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**FINAL EVALUATION OF
THE PRIVATE SECTOR MANAGEMENT
IMPROVEMENT PROJECT**

Contract No. 527-0272-C-00-3047-00

(Final Report)

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This study was made possible thanks to the interest and collaboration offered by a great number of people:

- * Almost 150 business directors, managers and professional administrators, whose names are listed in an attachment, gave us their time through personal interviews or by answering a detailed questionnaire. This allowed us to gain a first-hand view of the perception within the private sector, to which this project was ultimately aimed;
- * The directors and faculty of the five participating institutions - ADEX, ESAN, IPAE, University of the Pacific and the University of Piura - whose names are listed at the end of this document, shared their points of view with us and provided us with the information which made it possible to evaluate the impact of the project on the supply of management education;
- * The staff at the NAPA/Peru-Texas Association, and particularly its Chief-of-Party in Lima, Mr. Miguel Valentin, generously opened the project records and answered our questions, thus facilitating our analysis of project activities;
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- * The auditing firm of Moreno Patino, a member of Price Waterhouse, allowed us to use the information from their survey on remunerations, thus permitting us to study more thoroughly the management market during the life of the project.

The evaluation team wishes to express its gratitude to all these people and institutions, and hopes that the results achieved are useful for the parties involved.

Ernesto Kritz
Director of the Evaluation Team

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Executive Summary

1. The Private Sector Management Improvement Project

The project studied under the present evaluation was conceived by USAID as an instrument for the promotion of economic development and employment in Peru. The project's sector goal is to reduce the institutional, cultural and political restrictions which, according to the diagnosis in the project paper, inhibit improvements in the production, investment and exports of the private sector. Specifically, the project has aimed to decrease the qualitative deficit -- as well as the quantitative deficit in some areas -- in the management capacity of the private sector.

The purpose of the project has been twofold:

- a) to strengthen the institutional capacity of a select group of private entities, in order to increase the quality and improve the adaptability of programs in management education, training, consulting and applied research, and;
- b) to foster closer linkages between these institutions and the firms which they serve.

As defined, the purpose of the project would be achieved through five principal components, as follows:

1. The strengthening of graduate programs in business administration;
2. The introduction of new program elements in sectors with the greatest potential for growth (international business, agribusiness and small and medium-sized enterprises);
3. The collaboration between the participating institutions, and of these with the private business sector;
4. The decentralization and diffusion of services to improve management capacity outside of Lima;
5. The support of long-term institutional development within the participating institutions.

The institutions chosen to participate in the project were the following:

- * The Association of Exporters (ADEX)
- * The Graduate School for Business Administration (ESAN)

- * The Peruvian Institute of Business Administration (IPAE)
- * The Department of Business Administration of the University of the Pacific (UPA)
- * The Department of Economics and Business Administration of the University of Piura (UDEP)

The project was implemented through a Cooperative Agreement for \$7 million, originally signed with the Academy for Educational Development (AED) effective from September 1986 to September 1990, and with the National Association of Partners of the Americas (NAPA) from October 1990 to September 1992.

During the first phase (AED administration), the project was managed by a Project Director and a Home Office Coordinator based in Washington D.C., and by a field office in Lima, directed by a Chief-of-Party.

In the second phase (NAPA administration), project implementation in Peru was entrusted to the Peru-Texas Association (APT), a local private voluntary organization, and a member of NAPA's continental network. The overall responsibility for project execution was in the hands of APT.

In September of 1992, USAID extended the Cooperative Agreement with NAPA to allow APT to finalize pending activities through October 31, 1992, and to permit Washington headquarters to provide limited administrative support through the end of 1993 to participants who are still engaged in doctoral level studies in the United States.

2. The purposes of the evaluation

The project paper called for an evaluation plan. This included two different types of exercises:

- * On one hand, annual reviews aimed at verifying the actual level of implementation, identifying problems requiring short-term answers and proposing immediate solutions.
- * On the other hand, two special evaluations to be carried out by independent consultants: the first, to take place after completion of the first half of the project would have as its purpose to analyze in great detail the level of progress in achieving the principal objectives; the second to take place at the end of the project, would be an evaluation of the project's impact.

The first special evaluation was carried out at the end of 1989 by Development Associates, Inc., and the results were presented to AID in February of 1990. The exercise concluded that despite a great number of difficulties -- attributable to both exogenous factors as well as the parties involved -- the project

could be considered a success.

This second evaluation has three purposes:

- * To appraise the degree to which the proposed objectives were achieved;
- * To describe the unforeseen results which may have been produced, and;
- * To document the learnings from the project.

3. The methodology employed

As is appropriate in an evaluation of impact, the methodology should address the aspects most directly related to the project, as well as the effects of those interventions on the macroeconomic restrictions which are targeted for change, in this case the dearth of managerial capacity suited for competitiveness.

The first part requires placing emphasis on curricular and institutional issues. But it is not sufficient to view them only from the supply side, or from "inside" the participating institutions; they must also be considered from the demand side point of view, which is the perception of firms and business executives. To this end, in addition to an analysis of the impact on the participating institutions, the evaluation team considered it appropriate to study the programs' feedback mechanisms, as well as to seek the opinion of the private sector on curricular issues regarding the curriculum.

With respect to the second part, the focus which supports this methodology points to the adaptability of training and other activities sponsored by the project to the requirements of a competitive managerial capacity in an economy which is in the process of opening up and becoming deregulated. To this end, a "before and after" analysis was conducted on the output of firms and administrators exposed to the managerial improvement programs.

The instruments used in gathering information on the private sector are 45 in-depth interviews to executives trained in some of the participating institutions, and a survey applied to 100 executives of leading firms.

4. Principal findings

a) Factors affecting the achievement of objectives:

Although in every technical cooperation project the level of achievement of objectives is influenced by unexpected factors, in this case the changing circumstances in the environment and the concrete implementation style have conditioned the final outcome more noticeably than is usually the case.

On one hand, from the mid-1980s when the project was conceived, designed and initiated, until the project's conclusion in late 1992, Peru went through one of the most complex periods of its political and economic history.

This was a time of growth in violence (which to a great extent explains the unwillingness of foreign experts to live in the country); of conflictive relations with the donor (the government's refusal to service its foreign debt and the consequential inability of USAID to obligate funds delayed project activities by almost one year); and finally, the acute socioeconomic crisis: during the life of the project prices went up 400,000 times, the per capita product decreased 24%, salaries in the private sector dropped 65% in real terms, the general government's average salary plummeted to \$83, and un- and underemployment accounted for 82% of the work force. It was this framework and not the hypothetical one which was assumed for the design of the project, which actually prevailed during project execution.

Unlike many other projects, however, this one experienced a change in management when there still remained an important road to travel in order to reach the proposed objectives; however, it was difficult to change the direction taken during the first phase of the project.

This refers not only to the details of the administration, but also to the substantive orientation of the project. Beyond the few differences between NAPA's and AED's conceptual proposals it appears that the former had no choice but to continue on the path set by the latter. In other words, a situation occurred in which the original contractor carried out a managing role, but was unable to complete the execution of the program, while the contractor which then substituted for the first developed the administrative role without the benefit of flexibility in its orientation.

b) The impact on the participating institutions:

The importance of outlining educational actions, the creation, review and design of courses related directly to the demands of firms is clearly reflected in the project's objectives. However, the institutional emphasis has been on curricular implementation, thus effectively capitalizing on the advantages offered by the project.

This bias in the project's execution began in the first phase, and was maintained through the second administration. This led to the prevalence of a "supply focus" which had as its basic premise that the strengthening of the academic and professional capacity of the institutions brings about the elevation of the managerial capacity of the firms.

In the interviews with institutions, they claimed that the highest achievements have been precisely those of curricular implementation (library, equipment, studies abroad, etc). It

appears that curricular design in the strict sense of determining needs and content, did not warrant much attention. The actions in this regard were not systematic nor orderly, except what was carried out by ESAN before the project began, and by IPAE when the project was finished. For the rest of the activities, there was a clear tendency to follow the "opinions of the experts".

With the notable exception of the agribusiness programs (an explicit objective within the project), the private sector was not present in the design nor in the curricular evaluation. The contacts with this sector are occasional and inorganic which hindered the adaptability of the institutional supply to the requirements of the existing demand.

No follow-up is carried out with the graduates, nor is there an effort to evaluate the impact of the training on the firms. This makes the renovation of the curriculum quite difficult.

Despite the difficulties encountered due to a focus insufficiently oriented toward the target sector, at the end of the project the institutions have found themselves to be in a position to successfully face the challenges in management education within the new macroeconomic context.

In addition to the contributions in equipment -- very important in and of themselves -- an achievement of the project has been the academic training of the faculty, with the accompanying improvement in the professional capacity of the institutions. At the same time, training professors from the provinces at the institutions of highest standing in the capital also accounts for a significant accomplishment.

The teachers' level of excellence has defined to a great extent the standards of the institutions and the courses they offer. Specialization has resulted as a functional division within the market. It would be very helpful if the specialization would allow greater inter-institutional collaboration, and progress has been made in this regard.

The achievements pointed out have been possible, to a great extent, through the efficient management of the project. NAPA's administration resolved the earlier problems and secured a favorable work climate. All participating institutions agree in this judgement, as they agree also on the meticulousness of the administrative aspects.

It is also necessary to point out the role played by USAID and particularly by the project coordinator, Ms. Connie Gutierrez. The dedication and intelligence of her efforts fostered not only greater effectiveness of project activities, but in many ways, the continuity of the project itself. The acknowledgement of Ms. Gutierrez's work is shared unanimously.

c) The impact on the firms

At the end of this executive summary, an outline is presented in chart form with the principal findings of the personal interviews with course participants. The reading of the charts renders additional commentary unnecessary as they would only duplicate the information. Nevertheless, it appears clear that the microeconomic adjustment to long-term changes in the macroeconomic environment opens up unlimited opportunities for the institutions. At the same time, a growing demand is evident for training of this kind.

The survey applied to the leading firms confirmed this observation. In effect, the interviews demonstrated that there is a definite desire to achieve a managerial profile which is positioned for competitiveness. The skills most highly in demand are the ability to make decisions within the context of uncertainty, and the global outlook on the economic process.

The desire for a managerial profile emerges from a critical attitude toward the relevance of the existing profile. On a scale of 1 to 10, interviewees give a rating of 5 to Peruvian firms in general, and a rating of 6 to firms within their own sector.

There is a growing disposition toward believing in systematic and continuous management training, instead of practical experience for the acquisition of business skills. This explains the growth in budgetary allocations made by firms for management training.

However, consistent with the opinions on the profile, the majority believes that the learnings acquired in the past can only partially contribute to achieving the required profile. In part, they transfer the responsibility to the institutions, although their continued attendance suggests that they trust the schools for obtaining the desired management profile. In the last three years, 74% of the managers took a class at ESAN, and 53% did so at IPAE. The University of Piura accounted for 39% of the managers taking courses while the University of the Pacific accounted for 33%. ADEX's training activities accounted for 11% of the managers.

There is also a growing trend to not accept package-type courses, but rather to have them tailored to the firms' needs. When the demand for the requested courses is not satisfied, the firms hire their own teachers, which represents competition for the institutions.

As a result of their experience, the managers recognized the usefulness and effectiveness of the training they received from the institutions.

The evaluation refers, on one hand, to the utility of the supply of training in relation to the required qualifications that a manager should have, and on the other hand, to the effect that the courses have had on the firm together with the variables

relating to achieving increased competitiveness.

Of course, if a test were conducted for each variable separately, differences would be found. However, the objective is to obtain a sense of the perception of the firms regarding the supply of management education and training. From this point of view, the opinions obtained through the survey can stimulate a fruitful exchange of ideas.

d) Women in Development

A special concern within the project has been to take into account the interests and roles of women, both in the design of activities as well as in their implementation.

Clearly, gender equality depends not only on the institutions, but on the firms as well. In this regard, the survey revealed that at least among the leading firms, the percentage of women in management positions is a rather low 11%; with a few exceptions, there are no women in general management positions. An additional and revealing fact is that of the 100 executives who completed the survey, only three were women.

Despite this imbalance in the gender composition of the managerial groups, the project carried out interesting and important efforts directed at promoting training opportunities for women. Among these, the scholarship program which enabled ten professional women to carry out graduate studies in ESAN, should be pointed out. It is important to note that this program continues even after the conclusion of the project, which should be considered an achievement of the project itself.

It would be very useful for the institutions to keep records of participants disaggregated by gender, and that the follow-up conducted on the graduates also take this variable into account.

5. Conclusions and lessons learned

- * There has been a great effort to elevate the academic and professional level of the institutions which has fostered the improvement (and in some cases, the creation) of the capacity for management training. Undoubtedly, this accounts for the greatest achievement of the project.
- * To take full advantage of that capacity requires greater coordination between the institutions and the private sector. A "supply focus" has prevailed, based on the premise that the strengthening of the academic and professional capacity of the institutions leads to the improvement of the managerial capacity within the firms. Behind that focus lies the theory that the experts know best what the market needs. Empirical verification, as well as conceptual analysis, proved that this is not necessarily the case.

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- * A principal condition for the cooperation between the institutions and the private sector is the establishment of periodic and systematic feedback mechanisms. This entails following up on the graduates, as well as on the firms where they work. Although increases in course registration is a relevant indicator, it is not enough. the final measure of the success of training is the impact on revenue and the competitiveness of the firm once the graduates return from their studies.
 - * Inter-institutional cooperation is not only necessary for the increased efficiency in the use of additional academic and professional capacity; it is also possible. That possibility is supported by a division in the market which comes out of practice (or out of the preference of the demand): in addressing the needs of a specific segment of the managerial universe, each school occupies a niche (some in upper management, some at an intermediate level, and others at the operational level). More important than concentrating the efforts on displacing a group from its niche, which would inevitably lead to inefficiencies in the use of increased capacity, the most advisable path is to develop a cooperative strategy with the objective of maximizing the competitiveness of the institutional supply as a whole. The cooperation between institutions does not affect the particular position of each one, and on the contrary, can contribute to improved joint results of the system.
 - * Although in the short term the turnover of management is not excessively high, at the end of a couple of years there is a significant rate of resignations among the executives who took post-graduate courses. This dissuades the investment by firms in training their staffs. At the same time, it confirms the usefulness of the courses for the executives, which in addition to the opportunity for personal and professional growth, appreciate the chance to improve their curriculum vitae.
 - * It is possible that improved coordination with the private sector -- a more precise identification of the firms' needs and of the working conditions of the market for managers -- might improve the situation. In addition to the development of strategies in this regard, it would also be recommendable to create a mechanism through which to assure that if a manager resigns from the firm after attending a course, he or she should reimburse the firm for the amount invested in training. This "debt" could be worked off if the executive remains with the firm long enough to ensure a return on the investment.
 - * Finally, in dealing with educational institutions, education experts cannot be absent. It would be desirable for there to be educators and trainers within

the institutions, parallel to the specialists in each area, to permanently maintain the need to evaluate and renew the profiles, curricula, contents and methodologies. There should be specialized teams to formally and explicitly take on this task.

Evaluation by the managers on the usefulness
and impact of the supply of training

(on a scale of 1 to 10)

a) Usefulness of the supply of training in relation to the
qualifications needed by an up-to-date manager:

- * Global outlook on the economic process.....6
- * Ability to make decisions in conditions of
uncertainty.....6
- * Capacity for carrying out the microeconomic
adjustment necessary within the new macroeconomic
environment.....5
- * Capacity for reducing nominal costs.....6
- * Capacity for developing a strategy for
productivity.....6
- * Capacity to discover and capitalize on competitive
"niches".....6
- * Ability to adjust the work process to changes in
demand.....6

b) Effects on competitiveness:

- * Defect rates in production.....5
- * Defect rates in products sold.....6
- * Product yield.....6
- * Delivery times after the order is placed.....6
- * Meeting delivery deadlines.....6
- * Client dissatisfaction rates.....6
- * Repair/warranty costs.....5
- * Introduction of new products.....6
- * Speed for introducing changes in design.....6
- * Speed for introducing changes in work processes..6
- * Opening of new markets.....6
- * Possibility of competing with imported products..7
- * Ratio of export to total sales.....5
- * Annual inventory turnovers.....6
- * Quality of human resource management.....7
- * Labor productivity.....7

Observations on educational offerings in relation to production

Needs	Observations
<p>Process innovation for new processes</p>	<p>The firms still do not place enough emphasis on the development of new products: they basically try to compete more effectively with the same ones. This is an opportunity for educational offerings.</p>
<p>Specialization in areas with competitive advantages.</p>	<p>The business reconversion into competitive areas calls for a supply which is profoundly aware of the state of the art in each business. The project has been successful in training professionals in these areas.</p>
<p>Research and Development</p>	<p>Despite its problems, the universities could play a more active role in this regard, such as the support which UDEP provides to agricultural businesses.</p>
<p>Relations with Suppliers</p>	<p>This is an area to be developed. Educational offerings could advise the firms to take better advantage of the economic opening and to create a real market for inputs. This could also be done with domestic suppliers.</p>
<p>Relations with Sub-Contractors</p>	<p>This is perhaps the area with the greatest development potential. The firms should plan their expansions around vertical integration and threatening their flexibility, or creating ties with many sub-contractors.</p>
<p>Management Decentralization</p>	<p>This is an area in which the educational supply has made important achievements, which could be employed in improving the functions within the specifically productive area.</p>

Observations on the educational offerings in relation to marketing

Needs	Observations
<p>Substitution of the "industrial" concept by the "service" concept</p>	<p>The firms need to "place the client in their workshop/office", and at the same time put themselves in the client's shoes.</p> <p>The educational offerings have facilitated this transition for several firms, although it is still not the situation of the majority.</p>
<p>International business</p>	<p>The search for business partners abroad, both for gaining new markets and for acquiring new technologies, as well as for importing, is a function that firms carry out with very little assistance. Although it is not a role which belongs to the educational institutions, it should be considered a limitation or an opportunity for consulting services. The project contributed to training professionals with this kind of expertise.</p>
<p>Niche strategy in light of the decomposition of mass markets.</p>	<p>Product diversification has been achieved by many firms which benefitted from the supply of education. This is a very strong argument in favor of the project.</p>
<p>Market Innovations</p>	<p>Position and publicity development, the use of licenses and patents, franchising, among other modes of conducting business, provide a promising future to the firms and for the educational institutions which offer instruction in their use.</p>
<p>Specialization in areas with competitive advantages.</p>	<p>Directly related to advising firms in their reorientation. The educational institutions rely on staff which allow them to address this need.</p>

Observations on the educational supply in relation to the organization

Needs	Observations
Gradual substitution of cheap labor by skilled labor.	The formation of technical groups is carried out within the firms themselves. The traditional supply has lost its usefulness. This accounts for a new demand on the institutions which train middle level operators, or an opportunity for new institutions which may appear.
Greater formal and informal communication in all areas of the firm.	A crucial area for productivity. The educational supply can consider the current deficiencies in this area as an opportunity. Its relation with changing and creative work functions is evident.
Involvement of the firm's workers.	The traditionally confrontational nature of the larger firms in the country has tended to decrease; however, productivity pacts have still not been formulated. This is also an opportunity for educational offerings.
Shift from repetitive tasks to more complex functions.	This depends on the restructuring within the firms. In the Peruvian context, it is more a question of work organization than of automation.
Reduction of hierarchical lines.	Greater communication with workers and more highly qualified functions will result in greater productivity within management. This is a promising area for consulting services provided by the educational institutions.
Organization of tasks by teams.	Very few firms have had experience in this area, although those that have done so have had notable success. This is an opportunity for post-educational supply and consulting.

Part one:

THE PROJECT WITHIN THE CONTEXT OF THE PERUVIAN ECONOMY

I. CONCEPTUAL FRAMEWORK AND METHODOLOGY OF THE EVALUATION

I. Conceptual Framework and methodology of the evaluation

1. The Private Sector Management Improvement Project

The project studied under the present evaluation was conceived by USAID as an instrument for the promotion of economic development and employment in Peru. The project's sector goal is to reduce the institutional, cultural and political restrictions which, according to the diagnosis in the project paper, inhibit improvements in the production, investment and exports of the private sector. Specifically, the project has aimed to decrease the qualitative deficit -- as well as the quantitative deficit in some areas -- in the private sector's managerial capacity.¹ The dearth of managerial capacity has been identified by USAID as a major restriction to the expansion of production, as well as the establishment of a more market-oriented economy.

The purpose of the project has been twofold:

- a) to strengthen the institutional capacity of a select group of private entities, in order to increase the quality and improve the adaptability of programs in management education, training, consulting and applied research, and;
- b) to foster closer linkages between these institutions and the firms which they serve.²

As defined, the purpose of the project would be achieved through five principal components, as follows:

1. The strengthening of graduate programs in business administration;
2. The introduction of new program elements within educational offerings, both for credit and on an informal basis, in sectors with the greatest potential for growth (international business, agribusiness and small and medium-sized enterprises);
3. The collaboration between the participating institutions, and of those with the private business sector;

¹ Project paper, page 15.

² Ibid, page 15.

4. The decentralization and diffusion of services to improve management capacity outside of Lima;
5. The support of long-term institutional development within the participating institutions.

The institutions chosen to participate in the project were the following:

- * The Association of Exporters (ADEX)
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In the second phase (NAPA administration), project implementation in Peru was entrusted to the Peru-Texas Association (APT), a local private voluntary organization, and a member of NAPA's continental network. The overall responsibility for project execution was in the hands of APT.

In September of 1992, USAID extended the Cooperative Agreement with NAPA to allow APT to finalize pending activities through October 31, 1992, and to permit Washington headquarters to provide limited administrative support through the end of 1993 to participants who were still engaged in doctoral level studies in the United States.

2. The purposes of the evaluation

³ Although the Cooperative Agreement's original budget remained unmodified, the amount earmarked for the institutions was reduced by almost \$1 million, due to unforeseen agency costs.

The project paper called for an evaluation plan which included two different kinds of exercises:

- * On one hand, annual reviews with the participation of all parties involved (the beneficiary institutions, the contractor and USAID⁴), aimed at verifying the actual level of implementation, identifying problems requiring short-term answers and proposing immediate solutions.
- * On the other hand, two special evaluations to be carried out by independent consultants: the first, to take place after completion of the first half of the project would have as its purpose to analyze in great detail the level of progress in achieving the principal objectives; the second to take place at the end of the project would be an evaluation of the project's impact.

The first special evaluation was carried out at the end of 1989 by Development Associates, Inc., and the results were presented to AID in February of 1990. The exercise concluded that despite a great number of difficulties -- attributable to both exogenous factors as well as the parties involved -- the project could be considered a success.⁵

⁴ As designed in the project paper, each annual evaluation team should include at least one member of the Advising Committee based in the United States. With the exception of one meeting in 1988, this committee did not function as planned, rendering it impossible for the project to benefit from an opinion outside of the parties directly involved. Moreover, there is no evidence that annual reviews would have taken place with or without external advisers.

⁵ It is the conclusion of the evaluation team that in general the Private Sector Management Improvement Project is a success." However, it was also recognized that not all of the objectives outlined could be accomplished: "It appears that at the present pace of implementation, not all the objectives will be accomplished." Although this issue will be addressed later on in the document, it is worth noting that in addition to the difficulties originated by the political and economic context (to which the greatest responsibility can be attributed), the problems which were addressed are of an administrative or implementational nature; the substantive orientation of the project was not observed, and by default it was judged adequate. An example of the kinds of difficulties which were emphasized was the lack of clear guidelines for the reimbursement of expenditures. Issues such as the contents of curricula did not warrant observation, while others such as feedback mechanisms with the private sector or follow-up on the graduates, were not discussed. According to its report, the

This second special evaluation, which effectively concludes the project⁶, has three specific purposes:

- * To appraise the degree to which the proposed objectives were accomplished;
- * To describe the unforeseen results which may have been produced, and;
- * To document the learnings from the project for the benefit of USAID, as well as for the participating institutions.

3. The conceptual framework and the political context

Managerial capacity refers to the executive ability to make optimal use of the productive inputs. Therefore, in order to judge the degree to which an educational project in the area of business administration within the private sector has accomplished its objectives, it is necessary to evaluate the project's effectiveness on three levels which, although differentiated for analytical reasons, are strongly interrelated:

- a) the improvement in the level of qualifications and the economic return of the management human resources who attended the educational and training programs carried out under the auspices of the project;
- b) the improvements in production, productivity, profitability, investment and exports of the firms managed by the persons trained under the program, and;
- c) the rise in competitiveness, especially within the sectors prioritized and served by the project.

In a market economy, when the key factor determining success or

aspects considered by the DAI evaluators to measure the effectiveness of the project are: functional (how it works); structural (how it is set up and who reports to whom); and personal/political (personalities involved). As can be seen, these variables are of an "operational" nature, and they therefore affect the day-to-day activities, but in and of themselves they do not define their content or degree of adaptation to the project's objectives. Please see Final Report on the Private Sector Management Improvement Project, Development Associates, Inc., 1990, pages 43-45.

⁶ With the exception of the already mentioned administrative support to four teachers who are finishing their doctoral studies in the United States.

failure is competitiveness, the chances for achieving success depend to a large extent on management's ability to adjust the microeconomic behavior to the changes in the macroeconomic environment. In this relationship resides the link between the three levels outlined above.

The functional relationship between microeconomic behavior and macroeconomic environment suggests that the skills required for good management are not inflexible, but rather relative to and defined by the latter. It is probable that the abilities required by a given political context would be less useful or even inappropriate under a different set of circumstances. Therefore, in order to evaluate the effectiveness of a program geared toward improving management's qualifications, it is necessary to begin by identifying the contextual conditions to which the functioning of the firm should conform.

These conditions have undergone substantial changes throughout the life of the project. In effect, three different cycles can be identified.

The first substantive change happened before the initiation of the project: between the moment of its conception and the beginning of activities.

When it was conceived - prior to 1985 - the government of Peru faced a political openness and the beginning of the development of a market economy which it was expected would have continuity.⁷ It is worth remembering that this effort was preceded by a long period of intense protectionism and government intervention.

It seems obvious that an effort to open and change the system of symbols and prices must be accompanied by a significant improvement in the efficiency of the domestic private sector. From this perspective, a program to raise the level of management capacity in order to face the challenges of competitiveness resulted

⁷ Although it did emphasize that the political context could render difficult the movement and efficiency in the use of resources, the project paper (pages 1-4) recognized that from the end of the 1970s and during the first years of President Belaunde's administration, the Peruvian government had taken steps toward a more open and competitive market. Among these steps was the suppression of administrative controls and the reduction (and elimination in the case of international business) of tariffs. This placed the firms in a completely new situation.

imperative." It was this political context, and not the one that prevailed during the better part of the project's execution, which was taken into account for the design of the project.

Precisely when the project was to begin, there was a substantive change in the political context. From the middle of 1985 on the economic opening effort was interrupted, giving way to an economic policy of "heterodoxy", which shared and accentuated the characteristics of the import substitution model: lack of exposure to outside competition, "administered" prices, subsidized and rationed credit, a nominal exchange rate below actual parity, tax exemptions, etc. These characteristics recreated and took to an extreme the macroeconomic distortions which were perceivable at the end of the 1970s, when the substitution model began to demonstrate growing signs of weariness.

Within this framework of imbalances, business profitability was often disassociated from productivity. In addition to an ability to lobby (an essential skill for gaining access to non-technologically based revenue sources), the most sought after managerial skill in the market was financial talent. While the economy continued to grow based on demand-side politics (1986-1987), this ability constituted an instrument for deriving benefits from the distortions in relative prices. Later, when the crisis hit and a process of hyper-stagflation began (1988-1990), the capacity for financial negotiations became in most cases the principal resource for the survival of firms.

In any event, it is clear that in a non-competitive, closed economy, the executive capacity for making optimal use of productive resources is subordinated to the ability to take advantage of speculative opportunities. Under the circumstances, it could be expected that: a) business administration training would be biased toward the maximization of earnings or the minimization of losses by means not necessarily related to competitiveness; and/or b) unless the macroeconomic distortions were removed, the cost-benefit relationship of a management

¹ "Business managers, especially those in the industrial sector, were suddenly exposed to a totally new situation to which they have had trouble responding. Management training institutions, after years of producing administrators with technocratic skills for a protectionist environment, now have had trouble responding..." "without improving the pool of managerial talent available in Peru, the ability of the private sector to play a dynamic role in the development of a market oriented economy is limited. It now requires a new type of management training for which there was previously no demand and little or no experience (project paper, pgs. 4-5)."

education program oriented toward competitiveness could be sub-optimal.⁹

This political context, very different from that assumed in the conception and design phase of the project, was prevalent during the first four years of activities. But that state of affairs began to change in the middle of 1990. From then on, a vigorous structural adjustment program has been in effect. The new government radically modified the direction of the previous administration and put into effect substantial transformations within the regulatory framework of the economy. Unlike past stabilization efforts, this adjustment is not limited to the reestablishment of the basic macroeconomic balances, but rather has as its purpose to modernize the economy in keeping with world trends, both in technological and organizational terms, as well as regarding capital and commercial flows.

Despite the setback relative to other countries (or perhaps because of this setback), the opening of the economy and deregulation have come with new managerial requirements, this time more closely linked to competitiveness. Although financial prowess is still, and will remain valuable, its importance relative to productivity issues will tend to diminish. Perhaps more important, the role of finance within the firm will gradually change: it will cease to be, as in the past, an instrument whose principal objective is to maximize benefits or minimize losses; rather it will become a tool subordinated to the objectives of production.

From a strictly economic point of view, competitiveness is measured by the relationship between the prices of tradable goods in countries which trade with a given country (in this case, Peru) and the prices for the same goods in that country, with all values expressed in the same currency.

Despite its preciseness, this definition is too narrow to encompass the complexity of the concept, and is insufficient to identify the managerial skills necessary for success in a competitive environment. Consistent with the changes in the long-term trends, competitiveness has evolved and accumulated several conditions which are characteristic of a "lean production" system, as opposed to standard production methods of the Ford or Taylor

⁹ Of course, this refers to the possibility of making full use of the skills within a competitive environment in the context of a closed economy. In no way does it mean that a conceptual focus of this type will not have a positive impact. Even in an unfavorable context, the focus plays a role in at least two ways: by modifying common restrictive attitudes among managers, and of course, by preparing them for competition when the distortions are removed.

mold. Those conditions for competitiveness are, among others, the following:

- low defect rate in production;
- speed in delivery;
- high yield and high quality production;
- high rate of innovation in products;
- adaptability of goods and services to the needs of clients;
- access to markets with competitive prices;
- efficient post-sale service provision;
- diversified production;
- capacity for rapid changes in production volumes;
- capacity for rapid changes in design.

In order to satisfy these conditions, or to adjust the microeconomic behavior to the new macroeconomic environment, Peruvian firms must experiment with a substantial reorganization in four principal areas:

- a) productive practices;
- b) the firms' habits and structure;
- c) the profile of the work force and the organization of work;
- d) marketing techniques.

A major problem faced by Peruvian firms in order to meet the conditions for competitiveness is that, unlike the firms in other countries which were reorganized pari-passu with changes in long-term trends, the former must develop simultaneously, and not step by step, the various phases of the productivity strategy. The wider and faster the economic liberalization, the shorter the amount of time that they have to adapt to the macroeconomic environment.

Within this context, the degree of managerial capacity defines the effectiveness of firms in becoming competitive in the face of severe restrictions. Under these conditions, it is obvious that this ability becomes a critical resource: in the first place, for the firm's survival during the period of transition; in the second place, for its expansion once it is able to establish itself within the new context. This implies not only the ability to reduce costs and to make flexible use of the productive factors, but also the ability to combine them in a coherent way with the new technological and organizational paradigm.

The more innovative characteristic of this paradigm is the recognition of knowledge as the principal means for modern production. Certainly, this could be defined as the process by which knowledge -- scientific, technical, economic, social and managerial -- are conferred a monetary value (Drucker). Perhaps even more relevant for the present evaluation, the acquisition of knowledge on a methodical basis has superceded experience (often obtained through a trial and error routine), as the basis for

productivity.

4. The methodology employed

The preceding conceptual framework supports the methodology employed to evaluate the level of accomplishment of the project's objectives.

As pointed out in the project paper, this impact evaluation's methodology should address aspects immediately and directly related to the project, as well as the effect of those interventions on the targeted macroeconomic restriction, that is to say a lack of managerial capacity prepared for competitiveness.

The first issue requires placing emphasis in the curricular and institutional subjects. But it is not enough to see them from "inside" the participating entities; they must also be considered from the demand side, or the perception of the firms and their executives. To this end, in addition to the analysis of the impact on the participating institutions, the evaluation team considered it appropriate to study the program's feedback mechanisms, as well as to look into the opinion of the private sector on curricular issues.

Regarding the second point, the focus that supports this methodology points to the adaptability of training as well as the other activities sponsored by the project, to the requirements for managerial competitiveness within an economy in the process of liberalization and deregulation. To this end, a "before and after" analysis was carried out on the performance of firms and managers participating in management improvement programs.¹⁰

¹⁰ The instruments used to gather information on the private sector are 45 in-depth interviews applied to executives trained in some of the participating institutions, and survey applied to 100 firms within the structured sector which attended the XXXth CADE. The list of each group is attached to this document.

II. FACTORS AFFECTING THE LEVEL OF THE ACCOMPLISHMENT
OF PROJECT OBJECTIVES

II. Factors affecting the level of accomplishment of objectives

In all technical cooperation projects, the level of accomplishment of objectives depends on several factors -- some endogenous to the project itself and some of a contingency nature - which have little to do with the intrinsic quality of the inputs or of the participants. This project is no exception; moreover, it is fair to say that it constitutes a case where the changing circumstances in the environment and concrete form of implementation (the combination of the many actors involved), have affected the final product in a more notable way than usual.

1. Exogenous factors affecting the project

On one hand, from the middle of the 1980s when the project was first conceived, designed and put into execution, until its conclusion at the end of 1992, Peru experienced one of the most complex periods in its political and economic history.

This was a time of growth in violence (which was significant in explaining the unwillingness of foreign experts to live in the country); of conflictive relations with the donor (the Peruvian government's refusal to service the foreign debt and the consequential inability of USAID to obligate funds delayed project activities by almost one year); and finally, the acute socioeconomic crisis: during the life of the project prices rose 400,000 times, the per capita product decreased 24%, salaries in the private sector dropped 65% in real terms, the general government's average salary plummeted to \$83 per month, and un- and underemployment accounted for 82% of the work force.¹¹

Obviously, these unforeseen factors directly affected the project's implementation. They took their toll not only on the

¹¹ From a level of \$1,245 in 1986 - 6% less than at the beginning of the decade - the per capita GNP fell to \$1,213 (in constant dollars) in 1988, and to only \$997 in 1990. Similar estimates for 1992 indicate that after a slight recuperation the preceding year, the level of activity suffered an additional decrease of 2.7%, which led the GNP to fall to \$952. This amount is similar to its counterpart in the early 1960s. Regarding the under utilization of the work force, at the beginning of the project 53% of the economically active population had adequate employment; by the end of the project that number had fallen to 18%.

availability of advisors, finances and project management.¹² More importantly they sent out mixed signals to firms, their executives, and to the participating institutions themselves.

In effect, as was argued, in a context of external isolation and of huge distortions in relative prices, such as those accumulated between 1986 and 1990, the profitability -- and therefore, the income of the social actors -- tend to become disassociated more and more from productivity. Under these circumstances it is difficult for management training to center on the improvement of competitiveness.¹³ But even when management training is oriented in that direction, it is probable that there is not much opportunity to make adequate and full use of the learnings.

Perhaps one of the most harmful consequences from this period (until the change in economic policy in August of 1990) was the growth of an arbitrage culture which privileged the ability to lobby and "financial engineering", and even worse, which put Peru on the margin of long-term changes -- macro and microeconomic -- which were taking place at the time in the rest of the world.

Of course, this does not aim to disqualify the efforts of improvement in management capacity carried out by the institutions on their own or with the support of the project. Nor does it mean to imply that there is no need for these skills in an unfavorable environment. On the contrary, if it were not for the recognition of this need and for the persistence in these efforts, it is possible that the adaptation of the firms to the macroeconomic adjustment which took place in August of 1990 would have been more traumatic, and that the gap regarding the management requirements of an open and competitive economy would be greater yet. But what is certain is that in its operational development, the project has been subject to severe conditions not foreseen in the original design.¹⁴

¹² Development Associate's 1989 report documents the difficulties generated by inflation and under-valuation of the dollar for the project's management and the participating institutions.

¹³ Of course, this concept is one of modern competitiveness based on the substitution of static comparative advantages (such as labor or raw materials), by dynamic advantages (such as capacity for innovation, skills, organizational flexibility, etc.).

¹⁴ In order to better understand this statement, it is helpful to remember that when the project was conceived before 1985, the Peruvian government was facing a political opening. As was noted, this political framework

2. Endogenous factors affecting the project

Certainly, not all of the factors which could affect the achievement of the project's objectives are relevant to external contingencies. There were also important internal issues which sometimes had to do with the project's design, but perhaps even more with the way it was implemented. Although the analysis of these issues is present throughout the entire evaluation exercise, there is one point which must be noted because of its relevance: unlike many other projects, in this one there was a change in management when there was still a significant path to be travelled to reach the proposed objectives, but it was difficult to modify the orientation of the first stage.

This refers not only to the meticulousness of the administration, (although this was a determining factor in the change of management) but to the substantive orientation of the project.¹⁵ Beyond the occasional differences between NAPA's and AED's conceptual proposal, it appears clear that even if they had other plans, NAPA had no choice but to follow the direction set by AED. In other words, a situation presented itself in which the original contractor exercised an administrative role but was unable to complete the execution of the program, while the contractor which substituted for the first developed an administrative function without the benefit of much liberty regarding the project's orientation.

It is evident that these circumstances, as well as the contingencies of the crisis, conditioned the project results to a larger degree than usual and certainly much more than was anticipated when the project was conceived and designed. But this

and not that which predominated during the project's execution, was considered in the project's design.

¹⁵ The evaluation carried out by Development Associates emphasized a number of administrative deficiencies that affected the effectiveness of the activities between 1986 and 1990, some of which it attributed to USAID, and others to the institutions themselves, but mostly to AED. Among them, the lack of clear guidelines, poor coordination, inconsistencies between the overall budget and the budget by institutions, sloppy accounting, etc. Nevertheless, the opinion regarding the substantive content was quite favorable. Everything would appear to indicate that despite the recommendation to continue with AED and introduce "structural and functional changes", USAID decided to not extend the Cooperative Agreement with AED due to the administrative deficiencies noted, and not because of the disagreements regarding the substantive orientation of the project.

does not detract from the fact that the level of achievement depended also on controllable factors, some of which were directly related to the orientation and administration of the project, and others which were related to the institutions themselves.¹⁶

3. Influence of the orientation on the level of accomplishment of objectives

As was pointed out, in its beginnings the project established as its objectives, (1) to strengthen the capacity of five private institutions to carry out more industry responsive and higher quality management education, training, consulting and applied research; and (2) to strengthen linkages between these institutions and the industries they serve.

The stated objectives point to the coordination of an effort to raise the academic and professional levels of the institutions, based on the firms' real or perceived demands. However, the analysis of activities, as well as the analysis of the perception of the service users, indicate a prevalence of a supply side focus (or a focus of "experts"), not always linked to those demands, and/or to the resulting requirements from the objective changes in the economic context.

Probably, the prevalence of this focus predated the project, and was stronger and more deep-rooted in the older institutions. It is also possibly a reflection of the lack of the firms' awareness of their management needs, due to the behavior associated with the arbitrage culture which was mentioned earlier.

But at the same time, there is no evidence that the project activities produced a substantial modification in that state of affairs. What's more, the analysis of the activities suggests that the project did not intend to change the focus of the supply, but rather to render it more efficient. In other words, more than proposing to provide the conditions to raise the professional and academic levels of the institutions according to the needs of entrepreneurial modernization and productive reconversion, it would appear that the achievement of the former would lead to the

¹⁶ The possible influence of USAID's administration is not included, as it is considered a known and unchanging fact throughout the life of the project. An additional assumption is that the weight of that influence is similar in any technical cooperation project and not a feature unique to this particular one.

latter.¹⁷

From the reports prepared by each institution (1986-1991) and from Development Associates evaluation document (1989), it is clear that this focus began during AED's management of the project. However, undoubtedly it became more deep-rooted during NAPA's administration.¹⁸ The quarterly reports indicate that almost all of the efforts were geared toward improving the equipment and staff training at the institutions.

The project's greatest achievements were verified in this realm. On one hand, there was great emphasis on institutional training in terms of bibliography, audio-visual materials and computer and printing equipment. On the other hand, the development opportunity for high level human resources has been very well utilized by some of the participating institutions.

However, raising the level of staff quality and the modernization process of technical resources does not ensure better linkages between institutional supply and the demands by the firms. Perhaps even more important, the knowledge of the state of the art and the availability of the means to disseminate this knowledge does not guarantee the adaptation of the institutional offerings to management's requirements in an economy in the process of structural adjustment.

¹⁷ In some of the institutions -- particularly in the older ones -- the opinion of the directors is that "the user does not know what he needs". This suggests that they would not only be the depositories of knowledge, but the critical conscience of the firms.

¹⁸ The opinion of many of the interviewees leads to the conclusion that some of the difficulty in communication that AED had with the other institutions originated in certain efforts to modify the pensum or the academic practices. The argument stated several times was that "AED intervened too much", trying to impose its point of view. This complaint did not occur with NAPA, partly because of the organization's capacity for dialogue, but also because its principal role was to channel requests for resources for the strengthening of the institutions, which established those needs autonomously.

H

Part Two:
THE IMPACT ON THE INSTITUTIONS

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III. CURRICULUM ISSUES

III. Issues Regarding the Curriculum

1. The project objectives regarding the curriculum

As was said above, in an economy undergoing a structural adjustment process as is Peru's case, the measure of managerial talent is the effectiveness in reaching competitiveness in firms facing severe restrictions. These restrictions refer not only to the lack of "modern" productive resources (particular skills, capacity for innovation, technological flexibility), or to the magnitude of the initial imbalances in the macroeconomic setting. The restrictions refer also to the fact that having begun the adjustment with a considerable setback vis-a-vis the changes in the world economy's long-term trends, it is necessary to simultaneously satisfy the accumulated conditions for competitiveness in the various phases of the firm's productivity strategy.

This is the central criteria with which the relevance of the institutional offerings, geared toward training business administrators, should be judged. In this regard, the analysis of curricular aspects is of obvious importance.

Of the project's five principal components, two are related directly to curricular work: (a) the strengthening of existing administration programs and, (b) the introduction of new elements to the programs.

a) strengthening existing programs

In relation to the first of these areas, the project paper pointed out that on-going curriculum revision processes would be in place, based on improved data regarding needs assessments and applied research for curriculum and materials development. The underlying reason for this was the awareness that the curriculum work was insufficiently linked to the Peruvian firms and economy.¹⁹

Starting with the premise that all activities tending toward the strengthening of existing programs would revolve around the review of the curriculum, the project paper established specific targets for each institution in this regard.

In the case of ESAN, the plan was to create a type of strategic argument which would provide support to the change and development in the curriculum. It was expected that this would avoid the

¹⁹ "Their attempt to follow similar programs in the United States have given these schools a sense of legitimacy, yet also have shielded them from the need to create those areas of specialization that are most important to Peruvian needs (project paper, page 17)."

frequently made error for an uncritical transplant of programs conceived in and for different contexts. "First of all, ESAN will now link strategic planning to the process of curriculum change and development. As such, it should be able to avoid the trap in which it now finds itself, that is, the mere copying of what goes on elsewhere in the world of MBA curricula."²⁰

Regarding the University of the Pacific, a modification to the curriculum was proposed which would: (i) make possible the substitution of a very abstract and non-innovative focus on management education, by a creative "enterprising dimension" which through applied knowledge would incorporate to the teachings the challenges of modern administration and; (ii) would permit a transfer of expertise to the students from the faculty in areas where the latter had comparative advantages which perhaps were not reflected in the program.

At the University of Piura, the curriculum work needed to point to the formation of a core of professors with expertise relevant to the economic characteristics and needs of the firms in the region, to which it provides service first and foremost. It also pointed to a diversification and flexibilization in the curriculum which, at the same time as it responded more directly to the regional needs, would render it possible for the students to organize their post-graduate studies according to their preferences and interests. Finally, the provision of pedagogical resources, particularly bibliographical ones, that would make it possible to update learnings and consolidate the program.

Regarding ADEX, the emphasis was placed, on one hand, on a review of the curriculum which would permit the transcendence beyond the teaching of functional issues, such as regulations and procedures related to international commercial transactions, to address substantive subjects related to international business administration. On the other hand, technical and methodologically based modernization, especially in the development of a computerized information system on international commerce and the provision of specialized bibliography was also stressed.

b) introduction of new elements to the programs

The other project component, linked directly to curriculum work, is "the implementation of new programs linked to high potential sectors in the Peruvian economy, such as international business, agribusiness and microenterprise. The programs would address management development issues specific to Peru, based on research and close collaboration with private sector groups."

The supporting argument for this component, and for the

²⁰ Project paper, page 20.

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curriculum effort proposed as a consequence, is that despite the importance of these sectors for the Peruvian economy, the academic schools had devoted very little "institutional energy" to them.²¹ At the most -- it was said -- it had been assigned a peripheral importance within the academic offerings.²²

These deficiencies had to do with curriculum weaknesses which originated in a lack of strategic planning by the business administration schools.

For example, it was pointed out that the Advanced Program in International Commerce which ESAN had been developing since the second half of the 1970s, had a syllabus which was so generic that it was not of interest to the executives to whom it was presumably directed. Just as significant was the fact that many of the study cases and the materials on export promotion employed in the course were direct translations of documents prepared in the United States, not necessarily relevant to the Peruvian firms.

The weakness was stronger yet in the case of agribusiness. The project paper observed that in a country with an agricultural base as broad as Peru's, even as late as the mid-1980s none of the institutions involved in the project offered a management training course, or took on a research commitment in the area of agribusiness.

But the even larger paradox appeared to be in the area of micro-enterprise, in which the entrepreneurial energy of a large group of businesspeople which grew in spite of the adverse conditions of a segmented market, was not met by an equivalent institutional energy in the business schools, which would have channeled the entrepreneurial spirit, and improved the productivity and incomes within the sector.²³

²¹ Even in the case of international business, which had already had a definite place in the programs of some universities for a long time, the project paper used the term "a history of neglect" to qualify the work carried out in this area (page 27).

²² Obviously, this refers mostly to the universities. The raison d'être of the ADEX school is precisely to offer training in international commerce. Similarly, IPAE developed an early leadership in non-degree programs in small business management.

²³ A study founded on a broad-based survey to informal establishments, found that in the 1980s around 28% of the microenterprises achieved a positive level of accumulation. Perhaps more interesting is the fact that two thirds of this group grew at a rhythm substantially

The deficiencies identified in the existing programs, as well as the vacuums observed in these areas (and probably in others not addressed in the project paper), reflect more than the problems of adaptability in the institutional offerings. To a more important degree, they also express a problem on the demand side, particularly the insufficient development of a local management consciousness vis-a-vis the needs derived from the long-term changes in the conditions for competitiveness in the world economy.

To respond to these deficiencies, the project paper proposed a vigorous curriculum modernization effort. In addition to the ongoing review of existing programs, it proposed a series of activities geared toward incorporating the prioritized areas in the offerings of management education.

In the area of international business, the objective was to generate an installed capacity in the various intervening agents, from the highest level of executives, to the operators of foreign commerce. For the first group, a high level non-degree program was conceived which ESAN would implement through an in-depth restructuring of the PACI, but which would be extended to other institutions interested in the subject. For workers at the operational level, it was suggested that IPAE and ADEX carry out a detailed review of their training needs and of pedagogical materials. For intermediate level decision-makers, it was proposed that ESAN and the University of the Pacific modify their regular Business Administration Master's degrees programs in order to include basic courses (and in the Univ. of the Pacific, possibly a specialization) in international business.

In the area of agribusiness, the main answer was the creation of a cooperative strategy which, with the sole exception of ADEX, would involve all participating institutions. This strategy would not only be cooperative but would also be comprehensive as it would include, among others, the organization of elective graduate and post-graduate courses, seminars for businesspeople and non-degree courses in the University of Piura, the coordination of multi-institutional research, the constitution of a common center for information and resources, etc.

Finally, in the area of small businesses, three levels were proposed: (i) formal pedagogic, which would become effective by developing courses on the subject within the programs of ESAN, the University of the Pacific and the University of Piura, and by

larger than the average for formal firms. See E. Kritz, Microenterprises and small credit in Metropolitan Lima, ILO, 1990 and E. Kritz et al, Small Business, employment and structural adjustment: an inquiry into the possibilities of the "flexible specialization" approach in Peru, USAID, 1990.

preparing materials which were adapted to the conditions in Peru and for the common use of everyone; (ii) non-formal training, to be headed by IPAE with an extension to the provinces; (iii) information, which would be put into effect through a data base to be created by ESAN on the needs of small businesses, and to which researchers and professors for participating business schools would have access.

2. The conditions for work on the curriculum

It is very important to point out that for the achievement of the objectives, the project paper emphasized not only the convenience, but the need to coordinate the curriculum work with strategic planning. Design and review are in and of themselves strategic planning exercises.

From a methodological view point, this implies at least two things:

On one hand, the explicit participation of the private sector in defining the orientation and the review of the curriculum. To this effect, in the international business and agribusiness areas several advising councils would be formed, made up of businesspeople, officers and academics with a great deal of experience in the matter.

On the other hand, the organization of permanent needs assessment studies and applied research for firms in the private sector, as a foundation for the review and up-dating of the programs would be established. An equally relevant output of the needs assessments is the strengthening of the linkages between the institutions and the firms. To this end, it was proposed that during the life of the project, each institution would sponsor three studies in their respective areas of comparative advantage.

Last but not least, the project paper proposed that the cooperation and the exchange of information between the entities be a condition for the accomplishment of objectives.²⁴

3. The stages of curricular work

Certainly, there are different ways of approaching curricular work. However, there is consensus on the fact that the stages of a curriculum are: (a) design; (b) implementation, and (c)

²⁴ "Once again, openness of information is necessary in order to create the infrastructure for collaboration that underlies the philosophy of this project (project paper, page 34)."

evaluation.

The design of the curriculum includes a needs assessment of the educational requirements, the determination of contents, the sequence and organization of the contents, and the characterization of means and ways for carrying them out.

The implementation of the curriculum entails the provision of the requirements for the execution of the curriculum and the carrying out of educational activities.

Finally, the evaluation is the determination of the appropriateness of the curricular offerings.

3.1 Design of the curriculum

a) The prevailing methodological perspective

With few exceptions, and consistent with the focus of supply already discussed, the institutions have followed an expert's criteria for the design and review of the curriculum, without significant participation of the private sector and very rarely based on a systematic needs assessment.²⁵

This assumes a different methodological perspective from that proposed in the project paper: the design of the curriculum was not an exercise in coordinated strategic planning taking into account the explicit requirements of the firms, but above all, the result of the work carried out by professionals with a great deal of experience and training in that area, which determined the contents of course offerings in each program.

Of course, this does not mean that the opinion of businesspeople was not taken into account, or that efforts were not made to obtain their opinions. There definitely were consultations (in some institutions more than in others), and a few needs assessments were also carried out (in some cases more extensively than others).²⁶ However, the participation of businesspeople in the design and review of the curriculum was not methodical, or a permanent and organic part of the process, nor was it an active or substantive

²⁵ The councils of advisors were never formed and the needs assessment studies were only carried out in a few cases. This point is discussed further later in the document.

²⁶ For example, in March of 1992, the University of the Pacific interviewed 20 leading businesspeople in the country. ESAN organized work breakfasts with directors and executives, and programmed around the middle of the same year the execution of strategic plan which included consulting business executives.

component.

In addition to the occasional and subsidized nature of the participation of the business community, the method employed to collect the opinion of the private sector on the matter was, with few exceptions, (such as the survey conducted by IPAE in 1987), the unstructured interview, that is to say an oral consultation of opinion leaders on certain courses given and/or on specific subjects of interest.²⁷

The premise for the "expert's criteria" focus is that the specialist knows best what the market and the firms need. The argument which supports this premise is that through professional exercise, academic activity, access to literature, subscriptions to journals, visits abroad, etc., the university expert is on the frontier of knowledge. It is this quality which qualifies him to prescribe what the industry needs.

This focus has been shared for the most part by the project's administrators. As has been pointed out, from the analysis of activities springs a prevalence of a "supply" orientation. Rather than coordinating the elevation and up-dating of the academic level of the institutions with the modernization requirements of business, it seems to have been assumed that the achievements of the latter would act to bring about the former. It can be postulated that the bias inherent in the project by this hypothesis rendered it possible that the institutions approach the design and review of the curriculum in the manner described.

b) The practice of curriculum design

In several cases the design was restricted to the review of already existing programs. For such purposes, the institutions resorted to the aid of domestic and international experts, who provided suggestions and opinions to improve the programs.²⁸ In

²⁷ The consultation on "other perceived needs" that some institutions ask of the participants in their courses, cannot be considered an appropriate method for identifying requirements and can certainly not be qualified as mechanism of business participation in the design of the curriculum.

²⁸ The University of Piura received the support of very prestigious academic institutions, such as Harvard University, IESE of Spain, IPADE of Mexico, IAE of Argentina and others. Additionally, during the first years, it was professors from those learning institutions who were in charge of giving a good portion of the courses. More recently, during NAPA's administration, the University of Piura received technical assistance from Dr.

other cases, the courses offered were in response to new information or techniques (for example, strategic planning, total quality, etc.).

Only in some cases, of which agribusiness and microenterprise are examples, the link between the needs of the sector and the curriculum have been more apparent. The participation of businesspeople in the design of curriculum has been slightly more significant.²⁹

The view of the outside advisor or of the faculty, has prevailed, however. Nevertheless, the efforts of some institutions must be recognized. In the middle of last decade, ESAN reviewed its curriculum, with the broad-based consultation of entrepreneurs, market analysis, etc. This way of carrying out work on the curriculum was implemented over the course of the project's life, but was later changed to the expert focus. IPAE, which maintained the curriculum it had at the beginning of the project, began information gathering activities toward the end of project's life in order to modify its image and study plan.

But in addition to its subordinate character vis-a-vis the criteria of experts, these efforts have lacked the permanence called for in the project paper. This is also the case of the prevailing methodological focus. In all cases, it is clear that after a first attempt at renewing and up-dating the curriculum, no

Juan Antonio Lopez from Harvard University for the review and up-dating of bachelor's and master's degree level programs, as well as non-degree programs. Dr. Pablo Fernandez reviewed the curriculum for the master's degree program in finance and control. The University of the Pacific also had technical assistance in the review of its study programs: Dr. Joseph Ganitzky, a business professor at the Jesuit University of the South, and Dr. Folke Kafka, ex-dean of the UPA graduate school offered their collaborative services during the second stage of the project. In all cases, the "expert focus" has predominated in the approach of the curriculum.

²⁹ The University of Piura has maintained from the beginning a good rapport with the agricultural businesspeople from the Grau region, to which it directs its agribusiness program. On the other hand, it has been able to link teachings in this area to applied research -- particularly in the area of tropical fruits -- achieving significant results. On its side of things, IPAE applied a management training needs assessment survey in 15 cities at the end of 1987, which served as a basis for the design of non-degree courses in microenterprise and others.

work is done on it again.¹⁰

This point is very relevant, especially within the context of the Peruvian economy, since it illustrates a difficulty within the institutions to become current with the changing management education needs felt by the firms. As Peru is a country whose economic reality has varied so drastically between 1986 and 1992, the period of the project's life, the lack in curriculum renewal could point to a probable obsolescence in course content which would affect the achievement of the proposed objectives.

The introduction of new courses (generally non-degree) on recently developed subjects, does not address the identified deficiencies, as they seem to respond to a greater extent to new information or techniques than to an objective needs assessment of the firms.

Something similar could happen with the partial modifications to the existing syllabus, whether they be by subject, conceptual focus or bibliography, when, as usually happens, they are incorporated by the instructor in an intuitive fashion.

c) Custom-made courses and design of the curriculum

The firms seem to be aware of this situation. An indicator of this fact is the growing interest in "custom-made" courses, adapted to the characteristics and needs of the requestors. The firms themselves define the profile of what they want, request the team of professors and establish a program which is appropriate for their needs. The case study is the firm itself.

The custom-made course method is important for at least four reasons:

- (i) as it is the firm that takes the initiative, the prevailing "supply focus" approach is inverted;
- (ii) it suggests a possible dissatisfaction of the firms regarding standard package-type courses or modules which the institutions offer;
- (iii) it is indicative of a change in entrepreneurial culture, although in its early throes, on the importance of training in the areas of management and administration;
- (iv) it allows (and actually demands) a closer link between training and consulting.

³⁰ In some cases, such as ADEX, the situation is even more serious in that its curriculum was not touched over the years. IPAE's credit courses present a similar case.

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Despite its insufficiency, this mechanism which is established by the market can lead the institutions to renew and update their curricula in accordance with messages sent by the market itself. This appears more efficient than the opposite approach of bringing in the demand through an intuitive reading of its needs by the faculty or through the opinion of outside advisors.

The difference between one methodology and the other can also be observed in the introduction of new elements into the programs (the second project component).

The course on management of international business prepared by ESAN, which was emphasized in the project paper, was not as successful as expected. The lack in demand for this course, which led to its cancellation even after the efforts which included the intervention of distinguished foreign consultants, cannot be attributed only to the difficulties in the external environment in Peru. It is possible that, not insignificantly, the problem may have been in the course itself which was designed based on experts' criteria, without enough consultation of the sector to which it was directed.

An even more illustrative case is the area of agribusiness, which also constituted an objective proposed in the project paper. The course developed by the University of Piura is successful. It is not detached from its subject matter, as from early on there was close contact with the agricultural entrepreneurs of the northern region, and research relevant to their needs was carried out. IPAE disseminated utilitarian courses which were well-received by the businesspeople of the sector.³¹ On the other hand, the various efforts by the University of the Pacific to introduce innovations into its curriculum, based on academic designs without links to field work, never blossomed.

3.2. The implementation of the curriculum

The implementation of the curriculum, understood as the provision of the necessary elements to put it into effect, was most highly developed in this project:

On one hand, all of the participating institutions were strengthened through the acquisition of bibliographical materials, audio-visual and printed materials, and computer equipment.

On the other hand, the three universities (University of the

³¹ IPAE obtained similar results in the non-degree courses for microenterprise carried out in Lima and the provinces (Piura, Sullana, Arequipa, Chincha, Ica, Nazca, Trujillo, Iquitos, Moyobamba, Tarapoto, etc.). The conclusion is the same: to follow the markets signals pays off.

Pacific, ESAN, and the University of Piura) took advantage of the opportunity to up-grade their faculties.

a) Faculty training

Between September 1990 and September 1992, 12 professors completed post-graduate studies. By August 1993, five more had graduated.³²

At the same time, through a cost-sharing program with ESAN and the University of the Pacific, the project provided training to a large number of professors and graduates from a dozen universities in the provinces. In total, 55 scholarships were awarded with a drop-out rate of 24%. Thirty of the scholarship recipients have completed their master's studies and ten are still studying.³³

The scholarship program within the project also included a component meant specifically for women, and another focused on "social scholarships". These permitted ten professional women and eleven financially under-privileged graduates to carry out post-graduate work at ESAN and the University of the Pacific.

There can be no doubt that faculty training constituted one of the more notable successes of the project, with the greatest potential for the long-term.

b) Elevation of the technical and professional levels

A particular aspect of implementation which is also one of the project's achievements is the preparation of texts and bibliographical material. The University of the Pacific prepared 25 books, including several on case studies, of which eleven have already been published and the rest are ready to be edited. IPAE, on the other hand, developed and published material for agribusiness and for classes by correspondence.

ESAN, the University of the Pacific, the University of Piura and IPAE, substantially improved their libraries. CENDOC, ESAN's

³² Of the 17 professors benefitting from the program, four teach on ESAN's faculty, seven are on the University of the Pacific's faculty, and six are at the University of Piura. Twelve of them took courses abroad, and four were trained in Peru. In addition to those mentioned, one professor from the University of Piura attended a short-term program in the United States.

³³ The high drop-out rate of scholarship recipients in the provinces was pointed out in the report by Development Associates. During NAPA's administration the problem continued, though to a lesser degree.

documentation center, is currently one of the best in Latin America. Additionally, it is worth pointing out that this is an area in which there has been inter-institutional collaboration: CENDOC provided technical assistance to several of the participating entities.

Audio-visual equipment aimed at providing improved educational services were installed in IPAE, ADEX, and to a lesser degree in the University of Piura.

Computer equipment was acquired by ADEX and the University of Piura to increase their potential for administrative processing and management. These two institutions also acquired very useful printing materials in all areas.

ADEX set up a language laboratory which is considered to be the best in the country.³⁴

A significant activity regarding the faculty was the work in "pedagogical training" carried out by ESAN for its professors, and the "training for lecturers" sessions carried out by IPAE. This activity takes place because the faculty has no pedagogical training. To this end, ESAN benefitted from the presence of a recognized educator for the execution of seminars directed at the institution's professors. It also worked with small groups to analyze teaching strategies and to suggest improvements. IPAE carried out an annual training seminar in all of its locales in Lima and provinces.³⁵

Finally, it is important to point out the presence of the institutions in different international forums in order to establish contacts, exchange experiences and to become up-dated in relevant subjects.

Beyond the important progress achieved in the availability of technical means, in the curriculum's execution there is a problem similar to the conceptual one pointed to in the project's design: there has been no renewal of cases in keeping with the country's political and economic situation. The most valuable effort in this regard has been carried out by the University of the Pacific, which has published five case study books under the auspices of the project, and one outside of the project. Nevertheless, usually the

³⁴ However, and without doubting its utility, the relevance of this activity is not quite clear within the context of this project.

³⁵ A noteworthy point is that even though these are educational institutions, none of the directing faculty members (either in these cases or in the others) are experts in education.

modification of the cases has been left in the hands of the professors who must prepare their "own" doctrines. In this way, the focus of class development continues to be guided by the teacher's criteria and the "nature" of the contents.

3.3 Evaluation of the curriculum

As can be inferred from the points made above, this activity has not been carried out systematically, nor by the most appropriate procedures.

The demand for courses -- as measured by registration -- has been considered the relevant criterion for determining the validity of the curriculum's content and proposal. Equally, the written opinion of the participants at the end of the course is used to assess the quality of the academic offerings. As was suggested, in ESAN, the University of Piura, and the University of the Pacific, it was national experts or outside consultants who determined the modifications that were needed. In other cases, such as ADEX's and IPAE's regular programs, the task of curriculum evaluation has been virtually absent during the life of the project.³⁶

A significant deficit is the lack of follow-up on the graduates. The feedback which is obtained is circumstantial due to the lack of appropriate infrastructure, according to the participating institutions. As a result of this deficiency, the universities do not know what happens to their students once they graduate, nor what the impact is on the firms where they work.

Something similar occurs with feedback systems in the business sector, which is limited and non-systematic. This does not negate the fact, however, that the institutions periodically receive congratulatory letters and requests for filling vacancies.

As perceived by the directors of the institutions, the executives who attend the managerial development courses (sometimes on their own, sometimes sponsored by their firms) are motivated principally by the possibility of being promoted within their firms, or of obtaining a better job at another firm. This poses several considerable problems:

- 1) it renders difficult the evaluation of the impact of training on improvements in the firms' competitiveness;
- ii) it does not allow for an objective base for corrections in the curriculum;
- iii) it presents obstacles to modifications in the business

³⁶ As was reported, at the end of the project IPAE began a methodical redesign of its curriculum.

community's attitudes regarding the importance of providing training for their managers as part of their investment and growth process.³⁷

³⁷ As will be argued later on, the high mobility rate of managers from one firm to another creates the feeling that investing in training is high risk. The turnover hypothesis, however, should be subjected to greater empirical verification. It is possible that within a recessive context such as the one experienced over the past few years, turnover may have decreased in the domestic market (as compared to the rate observed during the period of expansion) and that, on the contrary, emigration to other markets may be on the rise. Certainly these issues should be included in any institutional evaluation process.

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IV. PROJECT MANAGEMENT AND THE ACHIEVEMENT OF
THE OBJECTIVES OF INSTITUTIONAL STRENGTHENING

IV. Project management and the achievement of institutional strengthening objectives

Throughout this report, some significant features of the project's management have been pointed out. Many of them are touched upon in the evaluation of AED's administration of the project, carried out by Development Associates. Others are relevant to NAPA's administration. All have in common what was indicated at the outset regarding the change of contractor midway through the program's implementation.

On an administrative level, NAPA has done an extremely satisfactory job of managing the project. The problems encountered during the first stage by Development Associates were solved adequately by all parties involved. This refers both to the effectiveness of the delivery, as well as to the meticulousness of the accounting records, and of administrative issues in general. This opinion is shared by the auditors.³⁸

The observations in this evaluation will mostly address the substantive orientation of the project. As was mentioned, to a large degree that orientation was initiated by AED, but continued by NAPA.

Over the course of the entire project execution, a "supply-side focus" prevailed, with few efforts made to improve the linkages with the private sector. This refers neither principally nor exclusively to the diffusion of the institutions' activities, nor to the execution of events with the firms. It has to do, above all, with the weakness of institutional mechanisms to systematically incorporate the private sector (including the firms and the graduates) to the process of designing and evaluating the curriculum, and of applied research. It has to do as well with the weak connection between training and consulting, and finally with the insufficient linkages between research and teaching.³⁹

It is possible that all parties would have benefitted had the contractors verified independently, rather than through reports from the institutions, if in fact permanent innovation in the

³⁸ Please see the report by Moreno and Patino (Price Waterhouse), for the period between September 1, 1990 and September 15, 1992.

³⁹ A fact which warrants attention is that many professors do not work regularly on research projects regarding issues relevant to the subjects they teach. Under these circumstances, it is unlikely that they would be able to teach and research their own students.

curriculum and an adaptation of the courses to the requirements and needs of the firms was produced.

All parties would have benefitted also if the project had stimulated the formation in each institution of advising groups which had at their disposal education and training experts.⁴⁰

This explains in part the persistence of a high attrition rate among executives from their firms after they take management development courses at ESAN or at the University of the Pacific.

It can also explain to some degree why the majority of firms do not appear to be interested in massively investing in training their managerial staff, and why, on the other hand, the courses are attractive for a number of executives, who see in them an opportunity for improving their curriculum vitae.

But the "supply-side" bias of this orientation does not detract from the project's institutional achievements, which are paradoxically based on that very same focus. The project's most noteworthy accomplishments, which are also the achievements of its administrators, are the modernization of technical equipment -- a necessary condition to reach the objectives under any orientation -- but above all, the post-graduate training available for faculty members, which provides an indispensable axis for the eventual management training in the country.

Training abroad, particularly in the United States, has allowed for a perceivable improvement in the academic levels of the institutions, generating a capacity for information and knowledge transference which is extremely useful. At the same time, the training received by professors from the provinces at the institutions in the capital is also important.⁴¹

The academic level and degree of specialization of the professors has defined to a great extent the level of the institutions. A functional division of labor has taken place between them. which can also be defined as the segmentation of the

⁴⁰ As was stated earlier, a deficiency of the institutions is that, although they are educational centers, there are no experts on the subject among the directing faculty. Directing faculty members are all experts in their fields, but they do not have formal training in education.

⁴¹ In some cases, it might have been interesting to send teachers from the provinces directly abroad. At some universities the academic level and the greater immediacy of contact with the environment would justify not having to resort to the intermediate stage of the institutions in the capital.

market. For example, the PAD of the University of Piura is the most highly regarded by upper management. IPAE and ADEX are considered to be the most appropriate for the initial levels of administrative supervisory functions, and ESAN and the University of the Pacific are considered the best for middle management. This lends credence to the statement that training is a correct and decisive strategy in bringing about institutional strengthening.

This does not imply, however, that noticeable progress has been made in the cooperation between the institutions. There is still hesitation regarding the exchange of information and joint ventures. This suggests that even though the division of the market mentioned above does exist, the players still perceive each other as competitors.

Nevertheless, it should be noted that NAPA made a considerable effort to bring the institutions together, thus correctin in part the deficiencies identified during AED's administration. The work breakfasts and informational bulletins sponsored by the project constituted very useful instruments in this regard. Some of the results of NAPA's efforts are the cooperation achieved in the area of documentation, and the attendance by directors and faculty members from some institutions at the courses offered by others.

Part Three:
THE IMPACT ON THE FIRMS

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V. THE MARKET FOR MANAGERS IN A PERIOD
OF ADJUSTMENT

V. The market for managers in a period of adjustment

As was pointed out in chapter II, in a technical cooperation project, the level of achievement of objectives depends not only on the intensity of the effort made, the quality of inputs, or the professional excellence of the intervening agents. To a significant extent achievement depends also on exogenous factors which are not controlled by the donor or the executing agencies.

In the case of this project, the influence of exogenous factors has been more apparent than usual. In effect, the abrupt change which took place in the economic, political and social environment from the middle of the 1980s forward, affected the project's progress. This refers, on one hand to the political framework and the signals -- very often mistaken -- sent by the government's agents. On the other hand, the short-term conditions under which the market functioned also affected the project.

The first point was discussed above, and refers above all to the conditions of association (or of functional unlinking) between productivity, benefits and revenue. The second point also has to do with the signals, but not in their immediate form (i.e. as issued by the government through its policy decisions), but rather how they reach the economic agents through the mechanisms of supply and demand. Said in other terms, it is a question of prices and quantities more than about functional relations between variables.

When the project was conceived, not only was there a political framework very different to the predominant one during a good portion of the implementation period. The conditions of market functioning which existed were entirely different from those which were presented later on. This of course includes the market for managers.

The distancing between the real conditions and those foreseen implicitly but unequivocally in the project paper, by necessity had to affect the level to which objectives were achieved.

It is difficult to know if that level of achievement was affected proportionately to the deviation from the expected course. In any event, since the magnitude of the deviation was extraordinary, it most certainly did not have a neutral effect on the outcome.

The most direct measure of the change in conditions in the market for managers is the evolution of real salaries during the life of the project, which can be seen in the following table:

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EVOLUTION OF THE REAL WAGES OF EXECUTIVES, BY SIZE
OF FIRM, IN THE PRIVATE SECTOR OF METROPOLITAN LIMA,
1986-1992, (in constant US\$ at January 1993)⁴²

Year	No. of employees in the firm				Total
	10-49	50-99	100-499	500+	
1986	2,099	3,171	3,820	3,886	3,192
1987	2,101	3,497	4,569	4,024	3,305
1988	1,601	2,565	3,947	3,177	2,742
1989	719	1,382	2,193	1,670	1,488
1990	567	1,048	1,731	1,268	1,114
1991	601	964	1,840	1,790	1,299
1992	687	1,067	1,732	1,816	1,324

Source: Ministry of Labor and Social Promotion, General Direction of Employment and Professional Training, Survey of Salaries and Wages in Metropolitan Lima, and INEI.

The previous chart leaves no doubt about the intensity of the decline in executives' salaries: if the base year is the initiation of the project, we see that by the project's end, salaries were almost 60% lower. In other words, while activities were being developed within a project destined to improve management capacity, the median salary of executives decreased by an annual cumulative rate of 15.8%.

The reduction of salaries was particularly intense in small and medium-sized firms. As can also be seen in the preceding table, in the groups of smaller firms the reduction was about two thirds, and the median rhythm of decrease was about 20% a year. In 1992 the executive (who was often times a business owner) in a firm of up to 50 employees, earned a salary not much higher than that received by a worker in the same firm who benefitted from collective negotiation at the time when the project began.

It is true that the concept of the "executive" adopted in this source of information is broader than the one used in the project paper (by including intermediate supervisors in the definition of executives, the survey tends to lower the median salary ranges in the category). It is also probable that the salaries declared to official institutions such as the Ministry of Labor are

⁴² This includes middle level supervisory positions. It does not include fringe benefits. The salaries are adjusted for inflation, to soles of January 1993, divided by the average free market exchange rate during that month (S/1.69 = US\$1). 1992, first semester data only.

significantly lower than those actually paid. Therefore, it is not unreasonable to believe that the data are subject to a not insignificant under-valuation.

However, it cannot be assumed from this that the trend was different from that described. In effect, even recognizing the possibility of variations in the determining conditions of the under-declaration of income, it is equally legitimate to believe that the observed biases were approximately the same over the entire period.

This hypothesis appears to be corroborated when consulting an independent source of information such as the following table:

GROSS MONTHLY SALARIES FOR MANAGEMENT POSITIONS, 1986-1992
(in US\$, at constant prices from January 1993)

Year	Management Area				Dept. Superv.
	Admin.	Finance	Product.	Marketing	
1986	5,159	5,870	6,979	8,159	2,234
1987	4,628	5,515	6,196	7,519	2,208
1988	2,939	3,438	4,483	5,401	1,409
1989	2,289	3,232	3,675	3,528	971
1990	1,263	2,028	2,516	2,316	677
1991	1,556	2,280	2,739	2,527	762
1992	1,764	2,168	2,389	2,517	786

Source: Moreno Patino (Price Waterhouse), Salary survey.
Values taken at the second quartile, adjusted to INEI's index of consumer prices.

It is thus proven that the salaries of managers strictu sensu are significantly higher than the average salaries of "executives", such as the category is defined in the Ministry of Labor's survey. This is partially explained by the reasons stated above and also by the fact that Price Waterhouse's sample is probably biased toward medium and large firms.⁴³

⁴³ If we compare the simple average of managers' salaries in Price Waterhouse's surveys to the average salary of "executives" in firms with more than 100 employees surveyed by the Ministry of Labor, we find a difference on the order of 25%. Although this difference is significant, it is substantially less than the 67% which results from comparing general averages of universes which throw together data of different-sized firms. Nevertheless, the bias in the composition of the category persists, and its importance is suggested by the salary

But at the same time, it is evident that the decrease in managers' salaries during the project's execution period was as significant as displayed in the government's survey. More precisely, according to Price Waterhouse, the decrease was 66%, six points more than in the other survey. According to the same source, the annual decrease rate was 19.8%.

The evolution in salary conditions within the market for managers points to a serious problem with loss of incentives. If we accept that the levels reported by Price Waterhouse are closer to reality, the non-competitiveness in the market is obvious, relative to similar markets in other countries.

As a reference, the table which follows displays the salaries of equivalent positions in Argentine firms of similar standing. Within an economy in the process of liberalization, this differential is not an irrelevant fact.

GROSS ANNUAL SALARIES OF HIERARCHICAL AND MANAGEMENT
PERSONNEL IN MEDIUM AND LARGE FIRMS IN ARGENTINA, 1992
(in thousands of US\$)

Level	Salary
Professional (entry level)	24.0
Heads and Supervisors	47.0
Departmental management	75.0
Area management	122.0
General Management	225.0

Source: The Hay Group

Assuming the notion of an "efficiency salary", theoretically appropriate within a competitive market, one would conclude that in the short term the conditions within the Peruvian economy do not favor an improvement within management productivity in keeping with

level of department supervisor, as can be seen in a column of the Price Waterhouse survey. If it were possible to isolate the non-management positions, the difference in both sources would be significantly reduced. Even so, this comparison appears to be more correct from a methodological point of view than the one which emerges from the simple comparison of general averages from both surveys. In any event, if the Price Waterhouse survey effectively reflects the remunerative reality of that market, the difference shown at the beginning could be indicative of the degree of under-valuation of the official survey in similar levels within the firms.

the expectations (and the effort) of the project.⁴⁴ To believe that a reduced salary cost for management helps competitiveness, implies on the one hand the unawareness of the strongly positive correlation between the firm's productivity and the quality of the management resources, and on the other hand, implies the belief that there is no mobility of factors within the market.

Even if in the expansive years -- when an erroneous policy was in effect -- an improvement in the qualifications did not result in an increase in productivity within the firm. Rather, the period witnessed an increase in transfer of human resources between firms. It is possible that in an time of adjustment with salary contractions, turnover might decrease; however, rather emigration of the most qualified personnel could also increase.

The question which remains to be answered is whether or not despite the unfavorable conditions and as would be deduced from the efficiency salary argument, those who remain -- which is the majority -- suffer from an under-utilization of the skills acquired in the participating institutions or, on the contrary, take the crisis as an opportunity.⁴⁵ This issue is addressed in the following chapters.

⁴⁴ As is known, the theory of the efficiency salary posits that productivity is a growing function of the level of the real salary. Certainly, this does not consider any salary, but one that takes into account also the quality of the factor.

⁴⁵ The answer to this question, as can be understood, will allow a more accurate judgement on the benefits of the project.

VI. BEFORE AND AFTER MANAGEMENT EDUCATION:
THE OPINION OF THE GRADUATES

VI. Before and after management education:
Opinions of the Graduates

1. It is necessary to follow the client

The lack of follow-up and feedback which prevail in most of the educational institutions rendered the preparation of this report difficult. Most of the institutions do not really know to what degree the learnings have served the graduates and the firms for which they work. In several cases, they have completely lost the program alumni from sight.

This deficiency in follow-up has much to do with the fact that educational offerings are given without regularly analyzing the needs of the target audience. The system of management education - - by default -- begins with course design by experts and ends the moment the student graduates with his/her degree. As applications for entrance continue to be received, there is not much to worry about... until perhaps it is too late and academic programs have to close down because of a lack of demand for their services.

Some cases in point: close to 70% of the persons called upon for interviews no longer worked at the firms where they had been employed when they studied at ESAN. This number is obtained from attempting to contact 900 graduates of specialization programs carried out between 1989 and 1991, who it can be assumed would remain at the same places of employment a few years after their training.

In principle, this is neither good nor bad, except for the fact that ESAN did not know it (although they had some idea), and also because such a level of turnover can be an extremely useful piece of information regarding motivation and the results obtained from educational offerings. Did they use the courses to be able to migrate from their firms? Perhaps from the country? These facts cannot be ignored.

At the University of the Pacific, follow-up to the firms participating in the Management Training Program is non-existent. It simply has not been taken into account. One of the University's faculty members explained the lack of follow-up in terms of the privacy of the alumni who are now business executives. However, when they were interviewed, the alumni stated that they now needed, much more than when they were students, assistance and guidance. They also recognized that the university was not in a position to meet those needs alone as their offerings were too abstract; nevertheless, they were aware that the university had never offered these services to them.

Professionals in international commerce are valuable capital for

any country, and even more so in a nation which is struggling, at a late date, to become integrated to the globalized economy. Perhaps few things are as indicative as following up with the young professionals in an economy like the Peruvian one which is in the process of attempting to modernize itself, despite the difficulties which the export sector faces. Their vicissitudes and problems of feeling out of place can be viewed as a source of information, experimentation and analysis.

Unfortunately, ADEX does not know what has happened with its alumni. It is not a problem of follow-up systems and post-graduate evaluation which do not work; they simply do not exist. Perhaps ADEX should begin by helping its students to put their learnings to use with entrepreneurial initiatives, offer services, gain experience, design courses with internships in companies which are beginning to import or export ... and to prove with clear indicators the effectiveness of their teachings. In general, the students who have attended ADEX are not able to adapt in an environment with so many impediments to international commerce. They know this and feel frustrated.

Modern management is not something which emerges from routine activities, but rather must clear a path for itself in the midst of atavisms, unknowns, insecurities and prejudices. What is learned in courses -- assuming that it is useful and leads to other opportunities -- tends to be buried in the day-to-day, even in the case of highly-motivated business owners. The past, finally, wins out, if the changes within the firm are not sustained.

A post-course accompaniment is essential not only to provide feedback for the systems, but also as a component within each course: the latter should not be considered concluded until its application -- or non-application -- within the firm is demonstrated. Or perhaps with a little more audacity, a course should not be laid to rest until it has generated a new training need.

The alumni of the microenterprise program of the University of the Piura carry out follow-up on their own, via a group which meets regularly, and to which they have added elements such as a savings program and a credit fund, monthly dinners and invitations to specialists. In an informal environment, these businesspeople address their problems and progress in light of the concepts and skills they learned in the course. The learning process did not end with the university course. The alumni found it useful and pleasant to continue learning and to create an appropriate environment for doing so, which is complemented by continuing and up-dating program offerings available at this institution of higher learning.

2. Relationship between academic learning and productive practice

a) Improvements in organization and quality

Despite the fact that there are no specific academic offerings to improve work organization, as courses have concentrated on business administration, we were able to find some positive effects on manufacturing. Among these is evident the improvement in quality control, which has ceased to be a post-production test to become a continuous process, with measurement and follow-up instruments at each stage of production.

Pisopak is one of the largest firms manufacturing ceramic tiles for floors. Within the framework of a severe recession in the construction industry, the economic opening has subjected the company to a competition it was not accustomed to at the outset. This obligated it to focus its efforts for competing on the quality of its product. The participation of Guillermo Orams, the production manager, in a course at ESAN allowed him to relaunch a campaign to improve quality, which had been floundering without the benefit of new concepts and without verification techniques. In this firm, they believe that quality has led to a greater involvement of workers with the firm and vice versa.

The UDEP's course on agro enterprises improved the general management of the firms, more than their production. Victor Flores, Manager of Frutos del Pais (Fruits of the Country) in Piura, is among those who believe that, in any case, that was the proper order of priorities: begin with the firm's management to immediately take on the technical challenges. He believes that perhaps it is a limitation of the University of Piura that it does not offer a course in agronomy, although specialized professionals could be hired to provide those services.

In any event, the executives interviewed at other farms in Piura pointed out that the technical course offerings of UDEP's agribusiness courses displayed great room for improvement. The second specialization in agro-industry at this academic center went beyond the requirements of the directors of most of the agricultural firms, although the technical content fit their needs. They pointed out that for those unable to attend the second specialization in agribusiness, the University should generate course offerings geared toward resolving specific and timely problems.

This need coincides with the request made by several executives working in industrial production for faculty members to gain experience in facing various productive problems. Even if the offerings do not improve in this regard, they still consider the courses to be useful because in them they learn general concepts which they can put to use.

Despite the fact that demand for courses and modernization of work processes have also been absent from most of the firms visited, some needs became evident during the interviews. For example, they all pointed out that they needed courses that were more applicable, referring among others to the following needs:

- * how to achieve international standards without driving up costs and without great investments in "hard" technology, at least in the short-term, in their respective industries;
- * how to acquire greater knowledge on the cultivation of asparagus and tropical fruits;
- * the logistics of contracting or supply of industrial services, without generating bottlenecks in delivery.

Beyond the contributions provided by some of the courses, the firms are addressing productive modernization basically with their own resources. In many cases this assumes a constant practice of trial-and-error, which is the only means available to them. This effort speaks to the ability of some firms to create their own style or learning method, which could be of benefit to the educational institutions as an opportunity for consulting and for timely and specific courses within the firms.

As an aside, many interviewees considered that consultations such as these could be made by the educational institutions to detect specific needs in the area of production and to move toward a "niche" market among manufacturing firms.

b) Process innovation for new products more than for existing ones

The service provided by the Laboratory of the University of Piura is admirable in that, in addition to basic research, it provides support for regional firms' initiatives for improving, differentiating and seeking applications for their products or inputs. It can be said that this laboratory, directed by Mr. Gaston Cruz, an engineer, renders possible research and development activities in many firms which would not be able to conduct them with their own resources. A fee is charged for the services, but the investment in training professionals and teams, besides updates on similar research in other countries, could not be covered by even a small number of the firms which now request the service. This is a noteworthy point.

At the University of the Pacific, and also at IPAE and ESAN, a deficit is apparent in the offerings related to improvements in production. In the case of IPAE, the faculty members mentioned that theirs was an institution specializing in administration and that a well-trained manager should be able to have access to technical resources available within his/her midst. Judging by the opinions of participants in various courses at the University of

the Pacific (including professionals who participated in the Management Training Program PEG), this constitutes a limitation in the university's offerings which they now feel.

We are not in a position to affirm that offerings in productive specialization might be provided by this university, or even if this would be advisable, after considering the negative aspects and the costs a change of this nature would entail. But if attention is paid to the needs felt by those who studied at that University, perhaps their directors could consider the case to be an opportunity. Perhaps by combining their experience in the training of administrators with the resources available at other universities, firms and to independent professionals, they might generate offerings which would produce a more integral new manager.

c) The development of informal communication networks with workers in the production process

Many executives mentioned that they could communicate better with workers because the pressure to produce fewer defects at the end of the process have become a collaborative effort throughout all stages of supply-production-sales. They recognize that there were problems in applying quality control improvements to the specific reality of each company and that they could make greater progress in this regard.

This is constantly revealed by productive firms, although with differing emphases since some were better able to take advantage of the offerings. A high-level executive from the Banco de Credito, who attended one of the total quality courses given at the University of the Pacific, feels that day-to-day routines at the bank prevent him from applying most of the ideas he got from the course. He believes that the bank itself should become involved in a total quality campaign. Only in frameworks sustained over time and with the broad-based participation of groups of professionals can the learnings and initiatives embarked upon by high-level executives be fully made use of. If not, there is isolation, and routine activities win out again.

3. Relationship between academic learnings and the structure of the firm

a) Specialization in production stages in which competitive advantages are developed

The firms which send their executives to up-grade their skills are part of an elite which has decided to improve. One of the ideas which the attendants of the University of Piura's agribusiness courses had already assumed was ceasing to produce the same thing as the rest of agricultural producers and to concentrate on the crops in which they have advantages, or to begin conducting

research on other crops in which they would be able to develop advantages.

Jorge Escudero-Whu is manager of the Agricola del Pacifico farm, which specializes in maracuya (passion fruit), which is used as a fragrance and also as fresh fruit. He mentions that it is possible to distinguish a farmer from an agricultural businessperson because the former grows what the majority produces, and this generally results in little or no innovation, and provides little revenue in the long run.

His firm has persisted in the production of maracuya, despite some poor seasons, because they know that they can produce all year long in Piura, and because in addition to being of higher quality, the yield per hectare of this fruit is greater to that which is obtained by competitors in Ecuador and Colombia. In other words, he decided to grow a crop in which he has competitive advantages. "We have ceased to be part of the heap; we work on medium term projections", he tells us. The University of Piura knows of the efforts of this farm, and the invitation to the course on agribusiness is made within the context of the collaboration which the university offers to improve the firm's competitiveness in the long term.

b) Cooperation and agreements with suppliers and competitors; sub-contracting

This point has not been addressed much by educational offerings, which implicitly assume that the firms are only "inside" organizations, and not also leaders of a system which encompasses many more businesses. To cite only one example on this point, transferring or adapting the method for quality control toward suppliers or to sub-contractors could represent a very worthwhile investment for a company.

The search for allies and collective efficiency becomes indispensable when, as is the case, the firms' resources are deficient in light of the challenge of modernization. The small and medium-sized firms in the UDEP's microenterprise program have achieved an outstanding performance during the last decade, which is reflected in increases in annual sales, quality of production, incorporation of engineering to processes, increasing design, distribution for wholesale distribution, and increasingly efficient details.

These firms now face the challenge of vertical integration or of creating flexible sub-contracting systems. One of the more successful members of this group is Avicola San Fernando. A leader in its field, it works with dozens of concessionaries to which it provides guidelines for obtaining raw material, customer service, administration, etc. within the framework of an on-going motivation which increases the potential of the parent company.

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The element of motivation of concessionaries -- as well as the reinforcement among its workers -- was incorporated based on the learnings in UDEP's course, which Mr. Fukuda considers to be one of its most useful contributions.

Developing flexible systems which involve suppliers, sub-contractors, concessionaries and even the consumer, is not only a way to become competitive. It is also a phenomenon which incorporates others into the success of the leaders. If this were not the case, these developments would lead to a split between the larger firms and the microenterprises, which in some cases would achieve competitiveness (although probably with a greater investment per unit of production), as they become established in their survival or reserve in the face of open unemployment.

The different kinds of inter-firm alliances begin to appear as the pillars of strategies to improve the interviewed firms. One of them, noteworthy from several points of view, is Backus and Jhonston. Although it is not typically an alliance or a consortium of independent firms, within this corporation there are companies which have relative autonomy, specialized by areas.

Quipu-data is the firm which provides information services to all of the companies within the group, whose executives are trained regularly and systematically in ESAN's course on systems specialization (there is a training plan within the firm). Two of the highest ranking executives are aware that in their field, knowledge changes more rapidly than in other areas and the permanent training is a precondition for remaining in business. As the other firms in the corporation depend on the quality of their services, they are under constant pressure to improve. Meanwhile, Quipu-data feeds back into all units of the corporation. They therefore believe that their training at ESAN is multiplied.

In summary, because of the perspectives it offers regarding flexible production systems, the specific training for providing leadership -- or becoming integrated -- to corporative alliances, can be one of the new niches to consider within management training services.

4. Relationship between academic learnings and labor structure and qualifications

a) The restructuring of functional responsibility

Positive effects have been evident in the internal organization of the participating firms within the courses at the University of Piura. The internal organization of the firm is addressed by this institution as an attitudinal component, as part of a corporate ethic. We were interested in finding out how this attitude could be utilized for business, in addition to creating a positive climate within the firms.

We were able to ascertain that the concern over people has permitted reforms in firms' organizations in several cases.

A case in point is that of a metal-working entrepreneur who, within the context of an exercise to discover strengths in his administrative capability, admitted that by letting go and delegating financial management to a close relative, he was able to grow his business.

Something similar happened with the owner-manager of a sweater manufacturing firm. She found that by mobilizing the energies of all female family members of her knitting sub-contractors, she could successfully address the problem of not meeting delivery deadlines. Now she hires entire families, not just women, involving the husbands -- who are usually unemployed -- and the daughters to provide services to her firm.

A third case -- and there are several others -- is that of an owner of an asparagus farm in Piura who at the age of 65 years took the agribusiness course. One of the things which became apparent to him was that he should take a more positive view of the people who surrounded him. He decided to trust them, and proposed to make the work at his farm stimulating through delegating responsibility and by rewarding personal initiative. This entrepreneur says that now that he has learned to delegate, he has more time to manage and to continue his training.

The entrepreneurs who learned to delegate and to trust their employees are now concerned about training offerings for their workers. Through an increased focus on human resources, the potential market for course offerings at general education institutes grows.

Regarding this, several of the students in the Master's degree program at the University of Piura are area managers, whose general managers or bosses were trained at the PAD, and then recommended it to them. Upper management must encourage the development of the professional level directly beneath itself so as to not become isolated within the firms. Despite these accomplishments, there are still no offerings to help the firms restructure themselves, reducing the management levels, organizing work teams, increasing the autonomy of personnel in the framework of communicated and understood targets, etc. This might be another niche for consulting services within educational institutions, which would complement the conventional training programs.

b) Work organization by task team rather than by work post or individual

The only offering on process modernization in industry does not come from the participating institutions, but from the Engineering Department of the Catholic University, through its course on

"Modular Lines" in clothes manufacturing. It is about work systems with group objectives which function in parallel, without following the traditional sequences of the clothes manufacturing process. The modular lines make the assumption that the current availability of resources in the country does not allow for massive investment in technology and equipment in order to address low productivity. Therefore, the "soft" factors which determine productivity are stressed.

Unfortunately, these course offerings only matched the process modernization needs of Nettelco, Incotex and a handful of other firms. For many production managers those methods are too questioning of conventional processes, as they require a high level of involvement and a great deal of worker motivation, in addition to sharing the production targets with them. However, the parallel work groups, which are highly motivated can be a method for achieving improvements in productivity without the need for significant resource investment in new "hard" technology.

5. Relationship between academic learnings and the firm's market

The most striking modifications were produced by ESAN's marketing courses, the Program for Upper Management, the Program of Management Development, and the Agribusiness Program, the latter two at the University of Piura. Several attendees stated that, as a result of their participation, they took on the task of differentiating their firms with a diversity of products.

Juan Alarcon, an industrialist in the area of sports articles, is of the opinion that the course he took at ESAN was very helpful because through it he was able to develop product lines which he differentiates by age groups and the kind of sports which he is targetting. Before, he considered his clients to be only those who bought from him, such as distributors and wholesalers. He now knows that his final customers also count, even though they do not buy directly from him. He learned in the ESAN course that it is necessary to constantly ask end-users about the attributes and weaknesses of the articles and about new ideas. Since he graduated from the course, he has made dialogue with sportspeople a habit. He believes that the link with the final client is a competitive advantage with regard to the importation of similar products. He stimulates his wholesale clients by conversing with consumers, thus broadening the sphere of influence of the ESAN marketing course teachings.

Backus and Jhonston has decided to train its sales executives at ESAN. Between 1991 and 1992, four times as many Backus executives than their counterparts from the National Brewing Company -- Backus' traditional competitor -- participated in the marketing specialization. This points to a superiority in sales and profits at Backus, an advantage which has become more noticeable in the

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past few years.⁴⁶

When asked, the Backus executives pointed out that the predominance in the market achieved over the National Brewing Company was due to the fact that Backus incorporated product quality as an essential element within the marketing mix, and that this was one of the reasons for the executive training campaign. The attendance at ESAN classes reinforced Backus' decision to not establish rigid boundaries between its production and marketing departments. Unquestionably, several of the attendees at the specialization courses did not come from the marketing department of the firm.

6. The motivation for attendance

The majority of the interviewees stated that one of the most important motivational factors for enrolling in the courses was to improve their curriculum vitae within the firm. The objective, confessed to in many cases, was not to learn but to have studied. Going to school -- obtaining credentials and degrees -- bestows prestige and allows the participants to compete in a labor market in which the parameters are established by the institutions.

But it is not only an issue of knowledge or skills; it is also a question of status. The particularity, however, is that as the management and post-graduate courses have become better-known, the participation in them is not to gain status, but to not lose it. The normal and expected thing is to have undertaken post-graduate studies. Perhaps more education was required to be able to show off high-level training and relegate a low-level education to a lesser position, in order not to appear defective.

With notable exceptions, this trend can be observed in manufacturing service and financial firms, both large and small, in Lima and in the provinces. However, it is more apparent in middle management than in upper management. In any event, upper management seems to co-exist quite comfortably with the degrees-status system, whatever its attitude might be toward its own training. (On the other hand, it is difficult for a general manager to admit that he/she took a post-graduate course to maintain a position within the firm).

However, a difference in attitude has been observed between those who are business owners, and executives who are employees.

⁴⁶ It is relevant to point out that the proportion in both firms is even more unbalanced in the ranks of their directors: between 1986 and 1991, for every 9 directors at Backus, only one at the National Brewing Company was trained at the University of Piura. Definitely, Backus is a firm which invests in its employees.

It can be summarized in the following manner: there is a greater emphasis on learning among the owners. The difference established by a participant in the microenterprise course at the University of Piura was: "we learn, we don't know if we study." This can be contrasted with the general impression of study-but-no-learning in courses in which non-entrepreneurs are in the majority. It could also reflect the specific audience to which that course was targeted: founders/directors of new firms.

This is corroborated by the opinion of at least two businessmen participating in ESAN, for whom the attendance at marketing courses defined a before and after in their management careers. Other participants in the same courses (executives) could not say anything very remarkable about them.

Of course, we cannot be categorical on this point. The evidence found in several institutions also demonstrates that many hired managers display great interest in learning in order to improve their management skills, more than to obtain degrees. It is probable that in some cases, the initial motivation was more status than learning. However, when as in the case of agribusiness courses, the structure reflects the motives, roles and responsibilities of individuals, in addition to emphasizing the achievements of participants, the results are encouraging.

Despite these issues, and the fact that they are not chemically pure nor openly contradictory, two kinds of motivation can be established: status and learning. The majority of institutions appear to not have thought about this, nor to have formulated policies in keeping with this diversity of interests.

We suggest that the need for prestige and status be accepted as a positive reality, and be taken into account as a marketing tool. At the same time, the institutions should be aware of who attends courses with the objective of learning... It is a piece of information that is too important -- it defines the product par excellence of these institutions, the management professionals -- to continue to ignore it.

7. Adapting academic learnings to the firm

It is obvious why the firms whose owners were trained in the various courses had an easier time of applying their learnings. But the application of learnings to the firms presents itself as a bottleneck even among the most highly motivated entrepreneurs.

Perhaps here there is a niche for post-course consulting, which would amount to the same thing as a good follow-up system: how do I convert what I learned into valuable inputs for my firm? Or better yet, the experimentation with applications should be a part of the courses themselves... Each participant would "act" within the context of his/her firm.

The results for each participant would vary because the needs, strengths, weaknesses and personal interests of the firms' directors are different. The methodology of case studies, which was pointed to as a positive element by the majority of course participants, lends itself to the search for applications. In a certain sense, the aim is to facilitate the creation of a "case" by each of the students.

If the goal of all educational offerings is to improve management within the firms, then it is difficult to imagine ways of guaranteeing better results than by applying the learnings in a laboratory during the course. This is not at all contrary to the consulting niche which follow-up work with students would imply. On the contrary, it teaches the client that the learnings can be turned into profit.

The concern over the application of learnings within the firm is much clearer in the case of entrepreneur-students. It is less so in high-level managers, and not very relevant at all among middle-level managers. Among the students of IPAE or ADEX, who are trained to be mid-level administrators, the concern over case studies almost completely disappears.

The University of Piura stands out for its follow-up and adaptation of learnings to the firms. For this, it has two strong points or advantages which are much less significant in the other institutions:

- * On one hand, the strong emphasis on training leaders, with a high technocratic component, but subject to the formulation of a coherent policy for their firms. From the formulation of the educational objective, the importance of adapting learnings to the firms is taken into account.
- * On the other hand, the UDEP carries out programs or specific events on a regular basis, for continuity and up-dating. These activities allow the firms to continue sending their managerial staff to be trained in UDEP's programs. After all, paying attention to the continuity and applicability of the firms' learnings has proven to be an excellent means of marketing.

8. The firms as teaching and learning institutions

There should not be a rigid distinction made between the educational institutions and the firms, nor between learning time and "doing" time.

In most cases for those interviewed, learning is not something permanent, but rather an excuse for a special time, which is the duration of the course. And just as there is a need for a special time for learning -- which is devoted to work at the firm -- there is also a need for a special place: management school.

A possible perspective of the educational institutions could be to establish a continuum between their "conventional" training activities, and the learnings which take place in the firm. This has to do with a strategy of multiplying mobilized resources and therefore a reduction in per unit or output product costs.

Several companies have assumed that the education of their employees is too important to be put in the hands of outsiders.

Nettcalco is the leading export firm of cotton knits in the country since the end of the 1980s. Its operators and technicians are trained in a school located within the factory. The outputs of this school are not measured in hours spent or in numbers of participants, but rather in people who have internalized the "Nettcalco way" of doing things. The proof is immediate, which feeds back into the school.

Incotex supports its notable performance in knitwear production among other things, through an intensive training program to subcontracting firms, generally small and microenterprises. The lack of technical knowledge which characterizes small knitwear workshops is addressed by Incotex through the provision of technical assistance at the plant, internships or inter-workshop visits, as well as the more structured methods of industrial training. In this way, the firm achieves flexibility to address the changes in the market and in the competition; this training approach currently constitutes one of the clearest competitive advantages in the firm. Sustained relations between large and small firms is compatible with advantages of this kind, but only if they are backed by a strong training program.

The Inca textile group in Arequipa encompasses a firm with world-class technological and management standards: Tumi-Knits which manufactures knitwear principally in alpaca. Their machines are programmed by computers, their garments incorporate fashion forward designs, they have their own stores in several cities on the continent, and they have brokers in the world's most important markets. At the same time, Tumi-Knits contracts the services of close to one hundred knitters whose technological capacity consists of two or three non-industrial machines, and of weaves and details which allow them to provide Tumi-Knits with high quality sweaters, with the advantage of being made one by one and of meeting the differentiated wants of end consumers. The prices -- and the margins -- per unit of the semi-artesanal garments are higher than those obtained by the most modern sector of the firm. The small workshops do not need to maintain yarn inventories, they do not need to invest in design -- although they do offer ideas -- nor do they need to incur in marketing expenses. Tumi-Knits amortizes warehousing, design and marketing costs over a higher volume of garments. Everyone wins.

They can do so because Tumi-Knits, the number one exporter of

alpaca sweaters for the past five years, also has a school for knitters, embroiderers, sewers, and logistics contracting services.

On the other hand, modern communications help the relationship between educational activities in the specialized institutions and what could be provided in the firms. There are several advantages to this system, although this is not the place to develop those ideas. However, offering a service of this kind (making the client learn to learn and thus prolonging the influence of the specialized educational institution), would provide the business administration schools with very valuable material because of its applicability and validation, without having to pay anything for it.

In sum, the firms can also be schools, and not only for their own employees, but also for their suppliers and contractors. That would appear to be one of the guidelines for competitiveness in a very rapid and unpredictable reality.

9. "It is necessary to work during the day" (Prepared for restructuring?)

The courses at ESAN on financial specialization are the favorites of the majority of corporations which have a finance department, and logically, of the line managers at the banks. Dozens of executives have taken these courses between 1989 and 1991, a time in which it was evident that in the near future the financial system, and finance in general, would be radically restructured.

Since the end of the 1980s, the banks' strategy for facing the decreasing productivity was to shrink even faster and to automate their procedures. Shrinking implied letting go of employees, which was achieved to a large extent: 50% of the employees in the banking sector left their jobs between 1988 and 1992. But with the excess personnel, the banks also rid themselves of valuable human resources in whose training they had invested several years.

The automation, on the other hand, required scales which a constantly shrinking economy could not provide. As a result, most of the bank automation projects could not find a favorable market, and had to wait.

The strategy of shrinking faster than the market did not provide the expected results because it did not entail a one-time shrinkage in the financial arena, but rather a constant which was observed for more than a decade. In this way, the banks soon found that limits existed for their own reduction if they wanted to avoid endangering themselves. In several cases these limits were made evident through the threat of bankruptcy.

The financial specialists have witnessed the decrease of their

importance within the firms over the past few years, as the new environment displays a controlled and shrinking inflation rate. Several of the students in financial specialization courses since 1989 have witnessed the disappearance of their own workplaces. Six banks and one financial service went bankrupt in 1992. Until the beginning of that year, all of the banks sent their mid-level executives to seek specialization at ESAN. What has happened to these specialists? Where else can they apply their knowledge? Did the training prepare them for a restructuring phenomenon in the financial system which was evidently on its way?

Inevitably, other questions arise: how to help the financial managers to better utilize their skills, to make a place for themselves in the market now that their functions and their specific importance have diminished? How to help them to understand the other master lines of firms' competitiveness, and establish insertion strategies? How to take advantage of the restructuring and concentration of the financial system as an opportunity?

There are several answers to these questions. The only thing that cannot be allowed is to avoid asking them, although that may appear to be the actual case. It cannot be argued that it is a personal problem or a lack of individual competitiveness. The unemployment among qualified professionals is also the problem of educational institutions, and the lack of institutional concern over this is a major deficiency.

Although to a different degree, the same questions -- and the worrisome lack of answers -- are relevant for manufacturing firms, services and agribusinesses.

10. The formation of human resources: management's foremost task

The results of some interviews displayed an inconsistency: Two people had very different opinions on the impact of their specialization on the firm. This happens also in the case of executives who took the course the same year and who got the same grades.

The difference in use made of newly acquired skills and learned concepts depends to a great degree, it appears, on the existence or not of a human resource development plan within the firm. In other words, it is reliant on the degree of involvement of upper management with the professionalization of tasks within the firm.

The Upper Management Program at the University of Piura emphasizes the formation of business leaders. Some of their characteristics consist of understanding the specific internal reality within the firm, as well as how to motivate and direct the team of people which comprises it. This conception helps the

continuity between the training of leaders and the training of intermediate levels, and the results in the performance of firms is proof of this.

"If the gentleman does not watch over the house, the builders work in vain." Teaching: the educational institutions could segment their offerings toward those firms with a general policy of quality, discussing the basic orientations toward training of executives with the upper management of the client firms.

In any event, they could stimulate a change in this regard between potential clients. In this way they would be assured that the learnings would have the best possible effects on the firm, the offerings would be more attractive, and far from generating frustrations, the energies of the executives would be mobilized through yearnings for improvement and prosperity.

11. Applied research

The project helped the institutions to avail themselves of a considerable capacity for research, which is under-utilized. The need for applied research was made evident in the interviews.

In several institutions, the research activities are far removed from the concrete needs of clients. However, the problem is not in the quality of the work. On the contrary, the analysis of products indicates a considerable academic level, which in many cases can even be called excellent. The problem lies, simply, in the fact that the research is not linked to the managerial and technical requirements of the firms within their adjustment to the changes in local macroeconomic trends and in the international market. It is a methodological and attitudinal issue with regard to the subject.

This insufficiency produces effects on teaching. Many interviewees believe that the contents of the courses which they attended do not accurately reflect the problems that they face within their firms.⁴⁷ In all probability, the relevance and quality of the contents would improve substantially if the research were oriented as has been suggested.

In general terms, exploration is absent. One of the educational institutions had not realized that most of the firms to which their graduates hail are modern services, which is an excellent piece of information for the trends in offerings.

"Our academic excellence guarantees our relevance," was repeated

⁴⁷ A possible exception is the University of Piura in courses related to upper management (Upper Management Program - PAD). However, as was discussed, here too the "focus of experts" has prevailed.

by various directors in light of the evident lack of applied research or survey. However, particularly in on school of business administration, a necessary condition for the professional success of a staff of high academic quality (and also for the economic and commercial success of the institution) is its ability to identify and respond to the market's needs. Applied research, clearly, is a basis for achieving these successes.

VII. MANAGEMENT TRAINING IN AN ECONOMY IN TRANSITION:
THE LEADING FIRMS GIVE THEIR OPINIONS

VII. Management training in an economy in transition:
the opinion of the leading firms

In the heterogeneous Peru of the 1990s, the early features of a new economy are becoming evident. The awareness already prevalent in the world, that applied knowledge to the firm is the principal means for creating wealth, is just gaining recognition in Peru. Within this new paradigm, which is both technological and organizational (and which encompasses commercial and capital flows), trained professionals are possibly a firm's most important capital.

Within the framework of a long term effort to align the economy with world trends, and as a necessary condition for the success of the economy, a growing importance of the private and social institutions which train managers and directors is evident. Therefore, it is also evident that the challenges for these institutions will increase, in keeping with the modernization of the economy and society.

Are the institutions prepared for this change in needs? To what degree do they model the demand and capitalize on it? Are they aware of the fact that the role they have played for the last 25 to 30 years will not be repeated, and that the standards of institutional under-utilization must be overcome? From this perspective, have they fully exploited the opportunities afforded by the project?

In the preceding chapters we have tried to respond, at least partially, to some of these questions. The opinions of executives who participated in training programs and then returned to their firms were particularly useful.

The remaining task is to complement the panorama by compiling the views of the leading firms in the market. The importance of this task is the simple reason that the firms themselves, and the linkages they have to other firms, define the trends in required management skills. Additionally, and this is also obvious, the importance is due to their responsibility for economic modernization. In order to obtain their opinions, we surveyed one hundred executives from top firms.⁴⁸

Both because of the number of interviews, as well as due to the economic profile of the firms and hierarchical positions of the respondents, it is possible to consider the sample as

⁴⁸ See the attached questionnaire. Field work was carried out during the month of January 1993, and the data were processed during the first half of February. This work was carried out by the firm Cuanto S.A.

representative of this stratum.

The surveyed firms employ an average of 800 people. In 1992 half of them had sales revenues above \$5 million, and a quarter of them were in the \$1-\$5 million range. One third of the firms had export revenues of over \$5 million.

The distribution by activity sector is very wide: 9% are mining firms, 14% are industrial, 3% are in the construction sector, 15% are commercial distributors, 11% are in financial services, 37% provide services, and the remaining 10% belong to other sectors.

The majority of the survey respondents occupy the highest positions in their respective firms. More than two-thirds are directors (27%), executive directors (8%), or general managers (34%);⁴⁹ the remaining third is comprised mostly of department managers (27%). Forty-one percent of the respondents are owners or stockholders in the firms.

The results were organized in three blocks, by subject:⁵⁰

1. Features of the staffing, turnover and recruitment of management;
2. The requirements for managerial skills and the means for obtaining them;
3. The perception of the utility and effectiveness of management training.

1. Features of the staffing, turnover and recruitment of managers;

The firms have a median staff of nine managers (a ratio of one manager for every 90 people), with a range of variation which goes from a minimum of a little more than three in the companies which employ up to 100 people, to a maximum of almost 22 in the firms which have over 1,000 employees.⁵¹

In this stratum, the project's expectations regarding gender are not met. The proportion of women within management, which jointly

⁴⁹ The second category also includes comptrollers and other executive positions.

⁵⁰ There are frequency distribution charts at the end of this chapter.

⁵¹ It is worth adding that the median employment level in the largest group is 3,7000 people. This represents one manager for every 170 employees.

accounts for more than 900 executives, is only 11%. With a couple of exceptions (at least one of them in a multi-national firm), there are no women who are general managers. Regarding age, the most frequent range is 45-54 years (57%).

Although it does not reach the levels some might suspect, there is significant turnover among managers. In 1992 the turnover rate was almost 12%.⁵² In some groups, such as the firms which employ between 500 and 1,000 people, the rate was over 15%. A noteworthy point is that turnover was greater than average in firms with high sales revenues: 13.3 percent.

These turnover rates must be interpreted within the context in which they happen. In a recession the magnitude of the Peruvian case, it is to be expected that managers value their employment stability. Therefore, it is difficult to assume that the mobility was caused predominantly by individual initiatives of searching for better opportunities. This motivation would be more apparent in periods of expansion in the labor market. It would appear that to a significant degree, turnover is related to functional restructuring processes. Therefore, the initiative for turnover in an equivalent proportion belongs to the firms themselves. Without knowing the explicit reasons, this contributes to reinforce the hypothesis that the highest turnover is evident in the most successful firms.

However, this is not evidence of a policy of shrinkage of the managerial staff. In the last few years, and above all in 1992, the number of hires and resignations in that stratum were balanced. This suggests that the cost savings is not the most significant variable in the change in managers.

The answers to the questions regarding this point confirm the suggested hypothesis: functional restructuring with a view toward greater efficiency, and the incorporation of new products and new techniques are apparently the most frequent causes for turnover in management.⁵³ Regarding these, the need to reduce costs is

⁵² The turnover rate is defined as the percentage quotient between the average hires and resignations and the total management staff.

⁵³ It should be pointed out however that this question accounted for the largest number of blank responses. This despite the fact that voluntary resignation was included in the "other reasons" code, and that it was included explicitly in two codes on the question regarding reasons for resigning from managerial positions. It is possible that some respondents interpreted that changes due to personal initiative are of a different nature, and they therefore chose not to answer. Even while this would

considered fundamental only on a scale of 1 to 5.

The proportion of entries to management through promotion or recruitment provides an idea of the relative importance of the internal and external labor markets and, thus, of the segmentation for these kinds of positions. The survey shows a certain prevalence of external recruitment (56%), but with a significant amount of promotion from within the firm (44%). This suggests that the turnover of managers between firms is considerably lower -- almost half -- than that which is obtained by gross calculations. In other words, there is also intrafirm mobility, suggesting a plan for career development within the firm.

The selection is firmly controlled by the company: only 15% of the cases are given to human resource consultants. Professional training institutions account for only 11% of the recruits (14% of those carried out directly by the firm).

A description of the position and a profile of the desired candidate is almost always produced. However, contrary to traditional practice, that responsibility is not delegated to the personnel department (only 10%), but rather to general management (40%), to the board of directors (19%), and to managerial staff (17%). On one hand, this indicates the importance which the highest level of the firms' managements attribute to the hiring of managers. On the other hand, however, it reveals the secondary role played by human resource departments. At the same time, this would point to the fact that the functions which should fall on the human resource area (certainly more than on staff administration) are not completely understood within the new organizational model.⁵⁴

The conscience of change, although it is still insufficient regarding the instruments available for putting it into effect, is reflected in the importance which is accorded to different factors in the evaluation of a candidate for manager. Equally different from traditional practice, the weight of the decision revolves not

increase the importance of this reason, this does not invalidate the hypothesis of its loss of importance vis-a-vis the firm restructuring factors.

⁵⁴ Certainly, this does not mean that the profile definition and the selection of managers should be the exclusive responsibility of the human resource department; but it is obvious that the latter should not be excluded from this process. At the same time, it is clear that this function should not be reserved for management, and certainly not for the board of directors. It is suggestive that only in 15% of the cases recruitment is a task performed jointly by several departments.

only around experience or earlier performance. Attention is also paid to general education (17%) and specifically to management training (21%). However, the weight which is accorded to these two factors together is far below the importance given to experience (28%) and performance (27%).

Nevertheless, the "mix" of conditions suggests the presence of a demand for formal skills. This is evident in two regards: on one hand, as a signal from the market to which a satisfactory answer must be given; and on the other hand, as an opportunity for increasing its specific weight at the expense of the more traditional components within the selection profile.

The other side of the coin, which is less encouraging but which cannot be ignored, is that the "mix" of conditions has not experienced major changes vis-a-vis those they would have required of the candidates before the change in economic policy in 1990. Although the answers about the past may be influenced by current thinking on the subject, this confirms yet another time that, as with the changes themselves, the progress displayed is full of contradictions.

2. Skill requirements and the means of acquiring them

Perhaps the most important question is which are the skills which a present day manager should have.

As might be expected, there is a certain dispersion in the answers which probably arises from the features of each firm, or from the specific responsibilities of each respondent. However, two skills stand out: the first is the ability to make decisions within the context of uncertainty; the second is a global vision of the economic process.

If we observe closely, this means that what is required of a manager is that he/she be capable of adapting the firm's behavior to the trends in a globalized macroeconomic context, and within a rapid process of change.

This would appear to confirm the hypothesis maintained from the outset regarding the criteria for evaluating the project's effectiveness.⁵⁵ These skills appear to be more important than

⁵⁵ Other skills in the same vein are the ability to discover and optimally utilize niches of competitiveness, the ability to develop a productivity strategy and the ability to adjust the work process to the changes dictated by trends in demand. It is interesting to observe that the ability to effect the microeconomic adjustment to the new local macroeconomic context receives a considerably lower

other more "conventional" ones, such as being up to date in technical novelties (which is reserved for experts), or linked to adjustment in the short term, which is where the firms have greater installed capacity.

These answers have special significance for the institutions since they are substantive messages which are being sent by the market. However, as was seen in the analysis of curriculum issues, it is not clear that they possess the flexibility required to give an adequate response to these demands. It is probable that this flexibility would improve tremendously if the institutions were to substitute (or would at least modify) the focus of their offerings through feedback mechanisms with the private sector.

The importance which the leading firms confer on specialized and continuous training appears to be growing. An indicator of this is that, when questioned about the ideal means for obtaining skills, and given the limitation of being able to select only one, 42% opted for specialized training. It is possible -- although there is no way of comparing -- that the weight given to acquired experience in problem management, which obtained 56% preference, would have been higher higher at an earlier time.

It is important to underline that in the perception of these firms, the issue is not "terminal" education, but rather a continuous training process which must be combined with experience. Placed in this area, the interviewees are of the opinion that the ideal mix would be 55% experience and 45% training. Although there are differences regarding the size of the firm or the position held by the respondent, the dispersion is insignificant, leading us to believe that the stated percentages reflect the feelings in the market.⁵⁶

Another way of verifying the need for continuous training is to ask if the acquired skills by managers in courses or training programs before 1990 are useful in facing problems within an open and competitive economy.

Only 28% believe that they are very useful. The majority -- 62% -- believe that they are somewhat useful, and a little over a fifth -- 22% -- think they are not very useful, or not useful at all. At the highest levels of management, only 12% believe that those

weight than the others. The importance given to the ability to reduce nominal costs, for a short term adjustment, is even lower yet.

⁵⁶ In any event, the relative importance given to training increases with the hierarchy of the interviewee: while for department managers it is 42%, for general managers it reaches 45%, and among directors it goes up to 49%.

skills are very useful, 30% of the general managers believe that their usefulness is slim or non-existent. This suggests not only a concern for improving the current situation, but also a dissatisfaction to which the institutional supply must respond.

But the interesting thing is that these same percentages are repeated virtually unchanged in response to the question about the relevance of experience acquired before 1990 in facing the same problems.

The judgement on the usefulness of what was learned before for the changes in the economic policy framework is the most important issue for the institutions, as it involves them in an in-depth and urgent reflection, hopefully shared by the business community, on the relevance of the contents of their basic programs.

Given the background described, it is not surprising that the existing profile of managerial skills, molded to a significant degree by the institutions, receives a not very high grade when it is judged as a function of its aptitude for competitive environment. On a scale of one to 10, the ranking is 5 for Peruvian firms in general, 6 for the firms in the sector of the person interviewed, and 7 for the interviewee's firm. If the last number is left out, the result clearly indicates a concern which the institutions cannot ignore, both because of their responsibility for this perception, as well as because it opens notable opportunities for professional advancement.

3. The perception of the utility and the effectiveness of management training

Almost 60% of the interviewed firms have a management training program. That proportion grows with the size of the firm, reaching 90% in the companies that employ over 1,000 people.

In two thirds of the cases, it is general management which determines the training needs of its staff. In only 2% of the cases does personnel have responsibility for this. This supports what was stated above regarding the lack of modernization in this area.⁵⁷

Almost everyone believes that there should be a budget for training even in times of cost reductions. However, not all respondents were willing to increase the financial commitment: 45% believe that it should not be increased, although 47% are of the opinion that it is necessary to do so. In the range of the largest

⁵⁷ Additionally, this concentration of functions in general management and the lack of hierarchy given to the human resource area demonstrates to the institutions a problem of dialogue with the firms.

firms, the majority are inclined toward an increase in the training budget. This is good news for the institutions.

The effort level is not insignificant: in 1992 the interviewed firms spent on average almost \$31,000, approximately \$3,400 per manager.⁵⁸ Contrary to what might be expected, the expense per executive is relatively homogeneous throughout the firms, regardless of size or revenue levels. In some cases, the investment is greater in less important firms.

In almost half of the firms the budget for management training has increased in the last five years. Of them, almost three quarters increased their budgets by more than 25%. This is also good news for the institutions.

The not-so-good-news is that, although it is the most frequent, registration in courses offered by specialized institutions competes with alternative means of training. Of these, two stand out: internal courses given by teachers who the firm hires, and sending executives to courses abroad. The first case accounts almost one quarter of the firms' preferences, and the second case accounts for an additional sixth. This is a subject for the institutions to ponder.

But the thoughts on this matter should also include the opinion of the interviewees about the relevance of the courses offered by the institutions to address the needs of the firms.

The judgement does not reflect complete satisfaction: less than a third (29%) believe that the institutions adapt to their needs; half (50% exactly) believe that they are partially useful; and a little more than a sixth (17%) considers that they do not adapt at all. Four percent did not give an opinion.

However, they continue to look for answers within the institutions for their training needs. In the last three years, 74% of the managers took at least one course at ESAN, and 53% did so at IPAE. The University of Piura, on the other hand accounted for 39%, and the University of the Pacific for 33%. Eleven percent of the managers attended the training events at ADEX.

When they took the courses, each one of them received a grade from the teachers. Now, it is the managers who rate the institutions where they were trained.

⁵⁸ Despite the question which referred specifically to the budget for management training, it is possible that in some cases the information includes costs incurred in training mid-level managers or administrators. Therefore, these numbers should be viewed with caution.

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The evaluation refers to, on the one hand, the utility of training offerings in relation to the skill requirements which a manager should currently have, and on the other hand, the effect which the courses have had on the firm with regard to several factors affecting the achievement of competitiveness.

On a scale of 1 to 10, the results are the following:⁵⁹

a) Usefulness of the offerings:

- * Global outlook on the economic process.....6
- * Ability to make decisions under conditions of uncertainty.....6
- * Capacity for carrying out the necessary microeconomic adjustment within the new macroeconomic environment.....5
- * Capacity for reducing nominal costs.....6
- * Capacity for developing a strategy for productivity.....6
- * Capacity to discover and capitalize on competitive "niches".....6
- * Ability to adjust the work process to changes in demand.....6

b) Effects on competitiveness:

- * Defect rates in production.....5
- * Defect rates in products sold.....6
- * Product yield.....6
- * Delivery times after the order is placed.....6
- * Meeting delivery deadlines.....6
- * Client dissatisfaction rates.....6
- * Repair/warranty costs.....5
- * Introduction of new products.....6
- * Speed for introducing changes in design.....6
- * Speed for introducing changes in work processes.....6
- * Opening of new markets.....6
- * Possibility of competing with imported products.....7
- * Ratio of exports to total sales.....5
- * Annual inventory turnovers.....6
- * Quality of human resource management.....7
- * Labor productivity.....7

As can be seen, the institutions pass the test, but with a not completely satisfactory performance. Dissatisfaction can be found regarding the academic and professional potential which they display. However, the project has significantly addressed this issue.

⁵⁹ In the appendix the same tables are shown, disaggregated by firm size and position of the respondent.

Of course, if a test were carried out for each one, differences would be found, even within each variable. However, the objective is to analyze the perception of the firms regarding educational offerings and management training. From this point of view, the opinions collected in the survey serve as stimulus for a shared task of reflection which will be, undoubtedly, the project's most meaningful legacy.

Appendix to Chapter VII:
STATISTICAL TABLES ON THE SURVEY
OF THE LEADING FIRMS

Tables relative to the profile of
the people surveyed and their firms

<u>Age of the executive who answered the questionnaire</u>	<u>%</u>
Up to 30 years old	5.0
31 - 39 years old	20.0
40 - 54 years old	57.0
55 years old and over	18.0
Did not answer	0.0
Total	100.0

<u>Gender</u>	<u>%</u>
Male	97.0
Female	3.0
Total	100.0

<u>Relationship with the firm</u>	<u>%</u>
Owner/Shareholder	41.0
Employee	59.0
Total	100.0

<u>Position held</u>	<u>%</u>
Director/member of the board	27.0
General manager	34.0
Area manager	27.0
Chief of department	4.0
Professional/Technician	0.0
External adviser	0.0
Other	8.0
Did not answer	0.0
Total	100.0

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<u>Gross revenue of the firm in 1992 (US\$)</u>	<u>%</u>
Up to 100 000	2.0
100,001 - 300,000	4.0
300,001 - 500,000	3.0
500,001 - 750,000	4.0
750,001 - 1'000,000	7.0
1'000,001 - 5'000,000	25.0
Over 5'000,000	49.0
Does not know/did no answer	6.0
Total	100.0

<u>Sector of economic activity of the firm</u>	<u>%</u>
Agriculture	1.0
Mining	9.0
Manufacturing	14.0
Construction	3.0
Commerce	15.0
Finance	11.0
Services	37.0
Other	10.0
Total	100.0

<u>Exports in 1992 (US)</u>	<u>%</u>
Non exporter	69.0
Less than 100,000	3.0
100,001 - 300,000	2.0
300,001 - 500,000	0.0
500,001 - 750,000	0.0
750,001 - 1'000,000	2.0
1'000,001 - 5'000,000	5.0
Over 5'000,000	13.0
Does not know/did not answer	6.0
Total	100.0

Tables relative to staffing, turnover and
recruitment among management

Turn over of the managerial staff

N° of Employees	Average N° of employees	Average N° of managers	Appointments		Quits		Turn-over (1992)
			1991	1992	1991	1992	
Up to 100	49.6	3.4	0.7	0.3	0.8	0.4	10.3
101 - 300	182.5	11.3	1.0	1.4	1.7	2.0	15.0
301 - 500	438.3	7.5	0.8	0.8	1.2	1.0	12.0
501 - 1000	630.0	7.2	2.2	1.7	1.8	0.5	15.3
Over 1000	3723.1	21.7	2.0	2.4	2.4	2.2	10.6
Total	799.5	9.0	1.1	1.0	1.4	1.1	11.7

Sales in 1992 (US\$)

Less than 100.000	2.5	0.0	0.0	1.5	0.5	10.0
100.001 - 300.000	1.8	1.3	0.0	0.5	0.3	8.3
300.001 - 500.000	2.3	0.0	0.0	0.3	0.7	15.2
500.001 - 750.000	5.5	0.3	0.0	1.5	0.0	0.0
750.001 - 1'000.0	2.9	0.4	0.3	1.1	0.3	10.3
1'000.000 - 5'000	6.9	0.9	0.7	1.2	0.4	8.0
Over 5'000.000	12.8	1.6	1.5	1.5	1.9	13.3
Total	9.2	1.1	1.0	1.3	1.1	11.4

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Reasons for managerial turn over	Strong	Significant	Irrelevant	No answer	Total
Restructuring	31.0	9.0	5.0	55.0	100.0
Cost cuts	10.0	9.0	15.0	66.0	100.0
Introduction of new products	9.0	8.0	14.0	69.0	100.0
Introductions of new technologies	7.0	11.0	13.0	69.0	100.0
Start or increase in exports	1.0	1.0	26.0	72.0	100.0
Increase in production	5.0	8.0	16.0	71.0	100.0
Subcontracting	1.0	3.0	23.0	73.0	100.0
Other reasons	23.0	6.0	8.0	63.0	100.0

Reasons for managerial turn over	Strong	Significant	Irrelevant	No answer	Total
Restructuring	35.6	16.4	4.2	10.2	
Cost cuts	11.5	16.4	12.5	12.3	
Introduction of new products	10.3	14.5	11.7	12.8	
Introductions of new technologies	8.0	20.0	10.3	12.8	
Start or increase in exports	1.1	1.8	21.7	13.4	
Increase in production	5.7	14.5	13.3	13.2	
Subcontracting	1.1	5.5	19.2	13.6	
Other reasons	26.4	10.9	6.7	11.7	
Total	100.0	100.0	100.0	100.0	

Which share of appointments at the managerial level during 1991-1992 was the result of internal promotion and which of external recruitment?

<u>Appointments at the managerial level</u>	<u>%</u>
Internal promotion	43.8
External recruitment	56.2
Total	100.0

Reasons for exit in management positions over 1991-1992	Strong	Significant	Irrelevant	No answer	Total
Poor performance	16.0	11.0	3.0	70.0	100.0
Restructuring/techn. innovation	19.0	8.0	5.0	68.0	100.0
Voluntary/professional development	7.0	5.0	15.0	73.0	100.0
Voluntary/job dissatisfaction	4.0	4.0	13.0	79.0	100.0
Others reasons	13.0	1.0	7.0	79.0	100.0

Reasons for exit in management positions over 1991-1992	Strong	Significant	Irrelevant	No answer
Poor performance	27.1	37.9	7.0	19.0
Restructuring/techn. innovation	32.2	27.6	11.6	18.4
Voluntary/professional development	11.9	17.2	34.9	19.8
Voluntary/job dissatisfaction	6.8	13.8	30.2	21.4
Others reasons	22.0	3.4	16.3	21.4
Total	100.0	100.0	100.0	100.0

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<u>Who chooses the managers?</u>	<u>%</u>
The firm itself	85
A consulting firm	15
Total	100

<u>Does a job description exist?</u>	
Yes	92.0
No	4.0
Does not know/did not answer	4.0
Total	100.0

<u>Who prepares the job description?</u>	<u>%</u>
The board	19.4
The general manager	39.8
The managerial staff	16.5
The department of personnel	9.7
It is a joint effort	14.6
Total	100.0

Means for managerial selection	Rank of importance					Total
	1*	2*	3*	4*	No answer	
Internal promotion	42.0	13.0	3.0	14.0	28.0	100.0
Ads in newspapers/magazines	10.0	7.0	15.0	9.0	59.0	100.0
Direct contac with candidates	25.0	23.0	12.0	7.0	33.0	100.0
Business schools	5.0	8.0	10.0	11.0	66.0	100.0

Means for managerial selection	Rank of importance					Total
	1*	2*	3*	4*	No answer	
Internal promotion	51.2	25.5	7.5	34.1	15.1	
Ads in newspapers/magazines	12.2	13.7	37.5	22.0	31.7	
Direct contac with candidates	30.5	45.1	30.0	17.1	17.7	
Business schools	6.1	15.7	25.0	26.8	35.5	
Total	100.0	100.0	100.0	100.0	100.0	

When evaluating a candidate for a management position, what importance (over a total of 100 points) is attributed to each of the following factors?

N° of employees	Previous Performance	Experience in the area	General education	Management education	Other	Total
Up to 100	23.6	29.5	19.1	21.9	5.9	100.0
101 - 300	26.9	27.6	14.8	23.0	7.7	100.0
301 - 500	38.5	27.9	15.7	17.9	0.0	100.0
501 - 1000	26.0	17.4	19.7	19.6	17.3	100.0
Over 1000	30.8	29.3	13.7	16.5	9.7	100.0
Total	26.8	27.7	16.9	21.0	7.6	100.0

Should you have carried out the evaluation before the 1990 economic policy change, what importance would you have attributed to those same factors?

N° of employees	Previous performance	Experience in the area	General Education	Management education	Other	Total
Up to 100	25.2	30.4	18.5	20.3	5.6	100.0
101 - 300	30.4	30.5	15.3	16.8	7.0	100.0
301 - 500	38.5	27.9	15.7	17.9	0.0	100.0
501 - 1000	20.7	15.0	24.3	17.1	22.9	100.0
Over 1000	26.5	30.3	15.4	17.9	9.9	100.0
Total	27.4	28.9	17.6	18.8	7.3	100.0

Tables relative to managerial skills and
the means for acquiring them

What are the most demanded skills That a manager should have	Rank of importance										Total	
	1'	2'	3'	4'	5'	6'	7'	8'	9'	10'		No answer
Global vision of the economic proces	31.0	12.0	12.0	5.0	8.0	10.0	10.0	4.0	0.0	0.0	8.0	100.0
Ability for decision taking	48.0	21.0	10.0	3.0	9.0	4.0	3.0	0.0	0.0	0.0	2.0	100.0
Ability for adjusting the firm to the nev	13.0	17.0	8.0	14.0	20.0	6.0	6.0	4.0	2.0	0.0	10.0	100.0
Ability for lowering nominal costs	4.0	18.0	11.0	12.0	6.0	12.0	11.0	15.0	0.0	0.0	11.0	100.0
Ability for developing a productivity st	16.0	17.0	21.0	14.0	7.0	6.0	7.0	2.0	1.0	0.0	9.0	100.0
Ability for finding and making profit of	19.0	10.0	8.0	16.0	9.0	9.0	11.0	5.0	0.0	0.0	13.0	100.0
Ability for adjusting the work process	16.0	14.0	11.0	7.0	11.0	15.0	6.0	4.0	0.0	0.0	16.0	100.0
Updated in technical progress	13.0	13.0	6.0	6.0	7.0	10.0	7.0	25.0	3.0	0.0	10.0	100.0
Other	4.0	1.0	2.0	2.0	0.0	0.0	1.0	1.0	3.0	0.0	86.0	100.0

What are the most demanded skills That a manager should have	Rank of importance										Total	
	1'	2'	3'	4'	5'	6'	7'	8'	9'	10'		No answer
Global vision of the economic proces	18.9	9.8	13.5	6.3	10.4	13.9	16.1	6.7	0.0	0.0	4.8	
Ability for decision taking	29.3	17.1	11.2	3.8	11.7	5.6	4.8	3.0	0.0	0.0	1.2	
Ability for adjusting the firm to the nev	7.9	13.8	9.0	17.7	26.0	8.3	9.7	6.7	22.2	0.0	6.1	
Ability for lowering nominal costs	2.4	14.6	12.4	15.2	7.8	16.7	17.7	25.0	0.0	0.0	6.7	
Ability for developing a productivity st	9.8	13.8	23.6	17.7	9.1	8.3	11.3	3.3	11.1	0.0	5.5	
Ability for finding and making profit of	11.6	8.1	9.0	20.3	11.7	12.5	17.7	8.3	0.0	0.0	7.9	
Ability for adjusting the work process	9.8	11.4	12.4	8.9	14.3	20.8	9.7	6.7	0.0	0.0	9.7	
Updated in technical progress	7.9	10.6	6.7	7.6	9.1	13.9	11.3	41.7	33.3	0.0	6.1	
Other	2.4	0.8	2.2	2.5	0.0	0.0	1.6	1.7	33.3	0.0	52.1	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0	100.0	

If you had to choose, which of following is the best means for acquiring managerial skills

Position held by the executive who answered the questionnaire	Experience handling problems	Specialized and permanent training	No answer	Total
Director	44.4	55.6	0.0	100.0
General manager	55.9	41.2	2.9	100.0
Area manager	66.7	33.3	0.0	100.0
Chief of department	50.0	50.0	0.0	100.0
Other	62.5	25.0	12.5	100.0

If you had to choose, which of the following is the best means for acquiring managerial skills

N° of employees	Experience handling problems	Specialized and permanent training	No answer	Total
Up to 100	46.2	51.3	2.6	100.0
De 101 - 300	55.6	40.7	3.7	100.0
De 301 - 500	77.8	22.2	0.0	100.0
De 501 - 1000	57.1	42.9	0.0	100.0
Over 1000	66.7	33.3	0.0	100.0
Total	56.0	42.0	2.0	100.0

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If you think that skills are acquired as a result both of experience and training, which is the ideal mix?

Position held in the firm	Experience	Formal Training	Total
Director	51.0	49.0	100.0
General manager	54.4	45.6	100.0
Area manager	58.0	42.0	100.0
Chief of department	62.5	37.5	100.0
Other	62.1	37.9	100.0
Total	57.6	42.4	100.0

N° of employees	Experience	Formal training	Total
Up to 100	54.5	45.5	100.0
101 - 300	56.1	43.9	100.0
301 - 500	55.6	44.4	100.0
501 - 1000	49.4	50.6	100.0
Over 1000	58.4	41.6	100.0
Total	55.0	45.0	100.0

Do you think that the experience acquired by the managers before 1990 is useful for handling the problems of the firm in an open competitive economy?

Position held in the firm	To a great extent	Not completely	Barely	It is of no use	No answer	Total
Director	25.9	51.9	18.5	3.7	0.0	100.0
General manager	23.5	47.1	20.6	5.9	2.9	100.0
Area manager	37.0	40.7	18.5	3.7	0.0	100.0
Chief of department	50.0	50.0	0.0	0.0	0.0	100.0
Other	12.5	50.0	12.5	0.0	25.0	100.0
Total	28.0	47.0	18.0	4.0	3.0	100.0

Do you think that the experience acquired by the managers before 1990 is useful for handling the problems of the firm in an open competitive economy?

N° of employees	To a great extent	Not completely	Barely	It is of no use	No answer	Total
Up to 100	30.8	43.6	15.4	5.1	5.1	100.0
101 - 300	22.2	44.4	25.9	3.7	3.7	100.0
301 - 500	33.3	33.3	33.3	0.0	0.0	100.0
501 - 1000	14.3	57.1	14.3	14.3	0.0	100.0
Over 1000	33.3	61.1	5.6	0.0	0.0	100.0
Total	28.0	47.0	18.0	4.0	3.0	100.0

Do you think that knowledge acquired by the managers before 1990 is useful for handling the problems of the firm in an open competitive economy?

Position held in the firm	To a great extent	Not completely	Barely	It is of no use	No answer	Total
Director	22.2	63.0	7.4	7.4	0.0	100.0
General manager	11.8	58.8	23.5	5.9	0.0	100.0
Area manager	14.8	66.7	11.1	7.4	0.0	100.0
Chief of department	25.0	75.0	0.0	0.0	0.0	100.0
Other	0.0	50.0	37.5	0.0	12.5	100.0
Total	15.0	62.0	16.0	6.0	1.0	100.0

Do you think that knowledge acquired by the managers before 1990 is useful for handling the problems of the firm in an open competitive economy?

No. of employees	To a great extent	Not completely	Barely	It is of no use	No answer	Total
Up to 100	17.9	56.4	20.5	2.6	2.6	100.0
101 - 300	7.4	66.7	18.5	7.4	0.0	100.0
301 - 500	33.3	44.4	11.1	11.1	0.0	100.0
501 - 1000	0.0	71.4	14.3	14.3	0.0	100.0
Over 1000	16.7	72.2	5.6	5.6	0.0	100.0
Total	15.0	62.0	16.0	6.0	1.0	100.0

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In a range from 1 to 10, how would you evaluate the actual usefulness of the management skills profile vis a vis the needs of the firms in a competitive environment?

Position held in the firm	In Peruvian enterprises in general	In your own sector of activity	In your firm
Director	5	5	7
General manager	6	6	7
Area manager	6	6	7
Chief of department	5	7	8
Other	5	5	6
Total	5	6	7

In a range from 1 to 10, how would you evaluate the actual usefulness of the management skills profile vis a vis the needs of the firms in a competitive environment?

N° of employees	In Peruvian enterprises in general	In your own sector of activity	In your firm
Up to 100	5	6	7
101 - 300	6	6	7
301 - 500	5	5	8
501 - 1000	4	6	7
Over 1000	6	6	6
Total	5	6	7

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Tables relative to the perception on the
usefulness and effectiveness of
management training

Does the firm have any programme on managerial training?

Gross revenue in 1992 (US\$)	Yes	No	No answer	Total
Less than 100,000	100.0	0.0	0.0	100.0
100,001 - 300,000	25.0	75.0	0.0	100.0
300,001 - 500,000	100.0	0.0	0.0	100.0
500,001 - 750,000	75.0	25.0	0.0	100.0
750,001 - 1'000,000	14.3	85.7	0.0	100.0
1'000,001 - 5'000,000	44.0	56.0	0.0	100.0
Over 5'000,000	73.5	26.5	0.0	100.0
Does not know/did not answer	33.3	50.0	16.7	100.0
Total	59.0	40.0	1.0	100.0

Does the firm have any programme on managerial training?

N° of employees	Yes	No	No answer	Total
Up to 100	43.6	53.8	2.6	100.0
101 - 300	63.0	37.0	0.0	100.0
301 - 500	55.6	44.4	0.0	100.0
501 - 1000	57.1	42.9	0.0	100.0
Over 1000	88.9	11.1	0.0	100.0
Total	59.0	40.0	1.0	100.0

Who takes the decisions concerning the firm's training needs?

	%
The general manager	66.0
The managerial staff	24.0
The department of personnel	2.0
Does not know/did not answer	8.0

Total

In times of budgetary constraints, do you think that the firm should spend in management training ?

No. of employees	The level of effort should be increased	Yes, but without increasing the budget for training	No, the budget should be cut	No answer	Total
Up to 100	41.0	48.7	7.7	2.6	100.0
101 - 300	55.6	33.3	7.4	3.7	100.0
301 - 500	22.2	77.8	0.0	0.0	100.0
501 - 1000	57.1	28.6	14.3	0.0	100.0
Over 1000	55.6	44.4	0.0	0.0	100.0
Total	47.0	45.0	6.0	2.0	100.0

What is, approximately the budget of the firm's management training programme ?

No. of employees	Average	<= 1,000	<= 10,000	<= 50,000	<= 100,000	> 100,000	NS/NR	Total
Up to 100	13085	5.1	28.2	15.4	2.6	0.0	48.7	100.0
101 - 300	27056	0.0	33.3	22.2	7.4	3.7	33.3	100.0
301 - 500	30000	0.0	22.2	22.2	0.0	0.0	55.6	100.0
501 - 1000	37333	0.0	28.6	42.9	0.0	14.3	14.3	100.0
Over 1000	65829	5.6	16.7	22.2	5.6	11.1	38.9	100.0
Total	30794	3.0	27.0	21.0	4.0	4.0	41.0	100.0

Has this budget been increased over the last 5 years?

N° of employees	Did not increase	Increased less than 25 %	Increased between 26 - 50 %	Increased between 51 - 100 %	Increased over 100 %	No answer	Total
Up to 100	41.0	12.8	7.7	5.1	5.1	28.2	100.0
101 - 300	14.8	11.1	22.2	18.5	7.4	25.9	100.0
301 - 500	55.6	22.2	11.1	11.1	0.0	0.0	100.0
501 - 1000	42.9	14.3	14.3	0.0	28.6	0.0	100.0
Over 1000	38.9	11.1	16.7	5.6	22.2	5.6	100.0
Total	35.0	13.0	14.0	9.0	10.0	19.0	100.0

Means for implementing the management training programme	Rank of importance					Total
	1'	2'	3'	4'	No answer	
Internal courses taught by instructors hired by the firm	24	13	10	1	52	100
Use of a pre-designed course, taught in the firm	8	12	2	6	72	100
Attendance to courses offered by specialized schools	55	9	11	25	0	100
Training abroad	18	14	13	55	0	100

Means for implementing the management training programme	Rank of importance					Total
	1'	2'	3'	4'	No answer	
Internal courses taught by instructors hired by the firm	23	27	28	1	42	
Use of a pre-designed course, taught in the firm	8	25	6	7	58	
Attendance to courses offered by specialized schools	52	19	31	29	0	
Training abroad	17	29	36	63	0	
Total	100	100	100	100	100	

Over the last 3 years, did the managers attend courses offered by the following institutions?	Yes	No	No answer	Total
IPAE	53	42	5	100
ESAN	74	21	5	100
ADEX	11	84	5	100
U. del Pacifico	33	61	6	100
U. de Piura	39	57	4	100
Other	31	64	5	100

Do you think that the courses offered by business schools meet the management requirements of your firm?

Position held in the firm	To a great extent	Partially	Barely	Not adapted	No answer	Total
Director	25.9	59.3	3.7	7.4	3.7	100.0
General manager	32.4	44.1	5.9	14.7	2.9	100.0
Area manager	29.6	51.9	14.8	0.0	3.7	100.0
Chief of department	25.0	75.0	0.0	0.0	0.0	100.0
Other	25.0	25.0	25.0	12.5	12.5	100.0
Total	29.0	50.0	9.0	8.0	4.0	100.0

Do you think that the courses offered by business schools meet the management requirements of your firm?

N° of employees	To a great extent	Partially	Barely	Not adapted	No answer	Total
Up to 100	25.6	43.6	10.3	10.3	10.3	100.0
101 - 300	22.2	63.0	7.4	7.4	0.0	100.0
301 - 500	33.3	55.6	11.1	0.0	0.0	100.0
501 - 1000	42.9	28.6	0.0	28.6	0.0	100.0
Over 1000	38.9	50.0	11.1	0.0	0.0	100.0
Total	29.0	50.0	9.0	8.0	4.0	100.0

In a range from 1 to 10, how would you evaluate the usefulness of the management training supply vis-à-vis the following management skills needs?

Position held in the firm	Global vision of the economic process	Ability for taking decisions under conditions of uncertainty	Ability for adjusting the firm to the new macroeconomic environment	Ability for lowering nominal costs	Ability for developing a productivity strategy	Ability for identifying and taking advantage of "niches" of competitiveness	ability for adjusting the work process to trends in demand	Other
Director	6	6	5	6	6	6	6	6
General manager	6	5	5	6	5	6	6	6
Area manager	6	6	5	6	7	6	5	5
Chief of department	6	9	7	6	7	8	6	0
Other	4	3	4	4	4	5	4	6
Total	6	6	5	6	6	6	6	6

In a range from 1 to 10, how would you evaluate the usefulness of the management training supply vis-à-vis the following management skills needs?

N° of employees	Global vision of the economic process	Ability for taking decisions under conditions of uncertainty	Ability for adjusting the firm to the new macroeconomic environment	Ability for lowering nominal costs	Ability for developing a productivity strategy	Ability for identifying and taking advantage of "niches" of competitiveness	ability for adjusting the work process to trends in demand	Other
Up to 100	6	6	6	5	6	5	6	6
101 - 300	6	5	5	5	6	6	6	6
301 - 500	8	6	6	5	5	6	6	6
501 - 1000	7	7	5	7	7	5	5	8
Over 1000	5	5	5	5	5	5	5	1
Total	6	6	5	6	6	6	6	6

In a scale from 1 to 10, how would you evaluate the impact of management training on the following variables?

Position held in the firm	Rate of production failure	Rate of post-sale failures	Products performance	Product delivery since order	Matching delivery deadlines	Rate of unsatisfied customers	Cost of repairs/ guarantee	Introduction of new products	Stream-lining of design changes
Director	4	5	6	5	7	6	6	6	7
General Manger	6	6	6	6	6	6	5	6	6
Area manager	5	6	6	6	7	5	6	7	7
Chief of department	4	4	7	6	6	6	6	6	7
Other	4	4	6	6	5	5	6	4	6
Total	5	6	6	6	6	6	5	6	6

In a scale from 1 to 10, how would you evaluate the impact of management training on the following variables?

Position held in the firm	Stream-lining in changing work methods	Stream-lining Changes in volume of production	Opening of new markets	Competitiveness with Imported products	Exports/sales ratio	Inventory turn-over	Quality of human resource management	Labour productivity
Director	7	7	7	8	6	6	8	8
General Manger	6	6	7	7	5	5	7	7
Area manager	6	7	7	6	6	5	7	7
Chief of department	8	10	8	3	5	5	7	7
Other	5	6	4	6	6	7	4	4
Total	6	6	6	7	5	6	7	7

In a scale from 1 to 10, how would you evaluate the impact of management training on the following variables?

N° of employees	Rate of production failure	Rate of post-sale failures	Products performance	Product delivery since order	Matching delivery deadlines	Rate of unsatisfied customers	Cost of repairs/ guarantee	Introduction of new products	Stream-lining of desing changes
Up to 100	6	5	6	6	6	6	5	5	7
101 - 300	5	6	6	6	7	6	5	6	7
301 - 500	6	5	6	6	6	6	5	7	7
501 - 1000	4	3	4	5	4	4	5	5	5
Over 1000	6	7	7	6	6	6	7	7	6
Total	5	6	6	6	6	6	5	6	6

N° of employees	Stream-lining in changing work methods	Stream-lining Changes in volume of production	Opening of new markets	Competitiveness with Imported products	Exports/sales ratio	Inventory turn-over	Quality of human resourse management	Labour productivity
Up to 100	7	6	6	6	6	6	7	7
101 - 300	6	6	7	7	5	6	7	7
301 - 500	6	6	8	7	7	6	8	8
501 - 1000	5	5	6	6	5	5	6	6
Over 1000	7	8	6	6	6	5	7	7
Total	6	6	6	7	5	6	7	7

ANNEX A
SELECTION OF INTERVIEWS WITH PARTICIPANTS
IN THE TRAINING PROGRAMS

Selection of interviews with participants in ESAN's training courses:

1. JAIMÉ RIVERA ORAMS, Production Manager at PISOPAK S.A.

The reason he studied at ESAN was because of the institution's prestige, which is relatively greater than that of other training institutions. In his firm there is a policy of personnel training which consists in sponsoring -- financing or co-financing -- the registration costs, and in special cases making alternative schedule arrangements. This was the main reason he participated in a course at ESAN. Additionally, he pointed out that he has permanent training wants.

When asked if he would migrate to another company or outside of the country, he answered that he is doing well at his job, that he has no problems, that he is satisfied with his personal and family expectations, and so he wants to remain and work for the country, which he can do within his firm. He did not respond clearly on how to evaluate his training, nor could he be precise regarding the practical utility of what he learned. He recognizes only that the general concepts of efficiency and quality in production, which were insisted upon in his course at ESAN, are for him the basis of the development of his firm. He indicated that he has a relatively broad latitude for action in this vein. He also mentioned that there is not much emphasis on strategic planning, but he recognized that he still does not know how to apply those concepts to the firm.

The main contribution made by ESAN, according to him, is that entrepreneurial success is based on client service, but this is still not acted upon to any extent in Pisopak's marketing or sales strategies. Finally, he points out that there is a coherent message in the current changes in the economy and ESAN's outlook on them.

2. JUAN ALARCON PERALTA, Industrias Alarcon S.A. General Manager (owner)

He founded a small sports accessory firm: rubber bands and elastics for garmetn used in various disciplines. His clients are manufacturers or sporting garments, but he has changed his perspective since he was trained in ESAN's marketing course, to believe that his clients are sportspeople. Thanks to his change in attitude, he has substantially broadened his client base.

He was trained at ESAN because as a businessman he felt that he was stagnant, even though he had taken several high-level training courses. He has studied through the eighth semester of Accounting at a National University. (He claims that what he learned in

university helped him very little in founding and maintaining his business).

He points out that the course he took at ESAN has been very useful, particularly because he learned to recognize the importance of the brand name. He started his own, formulated marketing strategies, and developed product lines which he differentiates according to age and type of sport he is targetting.

He estimates that he has conducted planning for his firm in the medium and long term (in which he was also helped by ESAN). He has had the confidence to innovate lines in different products.

Within his possibilities, he has trained the staff with which he works, which grew from 8 persons when he was studying at ESAN, to 20 people currently. His workshop displays specialization and division of labor.

He has been able to identify a niche for his firm in the market and he was not surprised by the opening to imports. He has no competition, since his main competitors are transnational companies with very high prices.

His primary observations of ESAN are the high cost of the course, and he wishes more entrepreneurs would participate in order to improve their capacity for running their firms. He insisted that he was not highly motivated by the attitude of his fellow students, almost all of whom were executives, who according to him were taking the course to improve their curriculum within their firms, or because they wanted to leave the firms where they were. In any event, what they learned did not have an end in and of itself.

3. JORGE ICOCHEA R., Manager of the Planning and Financial Area of the Banco Latino.

He participated in ESAN because of its institutional prestige, and because of strictly personal motivations, as it was not necessary for the work he does at the Bank. He took the course on financial specialization.

He was very critical of ESAN's work, as he felt he was not able to learn much because the professors were not of the level he expected. The course he took was not good, and he pointed out that the professors are bad, as is the curriculum which he found to be out of date.

Finally, he recommends modifying the curriculum, that only a few courses be taught, but that they be taught well, and that they be more consistent with the students activities. ESAN's training is not applicable because it is not pragmatic. He applies almost nothing of what he learned at ESAN to his work at the Bank.

4. ERNESTO ONTANEDA, Product Manager of Golosinas Peruanas S.A.

He participated in a course at ESAN because of its institutional prestige. It has been useful only as theoretical complement to the activities he carries out in his firm. He participated also because his firm expected the highest achievement, and because the company is a transnational which boasts the latest knowledge in marketing and a staff of professionals which make it very competitive.

He was very critical about his participation, and claimed that the level of participants was very low, which in turn brought down the level of the course. In general, he does not think it has improved his professional training.

5. FERNANDO ALARCON SORIANO, Chief of the Selection and Training Department at the Banco Latino

He participated in a course at ESAN because of the institution's prestige, and because he was interested in the program which was to be taught.

He points out that in general, the training has been good, and that some subjects were developed with a great deal of professionalism. Of what he learned at ESAN, he is able to replicate about 65% in the context of his work, since his work as a lecturer within and outside of the bank allows him to share these learnings.

The domestic labor market, he says, is very depressed, and he believes that he is doing quite well. He has no intentions of leaving the country or of changing jobs.

As a criticism, he said that the hand-outs given as reading material for the course were not very conducive to learning. They were very long and there was too much reading in too short a period of time. He felt a lot of pressure, which he considered not very pedagogical.

6. CARLOS LOYOLA, Personnel Assistant at the Backus and Johnston Beer Company

He studied at ESAN because of its institutional prestige, and because of his firm's policy of training staff, especially mid-level managers with possibilities for continuing to grow professionally.

He feels that he has acquired tools to carry out the policies dictated by the upper management at his firm. He believes that he puts 70% of what he learned to use.

He stated that his firm was putting together a total quality work system starting last year, since they decided three years ago

that it was necessary to adopt that perspective. They recognize that this is necessary not only in order to maintain leadership, but also to remain very competitive. They are applying the system in almost 200 projects in all of the firms which comprise the corporation. He points out that they are in the process of studying and learning, and that each step that is taken is done sovery cautiously. The expectations of the domestic business community are placed on his company, along with some others, which are few in number.

He suggests that ESAN's services be improved because, for example, the library closes too early and there is no easy access to consultation sources. Another suggestion is that more emphasis be given to modern subjects such as total quality. Although these subjects are touchec upon, they are not emphasized.

His main criticism is the low motivational level for learning of the majority of the participants.

7. MIGUEL PASCO OLIVEROS, Business Officer at Banco Continental

He chose the ESAN course because he considered the institution to be the most advanced one among those that have post-graduate events. He recognizes also that it is the most up-to-date, that it has a good faculty, the best schedules and a good curriculum.

The specific reason for his participation was his on-going desire for self-improvement and for the need to broaden his knowledge. The use of learnings acquired is very relative, since according to him he applies only 40% of what he learned, since the course is oriented more toward entrepreneurs than toward bankers.

The marketing issues and labor policies within the firm are supported by several areas within the institution, which is why he believes taht there is where he contributes what he has learned. He points out that his participation in ESAN has allowed him to follow a career path within the bank where he works.

He suggests reviewing the faculty members as some appear to be excellent professionals but are not capable teachers. He also recognizes ESAN's contribution to the new perspectives assumed by the economy and politics within the country.

8. LUIS LAZO, Chief of the Organization and Systems Department at Quipudata of the Backus and Johnston Group

He studied at ESAN because of the prestige achieved by the institution, and for him this is valuable. He also received very good recommendations on ESAN from his colleagues, and was aware of the variety of programs offered. His manager suggested that he participate in the course because he believes that his staff should trained at a prestigious institution. He considers that the

training he received has been helpful by about 95% and for the short term. He thinks that the curriculum is good, and that the administration, logistics and installations are appropriate.

At his firm, upper management prefers to be trained at the University of Piura, and middle management is sent to ESAN. The reason for this is that at Piura there is a vision with philosophy and morals, which addresses issues such as the principles and values of people, which makes the training qualitatively different. At ESAN there has been no renewal of faculty, which is why they believe it has lost some of its excellence.

He suggests that some of ESAN's services be improved, such as the library which closes too early, and also ensure greater availability of computers for the systems classes, as there is currently too much congestion.

9. HUGO ROSALES, Chief of the Central Accounting Office at the Backus and Johnston Beer Company

He participated in ESAN because of its institutional prestige, as well as because of his need to complement the skills he has for improving the accounting at his firm.

The firm supported his participation, and he did not think the course was very good as there was too much pressure, too much work, too much material covered, and not enough depth. He criticizes the participation of some teachers as he feels that they are not good disseminators of the knowledge which they probably possess.

He recognizes the efforts of his firm for improving the level of its workers by making them participate in different training events. He says that this is corresponded by a total integration into work.

10. JUAN CARLOS PASTOR, Sales Representative of the Backus and Jhonston Beer Company

He studied at ESAN because he feels that he needs something more than the university to participate in a very competitive labor market. He points out that it is important to keep up to date.

He feels that too little time is devoted to some courses such as computers. He criticizes the cases which are developed as examples because many of them are from other countries, principally the United States. He was informed that at ESAN 70% of training materials are in English. Finally, he points out that there are professors who are not at a level to be teaching at ESAN.

11. RICARDO RIVERA, Province Marketing Coordinator for the Backus and Jhonston Beer Company

He studied at ESAN because of the prestige it has in post-graduate marketing courses. On the personal side, he felt that he needed to broaden his skills.

He claims to use 80% of what he learned and he has received the necessary theoretical training in marketing. The practical part he learned on the job, where he already has experience as he has worked for several years before his ESAN training.

However, he suggests that ESAN's curriculum be improved because there are courses to which too much weight is given, while others which are equally important are not emphasized. He feels that some teachers are too theoretical and not didactic enough.

Selection of interviews carried out with participants of training courses at the University of the Pacific:

1. JAVIER GUTIERREZ, Chief of the Reserve Evaluation Section of the Peruvian Central Reserve Bank.

He participated in the event at the University because he was interested in hearing professor Folke Kafka, since he had participated in two earlier seminars of Professor Kafka's and because the course being taught was in his area. On the Bank's part, there is a personnel training fund to which employees have access, based on a certain selectivity according to their responsibilities within the institution.

The course is not strictly or directly applicable to the work he does. However, it has provided him with essential criteria for all sorts of institutions, whether public or private.

In general, he concurs with the training he received. The messages received are in keeping with the structural changes which the country is going through. The only objection he has is with the cost of the course, which is too expensive.

2. ELENA CACERES, Project Coordinator at the Metropolitan Planning Institute.

She participated because she received an invitation, and because she recognizes that she needed training. She thought the course was excellent, and applies in practice what she learned. She regards the professors to be excellent, although she points to some problems with the logistics. She studied Investment Project Design and Evaluation, which she is currently applying in her work.

She suggests that if the course had been one week longer, it would have been more advantageous as some themes remained quite vague. She liked the participation of many teachers, especially

from the provinces, who will impart the learnings to many more people.

3. WALTER ASTORNE LOBATON, Logistics Manager at Banco Continental

He studied at the University of the Pacific because he recognizes its institutional prestige, and because the opportunity presented itself within the bank for him to take a course. He believes in the need for continuous training, and he recognizes the importance of this for a successful career within the bank.

He believes that the course he took is useful because it has allowed him to perform better at his job, since the subject matter was very closely related to his daily tasks. Regarding administrative execution at the University, he finds it to be quite good, although he thought that the cost of his participation was too high.

The learnings acquired were oriented primarily toward facilitating his administrative work, but barely covered issues related to occupational qualifications and structure, or marketing within his firm, which are areas in which he has no say.

4. CESAR AUGUSTO GAVINO, Evaluation and Statistics Manager at D'Onofrio S.A.

He participated in a course at the University because the opportunity presented itself within the firm, and because he wants continuous training. He believes in personal and academic advancement and has optimistic perspective on his participation within the firm.

He has no expectations of changing jobs or of leaving the country because he thinks things will improve with the changes that are taking place and particularly because he believes in his own abilities.

He points out that in general the course was good, very detailed, with great attention to the logistical and administrative aspects. Regarding the contents, he believes they are useful although it would have been preferable for it to last a little longer to take better advantage of some additional learnings.

5. LINO CERNA DIAZ, Dean of the Economics Department at the San Martin de Porras University

He participated in the course on Financial and Socioeconomic Evaluation of Investment Projects for personal motivation reasons, and due to his interest in continuous learning. Both the University and he himself find it beneficial for him to acquire new skills, which led to his receiving the necessary support for the course.

He believes in the country's possibilities, and that is why he does not emigrate, although he would do so if he received an offer that was better than the one he has currently.

Regarding the course, he found it to be excellent, and he believes that it has contributed to greater professional skills. He found the subject matters and the teachers to be good, as well as the logistical and administrative aspects of the University.

The criticism or suggestions he has point to the cost of the course, which despite the high quality of the class, is very high since current salary levels at the university render the participation in such courses to be very selective.

Selection of participants interviewed in the courses at the University of Piura

1. JORGE ESCUDERO-WHU, Manager of the Farm of the Pacific, part of the Frutos del Pais (Fruits of the Country) group (flavors and fragrances for several industries, one of its brand names is Frugos).

The decision to take the course was personal, he was not sent by his firm, nor was it paid by his employer. He was encouraged by professors and by the others of other agricultural enterprises. They looked for him personally. He did not find out through the mass media.

He claims that the greatest benefits of the agribusiness course are:

- improvements in work systems and a greater commitment by workers because he now delegates functions and has a more personalized relationship with them. He now feels that he has more time and also that others feel more fulfilled at the firm and in their work.
- marketing/production. He points out that previously fieldworkers produced by "fashion or lot", without stopping to think about the trends in demand or about the advantages the region presented for growing one product or another.

He insists on the importance of the group of people which was formed, which before already had communication ties, and which after the course became reinforced.

2. VICTOR FLORES CORDOVA, Manager of Frutos del Pais S.A. (Piura Branch)

He believes that the main limitation of modern farms in Piura is direction and management. Within the context of this interest he

places emphasis on the need to stimulate and raise the potential of human resources which the firm has. That is why he decided to participate in the training course at the University.

He affirms that this is a strong point within the firm, and that the University is also interested in these issues, which is why he was invited to participate.

He remembers several accomplishments from his participation in the course. Among the more important ones is the motivation of workers, which has been substantially raised. "Before problems were hushed. Now there is an appropriate environment for addressing them, which has spared us many errors and saved us money," he says.

The main observations he makes are the fact that the length of course time is too short for the subject of finance, the need for more analysis of cases, and he suggests that visits be conducted to the companies to study the cases in situ.

He recognizes the quality of the professors, and recommends the course to other executives with whom he works, as he feels he has achieved tangible results such as greater trust and communication at work for resolving the firm's problems.

3. LUIS VEGA MASIAS, owner and manager of the Sincape farm

Until recently, he planed the same thing as all of his neighbors: cotton. The data on the low profitability of that commodity were too evident to continue running a one-crop farm. He decided to diversify to rice, sorgum and corn. With advice from UDEP he branched out into asparagus, which now occupies about 50% of the area he works (7 out of 15 hectares). He considers that the course helped him to improve his performance, which he considers innovative (despite the fact that he is 65 years old).

In particular, he found useful the reflections on the delegation of responsibility. As with other colleagues, he now considers taht he has more time than before. He plans on insisting on the potential of asparagus, and with 9 other entrepreneurs, has projected the construction of a processing plant to stop depending on the price fixing in the industry.

Mr. Vega considers that there is still a lot to be learned about that crop. He regrets that the University of Piura does not have a program in agronomy but believes that this limitation may be surmountable.

ANNEX B

LIST OF ENTREPRENEURS AND EXECUTIVES
WHO WERE INTERVIEWED PERSONALLY

Annex B: List of interviewed executives

ESAN

- JAIME RIVERA ORAMS, Production Manager at Pisopak. ESAN, Operations Management, 1991.
- JUAN ALARCON PERALTA, General Manager of Industrias Alarcon. ESAN, Marketing, 1990.
- JORGE E. ICOCHEA R., General Officer of Planning and Finance Area at the Banco Latino. ESAN, Finance, 1991.
- ERNERSTO ONTANEDA, Production Manager at Golosinas Peruanas. ESAN, Marketing, 1991.
- FERNANDO ALARCON, Chief of the Human Resource Area at the Banco Latino. ESAN, Administration of Human Potential, 1991.
- JOSE RAMIREZ VALVERDE, Chief of the Treasury Department at the National Superintendence of Tributary Administration (SUNAT). ESAN, Finance, 1991.
- MIGUEL PASCO OLIVEROS, Business Officer at the Banco Continental. ESAN, Finance, 1991.
- LUIS LAZO B., Head of the Organization and Systems Department at Quipu Data. ESAN, Advanced Systems Program, 1991.
- CARLOS LOYOLA, Assistant in the Human Resources Area at the Backus and Jhonston Brewing Company. ESAN, Administration of Human Potential, 1991.
- RICARDO RIVERA, Province Marketing Coordinator for the Backus and Jhonston Brewing Company. ESAN, Marketing, 1990.
- HUGO ROSALES, Chief of the Central Accounting Department at the Backus and Jhonston Brewing Company. ESAN, Finance, 1991.
- JUAN CARLOS PASTOR, Marketing Coordinator at the Backus and Jhonston Brewing Company. ESAN, Marketing, 1991.
- HANS FRENZEL, Sales Representative for the Southern Area of Lima, National Brewing Company S.A., ESAN, Administration, 1991.
- MARIO ALTAMIRANO, Chief of the Marketing Department, National Brewing Company S.A., ESAN, Marketing, 1991.
- ALFREDO RAMOS MUNOZ, Executive of the Systems Department at the National Brewing Company S.A., ESAN, Advanced Systems Program, 1991.

University of the Pacific

- JAVIER GUTIERREZ, Director of Reserves and Foreign Currency at the Central Reserve Bank, University of the Pacific, Finance, 1990.
- ELENA CACERES, Project Coordinator at the Metropolitan Planning Institute. University of the Pacific, 1991.
- LINO CERNA DIAZ, Dean of the Economics Department of the San Martin de Porras University. University of the Pacific, Investment Projects, 1991.
- CESAR AUGUSTO GAVINO, Sub-Manager for Economic and Statistical Evaluation at D'Onofrio S.A. University of the Pacific, Project Evaluation, 1990.
- WALTER ASTORNE LOBATON, Logistics Manager at the Banco Continental. University of the Pacific, 1991.
- JOSE LUIS CASABONNE, Manager of the Personal Banking Division of the Banco de Credito, University of the Pacific, Total Quality: the Deming Method, 1992.

ADEX:

- LILIANA PUM, Manager of the firm Liderplast. ADEX, School of International Commerce, 1991.
- WILFREDO RIVERA M., Manager of the firm Gemini. ADEX, School of International Commerce, 1991.
- SILVIA BARDALES, Foreign Currency Department at PETROPERU. ADEX, School of International Commerce, 1990.
- CARLOS FIESTAS, Assistant to the General Manager for International Commerce at PETROPERU. ADEX, School for International Commerce, 1991.

IPAE:

- JULIO PARDAVE SOTO, IPAE, Program for Entrepreneurial Development, 1991.
- FRANCO KUMIZOSHI, Administrator of his own small bread-baking firm. IPAE, Program for Entrepreneurial Development, 1991.
- SAMIR ELAYHA, Administrator of his own small garment-producing firm. IPAE, Program for Entrepreneurial Development, 1991.
- ROXANA MELLI. IPAE, student in the Program for Entrepreneurial Development, 1992.

University of Piura:

- JOSE BAERTL MONTORI, Director of Arequipa Steel, Upper Management Program, 1989.
- GABRIEL GALLO OLMOS, Financial Manager at Incubadora La Cabana, Management Development Program, 1991.
- HUGO KANEKU YREIMON, Manager at Incotex, Upper Management Program, 1990.
- JOSE ANTICONA M., Manager of Restec (Piura). UDEP, Agribusiness, 1992.
- JORGE ESCUDERO-WHU, Manager of the Agricola del Pacifico Farm (Piura). UDEP, Agribusiness, 1992.
- LUIS VEGA MASIAS, Manager-owner of the Sincape Farm (Piura). UDEP, Agribusiness, 1992.
- VICTOR FLORES CORDOVA, Manager of Frutos del Pais (Fruits of the Country), Piura. UDEP, Agribusiness, 1992.
- LILY SAKATA, Manager of Lilia Luisa S.A. UDEP, Small Enterprise, 1992.
- VICTOR RAMOS, Manager at SELMEC. UDEP, Small Enterprise, 1992.
- ELENA MARIA DELGADO, Manager-Owner of a garment-producing business. UDEP, Small Enterprise, 1992.

ANNEX C:

**LIST OF DIRECTORS AND FACULTY MEMBERS INTERVIEWED
FOR THE EVALUATION**

Annex C: List of Directors and Faculty Members interviewed

ESAN:

Luis Piazzon
T. Zapater
Armando Gallego
Juan Timana
Ana Rosa Aninaya
Luis Felipe Calderon

University of the Pacific:

Matilde Schwalb
Pedro Franco
Luisa Burga
David Mayorga

ADEX:

Teofilo Aliaga

IPAE:

Guadalupe Mendez
Alfonso Costa
G. Salcedo

University of Piura:

Jose Navarro Pascual
Manuel Balarezo
Ernesto Gallo
Gaston Cruz
Luis Ginocchio (former professor, consultant to the project)
Pablo Ferreiro

ANNEX D

LIST OF EXECUTIVES WHO RESPONDED TO THE SURVEY
OF THE LEADING FIRMS

LIST OF PEOPLE SURVEYED

NAMES	POSITIONS	FIRM
Acuna Peralta, Virgilio	Managing Director	ACUNA & PERALTA S.A.
Palacin Fernandez, Carlos	President of the Board	AEROCONDOR
Monteverde, Ana Dolores	Managing Director	AJUSTES Y PERITAJES
Fernandez Stoll, Rafael	Executive Director	ALAFARPE
Sacio Leon, Alberto	President	ALBERTO SACIO & CO.
Salas Aburto, Atilio Walker	President of the Board	AMUTSEP
Orrellana Guzman, Edmundo	General Manager	AMUTSEP
Shimabuku Miyagui, Jorge	Finance Manager	AMUTSEP
Medina Mendez, Jorge	Partner	ARTHUR ANDERSEN
Bossano Lomellini, Jose	Operations Manager	ASA ALIMENTOS S.A.
Villegas Cerro, Rafael	Director	ATLAS TECNICO COMERC
Sulopulos Valdivia, Socrates	Asst. Central Manager	BANCO CONTINENTAL
Hernandez Baylon, Hugo	Managing Gral. Director	BANCO DE COMERCIO
Bacalla Perez, Jose Alejandro	Central Credits Magr.	BANCO DE LA NACION
Ledesma Durand, Carlos A.	Business Manager	BANCO DEL NUEVO MUN
Chau Elias, Juan Manuel	General Manager	BANCO DEL NUEVO MUN
De Villanueva, Amalia	Asst.Mgr. for Credit	BANCO INTERANDINO
Castoldi Castillo, Giovanni	General Manager	BANCO MERCANTIL
Fernandez-Stoll M., Rafael	General Manager	BIVAC DEL PERU S.A.
Mosqueira Gutierrez, Tarcila	General Manager	BULMARK S.A.
Moreno Marquez, Otto	Director	PERUVIAN TELEPH. CO.
Cmapbell Garcia, Ronald Mario	General Manager	CALIXTO MOSTERT S.A.
Angeles Figueroa, Raul	Finance Manager	CENTROMIN PERU
Hartley Moran, John	Admin. and Fin. Mgr.	CERAMICA LIMA
Cabada Lopez, Mauro B.	President	CETEC S.A.
Mujica Castro, Carlos Alberto	Resident Vice-President	CITIBANK N.A.
Chavez Sandoval, Mauro	General Manager	COFIDE
De Trazegnies Garcia, Alberto	Sub-Manager	LA FENIX INSURANCE
Cruz Ramirez, Ysaac	Sub-Manager for Oper.	CO. MINERA MILPO S.A.
Davila Jaramillo, Guillermo	Sub-Mgr. Fin. & Admin.	CO. MINERA MILPO S.A.
Sanchez Jara, Amancio	Finance Manager	CO. MINERA STA. LUISA
Pacheco Torres, Julio	General Manager	COOP. STO. DOMINGO
Guerrero Contreras, Rogelio	Mgr., Corporate Affairs	DETERPERU S.A.
Su Huaman, Jorge	General Manager	DISTRIB. GLOBAL S.A.
Chlimper Halfin, Hory	V.P. of Board	DROKASA S.A.
Torres Hidalgo, Carlos	Managing Director	DYNAMUS
Morelli Zavala, Carlos E.	Directing Gral. Mgr.	EICA CONSULTORES S.A.
Hanz Sanchez-Concha, Jaime	Vice President	ELECTROLIMA
Ampuero Salas, Luis Hernan	General Manager	ELECTROPERU S.A.
Caceres-Vargas Galdo, Cesar	General Manager	EMPRESA DE LA SAL
Emond, Lionel	Admin. & Fin. Mgr.	EMPRESA FONDO PERU-
CAN.		

NAMES	POSITIONS	FIRM
Espinosa Bedoya, Oscar	General Manager	ENRIQUE FERREYROS
Darah Hayn, Eduardo	Manager	ENVASES INDUSTRIALES
Nesta Brero, Roberto	General Manager	FAB. INDUST. MAQUIN.
Woodman Pollit, Arturo	President	FONCODES
Salazar Corbeto, Manuel	Sub-General Mgr.	GLORIA S.A.
-----	General Manager	GLORIA S.A.
De Romana Malaga, Gonzalo	Mgr. of Quality Progs.	IBM OF PERU S.A.
Alvarado Trujillo, Max G.	Administrative Manager	ICE ING. CONSUL EJEC
Fisher Garcia, Carlos	Managing Director	INTI ASESORES Y CORR.
Mariotti Cattaneo, Carlos	Executive President	INTIPHARM S.A.
Valentin Sanchez, Joel	Managing Director	J.V. SANCHEZ EIRL
Servan Rocha, Juan Rafael	Managing Director	LA PROTECTORA S.A.
La Torre Sanchez, Marco A.	Managing Director	LASA SERVICE PERU
Salazar Olivares, Raul	Director	MACROCONSUL
Company Agromonte, Ricardo	Chief of Administration	MARUBENI CORPORAT.
Chavez Alvarez, Jorge	Executive President	MAXIMIZE S.A.
Fernandez Carrera, Francisco	President of the Board	MINPECO S.A.
Valdivia Loayza, Carlos	Partner	MONZON, VALIDIVIA
Ortiz de Zevallos Madueno, R.	Manager	MORENO PATINO ASSO
Chinchilla Salazar, Luis	Partner	MORENO PATINO ASSO
Alarco Guerrero, Juan A.	Executive Director	MULTIAUTO S.A.
Segura Fuchs, Marcelino	Commercial Manager	NEGOCIAONES MAHUA
Pasco Font Allison, J.A.	Chief of Stat. and Contracts	OCCIDENTAL PETROL.
Delius Evers, Carlos	President-Gral. Manager	OCCIDENTAL PETROL.
Barua Alzamora, Ramon	General Manager	PERUBAR S.A. MINING
Del Carpio Urena, Fernando	General Manager	PERUPLAST S.A.
Toso Niccolini, Humberto	Commercialization Mgr.	PESCA PERU
Bruce Caceres, Alberto	President of the Board	PETROMAR
Garaycochea Mejia, Carlos	Finance Manager	PETROPERU
Rutgers Stegehuis, Abraham	President	PHILIPS PERUANA
Huamani Villacorta, Adan J.	Managing Director	PROCASA
Miro Quesada Pflucker, M.	Managing Director	REHDER Y ASOC.
Yzusqui Chessman, Jorge L.	Managing Director	SANDOVAL S.A.
Sarrío Lucero, Luis	Partner	SARRIO Y ASOC.
Caravedo Molinari, Baltazar	Executive Director	SASE
Larrauri Verand, Carlos	Director	SERMAGE S.R.L.
Valcarcel, Roberto	Executive Advisor	SGS DEL PERU
Crosby Russo, Jaime	Managing Director of Fin	SHELL DEL PERU
Iriarte Jimenez, Eduardo	Managing General Dir.	SHERWIN WILLIAMS
Leclere, Jean Claude	Director	SIDER PERU
Smith, Charles B.	V.P., Oper. General Manager	SOUTHERN PERU
Guthrie Park, Richard	Admin. General Manager	SOUTHERN PERU

Youle Buck, John
Corzo Castaneda, Carlos
Arguelles Sala, Felix
Ayulo Polo, Manuel Jose
Ponce Gastelumendi, Ernesto
Basombrio Zender, Luis F.
Ferrero Diez Canseco, R.
Salas Quezada, Jose Raul
Urteaga Dongo, Javier

V.P. of Institut. Relations
General Manager
President of the Board
Commercial Director
Manager
Central Mgr. of Finance
Sub Manager
Operations Manager
General Manager
Sales Manager
General Manager
Director
Director
General Manager
Mgr. of Fin. and Admin.

SOUTHERN PERU
SYMMETRY SYSTEMS
TECNICA EMPRESAR.
TELEREP
TIENDAS 2000 S.A.
TOYOTA DEL PERU
VIDAL Y VIDAL S.A.
WIESE REPRESENTAT.
WORK FORCE PERU
GRUPO AMAZON
TRANSPERUANA
ANONYM. (TOURISM)
ANONYM. (FINANCE)
ANONYM. (SALES)
ANONYM. (DEVELOPM)

ANNEX E

ACTIVITIES CARRIED OUT BY THE PROJECT
BY COMPONENT

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A D E X

AREA I

- Purchase of audio-visual equipment begins.
- Purchase of printing equipment.
- Determination of computer needs.
- Language lab which was purchased arrived.
- Computer lab with computers.

AREA II

AREA III

- Collaboration with the private sector.
- ADEX hired The World Trade Center of Miami for a visit by Peruvian exporters.

AREA IV

AREA V

- Redefinition of ADEX's role, Dr. Jose Lopez de Castilla was hired (April-June 1993).

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ESAN

AREA I

- Ph.D. candidates: two are finishing their studies.
- Library materials: subscriptions and publications were planned for 1991 (159 publications).
- Two new professors hired.
- Elaboration of the Guide for Program Evaluation.
- Workshop on Methodology for Professional Teaching.
- A new professor was hired.
- Seminar on "Methods of Evaluation" for Faculty members.
- Renewal of subscriptions.

AREA II

- A professor concluded his activities in the area of Agribusiness.
- A Curriculum Advisor was hired for the Magister Program.

AREA III

AREA IV

- Seven professors from the provinces began MBA studies.
- Nine female professors studied MBAs.
- Seven professors from the provinces began MBA studies.
- Scholarships for studying MBAs.

AREA V

- Dean and professor attend an event in Costa Rica.
- Strategic Planning meeting.
- Two professors participated in international events.
- Academic Director attended a Biennial Congress in Santo Domingo.
- Two professors participated in international events (USA).
- A professor attended a national conference.
- The Dean attended a course in the USA.
- A professor attended a seminar and two professors attended a conference in the USA.
- Two professors attended an international event, USA.
- The Dean travelled to the USA to support the ESAN foundation.
- A professor attended an event in the USA.
- Dean and two professors go to an event in Bogota.

I P A E

AREA I

- Library: 11 volumes.
- Acquisition of 105 new titles.
- Acquisition of 294 new titles.
- 286 new books.
- 148 new books.
- Audio-visual equipment was ordered.
- 198 books were bought.
- Software on "Business Simulation" was acquired.
- 440 new books.
- Purchase of audio-visual equipment (VHS, Audio, Data, Display, laser printer).

AREA II

- Agribusiness: five courses were given.
- Six courses were offered on the Administration of small businesses.
- Three courses were offered in the Agribusiness project.
- Three courses were reviewed and up-dated.
- Five courses on small businesses were offered.
- One course for upper management.
- Four courses in the area of agribusiness.
- Five courses in small enterprises.
- Two courses in the area of agribusiness.
- Market Analysis was carried out to identify needs.
- Three courses in agribusiness.
- Eight courses in small enterprise.
- Review of the course.
- Forum with entrepreneurs and executives.
- Three conferences in agribusiness.
- Two programs for small industry.
- Thirteen seminars in agribusiness,

AREA III

AREA IV

- Materials were prepared for correspondence course.
 - The design was completed for the Marketing course.
 - Other materials were prepared.
 - Editing and preparation of other materials.
 - Material on "Implementation and management in small agribusiness."
 - Three courses in the area of small business management.
 - Three courses in agribusiness for Tarapoto-Iquitos-Arequipa.
 - Course on microenterprise, Sullana-Arequipa.
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- Preparation and/or up-dating of materials for Education by Correspondence.
- Idem.
- Six courses on Microenterprise were offered in Sullana, Ica and Arequipa.

AREA V

- The Executive Director travels abroad to visit institutions.
- Meeting of executives (CADE) in Iquitos.
- School director participates in an event in the USA.
- Organization of "Second Meeting of Educators".
- "Fifth Regional Conference of Executives"
- School Director attends a conference in the USA.
- Directors attend a course on "Programs for upper management."

University of the Pacific

AREA I

- Acquisition of software.
- Acquisition of a printer.

AREA II

- Five professors continued their studies in the USA.
- Two professors return from the USA with MBAs.
- Three professors go for their PhDs.

AREA III

- The preparation of 26 textbooks continued. Four were completed: Market Research, Export Cases, Human Behavior within Organizations, Economic Decisions of Companies.
- Ten additional titles have been completed.
- In all, 13 books were prepared.
- One tape was prepared on "Approaching the world of organizations" (the tape was later canceled).

AREA IV

- Eight teachers from the provinces carry out MBA studies at the University of the Pacific.
- Five professors outside of Lima study for an MBA.

AREA V

- Coordinator of the project participated in CLADEA's XXV Annual Meeting in Costa Rica.
- A professor participated in an event in Iquitos.
- Two professors participated in an international event in Mexico.
- Two professors participated in a congress in Bogota.

University of Piura

AREA I

- Jacqueline Garcia will attend the course will attend an English language course, and then Spring semester classes in Marketing at Babson College.
- A computer was acquired.
- Books and periodicals were acquired.
- Audio-visual equipment was acquired.
- Professor Juan Antonio Perez Lopez will review programs, especially the Master's degree one (july 1991).
- Received advice for a computer lab.
- Acquired a photocopier.
- Subscription to periodicals and purchase of books.
- Computer which was purchased arrived.
- A printer was purchased.
- Datashow was purchased.
- An expert in Finance and Controls visited.

AREA II

- Matilde Schwalb returned with an MBA from Miami.
- A professor began MBA studies at ESAN.
- Projects in tropical fruits.
- A professor continued his MBA studies at ESAN.
- Presentation of the Agribusiness project in a forum for land-workers and entrepreneurs.
- The "Manual for growing mangos" was published as part of the agribusiness project.
- Two professors completed their MBAs at this University.
- A professor arrived with a Ph.D., ABD (all but dissertation).

AREAI

- Research on investment opportunities in the Grau region.

AREA IV

AREA V

- two professors participated in CLADEA's XXV Annual Meeting in Costa Rica.
- Seminar on "Current Circumstances and Economic Perspectives."
- A bulletin is prepared for the faculty.
- Two professors go to visit institutions in the United States.

ANNEX F

SURVEY QUESTIONNAIRE APPLIED TO
THE LEADING FIRMS

Cuánto

ENCUESTA DE OPINON: LA FORMACION GERENCIAL EN EL PERU

La presente encuesta tiene por propósito conocer la percepción de empresarios y ejecutivos sobre la calidad de la oferta de formación gerencial y su adecuación a las necesidades de las empresas en una economía competitiva. Las respuestas serán muy útiles para evaluar la eficacia, desde la perspectiva de los demandantes, de los programas de capacitación de las principales escuelas de administración de negocios del país.

Muchas gracias por su interés y cooperación.

Fecha: __ / __ / __

I. EL PERFIL DEL ENCUESTADO Y SU EMPRESA

1. Edad

Hasta 30 años	<input type="text"/>
31 - 39	<input type="text"/>
40 - 54	<input type="text"/>
55 y más años	<input type="text"/>

2. Sexo.

Masculino	<input type="text"/>
Femenino	<input type="text"/>

3. Relacion con la empresa

Propietario / accionista	<input type="text"/>
No propietario	<input type="text"/>

4. Cargo que ocupa en la empresa

Director	<input type="text"/>
Gerente General	<input type="text"/>
Gerente de Area (especifique)	<input type="text"/>
.....	
Jefe de Departamento/ División	<input type="text"/>
Profesional/Técnico	<input type="text"/>
Asesor externo	<input type="text"/>
Otro (especifique)	<input type="text"/>
.....	
.....	
No responde	<input type="text"/>

5. Sector de Actividad

Agropecuario	<input type="text"/>
Minería	<input type="text"/>
Industria	<input type="text"/>
Construcción	<input type="text"/>
Comercio	<input type="text"/>
Finanzas	<input type="text"/>
Servicios	<input type="text"/>
Otro (Especifique)	<input type="text"/>

6. Rango de ventas anuales en US\$ (estimado : 1992)

Hasta 100,000	<input type="text"/>
100,001 - 300,000	<input type="text"/>
300,001 - 500,000	<input type="text"/>
500,001 - 750,000	<input type="text"/>
750,001 - 1'000,000	<input type="text"/>
1'000,001 - 5'000,000	<input type="text"/>
Más de 5'000,000	<input type="text"/>

7. Rango de exportaciones anuales en US\$ (estimado : 1992)

No exporta	<input type="text"/>
Hasta 100,000	<input type="text"/>
100,001 - 300,000	<input type="text"/>
300,001 - 500,000	<input type="text"/>
500,001 - 750,000	<input type="text"/>
750,001 - 1'000,000	<input type="text"/>
1'000,001 - 5'000,000	<input type="text"/>
Más de 5'000,000	<input type="text"/>

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II. DOTACION, ROTACION Y RECLUTAMIENTO DE LA LINEA GERENCIAL

8. Cuántas personas ocupa en total la empresa? (número aproximado)
9. Cuántos gerentes hay en la empresa
10. Cuántas mujeres hay en la línea gerencial?
- 11.Cuál fue la rotación total (ingresos y salidas) de la línea gerencial en los dos últimos años?
- | | Ingreso | Salida |
|------|---|---|
| 1991 | <input style="width: 80px;" type="text"/> | <input style="width: 80px;" type="text"/> |
| 1992 | <input style="width: 80px;" type="text"/> | <input style="width: 80px;" type="text"/> |
12. Si hubo cambio en el número de gerentes, cuáles fueron las razones? (complete todas, con alguno de estos valores: 1 = fundamental; 2 = importante; 3 = No incidió)
- Reestructuración funcional
 - Necesidad de disminuir costos
 - Incorporación de nuevos productos
 - Incorporación de nuevas técnicas
 - Inicio o aumento de exportaciones
 - Cambios en el volumen de producción
 - Subcontratación con otra empresa
 - Otras razones:
13. Del total de ingresos en la línea gerencial de 1991-1992, cuántos fueron por promoción interna y cuántos por reclutamiento externo a la empresa?
- Promoción interna
 - Reclutamiento externo
14. Cuáles han sido las razones de las salidas en los puestos gerenciales en 1991-1992? (clasifíquelas de 1 a 3, según valores de la pregunta 12).
- Decidido por la empresa por razones de rendimiento.
 - Decidido por la empresa por reorganización/innovación tecnológica.
 - Voluntario por búsqueda de desarrollo profesional.
 - Voluntario por insatisfacción en la empresa.
 - Otras razones
15. Quién realiza la selección de los gerentes?
- La misma empresa
 - Una firma consultora
16. Cuando la realiza la empresa, indique por orden de importancia (de 1 a 4) los medios a los que usualmente recurre. Si no utiliza alguno de ellos marque "0" en el espacio correspondiente.
- Promoción interna
 - Avisos en periódicos/revistas
 - Contacto directo con candidatos externos
 - Institutos de formación gerencial
17. Se hace una descripción del puesto y el perfil requerido?
- Si No
- Quién la efectúa?
- El directorio
 - La gerencia general
 - La línea gerencial
 - El área de personal
 - En conjunto
18. En la evaluación de un candidato a gerente, sobre un total de 100 puntos posibles, que peso se le otorga a cada uno de los siguientes factores.
- Desempeño anterior
 - Experiencia en el área
 - Educación (general)
 - Educación gerencial
 - Otros (especifique)
- Total 100 pto.
19. Si hubiera tenido que hacer la evaluación antes del cambio de política económica en 1990, que peso le hubiera otorgado a los mismos factores?
- Desempeño anterior
 - Experiencia en el área
 - Educación (general)
 - Educación gerencial
 - Otros (especifique)
- Total 100 pto.

III. LAS CALIFICACIONES GERENCIALES Y EL MODO DE ADQUIRIRLAS

20. Cuáles son las calificaciones más importantes que debe tener un gerente en la actualidad? (acredite el valor 1 al factor de mayor cuantía, 2 al que le sigue en importancia y así sucesivamente)

- Visión global del proceso económico
- Habilidad para tomar decisiones en condiciones de incertidumbre
- Capacidad para efectuar el ajuste microeconómico al nuevo entorno macroeconómico.
- Aptitud para bajar los costos nominales
- Capacidad para desarrollar una estrategia de productividad.
- Capacidad para descubrir y aprovechar "nichos" de competitividad.
- Habilidad para ajustar el proceso de trabajo a los cambios en las tendencias de la demanda.
- Estar al día en los avances técnicos en su área.
- Otros (especifique)

21. Si tuviera que optar por uno sólo, en su opinión cuál es el medio más idóneo para obtener esas calificaciones?

- La experiencia adquirida en el manejo de los problemas.
- La formación especializada y continua

22. Si en realidad cree que las calificaciones se obtienen por una mezcla de experiencia y capacitación, cuál es la combinación ideal? (sobre 100%).

- Experiencia
- Capacitación

23. Considera que la experiencia adquirida por la línea gerencial antes de 1990 habilita para afrontar los problemas de una economía abierta y competitiva

- Sí, en gran parte
- Sí, parcialmente
- Sí, escasamente
- No sirve

24. Considera que los conocimientos adquiridos por los gerentes en programas o cursos de capacitación antes de 1990 sirven para afrontar los problemas de una economía abierta y competitiva

- Sí, en gran parte
- Sí, parcialmente
- Sí, escasamente
- No sirve

25. Si tuviera que calificar el perfil existente de calificaciones de la línea gerencial en función de su aptitud para dar respuesta a las necesidades de la empresa en un entorno competitivo, qué nota le pondría en una escala de 1 a 10?

- En las empresas poruanas en general
- En las empresas de su sector
- En su empresa

IV. LA CAPACITACION GERENCIAL

26. La empresa tiene algun programa de capacitación gerencial?
 Si No

27. Quién determina las necesidades de capacitación gerencial?
 - La gerencia general
 - La línea gerencial
 - El área de personal

28. En época de reducción de costos, cree que se debe gastar en capacitación gerencial?
 - Sí, incluso aumentar el esfuerzo
 - Sí, pero sin aumentar el gasto
 - No, incluso debe recortarse el presupuesto

29. Cuál es el presupuesto aproximado del programa de capacitación gerencial?
 US \$

30. El presupuesto para capacitación gerencial ha aumentado en los últimos 5 años.
 - No aumentó
 - Aumentó menos de 25 %
 - Aumentó entre el 26-50 %
 - Aumentó entre el 51-100 %
 - Aumentó más de 100 %

31. Qué modalidad se utiliza más frecuentemente para instrumentar el programa de capacitación gerencial? (indique por orden de importancia, otorgando valor 1 a la más frecuente, si no utiliza alguna modalidad marque "0" en el casillero correspondiente.)
 - Cursos internos puntuales dictados por profesores contratados por la empresa.
 - Contratación de un plan pre-diseñado dictado en la empresa.
 - Matrícula en cursos ofrecidos por institutos especializados
 - Cursos en el exterior

32. Cree que los cursos ofrecidos por los institutos especializados en administración de negocios se adaptan a las necesidades de su empresa?
 - Sí, en gran parte
 - Sí, parcialmente
 - Sí, escasamente
 - No se adaptan

33. En los últimos 3 años, los gerentes de su empresa tomaron cursos ofrecidos por:
 - IPAE Si No
 - ESAN Si No
 - ADEX Si No
 - U. del Pacíf. Si No
 - U. de F.ura Si No
 - Otros Si No

34. Si tuviera que calificar la utilidad de la oferta de capacitación en relación a los siguientes requerimientos de calificaciones gerenciales qué nota le pondría en cada caso? (en una escala de 1 a 10)

- Visión global del proceso económico
- Habilidad para tomar decisiones en condiciones de incertidumbre
- Capacidad para efectuar el ajuste micro-económico al nuevo entorno macroeconómico
- Capacidad para bajar los costos nominales
- Capacidad para desarrollar una estrategia de productividad
- Capacidad para descubrir y aprovechar "nichos" de competitividad
- Habilidad para ajustar el proceso de trabajo a los cambios en las tendencias de la demanda
- Otros (especifique)

35. Si tuviera que calificar el efecto de los cursos sobre la empresa, qué nota les pondría en relación a cada una de las siguiente variables? (en una escala de 1 a 10)

- Tasa de defectos en la producción
- Tasa de defectos en los productos vendidos
- Rendimiento de los productos.
- Plazos de entrega desde el cierre de pedido
- Cumplimiento de los plazos de entrega pactados con los clientes
- Tasa de insatisfacción de los clientes
- Costo de reparación/garantía
- Introducción de nuevos productos
- Velocidad para introducir cambios en diseño
- Velocidad para introducir cambios en procesos de trabajo.
- Velocidad para introducir cambios en volúmenes de producción.
- Apertura de nuevos mercados
- Posibilidad de competir con productos importados
- Relación exportaciones/ventas totales
- Rotación anual de inventarios
- Calidad de la gestión de recursos humanos
- Productividad de la mano de obra

36. Qué otro efecto importante sobre la gestión de la empresa tuvieron los cursos?

CUANTO

OPINION SURVEY: MANAGEMENT TRAINING IN PERU

This survey's objective is to learn about the perception of entrepreneurs and executives on the quality of management training offerings and their adaptation to the needs of firms in a competitive economy. The answers will be very useful in evaluating the effectiveness, from the demand side, of the training programs in the country's leading business administration schools.

Thank you very much for your interest and cooperation.

Date: _____

I. PROFILE OF THE SURVEY RESPONDENT AND HIS/HER FIRM

- | | |
|--|---|
| <p>1. Age</p> <ul style="list-style-type: none">Up to 30 years31 - 3940 - 5455 and more | <p>5. Activity Sector</p> <ul style="list-style-type: none">AgricultureMiningIndustryConstructionFinanceServicesOther (specify) |
| <p>2. Sex</p> <ul style="list-style-type: none">MaleFemale | <p>6. Range of annual sales in US\$ (1992 estimate)</p> <ul style="list-style-type: none">To \$100,000\$100,001-\$300,000\$300,001-\$500,000\$500,001-\$750,000\$750,001-1,000,000\$1,000,001-5,000,000\$5,000,000 + |
| <p>3. Relationship to the firm</p> <ul style="list-style-type: none">Owner/stockholderNon-owner | <p>7. Range of annual exports in US\$ (1992 estimate)</p> <ul style="list-style-type: none">Does not exportTo \$100,000\$100,001-300,000\$300,001-500,000\$500,001-750,000750,001-1,000,0001,000,001-5,000,000\$5,000,000+ |
| <p>4. Position occupied in the firm</p> <ul style="list-style-type: none">DirectorGeneral ManagerArea Manager (please specify)Head of Department/DivisionProfessional/TechnicianExternal advisorOther (please specify)No answer | |

II. STAFFING, TURNOVER AND RECRUITMENT OF MANAGEMENT

8. How many people does the firm employ (approximate number)?
9. How many managers are there in the firm?
10. How many women are there in management?
11. What was the total turnover (entries and exits) in management over the last two years?
12. If there was a change in the number of managers, what were the reasons?
- Functional restructuring
 - Need to reduce costs
 - Incorporation of new products
 - Incorporation of new techniques
 - Beginning or increase in exports
 - Changes in production volumes
 - Sub-contracting of another firm
 - Other reasons
13. Of the total entries to management in 1991-1992, how many were due to internal promotion and how many due to outside recruitment?
14. What were the reasons for exits from management posts in 1991-1992? (Please classify them from 1-3, according to values in question 12)
- Firm's decision due to reasons of performance
 - Firm's decision due to technological reorganization/innovation
 - Voluntary for professional development reasons
 - Voluntary due to dissatisfaction with firm
 - Other reasons
15. Who carries out the selection of managers?
- The firm itself
 - A consulting firm
16. When carried out by the firm, indicate the order of importance (from 1 to 4) the methods resorted to.
- Internal promotion
 - Ads in newspapers or magazines
 - Direct contact with internal candidates
 - Management training institutions
17. Is a description made the position and the profile required?
- Yes No
- Who writes it?
- Board of Directors
 - General management
 - Area management
 - Personnel department
 - Joint effort
18. In the evaluation of a management candidate on a scale of 100, what import is given to the following factors?
- Previous performance
 - Relevant experience
 - Education (general)
 - Management education
 - others (specify)
19. If you would have made this evaluation before the 1990 changes in economic policy, what weight would you have given to the same factors?

III. MANAGEMENT SKILLS AND THE MEANS OF ACQUIRING THEM

20. What are the most important skills a manager should have currently?

- Global outlook on the economic process
- Ability to make decisions under uncertain conditions
- Ability to carry out microeconomic adaptation to new macroeconomic environment
- Aptitude for lowering nominal costs
- Ability to develop a productivity strategy
- Ability to discover and make use of competitiveness "niches"
- Ability to adjust the work process to the changes in demand trends
- Be up-to-date in the technical progress in their field
- Other

21. If you had to choose only one, in your opinion what is the ideal means for obtaining these skills?

- Experience acquired in problem-solving
- Specialized and continuous training

22. If you believe that skills are acquired through a mix of experience and training, what is the ideal combination (in percentages)?

- Experience
- Training

23. Do you consider that the experience acquired by management before 1990 enables managers to face the problems of an open and competitive economy?

- Yes, to a great extent
- Yes, partially
- Yes, moderately
- Not at all

24. Do you consider that the knowledge acquired by managers in training programs or courses before 1990 are useful for facing the problems in an open and competitive economy?

- Yes, to a great extent
- Yes, partially
- Yes, moderately
- Not at all

25. If you had to rate the existing profile of skills among managers by function of their ability to respond to the needs of the firm in a competitive environment, how would you rank it on a scale of 1 to 10?

- In Peruvian firms in general
- In the firms in your sector
- In your firm

IV. MANAGEMENT TRAINING

26. Does the firm have a management training program?
27. Who determines the management training needs?
- General management
 - Area management
 - Personnel department
28. In times of cost reductions, do you think that there should be a budget allocated for management training?
- Yes, and increase the effort
 - Yes, but without increasing costs
 - No, the budget should be cut.
29. What is the approximate budget for the management training program?
30. The budget for management training has increased in the past 5 years.
- It did not increase
 - Increased less than 25%
 - Increased between 26-50%
 - Increased between 51-100%
 - Increased over 100%
31. What method is used most frequently to carry out the management training program?
- Timely internal courses taught by hired teachers
 - Contracting of a pre-designed plan taught within the firm
 - Registration in courses offered at specialized
34. If you had to rate the usefulness of training offerings in relation to the following requirements of management skills, how would you rank each one?
- Global outlook on the economic process
 - Ability to make decisions under uncertain conditions
 - Ability to carry out micro-economic adjustment to the new macroeconomic context
 - Ability to lower nominal costs
 - Ability to develop a productivity strategy
 - Ability to discover and make use of competitive "niches"
 - Ability to adapt the work process to the changes in demand trends
 - Others
35. If you had to rate the effect of the courses on your firm, how would you rank them on the following variables?
- Rate of defects in production
 - Rate of defects in products sold
 - Product yield
 - Delivery times after the order is placed
 - Meeting of delivery deadlines agreed to with clients
 - Rate of client dissatisfaction
 - Warranty/repair costs
 - Introduction of new products
 - Speed for introducing changes in design
 - Speed for introducing changes in production volumes
 - Speed for introducing changes in work processes
 - Opening of new markets
 - Possibility for competing with imported products
 - Ratio of exports to total sales

- institutions
- Courses abroad

32. Do you think that courses offered at specialized institutions in business administration adapt to the needs of the firm?

- Yes, to a great extent
- Yes, partially
- Yes, moderately
- Not at all

33. In the last 3 years the managers in your firm took courses offered by

- IPAE
- ESAN
- ADEX
- Univ. of the Pacific
- Univ. of Piura
- Others

- Annual inventory turnover
- Quality of human resource management
- Labor productivity

36. What other important effects on the firm have the courses had?