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07258

Distr.
LIMITED

ID/WG.237/12
8 December 1976

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Meeting of Top-Level Industrialists
on Factory Establishment Projects
in Developing Countries

Vienna, Austria, 18 - 20 November 1976

SOME SUGGESTIONS FOR RATIONAL DECISION-MAKING IN THE PRIVATE SECTOR: THE VIEW FROM THE THIRD WORLD[1/]

by

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id.76-6914

In less developed countries the primary demand is to fulfill the goals of national development. These goals are differentiated, diffuse and often conflicting. They are differentiated since the nature of economic and societal backwardness is such as to demand policy attention with a great deal of immediacy and on all fronts at the same time. They are diffuse since the goals of national development really represent no more than the aggregation of sectorial development opportunities, the feasibilities and pitfalls of same. And quite obviously, the conflicts of sectorial development represent the most serious challenge for planners, managers and policy makers in both the public and private sectores.

These conflicts emerge in terms of cross-pressures regarding resource allocation, policy priorities, access to decision making and to policy review processes. In all but few cases these processes are in the manipulative hands of the public sector (i.e. government and bureaucratic agencies). This is certainly true on the macro-planning level and at times even on the micro-level of individual private sector industrial ventures. The weight of powerful bureaucracies extends through the "long arm" of public control agencies which manipulate the "heavy hand" of extractive and fiscal/production controls of national development planning.

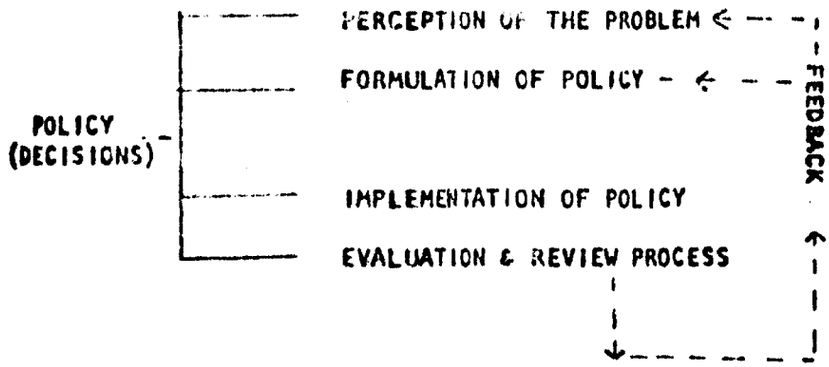
" . "

Development cannot be considered as a linear process. The experiences of World Bank and other international agencies' ventures into both macro-and micro- development ventures suggests that there is little if any leaverage in predictability and prognostication, as far as processes and outcomes are concerned. The sad failures of the large-scale type pro-

jects go down as national development statistics, while failures on the individual and/or social group level remain as forgotten personal tragedies in the uncharted seas of societal and economic change. It is our contention that material resources do not assure successful national development. Coming from a petro-wealthy country, Venezuela, this might appear as a somewhat supersilious statement. Our national wealth, petroleum, has assured us indeed that fiscal resources are and will be available to underwrite the major development plans of the coming decades. Still, in terms of our own very recent experience, we would like to suggest to you that material resources without coherent and simultaneous human resource development have little value, effectiveness or, for that matter, could even be conflicting with established patterns of civic culture.

We intend to develop this theme on the relationship between development of infrastructures, industrial development, wealth and human resource development within the context of showing it as the building blocks of an interlinked on-going process, one that has relevance for national development on all levels. We suggest that by disaggregating components of this process we might find that the analytical tools employed also could be of practical-policy related utility:

COMPONENT STEPS



If we consider the above crude schematic presentation as valid for any and all macro or micro processes involving governments, public and private institutions and business ventures, then the disaggregative process itself becomes the key element in understanding both the linkages between the components and the weight of such taxonomic factors as culture (civic and political culture). Whether a decision maker can act in pursuit of a policy line or objective (i.e. build a new factory; introduce a product, purchase new machinery, alter work methods, etc.) is then determined by the constraints (resource, governmental regulations, tax policies, etc.) each component part faces independently at each of the above-mentioned level of policy decisions. (See Appendix A for more details).

What we have now at hand is a disaggregated process with components and structural (and some hints at behavioral) constraints. What

we have not as yet touched upon are the contributory factors of culture, technology and human resource development that surge as taxonomic factors determining performance, feasibility and efficiency. Again for purposes of initial clarity we disaggregate the process into component steps but at this instance with a view of cultural feasibility, meaning the accounting for the demands of civic culture, tradition, acculturation and values. The confrontation between available human resources and compatibility with the available technology is evaluated in terms of attitudes and adjusted through the selection of policy options. (For details see Appendix B).

The fundamental problem then is how and to what extent one is and should be able to alter the role of the individual in society in order to satisfy economic development goals. This role alteration should reflect changes in attitudes that influence behaviour. While it is widely assumed that attitudinal changes are the product of long-range life experiences and anticipations, we also maintain that certain governmental policies also significantly contribute to the further maturing and transforming of traditional values and attitudes.

For example, very often governmental regulations pertaining to salary levels and compensation tend to reward tenure and security instead of innovation or efficiency. Provisions of services and/or fringe benefits often encourage automatic or routine choice instead of partici-

pation in venture schemes that would reward diversified options by individuals. Similarly, some of the innovative worker participation schemes in management have floundered on the obstacles of (a) either having much too much external guidance and thus not being autonomous, indigenous or truly interest representative or (b) without management guidance collpasing on account of internal inertia, shortsightedness in investment policies and the faulty organization of production.

The problem is that we know very little about the factors that control for cultural-value change. In a society like Venezuela it is clearly neither the "shock treatment" of authoritarian solutions, nor the "buying" of development and change through the newly-found wealth of petroleum resources that will bring about changes in individual attitudes towards work, savings and in one's sense of efficacy. The country's commitment to pluralistic politics and conflict resolution leaves little room for authoritative allocation of resources, or any efficiency in demanding compliance with drastic measures aimed at changing patters of consumption. Nor is there any evidence that the massive infusion of revenues into the public (or private) sectors improves performance by institutions of society.

As a matter of fact, there is a good argument in favor of "excessive luxury consumption" -- one that is considerably more than

in the past, but still enjoyed only by a thin layer of the population -- since substantial portions of surfeit revenues are simply not absorbable due to infrastructural and above all due to human resource capacity inefficiencies. What a society can or cannot absorb is largely determined by its infrastructural and human resource capacity. Within the same context whether and if a worker/employee would or would not respond on a personal level by higher productivity to such incentives as improvements in salary or services is largely determined by his civic cultural view of "employer vs. employee" relations and his perception of the determinism of a cultural role, as an individual versus his family, co-workers and community, and assigned to him by forces apparently beyond his control. In this sense we would point out that:

FACTORS OF PERCEIVED CHANGE	TIME-SPAN OF RESPONSE AND MAINTENANCE OF CHANGE
- Salary	All affect work habit and propen-
- Human environment	sity to change attitude BUT only
- Work safety	on the short-range level.
- Services and benefits	Immediate results:
- Worker/management relationship	- Relatively quick favorable response;
	- Short-time level of changed attitude;
	- Early demand for further (formalistic) change;

In contrast, fundamental value changes should concomitantly (and for a longer time-span) evoke transfomations in both the individual and his civic cultural environment:

CHANGE CONTEXT	TIMEFRAME
-- Change man's attitude in relating to technology (either indigenous or transferred);	Learn control through rational and emotional reward system;
-- Change man's attitude in relating to organization;	Learn coherence and one's role in short time-frames;
-- Change man's attitude in relating to skills and controls;	Accept skills as subordinated to values reflecting personal desire to change;
-- Change man's attitude towards social conflict and cooperation;	Final rationality in value/change related organization; identity w/change oriented socialization influences;
-- Change man's attitude towards society and his responsibility.	Accept the role of a responsible and demanding citizen.

In this sense we suggest that the 'value-change-mongerers of society -- workers, managers or owners alike -- would all increasingly become preoccupied with the type of options that are available within the context of life and especially factory-work experience. Accepting such a hypothesis, our next step is to identify how such life-options could be broadened to encourage and indeed foster value change in traditional man.

Until such a time arrives, there is a need of ever-increasing industrialization of developing nations. The unknown cultural and human value constraints will simply be the dominant source of possible and probable failures. Minimiz'ng the potential for failure means simply harmonizing one's own projects not only with a macro-economic master plan, but also with the social and cultural realities of societies in change.

APPENDIX A

POLICY

(DECISIONS)

COMPONENTS:

CONSTRAINTS:

PERCEPTION OF THE PROBLEM

A. Resources

- Raw materials
- Energy sources
- Technology
- Equipment local, imported
- Land & space
- Communication and transport
- Market research
  etc.

B. Institutional Regulatory

- Tax policies
- Regulatory arrangements
- Export/import policies
- Labor policies
- Welfare policies
- Licensing regulations
- Investment regulations and priorities, etc.

POLICY FORMULATION

Managerial Capacity

Ability to cope with and persistantly pursue:

- Rationality and objectivity
- Raise evaluative capacity
- Concepts of time, space and logic of planning
- Allocation of resources
- Planning for rational reward system;
- Not to view social conflicts as zero-sum-games.

Institutional/Govt. Relations

- Availability to access to governmental institutions;
- Communication but maintenance of independence and integrity;
- Ability to formulate and present interests to the government.

APPENDIX A (Cont.)

	Managerial Staff	Capacity of Technical/Supervisory Staff	Workers
POLICY IMPLEMENTATION	To organize for execution of plans;	To organize for simplifying directives;	To absorb directives;
	To absorb new rationality of management methods;	To relate to demands of technique and technology & adjust;	To understand process and technology;
	To maintain balance between rationality of self-sustaining growth and innovation.	To maintain capacity to learn for purposes of knowledge simplification and transmission.	To develop capacity to unlearn and start all over again.

CONSTRAINTS

	Managerial Staff	Technical/Supervisory
EVALUATION AND REVIEW PROCESS	- Organize for ongoing and anticipated re-adjustments;	- Understand importance of extracting and regaining feedback from market and workers;
	- Re-formulate reviews into new policy guidelines;	- Maintain critical linkage to management and shareholders (upward communication flow);
	- Relate rationality of production and profit motive to justifications of resource, development and labor policies.	- Innovate for purposes of future process planning.

APPENDIX B

CULTURAL CONSTRAINTS

CIVIC CULTURE

(Tradition, Acculturation, Education & Values)

ATTITUDES

HUMAN RESOURCES

Work

Training

Achievement

Innovation

Mobility

Savings

Capital formation

Capital utilization

Perspective of future

Sense of Efficacy

Patron - syndrome

Welfare demands/versus income distribution

Ability to control group individual destiny - venture

Perception of control over factors of time/work input

TECHNOLOGY

Control

In anticipation of rewards

Innovate in face of possible losses

Adjustment

Fear of personal status and skill value losses

Innovate w/constraints

Conservativism/caution in interpretation of potential of technology

Alienation - Anomie

Master - slave relation

Routinization of life

Atomization of experience
Patron - client relationship

POLICY OPTIONS

EDUCATE

Create technocratic elite

Mass literary training w/mobilization

Vocational training (low social prestige if no value charge)

Traditional stratified education= hope for natural selection process

TRANSFER

High energy cost

Low labor intensivity

BUT Low human capacity to absorb high technology

Increased dependency because of ever-changing technology

CHANGE VALUES

- Imposition from above
- Selective group/sector approach
- "Shock therapy": social conflict

DEVELOP INDIGENOUS

What is indigenous?

- Culture congruent?
- Value congruent?
- Development need congruent?

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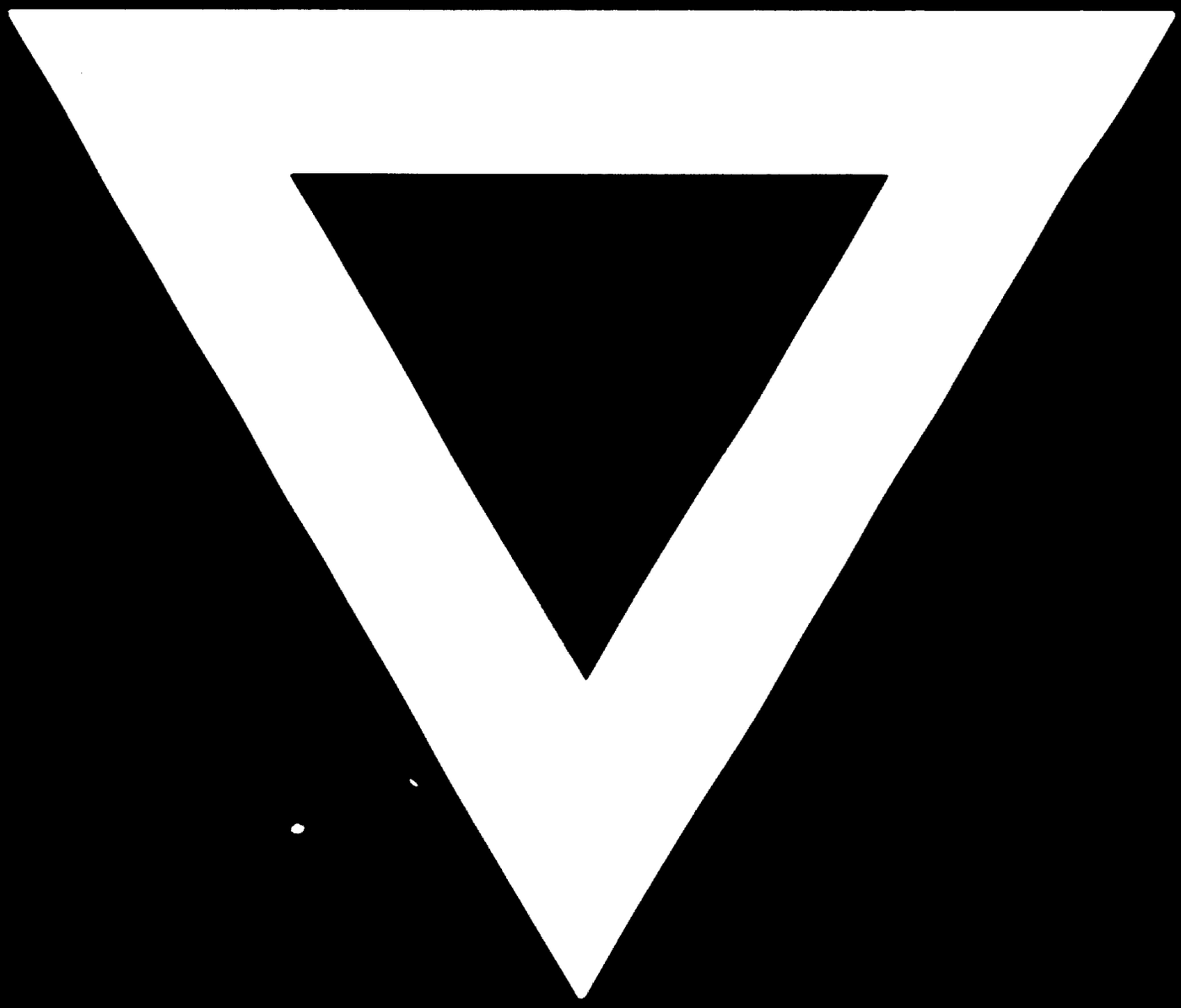

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