

На порядку денному – пошук оптимальних, сучасних моделей держав на засадах демократії і загальнолюдських цінностей, з простою філософією «Влада для людей, а не люди для влади. [4, с.17]

Лейтмотивом статті є намагання переконати загал, що саме національною ідеєю українців могли б стати – **українська державність, рівень і якість життя громадян**. Звісно, саме ця ідея має унікальну можливість об'єднати всіх на Сході і на Заході, на Півдні і на Півночі. Тому, що саме вона є парадигмою розвитку будь-якої цивілізованої розвинутої країни.

**Збагнемо: якою бути Україні залежить від кожного з нас.**

**Закликаю всіх разом, особливо молодь, будувати новий світ – відкритий і доступний, з величезними можливостями, реалізовувати себе та бути успішними і щасливими.**

*Використані джерела інформації:*

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## **PUBLIC POLICY OF SMALL AND MEDIUM SIZED ENTERPRISES TRAINING SUPPORT IN ARMENIA**

*Small and medium sized enterprises (SMEs) are the backbone of the economy. SMEs make a significant contribution to job creation and are behind the expansion and creation of added value in a number of sectors which drive economic growth and development.*

*The support of SME policy development in Armenia helps to identify main strengths and weaknesses of the SME policy framework in place. It aims at supporting the development*

*and implementation of effective policy measures directed at promoting a strong private enterprise sector which is vital for employment generation and economic growth.*

*Entrepreneurship is a primary catalyst for economic growth and regional development. Recognizing its importance, state and local policymakers are now devoting considerable resources to fostering entrepreneurship.*

*Entrepreneurship is important because it is a key factor contributing to economic growth, the ultimate outcome of entrepreneurial efforts.*

*This paper has presented a framework for training support of SMEs and the role of public policy in that process.*

## **1. Introduction**

Small and medium sized enterprises are considered as of the principal driving forces in economic development. SMEs stimulate private ownership and entrepreneurial skills, they are flexible and can quickly adapt to changing market demand and supply situations, they generate employment, help to diversify economic activity and make a significant contribution to exports and trade as well.

The SME sector has an important role in political, economic and social development trends of Armenia. The achievements recorded in SME sector and its continuous development has an extreme important role for the country from social-economic development point of view.

One of priorities for development of the Armenian economy is considered Small and Medium Entrepreneurship (SME) promotion. One of the basic documents as for this policy is considered the *Concept for SME Development Policy and Strategy in Armenia* adopted by the Government of Armenia in 2000. In this document the economic, social and political objectives of SME development policy as well as the main directions for their realization are introduced. The adoption of the above-mentioned document provides preconditions for adoption of the Law of Armenia *On State Support of Small and Medium Entrepreneurship*, which in its turn for the first time defined the criteria for SME units in the Republic of Armenia as well as the main directions for state support of SME.

According to the Law on “State Support of SME” the main directions for state support of SME are as follows:

- ✓ Formation of favourable legal environment;
- ✓ Financial and investment support and provision of loan guarantees;
- ✓ Assistance for creation and development of support infrastructures;
- ✓ Business information and consultancy support;
- ✓ Promotion of foreign economic activities.

Since 2001 annual programs for state support of SME are being elaborated and implemented. These programs are aimed at realization of the main directions for state support of SME sector fixed by the Law of the Republic of Armenia on *State Support of Small and Medium-sized Entrepreneurship (2000)*.

Within the scope of the Program for State Support of SME for 2002, upon the decree N282 of the Government of Armenia dated March 19, 2002 as a program measure the Fund “Small and Medium Entrepreneurship Development

National Center of Armenia” (SME DNC of Armenia) was established. It is considered as the main body responsible for implementation of public policy for SME sector in Armenia.

In the scope of SME State Support Annual Programs the objectives of Armenian Government policy for support of SMEs are as follows:

- ✓ Improvement of legal and regulatory framework for SMEs;
- ✓ Creation and development of appropriate infrastructures for support of SMEs;
- ✓ Financial and investment support for SMEs;
- ✓ Support for foreign economic activity (export promotion) of SMEs;
- ✓ Support for application of innovations and modern technologies in SMEs as well as for protection their mental property rights;
- ✓ Support for application of international standards for quality control (ISO 9,000 series) in SMEs;
- ✓ Support for utilization of business information, consultation and training services for SMEs;
- ✓ Improvement of statistic record for SMEs.

Armenia during the last ten years has been developed a promising state enterprise development policy.

The development of SME sector provided an opportunity to create strong and dynamic private sector in Armenia.

The development of SME sector in the regions support to implementation of targeted regional policy and projects for the country.

## 2. Armenian Market of Business-Training Services

In 2009 share of SME sector in GDP of Armenia made 42.5% which was twice as much as the same indicator of 1999; and number of employed in the same sector was 42.2 % of total, number of employed in Armenia. In 2002 share of SME employees in total number of employed was 28.2% (Table 1).

As of January 01, 2010 SMEs made 97.7% of the registered legal entities and sole proprietors.

**Table 1**

<b>Dynamics of SME Development Index in Armenia in 2002-2009</b>					
Year	Share of private sector in economy (%)	Share of SME's in GDP (%)	Share of SME employees in total number of employed (%)	GDP per capita (USD)	SME Development Index (For income per capita against GDP)
2002	81	34.4	28.2	739.9	58.1
2003	83	36.5	31.0	873.4	82.0
2004	84	38.6	32.9	1104.4	117.8

2005	84	39.8	34.0	1513.0	171.9
2006	84	40.3	35.1	1996.0	237.2
2007	84	41.0	40.7	2844.0	398.6
2008	84	41.7	42.1	3689.0	544.0
2009	84	42.5	42.2	2686.0	404.7

Source: SMEs in Figures:

<http://smednc.am/?laid=1&com=module&module=menu&id=189>

In parallel with development of small, medium-sized and large businesses in Armenia, the awareness of a need for staff development becomes a major issue for them. Business-training services (training courses, seminars and workshops) are becoming integral part of personnel policy of Armenian private companies. More and more companies arrange trainings or send their staff members to various training classes and seminars.

How to survive in the competition increasingly intensifying in all sectors of Armenian economy? What marketing strategy is to be chosen in order to be more competitive in the market? How to develop enterprise's staff so that they will be capable of working with highest efficiency? How to implement more suitable financial and tax management processes? This is the incomplete list of issues that Armenian businessmen are concerned about.

To what extent business-training services can enhance the efficiency of enterprise's activities? Sometimes inadequate management, improper distribution of duties among employees, poor staffing, deficient team work and lack of staff encouragement adversely affect the activities of a company along with deterioration of its future financial indicators.

The first training courses were held in Armenia in 1994-1995 after the establishment of the Armenian Foundation for Small and Medium-sized Enterprises (AFSME) under the EU TACIS program which was subsequently renamed to BSC Llc as soon as the TACIS program ended.

At present, two opinions exist pertaining to appropriateness of staff development trainings, seminars and workshops: on the one hand, it is viewed as a psychological factor in terms of enhancing employee's motivation and confidence, on the other hand, it is regarded as knowledge obtaining aimed at business promotion, management system improvement and enhancement of efficiency of business activities and staff performance. The combination of these two viewpoints produces a synergy effect that is several times greater than the simple sum of its components. It means that training may be defined as a process aimed at obtaining skills and abilities for the benefit of employee's professional performance. Training's main task is business technology teaching aimed to retain entity's competitiveness in the market.

There are two types of trainings in Armenia:

1. Open trainings suggesting announcement of the training topic beforehand and enrolment of staff members of various enterprises or organizations. The market leader in this area is BSC company engaged in consulting and business-training services. The company offers Armenian and foreign companies trainings on around 40 topics, such as management basics, efficient marketing, sales management, human resource management, accounting and financial management, development of enterprise strategy, application of creative thinking in business, etc. According to the officer of BSC responsible for customer relations, within the 13 years of the company's existence, the number of participants of training classes, seminars and other business-training programs exceeds 5,000. Aaron Paradigm company jointly with BSC company conducts trainings and seminars on RA new labor legislation, RA tax legislation, peculiarities of non-resident taxation. Seminars dedicated to RA labor legislation and other related issues are in great demand. IAB Center and International Accountancy Training Center are specialized in the area of training and development of accountants.
2. Corporate or ordered trainings imply that a specific training program is developed based on the customer's special needs and tasks. The advantage of such a type of training is the adjustment and adaptation of a training program to the needs of a given enterprise. Besides the BSC company, there are a number of other entities engaged in the corporate training market.

According to the Spyur Information Center, as of April 2007, there were 22 entities engaged in business-training services capturing around 50 various topics. Among them are Arlian company, Training and Development (T&D) company, Apricot Plus company and others.

Apart from the above-mentioned companies, there are individual trainers in the market specializing in certain areas. Moreover, large enterprises have separate units responsible for staff development. For instance, the owner of Armentel company - the Russian Vimpelcom - started applying its staff training and development experience in Armenia.

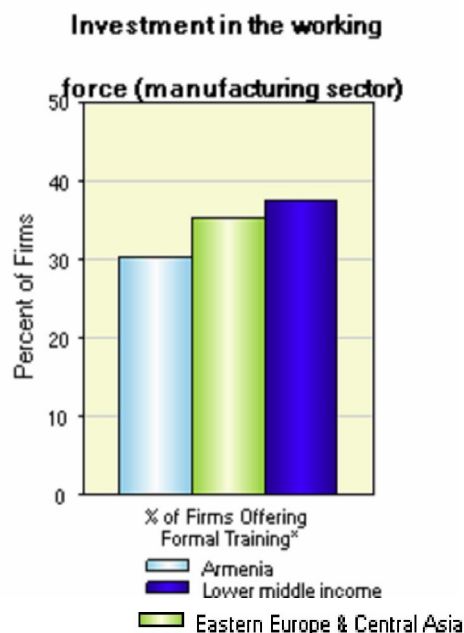
The cost of trainings, seminars and workshops in Armenia vary within AMD 10,000 – AMD 120,000 per person; groups consist of 8-30 persons depending on the training theme, duration, location, handouts and other supporting factors. Training duration on average is 4-5 days, 3-4 hours a day. Exceptions are accounting trainings whose duration is up to 20 days.

Trainings are attended by managers and employees of large as well as small and medium-sized enterprises. In particular, Armenian banks actively engage in their staff development process (AGBA-Credit Agricole bank, HSBC-Armenia bank, Inecobank), Armentel, K-Telecom, Coca-Cola Hellenic Bottling Company Armenia, Yerevan Jewelry Factory, Rusal Armenal plant and other well-known companies.

The Enterprise Surveys, carried out by the World Bank and International Finance Corporation, collect information on labor market constraints faced by firms and also on the characteristics of the workforce employed in the non agricultural private economy.

**Figure 1**

**Formal Training Offers by Firms in Armenia and Lower Middle Income,  
Eastern Europe  
and Central Asia Countries**



Source: The World Bank. International Finance Corporation.  
Enterprise Surveys. Armenia Country Profile 2009.  
<http://www.enterprisesurveys.org>.

The first set of indicators highlights firm level investments in the skills and capabilities of their workforce. The incidence and intensity of training is measured by the percent of manufacturing firms that offer formal training. The workforce quality is measured by the average number of skilled workers in the manufacturing industry.

Summary of Enterprise Survey Indicators shows (Figure 1) that 30.3 % of firms in Armenia offer formal training, in which 5.7 % of small enterprises (1-19 employees), 43.5 % of medium enterprise (20-99 employees), and 48.2 % of large enterprises (more than 100 employees) offer formal training to their employees.

It should be mentioned that in Eastern Europe and Central Asia this indicator makes 35.3 % of firms, and in lower middle income countries 37.4 % of firms offer formal training. In Armenia Yerevan city and Kotayk, Armavir, Aragatsothn, Lori, Tavush, Ararat, Gegarkunik, Shirak regions (8 from 10 regions) were included in the survey.

Trainings and seminars arranged both in Yerevan and regions are supported by local and foreign co-funding organizations. Particularly, companies engaged in training services assisted by the Small and Medium Entrepreneurship Development National Center of Armenia (SME DNC) arrange training courses for the enterprises of regions lacking financial

resources. The project is tailored for all small and medium enterprises, as well as beginner businessmen.

As it is shown in the Table 2, in the framework of SME State Support Program 2009, 9370 SME support applications were satisfied, in which 7814 (83.3 %) made business information and consulting support, and 991 (10.6%)-training support.

**Table 2**

**State Support to SMEs in Armenia in 2007-2011**

	2007	2008	2009	2010	2011
Total Number of Support Applications Satisfied	8949	8618	9370	8379	3780
In Capital City Yerevan (%)			23.4	21.2	11.3
In the Regions (%)			76.6	78.8	88.7

Source: SME Development National Center website ([smednc.am/?laid=1&com=module&module=menu&id=359](http://smednc.am/?laid=1&com=module&module=menu&id=359))

In 2010 number of satisfied support applications was 8379, in which 6872 (82%) was business information and consulting support, and 1266 (15.1%)-training support.

In 2011, 3780 business support applications have been satisfied, in which 3588 (95%) made business information and consulting support.

Out of the mentioned quantity in 2009, 23.4% of SMEs operate in Yerevan, and 76.6%- in the regions.

In 2010 21.2% of SMEs operate in Yerevan, and 78.8 in the regions, and in 2011- 11.3% of SMEs operate in Yerevan, and 88.7% in the regions of Armenia. It is obvious that number of supported SMEs from the regions has been increased.

In Armenia training needs analysis for small and medium-sized enterprises is based on ‘ad hoc’ surveys only and done for a particular purpose as necessary. Regular and systematic data collection on the training needs in the SME sector does not exist in the national level. But it should be mentioned that a small number of small business support infrastructures carry out training needs analysis, such as SME Development National Center, Chamber of Commerce and Industry, State Employment Service.

Besides, private training providers also carry out ‘ad hoc’ training needs analysis for particular cases.

According to the Reports on activities of “Small and medium entrepreneurship development National Center of Armenia” Fund in 2009-2010, in the framework of the “Start-up business support program”, which is

implemented only in the regions of Armenia, the support is provided to start-up entrepreneurs just at their establishment stage. The program includes training and mentoring services. 325 start-up entrepreneurs have participated in the Program and 100 start-ups have received state registration and started activity in 2009-2010.

The cost sharing of the SME DNC of Armenia for the small businesses located in Yerevan does not exceed 50%, and for the enterprises located in regions it makes 80% of total service cost.

In 2010 about 5000 start-up and ongoing businesses in Yerevan and regions of Armenia are provided different types of support (business trainings, financial, consulting and information support, loan guaranties, etc.).

In 2010 90% of events is implemented for the start-up and on-going businesses in the regions, particularly, bordering and distant regions.

SME State Support Program-2011 states that in 2011 will be elaborated a new model of regional branch of SME DNC in two regions. Training and specialization of employees of regional branches will be implemented in the framework of international partner organizations (projects) and cooperation with leading local (Armenian) acting businesses.

SME Development National Center of Armenia provides Business Training Support Program and organizes training courses based on needs of business community and carries out monitoring of Business Support Programs outcomes.

There are no facts and data that could give evidence about systematic national training needs analysis establishment for the SMEs.

Government, social partners and business community are trying to communicate in order to set up a systematic TNA framework for the small businesses.

The Government decree N 533-N of March 30, 2006 on “Approving the procedure for the organization of vocational training of the unemployed, groups who are uncompetitive in labour market and unemployed persons looking for job and receiving pension on privileged terms for long-term service”.

Vocational training for the unemployed included training for individuals owning agricultural land and looking for a job. Each year over 1.500 persons were involved in the program. 53% of individuals involved in the program found job in 2008, 39% in 2009, and 22% in 2010.

The program of “Organization of vocational training” includes:

- ✓ Vocational training for unemployed,
- ✓ Vocational training for unemployed disabled people looking for job, rehabilitation of working abilities,
- ✓ Vocational training for people who are agricultural land owners and look for a job,
- ✓ Retraining of unemployed persons looking for job and receiving partial pension on privileged terms for long-term service.

**SESA of the Ministry of Labour and Social Affairs provides financial support to the unemployed for state registration of entrepreneurial**



**activities.** The person is provided with financial support for the registration as an individual entrepreneur with the purpose the state duty payment set by the legislation of the Republic of Armenia.

The program of "Financial support provided to the unemployed and disabled unemployed individuals looking for job for state registration aimed at doing business" involved:

64 individuals, in 2008, 27 out of which continue working, 104 individuals, in 2009, 79 out of which continue working, 117 individuals, in 2010, 113 out of which continue working.

The project is financed by the state budget funds, and in 2011 1860.0 thousand drams will be allocated for the program.

Between 2008 and 2010 4,578 people, 251 out of which are disabled, have been involved in the vocational training course for the unemployed, the disabled unemployed who are agricultural land owners and look for job. Over 1,657 individuals /or 36%/ being involved in the training course have found job.

More than 20% of persons involved in the program intend to do business.

During 2009 and 2010 respectively 249.4 million drams were allocated for this program by the state budget. In 2011 - 232.8 mln Armenian Drams.

In 2008 by the decree of the Prime Minister, vocational education training National Development Council was established with the enrolment of social partnership representatives.

In 2009 by the Protocol decision of the Government of Armenia, concept of social partnership for preliminary vocational and secondary specialized education was approved, which is targeted at the promotion of agreement between three parties/groups and formulation and the institutionalization of social partnership. In 2009 the memorandum of cooperation on mutual understanding in the sector of vocational education was signed between the Ministry of Education and Science of the RA, Chamber of Commerce and Industry, and Union of Manufacturers and Employers of Armenia.

Small business training provision is available but is limited to specific towns and regions.

Since April 2006 new website of SME DNC of Armenia has been launched. The website is operating in Armenian and English. It includes necessary information on activities carried out by SME DNC of Armenia, implemented support programs, including training, procedures of benefiting from the latter and contacts of SME DNC of Armenia's central and branch offices. Besides, there are sections, where visitors can get electronic versions of all business guidelines and bulletins published by SME DNC of Armenia, including "Reference Book: SME support programs and Business Service Providers in Armenia" (on-line version), get information about trainings in Yerevan and regions and acquainted with basic laws on entrepreneurship.

SME DNC of Armenia carried out works directed to organization of on-line trainings.

Such training providers are SME Development National Centre, Chamber of Commerce and Industry, Business Support Centre, State Employment Service

Agency of the Ministry of Labour and Social Affairs, American University of Armenia, USAID CAPS.

Business Support Centre (BSC) provides trainings to business community on tax legislation, labour legislation, marketing, management, accounting and finance. Special topics on business plan developing, business presentation skills, etc. are developed according to the needs and expectations of the client and are intended for the solution of the problems relevant to the client.

BSC is cooperating with Business Advisory Services Program for Armenia (BAS) administered by the TurnAround Management (TAM) and Business Advisory Services (BAS) Programme Team at the European Bank for Reconstruction and Development which is established to support the continuing development of small and medium enterprises.

State Employment Service Agency (SESA) implements Professional training courses program the aim of which is to support jobseekers to find a suitable job through acquiring new abilities and skills according to requirements of labor market, as well as to carry out entrepreneurial activity.

Trainings provided by the SESA are as follows:

- ✓ craft trainings, when the participant does not have education and qualification
- ✓ retraining, when suitable job corresponding to the participant's education does not exist in the labor market
- ✓ improvement of professional qualification, if the participant's professional qualification does not meet labor market demand.

All the expenses on the organization of the courses of professional training courses are undertaken by State Employment Service Agency. The professional training courses are free of charge: during the whole period of professional training courses the unemployed participants are paid scholarship: for the persons receiving the unemployment benefit - at the amount of 120% of the assigned unemployment benefit, and for the persons having no right to receive the unemployment benefit - at the amount of 50% of the minimum monthly salary.

State employment Service Agency of the Ministry of Labour and Social Affairs provides financial support to the unemployed for state registration of entrepreneurial activities. The person is provided with financial support for the registration as an individual entrepreneur with the purpose the state duty payment set by the legislation of the Republic of Armenia - at the amount of 3-fold of the base duty; for the registration as a commercial organization - at the amount of 12-fold of the base duty; for the payment of the state duty with the purpose of the company's name registration - at the amount of 5-fold of the base duty; and for obtaining a seal - at a minimum price of the price scale set by the state specialized organization making seals.

In the end of 2011 teachers' training was organized by the initiative of Central Bank of Armenia, which was the first one on its nature on the topic "Social Science" and the element related "Economics":

The training program included a range of topics such as “The economy and its problems”, “Market economy, value and money”, “The theory of demand and supply”, “Production factors and factor returns”, “Banking, securities”, “Public regulation of the Economy”, “The social policy”, “International economic relations”, which were delivered by the representatives of the Central Bank.

At the end of the training course, all of 22 participants received training certificates.

National framework of quality assurance of educational services in Armenia in general could be described as follows: *National Centre for Quality Assurance of Tertiary Education* Foundation has been established in 2008. The main goal of this institution is to support quality assurance providing in universities, vocational and training schools.

Draft Regulation for External Assessment of Quality of Tertiary Education has been developed.

Centre for Education Projects (CEP) of the Ministry of Education and Science has been established in 1996. The main goal of the Center is to implement reforming projects to improve education quality, effectiveness, and access in Armenia.

CEP has implemented *Education Quality and Relevance* first Project in the period of 2003-2009. Second Project, started from November, 2009 is anticipated to be completed in 2014.

National framework for quality assurance of training delivered to the small businesses does not exist. There is not evidence of any accreditation of training providers and training programs for SMEs in Armenia.

Specially designed questionnaires are used as a monitoring tool for assessment of the outcomes of training courses delivered to the small business community. Questionnaires include questions related to the course in general, as well as to the trainer’s professional qualifications. Participants of trainings are suggested to complete questionnaires which give evidence about course evaluation.

Participants of trainings are suggested to complete questionnaires which give evidence about course evaluation.

Accreditation of training providers or training courses does not exist in Armenia. But it should be mentioned that trainings for small business community funded by the international organizations and implemented by the Armenian training providers, informally are assessed by donors in order to receive feedback from the businesses.

Knowledge and skills development for enterprise growth has been agreed as a priority between business community and government and is registered in national economic development plan.

Public finance agreed to support training and advisory services for growth enterprises.

Financial support is linked to clear criteria to allow enterprises to apply for subsidies to support training and advisory services linked to enterprise

growth. There is an evidence for it in the SME State Support Annual Program-2011, Sections 8 (Business Information and Advisory Support to the SMEs) and 9 (Human Resources Development for SMEs). There is mentioned that business information and advisory support measures should be implemented particularly for the enterprises in the distant and bordering regions.

Also, it is indicated that in order to increase efficiency of SMEs and to provide them with professional employees in modern competitive market special trainings in special professional abilities and skills for furniture-makers, cheese-makers, bee masters, bakers, confectioners will be organized.

In the 2011 SME State Support Program it is indicated that

- ✓ SMEs (start-up and on-going) will receive training support,
- ✓ on-line training will be provided,
- ✓ capacity building of training companies will be increased
- ✓ 3000-4000 SMEs will receive business information and advisory support,
- ✓ advisory support for developing special skills will be provided to 80-100 SMEs,
- ✓ business training support will be provided to the 100-150 SMEs.

In the SME State Support Program 2012 the following measures are included:

- ✓ 3000-3500 SMEs will receive business information, advisory, and training support,
- ✓ advisory support for developing special skills will be provided to 80-100 SMEs,
- ✓ business training support will be provided to the 100-150 SMEs,
- ✓ about 100 SMEs will be provided with special on-line training.

It should be mentioned that financial resources provided for training and advisory services to the SMEs are very limited and insufficient to cover all needs for enterprise growth (only a small number of SMEs).

### **3. Projects to SME Development and Training Support in Cooperation with International and Foreign Donor Organizations**

In Armenia, several international organizations have been supported and continue to support Small and medium sized enterprises training.

American University of Armenia (AUA) also provides seminars on business oriented topics, such as business planning, time management, communication skills, conflict resolution, human resources management, etc.

The Extension Department of American University of Armenia in cooperation with Armenian International Women's Association has developed a comprehensive entrepreneurship training package – both in English and in Armenian Languages – in support of all SME programs in Armenia. The training contains special components for women-only audiences. Participants are selected from a variety of backgrounds with business ideas – through a competitive application and interview process. The training addresses the need for entrepreneurial thinking – empowered approach to continuous search for

change, solutions approach to change and exploitation of change as an opportunity.

USAID CAPS provides Professional Development Training for Hospitality Industry, Customer Service and Sales Promotion, New Certification Training on the Mysteries of Hospitality, etc.

The Armenian Hotels Association (AHA) commenced a series of new training programs for mid-level managers and line level staff of Armenian hotels located outside the capital.

Between December 2010 and February 2011, AHA implemented training programs for up to 100 participants, covering both operations and management in the field of: Front Desk, Housekeeping, Food and Beverage, Guest Relations, Hospitality Management, and ServSafe. A special training course (Certified Hospitality Department Trainer) is also offered for department managers of hotels, leading to certification from the Educational Institute of the American Hotel and Lodging Association.

The Union of Information Technology Enterprises (UITE) and the USAID-funded CAPS project organized a training program entitled “Customer Service and Sales Promotion in the Information Technologies Sector”, implemented by Business Support Center (BSC) in 2010. The training program aimed to improve the quality of customer service within IT sector companies, increasing productivity and fostering competitiveness.

USAID/CAPS and the Armenian Restaurant Association recently hosted a Hospitality and Restaurant Management training course; the American National Restaurant Association (NRA) Educational Foundation’s ManageFirst Program.

The training program for preparation of tourist guides according to international standards is the first one of its type in the region and a serious contribution towards establishment of competitive tourism cluster. It’s implementation became possible thanks to the initiative of the Armenian Guides Guild and support from USAID/CAPS project.

Japan International Cooperation Agency experts visited Armenia and had presentations in Yerevan and Urcadzor village, Ararat region, on “One village one product” - OVOP program for representatives of local communities.

What is OVOP – “One village one product” program? The program designs and develops at least one product that is sold outside the village or country.

OVOP is a movement that activates the community through entrepreneurship, changes in mentality and use of local resources and privileges.

Human resources are the basic factor and the program is always implemented through residents. Government and local authorities serve as a support chain for SMEs in the scope of OVOP.

The principle of this program is not developing a totally new product but making use of the local comparative advantages. Local resources may be completely different: technologies, crafts, lifestyle, landscape, nature, events, history, other, that is the core issue is in use of targeted marketing tips.

For instance, Kamikacu residents made a brand from a simple leaf, that is in great demand as part of decoration in restaurants.

In Urcadzor village of Ararat region representatives of local authorities noted that realisation of OVOP movement in their villages will positively impact rural areas.

“One village one product” – OVOP serves as an important tool for development and promotion of local brands and products. The program has been successfully implemented in many countries and will soon have its positive impact also in the regions of RA.

The Institute for International Cooperation of the German Adult Education Association (Institut für Internationale Zusammenarbeit des Deutschen Volkshochschul-Verbandes, dvv-international) has operated for over 30 years to support information exchange and to implement concepts of Adult Education in numerous countries all over the world. Branch was set up in Yerevan (Armenia). The project is related to the Caucasus Initiative of the Federal Ministry of Economic Cooperation and Development (BMZ). The Office operates through **intergovernmental** cultural agreements on cooperation convened between Germany and Armenia.

In 2009-2011 DVV International implemented several projects in Armenia such as Training for unemployed on “furniture making” in Gyumri and buying the necessary equipment, Training for unemployed women and the employees of the State local Employment Service Agency, Poverty Reduction through Active Adult Learning - Pilot Project in Tavush Marz (PROACTIVE), Support to the Ijevan Adult Education Center, etc.

In 1 Nov 2011 there was signed memorandum between Ministry of Education & Science and Junior Achievement of Armenia (JAA). The memorandum is concerned to school teachers training, guidebook and methodical handbook elaboration.

JAA has good practice in collaboration with Ministry of Education and Science starting from 1992. One of output of collaboration is involvement of «Social Science» subject in school curriculum. The «Social Science» subject has 4 main directions, one of which is «Economics».

The "Applied Economics" subject has been taught at the secondary schools since September 2009. It is included in the recommended list of supplementary (optional) subjects for the relevant streams of the humanities with the aim of introducing the relations of the free market with the basis of economy. Currently this subject is involved in Armenian school curriculum - 93 % of 10<sup>th</sup> form classes.

Junior Achievement of Armenia's economics program teaches students to understand and appreciate free enterprise and entrepreneurship. We recognize that as high school students begin to position themselves for their future, there are many unanswered questions about what lies ahead. JAA's economics course helps students make informed, intelligent decisions about their future, and

fosters skills that will be highly useful in the business world and global economy.

JAA accomplished its goals through curriculum-aligned textbooks, community outreach, and extracurricular programs. Students use Junior Achievement's internationally-recognized Applied Economics textbook that has been translated into Armenian and edited to complement JAA's curriculum and represent the local experience. From the community at-large, we bring volunteer business people, including local Rotarians, into the classroom to share their real-life experiences with students. Each year, JAA offers acclaimed summer camp to JAA's highest achievers and the summer study abroad program to Armenia's top high school students.

Since 1999, JAA has enrolled its students in a special program organized by Junior Achievement Worldwide, called the Hewlett-Packard Global Business Challenge or HPGBC. HPGBC is a high school, Internet-based program that teaches the principles of international business competition and the practical and decision-making skills necessary to function in a democratic society. Students participate as teams and compete with their peers around the world using a special Junior Achievement software program.

Today, JAA operates over 760 economics classes throughout Armenia, where we reach more than 23,000 students annually. Combined with our civics program, JAA impacts 170,000 young people each year in every region of the country. JAA has played a significant role in promoting a pro-business climate and affecting an attitude shift among the students participating in the program. The majority of graduates pursues economics and business programs in their university studies and state that our program has positively influenced their academic and professional aspirations.

The program of "Entrepreneurial and Civil learning for youth" has been implemented by the "Junior Achievement of Armenia" at high-schools to provide the practical part of the program since 1 April, 2011. 1-hrs per week.

Enterprise Incubator Foundation (EIF) implements Science & Technology Entrepreneurship Program (STEP) in Armenia. The STEP project was created in 2006 by EIF jointly with the U.S. Civilian Research & Development Foundation (CRDF) and the Government of Armenia.

EIF objectives are as follows:

- ✓ Improving access of local firms to knowledge and information on best international practices and experience.
- ✓ Developing managerial and professional workforce and fostering productivity improvement in Armenian companies.
- ✓ Fostering formation of start-ups and their further development.
- ✓ Center of Excellence in Teaching and Learning.

Under the auspices of STEP, CRDF and EIF organize regular Technology Entrepreneurship Workshops in Yerevan. The Workshop is open on a competitive basis to scientists, engineers, inventors, researchers and technology entrepreneurs with an interest in commercializing their innovations and developing viable enterprises. At the conclusion of the Workshop, CRDF

awards one to three \$10,000 U.S. Travel Grants to competitively selected Workshop participants. The number of grants awarded is based on the quantity and quality of applications submitted.

The workshop goals are to:

- ✓ Identify technologies with good commercialization potential through business plan competition and expert review process.
- ✓ Enhance technology commercialization potential by providing entrepreneurship training and one-on-one consulting to inventors, researchers and technology entrepreneurs in the following principal areas: a) company formation; b) technology validation; c) market assessment; d) team building; e) developing viable business models, operational, and financial plans; f) fundraising and exit strategies.
- ✓ Provide participants with personalized mentoring by U.S. and local business trainers with real-life business experience.
- ✓ Facilitate introduction of workshop participants to local and international businesses, prospective investors, and private sector experts.

The Center of Excellence in Teaching and Learning (CETL) provides training and supporting resources to existing and future faculty of ASAU to facilitate excellent teaching for helping to improve student learning inside and outside the classroom.

The Center of Excellence in Teaching and Learning (CETL) has been established on the basis of the Higher Agricultural Education Reforms project (collaborative project between USDA FAS, Texas A&M and ICARE aimed at building the capacity of the ASAU to be able to meet the standards set forth by the Bologna Declaration).

The CETL provides training and supporting resources to existing and future faculty of ASAU to facilitate excellent teaching for helping to improve student learning inside and outside the classroom.

The CETL aims at fostering connections among university teachers throughout the region, across program and disciplinary boundaries, and even in the broader community. Through a set of tools, instructional resources and materials, the CETL provides professional development, support for course design and improvement, and opportunities for scholarly inquiry into learning and teaching.

In 2004 “Basic Business Skills” training implemented in Vanadzor City-with SME DNC ‘s protection for newly starting business persons and Start-up Entrepreneurship Support Program in Gegharqunik region –UNDP/SME DNC joint projects have been implemented.

In 2010 within UN "Vocational education and training" program 396 individuals have been trained, 155 or 39.1% out of which found job.

#### **4. Conclusions**

At present there are a number of challenges inherent in the Armenian business-training services market:



- ✓ lack of adequate information on training purposes and tasks hindering the understanding by enterprises the concept of training and its need;
- ✓ during the recent years, the shortage of professional trainers in the expanding market is filled by inexperienced individuals lacking adequate knowledge and appropriate training skills which impedes the sustainable development of the training market;
- ✓ lack of clear-cut pricing policy which leads to large pricing fluctuations and difficulties in making one's choice;
- ✓ major part of training courses is not adjusted to country specifics of Armenia;
- ✓ part of Armenian enterprises psychologically is not ready to admit the training necessity in terms of enhancing their staff competitiveness.

On the contrary to the above-mentioned, the market shows some positive trends. Particularly, trainings are viewed not only as a separate action but also a part of the package of consultancy-training services. For instance, all Armenian enterprises face the problem of enhancing the efficiency of their human resource management. It means that employees have no clearly-articulated duties, their managers fail to make accurate assignments, employee's professional skills are not adequate for best fulfillment of a certain task. In this regard, apart from delivery of consultancy aimed at improvement of the system, there is a need for the staff training on team work encouragement, time management, motivation enhancement, etc.

The other positive trend is the emergence of a Family Trainer concept implying that private businesses conclude long-term agreements with training companies for on- going delivery of business-training services to their staff members.

The presence of foreign trainers in Armenia is a positive factor for the quality of training services and their efficiency. Participation of international organizations in the SME development projects has its large contribution to the development of business-training services market in Armenia.

According to the forecasts, the Armenian market of business-training services during the past three years was growing at 25-30% per year and this trend will be retained in the near future. This development trend challenges business-training service providers to improve their quality and develop more relevant services adapted to Armenia's business environment as well as private business representatives to fully perceive the need for the services and for staff efficiency.

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