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Joint Meeting of the Government of Austria
and UNIDO to consider More Effective
Training in Industrial Administration

Vienna, Austria, 26 - 28 November 1971

MORE EFFECTIVE TRAINING IN INDUSTRIAL ADMINISTRATION ^{1/}

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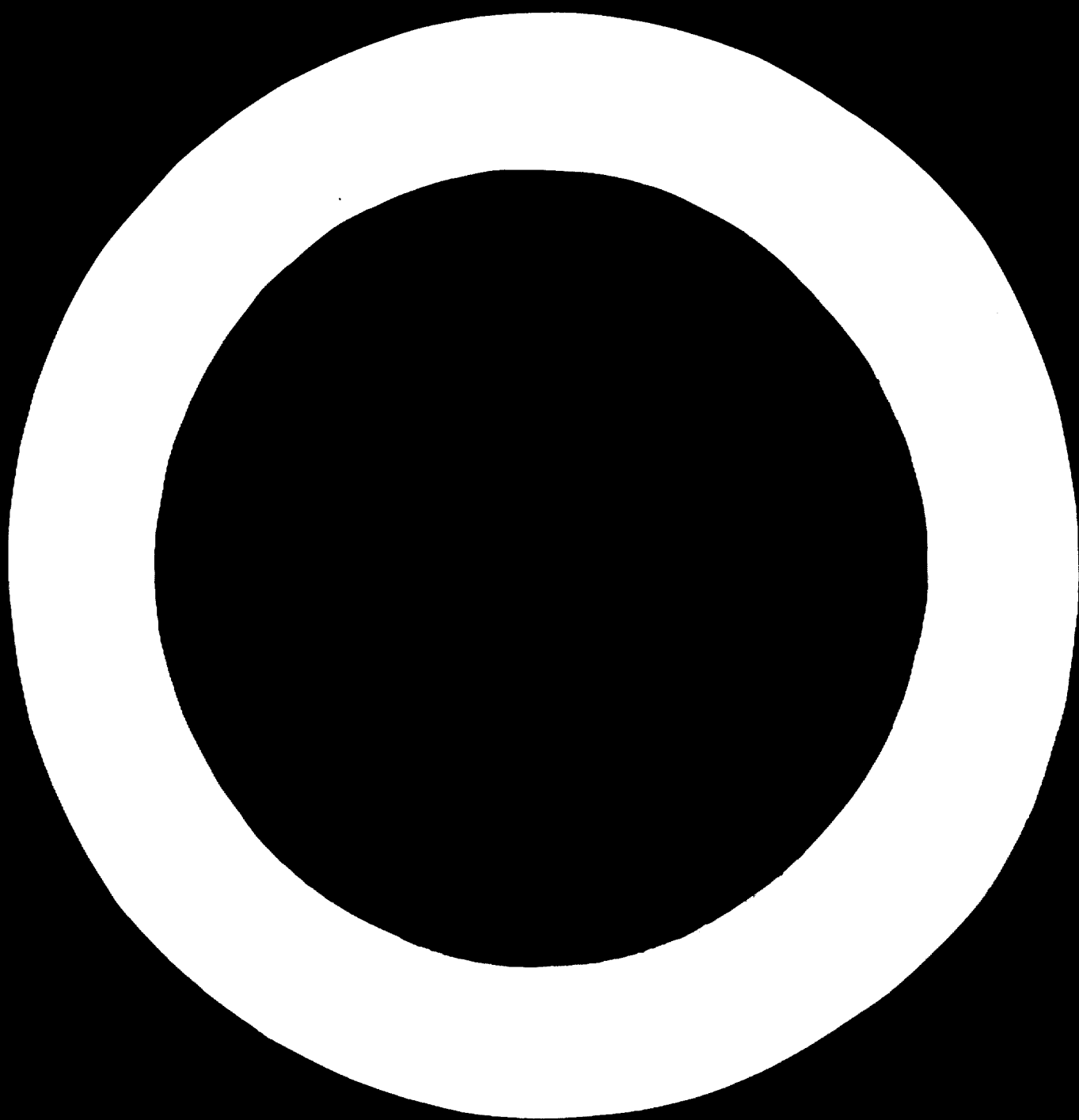
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Introduction

1. The developing countries for the Second Development Decade have established an annual growth target for industry of eight percent. A few countries are already exceeding this rate; most, however, are not.
2. The desired rate of growth will be achieved most easily in those countries which can best plan, programme and implement the vast multitude of individual projects which comprise "industrial development". Unfortunately, no single action within the power of Governments appears to hold the key to accelerated industrial growth. Instead a wide spectrum of activities comprising a "system" must be carried out more or less simultaneously. It is possible, however, that one activity - public industrial administration - has been given less attention than may be desirable. The need for increased attention to this activity is supported by the following two conclusions rapidly gaining acceptance among development administrators:
 - (a) In many countries more attention has been given to the planning of development than to the implementation of the projects comprising the plan,
 - (b) Similarly in many countries more attention has been given to the acquisition, discovery, or mobilization of physical resources than to the development of the skills and motivations required of key individuals to invest effectively the physical resources available.
3. If the above conclusions are correct then industrial administration could be a priority area of concern for which emergency measures by the industrializing countries would be justified.

Public Administration in General

4. The Public Administration Division of the United Nations has assisted in establishing or strengthening a number of national training institutes. Increasing need has been felt by

these institutes for providing training programmes for development of officials holding posts at the senior levels. This was reinforced by the report of the Meeting of Experts on United Nations Programmes in Public Administration, convened in January 1967. It was recommended that the United Nations should set a high priority to initiating and supporting development programmes for senior administrators

5 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, further recommendations were made, including:

- 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.

6 From time to time governments launch programmes for administrative improvements. These often take the form of exposing administrators - most generally officials at the middle management levels - to "organization and management" concepts and techniques. Such a programme has a place, no doubt. But what seems needed, more urgently, is a programme to involve men at the highest level - men in key positions for decision-making and for co-ordination.

Industrial Administration

7. The requirements for effective industrial administration differ from those of public administration in general as industry differs from the other development sectors. Some of the differences include:

8. Nature of decision making. Manufacturing industry has to operate on a much shorter operational cycle than do other sectors. The development of a new 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.

9. Technological diversity. 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.

10. Complexity of industrial organizations. Industry is varied not only in the types of technologies employed but in the variety of organization patterns found. Individual units will vary from those employing 10,000 or more down to ten or less workers. Organizations will 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 to "direct" public initiative is increased.

11. Many governments experienced difficulties in establishing systems of industrial administration which effectively meet the requirements of accelerated industrial growth. Certain of the problems encountered and solutions recommended were discussed at the Athens Symposium of 1969 ("Report of the International Symposium on Industrial Develop-

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ment"; Athens, 1967, published by the United Nations in 1969.

12 The "industrial administration" complex of a country may include a central ministry of industry with provincial ministries or branch offices. Also included are the various agencies, institutions and organizations which provide finance and a variety of services to manufacturing industry. The key decision makers in this "complex" would include the higher officials of central and provincial government offices; the administrators of agencies, for example, export promotion; of institutions, for example, finance and research; of organizations, for example, chambers of commerce. In addition one might include the key decision makers in the larger manufacturing enterprises who influence development beyond the immediate scope of the enterprise. Many of these managers may also be members of public boards of organizations related to industrial development, or the potential recruits for positions as senior administrators in the Government.

13 One can only conjecture in the most crude fashion the total number of these key decision makers in a developing country. A most tentative estimate might be given by the range 5/20 such individuals per million total population, depending upon the level of industrial development and the degree of centralization.

Factors Influencing the Effectiveness of Industrial Administration

14. The availability of high-level skills is one of the factors influencing the effectiveness of industrial administration and for which the Joint Meeting will want to give particular attention. A sampling of "skill" problems is as follows:

- absence of knowledge and experience among the senior administrators of modern techniques for decision making and problem solving, for example, inadequate use of management information systems;

- inadequate developed leadership skills of individuals in key administrative positions;
- motivations more in tune with law and order administration than with development administration;
- inadequate skill and experience when negotiating for external resources, for example, industrial licences, joint ventures, or credits for public or private enterprises;
- inability to establish procedures for identifying and employing the most appropriate industrial technologies available with respect to the economic and social conditions of the country.

15. All of the above have in common both the availability of a particular technical skill plus the ability to make the proper decision based upon the technical skills and information available. (The need for improving decision making for industrial development is by no means limited to the industrialising countries. Many of the industrial countries are presently expanding or establishing institutions to improve the skills of key industrial development decision makers).

16. Other factors also influence the effectiveness of industrial administration. For example:

- inadequacies in the administrative mechanism (organisational set-up and practices) for the implementation of industrial plans.

17. It is also possible that less than effective industrial administration may be the consequence of a combination of other tangible factors beyond the range and capacity of training programmes and/or consultancy services to correct significantly enough to make an impact. For example:

- how conscious are Governments - particularly politicians - of the gap between plans they make and the end-results actually obtained?
- how strongly do such individuals believe that some part of this gap could arise due to inadequate

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knowledge of modern management techniques and leadership skills;

- would they be convinced that these deficiencies could be corrected by training?

18 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 management techniques, leadership skills, or a not so efficient organization. Thus one can anticipate a questioning attitude when suggesting to Governments that a new proposed Centre for developing a higher level of administrative skills will benefit industrialization.

19. 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 example:

- social, economic and political problems which force decisions on administrators from which industrialization may suffer;

20 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

21 One optimistic element is that in many instances the planning process in the developing countries has improved over the past two decades. What was at first little more than an assemblage of desirable projects has become an attempt at forecasting with data on national income, on saving, on industrial and agricultural possibilities and

performance assembled in an orderly way. And some of the current plans demonstrate greater sophistication as, for example, more detailed in-put, out-put analysis, more specific calculation of needs, efforts to see that the various sectoral plans complement each other and make up a coherent whole. This is progress. One might conclude that in the course of time the process of implementation will also improve.

22. None the less, most people would be inclined to accept for the present that economic planners are usually stronger on the formulation of goals than on the preparation of a plan which can easily be implemented, that is on "thinking rather than on getting things done" This is often because men trained in the tradition of equity and precedent do not always take kindly to short-cuts, quick decisions and the effective follow-up required for effective implementation. It is in this area that training and change of attitudes and priorities could achieve some results.

Potential for Improving Industrial Administration

23. What is possibly needed is a practical programme whose strength and vigour can not only convince governments but produce results such as changes in attitude, and higher motivation in key personnel armed with a better understanding of modern problem solving and programme implementation techniques.

24. In the case of some countries it may be easy to carry conviction and gain support for the proposed programme. The following is an example taken from an industrialising African country. Recently a minister observed in a forthright speech:

"You may be perhaps surprised that I consider weakness in our high level manpower as one of our leading problems. We have all been so used to think of ourselves, with the encouragement of our foreign admirers, as possessing a very capable ruling class. Fortunately,

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the foreign commentators always add the rider "in comparison with other African countries" This of course robs the compliment of most of its meaning"

"We must get rid of the comfortable national self-delusion that we are already a very competent and efficient people. We are not. When one watches the cruel ineffectiveness with which so much expensively acquired equipment is operated, when one realises the inability of most parts of our administrative and managerial machinery to deliver the high-quality performance which is required for a more rapid pace of national progress, then one realises that we may possess an articulate and polished elite in comparison with other African countries but we do not yet possess the managerial resources for running a fully modernized country."

"I hope that we are still humble and realistic enough to acknowledge these deficiencies, and that as we go round the world we will keep our eyes open to measure, to learn, and adopt the standards of managerial and administrative performance, the skills and the application, that go to sustain a modern economy"

25. There are very few men in high positions, charged with guiding economic destinities of masses of people, who are or can be as direct and unambiguous as the above speaker. None the less, what he has observed has relevance and application in most developing countries

26. That there is need for such assistance is echoed occasionally in public utterances, but most generally it is admitted in private conversations. One can understand the reluctance to be vociferous in such matters, but those involved in helping industrial development cannot ignore it; nay they must do something about it.

Overall Strategy for Improving Industrial Administration

27. It would appear from the above that something can and should be done, either by international agencies, or by inducing

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the national governments to take more initiative in matters pertaining to upgrading the skills of their senior administrators and to increasing their motivation. Very often, actions initiated by an external agency have a catalytic effect in triggering off purposeful activity within a country. One can hope that the proposed Centre could fulfill the role of a catalyst

28. It is believed by many that high quality training, which tends to increase the confidence of administrators and enables them to attain higher performance levels, is a strong motivational force by itself. Men in the higher levels tend to seek satisfactions in terms of achievements, that is satisfactorily completed assignments. It is important, however, to overcome the initial resistance of people in higher echelons that they need training.

29. The reluctance of very senior administrators (the men who have already "arrived") to subject themselves to a training programme is a factor to contend with. It is thought, however, that this reluctance would be much less when the programme is outside of their country, and the center institute has an international status.

30. Referring to the two issues raised earlier in this discussion, there seems to exist enough ground to assume that there is the necessary consciousness and conviction in at least some of the industrializing countries, enough of them for UNIDO to make a beginning.

31. In the formulation of a strategy there arise other questions which need to be posed, considered, and resolved.

- should the participation of countries in any specific training programme at the Centre be on a selective basis; that is, a grouping together of countries that may have similarities in state of development, or nature of problems to be resolved, or the content and level of training inputs required?

- how would these differing needs be assessed?
what criteria would be acceptable to participating

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countries?

- how wide should be the participation in the training programmes at the Centre in terms of number of countries at a time, and the minimum/maximum number of participants from each country?
- Should the training programme be conducted only at the Centre in Vienna, or should there be follow-up and multiplier effect programmes in participating countries?

Who would organize and run such programmes?

How would they be manned and financed?

- Would it be possible to offer a special integrated programme in industrial administration to those countries wanting to co-operate fully with UNIDO? The "package" of integrated activities might include the training in Vienna of a jointly selected corps of key officials so that the improvement in decision making could achieve a "critical mass" and be more effective than training individuals at random from many countries. Furthermore, the "package" could include supplementary training within the country for larger numbers, the provision of consultants and when necessary joint studies and research

32. 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 very often, once the participants go back to their country and to their jobs in the government, the additional skill or the additional experience gained during the course is not utilized. Based on this experience it is possible that just additional training at a new Centre in Vienna would not lead to the results desired, namely, the improvement of industrial administration with the resulting acceleration of industrial development.

33 The purpose of posing such questions and discussing them is to ensure that the programme in view does not result in "spreading the butter thin", but instead that it aims at and helps to reach a critical concentration of skills and techniques in selected countries and in selected areas of industrial administration - enough concentration to energise the commencement of a self-sustaining chain reaction.

Some Considerations for the Design of a Programme

34. One aspect of the overall strategy is to determine whether a single type of programme could uniformly meet the most common needs of many developing countries. In seeking an answer to this question it may be necessary to have a clear picture of the role of senior administrator(s) in different countries; especially the role of those involved in industrial development administration

35. Do the different sizes of countries, different stages of development, different problems, and different political systems make significant changes in the role of a senior administrator? (and hence in the nature and content of his training.)

36. The political system may tend to make a senior administrator's role either more political or more professional. However, their contribution to the policy-making process, under any system, is to clarify the choices open to the politician and their anticipated consequences. Then again, once the goals and policies are established in any political system the roles become similar - it is one of decisions in the managerial sense in formulating action programmes, organising for implementation, directing and controlling the process of implementation through corrective actions within the laid down policy framework. Thus, in a fundamental sense, their role is to manage the process of development.

37. In many cases the focus of the training input would be in terms of a re-orientation. A change from their orientation, practice and style of problem-solving acquired under an

administration designed to maintain law and order, collect taxes, and regulate the operation of a private enterprise economy to one of being an effective administrator and a change agent oriented to the reality of impatient people with greatly aroused aspirations

38 The design of the programme will have to be based, necessarily, on valid identification of the needs for training and development. It will be unrealistic to go by generalizations based merely on impressionistic assessments.

39 This is not an easy task. The Joint Meeting could indicate how to go about identifying the specific development needs of senior administrators charged with responsibility for administering or directing industrial development.

40 The Centre perhaps should not develop into a school with the organization of formal training courses. Its major contribution rather may be the provision of an environment where industrial administrators from various countries and regions could exchange experience, discuss mutual problems, and gain from each other's experience. This learning environment, which might focus on the art of decision making, might 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 Joint Meeting may want to give considerable attention to appropriate professional subject matter for consideration by the Centre. Examples of what might be considered appropriate include:

organization analysis,
management information,
achievement development and
technology evaluation

41 The professional subject matter could possibly be introduced through case studies or syndicates. In time case histories could be written relating the skill of industrial administrators to later evidence of accelerated or retarded industrial growth.

42 There may have to be planned research; field observations and discussions with senior administrators themselves together

with other knowledgeable persons; and by verifications much beyond what is presently known. It may even be useful to run a pilot programme before finalising the design of content, innovations, and methodology for the proposed training.

43. The Joint Meeting should consider whether this view point is valid and acceptable and make recommendations accordingly.

44. The assessment of development needs of senior administrators may not be left solely for decisions by the proposed Centre's training staff and related experts. It is suggested that one should accept the observation that training institutions often have an understandable inclination to offer and to promote what they can do best within the competence or expertise available.

45. A purposeful involvement of senior administrators themselves is expected to help very considerably to define these needs and, at the same time, establish more support for the programme designed to meet those needs.

46. Then again, 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 Centre. The off-the-job training programme can only inform, indicate, demonstrate (through exercise and case studies), and start a process of development which must necessarily culminate in actual application on-the-job.

47. Then there is the question of integrating training efforts with changes in administrative systems. This, too, is difficult to impose from outside. The initiative should come from within. For this to happen it is very necessary that a critical concentration of fuller understanding of modern management techniques and of enhanced motivation take place in a sizeable number of senior administrators, especially those whose work interlocks or who form operating teams for industrial development programmes.

48. In summary, there is a need for a realization and acceptance by all concerned that "training" alone is not a solution to administrative problems. It does provide a means for reaching effectiveness in action; that is, increased speed of decision, improvement in quality of decision, and generation of eagerness at problem-solving to attain set goals and desired results.

49. A point which needs to be appreciated and understood clearly is that the new programme may tend to make senior administrators involved in industrial development a class by themselves separate from the common run of administrators in the civil service

Is it intended to create a new cadre of officers?

This issue requires very careful consideration

Implementing the Programme

50. The purpose of the Joint Meeting is to give a practical shape to the desire of the Government of Austria to assist industrialization and the concern felt by UNIDO at what appears to be a problem in building systems of industrial administration fully adequate for the implementation of national programmes in the industrializing countries

51. The suggestion for consideration is the establishment of an Industrial Administration Centre which might be located in or near Vienna for which the Government of Austria and the United Nations Industrial Development Organization might jointly agree either to provide or to obtain the necessary facilities and finance working in co-operation with UNITAR. It is anticipated that other organizations and institutions may also wish to participate (for such joint activities the general rule of the United Nations family is that the total resources contributed by the UN should be less than 50 percent).

52. The Centre through a location in Austria could gain from both the proximity of Austrian institutions and the UNIDO Headquarters. Individuals now attached to the well established Austrian institutions concerned with various aspects of ad-

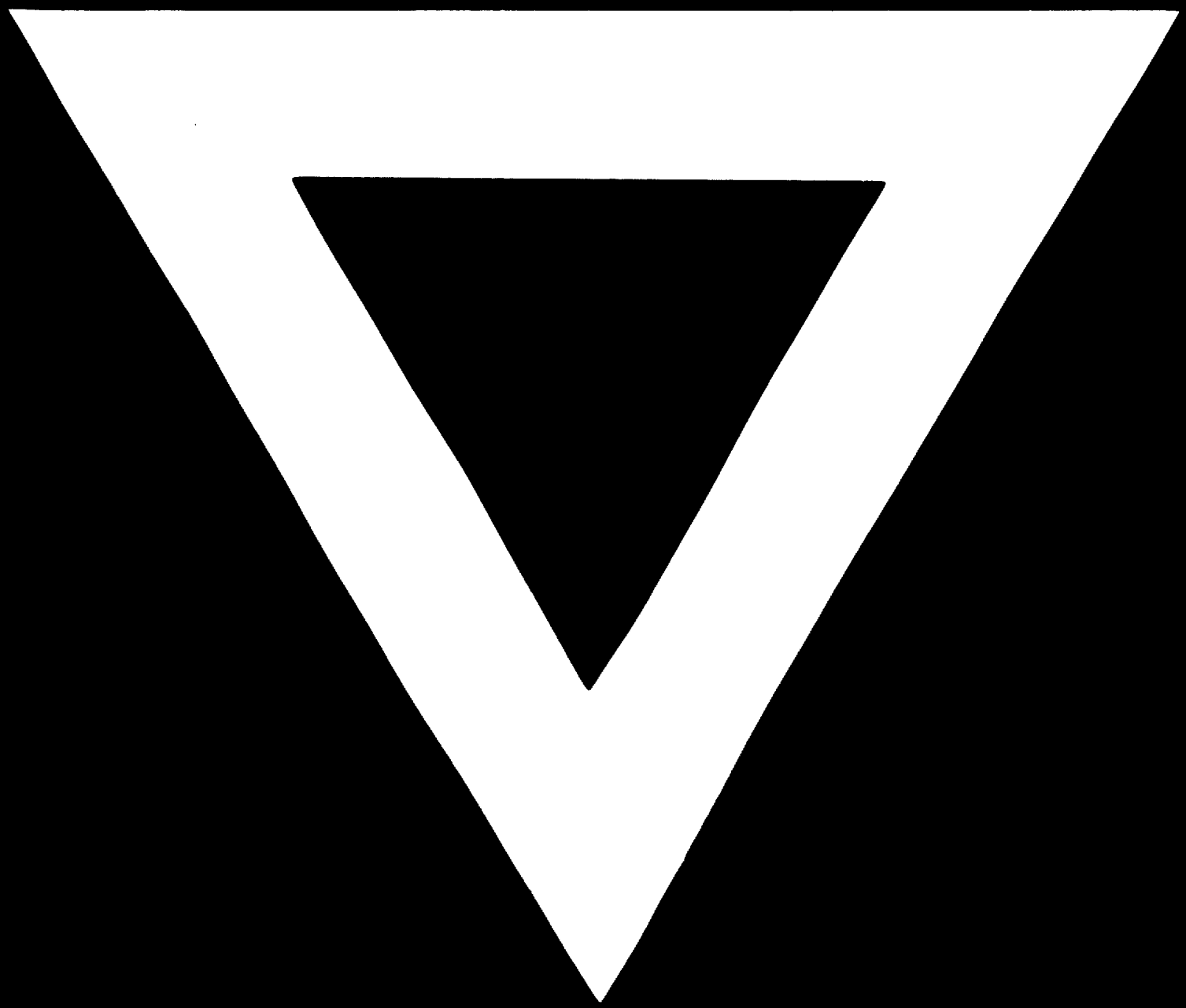
ministration and management would be most valuable for assisting the Centre or providing consulting services to the industrializing countries

53. The Centre, to develop into a fully effective organization, would require an especially gifted organizer/administrator working full time. The faculty needs would be minimal, at least initially, since the participants would in part serve as their own faculty and because of the availability of short-term highly qualified specialists from Austrian institutions and from the UNIDO Headquarters. The Centre should also soon be attracting visitors of note who as lecturers and discussing leaders would enhance the value of the skill development programme. The design of the Centre will have to include an efficient translation service to maximize communication among all individuals participating.

54. Since many of the problems of decision making in UNIDO and in other UN organizations are closely related to those found in developing countries there may be a justification for including a selected number of senior UN/UNIDO personnel. For example, priority might be given to the UNDP/UNIDO Industrial Development Field Advisers, to senior experts, and to senior headquarters staff

55. There also is a strong justification for inviting selected participants from the industrial countries who are deeply involved in international technical assistance. In the first place their countries now share many of the problems of decision making, as has been pointed out previously, found in the developing world. Furthermore, such participation would promote a higher level of interest by the industrial countries in the industrializing countries. In this case, however, participation might be at the expense of the organization sponsoring the participant.





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