



# **Business Training Market Analysis and Needs Assessment**

## **Enhanced Small and Medium Sized Enterprise Development Project**

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*Submitted by*  
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## **I. Overview**

The Enhanced SME Development Project (ESD), funded by USAID/Russia, aims to strengthen small-and medium-sized enterprises (SMEs) in the Russian Far East through improved access to credit, advanced and sector-specific business skills training, and an improved regulatory environment. ESD supports the development of more sustainable SMEs and business associations through technical assistance and training.

In November and December 2003, rapid assessments were conducted to assess the current state of business training markets in six regions: Amurskaya Oblast, the Republic of Buryatia, Khabarovski Krai, Primorski Krai, the Republic of Sakha, and Sakhalin Oblast.

Business Training Market Analysis and Needs Assessment Reports were prepared for each region (see below).

### **Methods**

The assessments used an integrated approach combining quantitative and qualitative research. Qualitative open-ended interviews were used to gather input from training service providers, the regional administrations – departments supporting businesses, banks, and SMEs. A quantitative written survey was used to gather additional input from a wider sample of stakeholders.

ESD staff, partners, and consultants identified agencies, organizations, and individuals to include in the market analysis. Interviews were chosen as the primary data collection strategy for the market analysis because they are a good method for gathering in-depth information. Top management of training organizations and agencies, local government officials and representatives of business support institutions (BSIs) were interviewed. Interviews provided the data for the organizational assessment of current training provided and training capabilities. Categories and issues identified by the service providers and Winrock staff and consultants were then used to develop the needs assessment. In-depth interviews and a survey questionnaire were used to conduct the needs assessments in each region.

Topics covered included:

- Business issues facing the region
- Training and outreach needs, with the special emphasis on:
  - a. Identification of training needs of SMEs in advanced business skills
  - b. Sector-specific training required
  - c. Business and sector-specific associations in the region
  - d. Price that SMEs would be willing to pay for training
  - e. Training providers in the region

## **II. Khabarovski Krai**

### **Background**

In Khabarovski Krai, Winrock staff and consultants identified 20 business community decision-makers, including four representatives of local administration, two bankers, and 12 business owners and top managers from Khabarovsk for in-depth interviews. A questionnaire was also mailed or personally delivered to 70 business decision-makers in Khabarovsk Krai. Twenty-two usable surveys were returned for a response rate of 31%. Respondents represented a cross-section of the target audience, including small business owners, managers of financial

institutions, representatives of business support institutions, managers of existing training centers, and municipal officials.

## Results

The following barriers for the development of SMEs were identified as major during the current research:

- **Administrative Barriers.** Administrative resources and connections are widely used in squeezing the newcomers out of the market, when mature companies, which have strong support at the administration, use their connections to put pressure on landlords and force a new competitor to move out of their premises. Administrative resources are also used in organizing unplanned inspections of non-loyal or competing businesses.
- **Premises.** There is a lack of commercial real estate, resulting in expensive lease rates and high business risks, because building owners can change lease agreements, for example, increasing the rent 3-4 times during a lease period.
- **Customs.** Especially for small businesses it is hard to prove their rights at customs, as small business owners possess fewer resources to protect their interests.
- **Licensing.** It is difficult for SMEs to obtain licenses for trade operations, and permits from fire and sanitary inspectors, due to corruption at some government agencies.
- **Availability of Financial Resources** The market of financial products and services in the Russian Far East is five to seven years behind the market in Central and Western Russia. Financial services are represented by local Far Eastern banks, which lack financial resources and thus are not able to diversify services and products. The underdeveloped competition allows banks to maintain high interest rates (up to 5% per day) on commercial loans, with the minimum annual interest rate of 30%. In some cases, annual rates are as high as 45%. Collateral presents another problem for small businesses, particularly for those involved in production. These factors present serious constraints for the development of industries where SMEs are the key players, such as small bakeries, dairy processing and other food production and catering, where the return on the investment is medium, and long-term low-interest loans are required. Other types of financial services, such as leasing, are also underdeveloped. Existing banks have their own leasing companies, serving the banks' own large clients. Banks are not interested in working with small businesses, as the screening process is costly, while producing low profits for the bank. There are only two active leasing companies, Deltalease- Far East and SALCO (Sakhalin Leasing Company, representative office in Khabarovsk) –who work with SMEs, and awareness within the business community on leasing is very low.
- **Lack of Business Learning Programs.** All interviewed businesses and officials representing business support institutions highlighted the importance of business education and training for entrepreneurs. There is no consistency in business support and specifically in business training for entrepreneurs. The existing program of the Russian American Education Center, rated very high by all participants, is focused on courses for start-up businesses, with plans to develop more training modules for advanced SMEs. Local business training organizations provide mainly training in finance (accounting, bookkeeping and taxation). Large representative offices of companies based in Central and Western Russia (e.g., Baltika brewery, Akvanom – distributor of German and Belgian plastic windows, Baltimor – producer of grocery products, and others) have corporate training organized by the parent company at the headquarters. The lack of local trainers and the high cost of bringing trainers and coaches from other regions makes RFE training random and inconsistent. Also, there is little advertising of the training; information is mostly distributed via mailing lists. Thus information on training courses is hard to find.

- **Barriers for the growth of core industries in the region.** Timber Processing, Fishing and Construction industries were named as the most important for regional development. In general, they face the same obstacles as other businesses. However, there are some industry-specific problems, which could be addressed through ESD. A major barrier for growth is the lack of business information and the lack of industry-specific knowledge:
  - a. Government regulations in the core industries go through frequent changes, and this information has to be available to the companies.
  - b. To meet current standards of processing and production, businesses need modern equipment. For most businesses, especially in fish processing, fixed assets are obsolete and need updating. It is difficult to get the right information on equipment and production standards.
  - c. Companies need training on modern processing technologies, the types of products demanded and available on world markets.
  - d. The forest industry could benefit from training on the certification of wood, to make sure that wood has been legally harvested. This would help companies to increase product standards, make products legal and increase sales, as major buyers purchase only certified timber products.
  - e. The NTFP (non-timber forest products) sector would benefit from knowledge of the legislation, certification, processing technologies, packaging, distribution, and export relationships.

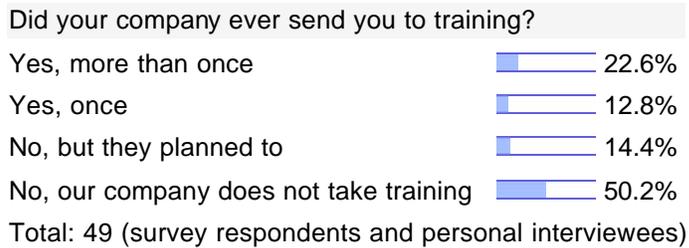
Current perception of training courses among local SMEs.

SMEs that participated in the personal interviews emphasized the influence training (especially training received at Russian American Education Center) had on the growth of their business. However, the majority found it difficult to meet identified training needs due to a number of constraints. The main barrier highlighted was the lack of local trainers and the lack of time available for training activities. Another obstacle referred to was the inflexibility of training courses in terms of the timing and location (most training courses take place in Moscow). The barriers identified above are compounded by the lack of forward planning owners/managers give to their training needs. Training within SMEs was rarely pre-planned and was either a reaction to events or based on intuition.

Prior to starting up their businesses, over half of the owners/managers did not undertake training. The two most common reasons given for this were: 1) there were no training courses available, 2) entrepreneurs felt that they had sufficient knowledge of the business already. Of those businesses that undertook training, the highest percentage of SMEs was from the Business Services sector. Conversely, Retail and Construction contained the smallest percentage of SMEs that undertook training prior to startup. The Business Plan was the most popular topic for training and Business Ethics the least popular. When training is undertaken, U.S. and Japanese Government Agencies and programs are the most commonly used of the specified sources.

During the first 12 months of operation, less than 30% of the respondents undertook training. Financial Accounting and Taxation was the training topic most identified as being needed during the first 12 months of operation, although more SMEs actually undertook training in Business Planning than in any other subject. Services and Manufacturing are the sectors in which the highest percentage of business undertook training. Training was lowest amongst those businesses from the Retail sector. The primary barrier to undertaking training was No Provider in all sectors other than Manufacturing. In this sector, Not a Priority was the most quoted reason.

After the first 12 months of operation, a higher percentage of respondents from Services undertook training than respondents from any other sector. Interestingly, Accounting and Taxation and Computer/IT overtook Business Planning as the most popular training topic amongst local SMEs. Again, No Provider was the most common barrier preventing the fulfillment of an identified training need.



### Needs Assessment Interviews

Six training categories surfaced during the interviews:

- Business Technologies
- Industry Specific Training
- Corporate Training
- Training for Trainers
- Regulatory Reform and Legal Aspects of Business
- Training in the establishment and operations of Business Associations

Service provider interviewees identified 28 potential training topics within the six categories listed above. Examples of the most frequently cited topics under these categories are the following:

In 2003, the role of business training in Accounting and Taxation grew substantially. Changes in the Tax Code (Chapter 25) have created specialized needs. The Tax Code includes only the general information and does not contain specific details or requirements on the implementation of Tax Accounting procedures. To be able to match the requirements of the law, companies seek specialized training on compliance with the Tax Code.

In line with Tax Accounting, interviewees prioritized specialized training regarding the optimization of tax burdens for the companies. “The tax code is undergoing changes, new taxes are being introduced. The Tax Ministry changes its methodologies, therefore companies need help in providing training and specialized information. The demand for such training is permanent, as changes in the Tax Code take place regularly, creating permanent demand for our assistance,” stated Tatiana Korobenko, “Green House Training Center”.

Next demanded, after Taxation, is training on Managerial Accounting and Organizational Structure. Many companies expand or diversify, facing changes in the managerial structure. Top managers/owners keep strategic decision-making functions for themselves and delegate operational functions to division or line managers, or the opposite – when top managers retain all functions, being afraid of losing control over the business. These companies look for assistance in designing the most efficient organizational structure.

Strategic Management Training is demanded by the top managers of successful companies, who now are looking for the strategies of further growth. How to expand the business, when managerial accounting has been set up, bookkeeping and sales are in perfect order – what to do next? How to build the right strategy?

Training on Information Technologies are requested more, as many companies already have purchased accounting software, use it successfully, and plan to go beyond that. Entrepreneurs, representing not small-, but mostly medium- sized businesses, see information systems as a way of cost reduction and minimization of business losses. The interviewees were specifically interested in training on modern logistics technologies, including warehouse logistics, purchasing

and distribution systems. This direction was named by representatives of production and wholesale companies, where logistics is not the core activity.

Training on Human Resource Management is getting more popular. Businesses, especially larger ones, face the problem of finding and retaining qualified personnel, and motivation techniques to enhance productivity and increase loyalty.

Industry Specific Training was identified as a priority for the region, as the core industries play a large role in the local economy.

Interviewees were asked about advantages and disadvantages of training providers over the internal coaches working at one company:

| Advantages of training companies  | Disadvantages of training companies   |
|---|---|
| New technologies, new topics, new ideas<br>Guarantee of the quality of services<br>No business or friendly relations within the company<br>High quality manuals | Expensive services<br>Cannot be controlled<br>Formal approach and “mass production”<br>Hard to find |

The most highly recommended target audience for training and outreach was business owners and managers and municipal officials. “Business Education for Municipal Officials” training programs were specifically mentioned.

Collaborating with other agencies or organizations was the most frequently recommended training delivery method. The two most commonly cited collaborations were with Russian American Education Center and the Far Eastern Chamber of Commerce and Industry.

**Needs Assessment Survey**

Surveys were completed by 22 entrepreneurs.

1. Survey respondents ranked the following six training topics, from a list of 22, as the most important for training in Khabarovsk. These six issues were rated as very important by more than 70% of respondents.

- Human Resource Management (100%)
- Art of Negotiations (81%)
- Quality Control (76%)
- Customer Relationship Management (71%)
- Information Technologies (IT) in Business (71%)
- IT as a Marketing Tool (71%)

2. Survey respondent wanted to learn more about such topics as:

- Delegation, Motivation and Control
- Managerial Accounting
- Cost Accounting
- Logistics and Distribution
- Production Planning

- Brand Management
- Marketing and Sales
- Business Ethics
- Corporate Governance
- Public Relations Techniques

3. The scope of business training in Khabarovsk in 2003 was characterized as:

No training at all – 38%  
 Not a sufficient amount of training – 43%  
 No answer – 19%

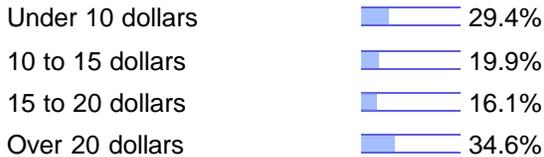
4. Did business training held this year in Khabarovsk match the needs of your business:

Yes – 4%  
 Partially – 33%  
 No – 28%

5. Fee for training courses:

Ready to pay – 72%  
 Not ready to pay – 14%  
 No answer – 14%

What fee are you ready to pay for 4-6 hours of training?



Total: 49 (survey respondents and personal interviewees)

**Conclusions**

These recommendations were developed using the findings from the Needs Assessment and Market Analysis. Recommendations for training topics and partnerships are summarized here.

***Priority Training Themes***

As a result of this current research, the following priority themes are recommended as the focus of training and outreach:

- Business Technologies
- Industry Specific Training
- Corporate Training
- Training for Trainers
- Regulatory Reform and Legal Aspects of Business
- Training in the establishment and operation of Business Associations

Topics and training needs related to all categories may be addressed through the partnerships with the established training providers, described below. The most frequently mentioned

recommendation to the project is to use trainers from other regions of Russia, to enhance local training providers, and bring new knowledge and new training techniques to Khabarovsk region. This will result in improving the local business climate and enhancing market conditions for local SMEs.

### ***Training Topics***

Potential training topics were determined by combining all sources of information:

- Most frequently mentioned topic recommendations from the audience and service provider interviews.
- The highest-ranking "business issues facing Khabarovsk" identified in the audience interviews.
- Issues that ranked in the top "most important issues" on the audience survey.
- Issues that ranked in the top "issues to learn more about" on the audience survey.

These combined results represent identified training needs and gaps. Sixteen potential training topics surfaced as the most important. These are listed below in priority order based on the results of the Market Analysis and Needs Assessment.

Priority Training Topics for USAID's ESD Project:

- Industry specific training for the core industries of Khabarovsk
- Financial Training on Tax and Accounting Regulations
- Managerial Accounting and Organizational Structure
- Strategic Management
- Information Technologies
- Human Resource Management
- Art of Negotiations
- Quality Control
- Customer Relationship Management
- Delegation, Motivation and Control
- Logistics and Distribution
- Operations and Production Planning
- Marketing and Sales
- Business Ethics
- Corporate Governance
- Public Relations Techniques

Recommendations arising from this project highlight the importance for business courses to be available in the region, short, flexible and targeted to SMEs. The ESD Project is currently under rapid development and will work on adding value to local training providers. This may generate new collaborative frameworks for providers that will foster a culture of cooperation and complementarities. Electronic commerce will challenge existing business practices further, demanding wide-scale implementation of information and communication technologies with a host of associated training needs.

### ***Partnerships***

Partnering with other agencies and organizations was highly recommended in the Market Analysis as an integral part of ESD. Three training providers could be recommended for partnerships for the initial phase of the program. American Russian Education Center, Far Eastern Chamber of Industry and Commerce and training center "Green House" were recommended by respondents as valuable local partners for implementing the program.

Promotion of learning initiatives within the Russian Far East will improve the business environment from the inside, strengthening SMEs and BSIs and creating a healthier marketplace, while inspiring changes in the procedures of government agencies.

### **III. Amurskaya Oblast**

#### **Background**

Prognoz Center has been conducting market research, which indicates growing demand for training and consulting services among the entrepreneurs of Amurskaya Region. To develop the Prognoz Center's strategy within the framework of the new ESD Project, Prognoz designed and distributed a new questionnaire to research the demand for consulting and educational services.

In Amur region there are more than 35,000 active SMEs. Almost 35 per one thousand citizens. Entrepreneurs use the fortunate geographical position of Amur - near North China. Business in Amur is very active; the environment is very competitive. However, innovative management is not common yet. These factors create a large demand for advanced business training.

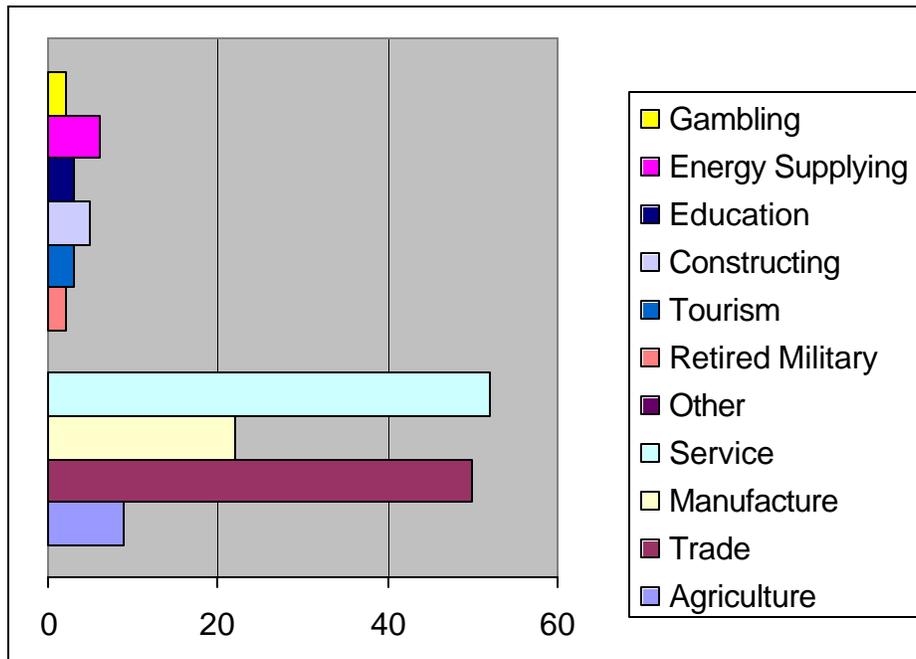
The questionnaire was given to Amurskaya Region entrepreneurs engaged in various types of business activities. The survey was conducted among 150 entrepreneurs of Blagoveschensk, Belogorsk, Raichikhinsk cities, Sadoviy settlement etc., who were primarily women. (This is explained by the growing percentage of businesswomen, who prefer to have their own business.)

Small- and medium-sized enterprises accounted for the largest percentage of respondents, large enterprises had the minor share. There are very few large enterprises in Amurskaya Region and Blagoveschensk, the Region's economy is primarily dependent on private entrepreneurs.

#### **Results**

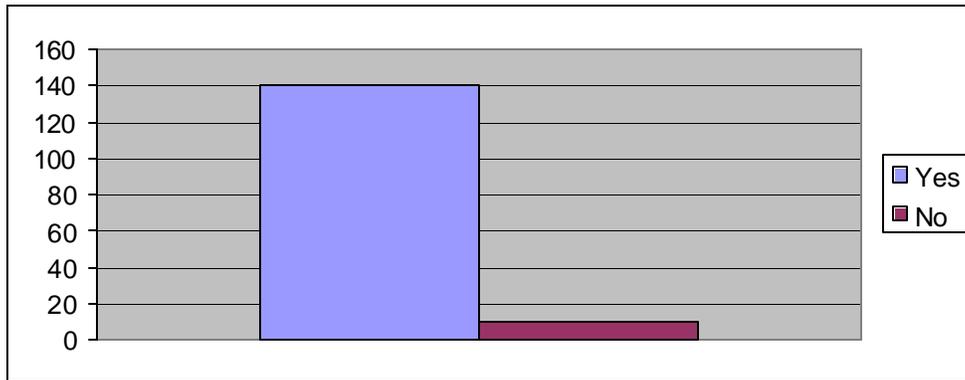
The majority of respondents were from the service and trade sectors. The service industry is ranked first, followed by trade (retail and wholesale) and production of consumer goods and foodstuffs. Agriculture (soybean production and processing) is ranked fourth, followed by construction, power engineering (private housing and communal services), tourism, education and gambling.

Figure 1



The next question related to obtaining a packet of information for business support and development with the use of highly effective technologies. This packet will include the code of new laws, methods and technologies related to business, its modification and expansion; and will be distributed via email with the use of the Center's existing database (Figure 2).

Figure 2

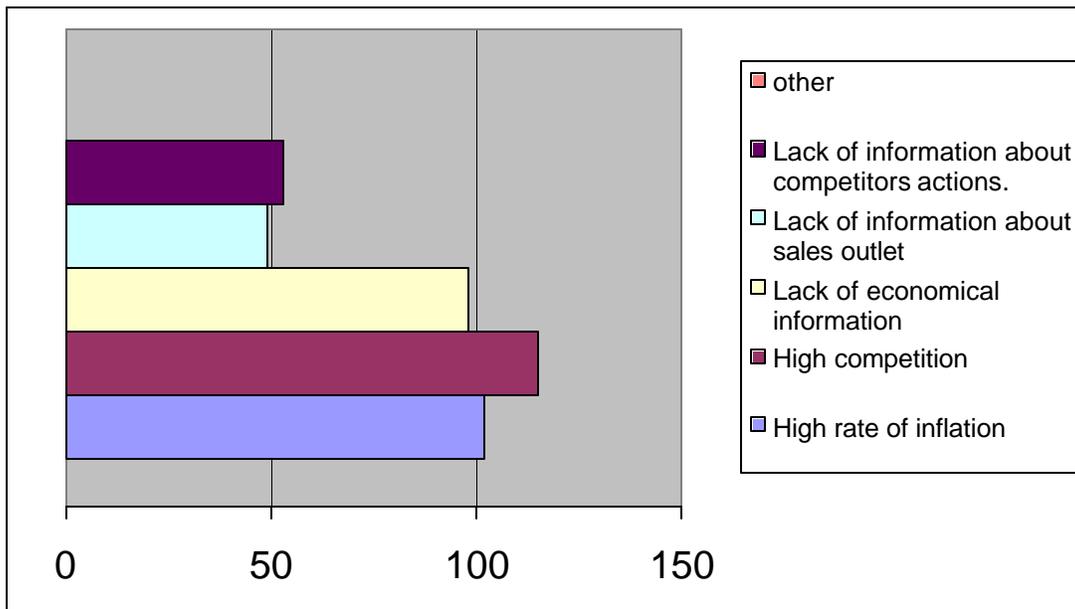


Most respondents are willing to use consulting services and they are even ready to pay for it.

According to respondents, the most critical business obstacles include high competition, high inflation levels, followed by insufficient availability of information about the economy, competitor's activities and markets. The other obstacles mentioned by some entrepreneurs were lack of good salespeople, technical means, information about potential buyers, poor customer service due to the weak economic situation in the region and difficulties in relations with the authorities from regulative institutions.

High competition may also contribute to the entrepreneur's desire to hire consultants and pay for services. Entrepreneurs will need new ways to organize business, provide effective management, and develop new strategies.

Figure 3



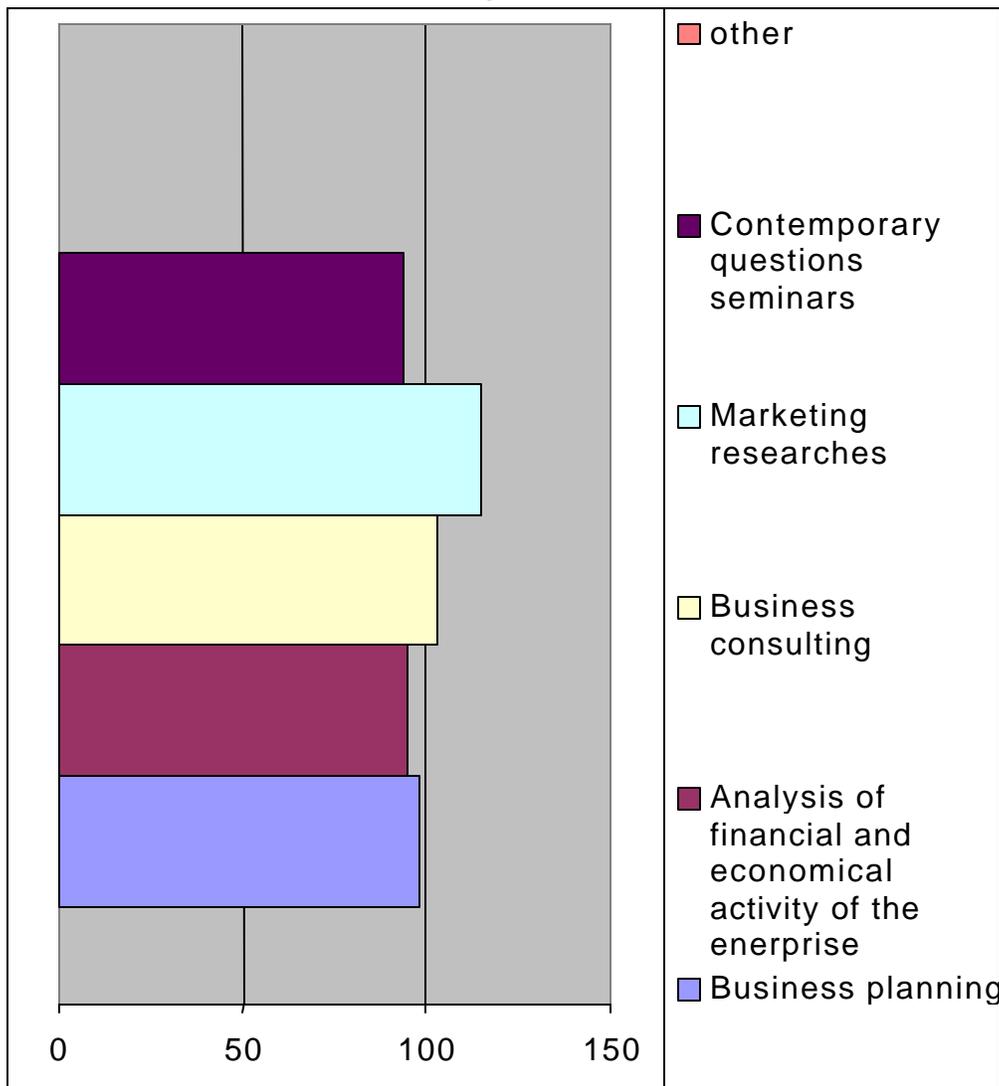
The interest in consulting on financial and operational management and critical issues enjoy approximately similar shares, which indicates that the firms most likely employ experienced financial directors or qualified accountants, which need advanced knowledge.

The most popular consulting services are marketing research; business consulting (seminars, training and individual consulting) is ranked second, which also confirms the demand for consulting services. Business planning goes next, thus confirming the demand for crediting and investment.

The interest in consultations on financial and operational activities and critical issues enjoy approximately similar shares, which indicates that the firms most likely employ experienced financial directors or qualified accountants, which need advanced knowledge.

Training in human resource management generated less interest. But it most likely reflects the structure of the respondents. Business executives rank their personal gaps in education first and the desire to have qualified staff second (see Figure 4).

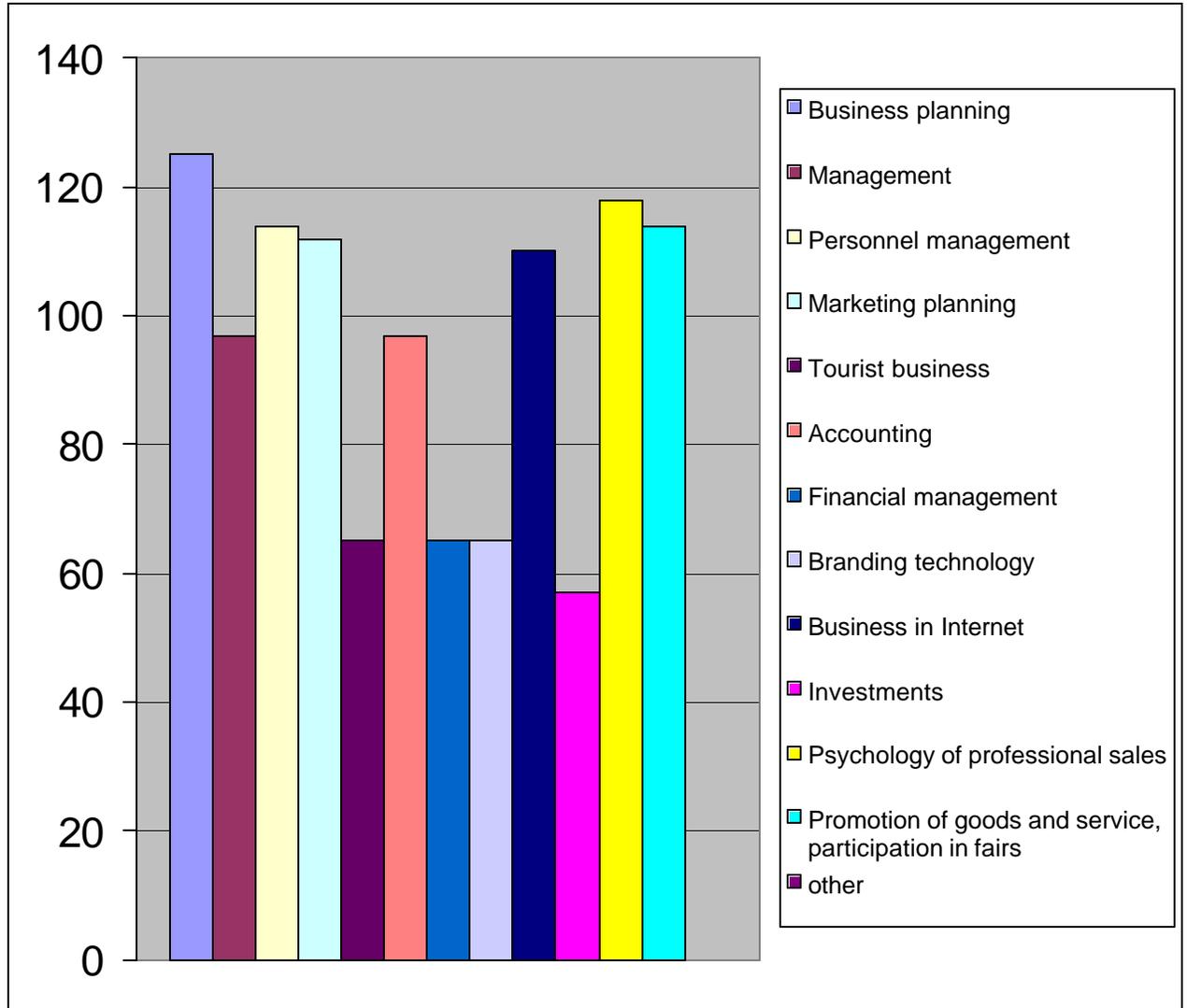
Figure 4



The most popular topics for training from the point of view of the entrepreneurs (Figure 5) are: business planning, psychology of professional sales, human resource management, promotion of goods and services and marketing planning. Less popular are doing business via the Internet,

management accounting and forecasting. The demand for topics on tourism business, financial management, branding technologies and investments is the least.

Figure 5



The rating of the topics is provided below.

|   |     |
|---|-----|
| Business Planning                                       | 125 |
| Management  | 97  |
| Human resource management                               | 114 |
| Business planning                                       | 112 |
| Marketing planning                                      | 65  |
| Tourism business  | 97  |
| Accounting and taxation                                 | 65  |
| Financial management, including costs management        | 65  |
| Branding technology                                     | 110 |
| Promotion of goods and services, participation in fairs | 57  |
| Doing business via the Internet                         | 118 |
| Investments   | 114 |
| Psychology of professional sales                        | 125 |
| Other   | 97  |

This information confirms the existence of problems in promotion of goods, which indirectly addresses the need for marketing knowledge and difficulties faced by the personnel.

The most acceptable prices for consulting and training vary from 100 to 250 Rubles per hour. The large enterprises have mentioned 300-600 and 600 and more Rubles. Several have reported to be ready to pay any price if they find that consulting service is truly important for them and will assist business.

## IV. Republic of Buryatiya

### Background

From December 16 – 18, 2003, the ESD Project surveyed Republic of Buryatiya entrepreneurs regarding their training needs as a part of Entrepreneurship Week in Ulan-Ude. The goal of the survey was to identify current needs of small- and medium-sized businesses for training services and the relationship between existing business training and perceived SME needs. This information will be used to develop future ESD training plans for the Republic.

The survey focused on private enterprises operating within all major business sectors of the Ulan-Ude. This includes the enterprises of the wood-processing sector (4%), natural resources (8%), consumer goods manufacturing (32%), wholesaling (4%), retail trade (8%), consumer services (14%) and business services (8%), as well as other sectors (14%).

50 questionnaires were completed; 42% of respondents were male; 58% were female.

### Results

Rating of Themes for Seminars and Training:

|   |     |
|---|-----|
| 1. The Art of Negotiation   | 62% |
| 2. Quality Control Management   | 60% |
| 3. Human Resource Management  | 56% |
| 4. Production Planning  | 56% |
| 5. Business Ethics  | 50% |
| 6. Marketing and Sales  | 48% |
| 7. Customer Relations Management  | 46% |
| 8. Sales Business-training  | 46% |
| 9. Business's Social Responsibility, its Impact on the Company's Image & Profit | 44% |
| 10. Warehouse Accounting  | 44% |
| 11. Modern Office Management. Optimization of the document turnover             | 38% |
| 12. Business and Informational Technologies                                     | 38% |
| 13. Managerial Accounting at your Organization                                  | 36% |
| 14. Organization of the Customer Support Service                                | 36% |
| 15. Modeling of the System for the Expenses Accounting and Analysis             | 32% |
| 16. Information Technologies as a Marketing Tool for your Business              | 30% |
| 17. Delegation, Target Setting, Motivation, Control                             | 28% |
| 18. Brand Management  | 26% |
| 19. Distribution System Management  | 26% |
| 20. PR-technologies in Business   | 18% |

### Analysis

There is a substantial need for training services in the region, based on the entrepreneurs' evaluation of the volume of business training conducted in the region during the 2003: 14% of respondents have indicated absolute lack of training, 28% evaluated the number of business trainings as insufficient, while only 4% have reported sufficient number of trainings available. The remaining 54 were not able to respond due to lack of information.

There is some dissatisfaction in the existing level of business training: 12% of respondents reported that the themes of the business training conducted in the region in 2003 correspond with their business' needs, while 20% reported that they correspond to some extent and 12% reported that they do not correspond at all. The remaining 56% did not respond due to insufficient information.

It is noteworthy that the surveyed business people recognize the need to pay for high-quality training services: 42% of respondents provided positive replies to this question; 24% are not prepared to pay for participation in seminars and 34% did not respond.

### **Demand for Sector-Specific Training**

During November 2003, a series of working meetings were held together with the representatives of the sector-specific associations: timber industry and wood processing enterprises, catering enterprises, manufacturers of souvenirs and national crafts, and agricultural enterprises.

Problems faced by the entrepreneurs, including general economic situation and development of the Republic's regional economics as well as sector-specific problems, were discussed during the working meetings. Most enterprises of various industry sectors encounter similar problems and therefore employ similar techniques to solve these problems. The timber industry looks relatively successful in this respect. Apart from such most popular training themes as the Art of Negotiation, Modern Methods for Products Promotion and Quality Control Management, they are interested in sector-specific themes for the seminars and educational training related to employment of new wood-processing technologies, introduction of the environmentally safe production methods and other themes that require highly skilled specialists.

Catering enterprises are distinguished by the number of structure-related problems, primarily associated with administrative barriers and lack of qualified personnel. While development and strengthening of the business associations may help solve the first problem, personnel training will be conducted as a part of sector-specific training.

The major problem for the producers of souvenirs and national crafts is poor sales of the goods produced. There is a substantial lack of well-trained personnel for promotion and sales of such products. Therefore, training on the use of marketing technologies in the souvenir production as well as modern technologies for products promotion, including those, which employ the Internet are ranked first among the rated needs.

The problems faced by the souvenir sector are somewhat similar to those of the tourist industry. During the working meetings with the representatives of the tourist business association the following themes for training for the Baikalskiy Region tourist organizations was identified:

- Training for Guides
- Training for Hotel Personnel
- Training on Promotion of the Tourist Operators
- Training on Strategic Planning in Tourism
- Training on Low-cost Marketing in Tourism
- Training on the Art of Presentation and Advertisement in Tourism Activity, Compiling of the Advertisement Campaign
- Seminar on Souvenirs and related products (will be jointly arranged with the souvenir producers)
- Seminar on the Development of Recreation Areas
- Administrative training for the managers of service organizations (hotels)

For all sectors in general, the preferred themes for training programs are defined as follows:

- The Art of Negotiation, Effective Selling Techniques
- Quality Control Management
- Human Resource Management
- Production Planning
- Marketing and Sales
- Customer Relations Management

## V. Primorskiy Region

### Background

The ESD Project surveyed 135 Primorskiy Krai (PK) entrepreneurs regarding their training needs. The survey was conducted in December 2004. The goal of the survey was to identify current needs of small- and medium-sized businesses for training services. This information will be used to develop future ESD training plans.

### Results

#### Evaluation of the volume of business training conducted in PK during the 2003

| Total lack of training | Insufficient number | Sufficient number |
|------------------------|---------------------|-------------------|
| 18 (13%)               | 101 (75%)           | 16 (12%)          |

#### Evaluation of the themes of the business training conducted in PK during the 2003

| Corresponds with the business' needs | Partially corresponds with the business' needs | Does not correspond with the business' needs |
|--------------------------------------|--|--|
| 15 (11%)                             | 98 (73%)                                       | 22 (16%)                                     |

We received the following response to the question: "Do respondents consider it possible to participate in training that requires payment?"

Yes - 108 (80%)

No - 27 (20%)

If YES, then how much:

Less than 100\$ - 65 (48%)

Less than 200\$ - 25 (18.5%)

Less than 300\$ - 11 (8%)

Less than 400\$ - 0

Less than 500\$ - 6 (4.4%)

According to the survey respondents, the most favorable duration of training seminars is as follows:

1 day – 30 (22%)

2 days – 44 (33%)

3 days – 38 (28%)

1 week – 15 (11%)

2 weeks – 4 (3%)

Managers and Top-managers of the enterprise account for the primary share of respondents (Figure 1).

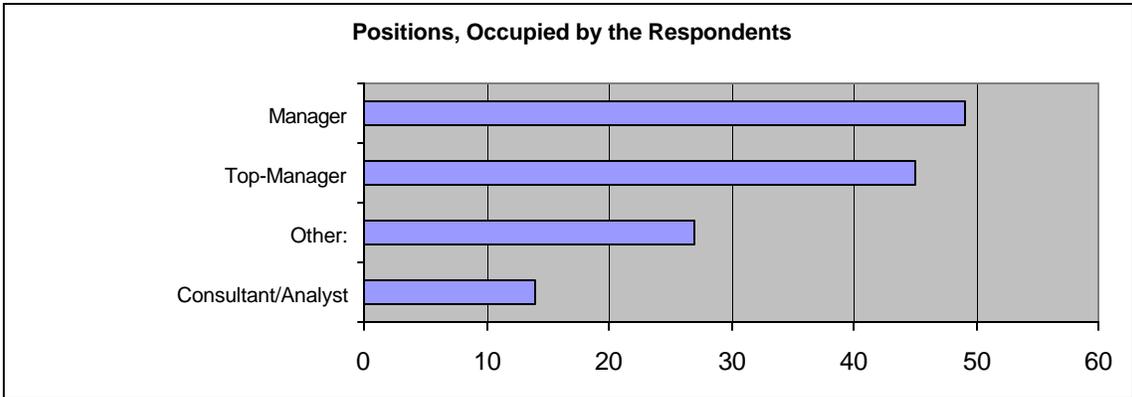


Figure 1

Distribution of the companies by industry sectors is presented in Figure 2. Companies in the services and trade sector account for the largest share of surveyed businesses.

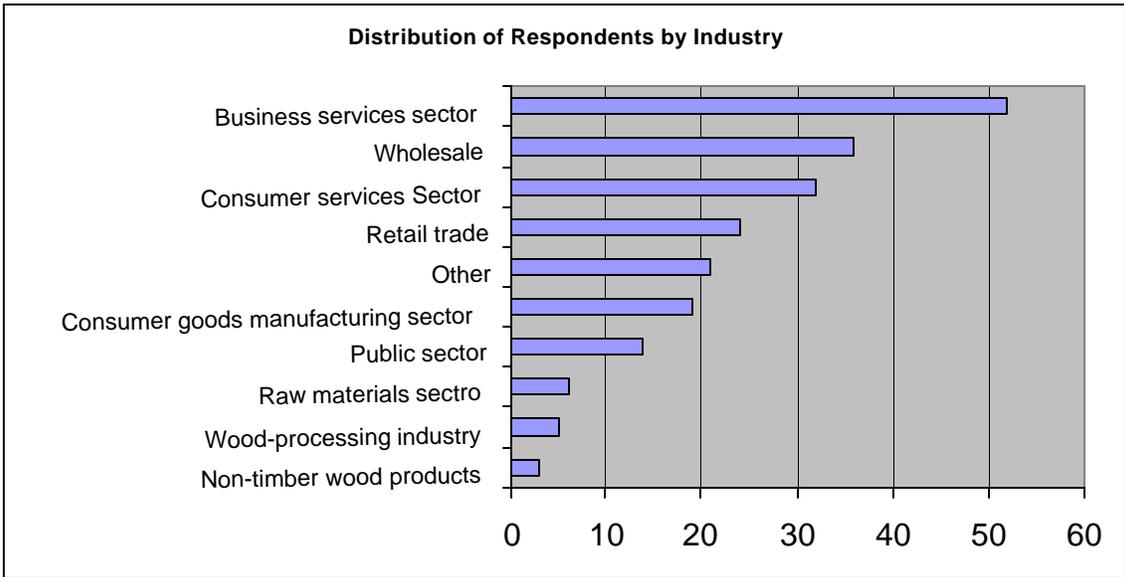


Figure 2

Figures 3 through 7 below rank the priority themes for advanced training for all types of enterprises and by category of respondents. In addition to the survey topics, respondents identified a need for training in the following topics: Project Management, Optimization of Business Processes, Financial Evaluation of Projects, E-Commerce, Reengineering Methods, Human Resource Management, The Art of Sales, Finance Management, International Quality Standards, Time Management, Business Network Technologies, Sponsoring, Coaching, Advertisement Campaign Evaluation, Financial Planning, Working Capital Management, Set-up of Unified Information Structure for Interaction with Remote Branches, New Legislation, Economics, and Development Planning.

Note: The Numbers at the bottom of Figures 3-7 reflect weighted responses. Participants were asked to rank seminar themes on a 5-grade scale, with 1 meaning less needed and 5 meaning most needed. The answers were summed. Therefore, the total of 520 for “Marketing and sales” in Figure 3 is a maximum above other themes, because the majority of respondents marked this particular theme as most needed, and so on.

### Themes of the Seminars: the Choice of All Enterprises

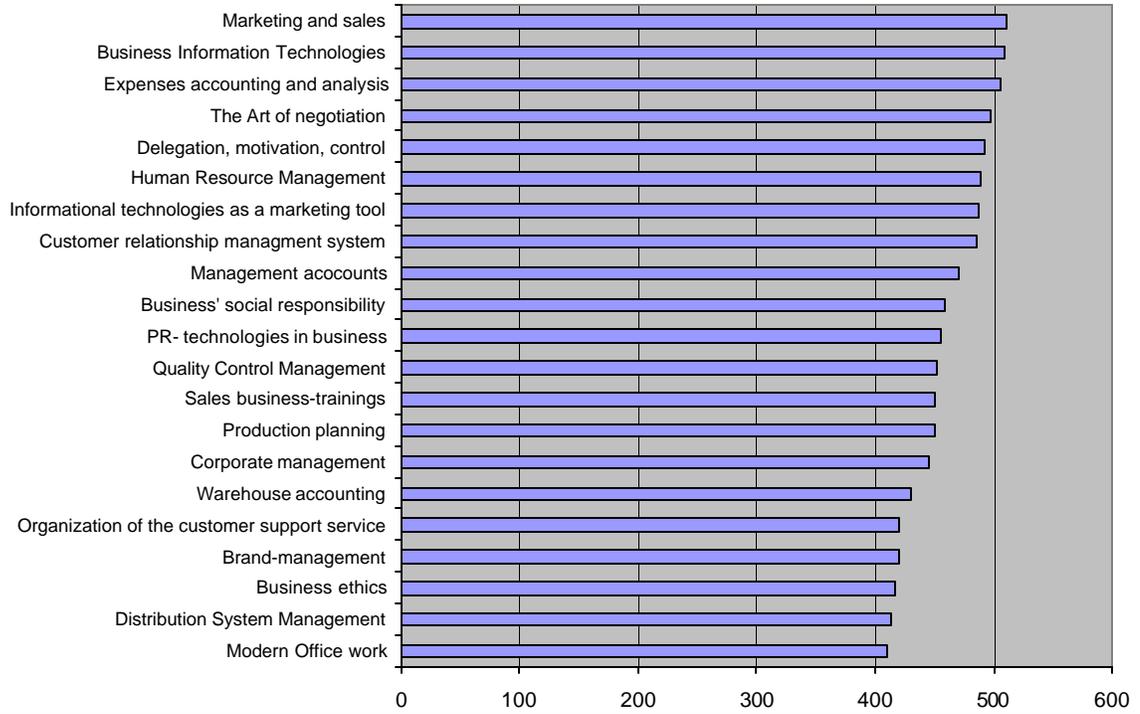


Figure 3

**The Themes of the Seminars: the Top-Managers' Choice**

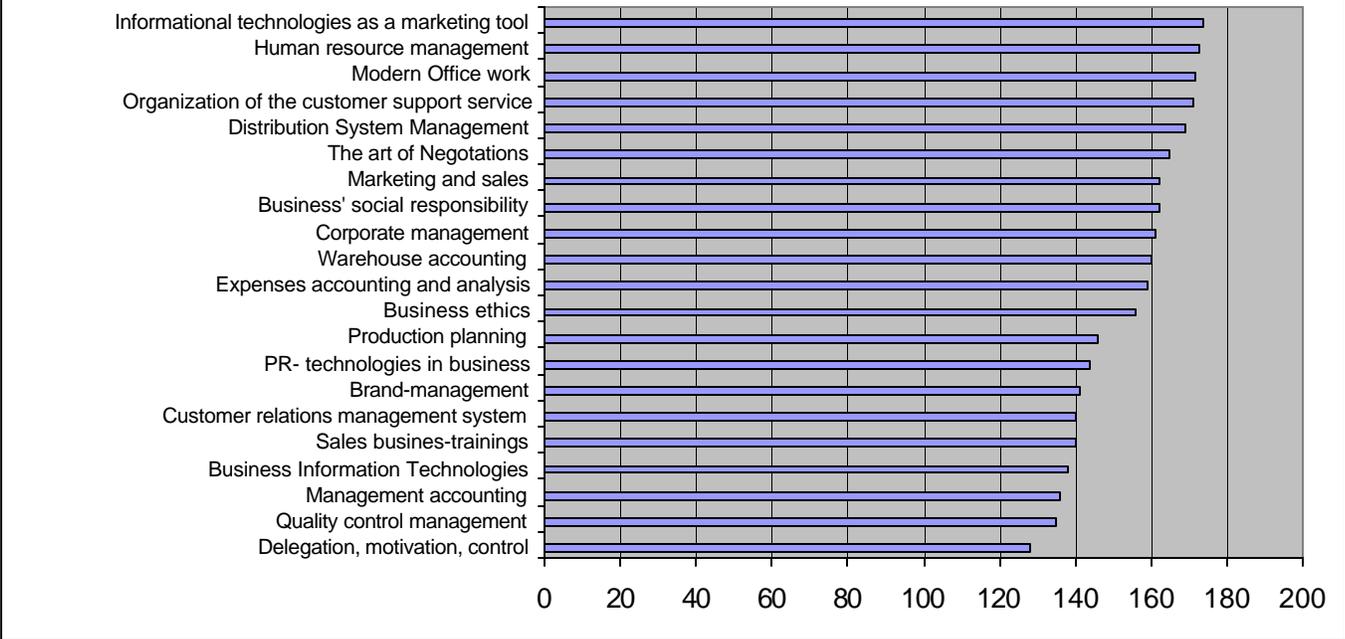


Figure 4

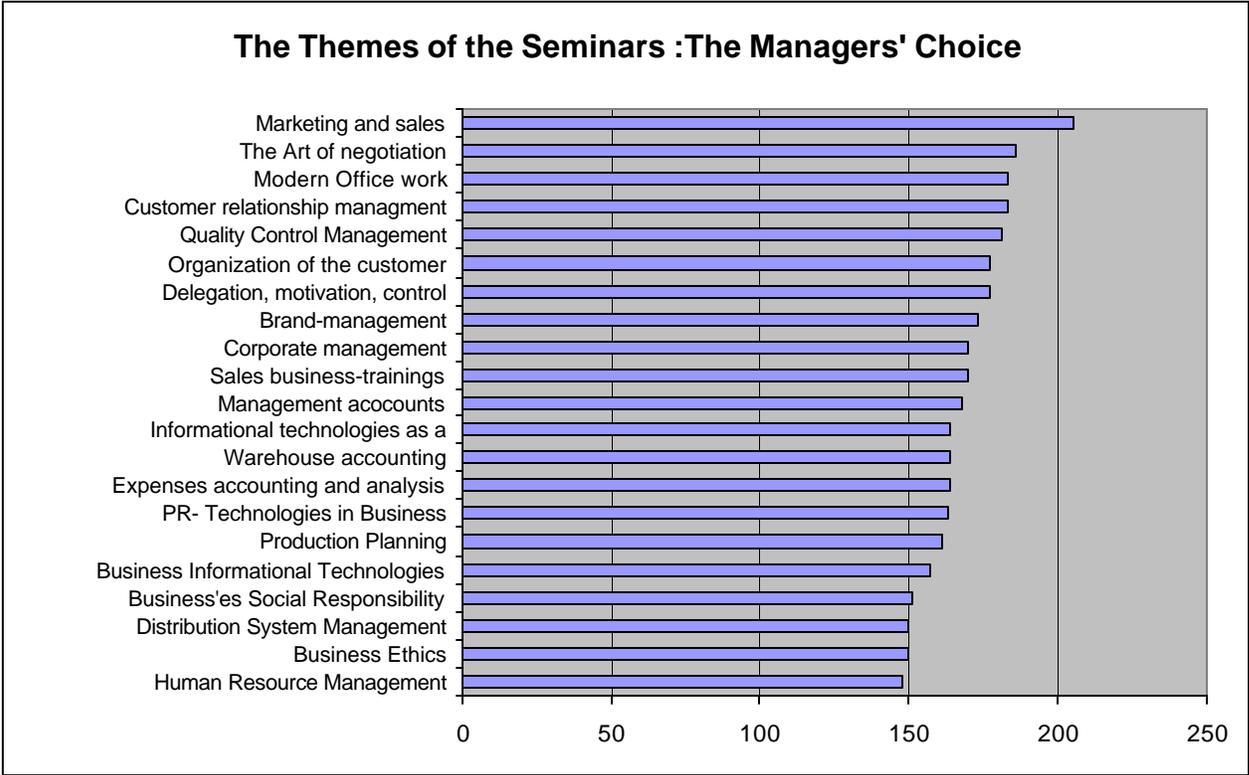


Figure 5

### The Themes of the Seminars: the Choice of Consultants/Analysts

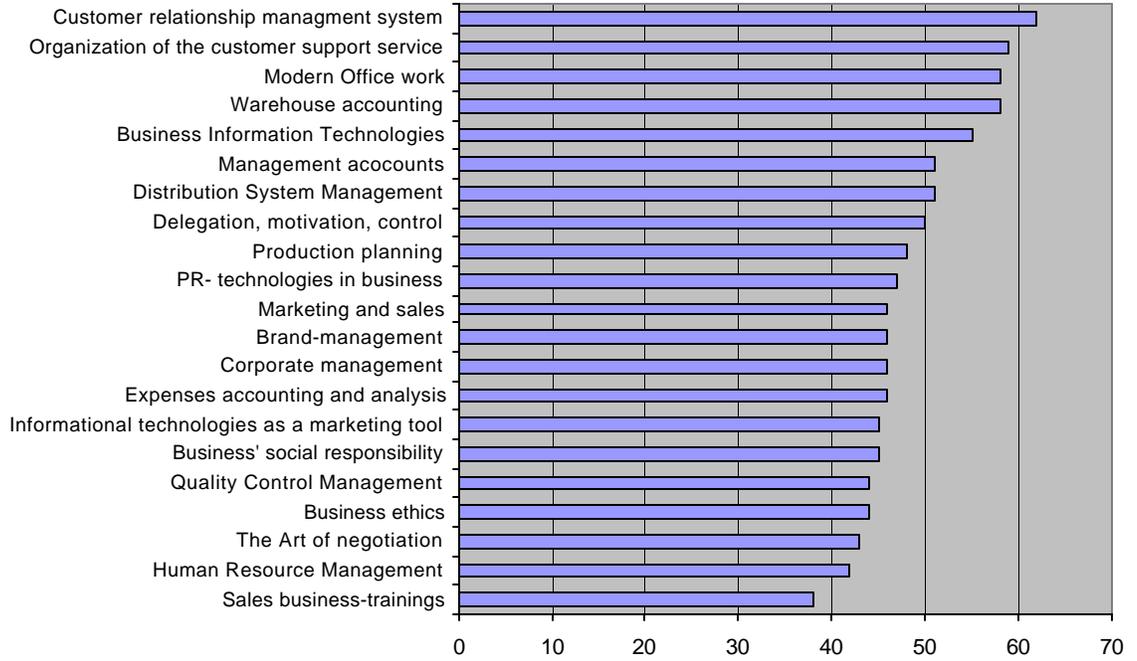


Figure 6

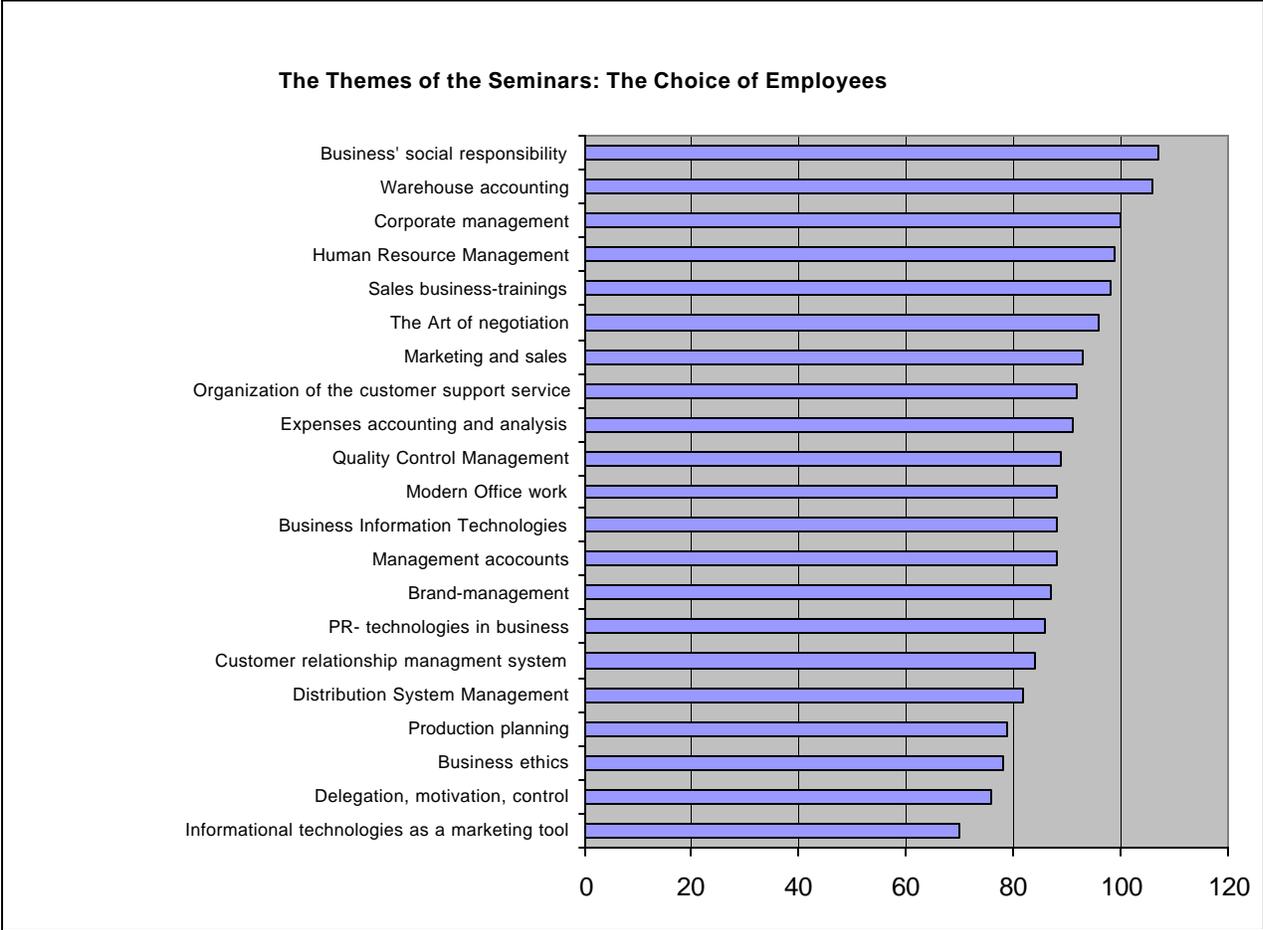


Figure 7

**Analysis**

Management and entrepreneurs evaluate their needs for business training differently. The interests of both managers and entrepreneurs should be considering in designing SME training plans. Moreover, ESD should consider the requests of the respondents related to the duration of the training and training fees in accordance with the information obtained from the survey.

**Need for sector-specific training and consultancies for the four key sectors of Primorskiy Region**

A number of advantages can be identified during the analysis of the Primorskiy Region economics, which includes diversified production system and unique combination of the export-oriented sectors: natural resources (metallurgy, mining and chemical, fishing, agriculture, and timber); processing, with the emphasis on food-processing (36 percent of the overall industrial production); and service sectors – international transportation, tourism, communication, education, and public health.

The Region is distinguished with a high level of the innovation potential, stipulated by the concentration of science, enterprises of instrument-making, aircraft and ship-building. Besides, Primorskiy is the most urban region in the Russian Far East and a major transportation hub.

The **Marine complex** combines both off-shore and on-shore operations. It includes fisheries, marine vessels, shipbuilding and ship repair enterprises, and on-shore infrastructure (communication centers, institutional system, and services sector). The share of the marine complex in the Region's overall production volume exceeds 50%. This determines its priority role in the Primorskiy Krai economy. Concentration of infrastructure servicing of the marine transport and fish industry, which are in most part SMEs, provides higher efficiency levels (from 30 to 60% higher than that of the other regions in the Russian Far East).

The strategic goal for the development of the marine complex is to create conditions that foster structural changes of the investment demand for goods (e.g., new vessels, repair) and services, within the marine transportation and fishing industries, from foreign markets to on-shore enterprises of Primorskiy Region.

**Tourism** represents another inter-sectoral complex, comprised of accommodations, catering, transportation, entertainment, tourist operators, tourist agency services, and institutions providing sightseeing services as well as the services of guides and interpreters, etc.

Primorskiy Region is among the Russian regions where the tourist industry is recognized as essential and can become a specialized sector for the region's economy. At the same time this sector directly affects the overall social climate, creating a recreation base. SMEs account for the primary share of enterprises operating in the tourist services market: 175 tourist firms, 81 hotels, 87 specialized accommodation centers and 233 catering enterprises. The industry's annual turnover is \$ 3-5 million. The share of the tourist business in the region's gross production including related industries is estimated at 3%, which is higher than Russia's average, but considerably lower than average global figures.

Opportunities for **export** increases are related to the region's transportation advantage and implementation of a strategy for differentiation of export production, which could be developed in two directions:

- Advanced processing based on the traditional technologies of natural resources (fish, timber, minerals);
- Production of goods with new consumer qualities on the base of innovative technologies (e.g., pharmaceuticals, food-stuffs, and machine-building goods).

These strategies can best be implemented by SMEs, which are the most flexible in adapting to changes in markets.

Based on the analysis of the region's economy one can conclude that the following specific inter-sectoral complexes are the most promising for SMEs: marine sector (including fishing industry, marine transportation, shipbuilding and ship repair enterprises, and on-shore infrastructure), tourism, and foreign economic activities (trade, services, and regional export of goods).

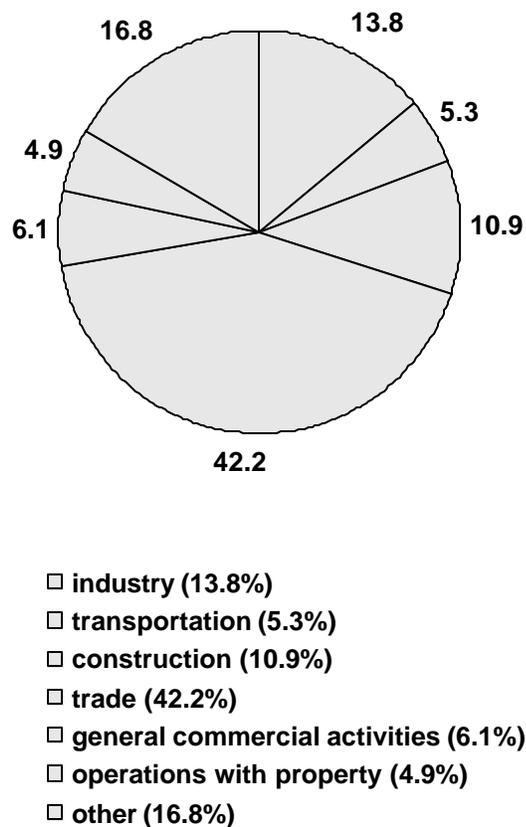
#### **Analysis of statistical data and reports of the Primorskiy Region Government to identify primary sectors for small- and medium-sized enterprises**

The leading sectors in terms of the number of SMEs in Primorskiy Krai are catering, industry, construction and other kinds of activities and services (Fig. 8). The sector with the largest number of workers employed by SMEs is trade; the second is industry, which is followed by construction and other sectors.

The industry sector accounts for the largest production volume, trade enjoys second place for the volume of production, construction – third place, transportation – fourth, other services – fifth place.

Thus, the major industry sectors for small businesses in Primorskiy Region include: industry, trade, construction, business and consumer services (transportation, communication, etc.) and other types of activities.

**Distribution of the number of SMEs by industry sectors 2002 (% from total)**



**Figure 8. Distribution of the number of SMEs**

**Report on meetings held with representatives from the government and heads of the associations regarding their major problems and the need for advanced business training**

The structure and membership of Associations based in Vladivostok confirms the overall situation and conditions for the development of these infrastructural elements of business support. In general, all of them were established within the sectors, which are oriented towards the end user (the population of the Region) and include trade, services, and catering. All of them are located in Vladivostok, although members are located in other cities and districts of the Region as well. The peak of the establishment of professional associations occurred from 1996- 1999.

Analysis indicated that the geographic expansion of the large number of association is hindered by the fact that enterprises do not always understand the need to unite in professional structures. This is why most of the executives of the business associations have expressed a desire to conduct specialized training for the territories and industries, where there are no such unions at this time.

The other problem, which was identified during the meetings lies in absence of well-thought-out goals, strategies and plans for the development of the professional associations. This situation developed as a result of their incapability to look beyond immediate problems of the organizations and members, and protection of them from the specific negative impacts of the environment: firemen, sanitary and epidemic control, police, etc.

As a result, there are no financial plans for the development of the professional associations. Some of them operate at the expense of their own activities, while contributions and membership fees are somewhat symbolic. Other associations operate at the expense of grants and technical assistance programs which often arouses resentment among the members not engaged in implementation of grant projects.

Besides, nearly all respondents have agreed that that they need to strengthen self-dependence and sustainability of associations, and expand their role as the protector of the interests of their members. At the same time, only a few of them have experience lobbying the interests of members with local government and joint development of legislation document drafts. In other words, there is a need for training programs that enhance the regulatory legislation base and procedures for the protection of common interests.

Most associations do not possess independent specialized programs for methodic human resource development. At best, they participate in programs and training organized by the government bodies and foreign technical assistance programs.

The sector-specific associations of industry and trade sectors experience the most problems in their operation. The number of associations in these sectors is extremely small. As indicated in the interviews, the services provided to association members primarily include representation of their interests at the government bodies as well as at the different events, e. g. fairs, exhibitions; informational servicing and provision of consultancies on various issues.

Many respondents expressed a need for specialized seminars on **business operation, management accounts, reengineering, product quality control and use of innovations**. Failure of the respondents to provide recommendations about specific specialists from certain area of expertise testifies to the problem for training small enterprises and poor connections with the large and developing enterprises, which by itself raises a question of arranging training on the problems of interaction between the large and small enterprises.

#### **Evaluation of the Volume of Business Training**

| <b>Response</b>                 | <b>Number of Responses (%)</b> |
|---------------------------------|--------------------------------|
| Lack of training                | 11                             |
| Sufficient number of training   | 15                             |
| Insufficient number of training | 72                             |

#### **Ability to Participate in the Paid Business Training**

| <b>Response</b>                               | <b>Number of Responses (%)</b> |
|---|--------------------------------|
| Able to pay for participation in training     | 80                             |
| Not able to pay for participation in training | 17                             |

**Ability to Pay for the Training**

| <b>Amount</b>   | <b>Number of Responses (%)</b> |
|-----------------|--------------------------------|
| Less than \$100 | 57                             |
| Less than \$200 | 27                             |
| Less than \$300 | 10                             |
| Less than \$500 | 6                              |

**Business Sectors Represented**

| <b>Business sectors</b>             | <b>Percentage</b> |
|-------------------------------------|-------------------|
| Industry                            | 5                 |
| Business and consumer services      | 41                |
| Trade                               | 21                |
| Public sector                       | 3                 |
| Production of consumer goods        | 10                |
| Complex (industry, trade, services) | 8                 |
| Other                               | 9                 |

A total of 86 questionnaires were obtained. The businesses were grouped in the following sectors: business services, trade, consumer services and other sectors, including industry, public sector, and natural resources. This grouping indicates directions for the development of the Primorskiy Region economic and small businesses within it.

Analysis of the need for training of the groups of business is presented next. The results of this analysis are represented in the tables below.

**Small Businesses, Ranked by Importance**

| <b>Title of the training</b>                                    | <b>Importance of the training for the selected business</b> |
|---|---|
| Marketing & Sales   | 115   |
| Delegation, target setting, motivation, control                 | 108   |
| Modeling of the System for the Expenses Accounting and Analysis | 106   |
| Use of Information Technologies in Business                     | 104   |
| The Art of Negotiation  | 103   |
| Customer Relationship Management System                         | 101   |
| Information Technologies as a Marketing Tool                    | 100   |
| Human Resource Management                                       | 99  |
| Management accounts in your organization                        | 97  |
| Production Planning   | 97  |
| Sales Business Training   | 94  |
| Quality Control Management                                      | 92  |
| Corporate Management  | 90  |
| Business's Social Responsibilities                              | 90  |
| Business Ethics   | 90  |
| PR-Technologies in Business                                     | 90  |
| Organization of the customer support service                    | 84  |
| Distribution System Management                                  | 83  |
| Brand-Management  | 81  |
| Warehouse Accounting  | 77  |
| Modern Office Work  | 74  |

**Small Businesses Providing Business Services, Ranked by Importance**

| <b>Title of the training</b>                                    | <b>Importance of the training for the selected business</b> |
|---|---|
| Human Resource Management                                       | 166   |
| Marketing & Sales   | 165   |
| Use of Information Technologies in Business                     | 165   |
| Delegation, target setting, motivation, control                 | 158   |
| Customer Relationship Management System                         | 151   |
| Management accounts in your organization                        | 149   |
| The Art of Negotiation  | 146   |
| Modeling of the System for the Expenses Accounting and Analysis | 146   |
| PR-Technologies in Business                                     | 143   |
| Information Technologies as a Marketing Tool                    | 142   |
| Business's Social Responsibilities                              | 135   |
| Quality Control Management                                      | 133   |
| Organization of the customer support service                    | 130   |
| Corporate Management  | 126   |
| Production Planning   | 123   |
| Sales Business Training   | 119   |
| Business Ethics   | 116   |
| Modern Office Work  | 113   |
| Brand-Management  | 107   |
| Distribution System Management                                  | 96  |
| Warehouse Accounting  | 85  |

**Summarized data for Small Businesses Providing Consumer Services, Ranked by Importance**

| <b>Title of the training</b>                                    | <b>Importance of the training for the selected business</b> |
|---|---|
| Marketing & Sales   | 23  |
| Information Technologies as a Marketing Tool                    | 22  |
| Brand-Management  | 20  |
| The Art of Negotiation  | 20  |
| Use of Information Technologies in Business                     | 20  |
| Customer Relationship Management System                         | 19  |
| Sales Business Training   | 19  |
| Production Planning   | 19  |
| Warehouse Accounting  | 19  |
| Distribution System Management                                  | 18  |
| Delegation, target setting, motivation, control                 | 17  |
| Management accounts in your organization                        | 17  |
| Quality Control Management                                      | 17  |
| Modeling of the System for the Expenses Accounting and Analysis | 17  |
| Business Ethics   | 16  |
| PR-Technologies in Business                                     | 15  |
| Human Resource Management                                       | 14  |
| Modern Office Work  | 14  |
| Corporate Management  | 13  |
| Business's Social Responsibilities                              | 12  |
| Organization of the customer support service                    | 12  |

### Summarized data for Trading Business, Ranked by Importance

| <b>Title of the training</b>                                    | <b>Importance of the training for the selected business</b> |
|---|---|
| Management accounts in your organization                        | 30  |
| Use of Information Technologies in Business                     | 30  |
| Modeling of the System for the Expenses Accounting and Analysis | 29  |
| Marketing & Sales   | 29  |
| Customer Relationship Management System                         | 28  |
| Information Technologies as a Marketing Tool                    | 28  |
| Distribution System Management                                  | 26  |
| Business's Social Responsibilities                              | 26  |
| Human Resource Management                                       | 26  |
| Sales Business Training   | 26  |
| The Art of Negotiation  | 25  |
| Delegation, target setting, motivation, control                 | 25  |
| Production Planning   | 22  |
| Corporate Management  | 22  |
| PR-Technologies in Business                                     | 21  |
| Quality Control Management                                      | 20  |
| Warehouse Accounting  | 20  |
| Organization of the customer support service                    | 20  |
| Business Ethics   | 19  |
| Modern Office Work  | 17  |
| Brand-Management  | 17  |

The tables indicate that the needs of the businesses differ depending on the type of activities. However, Marketing and Sales training is always included in the top five themes, while the others differ significantly.

In addition, the respondents have expressed the interest in courses which are peculiar for their sectors. For example representatives of the Business Services sector have requested training on the following topics: Comments to the new Legislation, Total Quality Management, Unfolding of the Consumer Demand, and Evaluation of the Advertisement Campaign.

Representatives of the Trade sector suggested courses on the following topics: Corporate Management in the Quickly Changing Environment, Introduction of Unified Information Network – Communication with Remote Branches, Financial Planning (Working Capital Management), Taxation Optimization, Staff recruitment, and Certification Procedures at the Enterprise.

## VI. Sakhalin Region

### Background

According to 2002 data from the Economics Committee of the Region Administration, the total number of SMEs in Sakhalin Oblast is roughly 4,700. The majority of small enterprises operate in the following sectors:

- Trade and catering (over 1,500)
- Production (over 1,500). These include primarily fishing and fish processing, logging and wood processing

- Construction (over 500)
- Transportation (over 150)

The other industries are represented by less than 100 enterprises each.

The number of Entrepreneurs Not Registered as Legal Entities in the Region totals 21,000 entrepreneurs.

Major Industries include:

- Trade and Services
- Catering
- Construction
- Transportation

More than half of these enterprises are located in Yuzhno-Sakhalinsk.

In December 2003, an ESD consultant conducted semi-structured interviews with representatives from administrative authorities, associations and other organizations that support SMEs, as well as entrepreneurs and business trainers in the region. Following is a summary of key findings.

## **Results**

### **Administrative authorities**

The researcher interviewed four representatives from the Economics Committee, Perspective Industry Development Department, Financial and Investment Policy Department, and Investment Promotion Agency. According to administrative authorities, SMEs and entrepreneurs are interested in information distribution and training, particularly regarding the legal aspects of their operation (for example, the rights of company's and the controlling bodies when regulations are revised). Marketing and management issues as well as consulting on accounting practices are also of interest.

### **Associations, public and other organizations providing SME support**

The researcher interviewed 10 representatives from training institutions, associations and other organizations serving SMEs, and consultants that conduct SME training. They reported that training is requested on issues related to regulatory issues and accounting. According to these individuals, it is virtually impossible to attract representatives of the Entrepreneurs Not Registered as Legal Entities for training, especially when the number of employees is very small. The daily practical issues of survival consume all of their time.

### **Enterprises and Entrepreneurs**

The researcher interviewed 23 representatives from SMEs in the region. Priority training topics reported by these respondents included:

- Team Formation and Human Resource Management
- Sales Techniques (stimulation, and motivation)
- Customer Relations Management

- Accounting Practices
- Regulatory Issues (including tax changes)
- Enterprise Establishment and Business Planning

In December 2003, the ESD Project surveyed 180 SME representatives in Sakhalin Region regarding their training needs. The goal of the survey was to identify current needs of small- and medium-sized businesses for training services. This information will be used to develop future ESD training plans for the region.

## Results

Participants were asked to select priority training topics. The results of the assessment are as follows:

| <b>Seminar/training Topic</b>                         | <b>Rate in %</b> |
|---|------------------|
| Business Development                                  | 37               |
| Personnel Development                                 | 35               |
| Human Resource Management and Labor Control           | 35               |
| Team Building   | 30               |
| Risk Control and Trade Operations Practice            | 27               |
| Promotion of Goods and Services                       | 22               |
| Management Activity Control                           | 22               |
| Systems of Quality Management (ISO 9000)              | 19               |
| Accident Prevention and Labor Protection Requirements | 14               |
| Secondary Wood Processing                             | 14               |
| International Trading Management                      | 13               |
| Export Operations                                     | 12               |
| Biomass Utilization                                   | 9                |
| Food Processing                                       | 8                |
| How to Work with Service Companies                    | 8                |
| Service Development                                   | 5                |

## VII. Sakha Republic (Yakutiya)

### Background

As of January 1, 2003, the number of small- and medium-sized enterprises registered in the Sakha Republic (Yakutiya) was 2,357.

### Key Industries Essential for the Region's Economic Development in 2002

|                    | Number of Enterprises | Number of employees | Production volume (goods, services) Thous. rub. | % from total production volume (goods, services) Thous. rub. | % from Total          |                     |
|--------------------|-----------------------|---------------------|---|--|-----------------------|---------------------|
|                    |                       |                     |   |  | Number of enterprises | Number of employees |
| Total for SR (Ya)  | 2357                  | 20386               | 5685782   | 100.0  | 100.0                 | 100.0               |
| Industry           | 253                   | 2838                | 532086  | 9.4  | 10.7                  | 13.9                |
| Agriculture        | 264                   | 1841                | 66475   | 1.2  | 11.2                  | 9.0                 |
| Construction       | 519                   | 5725                | 2460495   | 43.3   | 22.0                  | 28.1                |
| Trade and Catering | 809                   | 5927                | 1324227   | 23.3   | 34.3                  | 29.1                |
| Transportation     | 97                    | 1178                | 679129  | 11.9   | 4.1                   | 5.8                 |

### Key Industries Essential for the Region's Economic Development, January -September 2003

|                    | Number of Enterprises | Number of employees | Production volume (goods, services) Thous. rub. | % from total production volume (goods, services) Thous. rub. | % from Total          |                     |
|--------------------|-----------------------|---------------------|---|--|-----------------------|---------------------|
|                    |                       |                     |   |  | Number of enterprises | Number of employees |
| Total for SR (Ya)  | 2343                  | 21075               | 5717943.3                                       | 100.0  | 100.0                 | 100.0               |
| Industry           | 236                   | 2646                | 442777.3  | 7.7  | 10.1                  | 12.6                |
| Agriculture        | 217                   | 1435                | 50400.6   | 0.9  | 9.3                   | 12.6                |
| Construction       | 554                   | 6592                | 2780872.9                                       | 48.6   | 23.6                  | 31.3                |
| Trade and Catering | 813                   | 6130                | 1516676.8                                       | 26.5   | 34.7                  | 29.1                |
| Transportation     | 100                   | 1172                | 388366.2  | 6.8  | 4.3                   | 5.6                 |

The analysis of the number of enterprises by sector indicates that during 2002 and 2003, the sector structure has not changed substantially. The primary economic sectors of the Republic Sakha (Yakutiya) are:

- industry (10.1%)
- agriculture (9.3%)
- construction (23.6%)
- trade and catering (34.7%)
- transportation (4.3%)

### Demand for sector-specific training and consultancies in the four key sectors of Sakha Republic (Yakutiya)

#### 1. Transportation

The transportation sector of the Sakha Republic (Yakutiya) can be divided into:

1. Automobile transportation of passengers and cargo
2. Automobile service centers

The Auto Entrepreneur Association unites Yakutsk's entrepreneurs and businesses engaged in automobile transportation. The following major problems were highlighted during discussions with the Chairman of the automobile transportation association:

- Lack of financial resources and opportunities for interaction with the credit organizations (due to the lack of guarantors, warranties, etc.)

- Administrative barriers for interaction with the local governing bodies (particularly Transport Inspection)
- Flaws of the automobile transportation legislation
- Passenger support culture, narrow-mindedness of entrepreneurs (need to argue the importance of the standards of interaction with the passengers)

Entrepreneurs and enterprises providing auto services are united into the Automobile Service Association. The following major problems were highlighted during the conversation with the Chairmen of the Automobile Service Enterprises Association:

- Lack of financial resources and opportunities for interaction with the credit organizations (due to the lack of guarantors, warranties, etc.)
- Administrative barriers for interaction with the local governing bodies (land allocation for private construction within the city limits)
- Lack of healthy competition, due to the influx of illegal services providers (visitors and temporary employees) on the automobile services market
- Lack of skilled personnel

#### **The Demand for Training among Transportation Enterprises:**

- Human Resource Management
- Employee motivation system
- The quality of customer support
- Legal aspects of business activities, particularly those related to interaction with the controlling bodies and the municipality

#### **2. Trade and catering**

The following major problems of enterprises engaged in retail trade were identified during the discussion with the Chairman of the Retail Trade Union:

- Lack of sales space, high rent
- Poor knowledge of the legislation related to the consumers rights protection, high number of controlling bodies (for grocery stores in particular)
- Administrative barriers for the registration of land as private property
- Lack of skilled personnel
- The quality of services
- Marketing activities

The Administration of the Material and Technical Resources and Government Contracts of the Ministry of Material Resources, Transport and Communication of the Sakha Republic (Yakutiya) reported the primary problems for trade and catering enterprises are:

- Tax burden
- Low paying capacity and density of the Republic's population (the overall population of the SR (Ya) is 1 million people, which results in the low turnover (primarily for the manufactured goods)
- Complex transport scheme (which results in a high cost of delivery)
- Problems related to the lack of skilled personnel

### **The Demand for Training and Seminars among the Trade and Catering Enterprises:**

- Logistics
- Human Resource Management
- Brand-management
- Marketing
- Customer Support
- After Sales Services

### **3. Construction**

There is no association of the construction enterprises registered in the region. Over 11 entrepreneurs and business executives were surveyed; they have emphasized the following problems:

- Continuous non-payments from the customers
- Lack of knowledge related to preparing of the paperwork for the participation in the tenders for the construction projects
- Lack of qualified personnel among the local population, the primary share of those engaged in construction are visitors, lacking required qualification
- Lack of construction material as well as lack of the constantly updated database of the construction materials availability in Yakutsk (one has to drive throughout the entire city in search of the required materials)

### **The Demand for Training among Construction Enterprises:**

- Human Resource Management
- Employee Motivation System

### **Industry**

As of today, there is no association or union of entrepreneurs and manufacturers in the Republic as such. However, there is a Union of Commodity Producers, which unites a number of large industrial enterprises such as Alrosa JSC, Lenagaz OJSC, Energobit OJSC.

The Department of Local Production Development of the Ministry of Entrepreneurship Affairs, Tourism Development and Employment of the SR (Ya) helped identify the following major problems:

- Lack of production space
- Obsolescence of the production equipment and lack of funds for the renewal of the fixed assets
- Lack of working capital

### **The Demand for Training among Industrial Enterprises**

- Information related to the Federal Law "On Technical Regulation"
- Human Resource Management
- Marketing

- Brand-Management;
- How to establish a non-waste production;
- How to diminish the non-production losses.

## **5. Consumer Services Sector**

The following problems facing the enterprises, which provide consumer services, were identified by the Department of Paid Services of the Ministry of Entrepreneurship Affairs, Tourism Development and Employment of the SR (Ya):

As of today, it is not considered prestigious to work in the consumer services sector, and the salary level remains very low. This results in the reluctance of young people to work in the sector, while the existing professionals are of pre-retirement and retirement age.

The economic efficiency of services is not high; the equipment is predominantly outdated. The new equipment requires heavy funding, which is a big problem for many entrepreneurs. Today, there are few educational institutions training professionals for the consumer services sector (for example: seamers, fitters, and television repairmen, etc.) Advanced training is essential for fitters, milliners of the hats, etc. in particular. Even when available, the existing training is not always effective in upgrading one's professional skills.

### **The Demand for Training among Enterprises Engaged in Consumer Services**

- Human Resource Management
- Employee Motivation System
- Image of the Enterprise
- Advanced Training for hairdressers, fitters, television repairmen, etc.
- The Quality of Client Servicing

#### ***Demand for Advanced Business Skills Training***

The goal of the marketing research was to study the priorities of SMEs regarding their fundamental demands and participation in various types of training. A total of 32 companies were surveyed during the analysis. The primary respondents were the representatives of the companies employing less than 50 people. The business and consumer service sector as well as retail trade were represented most broadly. Most respondents were from 25 to 40 years of age.

#### ***Results***

Analysis displayed that training and consulting services are undoubtedly important for SMEs. The most important themes for business training according to the analysis include Human Resource Management, Management System for Interaction with Clients, The Art of Negotiation, Sales Business Training and Marketing and Sales. The least important themes for business training according to surveyed enterprises include Distribution System Management, Warehouse Accounting, Brand-Management, Corporate Management and Modern Cleric Work and Document Turnover Optimization.

It is clear from the analysis results that the respondents are not satisfied with the number of business training held in the region and their themes.

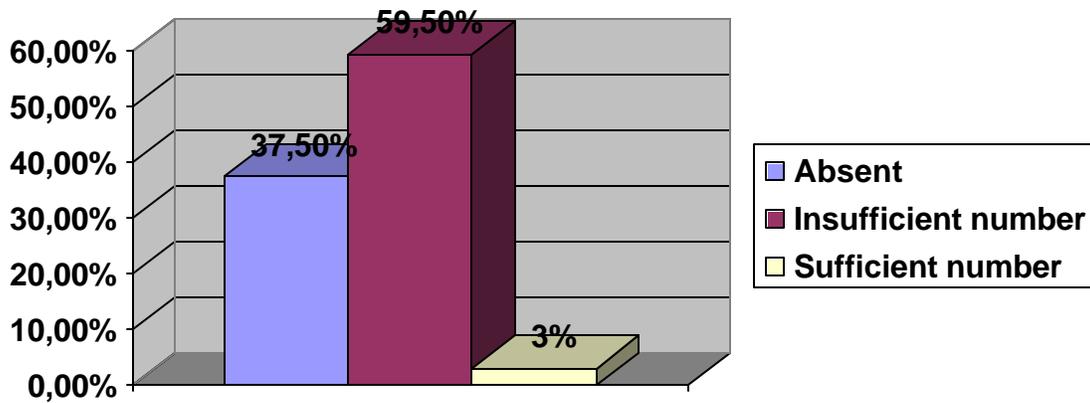
The following indicators prove it:

- None of the surveyed specialists has evaluated the themes for the business training held throughout the year as those complying with the business demands.

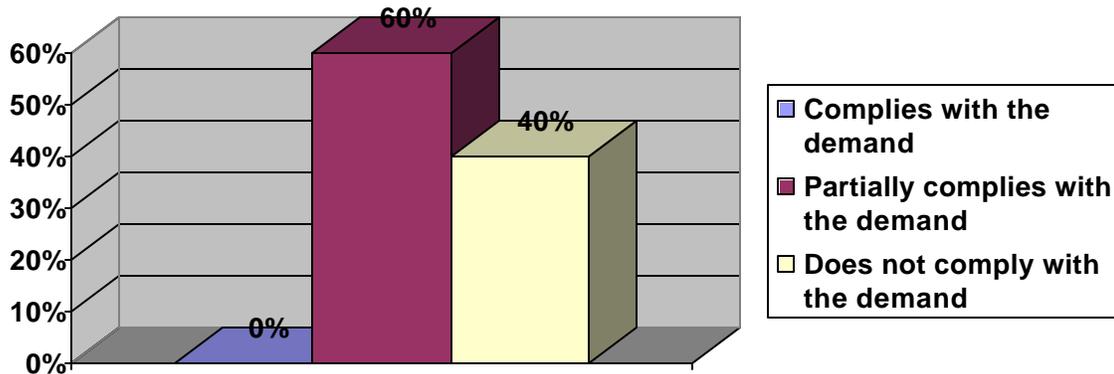
- Only one of 32 respondents evaluated the volume of training held in the current year as sufficient.

*The Specialists from the surveyed enterprises have evaluated the volume and themes of the business training held in the region during the year:*

**Volume of Business Trainings**



### Themes of the Business Trainings



35 percent of individual entrepreneurs have participated in a number of business training and emphasize the certain benefit from the obtained information. At the same time, 65 percent of individual entrepreneurs have not participated in the training, but consider them useful for their company.

Most respondents consider paid business training acceptable and are willing to participate in them. The average price for one day of training varies at 300-600 rubles (= 10-20 USD).

#### ***Demand of Small- and Medium-Sized Businesses***

The primary demands for SMEs include the following:

- Acquisition of credit
- Availability of the informational services
- Taxes reduction

The major reasons for shutting down the enterprises and the reasons, hindering their development are somewhat similar. Most respondents emphasize the following:

- Bureaucracy
- Lack of qualified personnel
- High taxes

Lack of good roads and transportation infrastructure as well as lack of services provided to population are often emphasized among the region's demands. The last is justified by the fact that the share of services per one person of the Sakha Republic (Yakutiya) population is much lower than the Russian Average.

#### ***Conclusion***

We recommend ESD design and conduct training in the following priority areas.

- Human Resource Management
- Management System for Interaction with Clients
- The Art of Negotiating
- Marketing and Sales

The research results indicate that the following industry sectors will profit from the specialized training:

- Agriculture
- Construction
- Services
- Transportation
- Trade