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D03514



Distr.
LIMITED

ID/WG.129/4
25 May 1972

ENGLISH

United Nations Industrial Development Organization

Meeting for the improvement of
industrial administration

Krems, Austria, 4 - 8 June 1972

A PROPOSAL FOR THE ESTABLISHMENT OF THE
INTERNATIONAL CENTRE FOR INDUSTRIAL ADMINISTRATION ✓

Background paper
prepared jointly by

Institute of Research in Education and Development (IRE)
(Institut für Bildungs- und Entwicklungsforschung)

and

United Nations Industrial Development Organisation (UNIDO)

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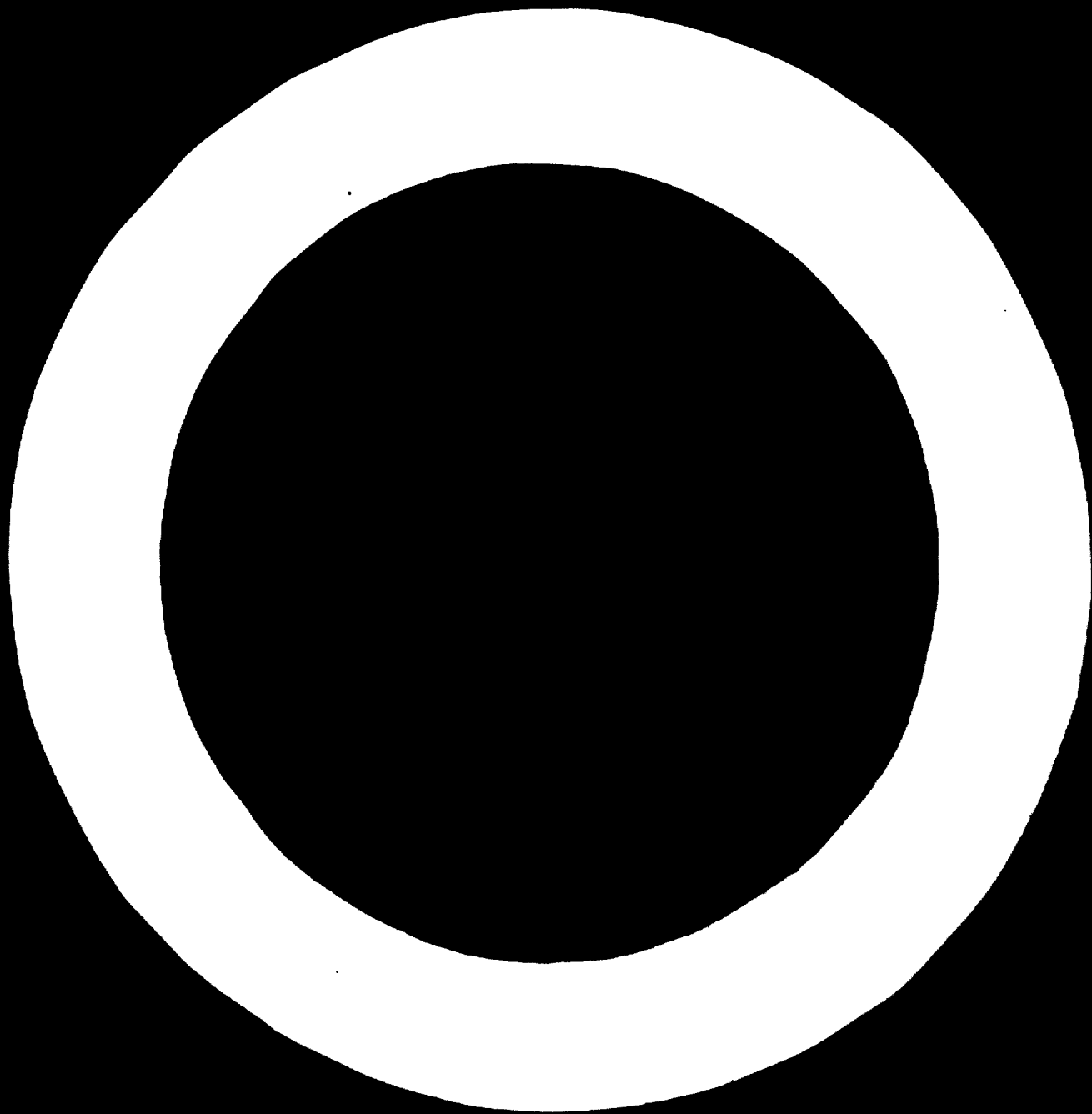


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INTRODUCTION

1. A number of discussions were held in 1971 between the Government of Austria, the United Nations Industrial Development Organisation (UNIDO) and the United Nations Institute for Training and Research (UNITAR) on the subject of more effective means of improving public administration. In a letter to UNIDO written by the Government of Austria in 1971, it was suggested that they continue these discussions "with the objective of exploring how Austrian organisations may best co-operate with UNIDO to undertake training in industrial administration." The hope was expressed that "these further discussions may lead to a plan for the establishment of an Industrial Administration Centre to be located in Vienna." It was suggested "that the Austrian Government, UNIDO and representatives of UNITAR hold a preparatory meeting for approximately three days later this year to analyse in some detail the practicality of such a Centre and, if found acceptable, to draft initial plans."

2. On 26-28 November 1971, a Joint Meeting was held in Vienna between the Government of Austria and UNIDO to give practical shape to the expressed desire of the Austrian Government to assist industrialisation, and in particular the work of UNIDO at what appears to be a problem in establishing systems of administration fully adequate for the implementation of national programmes in the developing countries. The meeting proposed to discuss the feasibility of setting up a joint programme for industrial administration to include a centre for industrial administration, proposed for establishment in or near Vienna and for which the Austrian Government and UNIDO might jointly agree to either provide or to obtain the necessary facilities and financing in co-operation with the United Nations Institute for Training and Research (UNITAR). The planning and the administration for the proposed Centre as well as the design of activities were also points of discussion. 1/

3. The twenty-eight (28) participants at the Joint Meeting included representatives from the Austrian Foreign Ministry, from Austrian organisations, from organisations in the developing and industrialised countries, from UNITAR and from UNIDO. A Joint Committee was formed to carry on the deliberations, particularly with regard to the administrative design and financing of the proposed Centre.

1/ Draft Report, The Improvement of Industrial Administration,
UNIDO document ID/WP.114/1, March, 1972.

4. It was agreed that a follow-up to the Joint Meeting would be practical so as to allow discussions to take place among top-level administrators and other concerned parties on the results of the findings of the Joint Meeting and of the Joint Committee.

5. The Meeting for the Improvement of Industrial Administration will be held at Krems, Austria, 4-8 June 1972, organized by the Institute of Research in Education and Development (Institut für Bildungs- und Entwicklungsforschung (IBE)) in co-operation with the Government of Austria and UNIDO. The Krems Meeting will be held immediately after the close of the Sixth Session of the United Nations Industrial Development Board in Vienna on 2 June 1972.

6. The purposes of the Krems Meeting are to discuss the provision of more effective industrial administration services to industry in the developing countries and to suggest practical measures for strengthening and improving these services. For example, the Meeting will endeavour to identify certain of the modern administrative techniques which government administrators should have at their command, including the new techniques now available to modern business executives.

7. The present report has been prepared jointly by IBE and UNIDO with the assistance of the Joint Committee. It is intended to serve as background for discussions at the Krems Meeting, and is concerned with the role that the proposed Centre might play in improving administration, a possible programme of action, available resources, suggested administrative as well as financial requirements of the proposed Centre.

CHAPTER 1 - THE CONCEPT OF INDUSTRIAL ADMINISTRATION

Definition of Terms

8. In this paper "industrial administration" has been defined as the planning, organization, guidance and control of all non-manufacturing activities having to do with the industrialization process. Such activities are carried out by government agencies, organizations and institutions. Also included are activities which may be non-governmental, such as associations and chambers of commerce. The related term "industrial management" describes similar functions in manufacturing enterprises - both public and private.

9. "Industrial administration" is a highly specialized function under "public administration" and differs from public administration in much the same way as industry differs from other sectors in the economy. Some of the distinguishing characteristics of industry in this respect are as follows:

Nature of decision-making

10. The manufacturing sector is generally required to operate on a much shorter operational cycle than do other sectors. The development of a new commercial forest can have a cycle of decades, of public health or of education programmes a cycle of years; but for industry to meet ever-changing domestic and foreign market requirements, the cycle may be a matter of months. Thus fewer delays in decision-making by industrial administrators can be tolerated for effective industrial development.

Technological diversity

11. The variety of products to be manufactured and processes to be established make the technologies to be considered for the industrial sector far more numerous than for other sectors. A high level of skill is required to transfer, adapt, or develop appropriate technologies for industry.

Complexity of industrial organizations

12. Industry varies not only in the types of technologies employed but in the variety of organization patterns found. Individual units may vary from those employing 10,000 or more down to ten or less workers. Organizations may include the spectrum from wholly public

enterprises to wholly owned foreign subsidiaries and every combination between the two extremes. The complexity of decision-making which must stimulate individual initiative as well as direct public initiative is increased.

13. Public industrial administrators are concerned with the techniques used in public administration plus those special techniques required to accelerate industrialization. This study is not particularly concerned with the techniques of public administration per se, for example, organization and management, on the assumption that such techniques are widely known or can be acquired through existing national, regional and international institutions. The concern at present is more with the special techniques which a public administrator requires if he is to properly function as a public industrial administrator. These special techniques are common to all types of organization just as industrial management is concerned with the problems common to all manufacturing enterprises irrespective of whether the product is steel, chemicals or textiles. In fact, public industrial administration has much in common with industrial management since many of the more advanced techniques found practical in the latter can be adapted to the needs of industrial administration.

Activities of the United Nations Family in this Field

14. The Public Administration Division of the United Nations has assisted in establishing and/or strengthening a number of national training institutes. Increasing need has been felt by these institutes for providing training programmes for officials holding posts at the senior levels. This was reinforced by the Report of the Expert Group Meeting on United Nations Programmes in Public Administration, convened in January 1967, which recommended, inter alia, that the United Nations assign high priority to initiating and supporting development programmes for senior administrators.

15. At the United Nations International Seminar on the Development of Senior Administrators in the Public Services of Developing Countries, held in Geneva in August 1968, a number of recommendations on this subject were made including the following:

- The role of the senior administrator in the government service - including public corporations - should be more precisely defined, clarified and strengthened in all developing countries;

- National policy makers should strive for a more profound appreciation of the principal motivation factors governing the work performance of senior administrators, and provide increased recognition of their contribution to national goals;
- A valid assessment must be made in each developing country of the precise range of development needs of the senior administrators; and
- Investment by developing countries in the dynamic growth of the capability of senior administrators should be considered as a major asset which in comparison to other development investments is, in financial terms, relatively small.

16. The importance of improved industrial administration has been the concern of UNIDO and its predecessor, Centre for Industrial Administration.^{2/} In 1965, the Centre for Industrial Development, in co-operation with the OECD, held a meeting in Paris on the Training of Economic Administrators for Industrial Development.^{3/}

17. Problems to be anticipated in launching an international programme in industrial administration were underlined in the opening statement of the Executive Director of UNIDO, Mr. I. H. Abdel-Rahman, then the United Nations Commissioner for Industrial Development:

"Your deliberations from my point of view will have a 'touch of originality' and a 'flavour of pioneering', and they will also involve a 'bit of burden' in formulating positive action.

When I say that your deliberations will have a touch of originality, I am fully aware that yours is, in many ways, the first meeting to tackle systematically the problems of training of public officials in industrial development.

^{2/} See Report of the Fifth Session of the Committee for Industrial Development, (11-20 May 1965), Document E/4065

Report on the Sixth Session of the Committee for Industrial Development, (26 April - 13 May 1966), Document E/4203.

^{3/} Training of Economic Administrators for Industrial Development, 1969, United Nations publication (Sales No.:66.II.B.12).

Who would have thought of it in the later fifties and in the early sixties as something basic that requires systematic national and international action? It has now been realised that it is an acute problem and a matter of reality.

It is a fact that the State plays a basic role in promoting and accelerating industrial development. In this task, the Government and other public officials have to act as 'public-sector entrepreneurs'. The incentive of profit, at least for the formative period, is replaced by the incentive of responsibility. Government action or the concerted and co-ordinated action of government officials make all the difference between a stagnant and inefficient industry and a throbbing and smooth-running industry. In a positive sense, the Government becomes an entrepreneur in undertaking risks, investing and running industries. In another sense, it injects vitality through a series of policy measures. Thus the Government and public officials are called upon to shoulder important responsibilities.

From the quick observation of the material in front of you, I notice that suggestions are made for the training of different categories of persons, including politicians. I fully realize that government officials do not work separately from the political decision makers. The effectiveness of their work will depend on the understanding and support of the final decision makers. This means that there is a need for communication with the highest authorities and an appreciation of the political environment. To understand politicians and influence them is one question, and to recommend training for the highest decision makers is, to my mind, an entirely different question."

18. An important conclusion of the Paris meeting was that the functions of "economic administrators" were sufficiently different from those of traditional administrators to warrant specialised study and training.

19. The importance of improved industrial administration to the developing countries and the role that UNIDO could play in providing assistance in this field were discussed at the International Symposium on Industrial Development held in Athens in December 1967. The Report of the Symposium emphasized the need for effective administrative machinery for industrial development in accordance with political, social and economic conditions of the country. ✓

4/ Report of the International Symposium on Industrial Development, 1967, United Nations publication, (Sales No.: E.69.II.B.7).

"Developing countries should review the present administrative machinery for industrial development, its structure, functions and potentialities. UNIDO is requested to assist developing countries in this task. On the basis of this review, the countries would be in a position to modify their civil service systems to suit the requirements of industry and/or consider the establishment of autonomous industrial development agencies. UNIDO should assist Governments in this connexion if requested to do so.

"UNIDO in co-operation with other concerned organisations, should assist in the training of personnel needed for the administration of industrial services, including industrial property.

"UNIDO is also requested to respond favourably, as appropriate, to requests submitted to it by National Governments for assistance in improving the efficiency of these institutions."

20. Accordingly, UNIDO established a major activity group on industrial administration of public agencies dealing with the manufacturing sector. A draft programme of work for UNIDO in this field was presented to the Fifth Session of the United Nations Industrial Development Board.^{5/} The Board underscored the need for improving the efficiency of public agencies dealing with industrialisation in developing countries.

21. UNIDO has sponsored two seminars in this field: The first held in Uzbek, USSR, in October 1970, concerned the Organisation and Administration of Industrial Services for Asia and the Middle East;^{6/} attended by twenty-one (21) administrators from sixteen (16) countries. The second seminar for Industrial Administrators from the Arab Countries of the Middle East and North Africa was held in Kuwait in 1972; twelve (12) administrators attended. A third seminar for English-speaking industrial administrators from African countries is scheduled in late 1972 in Addis Ababa. These seminars identify further the problems common to all administrators of industrial development organisations and determine ways and means of solving these.

^{5/} Report of the Industrial Development Board, Fifth Session, 1971, Document II/3/80/Add.2.

^{6/} Organisation and Administration of Industrial Services for Asia and the Middle East, 1970, United Nations publication, (Sales No.

CHAPTER 2 - EFFECTIVE INDUSTRIAL ADMINISTRATION

22. In countries where the government is largely responsible for promoting industrialization, it is of great importance that modern administrative techniques be applied to public agencies concerned with industry and kept up to date. It is also important to upgrade the skills of their employees, as the lack of adequately trained administrators is a major obstacle to the achievement of the targets of industrial development programmes. In many of the developing countries, more attention has been given to the planning of development than to the implementation of the projects comprising the plan. Similarly, more attention has often been given to the acquisition, discovery or mobilization of physical resources than to the development and improvement of skills and motivation required of key individuals to invest effectively the available physical resources. The need for improving the decision-making process for industrial development is by no means limited to the industrializing countries.

23. In a recent speech, a minister of an industrializing African country considered weakness in his country's high-level manpower as one of its leading problems, they have become so used to thinking of themselves (with the encouragement of foreign admirers) as possessing a very capable ruling class. He felt it fortunate for his country, however, that foreign commentators add the rider "in comparison with other African countries". This, he felt, robs the compliment of most of its meaning.

24. He went on to say that his country must get rid of the comfortable national self-delusion that they are already a very competent and efficient people; they are not. He added that in watching the cruel ineffectiveness with which so much expensively acquired equipment is operated, in realizing the inability of most parts of the administrative and managerial machinery to deliver the high quality performance required for a more rapid pace of national progress, his countrymen would realize that while they may possess an articulated and polished elite in comparison with other African countries, they do not yet possess the managerial resources for running a fully modernized country. It was his expressed hope that his countrymen would still be humble and realistic enough to acknowledge these deficiencies, and that as they travelled around the world they would keep their eyes open to measure, learn, and adopt the standards of managerial and administrative performance, the skills and the application that go into sustaining a modern economy.

Factors Contributing to Ineffective Industrial Administration

25. The actions of industrial administrators are restrained by a variety of organisational, political and social factors in addition to those generally restraining the effectiveness of industrial managers. Thus training programmes and the use of consultants can be frustrated by factors which cannot be effected by the normal techniques of administrative improvement. Some examples are:

- Inadequacies in the design of the administrative mechanism for the implementation of industrial plans and the provision of industrial services;
- Lack of understanding by high government officials, particularly politicians, of the gap between the plans they make and the end results actually obtained;
- Further lack of understanding by such individuals that some part of this gap could arise due to inadequate knowledge of modern administrative techniques and leadership skills.
- Lack of awareness that these deficiencies at least in part could be corrected by training.

26. From the above, one is forced to the conclusion that it is a gross over-simplification to state that the gaps or deficiencies between planning and implementation of industrial programmes result wholly from an absence of modern administrative techniques, leadership skills, or a not so efficient organisation. Thus one can anticipate a questioning attitude by governments when suggestions are made that a new proposed Centre for developing a higher level of administrative skills will benefit industrialization.

27. One further group of factors influencing industrial administration may be beyond the power of many governments, at least in the short term, to modify. For examples:

- social, economic and political problems which force decisions on administrators from which industrialisation may suffer.

28. The difficulties and delays that are encountered when implementing industrialization programmes must be put in the context of the overwhelming and often really titanic scale of the tasks which administrators have to face. In many instances, to achieve civic order and legal government is in itself a formidable task and achievement. To administer in addition a dynamic economy planned for welfare and development implies a range of responsibilities of quite a taxing kind, especially when allowing for the much compressed time frame within which results are sought to be achieved.

Requisites for More Effective Industrial Administration

29. The provision of appropriate training and related supporting activities - such as counselling services for new administrative techniques - can make a vital contribution to improving the implementation process.

30. Training for industrial administration has to involve the concrete problem situation and must relate to the actual manner in which authority is exercised. Among the tasks of the industrial administration are the development of forms of openness and stimulation so that a real eagerness and co-operative spirit emerges for identifying and solving problems and for avoiding organizational lethargy.

31. Decision-making skills cannot be easily transferred from one country to another. Thus, it is essential that there be open channels of communication. A valid strategy should be devised for more constructive use of information systems.

32. It is important that training efforts be integrated with changes in administrative systems. This is difficult to improve from outside; the initiative should come from within. Thus, it is important to have a critical concentration of fuller understanding of modern management techniques and of enhanced motivation among a sizeable number of senior administrators, especially among those whose work interlocks or who form operating teams for industrial development programmes.

33. Training should also be carried out in close co-ordination with research findings. Studies must feed in constantly information on new and appropriate techniques that would have practical application.

34. Without a major change in orientation - the creation of an atmosphere in which quick and decisive action can replace the present bureaucratic place of implementation - little improvement can be expected regardless of the resources poured into teaching modern techniques.
35. One of the pressing needs for the public and private administrative sector is the development of creative judgement on the part of key officials. In the past, mistakes have been made which were costly in human and financial terms. Major companies have been ruined; ineffective strategies have been used by governments with catastrophic results. Some of the mistaken judgements are due both to the lack of quantitative models and to a lack of understanding of the broader political, economic and psychological factors involved in decision-making.
36. The task of the decision maker in industrial administration is not only to display his own capacities but to create opportunities for staff development so that combined talents can be used in a problem-solving situation. In this sense, the decision maker has an educational function. His style involves co-operative effort and application to improve both the speed and quality of decision implementation.
37. Among the industrialising countries the need to improve the decision-implementation process is especially great. This demands the development of an entrepreneurial personality, the moving away from a static concept of administration to integrated schemes of implementation. Moreover, the problem of motivation and service combining theory and practice has to be clarified.
38. The decision maker is frequently in a lonely position. His training may be inadequate both in technical and psychological terms. Often he is involved in so many details and has to cope with so many crises that he cannot reflect about principles and he has little time to consider innovations. He needs continuous education and expansion of perspective and dialogues to provoke new ideas. Yet there exists no adequate institution which brings together thinkers and decision makers in a problem-solving setting and which combines theory and practice for the consideration of strategies involved in the industrialisation process.

39. Because of this gap, a programme uniting the resources of public and private organisations through the proposed Centre, can have an impact which may affect industrial development on a broad scale. A limited, experimental pilot programme could be flexible and be more dynamic than one which is held back by conventional training and static patterns of performance.

40. The programme may clarify such broad questions as: How can new perspectives in the implementation of industrialisation be identified? How can the relationship between the industrialized nations and the industrializing nations become more constructive? How can human and technological resources be used in the most effective manner? How can the behavioral sciences be best applied in the process of industrial growth? How can additional international linkages at multiple levels be created? How can decision-making be decentralised and how can bottom-up planning be effected?

41. The problems of implementing industrialization are so complex that they should be addressed by inter-disciplinary teams. In the field of administration, however, decisions must be made by individuals not teams. Thus the conclusion that industrial administration requires an "inter-disciplinary man" whose development should be the objective of any organization, public or private, concerned with accelerating industrial growth.

42. The practicality of preparing your administrators for positions of leadership should be further tested along the lines used in public and private business concerns for developing top managers out of the middle management group.

43. Questions of a political nature constantly intrude on the decision-making process. Effectiveness of the work of industrial leaders will depend on the understanding and support of the final political decision makers. This means, that there is a need for communication with the political authorities and an appreciation of the political environment. However, to understand the political environment and to influence this environment is one question and to recommend training for the highest level of decision makers is an entirely different question.

CHAPTER 3 - ROLE OF THE PROPOSED INTERNATIONAL CENTRE
FOR INDUSTRIAL ADMINISTRATION

44. The Joint Meeting held in November 1971 to Consider More Effective Training in Industrial Administration devoted considerable attention to the contribution that the proposed International Centre for Industrial Administration could make in the field of industrial administration.
45. The Joint Meeting, taking into consideration the multifarious problems facing developing countries with regard to industrial administration, concluded that a new programme strategy was needed which could remove certain of the restraints mentioned previously.
46. The proposed Centre, it was stated, should not develop into a school with the organisation of formal training courses. Its major contribution should be the provision of an environment where industrial administrators and other concerned parties from different countries and regions could exchange experiences, discuss mutual problems, and gain from each other's experiences. This learning environment, which might focus on the art of decision-making, could be reinforced through the introduction of special subject matter which might provide the substance on which decision-making could be tested. It is anticipated that the proposed Centre may want to give considerable attention to appropriate professional subject matter.
47. The view was expressed that the professional subject matter could possibly be introduced through case studies or syndicates. Case studies could be written relating the skill (or lack thereof) of industrial administrators to later evidence of accelerated or retarded industrial growth.
48. It was also felt that there may have to be planned research, field observations and discussions with senior administrators themselves together with other knowledgeable persons.
49. The assessment of development needs of senior administrators should not be left solely for decisions by the proposed Centre's training staff and related experts. The observation was made that training institutions often have an understandable inclination to offer and to promote what they can do best within the competence or expertise available.

50. A purposeful involvement of senior administrators themselves was viewed as helping considerably to define these needs and, at the same time, establish more support for the programme designed to meet these needs.

51. Further, many participants stated that there should be a clear acceptance by the training programme staff and the participants that the development of dynamic attitudes and realistic practice in the use of quantitative and non-quantitative administrative skills would not take place at the proposed Centre. The off-the-job training programme at the proposed Centre could only inform, indicate, demonstrate and start a process of development that must by necessity culminate in actual application by the trainee on the job.

52. The Meeting felt that in view of the varied requirements, no single programme could serve the needs of the developing countries. Tailor-made programmes varying in level as well as in scope should be undertaken. Special programmes should be designed on a country basis, or on the basis of small groups of countries having similar problems. Case studies relating to specific situations should be collected and elaborated. Other programmes would aim at establishing a dialogue among administrators from different countries who performed similar functions, in order to determine solutions to common problems.

53. Furthermore, the Meeting emphasized the need for an articulate and flexible approach to be followed in the design of the general programme of action and in the development of each individual programme. It was also considered essential that there be elasticity and openness of perspective within each programme.

54. The Meeting agreed that there were several echelons of administrators ranging from policy makers through planners to implementors who could benefit from the programme. It was also stated that the function of the person should determine the kind of training.

55. It was thought that the assistance required would have to be formulated in two ways. One approach would be to develop long-term programmes based on research. Also, it would be necessary to identify suitable approaches to retraining and up-grading existing administrative staff on a short-term basis. The long-term programme would involve a new approach for preparing the new type of administrator needed for industrial development.

56. It was felt that in the process of selecting individuals to participate in the short-term programmes, proper attention should be given to the actual needs of the country. A decision would have to be made whether the proposed Centre should deal with general problems related to industrialisation or be more concerned with the development of a particular branch or sector of an industry. Another type of programme might deal with the planning and implementation of large-scale projects. A feature of the proposed Centre's activities might be a programme of interdisciplinary seminars, with participation by such individuals as directors and executives of public and private enterprises, and of financial institutions for industrial development.

57. It was recognized that at an appropriate stage and in close collaboration with the proposed United Nations Staff College and other interested international agencies, selected international civil servants and technical assistance experts might be included as participants in the programme. Furthermore, the view was expressed that participants of governmental, consulting and industrial organisations would also benefit from the programmes of the proposed Centre.

Possible Subject Matter for Consideration by the
Proposed Centre

58. The proposed Centre may wish to consider the following four topics:

- a. Environment for Leadership;
- b. Improvement of the Human Potential;
- c. Administration of Technological Innovation;
- d. The Decision-Making Process.

59. It is interesting to note, in this connexion, that the following subjects have been included in the 1972 administrative and management training programme to be offered by the United Nations Secretariat at New York headquarters: current concepts in authority; motivation and leadership; supervisory development programme; inter-personal factors in management; managerial introduction to electronic data processing; interviewing; job briefing and selling; design and use of management; information systems; PERT-CPM workshops and statistical science for management.

Environment for leadership

60. Industrial leaders are much more influenced by their respective economic-social environments than are the managers of the larger industrial enterprises. The latter through the wide-spread adaptation of modern management techniques and under the influence of international finance, are more likely to have an international understanding of the profession and to use common techniques. This increasingly is becoming true in spite of differences in economic or political systems or the geographic location of the country. The industrial manager has a higher sense of professionalism than the industrial administrator and is more likely to have been trained specifically for his new profession at least through short courses for seminars.

61. The influence of past colonial traditions on the environment of the industrial administration may be seen in many of the developing countries. Also, many of the governments of these countries are similarly influenced by these environmental factors and tend to be conservative, non-innovative and-risk taking in their approaches. Until recently, most administrators in these countries were devoted to law and order and to maintaining the status quo with regard to socio-economic development. Thus, they were limited in their ability to provide the vitally needed administrative support for present socio-economic development goals now envisaged by the developing countries.

62. While it may not be possible to build up a scientific body of knowledge with regard to the appropriate environment for leadership, much can be learned from examination of studies in this area as well as from an examination of attitudes from the past in relation to those needed for the present.

63. Some of the factors that may be considered under this heading are as follows:

- a. Cultural and socio-economic factors - past and present - that have influenced the administrative patterns in various countries; positive and negative factors;
- b. Desirability for selective adaptation of existing industrial management techniques;
- c. Relationship to the work situation influenced by such factors as tradition, history, religion, cultural situation, and world environment;
- d. Pressing domestic economic and political problems;
- e. Influence of foreign factors;
- f. Scope for new initiatives in industrial administration.

Improvement of the human potential

64. The objective of the proposed Centre is not just to make known the potentialities of improved industrial administration but to do so in such a way that the individuals in contact with the Centre do indeed become better administrators.

65. There is an abundance of experience over the last few decades concerning the impact of the training of civil servants from the industrializing countries. The results tell us that it is possible for participants to go to courses, to take part in discussions, to obtain libraries of reading material, and to be given certificates that the course's requirements have been fulfilled. The evidence continues that often once the participants go back to their country and to their jobs in the Government, the additional skills or the additional experience gained during the course are not utilized.

Based on this, it may be possible that additional training alone at the proposed Centre in Vienna may not lead to the results desired, namely, the improvement of industrial administration with the resulting acceleration of industrial development.

66. From past experience, it may be seen that the random selection of participants from training courses taken from many organizations or industrial enterprises may bring about minimum change in the functioning of the organization or enterprise. It is clearly recognized that an individual cannot bring about the desired change if the senior administrator is left with a staff not ready for change; or if a junior administrator finds it impossible to prevail upon his superior to make the necessary changes.

67. The approach found effective is one of looking at the entire organizational unit and selectively improving the skills of key individuals within the organization. This approach, based upon modern behavioral science, is rapidly gaining acceptance in industrial enterprises under the term "organization development", the basic objectives of which are to:

- a. Increase the capability of an organization to initiate and manage change. This requires tackling its social, economic, technological and organizational systems in an integrated manner;
- b. Improve the performance and value of the organization's human resources.

Within "organization development" can be incorporated skills in achievement development which assist in understanding entrepreneurial behavior, that is, behavior which accepts innovation and is willing to make decisions involving a calculated risk.

68. Some of the issues that may be considered under this heading are as follows:

- a. Personal communications and relationships;
- b. Development of leadership; forms of authority and participation; types of administrative skills needed;
- c. Motivation and understanding of subordinate objectives, motivation and personal disposition towards work;

- d. Achievement motivation to enhance entrepreneurial personality characteristics;
- e. Goal formulation and systems for measurement of goal fulfillment, and
- f. Organisation development.

Administration of technological innovation

69. As previously stated, industrial administrators bound by traditional practices must learn innovative problem-solving approaches. In addition they must learn to manage innovation, particularly that resulting from new engineering technologies. The criteria used in the past for the administration of technological innovation in the industrialised countries have now been found to be most inadequate with the result that pollution of the air and the water has become a major problem. Thus the criteria of economic viability for the individual enterprise has to be modified to take into account the entire ecological system surrounding the enterprise.

70. Similarly, there is also a technology management problem in the industrialising countries. Decisions have been made to accept new technologies without regard to the effect on unemployment, the future balance of payment position of the country, and often with distorted factor costs for capital and labour inputs. Recently, however, considerable attention has been given in the developing countries to the utilisation of more appropriate technologies - that is, technologies appropriate to the country of use (rather than the country of origin) with respect to the availability of capital and labour, the size of the market, problems of repair and maintenance, and the quality of raw materials and components demanded by the technology. This new approach to the selection and adaptation of industrial technologies requires a much more sophisticated industrial administrator.

71. The industrial administrator can acquire these new skills for decision-making without having to be skilled in the various technical fields related to the technologies in question.

72. Some of the issues that may be considered under this heading are as follows:

- a. Viability of the technology with respect to the availability of the factors of production;
- b. Viability of the technology with respect to the effect on the physical environment;
- c. Relationship of the technology to priority policy decisions of the Government as, for example, unemployment and geographical location;
- d. Relationship of the technology to the quality, as well as to the quantity, of economic growth.

The decision-making process

73. The outward manifestations of an organisation include the quality of the decisions made in relation to time. Decision-making need not be a haphazard activity carried out only in response to external stimuli but can be an acquired art, if not a science. The techniques of effective decision-making widely in use in industrial enterprises can also be adapted to the needs of industrial administration.

74. A prerequisite for improved decision-making is an effective organization information system designed to give the user objective and reliable information acceptable to the user and of value to him in the achievement of his objectives. The system will generally include the retrieval of information previously generated by the organisation plus the designed flow of the required information from sources outside the organization. For certain large-scale organisations, electronic data processing may be necessary but is generally not feasible for most organisations in the industrializing countries.

75. Once motivated to improve his level of decision-making and having available improved information systems, the industrial administrator can utilize a number of techniques including the feed-back cycle to improve his performance. Then through the use of the techniques of

organisation management, the senior administrator may be willing to share decision-making responsibilities with subordinates. Thus the organisation's effect on industrial growth can be significantly improved.

76. Some of the issues that may be considered under this heading are as follows:

- a. Information systems;
- b. Factors that influence decisions and can be measured quantitatively;
- c. Socio-economic and related (qualitative) factors which have an influence on decisions;
- d. The quality of decisions in relation to time;
- e. The feed-back cycle and other techniques for improved decision-making; and
- f. Decentralisation of decision-making.

The beginning of a new profession

77. A number of participants at the Joint Meeting spoke of the need for a new type of administrator, as contrasted to the traditional administrator, to assist the acceleration of industrialisation. It has been suggested that this new type of administrator might be termed the "development engineer". The concept is that industrial administration requires leaders who can make quick and viable decisions on problems and can serve as a bridge between the planners on one side and the implementors of projects on the other. They are not necessarily engineers in the technical sense but have acquired the ability to "engineer development".

78. Because of his ability to communicate with industrial planners, the "development engineer" could improve the quality of planning. He might, in fact, help modify the situation described as follows by a recognised international consultant, Dudley Seers: 7/

"During the 1950s, there was a widespread belief that planning would play a big part in solving the problems of under-development; in the 1960s, there has been a

7/ Conference on the Crisis in Planning, Institute of Development Studies, Brighton, England, 1969.

good deal of disillusion. Results have often fallen far short of expectations. Many planners feel deeply disturbed about the nature of their work, and are searching for ways of making it more useful."

79. The proposed Centre, as experience was gained, might want to consider a curriculum of courses that would prepare individuals as "development engineers" in anticipation of their taking on higher positions of industrial leadership. These individuals will have had significant experience in decision-making in enterprises or organizations, and will have had a demonstrated capability of acquiring the broader skills required of industrial administrators.

Industrial strategies

80. The proposed Centre may wish to consider the role it could play in improving industrial strategies. While the field of industrial strategies covers a broad area, it might be beneficial for the Centre to at least be aware of the basic responsibilities of the industrial administrators with whom the proposed Centre will be involved. For example, it may be found that an industrial administrator of a research institute may be more interested in improving the research strategies for accelerating industrial growth than in improving his skills as an industrial administrator; similarly for the administrators of licensing and patent offices, small-scale industry programmes, etc.

81. Thus a dilemma is posed for the proposed Centre to become too deeply engaged in the substance of each area of administration which would fragment its work and duplicate the work of other institutions. On the other hand, to completely disregard the substantive responsibilities of the individual administrators would be to lose rapport with them.

82. The proposed Centre may want to consider a number of approaches to this problem:

- a. To use case studies that apply the principles of industrial administration to the variety of practical situations in which industrial administrators find themselves;
- b. To give preparatory training to industrial administrators who later will have specialized training in the field of their particular interest in associated institutions;

- c. To undertake, at a later date and through the use of consultants, studies and training for certain broad strategic problems such as unemployment.

CHAPTER 4 - ILLUSTRATIVE PROGRAMME OF THE PROPOSED INTERNATIONAL
CENTRE FOR INDUSTRIAL ADMINISTRATION

83. The programme of the proposed Centre would be developed in line with client requests for services, which might cover the following types of activities:

- (a) Studies and consultations involving the proposed Centre's staff and interested parties with the view to identifying needs and determining the most effective ways and means of meeting these needs;
- (b) Training seminars and courses aimed at (1) establishing a dialogue among participants with similar problems associated with their enterprises, institutions or government agencies and (2) acquiring new or upgrading present skills needed for effective industrial administration;
- (c) Consulting services of a problem-solving nature;
- (d) Eventually in co-operation with international and national organizations or under direct contract with developing countries, the proposed Centre may be able to offer a "package" of activities drawing on all of the above plus other services which might be developed. The proposed Centre with rapid growth and good management might be able to undertake such activities in its third or fourth year.

84. Thus, it is envisaged that the programme of the proposed Centre would be entirely flexible and suited to the individual needs of its clients while at the same time building up a reservoir of practical knowledge and proven techniques for solving problems of varying nature in the field of industrial administration. Moreover, by serving a variety of clientele with a wide spectrum of industrial administration problems, the proposed Centre could offer high quality service, flexible delivery and innovative problem-solving approaches. The recipient of such services would benefit from the wide range of specialised activities.

85. The proposed Centre - as a private, non-profit organisation - could respond to requests from governments, organisations and agencies in both the developing and the developed countries. It is anticipated that the main focus of the proposed Centre's programme would be institutions and organizations in the developing world - the proposed

Centre's services being provided either through direct contact with clients in these countries or through international or bilateral agencies sponsoring the proposed Centre's service. While the proposed Centre's services may be contracted on short- as well as long-term bases, it is felt that the optimal benefits will be derived by clients from a comprehensive package of services provided over a long period. In this matter, new services could be undertaken that would reinforce those already carried out and over a period of time, improvements and adjustments could be made in the quality of the client's administrative operations.

86. The proposed Centre, at the initial stages of its operations, might consider establishing special co-operative relationships with certain organizations having similar interests. For example, the proposed Centre would be in a position to contribute significantly to the programme of UNIDO by undertaking, in a flexible manner, certain types of projects on a subcontract basis. Similarly, the proposed Centre might seek to co-operate with UNITAR in certain areas which might eventually involve the proposed Centre's being an affiliate in the complex activities leading to the establishment of the United Nations Staff College. The International Atomic Energy Agency (IAEA) and other concerned regional, national, and international organisations and agencies both within and outside the United Nations Family and in particular those located in Europe, might want to make use of the proposed Centre's services. In this connexion, it could lend assistance to the organisations'/agencies' programmes for the developing world, and at the same time engage in staff development activities for these bodies.

87. It is a recognized fact that the leadership of the proposed Centre must be dynamic and highly qualified, so that within a short period of operation it would have the same quality standards now found among a limited number of institutions concerned with the problems of industrial management.

88. The proposed Centre, lacking an initial endowment or an assured annual income of any significant proportions, would need to maintain top-level performance for all activities. There would be a built-in evaluation process through the decisions to finance activities made by sponsors of the proposed Centre. Thus, the proposed Centre would only advance through the provision of well-designed and effectively implemented services.

89. The following should be considered as illustrative of the types of activities the proposed Centre might undertake; additional activities could be added to the programme as required.

I. Studies and consultations

a. On the initiative of the proposed Centre and with the agreement of government concerned, consultations of an exploratory nature could be undertaken in a selected number of countries for short periods during which the proposed Centre's representative would discuss with concerned national parties the needs of agencies, organizations and institutions in the country with respect to industrial administration development, and identify specific problem areas in which the proposed Centre could be of assistance. It is felt that these consultations would be undertaken by the director of the proposed Centre or by a top industrial administrator contracted for this purpose.

b. Vienna consultations - Increasingly, many top-level administrators from the developing countries are visiting the European headquarters of international organisations as well as national organizations providing financing and other development resources. They might be invited during their European stay to visit the proposed Centre for a few days each for consultation with the Centre's leaders and with other guest administrators during which time discussions could take place on industrial administration development problems in their respective countries.

c. Through a "Consultant-in-Residence Programme", distinguished administrators might be invited to the proposed Centre for periods of a few weeks or months, as appropriate, to undertake studies and/or to take part in the proposed Centre's activities as lecturers.

II. Training seminars, conferences and courses

a. Conferences of two to three weeks could be arranged by the Centre, upon request, in the countries requesting such. Modelled after the "management clinics" now being successfully carried out by UNIDO, the conferences would seek to involve the participation of top administrative personnel concerned with industrial administration, supported by

two or three senior industrial administration consultants. Discussion would take place on specific problem areas as well as on common problems with the view to finding new approaches and techniques for solving both types of problems. It could be envisaged that the proposed Centre could hold as many as two conferences each year.

b. National training seminars - While the above-mentioned conferences would seek to establish dialogues among top-level administrators, the training of middle echelon administrators could take place at national seminars held in requesting countries for three- or four-week periods. The emphasis here would be on training in new and improved management techniques that would have application to the particular country's situation. It would be necessary to use two or three consultants to assist in these training efforts. It could be envisaged that eventually the proposed Centre might hold two to three national training seminars each year.

c. Training sessions at the proposed Centre's Vienna headquarters - Eventually, the proposed Centre may want to hold training sessions in Vienna for period of three months to cater to the needs of middle-level administrators. These sessions would combine practical training in effective administrative practices with theoretical training obtained through lectures. It is envisaged that the proposed Centre would be able to build up a library of case studies and appropriate training material to undertake this type of activity in its third year of operation. At this time, it might also be prepared to offer even longer training programmes for the preparation of the new type of administrator, the "development engineer".

d. Seminars at the proposed Centre's headquarters - It might be feasible to hold a seminar annually after the meeting of the United Nations Industrial Development Board - similar to the present meeting in Kress in which government representatives would be further acquainted with the actual and planned programmes of the proposed Centre and also would be updated with regard to latest developments in the field of industrial administration.

III. Consulting services to international, national and regional organisations, agencies and institutions

The proposed Centre might assist the work of international, national and regional organisations, agencies and institutions in areas of their work relating to industrial administration. For example, it might be in a position to undertake subcontracting for the provision of consultants.

IV. Package programmes

Eventually in co-operation with international and national organisations or under direct contract with developing countries, the proposed Centre may be able to offer a "package" of activities drawing on all of the above plus other services which might be developed. The proposed Centre with rapid growth and good management might be able to undertake such activities in its third or fourth year.

CHAPTER 5 - RESOURCES AVAILABLE TO THE PROPOSED
INTERNATIONAL CENTRE FOR INDUSTRIAL ADMINISTRATION

90. While building up and strengthening its own resources, the proposed Centre would be able to draw upon those of other organizations with regard to consultants, training material, studies, etc. As a result, the proposed Centre would require only a small permanent full-time staff to provide a growing range of services. (See Chapter 4 for further details.) The proposed Centre would be particularly favoured by having within Austria a number of associated organizations. In addition, the potential exists for close working relationships with international, national and regional organizations and agencies concerned directly or indirectly with industrial administration.

Potential Resources Within Austria

The Diplomatic Academy
Favoritenstrasse 15
1040 Vienna

91. The Academy has over 40 professors carefully selected for depth, cultural background, and technical expertise. It has a library of over 5,000 books which relate to the wider applications of leadership. Its student body is cosmopolitan and includes participants from Austria, Federal Republic of Germany, Finland, Greece, India, Japan, Poland, Rumania, Sweden, and the United States.

92. The goal of the Academy is not only to advance the students in the art of statesmanship but also to give them a grasp of the relationship of foreign policy to the social and economic sciences. The head of the Academy is a noted author on Metternich, Ambassador Arthur Breyche-Vauthier, who represented Austria in Lebanon and was formerly director of the archives of the League of Nations. In international law Dr. Karl Zemanek is heading a distinguished faculty which is currently engaged in research to expand the legal bases of international industry.

93. The Diplomatic Academy sponsors numerous seminars during which noted alumni relate their experiences in various international organizations.

Gewerbe-Verein
Eschenbachgasse 11
1010 Vienna

94. This organization was founded in 1839 and has over 4,500 members who are mainly engaged in small-scale industry. Its goal is to unite the various Austrian trades in the consideration of public issues and to stimulate the members to become more active in political organization. Its president is Dr. Erich Fritsch, a noted tax consultant. Its secretary is Dr. Joseph Bitner, whose background is in food processing and also in textiles; the associate secretary is Dr. R. Nieman, who was active in the construction industry.

95. Since 1921, the organization annually awards the Exner Medal which is one of the high honours awarded to outstanding individuals in fields of technology and industry. Several Nobel prize winners have also been recipients of this honour.

96. The Gewerbe-Verein has a carefully selected library with numerous books on national and international industry. It features prominent speakers - East and West - and currently is exploring closer contacts with Asian industrialists, especially with leaders of Japanese industry. It is exploring ways and means to bring about harmonious co-operation between Eastern and Western European economic systems.

Institute of Higher Studies
Stumpergasse 56
1060 Vienna

97. The Institute was originally founded by the Ford Foundation to accelerate graduate study in the social sciences in Austria, with particular attention to the application of quantitative techniques to sociology and economics. Its student body is world-wide with many coming from Eastern Europe. It has both a resident faculty and visiting foreign professors from such universities as Princeton, Berlin, Stockholm, Moscow, Leningrad, Sorbonne, and Oxford. Its current research emphasizes especially the application of spectral analysis on economic data, decisions under uncertainty, and the theory of optimal order.

98. The director of the Institute, Dr. Gerhart Bruckmann, is well known for his research in statistics and is associated both with the Institute and with the University of Vienna. He has headed many advisory commissions for the Austrian Government.

99. The Institute is expanding its lectures and seminars in an interdisciplinary way. Its library includes numerous journals of importance in the study of industrial administration and leadership.

Hochschule für Welthandel
Frans Klein Gasse 1
1019 Vienna

100. This is one of the two graduate business schools in Europe which has an internationally known faculty including Professor Heinrich, Professor Krasensky, and Professor Thener. It emphasizes both theoretical foundations of industry and current problems of large-scale economic enterprises. It specializes in management training based upon interdisciplinary studies. Research is conducted on selected problems of technology which affect economic growth. Its student body includes many nationals from the developing countries.

Junior Chamber of Commerce of Austria
Eschenbachgasse 11
1010 Vienna

101. The Junior Chamber of Commerce of Austria is one of the most active chapters of this international organization which has a membership of several hundred thousands. Its leadership includes Dr. Heinz Holzer, managing director of one of the branches of the Creditanstalt, who is also an expert in international finance, and Miss Haburg-Lehringer, who has specialized in agricultural economics.

102. The aim of the Austrian chapter is to develop leadership capacity among its constituents. At the same time, it has close ties with chapters in the developing countries, and its members frequently serve as advisors to the African and Asian countries.

103. The organization is developing systematic courses for leadership training.

Institute of European Studies
Freyung 4
1010 Vienna

104. This is an organization which combines the resources of over 50 American universities. It is headed by Professor Edward Newatt, who has studied at Oxford University and whose interests include

contemporary philosophy and contemporary social issues. It has both a resident and a visiting faculty, including some of the prominent professors of the University of Vienna. It is especially outstanding in the field of economics and industrial administration, with the noted Professor Adolf Nussbaumer as lecturer.

105. The extension division of the Institute conducts seminars for industrial leaders of Western Europe and the United States, and it features trips to Eastern Europe to explore closer cultural and economic ties.

Institute for Modern Industrial Leadership
Schwarzenbergplatz 4
1010 Vienna

106. The Institute is part of the Austrian Federation of Industries which is the dominant organization for large-scale business in Austria. The president-elect is Dr. Hans Igler, director of the Schoeller Bank and former director of all state industries of Austria. The director of the leadership training program is Dkfm. Karl Leitner, who has extensive experience in industry and graduate study at Harvard Business School. The Institute's programme emphasizes techniques of management development, modern leadership techniques and concepts, problem analysis, and decision-making. It relies upon small group work and uses the Harvard-case method. The courses are given at Gösing and at Hernstein. The faculty includes not only Austrian specialists but also experts from other European countries and from the United States.

Institut für Unternehmensführung - Schloss Hernstein
Währinger Gürtel 97-99
1180 Vienna

107. The Institute's programme emphasizes marketing, product and personnel management, long-term planning, rhetoric, the use of computers in business leadership, and group dynamics. Currently it is conducting research both on theoretical and operational levels regarding the advancement of creativity in industrial organizations.

108. The Institute is headed by Dr. Max Fink, who has a wide international background in management, especially in Brussels and the United States. The Institute conducts joint operations with

Eastern European industrialists and features study trips to Asia, especially to Japan. It sponsors public forums during which participants relate their experiences to a wide industrial audience.

ÖPZ (Österreichisches Produktivitätszentrum)
Kerngasse 5
1010 Wien

109. This Institute was founded in 1960 and includes representatives of industry, labour, as well as government. It is headed by Dr. Hermann Reischits who has been active both in industry and in public service. It sponsors seminars, formal courses, as well as large conventions which attract leaders of international industry. The programme features the latest methods of organisational leadership, personnel development, industrial administration, production, investment and marketing, new methods of automation, as well as extensive preparation in human relations. Its programmes are of a shorter duration and have appeal to leaders in government service. Research projects deal with pragmatic ways in which new concepts of leadership can be applied to the conduct of industrial enterprises.

Bundesinstitut des WIFU (Wirtschaftsförderungsinstitut)
Hoher Markt 3
1010 Vienna

110. The Institute is headed by Dr. Herbert Galbrunn.

Berufsförderungsinstitut
Wipplingerstrasse 33
1010 Vienna

111. The Institute was founded by the Arbeiterkammer and Gewerkschaftsbund (trade union) and is headed by Landtagsabgeordneter Adalbert Bosta.

Österreichische Akademie für Führungskräfte
Schloss Eggenberg
A-6020 Graz

Austrian Universities

112. The members of the proposed Centre can work together with the outstanding Austrian universities, such as the University of Vienna, Linz, Innsbruck, Graz, and the new University for Educational Sciences

at Klagenfurt. It can avail itself of: the institutes of Professor Clement at Innsbruck, who has made fundamental contributions to educational economics; Prof. Walter Schöler at Klagenfurt, who has studied the management of technology both for industry and education; Prof. Ernest Kulhavi at Linz, who is internationally known for his research regarding marketing motivation and industrial growth; Prof. Clemens A. André at Innsbruck, who is an advisor to foremost European industrial leaders; and Prof. Adolf Nussbaumer, whose work in economics and industrial administration is internationally recognized.

Potential Resources Outside of Austria

113. Discussions with UNITAR on possible co-operative activities are taking place. In addition, contact has already been or will be established with the following institutions undertaking programmes related to the suggested activities of the proposed Centre.

- African Institute for Economic Development and Planning, Dakar;
- Asian Institute for Economic Planning and Development, Bangkok;
- Economic Development Institute, IBRD, Washington, D. C.;
- Academy of Foreign Trade, Moscow.
- Institut Européen d'Administration des Affaires (INSEAD), Fontainebleau;
- Institute of Social Studies, The Hague;
- Instituto Latino-Americano de Planificación Económica y Social, Santiago;
- International Center for Advanced Technical and Vocational Training (ILO), Turin.
- International Institute for the Management of Technology, Milan;
- International Institute of Management Sciences Center, Berlin;
- Research Institute for Management Science, Delft.

CHAPTER 6 - SUGGESTED ADMINISTRATION AND ILLUSTRATIVE BUDGET FOR THE
PROPOSED INTERNATIONAL CENTRE FOR INDUSTRIAL ADMINISTRATION

114. The system of administration and the caliber of administrators under which the proposed Centre is to operate is the critical factor leading to its success or failure.

115. To obtain flexibility and to remain innovative, the proposed Centre should be established as a non-profit private organization under the laws of Austria. Initially, the Institute of Research in Education and Development might operate the proposed Centre as an autonomous division, under its present charter. The Institute has an administrative office, a library, and a seminar room which could be shared with the proposed Centre. Additional seminar rooms are available from associated organizations also located in Vienna. Later, following at least three years of operation, the proposed Centre would probably require larger and separate facilities including residential accommodation for the participants and staff.

116. The proposed Centre would require a Board of Trustees composed, for example, of representatives of co-operating organizations that are receiving services from and/or are providing resources to the proposed Centre. The Board might meet annually - perhaps at about the same time as the United Nations Industrial Development Board. A smaller management committee might be appointed by the Trustees, which by meeting quarterly could assist policy implementation.

117. Most important will be the qualifications of the director to be recruited for the Centre. This individual should have had considerable experience in administration in the developing world (or be a citizen of a developing country), be fluent in English and either in French or in Spanish. His educational background should be in administration, management or related subject area. An entrepreneurial personality plus the qualities of leadership are considered essential.

118. Since the director will make a substantive contribution to the proposed Centre as well as provide the administration, it is not envisaged that during the initial period, it will be necessary to have additional full-time professional staff members.

119. Additional professional staff skills could be made available by the use of consultants from associated institutions.

120. The supporting staff will be obtained by augmenting those already at the Institute.

121. The proposed Centre's budget would be broken down into: fixed administrative costs, and project costs. The administrative costs would have to be obtained through contributions direct to the proposed Centre; project costs would be obtained through contracts entered into with sponsoring organizations for the provision of services. In time, the overhead charges for projects (40 per cent assumed to be reasonable) would meet an increasing portion of the administrative costs.

122. The minimum administrative costs can be estimated with some degree of accuracy. They would have to cover those activities necessary to demonstrate that the proposed Centre is a practical institution, and to ensure that the services provided are of high professional standards.

123. Any estimate of the project costs is far less accurate since they depend upon the demand for services and the willingness of sponsoring organisations to finance such services. A low estimate has been made of what the proposed Centre might expect during its first five years of operation.

124. The following estimates cover the two cost categories over the initial five-year period of operation.

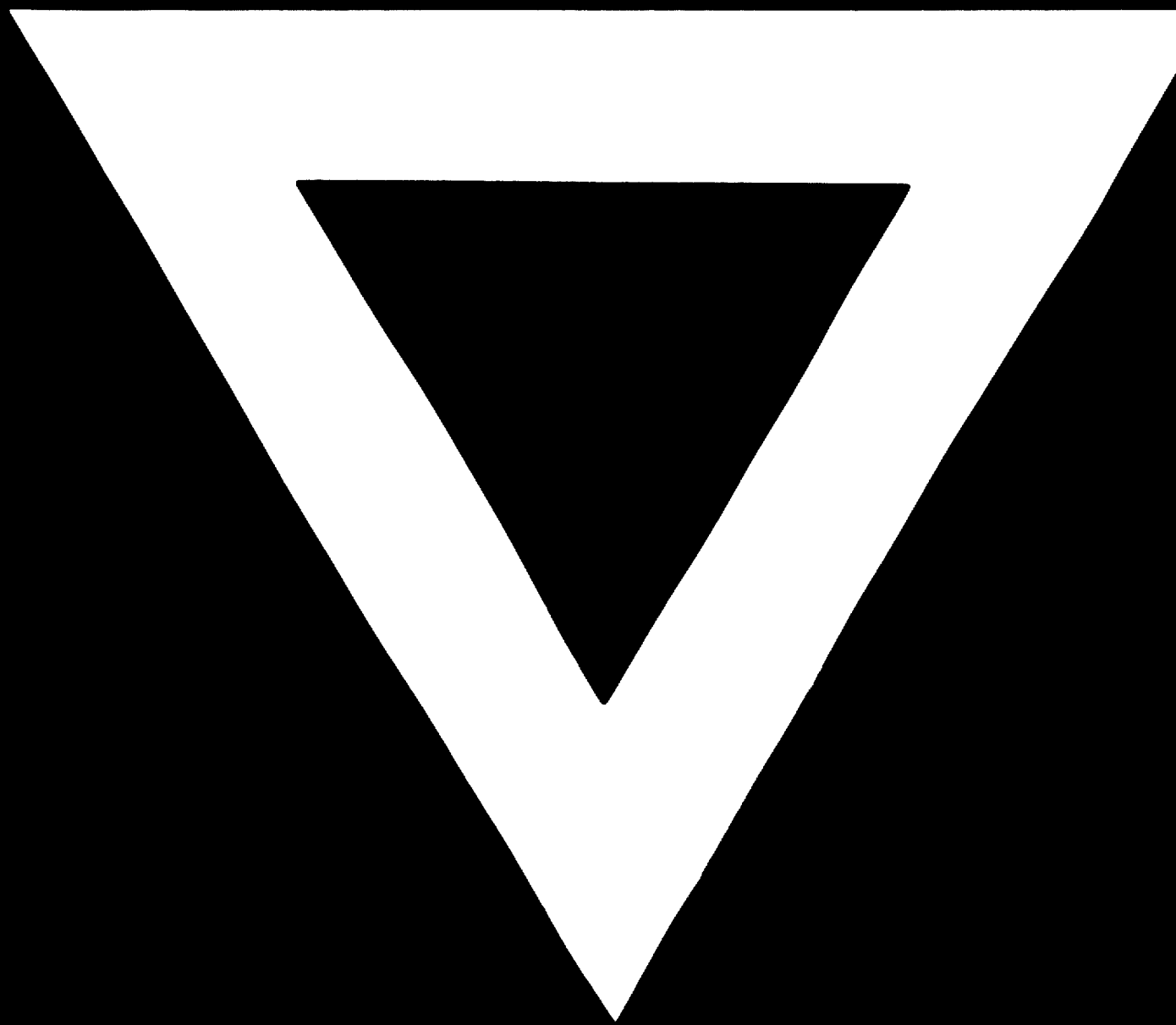
	<u>ADMINISTRATIVE COSTS</u> (US\$ thousands)				
	Year				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Director plus associated expenses	20	20	20	25	25
Professional Staff (starting in fourth year could be supported by direct project expenditures)	-	-	-	-	-
Consultants to undertake studies, preparation of course materials, consultations leading to the expansion of quality projects, lectures, problem-solving missions, etc.	10	15	15	20	20
Rent of administrative offices and seminar rooms plus utilities	10	10	10	20	20
Supporting Staff	5	10	10	15	15
Travel	5	5	5	5	5
Materials, supplies, equipment	5	5	5	10	10
Contingencies	15	15	15	15	15
<u>TOTAL</u>	70	80	80	110	110

	Year				
	1	2	3	4	5
PROJECT COSTS (US\$ thousands)					
Direct project expenditures	25	40	80	150	250
Project overhead (40 per cent)	10	15	30	60	100

	Year				
	1	2	3	4	5
NET OPERATING COST (US\$ thousands)					
Administrative costs	70	80	80	110	110
Project overhead income	10	15	30	60	100
Net operating loss	60	65	50	50	10
Cumulative operating loss	60	125	175	225	235

125. So many uncertainties exist in preparing such financial projections that it would be unwise to launch the proposed Centre until some assurance was available that total non-project resources, to the extent of approximately US \$300,000, were to be available in cash or in kind over the five-year period.





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