courses and consultancies, open-enrollment courses, and partnership programs. The customized courses, which focus on the specific problems or opportunities of one company or group, use training materials developed during the first year of the project. A program of consultancy emphasizes enterprises' human resource departments and targets entrepreneurs, business people from small but growing organizations, and managers of medium-sized enterprises. The open-enrollment courses offer topics of both a current and general nature. The most successful courses were those developed for women entrepreneurs and women managers and special ethnic groups. MATCH is the first university-based project to target such groups.

A needs assessment conference, held in fall 1996, led to development of a longer-term business education program, which the Ministry of Education recognizes as a certificate program. The program teaches business basics, such as accounting, finance, taxation, and legal matters, to small and medium-sized enterprise administrators.

The Partnership Executive Education program, started in Hungary in 1996, provides both the benefits of customized courses and the networking opportunities of open-enrollment courses by grouping

together non-competing companies with similar training needs. An innovative aspect of the partnership program is that participants learn not only from the instructor but also from each other.

The goal of the **Center for Business Education** is to receive and disseminate business cases, data, and other valuable information for students, teachers, trainers of business and management, and practicing business managers. The Center organizes training courses on how to use the Internet in teaching, how to write case studies and use a case-teaching methodology, and how to organize tele-studying and tele-working (distance education). The creation of electronic links could make these services available throughout the country and the region.

The Career Development Office is the first formal career development and placement office of its type at a major university in the region. CDO not only assists students in finding their first job but also guides them in how to plan their career and develop relationships with possible employers. It offers programs and courses on interviewing and job search techniques, résumé preparation, and the importance of life-long learning. To bring students together with potential employers, CDO organizes job fairs and invites companies to make classroom presentations.

2.3 PROGRAM MANAGEMENT

Since project inception, project management was a weak link in program delivery. IU neither consistently fielded a full-time U.S. in-country project director nor designated a local employee with sole responsibility for project implementation. Consequently, IU experienced difficulties in maintaining regular communication with USAID/Hungary and USAID/ENI. Moreover, program reorganization necessitated by the USAID/Hungary restructuring compounded these difficulties.

The management structure designed for the initial project proved inadequate for the amended program's diversity and broad scope. Further, at the time of the Mission reengineering process, the IU in-country Project Director responsible for project startup left the program; his duties were transferred to the MATCH Marketing Director. Indeed, the reengineering and program restructuring effort required intensive, almost daily interaction between MATCH management and the Mission, a level of commitment the Marketing Director could not provide. While the IU Program Director was aware of the requirement for a substantial in-country presence, adequate arrangements could not be completed until the summer of 1997, when an IU in-country Faculty Adviser arrived at BUES. His stay had a positive effect on program management and enhanced program credibility. He instituted regular staff meetings and roundtable discussions and assumed responsibility for communication with the Mission. However, the Faculty Adviser was able to continue on a full-time basis only until the end of that year. Since then, he has made intermittent as well as extended visits to Hungary and will continue to do so until the end of the grant. The U.S. Project Director and staff serve as the main link with USAID/ENI with respect to budgetary matters and project management and implementation issues.

In April 1998, the MATCH Marketing Director, who has been a critical member of the team, left the project to pursue opportunities with the World Bank in Washington. Her departure left a significant gap in reporting and monitoring project activities. The nearly weekly reports (MATCH News)

prepared by the MATCH Director have filled some of that gap. To maintain continuity in data collection for MATCH reports, IU retained the local firm (Infraconsult) previously responsible for data collection (the firm is owned by the marketing director). In summer 1998, IU hired a new Assistant Program Manager who lives permanently in Budapest and will assume responsibility for the organization of reports.

2.4 UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Hungary is scheduled to graduate from USAID assistance in June 1999. In March 1998, USAID/Hungary completed its Results Review for 1997–1999 and concluded that SO 1.3—Improved Operations of Small and Medium-Sized Enterprises—is on target; MATCH falls under SO 1.3. As part of its close-out strategy, the Mission has prepared a scope of work for an independent evaluation of the IU cooperative agreement. A local firm, which is also evaluating the other MTEEP program in Hungary, will conduct the evaluation.

The USAID/Hungary project officer who oversaw the program for the past two years has left the Mission to assume another post in the region. This personnel change further adds to the challenges of program close-out.

2.5 PRINCIPAL FINDINGS BY PROJECT COMPONENT

2.5.1 Management Development Center

MDC was a well-established part of BUES and the Faculty of Post-Graduate Studies even before IU and BUES launched their collaboration. The goal of MATCH was to strengthen further MDC's capacity to deliver high-quality management education and training to Hungarian businesses. MDC is a self-financing institution that receives no financial support from the university. While MDC does not pay rent for the facilities it occupies, it is responsible for facility upkeep and restoration. The university officially employs MDC staff, but the Center pays staff salaries.

At the beginning of the 1990s, MDC operated only two types of programs: an MBA program with the London School of Business and open-enrollment programs focused on issues of economic transition. Under a 1991 USAID grant to the Midwest Consortium of International Activities, with the Kelley School of Business as a management entity, MDC was able to strengthen and broaden its program base and thus conduct management training in CEE. The primary activity under the grant was the development of the Professional Managers Program (PMP) under the direction of KSB in collaboration with BUES faculty.

In contrast, today MDC offers four different types of MBAs: a bilingual program with the London School of Business; a Hungarian version of the same program with English as a subject (along with German and French); a joint program of BUES-Purdue University-Tilburg University (Netherlands); and, beginning in 1999, a French MBA. In addition, MDC offers a modular, three-year management program.

From its inception, MATCH focused on nondegree corporate training programs. Under the amended grant, MDC shifted emphasis from programs with large and medium-sized companies to SMEs. Whereas 1995 and 1996 saw 28 MATCH-funded activities with large firms and only four with SMEs, all activities receiving direct MATCH support since 1997 fall into the latter group. Any interventions with large companies are a result of either a MATCH spinoff or a MATCH-related activity.

MATCH activities at MDC fall (fell) into the following program categories:

- ! customized programs for large corporations;
- ! diploma programs for large corporations (second degree);
- ! consulting for large corporations;
- ! SME Academy (post-secondary certificate program);
- ! SME diploma programs (second degree);
- ! consulting for the SME sector;
- ! programs for women entrepreneurs;
- ! programs for Roma entrepreneurs;
- ! short open-enrollment programs; and/or
- ! publishing.

Financial Sustainability

MDC's financial sustainability is not in question because of the Center's diversified programmatic base. In addition to MATCH, the Center receives support from other grants (the Know-How-Fund for an MBA program) and generates sufficient revenue to cover expenses. The MATCH program has significantly strengthened MDC's training capacity and program delivery. At the same time, in the absence of USAID/Hungary's shift in emphasis to the SME sector, fewer training programs targeting SMEs, especially those for women and minorities, would have emerged. The primary reason is financial. Most small and medium-sized businesses could not pay the market price for these programs, specially programs geared to women entrepreneurs and minorities. These programs are and will be needed for several years to come.

After the USAID grant ends in June 1999, MDC will have to reevaluate which courses it will continue to offer. Given the Center's affiliation with a university and its social responsibility to serve underserved and underprivileged groups in society, MDC will likely decide to subsidize delivery of some programs, at least for the near future. The subsidy will be (at least theoretically) possible because MDC's activities are not synonymous with MATCH. As a result, the Center is (was) free to continue to deliver profit-generating programs to other sectors of the business community. A case in point is executive training for large corporations initially targeted under the MATCH program. This and other programs can generate funds to subsidize programs not financially feasible on their own.

From a revenue-generating standpoint, the most important programs are those customized for large companies, including diploma (second degree) programs. The programs are an outgrowth of earlier and shorter customized programs, many of which developed under MATCH. Some companies purchase a degree program that is customized to their unique needs; MDC's affiliation with BUES

makes such customization possible. The same approach has been used in offering diploma programs to SMEs (or groups of companies). Because it is self-supporting, the customization option will continue to be available after the end of the USAID grant. The SME Academy, a long-term certificate program, is also on solid ground. However, Roma participants are currently enrolled in the program, with tuition covered by MATCH funds. It is not clear if such participants will be able to continue without subsidy.

The Hungarian market is rapidly becoming increasingly sophisticated in terms of required management training. As changes unfold, the demand for shorter, open-enrollment programs will decrease while competition among program providers continues to grow. In some cases, large and medium-sized companies decide to buy training programs and customize them for their exclusive use.

Although MDC has earned recognition on the Hungarian market as a solid provider of management training, it must increasingly compete with other emerging private companies and educational institutions. By category of program offered, MDC's competitors follow:

- ! For customized programs for large corporations—Central European University, International Management Center (CEU, IMC)
- ! For diploma programs for large corporations—IMC, Technical University of Budapest (TUB), and distance-learning programs offered by other companies
- ! Consulting for large corporations—large international consulting companies
- ! Programs for SMEs (diploma and certificate)—no major competition
- ! Consulting for SMEs—various private companies
- ! Open enrollment—many private firms (low entry barrier)

MATCH has made an important contribution to MDC in the area of research and publishing. In November 1998, MATCH published four new books, all authored by BUES professors. Since 1995, MDC has designed and delivered approximately 120 new courses; by May 1999, the number will approach 200.

After MATCH funding ends, BUES/MDC and IU will continue to collaborate formally and informally. Plans call for student exchanges, collaborative research projects, and development of distance-learning courses.

2.5.2 Career Development Office

The Career Development Office was established at BUES in April 1997 and has become an integral part of the university, with support at the highest levels. Despite an acute space shortage, CDO occupies office space in the Business School's main building. In addition, the Faculty Senate has recognized CDO as a formal part of the university's organizational structure. The CDO Director is appointed by the Rector and reports to the Dean of the School of Business. An Advisory Board composed of university, corporate, and student representatives and of experts in the placement field supports the Dean. The School of Business and the university provide office space and staff for managing CDO. Various sponsors—generally multinational corporations—finance the remaining office operations. As part of the MATCH goals, CDO has made an effort to reach an increasing number of SMEs by offering firms assistance in placement activities.

The main constituencies of the Center are fourth- and fifth-year students with business majors; Hungarian businesses employing business school graduates; alumni of the BUES School of Business; and faculty of the School of Business. The Center provides several free-of-charge services to students and recent alumni, including career counseling, career information resources stored on a database, a placement annual that lists job offers, and presentations by various companies. CDO provides businesses with a venue for company presentations, a résumé book containing information on graduating students, opportunities for at-university interviews, and a database of students and recent alumni.

CDO is making good progress in strengthening its programs and enhancing its institutional recognition in Hungary. It is a member of the newly formed (in September) National Association of Career Centers in Higher Education (NACC). The Association's office is located at CDO and CDO's Director is the President of the Association; her deputy is the Secretary. CDO also established a relationship with the Friends of Hungarian Higher Education Foundation, which is sponsoring a two-year training program for career service officers in Hungary. The Foundation provides management and technical assistance services to higher education institutions in developing non-public sources of funding.

In the fall, CDO piloted a new program—the Career Management Lectures—which met with great enthusiasm from the students. Although the program has not yet received official university approval (participating students do not receive credits), 50 fifth-year students signed up for the pilot.

Career Forum 1998, held in the fall, was a major success. More than 3,000 students and 50 companies participated; an additional 65 firms placed job advertisements in CDO's Career Forum book. Another new project undertaken by CDO is a Career Forum Survey: A Most Desired Company. Out of 800 distributed questionnaires, 300 were returned—a remarkable rate that probably was a function of the prizes offered for responding to the survey.

2.5.3 Center for Business Education

The Center for Business Education, established in 1996 as part of the MATCH program, is housed at the Budapest Central Business Library. The goal of CBE was to become a major developer, promoter, and distributor of business teaching and training materials throughout Hungary and in CEE. In addition, creation of the Center was seen as an important step in promoting the reputation of the IU/BUES as a regional leader in providing comprehensive training and assistance to the business community. After its opening, the Center's main activity consisted of organizing workshops on a variety of business education topics, especially international business, new methods of teaching, and use of the media in business education. Currently, CBE serves predominantly as a resource center for BUES students and has not succeeded in attracting many business clients. During the past year, IU and BUES have considered the viability of the center as an independent institution and have concluded that the best solution would be to integrate CBE's various components into the organizational structure of BUES. For example, MDC and the Technology Transfer Center could sustain many of the initiatives related to Internet, computer skills development, and distance education.

2.6 CONCLUSIONS

Despite a shaky start, the MATCH program has achieved a considerable degree of success. Over the past year, it has expanded its activities to reach increasing numbers of SMEs, thus contributing to USAID/Hungary's strategic objectives. The programs for women and Roma entrepreneurs are the only such programs in Hungary, and they have received increasing recognition from Hungarian government agencies. It is possible that some ministries or agencies within the Hungarian government will provide funds to continue these programs upon termination of the USAID grant.

The Career Development Office is making good progress in developing its programmatic and financial base. It is one of the leaders in its field.

As the IU program enters its final year of implementation, adequate documentation of program activities and impact will become increasingly important and thus require a sustained in-country administrative presence.

2.7 RECOMMENDATIONS

- !** IU should make a concerted effort to provide effective reporting and administrative backstopping of project activities.
- !** Different components of the MATCH program should develop a business plan that includes a strategy for financial sustainability. In the case of MDC, the strategy should specify arrangements for sustaining (subsidizing) those activities that are not self-financing.

3.0 HUNGARY: STATE UNIVERSITY OF NEW YORK

U.S. Grantee:	State University of New York (SUNY), International Programs and Development (I.P.D.)
Local Partner:	Center for Private Enterprise Development (CPED), Technical University of Budapest (TUB) with seven Hungarian universities and colleges
Program Start:	1991
PACD:	September 30, 1998; extended through December 31, 1998
Total Grant Amount:	\$6,695,413; remaining grant funds: \$668,674

3.1 PURPOSE OF THE SITE VISIT

The SUNY program concluded at the end of December 1998. Ordinarily, the site visit would have taken the form of a close-out evaluation involving extensive interviews with past participants, faculty, and program administrators. Given, however, that USAID/Hungary has requested an independent evaluation by a local firm, the site visit concentrated instead on examining issues of institutional, programmatic, and financial sustainability. Furthermore, USAID/Hungary requested that the issues considered during the site visit overlap only minimally with the independent evaluation. At the same time, the scope of work for the site visit was coordinated with USAID/Washington to ensure that the needs of that office were adequately met. Time constraints arising from the need to visit another MTEEP program operating in Hungary further circumscribed the scope of the visit.

This report is based on a review of the 1994 SUNY proposal, program reach information, and interviews with the U.S. Program Director, TUB TQM Center Director, TUB MBA Director, and CPED Director and Deputy Director. The time available for the interviews with the TUB TQM Center Director and MBA Director was insufficient to explore some of the pertinent issues; therefore, the evaluation may not do justice to program achievements.

3.2 PROJECT DESCRIPTION

In 1991, SUNY/I.P.D. was awarded a grant under the regional umbrella Management Training and Economics Education Project (Project 180-0029). The purpose of MTEEP was to develop the technical, management, and economic skills necessary to restructure Central and East European economies and to develop a viable market economy. The training provided by SUNY under MTEEP was intended to serve as a catalyst to market reform in Hungary. The purpose of the grant was to support the newly created Center for Private Enterprise Development (CPED), an inter-university private sector support entity intended to provide management training, market economics education

and research, and consulting services to Hungary's private sector.

In 1994, SUNY received a follow-on award that expanded the focus of the original grant to include the creation of a national culture of total quality management (TQM) in Hungary. Realization of the goal called for establishing a network of regional university-based TQM centers and intensive faculty and curriculum development. The Technical University of Budapest was SUNY's principal partner; the Center for Private Enterprise Development became the principal liaison between SUNY/I.P.D. and in-Hungary project partners and activities. During the current grant period, SUNY established eight regional TQM centers, including a center at the Technical University of Budapest, which has been a lead university. The other partners are Miskolc University, Veszprém University, Sopron University, Szeged College, Debrecen College, Pécs University, and Győr College.

The 1994 grant amendment lists 17 outputs to be realized by the program's end. These outputs can be aggregated into the following categories:

- ! Outreach training (short courses, open-enrollment activities);
- ! Faculty development (faculty from TUB and regional centers to visit SUNY and the TUB TQM Center);
- ! Curriculum development (TQM certificate, MBA at TUB, curriculum revisions at regional centers);
- ! Hungary-specific material development (case studies, books, video course on accounting);
- ! Educational infrastructure development (TQM reference libraries);
- ! Consulting (TQM training programs conducted by TQM centers, small business and export consulting by CPED); and
- ! Institution building and/or strengthening (establishing TQM centers, evolution of CPED into TUB's principal outreach organization).

This evaluation examines issues of institutional, programmatic, and financial sustainability for the following program components: MBA at TUB, TUB TQM Center, and CPED.

3.3 PROGRAM MANAGEMENT

SUNY/I.P.D. retained responsibility for overall program management. Under a sub-allocation agreement, SUNY/Buffalo provided technical support to TQM-related activities, including study tours, graduate assistantships, and development of an MBA program at TUB. The amended grant named CPED as the primary in-country support mechanism and institutional liaison between SUNY/I.P.D. and the Hungarian partner universities.

3.4 UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

In FY96, USAID/Hungary completed a reengineering process and, in response, adopted specific

strategic objectives and results measured by targeted impact indicators. SUNY's activities supported SO 1.3—Improved Operations of Small and Medium-Sized Enterprises—through the intermediate result “improved business systems and practices both developed and in place.” The latter include supporting the institutionalization of business and management education in the national education system, providing local support services and disseminating information to businesses, and, to a lesser extent, providing improved access to market and technology information through database facilities housed at universities.

As of March 1998, USAID/Hungary had completed its Results Review for 1997–1999 and concluded that SO 1.3 is on target. The Mission is engaged in an ongoing effort to measure the impact of its small and medium-sized enterprise activities and to determine the overall impact of USAID assistance to Hungary. One outcome of this effort was the Mission's preparation of a scope of work for a final independent evaluation of the SUNY grant. SUNY/I.P.D. was asked to contract with an independent local firm for the program evaluation. Now completed, the evaluation examined SUNY's involvement in Hungary since 1991 under the following categories: education and faculty development, short courses, TQM consulting services offered by established TQM centers, and publications to support dissemination of TQM. In an attempt to determine the impact of training activities, the evaluation also included interviews with at least 100 participants.

In preparation for close-out, the Mission underwent a reduction in personnel that extended to the Project Officer, who had been responsible for oversight of SUNY's activities. During her tenure at the Mission, the Project Officer was supportive of the project and expressed satisfaction with SUNY's performance.

3.5 PRINCIPAL FINDINGS BY PROJECT COMPONENT

3.5.1 MBA at Technical University of Budapest

Since September 1996, TUB's Department of Industrial Management and Business Economics (DIMBE) has offered a postgraduate MBA for engineers. The USAID grant to SUNY has been the driving force behind the program, enabling SUNY to undertake faculty development and curriculum restructuring. At the same time, TUB profited from its association with other U.S. institutions, most notably the Rochester Institute of Technology and the Sloan School of Management at the Massachusetts Institute of Technology. These relationships were initiated by SUNY/Buffalo and SUNY/I.P.D. because, SUNY felt, they could make important contributions to TUB's fledgling efforts in the TQM field, especially involving TQM use at the company level. When designing the program, TUB followed two principal objectives: to develop a cutting-edge management training program in Hungary and to make the program available and accessible to a wide audience. The latter objective meant that the program was delivered predominantly in Hungarian.

The five-semester program offers three concentrations: Business Management, Engineering Management, and Quality Management. This structure effectively opens the program to a wide audience, not just those with an engineering background (as the program title might suggest). The curriculum of the Business Management concentration is basically identical to that of general MBA programs.

As noted, most lectures and course materials are in Hungarian, but some presentations are delivered in both Hungarian and in English; students can choose which presentations to attend. One important feature of the program—a special three-day seminar offered at the end of each semester—introduces students to modern Western management practices. Professors from TUB’s international partner institutions and managers of foreign companies conduct the session. The seminars are notable for their interactive instructional approach, which offers students the opportunity to work in small teams. Interactive instruction stands in stark contrast to the traditional lecture format.

Program graduates receive an MBA diploma from the Technical University of Budapest. Those who participate in at least 70 percent of the special seminars also receive a certificate from the foreign partner institution (in effect, multiple certificates).

As the program matures, the presence of a significant international component as part of the curriculum continues to gain importance. Accordingly, the MBA program offers participants (on a voluntary basis) special Business English classes. At the same time, though, the overall trend among university students is toward growing competence in English. Plans call for introducing English instruction into the program, although such instruction is not to exceed one-third of overall requirements.

Programmatic Sustainability

As evidenced by steadily growing demand, the TUB MBA program is considered a leading management training program in Hungary. At present, the program operates at capacity and will not be able to accept any additional participants until it secures adequate classroom space. The program curriculum is patterned on U.S. MBA programs, and instructional materials are mostly translations from English. Key personnel participating in course delivery have visited SUNY/Buffalo and other U.S. universities.

TUB’s ability to maintain the leading role in management training is directly related to its ability to retain the best-trained faculty. The importance of faculty retention became particularly apparent when several younger faculty, upon returning from U.S. study tours, decided to leave the university for opportunities in the private sector. In response, the MBA program developed what appears to be an effective incentive system for attracting and retaining the best faculty. Specifically, the system provides for performance-based financial incentives as well as for opportunities for ongoing professional development. Each professor is regularly evaluated by the students, and two-thirds of his/her salary is tied to performance. In practical terms, the system allows some faculty to earn as much as ten times the basic salary. Those faculty who experience problems with a particular aspect of program delivery can receive help from other faculty members in the program. In addition, the MBA program provides faculty with opportunities to participate in foreign conferences and study tours.

Over the past year, Hungarian institutions of higher education began a process of re-accreditation developed by a specially constituted State Commission. The process involves three steps—accreditation of the entire university, of each department, and of programs within a given department. According to the new state requirements, TUB must secure the permission of the State Commission to offer the MBA degree. The MBA Director does not envision any significant problems

in meeting the various requirements. Further, it seems that the new accreditation system provides universities and departments with sufficient flexibility to ensure the implementation of the necessary programmatic revisions.

Financial Sustainability

The MBA program is the largest and the most revenue-generating program within DIMBE. According to the MBA Director, during the past two years, the TUB MBA program became Hungary's richest post-graduate program. A parallel aspect of the program's financial sustainability is its ability to retain an adequate portion of earned revenues. DIMBE maintains a separate university account and is allowed to retain 70 percent of its earned revenues. The funds pay additional faculty salaries, support faculty development, and cover other administrative costs. At its current level of income, the program is also able to absorb the expenses of visiting foreign faculty.

3.5.2 TQM Center at Technical University of Budapest

The TQM Center is institutionally housed within DIMBE, which, in turn, is part of the Faculty of Economics and Social Sciences. DIMBE provides the Center's facilities and pays for facility upkeep; it does not provide a separate support staff. The Center's principal activities are delivering consulting services to companies and preparing new Ph.D. students for participation in consulting activities. From this perspective, the Center does not have a stable staff but instead can draw on faculty from the entire university in accordance with specific project needs.

The TUB TQM Center has become a well-established provider of consulting services within the area of TQM. According to the Center Director, future trends indicate continuing demand for TQM-related services. At the same time, the Director is aware of the importance and even the necessity of broadening the scope of the Center's services to attract government agencies, banking institutions, and health organizations. Until now, the relevance of a given topic to classroom instruction largely determined the selection of consulting topics. Such an approach permitted the TQM Center to address cutting-edge issues and thus remain a leader in the field. Nonetheless, the recognized need to expand the scope of consulting services poses the most immediate challenge of developing consulting resources in a timely manner. Furthermore, the required professional development strategy can be implemented only with adequate financial resources. The Center Director hopes to receive financing from the European Union and local companies and banks.

In terms of financial sustainability, the Center's only significant expenditures, at least at present, are consultant salaries. Since the Center is not a stand-alone institution and does not pay for facilities and utilities, its financial health depends on the ability of affiliated faculty to deliver consulting services. The Center has an agreement with the university regarding profit sharing: 10 percent of gross income earned through TQM consulting goes to the university; 10 percent to DIMBE; 20 percent to the Center; and the remainder to paying consultants and Ph.D. students affiliated with the Center.

Developing a network of TQM Centers. One of the stated program objectives set forth in the 1994 proposal calls for development of a national university-based network of TQM centers. The MTEE

program established eight regional TQM centers with resource libraries and computer facilities. For the most part, however, the centers have operated not as members of a network (according to the standard definition of the term) but more as collaborators on individual projects. Should this development be interpreted as a shortfall of project objectives and/or as having negative consequences for centers' activities? I do not think this is the case. In considering this answer, one would have to determine the difference in terms of institutional, programmatic and/or financial development between operating as a **network** as opposed to a **system** of university-based centers. At present, it is not an easy answer to provide. Of a much greater consequence and achievement in terms of supporting the USAID objectives for Hungary is that the MTEE project has successfully established centers at institutions where none previously existed. The technical support and faculty and staff training provided by SUNY made the centers agents of change and innovation within their respective institutions. The success of individual centers will depend on various factors but perhaps, most importantly, on the continuing commitment of each institution's faculty to developing center activities.

Another point to consider in assessing the inability of creating a network is the overall feasibility of such an objective within the time constraints of the grant. In retrospect, it appears that the objective was not realistic because of the inherent conflict (or at least tension) between the institutional interests and needs of the individual centers. A functioning network assumes existence of a common interest and/or goal on the part of its members as well as a shared belief that network membership will result in important benefits. In other words, it is a rational calculation of opportunities and costs. Based on these assumptions, it is more appropriate (reasonable) to expect collaboration among some (but not necessarily all) centers when mutual benefits are apparent. This, in fact, has been the case during the period of the centers' existence. It is possible that in the future some or all centers will form a network. In the meantime, the centers' sustainability does not seem to be adversely affected by the existence of a looser inter-center affiliation.

3.5.3 Center for Private Enterprise Development

In 1990, SUNY established CPED as an independent center with the assistance of an A.W. Mellon grant. Upon SUNY's receipt of the first USAID grant (1991), CPED's legal status was changed to that of a foundation, thereby permitting Center employees to receive employment benefits. Under the conditions of the initial USAID grant, CPED was charged with: (a) providing management training for small business managers and entrepreneurs, (b) delivering market economics education, and (c) supporting programs such as consulting, research, brokering, and networking. Under the terms of the amended grant (1994), CPED was designated as the primary in-country support mechanism and institutional liaison between SUNY and the Hungarian partner institutions. Even though the scope of CPED's activities underwent modification, the Center was to remain a permanent institution after close-out of the USAID grant. It was envisioned that CPED would relocate to the TUB campus and become the university's principal outreach organization. After eight years of existence, however, CPED closed its doors upon termination of the grant. Thus, two main issues demand consideration: the effectiveness of CPED's performance and the reasons for the Center's closing.

CPED's performance under the amended grant. As stated earlier, the amended grant designated

CPED as the primary in-country support mechanism and institutional liaison between SUNY and Hungarian program participants. More specifically, the amended grant required CPED to highlight fields for program development, develop a network of local beneficiaries, and orient visiting U.S. faculty to the reality of Hungary's transition, just to name a few responsibilities. Considering the goals of its project, SUNY/I.P.D. correctly assessed the needed level of in-country administrative support to ensure effective program implementation. An entity such as CPED was essential for the success of this challenging and ambitious project. The Center's familiarity with local conditions and changing market demand played a determining role in the overall success of the SUNY project and provides an important lesson for implementation of future programs.

The reasons for CPED's closing. Probably the most adequate explanation for CPED's closing lies in the implementation design of grant activities and the constraints thus imposed on the institutional strengthening and programmatic growth of CPED. First, at least during the initial stage of project implementation, the level of effort required from CPED to ensure effective program delivery prevented the Center from developing its own professional capabilities. At this juncture, it is prudent to consider whether it was realistic or even desirable (from the perspective of effective program implementation) for the Center to develop in this fashion.

The amended grant required CPED to assume a set of administrative functions that, for most programs (at least under the MTEEP umbrella), fall under the purview of a U.S. in-country director or a local counterpart within the institutional framework of a center established for program implementation. The central characteristic of such an arrangement is a clearly defined administrative function that does not compete and/or conflict with institutional interests of other program participants. In other words, CPED had to accept and internalize SUNY's interests as its own in order to become an effective administrator and coordinator of program activities. In effect, CPED had to abrogate its institutional interests. Alternatively, if CPED had decided to pursue its own professional interests (as it apparently tried to do at one time), it would have come into conflict with the interests and needs of the organizations MTEEP tried to develop, particularly the TQM Center at TUB. It is not surprising, therefore, that CPED did not relocate to the TUB campus and evolve into an outreach organization.

Another factor that might have hampered, if not prevented, CPED's professional development and financial sustainability was its legal status. In 1991, foundation status was deemed the most effective solution for meeting the requirements of the grant activities. Partnership status would have potentially exposed local and foreign partners' personal assets to liability claims. A share-holding company would have clearly required a business structure. Foundation status, however, provided a clear legal separation between founder and foundation. To what extent the arrangement presented additional barriers for institutional and professional growth is still unclear and requires investigation.

To conclude, CPED's ability to provide effective program implementation was directly related to the Center's decision not to pursue its own institutional interests. Absent such a decision, the competing institutional interests of the various centers would have required SUNY to develop an alternative administrative arrangement.

3.6 CONCLUSIONS

In overall terms, the SUNY program can be considered a success. The end-of-project-status lists seven developments the project set out to and did achieve.

- ! TUB became a recognized national resource in Hungary for the teaching and private sector implementation of TQM principles and procedures and for the delivery of management training to engineering students.
- ! In collaboration with SUNY faculty, TUB has worked to enhance the capacity of the six regional partner universities to teach and apply TQM procedures and principles both on campus and at the company level (SUNY established an additional center).
- ! Faculty in every major department at TUB have received training from SUNY faculty in both Hungary and the United States.
- ! TQM has become a component of TUB's MBA and other programs as either a required subject or an elective.
- ! Principal faculty of the six regional partners have received training in the United States, including observational company visits to observe practical TQM applications.
- ! Substantial quantities of up-to-date Hungarian language TQM materials have been developed and will be used as instructional materials in all participating universities.
- ! A national TQM culture exists in Hungary, primarily in the university and manufacturing sectors.

Although this report did not address in detail some of the above achievements, the evidence collected during earlier evaluation visits supports the findings.

As an integral part of the university structure, TUB enjoys enhanced institutional and financial sustainability. The only constraints on revenue generation are those related to the ability and availability of TUB faculty to deliver consulting services. The TQM Center provides an important link between academic studies and the practical needs of the business and management sector, a link that can only enhance any future curriculum revisions. The Center has also successfully engaged in development and implementation of collaborative projects with other regional TQM centers established as part of SUNY's activities. As the TQM centers evolve, the collaborative projects will further contribute to each center's programmatic and financial sustainability and help strengthen Hungary's private sector.

The MBA program is similarly on solid ground. It is an integral part of TUB's academic activities both programmatically and administratively. According to available indicators, the demand for training will remain strong for a considerable period. The MBA program is nationally recognized and able to generate adequate fees to cover the costs of both program delivery and faculty development.

Although CPED will not exist beyond the grant period, it proved to be an effective instrument for

delivering SUNY's ambitious program. The CPED experience provides several important lessons for the design of program delivery. SUNY should incorporate those lessons into its other training activities.

4.0 POLAND: UNIVERSITY OF MARYLAND AT COLLEGE PARK

U.S. Grantee:	University of Maryland, College Park (UMCP)
Local Partner:	University of Lodz (UL)
Program Start:	1995
PACD:	Originally September 30, 1998; extended to September 30, 1999
Total Grant Amount:	\$3,017,776

4.1 PURPOSE OF THE SITE VISIT

The primary purpose of the visit was to introduce the University of Lodz Polish-American Management (PAM) Center and its capabilities for delivering distance learning programs to the participants of the USAID Regional Training Conference. The training conference took place in Warsaw on October 14–19, 1998. The associated site visit was necessarily brief and focused primarily on discussing opportunities for developing additional training activities for the distance learning component of the MTEEP program. A debriefing with the U.S. Project Director at UMCP followed the site visit.

4.2 PROJECT DESCRIPTION

In September 1994, USAID formally approved the project and in February 1995 transferred funds to it; project implementation began in May 1995. The goal of the program is to create at the University of Lodz a self-sustaining Center of Excellence for management education that can deliver a variety of management training programs. The Polish-American Management Center was created as an independent unit of the Faculty of Management and became the institutional base for MTEEP activities. The goals of the MTEE program call for developing an executive MBA program (EMBA), short-cycle open-enrollment programs, customized programs, and distance education capabilities (DL) and for restructuring the undergraduate management curriculum. A supervisory board consisting of the UMCP project director and five UL faculty members, including the Dean of the Faculty of Management, oversees the PAM Center's operations. The Dean also chairs the supervisory board.

The executive MBA program is designed as a two-year, part-time program. The open-enrollment programs usually target senior executives and are conducted in small groups while the customized programs are developed on the basis of a need assessment for a specific client. All programs emphasize management skills such as leadership, communication, negotiation, team building, finance, and other topics as appropriate. By providing faculty development opportunities for UL professors both in the United States and through teamwork in Poland, the program is aimed at redesigning the management curriculum of the Faculty of Management.

The past year has seen rapid institutional growth of the PAM Center, including graduation of the first EMBA cohort in fall 1998, development of a new program in distance learning, and a significant increase in the number of participants in non-degree management training programs. The EMBA admission process is clearly articulated and well implemented. Graduates of the program receive a master's degree from UL and an MBA certificate from UMCP. This arrangement will continue for the duration of the grant. U.S. faculty members teach approximately one-third of the EMBA courses. The faculty development effort will continue until the end of the grant.

The Post-Graduate Distance Education Program, the project's major initiative, was inaugurated in October 1997. This one-year program for primary, secondary, and tertiary educators who already hold a master's degree addresses the various aspects of DL, such as technology, methodology, and psychology, and is the first such program operating in Poland.

4.3 PROGRAM MANAGEMENT

During the past year, leadership of the PAM Center was transferred from the U.S. in-country director to a member of the UL faculty. The Center's new Executive Director previously served as the director of EMBA and thus is familiar with the Center's programs and policies. The newly appointed coordinator of the Distance Education Program oversees the technical aspects of program implementation and has been associated with the program since its inception. The Center is now run entirely by local staff.

4.4 UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Poland receives the largest share of U.S. assistance in the CEE region. The strategic plan for Poland, revised at the U.S. Assistance Working Group meeting held in October 1995, has shifted away from broad sectoral projects to specific strategic objectives aimed at strengthening sustainable institutions and systems capable of supporting and ensuring the continuation of the reform process.

Over the course of the MTEEP, USAID/Poland has closely monitored the progress of program activities through regular meetings and site visits. In fall 1998, the Mission, as part of its close-out preparations, reassigned supervisory responsibilities for the three MTEE projects. USAID/Poland continues to support the collaboration between UMCP and UL.

4.5 PRINCIPAL FINDINGS BY PROJECT COMPONENT

All discussions with the PAM Center Director and DL personnel centered on possibilities for expanding the programmatic and revenue-generating base of the DL program. Such possibilities include collaboration with the U.S. Department of Labor in retraining displaced workers, opening facilities to other universities for teleconferencing, developing programs for local government administrators, and collaborating with other MTEEP members to develop regional programs. The Center's established capabilities may also provide the opportunity to offer telecenter access to the local community. Specifically, a telecenter provides fee-based community access to photocopiers, fax machines/communications, and computers. In some instances, the availability of distance learning

technologies (Internet access, electronic bulletin boards, voice mail, and/or compressed video, for example) can enhance individuals' and companies' willingness to pay for such services that are otherwise not readily available.

A significant constraint to some of the above efforts is inadequate space. The Center currently uses all of its rooms, leaving little flexibility to make the DL technology available to a broader audience. At the same time, the Center needs to develop a strategy for generating additional revenues to finance equipment maintenance and replacement.

4.6 CONCLUSIONS

The PAM Center continues to strengthen its programmatic and operational base. It has gained recognition in both the city and region for delivering high-quality management training. It is a national leader in DL training and has received increasing support from the Ministry of Education.

4.7 RECOMMENDATIONS

- ! Because the PAM Center's programs are well established and demonstrate solid demand, the potential for expansion is limited only by space constraints. In an effort to secure additional classroom space, the PAM Center should develop a strategic plan that outlines the benefits of the Center's programs to the university community and present it to other parts (departments) of the university.
- ! Further promotion of the Post-Graduate Distance Education Program to local and regional markets could help generate additional revenues to finance equipment maintenance and replacement; the latter is needed every three to four years.
- ! If the facility constraint problem is remedied, greater use of the Center's DL capabilities could also generate revenues through broader program development, collaboration with other institutions, and rental of DL capabilities by outside groups. The revenues so generated could contribute to overall sustainability, facility upgrades as needed, staff expansion as appropriate, and support for more regionally based activities.
- ! The Executive Director needs to determine how best to market the considerable potential of the Center's DL capabilities. In fact, it may become necessary to hire a marketing director whose duties would include promotion of DL programs, coordination with technical staff in the negotiation of services with prospective clients, and related matters. The additional staff position would strengthen staff talents rather than add to the duties of existing staff.

5.0 POLAND: UNIVERSITY OF MINNESOTA AND OLSZTYN UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

U.S. Grantee:	University of Minnesota (UMN)
Local Partner:	Olsztyn University of Agriculture and Technology (OUAT)
Program Start:	Current grant in 1994; extension until 2000
PACD:	June 30, 2000
Total Grant Amount:	\$3,342,836.00 + \$250,000.00 = \$3,592,836.00

5.1 PURPOSE OF THE SITE VISIT

The most recent site visit took place in spring 1998. Its primary purpose was to check on program progress toward implementing the dual degree program. Activities during the visit centered on discussions with project administrators and university leaders.

5.2 PROJECT DESCRIPTION

The current collaboration between the University of Minnesota (UMN) and the Olsztyn University of Agriculture and Technology (OUAT) builds on the MTEE project started in 1991. In 1993, the MTEE grant established the Polish-American Center of Agriculture Marketing and Agribusiness (PACAMAM), which serves as the institutional base for MTEEP-related activities. The 1994 award was designed to achieve three goals as follows:

- ! to develop a cadre of executives and managers with knowledge and skills in the management of private enterprises in a market economy;
- ! to train business managers and entrepreneurs in management and economic subjects essential for operating in a market economy; and
- ! to develop the institutional capabilities of the partner institution to offer high-quality academic programs in management.

The Executive Master of Rural Industries Management (EMRIM) program was designed to achieve the first goal. The two-year program addresses the needs of current and future executives, managers, and entrepreneurs working in rural and agricultural industries, primarily in small to medium-sized enterprises.

The one-year **Post-Diploma Certificate Program (PDCP)**, with emphasis on applied management and economic education, provides comprehensive short courses for managers of private and state farms and cooperatives, managers of small businesses, farmers, and former employees of state

enterprises.

PACAMAM has become a driving force behind broad-based curriculum reform. The Center developed close collaboration with the College of Management, established in fall 1995, and continues to play an important role in developing management curricula for full-time programs.

In an effort to transform the present collaboration into a broader strategic alliance between UMN and OUAT, the two institutions developed and submitted to USAID/Poland a proposal for a dual degree program. The Mission approved the proposal and provided additional funding in the amount of \$250,000. The follow-on award is designed as a two-year activity. The new dual degree program was inaugurated in September 1998 and offers a master of arts degree in Public Affairs from the Hubert H. Humphrey Institute of Public Affairs (HHH) at UMN and a master of science degree in Management and Marketing from OUAT.

The reconstituted PACAMAM, renamed the **International Center for Business and Public Management (ICBPM)**, will deliver the new dual degree program. The Center will no longer be a part of the College of Management but will become an independent intra-university unit (institute) reporting directly to the OUAT Rector. For the duration of the USAID grant, ICBPM will also maintain a close relationship with USAID/Poland. A scientific council will oversee ICBPM and assume responsibility for academic supervision of programs offered by the Center and for support of doctoral studies at the College of Management, whenever such studies are related to the Center's programmatic activity.

The Council will consist of 12 to 15 members representing UMN, OUAT, and the Warsaw School of Economics (WSE). UMN will be represented by faculty from the Hubert H. Humphrey Institute of Public Affairs, the Department of Applied Economics, and the Carlson School of Management. OUAT will be represented by the Deputy Rector for Science and Collaboration with Abroad and by selected OUAT faculty. WSE will be represented through faculty from the departments (collegia) of industrial management, economic analysis, and socioeconomic affairs.

ICBPM will continue to offer post-diploma studies in marketing and management and public administration and will revise and upgrade the PDCP curriculum to ensure flexibility and responsiveness to developing market needs.

The third area of ICBPM programmatic activity will focus on business courses and seminars, computer courses, conferences, language training, ecology education, and Cambridge English exams.

As part of the institutional restructuring, EMRIM has been transferred to the College of Management. As a result, EMRIM graduates will receive a degree from the College of Management and not, as previously, from their respective Faculties. The former arrangement allowed only graduates of three OUAT Faculties to participate in the program. The new arrangement will open admission to the program to individuals holding a master's degree. In terms of program delivery, EMRIM will continue to be taught by professors trained under MTEEP, with the occasional participation of U.S. lecturers.

5.3 PROGRAM MANAGEMENT

MTEEP continues to profit from a well-organized and efficient management team brought together by OUAT and ICBPM (PACAMAM). The Center has set forth a clearly articulated organizational structure that specifies assigned tasks and responsibilities. As part of its ongoing program administration, ICBPM administers course evaluations at the end of each program. Such a practice is important in maintaining program quality. Each quarterly report includes course evaluation results.

5.4 UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Poland receives the largest share of U.S. assistance in the CEE region. The strategic plan for Poland, revised at the U.S. Assistance Working Group meeting held in October 1995, shifted away from broad sectoral projects to specific strategic objectives aimed at strengthening sustainable institutions and systems capable of supporting and ensuring the continuation of the reform process.

For the duration of MTEEP, USAID/Poland continues to monitor closely the progress of program activities through regular meetings and site visits. In the fall of 1998, the Mission, as part of its close-out preparations, reassigned supervisory responsibilities for the three MTEE projects. USAID/Poland continues its strong support of the new strategic alliance between UMN and OUAT.

5.5 PRINCIPAL FINDINGS BY PROJECT COMPONENT

International Center for Business and Public Management. The University Senate has officially approved formation of the Center and has passed the Center's bylaws and articles of constitution. The Center is an independent intra-university unit directly responsible to the Rector.

Summer English Language School. The new dual degree program requires a higher level of English language competence not only among students but also among faculty (the previous program was designed as a Polish language program). To address the faculty competence issue, ICBPM organized an intensive ten-day language-training program for OUAT faculty involved in the new program. To upgrade English qualifications among EMBPM students, OUAT will offer an ongoing Business English language program (at additional cost) that will be open to all who want to upgrade their business English language skills and meet the language admission requirements for EMBPM. During the recruitment process, some otherwise well-qualified applicants had to be turned down because of inadequate proficiency in English.

Recruitment of the first EMBPM cohort. The financial sustainability of the EMBPM program is designed for a cohort size of 35. For several reasons, the first cohort is considerably smaller—21 participants. To begin, the approval process at UMN took considerably longer than originally assumed. In particular, UMN revised its approach to the program and moved it to the Graduate School. The shift had a direct impact on the process of student selection; specifically, Graduate School admission requirements (and the accompanying documentation) are more rigorous than those for a professional program. Perhaps the most pertinent specified admission requirement is a high level of English competence. During the planning stage, program implementors thought that participants would increase/improve their language competence over the course of the program, at

least for the first cohort. Another admission requirement under the revised degree program is student interviews by UMN faculty. These various changes caused delays in the start of the recruiting process and resulted in a more rigorous student selection process. A second reason for the smaller cohort size was that the attention of the Polish population during the summer was focused on the upcoming local elections.

The shortfall in the number of participants has had adverse consequences for revenue generation. The proceeds from the program were earmarked for faculty development study tours at UMN. It is still possible that ICBPM will be able to offset some of the shortfall by transferring revenues earned from other programs (such as PDCP).

5.6 CONCLUSIONS

Despite various delays in securing project approval, OUAT and ICBPM have extended their best efforts to launch the new project on time. In the face of a particularly difficult task, both parties deserve to be commended. The coming year will present several challenges in instituting the various adjustments needed for effective program delivery and administration.

5.7 RECOMMENDATIONS

- !** ICBPM should continue the practice of regular course evaluations by program participants.
- !** ICBPM (in collaboration with the Faculty of Foreign Languages) should try to finalize the programmatic arrangements for ongoing English instruction for current and prospective program participants.

6.0 POLAND: UNIVERSITY OF MINNESOTA AND WARSAW SCHOOL OF ECONOMICS

U.S. Grantee:	University of Minnesota (UMN)
Local Partner:	Warsaw School of Economics (WSE)
Program Start:	Current grant in 1994; extension until 1999
PACD:	September 30, 1999
Total Grant Amount:	\$3,042,836.00 + \$300,000.00 = \$3,342,836.00

6.1 PURPOSE OF THE SITE VISIT

The purpose of the site visit was to collect updated information on progress made in realizing the new institutional arrangement for a dual degree program. The visit concentrated on discussions with the PACEM Director, WEMBA Director, and U.S. in-country Project Director.

6.2 PROJECT DESCRIPTION

The cooperation between the University of Minnesota (UMN) and Warsaw School of Economics (WSE) started in 1991 under a previous grant that established the Polish-American Center for Economics and Management (PACEM) as a base for the project's management training activities. The 1994 award was designed to achieve three goals as follows:

- ! to develop a cadre of executives and managers with knowledge and skills in the management of private enterprise in a market economy;
- ! to train business managers and entrepreneurs in management and economic subjects essential for operating in a market economy; and
- ! to develop the institutional capabilities of the partner institution to offer high-quality academic programs in management.

PACEM's main activities center on the executive MBA (WEMBA) program, executive workshops, roundtable seminars, and research-driven publications.

In May 1997, UMN submitted to USAID/Poland and received approval for a proposal to transform the existing MTEEP collaboration into a strategic alliance. The alliance envisions new institutional arrangements that already had received the official endorsement of both UMN and WSE. In support of the new institutional arrangement, USAID/Poland granted a one-year extension to the existing award as well as additional funding in the amount of \$300,000. The grant is scheduled to terminate on September 30, 1999.

The proposal for extension sets forth the following two goals for the five-year period ending in 2002:

- ! to develop the institutional capacities at the Warsaw School of Economics to produce a cadre of executives and managers in Poland possessing comprehensive knowledge and skills in management of private enterprises in a market-based economy; and
- ! to develop a high-quality, self-sustaining academic degree program designed to provide comprehensive market economy-based business management education to practicing Polish business managers and entrepreneurs.

To achieve these goals, the program will focus on upgrading to joint status as a self-sustaining Warsaw Executive Master's of Business Administration (WEMBA) degree program at the Warsaw School of Economics. Upon completion of the proposed bridge funding, the generated tuition revenues will make the degree program financially viable.

The proposed organizational structure for implementation of the new program includes the following elements:

Polish-American WEMBA Program at WSE. The program will receive supervision and programmatic guidance from the **Polish-American Programmatic WEMBA Council**, which will make decisions regarding form of cooperation, direction of WEMBA development, recruitment issues, and faculty development. The Council will consist of six members representing both partners. The executive functions of the Council will be carried out by the WEMBA office and its Director on the Polish side and by the Polish Project Coordination at the Carlson School of Management (CSOM).

The WSE Foundation. All financial aspects of the WEMBA program will rest with the WSE Foundation. The Foundation will also oversee development of other programs such as Post-Diploma Studies (PDS), executive workshops, and customized training and will promote and finance faculty training and research needed to support delivery of WEMBA. The Foundation hopes to develop a vibrant inter-institutional research collaboration and exchange with institutions in Poland as well as abroad. The result of the collaborative efforts will be joint training materials, textbooks, and case studies.

The Foundation will accept donations from companies and private individuals in Poland and abroad. The initial operations capital will consist of revenues collected from WEMBA I, II, and III and other training programs. The funds are presently deposited in the WSE account.

6.3 PROGRAM MANAGEMENT

Overall responsibility for the grant will remain with the Hubert H. Humphrey Institute of Public Affairs (HHH) as represented by the Center for Nations in Transition. With the cooperation of all partners, the Center will ensure the fulfillment of all USAID reporting and financial obligations. As of the program year that started in October 1997, responsibility for general administration of the WEMBA collaboration rests with the Dean of the Carlson School of Management and the Rector of

the Warsaw School of Economics. The CSOM Associate Dean of Faculty and Research and the WSE Vice Rector oversee development and execution of the UMN/WSE executive MBA program. The CSOM International Programs Director, a faculty program coordinator, and a program associate are responsible for day-to-day direction at UMN. At WSE, the current PACEM Director, the current WEMBA Director, and WSE MBA staff attend to daily functions.

6.4 UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Poland receives the largest share of U.S. assistance in the CEE region. The strategic plan for Poland, revised at the U.S. Assistance Working Group meeting held in October 1995, shifted away from broad sectoral projects to specific strategic objectives aimed at strengthening sustainable institutions and systems that are capable of supporting and ensuring continuation of the reform process.

Over the course of MTEEP, USAID/Poland continued to monitor closely the progress of MTEEP activities through regular meetings and site visits. In fall 1998, the Mission, as part of its close-out preparations, reassigned supervisory responsibilities for the three MTEE projects. USAID/Poland continues to support the new strategic alliance between UMN and WSE.

6.5 PRINCIPAL FINDINGS BY PROJECT COMPONENT

In May 1997, the respective institutions and USAID/Poland approved the proposal for transforming the existing MTEEP collaboration into a strategic alliance. At that time, the project still had one year remaining under the original grant. The approved extension and additional funds were intended to help the project through the transition year—October 1998 to October 1999.

From an administrative standpoint, the WSE Foundation was to be in place by May 1998 to assume the administrative, financial, and non-WEMBA related program activities from PACEM, which would dissolve. Programmatic emphasis would focus on upgrading WEMBA to joint degree status.

The UMN Board of Regents, as well as the American Assembly of Collegiate Schools of Business (AACSB) and the North-Central Association of Schools and Colleges (NCA), have approved creation of a joint WSE/UMN executive MBA degree program. However, the Managing Director and Director of Accreditation for AACSB informed UMN (in June 1997) that in order to secure AACSB accreditation for the program, UMN alone must award the degree. Accordingly, graduates of the joint program will receive both a UMN MBA and WSE Magister degree. If the MBA were to be awarded jointly by UMN and WSE, it would not be accredited because WSE has not yet received AACSB accreditation.

AACSB accreditation of institutions outside North America is currently under discussion; in fact, AACSB is conducting pilot studies for this purpose. When accreditation outside North America gains approval, WSE can apply for accreditation once it becomes an international member. In the meantime, WSE has agreed to follow the development of the pilot studies and to contact AACSB for a time line for potential accreditation. The stated mutual goal is to reach the level of full accreditation for WSE in partnership with CSOM as soon as possible. Until WSE/CSOM achieves full accreditation, the official individual transcripts for program participants will identify both UMN and WSE.

6.5.1 Progress toward Stated Goals

Establishment of WSE Foundation. This process is still not completed. On July 14, 1998, after four months of debate, WSE's University Senate approved in concept the WSE Foundation and the WEMBA Council. At times, the proposal encountered considerable resistance among some faculty members who saw the independence of the WEMBA program as a threat to the university structure (a private business school using a university logo). These apprehensions arose from the fact that WEMBA does not have a strong institutional fit with any of the five Collegia that form WSE. Instead, the program draws on professors from the entire university.

In October 1998, the draft of the Foundation's constitution was still under negotiation with the Rector's office. The plan at that time was to submit the final document to the Warsaw Registration Court for Foundations by December 1. Court approval is a slow process, taking as long as five or six months. The legal process must be completed by October 1, 1999, at which time USAID funding ends.

Upgrading WEMBA to joint degree status. Since the Polish educational structure does not officially recognize the MBA degree, finding the appropriate degree-granting arrangement remains a major challenge and a central issue in the process of reaching the stated goal. At present, WEMBA graduates can receive a Post-Graduate Certificate, a Special Magister-Level Certificate, or an appropriate WSE degree. This last option, however, requires fulfilling additional university requirements, including submission of a master's thesis.

Many within the Polish educational community think that it is only a matter of time until the Ministry of Education reforms its degree structure and officially recognizes the MBA. At the same time, some limited discussions within WSE have suggested acceptance of WEMBA courses as Magister courses and the WEMBA-required field project as a thesis. It should be noted, however, that these discussions have been ongoing for some time with little progress. By comparison, a similar U.S.-Polish executive MBA program at the University of Lodz offers its graduates a University of Lodz degree. It would appear, therefore, that there are no legal constraints (at least at the level of the Ministry of Education) to adopting a similar solution at WSE. Alternatively, WSE should clearly state any constraints on its part.

Solving the issue of awarding a Western-style degree by the Polish institution would take the WEMBA program one step closer to eligibility for AACSB accreditation. As it stands, it is still not clear what would or could be accredited by AACSB—WSE or WEMBA. The former is not a business school but rather an institution focused on delivering education in economics. Its organizational structure differs sharply from that of any U.S. university and certainly from that of any business school. According to the available information, WSE has neither formally approached AACSB to discuss the possibility of participating in a pilot study nor expressed any intention to do so in the near future. It also has not applied for membership in the organization (membership is not limited to accredited or U.S.-based institutions).

Sustainability of the present program. WEMBA continues to be in high demand on the Polish market. Up to now, WEMBA has graduated two cohorts (31 in WEMBA I and 37 in WEMBA II); and

an additional 58 students received UMN MBA degrees as part of a pre-WEMBA pilot project sponsored by a Mellon grant. The WEMBA IV cohort, which started in fall 1998, counts 45 participants.

According to the results of interviews with WEMBA alumni and participants over the past two years, the primary reason they enrolled in and remained in the program was the offer of a UMN degree. They also place a high value on the association with WSE, a premier institution of economic education in Poland. Since all WEMBA participants already had Magister degrees, they did not voice major dissatisfaction over not receiving a WSE degree. From that perspective, it might be concluded that WEMBA, with its present certificate-/degree-granting arrangement, would remain a feasible program on the Polish market.

6.6 CONCLUSIONS

Although delivery of WEMBA is proceeding well, PACEM has made little/inadequate progress toward finalizing legal requirements for transition to the new institutional structure. Likewise, there has been no progress in resolving the issue of upgrading the WSE WEMBA diploma to a degree. In addition, PACEM and WEMBA leaders seem somewhat unsure of the requirements for AACSB accreditation and the general process of participating in that organization's pilot study. Clearly, CSOM could provide guidance in both of these areas.

6.7 RECOMMENDATIONS

- !** WSE/PACEM should clearly state what steps are being/will be taken to upgrade the status of the diploma offered by WSE to WEMBA graduates.
- !** WSE/PACEM should obtain clarification directly from AACSB on the requirements for becoming (a) an international member, (b) participating in a pilot project, and (c) becoming a candidate for possible accreditation according to the overall guidelines used by AACSB to assess prospective candidates for accreditation. Preliminary information can be obtained by consulting the AACSB website at <http://www.aacsb.org>.
- !** CSOM should assist WSE/PACEM in establishing interaction with AACSB.

7.0 SLOVAK REPUBLIC: UNIVERSITY OF PITTSBURGH

U.S. Grantee:	University of Pittsburgh, Department of Economics and Katz Graduate School of Business (UPitt; KGSB)
Local Partner:	Comenius University, Faculty of Management and Faculty of Mathematics and Physics (CU; FM; FMPH)
Program Start:	1995

PACD: December 31, 1998; extended to April 30, 2000

Total Grant Amount: \$3,000,000

7.1 PURPOSE OF THE SITE VISIT

Under the previous evaluation contract with DATEX, the project in Slovakia was visited four times, most recently in fall 1997 when the University of Pittsburgh (UPitt) relationship with Comenius University (CU) was only ten months old. At that time, the evaluation team traveled through the Slovak Republic and interviewed participants at their places of business to assess the usefulness and impact of WEMBA training. The site visit identified various programmatic and institutional issues associated with the Faculty of Management (FM) component of the program and provided recommendations for program improvement (see discussion under WEMBA). A joint UPitt and CU retreat, held in April 1998, addressed these issues. The primary purpose of the current site visit was to monitor progress in resolving the institutional and programmatic issues associated with the Faculty of Management and to follow up on previous discussions with the leaders of the Faculty of Mathematics and Physics (FMPH). The visit did not require the collection of information on the impact of training.

The visit to Comenius University was followed up with a visit to the University of Pittsburgh. The purpose of that visit was to debrief the U.S. Program Directors and other university officials on the results of the trip to Slovakia. The visit also provided an opportunity to talk with ten CU faculty members currently at UPitt for training.

7.2 PROJECT DESCRIPTION

7.2.1 Program Purpose

The original cooperative agreement between the University of Pittsburgh and USAID was signed in October 1995. Under the agreement, the local partner was the Economics University of Bratislava (EUB). The proposed program consisted of two components: management education (executive weekend MBA [WEMBA] and full-time MBA) and post-graduate economics education. The WEMBA program began in January 1996 and the economics program in February 1996. The full-time MBA program was scheduled to begin in September 1997. By November 1996, however, the collaboration between UPitt and EUB was experiencing serious problems such that the U.S. grantee decided to terminate the relationship.

After consultation with and approval of USAID/Slovakia and the ENI Bureau, UPitt entered into a collaborative agreement with Comenius University on January 28, 1997. Under the terms of the new agreement, the Joseph M. Katz Graduate School of Business and the CU Faculty of Management would collaborate to establish executive MBA and full-time MBA programs while the Department of Economics and Faculty of Mathematics and Physics would develop undergraduate and postgraduate education in economics within the Faculty. In July 1997, in response to delays associated with

program restructuring, UPitt requested a no-cost extension to the grant until April 2000. According to the terms of the extension, the Katz School will provide a diminishing level of on-site oversight after summer 1999 until the April 2000 project completion date.

The overall goal of the MTEE program is to reform and improve business and economics education in Slovakia. The grant aims to bring about (or at least initiate) a radical reform of the content and philosophy of business and economics education and to provide a foundation for empirical research modeled on Western methodologies. Transformation of the educational system will be supported by the development of a cadre of local faculty with the professional capabilities to provide high-quality instruction and research and thus sustain the reformed curricula and programs.

7.2.2 Program Components

As part of its professional faculty development services, UPitt is to assist CU in establishing a weekend executive MBA program; a full-time MBA program; a center or institute for postdoctoral studies and research in business and economics; improved undergraduate and postgraduate education in business and economics; and academic infrastructure development. In addition, the project will provide approximately 30 one-semester visits of Slovak faculty to the Katz Graduate School and 48 semesters of visits (12 faculty for four semesters each) to the Department of Economics.

The center/institute for postdoctoral studies and research in business and economics is to be established jointly by the Faculty of Management and the Faculty of Mathematics and Physics. Center/institute programs will be open to faculty members from all universities and other post-graduate education institutions in Slovakia and neighboring countries. The Economics and Business faculty who complete professional development at UPitt will be the founding members of and teachers/researchers at the center/institute.

Improved undergraduate and post-graduate education in economics. Faculty members from the Faculty of Mathematics and Physics who complete the professional development program in the Department of Economics will, upon their return to Comenius University, teach courses in economics in the newly created program in Mathematical Economics and Finance. In addition, the FMPH will be able to offer all its students the opportunity to take some courses in economics. Due to the new structure of this program component, the impact of faculty development will be felt principally in the project's fifth year after the first cohort completes its training in spring 1999.

Improved undergraduate and post-graduate education in business. Faculty from the Faculty of Management who complete professional faculty development at UPitt will teach and co-teach in the WEMBA and full-time MBA programs. In addition, undergraduate students will benefit from the faculty's enhanced qualifications.

Academic infrastructure development. The academic infrastructure development program component involves upgrading the library collection and building a networked computing laboratory. The resources budgeted for infrastructure development in the original grant were not expended in anticipation of a possible shift to a new partner. As a result, the level of library and computer

upgrades at Comenius University will be as originally programmed.

7.3 PROGRAM MANAGEMENT

At the beginning of 1997, the position of in-country project director passed from a representative of the Economics Department to a representative of the Katz Graduate School. The in-country Director spends roughly half his time in Slovakia managing the WEMBA program. The former in-country Project Director oversees the project component within the Faculty of Mathematics and Physics.

Additional personnel changes involve naming the Vice Dean of the Faculty of Management as the MBA Program Director. This represents an important development in ensuring the program's institutional sustainability. The program also has a new Program Coordinator; the previous coordinator left to work in the business sector.

7.4 UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

The University of Pittsburgh's program falls within USAID/Slovakia's Strategic Plan, and the Mission continues to support these efforts. MTEEP falls under SO 1.3, which focuses on the accelerated development and growth of private enterprises. An intermediate result of SO 1.3 is to strengthen the ability of local institutions to provide business training and assistance. USAID considers it essential that the Slovak Republic develop the indigenous capacity to train future generations of managers who can help ensure efficient private and public sector development in the market economy. The UPitt-Comenius partnership focuses on enhancing the skills of both university faculty and managers of private and public enterprises. The USAID Mission supported the UPitt program during its trouble-filled first year and made a commitment to program continuation. It is significant to note that the USAID project officer attended the strategic planning meeting held in April 1998. As of fall 1998, the MTEEP has a new project officer who has expressed strong interest in and support for this activity.

7.5 PRINCIPAL FINDINGS BY PROJECT COMPONENT

7.5.1 Faculty of Mathematics and Physics

Professional Development Program (PDP). The Professional Development Program in the Faculty of Mathematics and Physics remains on track. Selected in 1997, the first cohort in economics training at UPitt will complete its study in April 1999. A joint Department of Economics-FMPH committee selected five participants for training; all applicants selected and recommended by the committee were subsequently approved by the department's Graduate Committee and the Office of the Dean of Graduate Studies in the Faculty of Arts and Sciences, University of Pittsburgh. One participant left the program after the first semester for health reasons, but another participant was selected for a special one-semester PDP that focuses on developing the computer laboratory and special software capacity of the Mathematics of Economics and Finance (MEF) program. The remaining four participants are progressing in their respective fields of study. The second cohort (six persons) for faculty development was selected in 1998 and is currently completing its first semester of studies.

In addition, two more participants have been selected for and began a special eight-week module to develop the MEF program's laboratory and software capacity.

The Faculty of Mathematics and Physics has taken significant steps to ensure the continued quality of PDP participants. The competition for the faculty development program has been opened to non-FMPH faculty. Further, the Faculty made a commitment to hire all candidates selected for the PDP. To allow for the broadest competition and enable married faculty to apply, the FMPH has agreed to pay PDP participants their basic salaries during their stay in Pittsburgh. Considering the stringent budgetary constraints for faculty salaries and the possible alternative use of these funds, the FMPH's commitment cannot be underestimated. Yet, the decision to offer such support has not met with uniform approval from the faculty. The Dean, however, has overridden the various objections, clearly indicating that the FMPH is serious about the project and is a reliable partner.

Mathematics of Economics and Finance program (MEF). To achieve the stated goal of improved undergraduate and graduate education in economics, the MTEEP embarked on restructuring the MEF program, which is a five-year program based on three years of undergraduate and two years of master's level instruction. The original curriculum has been redesigned to reflect the experience gained during the first three years of program offerings (since 1994) and the opportunities provided by USAID funds. The new program will be launched during the 1998–1999 academic year when the first PDP cohort returns from Pittsburgh. The students entering in 1999 will follow a completely revised program. To allow the students who enrolled earlier to benefit from the revisions, the FMPH has prepared interim changes for the coming two years. As a result, most MEF students will follow the revised curriculum as of 2000.

Demand for the program has grown steadily over the past two years. The number of applications increased from 75 in the first year (1994) to approximately 350 in 1997 and 1998. The Faculty admitted 75 applicants for each of these years, with enrollments of 42 in 1997 and 56 in 1998. Thus, steady-state participation will approximate 250 students per year. The Professional Development Program will also enable the FMPH to open the Basic Economics course to all students in the Faculty (approximately 1,600 students).

The new MEF program is demanding and meets the highest Western standards. Typically, a student at a U.S. university or college can achieve a major in economics by accumulating 24 to 30 credits (out of at least 120) in economics. A master's degree can be earned by accumulating an additional 24 to 30 credits at the advanced level. The MEF program requires students to accumulate 56 course credits plus 14 thesis credits. Of these, 22 course credits must be at the advanced level (years four and five). In other words, the total credit requirement for a master's degree ($22+14=36$) is higher than that in the United States.

Computer laboratory for MEF program. It is hoped that the computer laboratory will begin operations in early 1999. The reconstruction of the room where the laboratory will be housed is almost complete, and the computer equipment should arrive shortly. The FMPH plans to use the laboratory on a regular basis as part of the MEF program, starting with the spring semester (February 1999). In addition to educational use, the laboratory will play an important role in generating revenues for program sustainability and upkeep of the equipment. As its first revenue-generating

program, the FMPH is planning to offer the Financial Analysis and Securities Trading (FAST) program to the local banking and financial community. At a later date and drawing on the experience of the short programs, the laboratory could develop and deliver longer programs, possibly in cooperation with other schools and institutions.

Institutional and programmatic sustainability of MTEEP activities at the FMPH. At the heart of programmatic sustainability lies the ability of a department to retain its best-trained faculty. The continued success of the MEF program depends on the commitment of the faculty trained at the University of Pittsburgh to remain at the FMPH for the long term. In addressing faculty retention, the Dean of the FMPH has initiated a process of establishing a separate Faculty unit for economics and finance within the FMPH. Establishing a new department or institute for the faculty returning from the University of Pittsburgh will greatly increase the long-term sustainability of both the faculty and the MEF program. Such an action goes beyond the commitments entered into by the previous Dean.

The target date for the formal creation of the department/institute is April 1, 1999, coinciding with the return of the first cohort from Pittsburgh. When all PDP participants return from training in 2000, the unit will employ ten to 12 faculty members. In addition, other faculty members are expected to participate in institute activities. The current plans for strengthening the institute include recruiting capable graduates of the MEF program for graduate study at the FMPH; developing follow-up programs that will enable MEF program graduates to become full-fledged faculty members of MEF; and helping the best MEF graduates to go abroad to earn their Ph.D. degrees, with the expectation that they will join the MEF faculty upon their return. The Department of Economics at UPitt has expressed strong interest in recruiting qualified students from the FMPH/MEF for its Ph.D. program. The most immediate challenge facing the Dean is to find adequate space to house the institute.

The newly proposed institute is envisioned as a core component of the joint center to be established with the Faculty of Management. In a letter dated December 4, 1996, the previous Dean of the FMPH made a commitment to a sustained faculty development effort as well as to establishing a joint research and faculty development center with the Faculty of Management. The most recent discussion of this issue took place on November 9, at which time the current Dean reaffirmed his commitment to formation of the joint center.

Until now, the issue of establishing a joint research center has been a lower priority because of the more pressing needs of developing the MEF and launching the faculty development effort. The latter is central for ensuring the success of both the joint center and the MEF program. The joint research center should remain a secondary priority until April-May 1999, when the FMPH establishes its own new academic unit (institute or center). Once established, the Center will provide not only broader research opportunities for the faculty, but just as important, it can also offer a more efficient means to engage in consulting by drawing on the university's prestige. The opportunity to supplement their university salaries through affiliation with the Center will provide faculty members with an additional incentive to remain at the university.

The creation of a joint research center requires further efforts on the part of all participants. The Faculty of Management has not given the prospect of a joint center adequate attention. It is unclear at this time to what extent the Faculty is committed to pursuing this activity. The success of the Center

as a joint enterprise of the two Faculties rests on both parties' belief that such an entity will enhance the position and academic and financial well-being of the Faculty of Management and the Faculty of Mathematics and Physics. In the absence of such consensus, other means of collaboration should be explored.

7.5.2 Faculty of Management

The Weekend Executive MBA (WEMBA) program is a three-year program taught in English that leads to an MBA certificate. The first four cohorts also have the option of earning a University of Pittsburgh degree by completing the final 15 credits in Pittsburgh. Currently, the program accounts for three WEMBA cohorts. The first cohort (12 participants) started in January 1996 while the MTEEP program was still at the Economics University; the first graduation was held on December 11, 1998. The second cohort (13 participants) is scheduled to graduate in April 2000, and the third (18 participants) in December 2000. The fourth cohort will start in January 1999. It is encouraging to see that the third cohort includes four women participants, whereas the previous cohorts were all males.

The full-time MBA program is a four-trimester program that leads to an MBA certificate. The program targets the same audience as the WEMBA program and/or those with less professional experience. It was designed to respond to that market segment of employers and participants who prefer a shorter and more concentrated period of study. Students who possess a Bachelor's degree upon entrance to the MBA program have an option to receive a Comenius University diploma in Management. The award of a diploma is conditioned on submitting a thesis to satisfy university requirements. The diploma option is clearly designed for undergraduates who, during their final two years of study, decide to enroll in an MBA program. Until recently, the Slovak university system did not offer a Bachelor's degree (three years) but instead offered a Magister degree (five years). Therefore, those who already have the traditional university education are not eligible to receive a Master's in Management from Comenius University. (See discussion under Institutional and Programmatic Sustainability of MTEEP Activities at the Faculty of Management.)

The full-time MBA program was scheduled to start in September 1998 but was postponed until January 1999 due to low enrollment. At the time of this writing, it is not clear whether the program will begin as scheduled. If it does not, the MBA Program Director and his staff will have to reconsider current market demand for the program.

The part-time MBA program would allow students to continue at their own pace, taking one to four courses per trimester. To be eligible for the MBA certificate, however, students must complete the course of study within five years. Students interested only in individual courses would receive an individual certificate of course completion.

Institutional and Programmatic Sustainability of MTEEP Activities at the Faculty of Management

As the end of the MTEE project approaches, the Faculty of Management faces significant challenges

with respect to program sustainability, particularly in the case of the WEMBA program. During the April 1998 strategic planning meeting, discussion centered on the development of a business plan and marketing plan, faculty development, and the introduction of full- and part-time MBA programs. USAID and UPitt representatives expressed concern about the ability of Comenius University to assume full program responsibilities when grant support ends. Of particular concern was the issue of sufficient faculty capacity to implement the WEMBA and full-time MBA programs simultaneously. The Dean and Vice Dean are confident that there will be sufficient Slovak faculty trained to deliver the programs. Nevertheless, although faculty development is proceeding on schedule, the Faculty of Management has demonstrated little progress in developing effective business and marketing plans. The Faculty must address these matters during the first quarter of 1999.

The issue of program sustainability involves two primary components: the type of degree offered and the nature of the future WEMBA program.

The type of degree offered to WEMBA and full-time MBA graduates. The issue of the degree to be offered to graduates has been at the forefront of discussions from the beginning of the program. In most CEE countries (except Hungary and Albania), the official degree structure does not recognize an MBA degree; therefore, each university program offering MBA training has to solve the problem of what type of degree and/or certificate to offer program participants. The situation in Slovakia has been further complicated by almost yearly amendments to the Law on Higher Education. The amendments have changed the parameters of what type of degrees/diplomas can be offered to students.

According to the latest amendment, the degree that can be offered to students participating in the MBA program depends on a student's educational history. Specifically, students with a bachelor's degree (a relatively new offering within the Slovak educational system) can enroll in an MBA program to receive a master's degree in management by fulfilling some additional requirements. This arrangement might be a feasible solution for the future; at present, however, all program participants have already earned a master's degree. For those program participants who wish to earn a degree at the end of their MBA study, the only option currently available under Slovak law is the scientific title of Doctor of Management. In this case, MBA studies could be substituted for doctoral studies, although students would also have to submit a thesis, which, in practical terms, would mean at least one additional quarter of studies. Given the ambiguous situation, the Faculty of Management decided not to differentiate between the WEMBA and full-time MBA programs and instead offer only an MBA certificate. It is hoped that the latest changes in government resolve this situation in the near future. Until such time, the issue of degrees remains an important impediment to developing a marketing program.

A legitimate question at this juncture is program participants' perception of the relative importance of a degree as opposed to a certificate. One argument often advanced to counter the presumably overstated importance of a degree is that, over time, market demand will show the value of MBA training. It is, however, also important to consider that often the level of official education is tied directly (at least in the public domain) to salary structure, particularly for younger employees. Moreover, the existing program is both academically demanding and time-intensive as well as costly. Therefore, given the various unresolved issues, it is just as legitimate to ask how long the market will

be able to support the demand for professional programs that do not culminate in an officially recognized degree. At the very least, the matter deserves serious consideration.

The nature of future (post-UPitt) WEMBA. Based on extensive interviews of participants and their employers, the WEMBA program is the most prestigious MBA-type program offered in Slovakia. Although other programs advertise MBA training, their curriculum and faculty are not at the same academic level as those in the WEMBA program. The WEMBA program is distinguished by (a) its connection with the University of Pittsburgh and extensive UPitt faculty participation in program delivery; (b) issuance to graduates of a Comenius University/Katz Graduate School of Business MBA Certificate; and (c) an opportunity to earn a UPitt MBA degree by completing residency requirements. It is important to stress, however, that these options are available only to participants in WEMBA cohorts one through four.

Without doubt, the MTEEP faculty development program has provided sufficient support to the Faculty of Management to enable faculty members to deliver high-quality management training programs. The most immediate challenge facing the Faculty is to decide what type of program to offer when UPitt involvement comes to an end. All WEMBA interviewees stressed that the determining factor in their selection of the WEMBA program was its affiliation with a well-known U.S. university. Absent this component, many either would not enroll at all or would look for other, mostly foreign programs. It appears, therefore, that the attractiveness of WEMBA's next edition will rest on continued U.S. and/or foreign participation in program delivery as well as on the credibility of Slovak faculty to maintain set standards. The latter issue will most likely sort itself out quickly once participants become confident of the local faculty's capabilities. At present, several adjunct professors teaching in the program are senior managers from outside academia. They provide the important link between theory and practical application, a quality highly valued by students in the case of foreign instructors.

The recruitment for WEMBA's fifth cohort will start in fall 1999, leaving little time for the Faculty of Management and the MBA Director to devise an alternative arrangement. The Katz Graduate School of Business is committed to providing institutional assistance to make the transition as smooth as possible. The offer of assistance includes the search for other U.S. institutions to step in at the end of the grant period as well as the continuing participation of UPitt faculty on an individual basis. However, the primary decision regarding the type of management training to be offered rests with the Faculty of Management.

Financial sustainability. The WEMBA program has been a fee-generating venture. On January 28, 1997, the authorities of Comenius University and the University of Pittsburgh entered into an agreement regarding revenues generated by MBA programs. The main purpose of the agreement was to establish an MBA account to prevent WEMBA revenues from being commingled with other Faculty and university accounts. The agreement stipulates that all interest income will remain in the account. Withdrawals and disbursements require the signatures of both a representative of UPitt and the Dean of the FM. The funds generated from the WEMBA program are to be used only for expenses incurred in the delivery of the program and for research services under WEMBA, for operation of the full-time MBA program, and for the development program in economics (at FMPH). The agreement remains in effect until the end of the grant period; there is no indication at this time that the agreement will remain in force thereafter. From the point of view of financial sustainability, however, the account

has sufficient funds to continue supporting foreign faculty participation in program delivery for at least one additional year. The institutional arrangements that remain in effect after April 2000 will determine to an important degree the program's continuing financial viability.

7.6 CONCLUSIONS

The faculty development program at the FMPH is on solid ground. At present, ten faculty members are studying at UPitt, and the first cohort is scheduled to return and assume teaching duties in April 1999. Once the development program is complete, the FMPH will have a core of well-trained faculty to deliver its new Mathematics of Economics and Finance program and to engage in broader research and revenue-generating activities. In addition, the faculty trained at UPitt can support the delivery of the WEMBA or full-time MBA program. The faculty's extended stay in the United States will lend further credibility to program delivery.

The Faculty of Management is facing several challenges related to program delivery in the immediate post-UPitt period. UPitt and CU should address these issues (discussed above) as soon as possible. In the final analysis, however, it is the Faculty of Management and the MBA Director who have (or should have) the biggest stake in ensuring program success.

7.7 RECOMMENDATIONS

- !** Program representatives of the University of Pittsburgh should encourage their counterparts at Comenius University to develop viable strategic and marketing plans as quickly as possible.
- !** The Faculty of Management should address in a timely manner outstanding issues connected with future program delivery (WEMBA).
- !** The University of Pittsburgh, the Faculty of Management, and the Faculty of Mathematics and Physics should revisit the issue of forming a joint research center.