

International Business Education Through an Intergovernmental Organisation

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Abstract. The paper examines international business education through an intergovernmental organisation viz. International Center for Promotion of Enterprises (ICPE) which is the only intergovernmental organisation devoted exclusively to international business education. The institution was established as International Center for Public Enterprises in developing countries on the initiative of the UN Secretary General at a time when public enterprise was in ascendance. Most of the member countries have now jettisoned socialism and the public sector therein has climbed down from the commanding heights of their economies. The importance of international business education in developing countries is being increasingly recognised. A SWOT analysis reveals that this organisation can be developed to achieve its strategic objective of providing high-quality low-cost international business education to the developing country professionals by providing exposure to the developed country institutions.

Keywords: international centre for promotion of enterprises, international cooperation, developing countries.

1. Introduction

The 1975 Conference of the Ministers of Foreign Affairs of Non-aligned countries in Lima, Perú adopted “Lima Programme for Mutual assistance and Solidarity” focused on countering colonialism, neo-colonialism and capitalist imperialism through cooperation among non-aligned countries. The declaration invited nonaligned and other developing countries to join the International Center for Public Enterprises in developing countries (ICPE) which had been established by the Government of Yugoslavia with the blessings of the UN Secretary General, U Thant and had positioned itself in the international sphere with a high-profile International Symposium on Planning in Public Enterprises in Developing Countries with participants from 26 countries.

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In March 1976, representatives of 30 governments, 9 observer countries, UN and UN's specialised agencies (UNIDO, ILO and UNESCO) participated in a conference in Ljubljana, Yugoslavia and 23 representatives signed the ICPE Statute. ICPE was established in Ljubljana to promote the role of public sector in developing economies and to counter "the destabilising influence of transnational corporations". ICPE intended to facilitate, organise and stimulate cooperation between, member-states and provide assistance in the field of management education and the mutual exchange of information and documentation. Within four years of its founding ICPE became a leading organisation for exchange of knowledge in the field of management for developing countries. The countries of Non Aligned Movement (NAM) looked to ICPE as the organisation that was going to help them learn from each other's practices, bond them together and support them through promotion of efficient and responsible public enterprises which played an important part in realising their development plans.

Management education for public sector executives has been ICPE's main instrument for providing support to the member countries. By 1980, ICPE had conducted numerous successful programs, research, seminars and trainings in the field of public enterprises, some of which were carried out outside Yugoslavia and were financially supported by the UN agencies and the countries involved. There were notable successes which are remembered in developing countries till this day. Between 1980 and 1984, ICPE organised "Framework of the Nationhood" – a training programme for Namibian students on Public Enterprise Management and Development Planning (Vratuš 1984). Over 200 participants attended five nine-month courses on economic development and public sector management and one 18-months course on planning. There were so many Africans in ICPE, that in the then small insular town of Ljubljana the ICPE building came to be affectionately called "Zumba House". A large number of public sector executives and government officials trained at ICPE have attained high positions in developing countries, notably in India as CEOs of central public sector enterprises and Secretaries to State and Central Governments and Lieutenant Governors of Union Territories.

When ICPE was just 15 years old, Slovenia (with Ljubljana as its capital) seceded from Yugoslavia and after a short war became independent. Though Slovenia took over the responsibilities of the host country of ICPE its attitude was somewhat ambivalent. Soon enough Slovenia joined NATO and OECD. In other words, the host country was no longer non-aligned or a developing country. Technically, as per statute it could not have remained a member of ICPE. This fact has been ignored by all concerned. To weather the storm ICPE changed its name to International Center for Promotion of Enterprises. Even so, member countries started leaving ICPE in droves for a variety of reasons: affection for Yugoslavia and Tito, perceived irrelevance of NAM or decreased animosity towards the private sector and multinational enterprises. Audit reports for 2013 and 2014 indicated that a virtually bankrupt ICPE was likely to cease to be a "going

concern". Yet ICPE survived, albeit in a diminished form. This research examines whether ICPE survives because of hysteresis or evolution and whether and how it can provide useful services to member countries in the field of management education.

2. Evolution and Survival of Intergovernmental Organisations

Intergovernmental organisation (IGO) is a term much narrower than international organisation (Droesse 2020). According to the International Court of Justice an IGO "is a subject of international law with capacity to maintain its rights" (Cogen 2015, p. 2). Schiele (2014, p. 33) notes that the first element of IGOs is the establishment by an international agreement. Secondly, the organisation is required to be created as a new legal person and having at least one body with *volonté distincte* (will of its own) and thirdly, the legal powers of such organisation have to be exercisable beyond the national legal system of Member States. IGOs have at least three state parties, a permanent headquarters or secretariat, as well as regular meetings and budgets. Organisations that are created by existing IGOs as opposed to being founded directly by the states are called "IGO emanations". These emanations are not IGOs because they are not truly independent of the IGOs that created them. Any international organisation which is not established by intergovernmental agreement is considered as a non-governmental organisation usually referred to as "International NGO". IGOs are generally regarded as more important as their members are nation states. (Blanton & Kegley 2015, p. 149).

From a Realist perspective, IGOs are created and maintained by powerful states in order to advance their short-term national interests. Shifting constellations of power or endogenous changes in the interests of the organisation's powerful states should lead to demise of IGOs (Eilstrup-Sangiovanni 2021). But decision costs are high, and since states do not continually reassess their interests, IGOs may sometimes endure even after shifts in power and interests, introducing an element of time-lag (Stein 1990, p. 51).

The "Functionalist" or "Rational Institutional" approach assumes that states create international institutions in order to solve cooperation problems and to reduce the uncertainty and transactions costs associated with international cooperation. International institutions fulfil these functions chiefly by generating information. The reason why they persist long after the original conditions for their creation have ceased to exist is that institutions are easier to maintain than to construct (Keohane 1984, p 102). The value of IGOs increases over time due to institution specific expertise (learning effects) and returns to cooperation (coordination effects). Lock-in effect may also arise from cognitive biases that make member-states reluctant to contemplate change as long as existing arrangements yield broadly tolerable outcomes (North 1990). Another reason is

scale-economies. When a new issue comes up, the member-states may look up to an existing IGO to avoid start-up costs of a new one. The result being that the existing IGOs tend to evolve rather than die.

In a synthesis of David Mitrany's conception of "functionalism" and Jean Monnet's pragmatic strategy for running the European Coal and Steel Community (ECSC) and developing it into the European Economic Community (EEC). Ernst B. Haas (1958) transformed Mitrany's technocratic vision of an expanding world system of functionally specialised global organisations run by experts into a political conception. This distinct approach (the author insisted it is not a theory) came to be called neofunctionalism and has seen many vicissitudes. His book *The Uniting of Europe* While his death in 2003 deprived scholars working in the field of international relations and institutional transformation, one of its most original and creative minds, it has to be said that, except for a preface to the new edition (published posthumously in 2004) of his seminal contribution, *The Uniting of Europe*, Haas had made no contribution to neofunctionalism for over thirty years (Schmitter 2005).

Constructivists view institutional robustness mainly as a function of the legitimating and socialising effects of institutions, rather than their narrow instrumental value. Once established, institutions are therefore expected to be stable because normative change is inherently disruptive and requires actors to question routinised practice and contemplate new practices (Keck & Sikkink 1998, p. 35).

Organisational theories based in Sociology conceive of IGOs as independent actors in world politics, comprised of groups that strive to fulfil their own objectives, rather than merely serve the interests of their state creators (Barnett & Finnemore, 1999) – a classic case of principal-agent problem (Vaubel, 2006). International organisations frequently act strategically to expand their staff, budget, mandates, and indeed lifespan, against the interests of their state creators. Even when an international organisation's central task is accomplished, or is no longer needed, its staff will generally not accept being obsolescent but will seek to identify new tasks to justify its existence, leading to a process of 'infinite goal succession' (Shanks *et al.* 1996, p. 593). The United Nations Institute for Training and Research (UNITAR) was created in 1963 to train and equip young diplomats from newly-independent UN Member States with the knowledge and skills needed to navigate the diplomatic environment (Walter & Bottigelli 2010). It completed its work but did not close down. Instead it launched the biggest venture in cross national comparative research ever carried out in the field of mass communication to study the coverage of UN policies by mass media across the world (Szalai 1969). It has established a global network of 25 CIFAL (Centre International de Formation des Autorités/Acteurs Locaux) across the world in collaboration with host local authorities/institutions, private sector partners and other UN organisations. The central purpose of CIFAL's training programmes is