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**MANAGERIAL REQUIREMENTS AND THEIR APPRAISAL IN
INDUSTRIAL PROJECT EVALUATION**

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INTRODUCTION

Able executives are one of the crucial requirements for the success of any enterprise.¹ No matter how sound a project may appear, unless good managerial talent is available to run it, the project is doomed to failure.

On the other hand, judgment regarding future management is often difficult to make at the time of project evaluation. The subject lacks public glamour and therefore may receive little attention. At the same time, personal ambitions of individuals who would like to run the project are involved, so the subject must be handled delicately -- or gently side-stepped. Even when it is acknowledged, making wise and objective appraisals of future executives calls for subjective judgments, and these are difficult to discuss and defend in public.

The subject of this paper, then, is both vital and hard to perform. No formula or well recognized steps exist for its easy solution. These characteristics -- importance combined with difficulty -- make careful and systematic analysis of potential management one of the crucial parts of project evaluation.

¹ The term "enterprise" is used here to designate the venture or business -- public or private -- which is being evaluated. Thus, "project" and "enterprise" have the same meaning.

Focus on Effective Operation of Project

This paper deals with the assessment of executive talent that will manage a project after facilities are in place. In other words, we are assuming that the economic and political soundness of the project have been settled, and that problems of design, financing, and other aspects of getting the project ready to operate are being considered in other parts of the overall evaluation. Our specific question here is: What kinds of people will be necessary to successfully operate the project after the facilities are in place, and what are the prospects for attracting and retaining such talent?

We shall consider this question from the point of view of the people engaged in the actual evaluation of proposed industrial projects. In other words, this is neither a theoretical treatment nor a report on scientific research. Many of the suggestions made are based on such studies, but the purpose here is to translate what is known into operational terms. The aim is to express ideas clearly with a minimum of technical jargon. While the approach recommended is applicable to all sorts of situations, the focus is on industrial projects in developing countries.

Major Steps in Approach

The analytical framework proposed moves from needs for executive personnel generated by the project itself to means for fulfilling these needs. In the actual evaluation, the steps, of course, will not be followed in rigid sequence; the evaluator must assemble data from numerous sources, and he will often get ideas related to managerial requirements from other aspects of the total evaluation. Nevertheless, some framework is highly valuable in

organizing such diverse information and in assuring a thorough and systematic review of all important aspects. The following basic steps are recommended:

- I. Realistic statements of managerial tasks necessary for successful operation of the project.
- II. Tentative managerial organization to perform tasks identified under I above.
- III. Appraisal of potential staff to fill positions described in II above.
- IV. Possibilities of training men to fill managerial jobs.
- V. Difficulties arising from different cultural backgrounds.

I. REALISTIC STATEMENTS OF MANAGERIAL TASKS NECESSARY FOR SUCCESSFUL OPERATION OF THE PROJECT

Managerial requirements arise from the project itself -- its mission, size, degree of integration, novelty, affiliations, etc. Some aspects of management will be similar to those found in other enterprises. Grave danger will be encountered, however, if we merely copy the lists of tasks found in another company.

Instead, the first question to be answered is: What managerial tasks must be performed well to make this particular enterprise a success? Some suggestive ideas, of course, can be obtained by examining similar enterprises. But, each enterprise is unique, and someone should carefully think through the array of activities necessary to make the particular project under consideration an effective operation. At this stage, we are concerned with a

list of the total tasks to be performed, along with some indication of which activities will have to be performed with exceptional skill.

The following outline, while not intended to be comprehensive, suggests several points of view which should be considered with respect to every project.

A. Making Technological Decisions

Within an executive staff, there should be considerable knowledge regarding the technical processes and the general "know-how" involved in the particular line of business. Oil refining, steel-making, or leather tanning obviously call for distinct knowledge and judgment. In this broad field of technological decisions, it is often helpful to distinguish between two types of problems:

1. Process design and modification. Decisions of this sort are typically made only occasionally and are often highly technical in nature.
2. Technical operating decisions. Here we are concerned with maintaining conditions that assure efficient operation of, say, a loom or an open-hearth furnace.

With the rapid change in technology in many industries, an ability to keep up with new developments, in addition to familiarity with current technology, should be possessed by at least some of the executives.

B. Maintaining Effective External Relationships

Every business is both dependent upon and contributes to a variety of external groups. These relationships must be maintained so that the

mutual exchange operates on a continuing basis. A breakdown on any one front may jeopardize the entire operation of the project. The external groups with whom good relationships are essential to every enterprise include:

1. Customers.
2. Cooperating industries -- suppliers, transport, services, bankers, etc.
3. Government and regulatory agencies.
4. Worker representatives.
5. Local communities, schools, and the like.

The basic point here is that every new enterprise will become an active part of its economic, political, and social environment. Being new, it will probably be the agent of significant change in one or more features of that environment. Consequently, the success of the venture will depend, in part, upon having executives who can effectively relate the new business to the "outside" world.

C. Internal Administration

The largest volume of managerial work in terms of man-hours typically deals with internal administration. For purposes of evaluation, a three-fold breakdown of internal management is helpful.

1. Creating Goods and Services.

Here, we are concerned with management of the basic production functions of the enterprise -- the creation of goods (or services) of the right quality, at the right time, for a reasonable cost. These may be steps in a process or,

for a diversified venture, activities relating to various products. Because these activities are the justification for the existence of the enterprise, they normally will be easily identified.

2. Providing Necessary Auxiliary Functions.

Managers must also deal with a variety of facilitating activities that are necessary to support the basic functions mentioned above. Included here are:

- a. Accounting.
- b. Finance.
- c. Personnel.
- d. Maintenance.
- e. Others.

For projects located in remote areas, and in non-industrialized countries, the variety and importance of these auxiliary functions increases. The project plan should indicate what auxiliary activities are necessary; here we want to make sure that executive talent needed to direct such activities is included in the evaluation.

3. Managing Operations.

The functional breakdown suggested in points 1 and 2 above emphasizes the subjects in which competence is needed in the executive corps of the enterprise. Another type of ability -- which cuts across these functional fields -- is managerial skill. This involves:

- a. Planning.
- b. Organizing.
- c. Selecting, and training of people.
- d. Supervising.
- e. Controlling.

The reason for giving specific attention to these managerial processes is that a man may be an expert in, say, accounting or personnel but lack managerial ability in applying such knowledge to an operating situation.

D. Integrating Various Activities into Balanced, Timely, and Effective Action

In addition to making technological decisions, maintaining effective external relations, and managing operations, another highly important task of management is "integration." A good manager must take into account a variety of factors which are often quite different in nature. Issues relating to technology, external relations, and internal administration are interdependent; usually changes cannot be made in one without affecting another. The manager must provide a balance in the weight given to various considerations and do this in terms of a sequence or flow of operations. Hopefully, he does not merely compromise one for the other. Instead, to use a chemical expression, he achieves a 'synthesis' which produces effective results with a minimum of economic and social cost.

This integrating task is dynamic. It deals with changes in the external environment and changes within the enterprise. Consequently, it involves a never-ending process of adjustment. Also, if done well the

integration anticipates changes, and prepares to meet them (the mechanism for doing this may be long-range planning or informal forecasting and adjustment). Furthermore, management may initiate change with respect to markets or other conditions closely related to the enterprise. Obviously, some projects will be expected to carry a greater burden of dynamic leadership than others. In today's world, a management must have at least some capacity to adapt and change if the enterprise is to survive.

Conclusion. The central theme of this section is that an evaluation of management must rest on a clear understanding of what the managers of the specific enterprise are expected to do. No ready-made list of duties is satisfactory for this purpose. Each enterprise varies not only in the scope of its internal activities, but also in its external relationships and the position it occupies in the economy and the society of its country. Therefore, an imaginative analysis of the various aspects of the enterprise is a necessary first step.

II. TENTATIVE MANAGERIAL ORGANIZATION TO PERFORM IDENTIFIED TASKS

Since our objective is evaluation of management, the managerial tasks identified in the preceding analysis must be translated into jobs that will be filled by people.

A. Combining Tasks into Managerial Jobs

Analyzing and organizing are not the same thing. For example, motion study is a powerful tool for improving methods of work, but we have learned

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through bitter experience that the narrow subdivisions helpful in an analysis rarely are the best way to assign tasks to individual workers. This same principle applies to managerial jobs.

The tasks identified in the analysis suggested above can be combined in numerous ways. Some activities will be so important and so specialized that they should be assigned to a single individual. Less important tasks may be grouped with several others to form a single job. Still other activities may be divided among several executives. But, in this process of combining tasks into jobs each necessary task should be assured adequate and specific attention.

A vital part of the organizing process is relating the various jobs to each other. Channels of communication, influence, and authority are essential to coordinated action. Consequently, the various jobs need to be fitted together into some form of organization structure.²

B. Successive Refinements in Organization Plan

When a project is in its preliminary planning stages, the projected organization is likely to be vague. For example, if economic feasibility is the central issue and skilled manpower is readily available, the entire question of management evaluation may be deferred. However, in many countries managerial manpower is a critical and scarce resource. In such situations, a tentative organization plan, or perhaps alternate organization plans, should be prepared when it is decided to give the entire project careful evaluation.

2 For a discussion of how to build an administrative organization, see W.H. Newman, Administrative Action (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1951 and 1963) -- also available in Spanish, Portuguese, Italian, Dutch and Japanese translations.

As plans for the entire project are refined, and especially as some key individuals are selected as future executives of the project, the organization plan should become more definite. Frequently, the scope and perhaps nature of a project is modified as planning proceeds. This leads to successive refinement of the organization plan.

The purpose of these organization plans is not to impose a rigid structure on the executives who are finally selected to manage the enterprise. Instead, they are projections which are necessary to define managerial manpower requirements -- just as physical operating plans are necessary to predict raw material requirements.

C. Distinguishing Between Full-time and Part-time Jobs

Most positions in an effective organization should be filled by executives who devote full-time to the enterprise. Occasional exceptions may be warranted, especially for small ventures that cannot afford to hire technical talent on a full-time basis. Members of boards of directors, scientific advisors, representatives living in foreign countries are examples.³

Use of part-time executives has drawbacks. These men may get out of touch with the current operations of the enterprise, they may not be available when needed, and they may not have the same degree of commitment

³ Perhaps a group of distinguished citizens, called "Advisory Council" or "List of Sponsors" may also be established. The primary role of such groups is to provide endorsement and to secure popular support for the enterprise. They may also give advice on proposed changes or other actions, but normally they do not initiate actions. Executives of the enterprise are expected to keep track of problems and opportunities and to bring such matters to the attention of the advisory group. In other words, an Advisory Board may serve a very useful function but is not really part of the managerial organization.

to the enterprise that its full-time executives normally exhibit. Nevertheless, in projecting an organization structure a few part-time executives may be the only practical way to provide for all the tasks that will be necessary.

D. Recognizing Compensation Levels that are Feasible

Most projects are planned in a spirit of enthusiasm and high expectations. While in this mood, we are likely to project managerial jobs that can be filled only with men of exceptional ability, and we tend to overlook the salaries that will have to be paid to retain the active interest of such individuals. The question whether it is practical to think in such terms must be faced realistically.

An enterprise has better prospects for success if it can make its positions attractive to at least a group of highly qualified executives. Generally speaking, enterprises associated with governments tend to pay their key people salaries that are too low. This practice tends to lead able men to such positions in several different enterprises at the same time, and it contributes to other questionable practices of receiving compensation. Nevertheless, we must recognize that there may be political restraints on high salaries, and also that not many enterprises can support the burden of high pay for more than a few key individuals. These facts of life must be kept in mind when projecting a tentative organization structure. If the plan is to be realistic it must be suited to the kind of executive that can, in fact, be attracted to the enterprise.

Conclusion. The end product of this stage of analysis is a list of managerial positions that need to be filled if the enterprise is to prosper. Associated with each position are the tasks that must be performed effectively if the organization is to function properly, and the appropriate salary range. While in actual practice there undoubtedly will be some adjustments in the allocation of tasks among members of the managerial team, this list does provide the standard by which the available manpower will be evaluated. Its purpose is comparable to the specifications for the machinery to be obtained and the budgets of the capital that will be necessary.

III. APPRAISAL OF POTENTIAL STAFF TO FILL POSITIONS DESCRIBED

Having identified the managerial tasks to be performed, and having grouped these into realistic managerial positions, the project analyst has the basis for evaluating people. However, the appraisal process itself deserves careful attention.

A. Translating Job Descriptions into Manpower Specifications

A job description normally sets forth tasks to be performed but does not describe a person. Consequently, we have to make a translation from tasks to man specifications. Such specifications often include four inter-related aspects.

1. Formal Training.

Some jobs require a technical expertise that can be acquired only by formal training, for example, civil engineering or accounting. Formal training of a more general

nature is highly desirable for many other jobs. So, most managerial jobs will have some minimum educational requirement.

In practice, formal education often receives undue weight. Educational certificates or degrees are easy to measure and widely recognized. However, we know that a man with a degree does not necessarily possess managerial ability. (Only recently have universities attempted to provide managerial training as well as technical and substantive training.) So, while formal training may be a necessary preparation for many positions, additional qualifications are also important.

2. Desired Experience.

A second convenient way to check qualifications of a man is in terms of his experience. For instance, we might stipulate that a plant manager should have at least six years' experience as a supervisor of production operations, or that a quality control director have three years' experience as an inspector.

Again, practical difficulties arise. Frequently, it is unreasonable to expect a man to have had actual experience performing the specific tasks contained in the job description. For example, a man with experience as an inspector certainly will know something about the practical problems of quality control; but, that experience does not assure us that he can perform the tasks of quality control

director which are different from those of an inspector. Furthermore, many development projects deal with a new kind of activity, and past experience will be even less directly related to the new work.

Successful experience is probably the best indication we have of how a man will perform on a new job, and it normally should be a part of man specifications. However, we may become unrealistic if we press this kind of requirement too far, and doing so might eliminate some of our best potential executives. A useful practice is to stipulate "X years of experience as -----, or equivalent." The last two words provide flexibility in the application of the measure.

3. Demonstrated Performance Skills.

Since formal training and experience often are inadequate -- though helpful -- guides to a man's ability to perform a new job, we turn to more indirect evidence. Key aspects of the job can be singled out, and then we can try to judge whether a man has skill to perform these features of the work. Examples are -- ability to budget his expenses and then live within his budget, capacity to work effectively with labor unions, or skill in anticipating consumer needs. Note that the specifications are stated in terms of results, what a man can do. Even though a man may have training and experience, we scrutinize the evidence to see whether he has these particular performance skills.

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4. Personal Qualities.

Even more indirect is the listing of personal qualities a man should possess to fulfill a given position effectively. Such qualities might include decisiveness, physical vitality, ethical standards, dedication to the objective of the project, objectivity and emotional maturity, empathy, intellectual capacity, and the like.

The difficulty of preparing a list with such qualities for specific positions is that experience indicates that executives with quite different characteristics may achieve the same results. Scientific evidence regarding which qualities are needed for particular types of work has not yet been developed. On the other hand, when we are dealing with a completely new kind of project, or jobs that are new to the local country, we may have to rely primarily upon a list of qualities believed to be important for the job. No better alternative exists.

Man specifications for each position, then, normally will consist of some combination of desired training, experience, performance skills, and personal qualities. These specifications should not reflect an abstract notion of what makes a good executive; instead, they should be based directly on the tasks the executive will be expected to perform. Incidentally, since it is often difficult to find executives who fulfill all specifications, the usual practice is to distinguish between those

requirements which an executive must possess when he takes the job and those which he can develop by study and experience after he gets on the job.

B. Appraisal Techniques

Information about potential executives is typically obtained in several ways. Some information such as degrees received from schools and colleges and titles of jobs held will be readily available. Other information will require more digging.

1. Performance Analysis.

The objective here is to find out what a prospective executive actually has accomplished in his previous jobs. This requires considerably more information than mere job title. What were the duties of the particular job? How did the job fit into the rest of the organization? Was the job newly created or could it be carried on by following previous practice? How successful was the man in the job? Are there any reports or objective measures of his achievements? What reasons led to promotion or transfer to other jobs? Is there any evidence of unusually good performance or difficulties arising out of the performance?

How far an analyst should go in obtaining such "facts" will depend upon their availability, direct relevance to the new position, and the importance of the position the man might occupy in the new enterprise. Judgment will be needed in interpreting these data because performance will obviously be influenced by the help received from other people and by

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the difficulties encountered, and on such matters the view of various people may differ. Nevertheless, a thorough understanding of what a man has done is very helpful in predicting his future potential.

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2. Gathering Opinions of Others.

Valuable information about a man's capacity can be obtained from people who have worked closely with him -- former supervisors, associates, subordinates, staff people, and outsiders with whom he has had close contact. Interviews with a large number of such people is rarely necessary or feasible. Nevertheless, some cross-section view from such sources is particularly useful in assessing performance skills and personal qualities.

3. Multiple Interviews.

Personal interviews with prospective executives are highly desirable. Occasionally it is not diplomatic to reveal the purpose of such interviews, but contact can still be arranged on some subject of mutual interest.

Reactions of one person to another are strongly influenced by subjective feelings and personality preferences. Consequently, interviews by two or more people of a prospective key executive is common evaluation practice.

Information from all of the above sources is then related to the man specifications outlined in the previous section. Normally, two or more people will take part in this evaluation stage.

4. Special Assignments, Qualifying Tests, Etc.

In an enterprise already in operation, trial on a series of jobs or special assignments is a common means of evaluating an executive for a new post. Occasionally, qualifying examinations are given to men outside the enterprise when technical knowledge is a major criterion. Except in unusual circumstances, neither of these appraisal techniques are suitable to a new project that is still being evaluated. However, if the project is a modification or extension of an existing enterprise, or if the project is a pilot operation, some of these other appraisal techniques may be feasible.

Executive appraisal suggested in the preceding paragraph clearly involves more than a one-page vita and a ten minute interview. A considerable amount of searching out of facts and their analysis is implied. Even so, the amount of work required is modest compared with efforts devoted to economic and engineering analyses. To be sure, many of the final judgments must be subjective but these judgments should nevertheless be based on the best relevant data that can be assembled.

C. Prospects for Attracting and Retaining a Dedicated Team of Managers

The type of managerial appraisal we have been discussing focuses on the adequacy of potential executives to perform essential management tasks. By implication, we have assumed that the individuals appraised would be willing to work for the enterprise and that they would fit together into

an effective team. These assumptions may not be valid. Having identified men who are qualified, we must now ask ourselves whether these particular individuals can be attracted to their proposed positions.

1. Providing Necessary Inducements.

Will the new enterprise be able to attract and retain the men deemed qualified for the executive positions?

Important considerations in this regard are:

- a. Salary (and bonus).
- b. Pension, housing, autos, etc.
- c. Prestige.
- d. Social contribution.
- e. Enjoyable work.
- f. Other.

An occasional project may be of such preeminence in its particular country that almost any qualified man will be glad to work for it. Much more often, the quality of men desired as executives will have several attractive alternatives. Consequently, an important part of the evaluation is a comparison of the inducements offered by the new enterprise with those of other employers. On the basis of this comparison and the values held by desired executives, a prediction of what proportion of prospects would accept jobs must be made.

For some projects the services of two or three particular individuals may be so crucial to success that their willingness to serve should be discussed with them. An important part of the evaluation is their personal interest in the project.

2. Building an Effective Team.

Not only must individuals of the needed competence be willing to work for the new enterprise, they must be prepared to function as a team. The group as a whole should be reviewed in terms of:

- a. Balance -- that is, not all engineers or all external contact men but an appropriate mixture of different talents and temperaments.
- b. Leadership -- that is, at least some key individuals with sufficient initiative and prestige to continually push for objectives of the enterprise.
- c. Cooperativeness and personal commitment -- that is, a willingness to submerge individual ambitions and work together toward designated objectives.

Obviously, it is very difficult to predict whether the executives who will actually work in the enterprise once it is established will form an effective team. Negative predictions are easier. We often can guess that a par-

particular collection of individuals will not work well together. This might be due to personality clashes, problems of social status, previous relationships, age differences, or similar causes. If such difficulties are known to exist, then the manpower considered to be available should be reduced. Management presumably will be able to work together effectively.

D. Identifying Gaps Between Managerial Requirements and Available Personnel

We are now in a position to compare needs with resources. The analysis of managerial tasks and their combination into positions in a tentative organization provide a statement of needs. Then, the appraisal of potential executives against these specific requirements -- discussed in the third section of this paper -- provides an insight of who is available. Frequently, when a comparison is made on specific positions and available men, gaps will be found.

When managerial personnel is plentiful, the gaps are likely to be minor and probably can be overcome by adjustment in the organization plan. However, if executive manpower is not plentiful and shortages appear in particular types of work, the success of the project is in serious danger. Some ways of overcoming such gaps are discussed in the following section. Nevertheless, objective and honest evaluation requires that the potential difficulty be frankly recognized in the overall evaluation.

Conclusion. The appraisal of potential executives for a projected enterprise involves several phases: describing the kind of man needed for each position, i.e., setting up man specifications; gathering information about individuals and deciding how they measure up to these specifications; estimating the likelihood of attracting the men who are found qualified to take jobs in the enterprise; and then summarizing the conclusions by comparing projected needs with good prospects and realistically noting gaps between needs and resources. Lack of systematic attention and sound judgment on any one of these phases may result in serious error in overall evaluation.

IV. POSSIBILITIES OF TRAINING MEN TO FILL MANAGERIAL JOBS

Managerial manpower evaluation will reveal gaps between needs and resources for most projects. The gaps may be serious, especially in developing countries. While this indicates trouble ahead, it does not always mean that the project should be abandoned. Training of needed executives is a possibility, and temporary measures for management may be adopted while the training is being completed.

A systematic examination of executive development is beyond the scope of this paper. Nevertheless, we must look briefly at some of the possibilities because they determine how serious a lack of executive personnel really is.

The need for executive development is almost always greater than appears at the conclusion of the first matching of needs and resources. Experience shows that not all men will be as capable as predicted. The

discrepancy may be due to mistakes in judgment, or problems of health or other off-the-job difficulties may sap the man's effectiveness. Also, there will be some attrition, through death, resignation to take other jobs, or inevitable clashes arising during operations. Predicting how much safety margin is needed is hazardous because such turnover is inherently uncertain. For a new enterprise a turnover in executive positions of twenty per cent during the first two years is a low figure, and if the enterprise runs into difficulty this turnover may be much higher.⁴

Consequently, realistic plans for filling of gaps should also provide for some turnover.

A. Long Lead-Times Involved in Managerial Training

Executives are not made in a day. They may be given a title but the knowledge, judgment, skill and other attributes take time to develop. For example, an analysis may reveal that a country has university graduates but lacks men trained in the particular field needed by the new enterprise. Six months to a year are often required to identify good prospects who have the interest, native ability, background training (language, mathematics, etc.), and to arrange for them to start formal training. In the more technical subjects, particularly if the training is taken abroad, two years full-time is often required. After the man returns, another two years may be needed for him to learn the particular characteristics of the enterprise and to get some experience in dealing

⁴ Some of this turnover will be caused by promotions to fill vacancies in higher positions. But, executive development work is needed regardless of the cause of the turnover.

with concrete problems in his new field. In this example, four or five years was the minimum lead-time before the man was ready to take over an executive position. Not all jobs will take so long, but the example does suggest the order of magnitude.

Lead-times are important in project planning. The longer the lead-time, the sooner must action be initiated. One of the reasons for early evaluation of managerial manpower is this long period required to fill gaps. If a shortage exists, it should be identified early and steps taken to overcome it. There may be many uncertainties of just what the job will be like five years hence, and how particular individuals will develop, but there is no way to avoid such uncertainties if the gap is to be filled.

B. Use of Foreign Consultants as Trainer-Executives

One way of overcoming a shortage of executives without long delays for training is to use foreign consultants as temporary executives. The foreign consultants perform managerial tasks at the same time they are training nationals to carry the full load.

Many variations of this arrangement are possible. The consultants may have full responsibility for operation of the enterprise, with nationals serving as their assistants and advisors. The consultants may occupy only those positions which cannot be filled locally. Responsibility may be shared by a consultant and a national with some arrangement for resolving differences of opinion when prompt action is necessary. Formal authority may be placed in the hands of local executives with an understanding that they are to rely heavily upon the advice provided by the consultants.

The particular arrangement actually adopted will depend, of course, upon the extent and nature of the manpower gap, the urgency of getting the project in operation, the competence of the consultants available, and similar matters.

A significant distinction in all such arrangements is between technical and local matters. More precisely, the distinction is between impersonal things and systems and personal relations and social pressures. Knowledge and judgment regarding impersonal matters is much more readily transferable among countries than social skills. This distinction is rarely clear-cut; technical decisions often have social impact and the local trainee may need counsel regarding effective social action. Nevertheless, generally the trainer-executive arrangement is more likely to be satisfactory if it focuses on impersonal matters.

Every executive-trainer set-up is a delicate arrangement. Inevitably, there are problems of status, relative salaries, language, total cost, and many subtle relationships. A full exploration of such matters is normally separated from a management evaluation, and is beyond the scope of this paper. Nevertheless, we must be very sensitive to the problems if we wish to use the outside consultant as a solution to a shortage of executives.

C. Use of Part-Time Nationals

To some extent, the gap between manpower needs and resources may be filled by nationals who have other jobs but can arrange to spend part-time with the new enterprise. We are speaking here of a different and additional group of part-time executives than the technical advisors and members of the board of directors, discussed in Section II-C, who will continue to

serve the enterprise on a part-time basis indefinitely. Instead, we are now speaking of temporary assistants who will provide managerial help during the period while the regular full-time executives are gaining experience and training.

The use of part-time nationals during the early stages of a project is appealing for two reasons. (a) Starting a business poses tougher problems than maintaining it after it is already a going concern. Each problem is new and policies have to be developed; employees are just learning their respective roles and how to work with one another; prompt managerial action is needed on many fronts at the same time. (b) Inevitably, a variety of social and economic changes must occur within the community, with customers, and with other outside groups. During this period there is need for respected sponsorship and confidence in the executives who are initiating the change. If experienced national executives are active in the new enterprise, they will be better prepared to cope with such problems and they may be able to enlist public support more easily.

Unfortunately, arrangements for part-time executives often do not work well. At least two requirements must be met:

1. Experienced executives who can really be effective on a part-time basis must be found. Many men are excellent executives in companies they know well, but are quite ineffective in a situation in which they spend only a few hours a week. Unless they have quick perception and rapid discernment, they may be more of a burden than a help.

2. Able trainees, who have basic background and talent, should be active in the situation. They are the ones on whom the detailed administration falls; after a "breaking in" period, they are the ones who will have to carry through the initial decisions. Without such strong support, the busy part-time executive is rarely able to carry on what should be a full-time position.

In evaluating potential management of an enterprise, then, use of part-time nationals during the early stages of a new project can be an important supplement to inexperienced management. However, if the organization analysis indicates that a full-time executive is really needed, a man with a potential for moving into that job in the near future should work with the part-time executive. We will simply be fooling ourselves if we assume that even a good part-time executive can hold down a full-time job alone.

Conclusion. One of the most sensitive parts of a managerial evaluation is deciding whether the means for bridging the gap between needed and available manpower are adequate. Men can be selected and trained, but this often takes a period of years and allowance should be made for attrition. Foreign experts may be brought in as trainer-executives to temporarily fill the gap, or part-time nationals may be used in a similar manner. Both of these arrangements, by their very nature, require a delicate blend of abilities and personalities. They need to be investigated carefully, and even if financially possible should not be regarded as an easy or sure way out of a managerial manpower shortage.

V. DIFFICULTIES ARISING FROM DIFFERENT
CULTURAL BACKGROUNDS

The preceding sections of this report have outlined steps for evaluating managerial manpower available for a proposed enterprise. Also, in each section problems deserving special attention have been noted. The present section differs in character. It focuses on the people who participate in the evaluation and notes a basic source of confusion in this difficult process. These final comments, therefore, apply to any or all of the steps outlined above.

A. Variation in Concepts about Managing and
What Makes a Good Manager

Many sharp clashes about the adequacy of management arise from rather fundamental differences in viewpoint. Most of us have opinions regarding management that arise from the kind of work, the type of business, and the underlying culture in which we work. The following examples indicate differences commonly found among people participating in project evaluation.

1. Engineers, treasurers, sales executives, for example, not only stress different things but often conceive of the managerial process quite differently. The engineer tends to be mechanistic; the treasurer tends to reduce the entire process to decision-making and financial terms; the sales manager is much more likely to think in terms of people and their reactions, and to carry this point of view over to the entire management process.

2. Government civil servants and the entrepreneur are likely to have quite different views about what makes a good executive. The civil servant quite naturally thinks of complex and proceduralized activities; the entrepreneur typically is impatient with detailed procedures, makes decisions on less voluminous evidence and takes more chances.

3. More subtle are differences in national culture. For example, a person with Nordic background normally thinks in terms of sharp definition of duties, individual accountability, an authoritarian hierarchy, etc. Persons from Latin countries tend to personalize issues, rely on personal relations, and pay less attention to timing. A man from the East is too polite to enjoy rough-and-tumble debates, and normally prefers group rather than individual responsibility.

Many other and perhaps more important differences may be found. These brief examples do indicate the way a person's background strongly influences what he considers to be a good executive.

B. Effect of Conceptual Differences on Evaluation

These normal differences in views of managing may lead to divergent evaluations. The way a man thinks about management affects his:

1. Recognition of needs -- both his identification of important management tasks and his tentative organization of these tasks.
2. Appraisal of individuals -- reflecting the characteristics he considers desirable.

3. Ways of filling the gap -- his insistence on formal training and his willingness to rely on expedient measures.

Such differences may result in clashes of opinion between various people participating in a management evaluation. And, gathering additional data will not necessarily resolve the clash because the differences arise from "value premises."

Awareness of the effect of cultural background on management appraisal is valuable because (a) it puts us on guard about possible biases which may lead to too rigid or too relaxed an evaluation, and (b) it helps us understand why a person may hold a particular point of view.

To reach a final conclusion, a cosmopolitan view is clearly desirable. More specifically, in technical areas we need the judgment of men who appreciate what is really required in each area -- for example, production, finance, or marketing. Also, we need to recognize local attitudes toward authority, responsibility, and similar matters; and on such subjects the opinion of someone intimately familiar with the local culture is desirable. To be sure, we then find ourselves evaluating the evaluators (a problem not unique in managerial appraisal but one that arises in all phases of project evaluation). However, manpower evaluation involves so much subjective judgment a cosmopolitan view is the safest, and probably the wisest.

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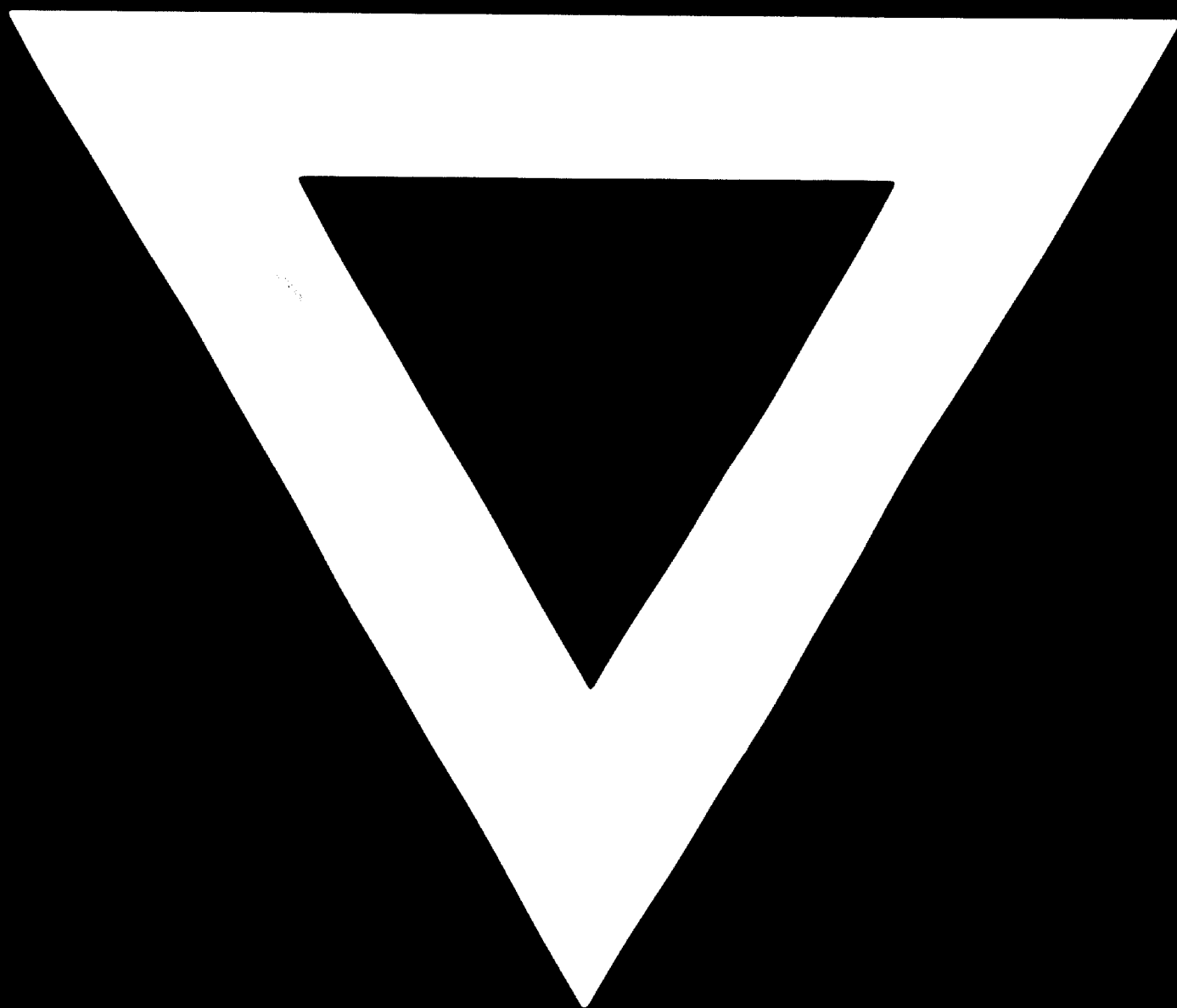
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