

CEPAL

Review

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New technological frontiers of management in Latin America

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The crisis affecting the countries of the region has heightened the demand for effective management in the public apparatus, as well as in the private sector. In addition, the recent move towards democracy in Latin America and the Caribbean is creating a need for specific types of effective management. In view of these demands, some questions have been raised as to whether or not the region's present managerial capacity is capable of meeting these requirements in the situation as it now stands.

This article joins with other efforts to explore the new technological, conceptual and technical frontiers of management in the countries of the region. To this end, the author draws attention to three basic aspects of the issue. Firstly, he analyses the shortcomings of the traditional paradigms of government administration and describes the emergence of a new model for the administrative reform of the Latin American State. Secondly, drawing upon an examination of the reforms which have been carried out during the past 30 years, the author discusses what he regards as a crisis in the paradigms of management sciences in general. Thirdly, he assesses the results of the preceding analyses as they relate to the field of management training—a matter of strategic importance to the success of new proposals for the administrative reform of the State—with special emphasis on the role which institutions of higher education can play in this regard.

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Introduction

The long-standing demand for management expertise is being felt in Latin America today on a very large scale. The major political and social forces, as well as public opinion, are constantly exerting strong and quite definite historico-social pressure for the attainment of managerial capacity and organizational results. It is not hard to see that, given its sources, this demand is going to become steadily greater in the coming decade.

There are very real reasons for this. On the one hand, the region is in the midst of what was described at the Continental Economic Conference convened by ECLAC and SELA at Quito in 1984 as the worst economic crisis of the century. An observation of the present situation indicates that the crisis has taken a firm hold in national economic systems. This is not a cyclical problem, but quite definitely a structural situation which may well persist over the long term and become even more intense unless appropriate policies are adopted.

This crisis is generating an extensive demand for efficient administration. In most of the countries, contradictory claims are being made upon the public apparatus. It is asked to cut spending, but at the same time it is urged to assume new, unusual and more complex tasks, such as the performance of strategic functions in regard to regional and subregional economic integration, the promotion of non-traditional exports, the advancement of high technology, the development of large-scale social programmes for the sectors most affected by the crisis (the vast majority of the population), etc.

The qualitative breadth of the demands being made upon this apparatus is creating a "management overload" at a time when a severe shortage of resources is making management much more difficult. This sets the scene for the development of a crisis of legitimacy in regard to State action, and this weakness has been amply exploited by certain interest groups striving to undermine the credibility of the government service. The overall situation created by these new and untraditional organizational tasks and by this sort of "management of shortages" generates an urgent need for substantial increases in State managerial capacity.

Among other characteristics, this need has also arisen very forcefully in relation to private enterprise in the region. The "rules of the game" imposed by the crisis are quite definite. If considerable increases in managerial capacity are not produced, then major sectors of private activity will be doomed to disappear.

At the political level, a demand is beginning to be seen in the societies of the region for a new type of efficient administration. Latin America is at one of the most advanced stages on the road to democratization that it has ever reached, and the flow of history is clearly in this direction. The political majorities' demands are very different in qualitative terms from what they have traditionally been and their implications as regards the demand for managerial capacity are significant. The slogan coined in a number of countries in northern Latin America — "democratize democracy" — sums up some of these aspirations. The "image-objective" is of a democracy which does not boil down to an election once every few years, but of the constitution of "active democracies" having certain definite organizational features (such as the absolute transparency of public management and its social control), mechanisms that will give full protection to the rights of citizens *vis-à-vis* the State apparatus, and channels for intervention by the citizenry in State activity. The implementation of these types of democracies will require substantial changes in the existing structures of the public apparatus.

Efficient management is imperative for Latin America. There are serious questions, however, about the extent to which prevailing administrative know-how in the zone is capable of establishing the type of management that will be needed in this decade and the next. There are great doubts about the potential of this know-how at the international level as well. In an essay concerning the interruption of the symmetry of managerial development (1984), Robert K. Muller, Chairman of Arthur D. Little, one of the largest consulting firms in the world, asserts that there has been a radical break with the past and that there is a need to understand it as such and to completely revamp management training accordingly. He details a series of factors deriving from the status of management through history, its evolution, etc., which have caused much of the existing know-how to be, in his

opinion, semi-obsolete in relation to the changes that are now taking place.

A joint research programme concerning the manager of coming decades undertaken by the European Foundation for Management Development and the American Assembly of Collegiate Schools of Business reached similar conclusions. We are embroiled in sweeping transformations in the historical context which are creating an acute need for changes in the managerial profile and in the way the entire issue of organizational management is addressed.¹ A study by Peters and Waterman of the McKinsey consulting group entitled *In search of excellence* (1984), expresses even more categorical doubts about the validity of some elements of modern management sciences. For example, the study quotes H. Edward Wrapp, a prominent professor of commercial policy at the University of Chicago, who harshly criticizes the way managers are trained in the United States: "We have created a monster. A colleague noted, and I agree, that the business schools have done more to insure the success of Japanese and West German invasion of America than any one thing I can think of". In the same book, Michael Thomas, a renowned banker and writer, speaking in reference to American business schools, is said to have remarked: "They lack liberal arts literacy ... need a broader vision, a sense of history, perspectives from literature and art ... I'd close every one of the graduate schools of business ...". These extreme positions are supported by quite compelling empirical evidence which has been presented in a number of research papers on United States business schools.²

Well-founded doubts have also been expressed by members of other disciplines. Mario Bunge, an epistemologist at McGill University in Canada, believes that contemporary management sciences fall far short of science and that, *inter alia*, they should free themselves from the myths of traditional business adminis-

¹See, Management and Management Education in a World of Changing Expectations. A project of the American Assembly of Collegiate Schools of Business (AACSB) and the European Foundation for Management Development (EFMD). Presented at the colloquium on "Management in the Twenty-First Century" (1979), Arden House Harriman, New York.

²See, Business school solutions may be part of the United States problem, *Time Magazine*, 4 May 1981.

tration and become more experimental and more open to social innovations (1984). The ability to satisfy the demand for administrative capacity is being called into question from a variety of standpoints. These doubts and these types of views are typical of transitional stages in the evolution of scientific and technical knowledge in general, during which existing paradigms start to give way as new paradigms begin to emerge. This would appear to be the sign of the times—both present and future—as regards administration: The old paradigms are at a stage of acute crisis (as indicated by the opinions expressed above and many others like them) while new categories of analysis, methodologies, models, principles and approaches to the many problems of management are making headway.

Three different aspects of the subject will be analysed in this article with a view to contributing to the exploration of some of the new conceptual and technical frontiers of management technology in the region. The first

section will focus on the crisis of the old paradigms and the emergence of new ones as they specifically relate to present knowledge about government administration. The second will be directed towards examining this process of paradigmatic crisis in management sciences in general. The third will be devoted to an assessment of the results of the above analyses in relation to the strategic sphere of management education; in this connection, the characteristics of Latin American schools of business administration will be examined—what they teach and what they intend to teach—in relation to what is now taking place in the field of knowledge which constitutes their *raison d'être*. The object of this article is not to undertake an exhaustive analysis of these subjects, but rather to employ the research and experiments in various national contexts in which the author has had an opportunity to participate as a basis for contributing to the debate on these topics which is so greatly needed in the region.

I

The emergence of the new paradigm: the case of State reform

The crisis of the traditional paradigm and the birth of a new one in respect to the transformation of government administration is of great historical significance. In various cases, the State has been expanding in Latin America at a much faster rate than have its historico-social structures. This has heightened what might be referred to as "the relative historical presence" of the State. Over the past 30 years, the trend—with some interruptions and retrogressions—has been towards a growth of this presence, and the State has become a central figure. All the relevant indicators (the ratio of public expenditure to gross domestic product, the percentage of gross fixed investment in the economy represented by public investment, State participation in the labour market, the number of public enterprises among the 100 largest companies in the economy, etc.) bear witness to this trend.

Widespread State intervention is primarily prompted by structural shortcomings in the eco-

nomic and social system and, given the present economic crisis, it may well continue to become more active. Michel Crozier (1984), in referring to another context that is clearly applicable to this region, said that, from a realistic point of view, the issue is not whether the State should intervene or not: the State is obliged to intervene. The question is whether the State is in a position to intervene, if it will be able to do so, if it will have the necessary managerial and administrative capacity.³

The central role of the State and the need for managerial capabilities has moved Latin America to embark upon wide-ranging programmes of administrative reform during the past three

³The subject of the role of the State in the region and how its role has evolved is discussed in: Ignacio Pérez Salgado, Bernardo Kliksberg (1985): Políticas de gestión pública: El rol del Estado en la presente situación de América Latina y el Caribe, *Revista Internacional de Ciencias Administrativas*, International Institute of Management Sciences, vol. 11, No. 3, Belgium.

decades. All the countries of the continent have made major efforts to reform their State machinery and to bring about a substantial increase in its available administrative capacity. This is the situation which will be analysed here in terms of the old and new paradigms.

On balance, 30 years of administrative reform in Latin America have produced, *inter alia*, the following positive elements: the development of a high degree of sensitivity on the part of the public to this subject; the establishment of specialized institutions —national government service institutes and other agencies of a similar nature but with different names— which deal exclusively with this subject; and the formation, within the reform movements, of a group of respected and proven Latin American professionals who constitute a "critical mass" in this respect. These favourable results notwithstanding, the reform movement has fallen far short of its end objectives. In most of Latin America, there has been no appreciable change in the primary bottlenecks affecting the managerial capacity of the public apparatus. In many countries, high-level decision-making is based on technically rudimentary methodologies, and the articulation of this apparatus is weak. Latin American States are typically divided into a central body (the presidential branch, ministries) and a broad sector which makes up the bulk of the State (its decentralized administrative apparatus) formed by public enterprises, autonomous institutions, and the various other units of administrative decentralization. The operations of the two are, to a very great extent, unconnected with one another. The basic premise of decentralization (i.e., administrative independence, with policy-making functions being retained by the central power) has not functioned in practice. The provision of mass services to the citizenry has also been highly inadequate. In these and other important areas, the reform movement has not attained its major objectives.

Why has it failed to do so? Emphasis has been placed in this respect, on the lack of political and economic support for reform efforts. In practice, however, the existence of such support has not prevented reforms from becoming bogged down. In various instances, reform movements have had strong presidential support, but have nonetheless produced meagre

results. It would appear that a low level of political and economic support is not the only reason for the lack of achievements. The explanation, then, must be sought in another dimension which is not only of interest in retrospect but also, chiefly, in looking to the future. A re-examination should be undertaken of the entire conceptual framework, i.e. the paradigm upon which efforts to change the government service in Latin America have been based, in order to ascertain whether it contains substantive errors. This re-examination is gaining momentum in the region⁴ and is uncovering important new facts. The following discussion of some of these new developments, which the author has described and analysed in detail in various works, will serve as an introduction to the subject, but is by no means an exhaustive treatment.

1. *The nature of administrative change*

A number of reform processes have implicitly applied ideas about the essential nature of State reforms which should be reviewed. The predominant concept, which is closely related to traditional schools of management thinking, revolves around formal structures, the position-duties hierarchy. Its starting point is the idea that reforming the public apparatus means, in essence, eliminating ministries, transferring functions from one ministry to another, reworking the organization charts of a large number of agencies, preparing new manuals of regulations and standards, and redesigning procedures. In various countries, including Brazil, Venezuela, Colombia and Costa Rica, where reforms of this type have been implemented, the aftereffects have been alarming. A classic study on this topic by Klever Nascimento⁵ provides a careful assess-

⁴See, Congreso Iberoamericano sobre Sociedad, Democracia y Administración Pública (1986). National Institute of Government Administration of Spain. This international meeting, convened by the Government of Spain, was attended at the political level by leaders of reform in democratic countries and selected specialists and marked an important step forward with respect to traditional thinking in this field.

⁵Kleber Nascimento: Reflexiones sobre la estrategia de la reforma administrativa. La experiencia brasileña, in Bernardo Kliksberg (comp.) (1984): *La reforma de la administración pública en América Latina*. National Institute of Government Administration of Spain. Concerning the Venezuelan experience, see Luis Rodríguez Mena: Algunas consideraciones sobre la reforma administrativa en Venezuela, *ibid.*

ment of Brazil's extensive efforts in this area, which have closely adhered to conspicuously formalistic schemes. The study finds that the net result of reform initiatives has often been a greater degree of confusion than before; the reforms' achievements, in terms of efficiency, have been limited; there has been a clash between the old procedures, backed by exceedingly solid structures, and the new, which have represented superficial changes that have not gotten to the bottom of the major problems affecting the public apparatus. Moreover, once the formal mechanisms for the institution of reforms have been exhausted, the new procedures gradually give way to the old.

Although it is both valid and necessary to make adjustments in formal structures, the problem is much more complicated than that. Changing the State apparatus involves more than this single dimension, which is only one of the aspects of change, and a unilaterally formal approach leads to considerable frustrations. The problem is a much more difficult one and involves many dimensions, and the international experience with the process of reforming the State supports this conclusion. For example, in the 1970s a sweeping reform of the government service in the United Kingdom was carried out, which was set out in condensed form in the Fulton Report. An assessment of this reform (Johnson, 1977) indicates that its actual results were limited and notes that the reality has generally been more modest than the proposals that were made and the hopes that were voiced; the author also speaks of the "tortuous route of administrative reform" in discussing the complexity and difficulty of the problem. In Italy, *Burocrazia* magazine published an editorial (1984) in which it was said that: "One of Italy's most prestigious Secretaries of State once said to me some years ago, 'If I ever become President of the Council of Ministers, I will name my worst enemy as the Minister for Bureaucratic Reform because, sooner or later, whoever sits on that hot seat will wind up getting burned'". The editorial goes on to say that in confronting this issue, "... the most generous intentions of the greatest and most authoritative theoreticians in the field have been dashed to pieces, to say nothing of the trifling caprices of the mediocrities of every stripe in Italian politics".

This quote wittily encapsulates the difficulty of reforming the State. In a searching analysis of the French government service, which has frequently been taken as a model in Latin America, Crozier asserts that: "The French service is the keystone of the blockages" (1984), referring to what he terms "the techno-administrative and political blockages of French society".

The above observations indicate that changing the State apparatus is probably one of the most difficult problems confronted by contemporary society. Seen in this light, the legalistic and formalistic character of the predominant mode of education and emphasis in Latin America seems exceedingly naive. In some cases, it has been thought that the enactment of new laws embodying such reforms put an end to the problem. The percentage of laws which are not enforced in the region gives some idea of the distance separating a formal legalistic culture from the actuality of historical processes, which follow along different paths. The complexity of the issue is far removed from the simplistic assumptions underlying the old formalistic paradigm. A number of recent research projects shed light on many highly influential variables which are clearly not formal in nature.

A comparative European study of the characteristics of public apparatuses arrived at the conclusion that a vein of rigidity runs through these systems composed of a series of structural causes of rigidity and resistance to change in bureaucracies (Leemans, 1977). One such factor, for example, is that even the most creditable public apparatuses tend to form administrative élites of a common origin, i.e., their members all come from one cultural and social stratum or group. This generates a uniformity or homogeneity within the group which closes the door to innovation. The study found that in these cases the limited variety of values at the highest level inhibits innovative moves.

An analysis contained in the Annals of the American Academy of Political and Social Science of the United States (1983) reached the conclusion that the greatest capacity for innovation within the public apparatus is exhibited by politicians because, in principle, they are not bound by pre-existing administrative processes. Civil servants will fiercely defend the prevailing administrative systems, but politicians take a

more open attitude to the public apparatus. When politicians gain a knowledge of management sciences (as they are rapidly doing in Latin America), they then realize that it is essential to come to an agreement with this apparatus, since otherwise their political decisions will not be viable and any possibility of innovation will be seriously endangered. Innovation is, in short, more likely to occur in organizations which encourage opportune alliances among politicians and high-level civil servants.

The new paradigm represents a fundamental break with the old. Changing the public apparatus involves more than making merely formal modifications; it is a complex and through-going process of social change just like any of the major social changes seen in history. It is a question of altering a wide spectrum of power relations, attitudes, interests, ideologies, cultural patterns, technological capacities and organizational structures. As a sounder understanding of the multidimensional nature of this change is acquired, more efficient technical responses become possible.

In the light of this understanding of the problem, the administrative reforms now being carried out in Latin American democracies on the basis of this new paradigm are working along lines which are almost diametrically opposed to those of past reforms in terms of strategy. Thus, rather than attempting comprehensive reforms, the technical option that is based on an awareness of the complexity of this process as a form of social change uses a selective strategy. Its starting point is the idea that it is not possible to change the whole of the administrative apparatus; if reform efforts are to achieve concrete results, then especially pertinent and clearly-defined problem areas must be chosen, and the reform effort must then be concentrated in these areas. Once management capacity in these spheres has been increased substantially, progress can then be made towards other goals. The promise of comprehensive reforms has been replaced by an "administrative realism" born of the change in paradigms.

2. *Politics and administration*

The old paradigm embodied a concept of government administration prevalent at the turn of the century which was based on the

existence of a dichotomy between politics and administration. Supposedly, there was a political leadership elected by the population which gave the orders, and an apparatus which carried them out (the government service). If orders were not being executed, it was due to purely technical failings, and the problem could be solved by modernizing and adjusting this apparatus. Modern-day research projects concerning bureaucracies, however, have advanced strikingly different hypotheses. The empirical evidence indicates that, actually, there are at least three identifiable types of groups which converge in an organization and which strive to impress their own stamp upon it: intra-bureaucratic pressure groups which form coalitions around different sectoral interests and try to steer the organization in the direction that will be most advantageous for them; groups outside the organization which exert pressure to sway it in favour of their objectives; and the organization's "clientele", i.e., the legitimate beneficiaries of the services it provides. The goals and behaviour of the organization stem from the interrelation among these and other sectors. Bureaucracies by no means confine themselves to carrying out orders. As R. Collins expressed it, they can be better understood if they are thought of as "arenas" of interests in conflict (1975).⁶

One research effort which is very enlightening in regard to these realities and the falsehood of the above-mentioned dichotomy is the pioneering study of Crozier (1963) on the bureaucratic phenomenon. Over a period of several years, the author studied two public organizations in France, one in the area of services and one in that of production, both of which were performing poorly. The research team found that the explanation for their poor performance was correlated with the type of power struggle which revolved around the sources of organizational uncertainty. The main power struggles within the organization related to such aspects as salaries, systems of promotion, the content of tasks, etc. Whoever controlled these functions gained power. Crozier developed an approach, a methodology of strategic analysis, through which he identified these combatant groups as

⁶In this connection, see Oscar Osziak (comp.) (1985): *Teoría de la burocracia estatal*, Buenos Aires: Paidós.

well as their "battle standards". In observing the conflicts as they were underway, he discovered the following process: the upper levels of the organization attempt to maintain a marked degree of uncertainty in areas under their control which are of importance to the staff, e.g., career paths, systems of promotion, remuneration, etc., and to keep these decisions "in the dark". The lower levels of the organization, meanwhile, try to do just the opposite and to ensure that all activity in these areas is governed by regulations which will dispel all uncertainty. At the same time, they want the content of tasks to be based on open structures, whereas the upper levels want it to be totally regulated. Thus there is pressure in two directions, and both tend to delimit the organization: those higher up want to delimit the content of tasks, while those lower down want to delimit the systems of remuneration, promotion, etc. The conflicting efforts of these contenders (the trade unions and management), which in the historical context of France have been on an equal footing in terms of power, result in a permanent and growing entanglement of the organization, which ends up being suffocated by the weight of excessive regulation. Political struggles are therefore evident within the bureaucracy; this contradicts the assumption made in the old paradigm (politics and administration as separate spheres) which, in practice thus bypassed the whole question of politics within organizations.

Once this idea of dichotomy has been superseded and these variables are included, it then becomes possible to develop technical designs for guiding them. One interesting case was that involving Jorge Roulet and Jorge Sábato in Peru (Roulet, Sábato, 1974). The Peruvian Government requested the assistance of a consulting group headed by these two men in connection with the efficient institutional planning of its policy on the conservation of natural resources and the environment. This policy was spread among various bodies (the Ministry of Agriculture, the Ministry of Fisheries, etc.). The consulting group analysed the traditional formalistic solution for such cases, i.e., the creation of a Ministry of the Environment which would concentrate all the functions of the bodies working in this sphere of activity and apply a unified environmental policy; it discarded this possibility, however,

based on an analysis of its possible political and institutional consequences. If a Ministry were to be created to take charge of all these activities, its main efforts in the coming years would be focused on: an arduous battle with the respective agencies, which would try to defend the spheres of authority being taken away from them; a fierce competition for the budgetary resources allocated to this entire field, since the other bodies would not willingly give way in this basic area; and a struggle over the specialized human resources available for handling policies of this sort, which were, of course, limited. The consultants proposed an alternative to the "frontal strategy" of creating a Ministry, which they termed the "indirect strategy"; this consisted of strengthening the National Office of Natural Resource Evaluation (ONERN), an agency whose work ran parallel to that of the bodies involved in this field, in order to reinforce its role of improving the aggregate efforts of all of them. Its main tasks would include: compiling statistical data on the subject that would support the decision-making activity of these bodies; developing a programme for training high-level personnel for this group of agencies; and serving as a catalyst for an ongoing system of co-ordination among them. The achievement of noteworthy practical results in this case indicates the feasibility of attaining greater technical efficiency when efforts are based on a conceptual framework relating to organizational behaviour which is more complete and more in keeping with its nature and, as such, includes the political dynamics of the apparatus.

3. *Obsolete models*

One critical point at which the new paradigm breaks with the old relates to the obsolete models which have been used by broad sectors of politicians, economic planners and administrative reformers in Latin America in dealing with these problems. In the past, politicians have proceeded on the implicit assumption that the political command levels of government issue decisions which are executed merely by virtue of the fact that they have been promulgated and have legal force. Today, we have a fuller understanding of the situation, and in some cases the opposite conclusions have been reached. The apparatus is so strong that, on

occasion, it is the apparatus which prepares the decisions of the politicians, and the options which make their way to the highest levels of power have often been shaped at the bottom rather than the top. The phenomenon is a complicated one and requires politicians to manage their relations with the apparatus with political tact. The need for the alliances between politicians and civil servants referred to earlier is based on this very real situation. Economic planners have made similar assumptions in the past. "National Plans" resolved problems by defining courses of action, and this was followed by the "semi-automatic" stage of the plans' implementation. Now, in addition to taking another look at basic aspects of traditional economic planning, the variable of "execution" is being subjected to a very thorough re-examination. Thus, *inter alia*, the fact that the design of traditional planning models has not taken into account the implications of available administrative capacity, viewed as a constraint, has meant that, in formulating such plans, little consideration has been given to their viability in terms of the actual capacity for carrying them out. In the new paradigm, this is being radically changed by proposals urging that new conceptual planning modalities reflect an awareness of the difficulties and complexity of implementation.

Administrative reformers have not been free of these obsolete perceptions of reality either. When charged with reforming the State, they have chosen and applied a series of means of doing so (organization and methods, formal personnel systems, etc.); but it can clearly be seen that what were once means have gradually become the ultimate ends of their activity. Various government service institutions, rather than devoting their energies to reforming the State in crucial areas, have focused their efforts on achieving as much as possible in terms of the creation of procedures. A forceful school of thought in these institutions has confused administrative progress with, for example, a larger number of organizational units and methods. Administrative reformers have lost touch with the activity of political levels and major national goals and have walled themselves off inside glass houses.

These three modes of behaviour, which are based on misperceptions, have mutually rein-

forced their alienation from reality. The new paradigm involves the replacement of these obsolete models and the integration, based on realistic perceptions, of the actions of politicians, planners and administrative reformers.

4. *The poverty of strategic thinking*

Administrative practice based on the old paradigm is characterized by serious shortcomings in strategic thought; in other words, attention is concentrated on tactical questions. The focus is on introducing better methodologies of project management rather than ascertaining, for example, whether the project for which these methodologies are being planned are valid or not; on bringing in computers no matter what the cost, without analysing beforehand whether the process that will be computerized make any sense; on simplifying procedures whose reason for being should be reviewed. This is the tendency which Yehezkel Dror (1977) described as "making the incorrect more efficient". The new paradigm, however, places the emphasis on crucial areas and focal points. Thus, for instance, it concentrates on such subjects as the modes of formulating, executing, following-up and assessing basic public policies, the decision-making model used at the apex of power or the management of public enterprises by the central government. Rather than being limited to attempts to modify external operational routines of the various State apparatuses from a micro-management standpoint, the focus is on aspects which have been identified as being of strategic importance to priority national goals.

5. *A logistical personnel policy*

The new and old paradigms both indicate that the performance of an organization is largely determined by the productivity of its staff. In the old paradigm, public personnel policy consists of establishing a broad-based administrative system to manage a series of routine operations whose basic purpose is personnel control, i.e., a vast personnel "logistics". In the light of modern management science, however, an effective personnel policy is seen as going beyond logistics and involving a different type of programme covering such items as motivation, participation, the relationship between the private and public

labour markets, the planned and ongoing development of human resources, etc.

The traditional view has very definite organizational consequences. Most of the public personnel offices existing in Latin America today are of low rank and in many cases are under the authority of government service directors. These officials thus take decisions concerning personnel matters just as they take decisions relating purely to the affairs of their departments. The rank of these offices in the structural hierarchy of the organization indicates the narrowness and consequent secondary importance of personnel policy.

One of the ways in which this overall situation is reflected is the poor handling of the matter of training. In the sphere of management technologies, there is a consensus that one of the basic components of an effective personnel policy is training, which, in addition to improving efficiency, can be used as a tool for modifying attitudes, promoting change, creating a sense of identification, etc. In the government agencies of most of the countries in the region, such activities have a very low profile within the organization. Training units are entirely absent, or they are mixed in with other divisions, or they are marginal offices located in the most removed slots of the organization chart and have no access to managerial levels. Furthermore, the notion of what is involved in training human resources is behind the times. Strategies such as education and development are unknown; people are simply trained for specific tasks. At the international level, the concept of "human resource development" is a much broader one. The idea of human resource development, based on an awareness of the many functions which training can fulfil, is oriented towards fully developing the organization's human potential through the establishment of a para-systematic educational system, a true system of adult education, which would cover a large number of stages: preparing people to perform their present duties better, preparing them for other posts which they might fill in the organization, and preparing them for their own development in general.

Moreover, the present institutional organization of training in the region is irrational as a system. A comparison of a number of other cases shows that civil servants are trained at two levels: specialized State bodies and the universities;

these two levels are co-ordinated and maximize their end product through their combined action. This is, for example, the case of the Institute of Administration and the University of Belgium.⁷ In the region, however, these two levels are markedly disconnected from one another, with the result that there is duplication of effort and inefficiency. Modern-day technical recommendations go even further. The central public personnel systems of developing countries should not only concern themselves with training on an organic basis, but should also take a serious interest in the overall school system, which is going to have an impact on the qualifications of future public agents. In actual practice, however, the region is very nearly at the opposite extreme.

The inadequacies of the present training of civil servants reflect the limitations of prevailing personnel policies. The old paradigm, which focuses on the formal administrative aspects of personnel management, relegates the formulation and development of concrete policies to the sidelines of other spheres which are regarded as being of greater importance, such as identification, human resource development and participation. From this perspective, training is perceived as a secondary input which should be strictly confined to providing the skills called for in job descriptions.

6. The orientation towards "technological consumerism"

Another critical point is technological policy in the field of government service. In its general outline, the policy on the production and transfer of management technologies for the public sector has mirrored the deformed and dependent overall technological policy which has been roundly criticized and has been in the process of gradually being superseded throughout the region during the past decade. The policy on technology as it relates to government administration is characterized by what might be termed "technological consumerism". This feature has led to the indiscriminate importation of the technical "fashions" of the international

⁷Described in Bernardo Kliksberg (1983): *Universidad, formación de administradores y sector público en América Latina*, Mexico City: Fondo de Cultura Económica.

market. There is a fundamental difference between this "consumerist" attitude towards modernization of the old paradigm and the attitude towards modernization proposed in the new paradigm. The latter is based on developing national research capacity with a view to gaining a thorough understanding of local organizational problems and devising solutions on the basis of the country's autonomous capacity and a selective and critical transfer of external technological developments.

A typical case of "consumerism" is that of computer sciences; frequently, in order to make an "import" applicable, national problems are even contrived, while local professionals tend to play the part of "end users" (Sutz, 1986). The proper route to take is just the opposite: precisely defining the problem and then researching the logic, potentials and limitations of various technological options for producing appropriate solutions. Another example is the incorporation, for the sake of "keeping up with fashion", of complex technologies having few applications in the public apparatuses of the region while, on the other hand, basic and highly useful technologies are not brought into use. Thus, an effort is made to copy the most recent advances in job evaluations, while basic technical systems having a strong impact on productivity—such as the systematic orientation and induction of civil servants newly entering government service—are not introduced.

7. Strategies for administrative change

A crucial difference between the two paradigms is that of their overall strategies for change. The strategy used in traditional administrative reform might be called "enlightened despotism". The procedure employed has frequently been for the team of reformers to devote an extended period of time to the formulation of diagnostic analyses and proposals which are ultimately compiled in a "reform book" containing a detailed plan for the comprehensive reform of the State. In these cases the reform is based on a process which takes place in a "laboratory" setting. The concept entailed by the new paradigm is quite different, since reform is seen as a process of social change which should be addressed as a political process. Accordingly, the strategy should be one of selecting spheres in which

changes are politically viable. The corresponding analysis should include the identification of the forces favouring and opposing the changes in question and the formulation of tactics for action in relation to them. The reform should also be designed with a view to broad-based political and social support in order to promote the proposed changes. This entire process should involve active contact with the citizenry, since projects of this sort can make no progress in any Latin American country unless they are the object of a wide-ranging consensus among political forces and have the support of the public.

As one expression of this "political" approach, the current Government of Venezuela created the Presidential Commission for the Reform of the State. This body is composed of 35 high-level public figures who represent the major forces in the country: the main political parties, the Workers Confederation, entrepreneurial associations, the universities, etc. The purpose of the Commission is to conduct the negotiations and reach the political agreements required in order to effect substantial changes in the State. Its work is based on the idea that there can be no reform without a majority consensus. The Commission is striving to gain the population's participation in this process, and to this end its members consult with a large number of sectors and travel to different parts of the country in order to hear the impressions and opinions of the life force of the country. As one of the products of its efforts, the Commission has submitted a draft "national accord for the professionalization of public management",⁸ in which, in summary, it recommends that the basic managerial posts of State enterprises and positions within the central apparatus having a very marked managerial content should be the object of a stable organic preparation of professional managers based on a merit system in which promotion would be linked to performance evaluations and managers would learn to adopt a national, democratic vision and to think in terms of the public good.

⁸This document is outlined by the Chairman of the Commission, Arnaldo Gabaldon, in *Reforma del Estado y gerencia pública* (1985), in *La gerencia pública necesaria*, Caracas: Latin American Centre for Development Administration (CLAD), OCP.

8. *The myth of technological neutrality*

A widely-held belief in Latin America is that the field of management technologies is completely neutral, i.e., that its technological designs are universally applicable, regardless of the national contexts or political régimes involved. A concomitant idea is that this sphere is free of "static" from such sources as underlying values, political schools of thought, etc.

The available empirical data refute these assumptions. Most management technologies are "soft"; they are technologies of intervention and social change and, hence, by virtue of their very nature, must incorporate the specific features of the national context in question. Furthermore, these technologies are not aseptic. In this field of basically social technologies, different technological versions exist. There are technologies which are in keeping with authoritarianism and others which are consistent with democratic values.

In this connection, research projects conducted on the organizational behaviour of autocratic régimes in Latin America during the past decade confirm the existence of very specific characteristics in the style of management which provide grounds for stating, as Oscar Oszlak has, that there is a democratic management style and an autocratic management style (1984). The autocratic style generates a mode of managing public affairs "from the top down" which is different, from a technical standpoint, from the management model that might be produced by a democratic style.

The productivity potentials of the two styles are entirely different. During the present decade, overall levels of efficiency in the autocratic systems of the region have plummeted in all the basic operational areas of the public apparatus which ultimately have to do with its end performance (such as the areas of policy-making, identification, participation, etc.). Latin America's experience has left no doubt whatsoever about the extreme inefficiency of these régimes. There is, then, a correlation between the different styles of management and the dominant political régime. Organizational technologies are not, as a rule, neutral. Some are clearly oriented towards a better utilization of national resources, while others are just the opposite, in that they tend to

maximize external dependencies. Some technologies have certain repercussions on the educational make-up of the population and on social development, while others have quite different effects.

Managerial know-how is, to a very great extent, composed of social technologies; changes in management are, as we have seen, a process of social change. These "soft" technologies bear a relation to undertakings of a more general nature and contain implicit values. Their supposed neutrality is an illusion and is oftentimes regarded as a justification for bypassing an analysis and open discussion of the technological options and their medium- and long-term implications.

9. *The new programme of reform*

The old paradigm involves a virtually fixed programme for the reform of government administration. This programme centres around the adjustment of management systems and subsystems at the technical level discussed earlier. The new paradigm involves a different and dynamic programme which focuses on areas of high priority in the pursuance of national goals.

The programme singles out problems such as the establishment of mechanisms for participation by the population in public management, the creation of a support structure to aid in improving the processes of economic policy-making, the development of information systems in strategic spheres, and similar matters. This type of programme reflects an attempt to ensure that it will be attuned to the basic priorities. One typical concern is the organization and management of plans for dealing with the social consequences of the crisis in the hardest-hit sectors. How can plans of this type be managed efficiently on a large scale? What management guidelines are suitable for them? Managing such plans is a technically complicated problem which calls for creative designs and which demands, among other things, that the successful regional experiences in this regard should be understood and turned to good account.⁹

⁹The National Food Programme of Argentina (PAN), which was established as a top-priority programme by the government of President Alfonsín, has been one of the most effective and successful in meeting its objectives. With extreme efficiency, PAN reaches

The above-mentioned areas in which the new paradigm breaks with the old paradigm point the thinking in this field in new directions conducive to discussion and, above all, research. This evolution has not come about in the abstract, but rather has been prompted by the growing historico-social demand for efficient

management in both the public and private sectors in Latin America. A central hypothesis of this article is that efficient management cannot be achieved unless there is first a reformulation of the basic concepts, theoretical models and methodological approaches of management.

II

The new paradigm and management sciences

The second stage of analysis to be undertaken here involves elaborating upon some of the basic lines of the new paradigm in regard to the general thinking concerning management. The following discussion deals with some—but certainly not all—of the directions being taken by the thinking on this subject which are producing important qualitative advances in the field.

1. Replacing the prescriptive approach with a heuristic focus

The traditional methodological approach to management problems is essentially a prescriptive one, in that it attempts to impose a normative construct upon reality on the basis of pre-established rules which are often of a speculative nature or are derived from casuistic experimentation that is not representative from the standpoint of statistical samples. This prescriptive approach, which states what has to be done—and says it in a tone of absolute certainty in a vast number of texts which have traditionally been relied upon in Latin America—is being replaced in the new paradigm by an essentially heuristic focus. This is ushering in a field of study which is primarily based on experimentation and research. During this past decade, more and more questions have been raised about what was

once assumed to be known, and there has been a growing recognition that the situations being investigated are so dense and mutable that it would be naive to apply, in the closing decades of the twentieth century, a linearly prescriptive approach to the management of organizations.

A central aspect of the renovation now underway is that the self-contained, omnipotent stance taken in laying down such rules (which Simon (1984) quite justifiably dubbed "management proverbs") is being superseded by a heuristic perspective of exploring, investigating and experimenting, which is marked by an awareness that these efforts are being carried out within very broad and uncertain frameworks under highly complex conditions of social experimentation.

2. A changing concept of the sources of efficiency

Notable changes are taking place with respect to the analysis of sources of efficiency in terms of management in general. A number of studies which have shaken the curricula of the leading business schools in the United States have all reached a series of conclusions which point in a similar direction. Some of the research projects which should be mentioned are those conducted by John P. Kotter, a professor of organizational behaviour at Harvard University, by the McKinsey consulting group and by Mintzberg (1973) in Canada.

Applying a wide range of indicators, Kotter and his team of researchers studied a number of successful private companies in the North American economy from 1976 to 1981. The

over 1 400 000 families throughout the country (17% of the population) and does so with a much smaller amount of resources than was originally allocated to it. It has achieved many objectives relating to social organization and community development in addition to its direct goals. Its management has made extensive use of innovative models of inter-institutional co-operation in order to optimize the available resources within the public apparatus itself.

team tried to discover the reasons for their efficiency by undertaking a painstaking examination of their behaviour and identifying the "philosophers' stone" of these organizations. Over a number of years the researchers carefully monitored the top officers of the selected companies in an attempt to determine the way in which they used their time. The statistical findings were surprising. According to their final report, the resulting behaviour profile was as follows: The company officers spent the bulk of their time with others (they basically spent their time in conversation). On average, they spent only 25% of their working day alone, and most of that time was spent at home, in airplanes or in traveling around the city. A few spent less than 70% of their time with other people, while some spent 90% of their working time with others.¹⁰ The outstanding managers devoted their time to conversing with other people; the image of a successful manager projected by traditional management, however, is almost the opposite: shut up in his office, protected by a number of secretaries who restrict access to him, constantly developing plans on the basis of quantitative methods, etc.

What accounts for this contrast? What do these managers talk about? As the research team monitored their conversations, the resulting image became further and further removed from the prototype image. Their conversations took place in an unstructured, open atmosphere. With whom did they talk? They talked with a very wide range of people: people at various levels in the organization, people from a vast number of levels outside it, and persons having an indirect relation to the field of the organization. How can they be successful in their work? The resulting picture is much like the image of Latin American managers once held by North American sociologists of the old school, who regarded this stereotype as both a manifestation and a major cause of underdevelopment.

Kotter and his team suggest, based on their research, that these managers are successful because they are, in fact, working in those areas which are decisive factors in efficiency and performance; these areas, in outline form, fall into

two categories. One category has to do with the scheduling of decisions; this means that a manager will be successful to the extent that he is actually able to identify strategic problems and to devote his available time to a calendar of decisions which are absolutely essential for the organization. These managers have discovered that they cannot do this by relying on the prescriptive approach and the classic principles of management, but only by maintaining an absolutely personal and direct contact with reality. Their conversations provide them with heterodox, fresh, verifiable, fruitful, unofficial inputs which give them a more accurate picture of problems than they could obtain through formal channels. The second main category is the construction of a network of contacts. These managers have realized that it is not enough to take appropriate decisions and that, in order for their companies to function (even in private companies in the United States), it is essential that they have the most extensive and diversified support network possible, with solid points of contact, in order to keep the implementation of their decisions flowing. When they speak of a network, they are not talking about a network of friends; this network, according to the researchers' description, is based on an exchange of favours, on pressure (either direct or hidden), on a multitude of sectoral processes based on an interplay of interests within the United States economy. Through his conversations, the manager builds up this network and systematically cultivates it.

Following further along these lines, the group drew some critical conclusions regarding the usual method of training managers in the United States which are highly important as topics of discussion for Latin American schools of business administration. The research team found that there was a considerable inconsistency between the conventional wisdom about managerial tools and functions, on the one hand, and actual managerial behaviour, on the other. The former generally dealt with the subject in terms of planning, control, personnel, organization and direction; the latter was characterized by long hours, fragmented episodes and oral communication. Actual behaviour, as demonstrated by the study of successful general managers, appeared to be less systematic, more informal, less reflective, more reactive, less organized and more light-hearted than what

¹⁰John P. Kotter (1982): What do effective managers really do?, *Harvard Business Review*, vol. 60, No. 6, November-December.

might be expected by a student of strategic planning or organizational design systems. The researchers felt that this divergence was important and disturbing for many reasons. Above all, they saw it as raising serious questions about the type of formal planning, performance evaluation and other systems commonly in use.

The McKinsey consulting group studied successful United States companies and, by way of a different route, arrived at much the same conclusions, which it presented in no uncertain terms: "As important as the structural issues undoubtedly are, we quickly concluded that they are only a small part of the total issue of management effectiveness" (Peters and Waterman, 1984). Formal structure exerts influence, but its impact on an organization's ultimate productivity is small. One of the assessments of the situation which they cite is a quite original observation made by the chairman of a multinational enterprise, who said: "I think an inflexible organization chart which assumes that anyone in a given position will perform exactly the same way as his predecessor did, is ridiculous". This contradicts one of the implicit foundations of the formal-traditional construct, namely, that once the organization chart and related plans have been worked out in detail, substituting one individual for another will not involve any major alterations because the formal system is the dominant one and is what manages organizational performance. The same chairman went on to say: "He won't. Therefore, the organization ought to shift and adjust and adapt to the fact that there's a new person in the spot". Experience fully bears out the validity of this remark. The "new person" in the same post does not act in the way predicted by the prescriptive approach; as a result, the organization has to adapt to this situation.

As the above-mentioned research projects and other similar studies demonstrate, the sources of managerial efficiency are not to be found in sound formal planning or in an observance of traditional management principles. They are much more closely connected with a multitude of political, sociological, cultural and other variables, among which such factors as power plays occupy an important place.¹¹

3. *The central role of innovation*

Another direction being pursued within the new framework of overall management thinking is that of innovation, which is becoming a key factor as the twentieth century draws to a close. Robert K. Muller contends that the scale of risks has evolved in such a way that we actually have to create new and original categories of risk, and he goes on to formulate some of them. One usually speaks of organizational risk, drawing a distinction among different levels and margins of risk; another category relates to levels of uncertainty so great that they go beyond risk and border on a more obscure type of decision-making which is much like wagering. Muller adds another category after that of uncertainty, which corresponds to a lack of information; in this type of situation, most of the elements that are in play are not unknown, but very little information is available about how they operate. This is followed by an even more extreme category: today, organizations are acting within contexts in which, rather than a mere lack of information, there is an actual lack of awareness, inasmuch as various possible risks are directly beyond our knowledge.

In a turbulent organizational setting in which these types of threats are present (uncertainty, a lack of information, a lack of awareness) it becomes necessary to enhance the organization's capacity to adapt to changes, which in these cases are of a tremendous magnitude. In this connection, Yehezkel Dror has formulated the following law: "In situations of rapid change, the greater the success achieved in the past, the greater the probability of failure in the future" (1983). The past is the worst possible guideline to use under such conditions of swift change, and the traditional tendency to base action on the past and to use it as the starting point for future projections may lead to severe ineffectiveness. Given these realities, Karl Weick, editor of Cornell University's *Administrative Quarterly*, suggests that the necessary organizational model (a model which would scandalize traditionalistic theoreticians committed to formalism) is as follows: "... one that values improvisation rather than forecasting, dwells on opportunities rather

¹¹For a detailed discussion of this subject, see B. Kliksberg (1985): *El pensamiento organizativo: del taylorismo a la teoría de la organización*, Buenos Aires: Editorial Paidós, tenth edition; and

La racionalidad irracional de la burocracia, in B. Kliksberg (comp.), M. Crozier, G. Friedmann, Paul Fraisse, et al. (1976): *Cuestionando en administración*, Buenos Aires: Paidós.

than constraints, discovers new actions rather than defends past actions, values arguments more highly than serenity and encourages doubts and contradiction rather than belief".¹² The effective manager is not the one who makes no mistakes; a manager with such a record, whether in public or private enterprise, is actually a bureaucrat in the popular sense of the word. Under present conditions, which call for innovation, change and the taking of risks, a good manager will be one who, because he is innovative, commits a reasonable number of errors.

4. *The desirable organizational model*

What type of basic organizational design, what type of relationship between an organization and its members, what type of vital driving force of organizational behaviour will the future bring? In the unpublished paper referred to earlier, Mario Bunge expresses some very insightful thoughts in this connection.

Bunge states that the concept of both public and private organizations associated with traditional management thinking is essentially based on the idea of hierarchy. He notes that Simon, with whom he disagrees, asserts that all stable systems in nature are hierarchically organized, as if hierarchy were a *sine qua non* of such systems. As an epistemologist, Bunge considers Simon's concept of hierarchy to be ambiguous and wide open to criticism from a methodological standpoint. Molecules, for example, are hierarchically organized; the existing hierarchy, however, is not that of uni-directional power, but instead follows entirely different laws. On this basis, he sets out a classification of the major types of organizations seen in history, dividing them into four models, all of which are present in today's context. One model relates to autocratic organizations, in which a centralized power does not delegate authority and single-handedly manages the organization from the top down (absolute monarchies, military dictatorships, etc.). A second model is that of organizations which he refers to as delegatory, in which power is retained at the apex of power but is also shared with those to whom authority is delegated

within the organization. A third model corresponds to organizations which Bunge terms consultative, which are open to inputs from the lower organizational levels and which are willing to negotiate. The fourth model refers to participatory organizations, in which inputs are not confined to opinions and suggestions, but instead involve effective participation in decision-making power; as a result, in these organizations the manager is not positioned at the apex of the pyramid but rather is situated at the centre of a decision-making network. This structure is clearly at odds with the principle of hierarchy. Bunge contends that present findings in management sciences demonstrate that the highest levels of productivity and of job satisfaction are achieved in participatory organizations and that this is the organizational model which performs the best. He underscores the fact that participatory organizations are not the preserve of any one part of the world, but instead have existed in many different Western countries. A recent book (entitled *La colaboración organizacional alternativa a la jerarquía*, in the Spanish-language version) whose foreword was written by Warren Bennis, one of the founders of organizational development, provides a detailed discussion of various organizations of this type in Western countries. In this essay, it is argued that the idea of hierarchy as a *sine qua non* of traditional thought is neither the only possibility nor a desirable one in terms of efficiency.

5. *Towards flexible organizations*

The new paradigm is oriented towards the formation of highly flexible organizations, in contrast to the extremely structured formal models which are the core of the old paradigm. These are ambiguously-structured organizations which deliberately refrain from defining areas relating to hierarchy and organizational links in order to ensure greater organizational plasticity. A number of Japanese enterprises do not even have an organization chart and instead rely much more heavily on the use of flexible project teams. It has been observed that one of the many advantages of this approach is that much more innovation occurs in what is referred to as the interface. Innovation does not take place in rigid groups that are sealed off into different organi-

¹²Karl Weick, in T. Peters and R. Waterman, *op. cit.*

zational departments, but rather in this flexible and ambiguous setting of inter-project efforts within organizations.

6. *Innovative technologies of organizational intervention*

In line with the new approach, a series of modern techniques of organizational intervention are being developed which, drawing upon the new directions of management thinking mentioned above and others like them, use different models of administrative change. One such organizational model is the Performance Improvement Programme (PIP) (1978) designed by the United Nations. It is composed of a battery of highly participatory forms of organizational intervention which have been tested with good results in numerous countries of Asia, Africa and Latin America. It combines various types of technical inputs: important concepts of organizational development, process consultation and management by objectives. Another technology, OPTIMA (1981), developed by the ICPE, an international institute for public enterprises in developing countries, is aimed at increasing organizational efficiency by expanding organizations' internal consulting capacity. It consists of a set of techniques which make use of a number of actual exercises in diagnostic analysis and problem-solving drawn from the managerial cadres of the organization. It thus promotes the development of the organizations' own managerial capacity for self-analysis. Another model is that of action-oriented research, which is a methodology for handling the basic concepts and tools of administrative research in which the research process does not produce results at the end of the programme but instead serves as a means of identifying major causes of problems and as an instrument of organizational change. This technology is also based on the exceedingly active participation of the research subjects, who work with the research team as co-researchers and, at the same time, make ongoing modifications in the organization's behaviour based on the research findings.

7. *Policy management*

Management under these conditions exhibits a range of striking differences with the old paradigm. One of the fundamental distinctions is that managers administer not only resources but also policies (which are more important to the functioning of the organization). Modern management's main role relates to policy. This was the reason for the success of the managers studied by Kotter: they focused on "constructing policies" rather than confining themselves to the management of organizational resources. Policy management involves, *inter alia*, a strategic focus, an all-embracing vision and a long-term perspective. One of its characteristics is that it confronts organizational uncertainty rather than repressing it. An elementary example of the repression of organizational uncertainty is the projection of budgetary figures based on those of the preceding year. In contrast, policy management, taking a heuristic approach, looks to the future rather than the past.

8. *The relevance of values*

A major new direction of management thought constitutes a return to an idea which Chester Barnard expressed in a ground-breaking book in the 1930s: the manager is, first of all, an administrator of organizational values. Barnard said that the chief executive's role is to administer the values of the organization and wrote that managers are "value shapers concerned with the informal social properties of organization". Earlier in this article the correlation between on-the-job efficiency and participation was emphasized. True participation occurs only through an identification with values. The role of the modern manager is not seen as that of an autocrat unconcerned with values and rooted in a hierarchy, but rather is perceived as directing a search for genuine values, making an effort to project those values, and forging a sense of identification with the organization based upon them.

III

The universities and the type of manager that is needed

Drawing upon elements examined thus far, the concluding section of this discussion will be devoted to analysing the characteristics of the type of manager needed in Latin America and the current and desirable roles of the university in this regard.

1. *The profile*

An exploration of the thinking on this issue suggests a need for some radical departures from the traditional profile of management training. To take a few points of reference from an international context, the Arthur D. Little Training Institute bases its professional training on a concept which the President of the Institute has explained as being that managerial potential requires much more than complex managerial techniques and narrow skills; it requires a general education in the humanities.¹³

He believes that, in this day and age, an efficient manager should receive this sort of supratechnical training, and the goals of the above-mentioned Institute stress the formation of creative and relational skills in the education of managers. This conclusion is echoed by the definitive study conducted by UNESCO on international education, with special emphasis on its higher levels, *Learning to be* (UNESCO, 1973). The expert commission, which was headed by the former Minister of Education of France, Edgar Faure, averred that, in professional training, it is of less importance to possess a given store of facts than to have been initiated into the scientific method.

Latin America needs to seek a suitable managerial profile for confronting the management dilemmas encountered in societies which are struggling to deal with the crisis and to consolidate democracy. To this end, very careful consideration should be given to approaches such as those mentioned above. Managers must be initiated into the scientific method. A solid

background in the sciences which explain the organizational environment is also needed. A knowledge of economic and social history, economics, systematic sociology, etc., is vital in order to be able to sift through the exceeding complexity of the contemporary context. The manager must be familiar with the analytical categories and models that can help him to attain an articulated, substantive and accurate understanding of the reality of organizations. The profile must include, of course, a large number of technologies, but not indiscriminately. The type of manager needed in Latin America has to be able to handle the technologies which are relevant to the fundamental problems of management, such as the management of strategic raw materials, the administration of health and educational services, the management of public enterprises, the direction of small and medium-sized enterprises, regional administrative development, the management of science and technology, etc.

In addition, this manager has to fit in with Chester Barnard's profile or similar ones. Latin America needs managers who are capable of generating a sense of identification with the organization and of stimulating participation in it, i.e., of directing organizations on a democratic basis.

Today, training in this field has at its command models which explain organizational behaviour and various technological tools, but their use must be planned and systematic. The manager must also have critical and creative abilities. In the coming decades, the trade-off will be between being critical and creative or being inefficient. There will be problems that will involve many unforeseen aspects or highly diverse combinations of variables which no university can programme into its curricula. The manager's critical/creative abilities are what will permit these problems and their solutions to be re-worked in locally operative terms.

Another requirement which has been brought out with particular force by the research

¹³Robert K. Muller, *op. cit.*

projects done on this subject in the region is that managers must have a strong national consciousness; they must work for their country.¹⁴ This need was underlined by the President of Mexico, Miguel de la Madrid, who once said that: "The work of the public entrepreneur cannot be regarded as simply the management of certain resources with a view to specific formational goals; it should be seen as one of the nation's mechanisms for political action aimed at achieving the type of society we all desire". He went on to say that "if the country's problems, which are the public enterprises' problems, are to be solved by means of governmental policy, then the public entrepreneur must have a sense of political and social responsibility. This is the only way of ensuring that public enterprises will be managed, not as if they were islands or as nothing more than a source of jobs, but as an integral part of the public sector".¹⁵ This managerial sense of political and social responsibility is needed in both the public and private sectors, but it will not come about as if by magic. Hence, the university should do everything within its power to inculcate this sense of responsibility by, *inter alia*, bringing the students into close interactive contact with the basic problems of his country.

2. *The shortcomings of the prevailing school of business administration*

What happens when we compare this "desirable" profile with the prevailing one in schools of business administration in Latin America? To put the question more directly, are we or are we not educating the managers of tomorrow? The answer may be that a very wide gap exists in this regard. The predominant type of school in Latin America is a highly traditional one, deeply marked by formalistic management thinking and by questionable concepts of the nature of universities in general. Research results (Kliksberg, 1983; Andean School of Business, 1976) indicate that education in the

humanities and sciences has a very small place in present curricula; subjects such as epistemology or research methodologies do not even figure in the analytical categories used to prepare curricula in this type of educational institution. The importance of an understanding of the historico-social environment is underestimated. Today, another aspect, the understanding of organizational behaviour itself, is fostered by an extensive array of modern explanatory models; this is what we call organizational science, and little attention is paid to it in the education of the student. The curricula abound in technologies, but they were not selected on the basis of national research into the present and foreseeable needs of the State and private enterprise, but were rather transferred unselectively and mechanically. This is a full-blown example of the situation described by the United Nations in regard to higher education in the sciences in general.¹⁶ Strangely enough, the curricula of many schools and colleges of business administration in Latin America closely resemble one another. It might be thought that the various educational institutions have engaged in central, co-ordinated planning. Quite to the contrary, however, the actual reason for this similarity is that they have imitated a whole body of external models which, to make matters worse, are largely obsolete.

The indiscriminate importation of external elements is compounded by the fact that this dependency has been linked, in the case of management sciences in Latin America, to certain specific rearguard circles in management sciences in the United States and the developed world in general. The curricula are much alike due to their common origin in these schools of other regions, with tend to be of a traditional stamp. Furthermore, in a number of schools, the curricula largely overlook the public sector. There is an almost total absence of topics specifically relating to this sector, as if the public sector in these countries had been "dispensed

¹⁴In this connection, see the research findings presented in B. Kliksberg (1983): *Universidad, formación de administradores y sector público en América Latina*, Mexico City: Fondo de Cultura Económica.

¹⁵Miguel de la Madrid (1981): *La Participación de la Empresa Pública en el Proceso de Desarrollo Económico y Social del País. Plan global de desarrollo in Ciclo de Conferencias*, Mexico City: National Centre of Productivity (CENAPRO).

¹⁶The Committee observed that the curricula for education in the sciences which have been worked out in the developed countries are currently those in use, and queried why curricula for the Latin American countries could not be prepared in the region. United Nations Advisory Committee on the Application of Science and Technology to Development (1973): *Latin American Plan of Action for the Application of Science and Technology to Development* (E/CN.12/966), Santiago, Chile: ECLAC.

with" in the nineteenth century and as if the State did not play the central role which it does in the region. These institutions neither school the students in the skills of democratic leadership nor cultivate their critical and creative abilities. Moreover, the need for a national consciousness is not, at least at the level of systematic planning, reflected in any really meaningful way in these curricula.

Merely identifying these basic shortcomings is not enough; a deeper explanation of them is required. It is this author's belief that the tendency towards imitation has been encouraged by certain types of reasoning about educational policy in schools of business administration whose closer examination may be of interest. One such line of reasoning that is quite common regards theory and practice as separate entities. Supposedly, theory is a distinct field and is a subject dealt with by other schools, but not by these, which are practical schools. This dissociation is false. In reality, there is one totally integrated circuit, in which sound practice can only be based on solid theory and in which sound theory involves an exacting and productive examination of practice. Unsound theory is that which is divorced from practice and which is based on insufficient or poorly-analysed empirical data. The incorporation of this fallacy in the curricula diminishes the validity of theoretical knowledge.

A second fallacy follows from the preceding one. It is thought that these schools' purpose is to train wholly specialized, sectoral technical experts armed with purely administrative and accounting skills, whose work will be limited to handling a basic set of technical tools. Current developments in modern organizational science, however, indicate that it deals with issues which entail corresponding social changes. The above perspective is thus ineffective when confronted with the complexity of the organizational phenomenon, inasmuch as administrators with a partialized background will be doomed to a low level of productivity in professional terms. They need a broader and different sort of education. Countries such as those of the region need professionals who, as discussed earlier, are also good citizens and who will help to further national development and the consolidation of democracy.

A third fallacy in educational policy is the assumption that schools of business administration produce administrators who can serve any and all types of organizations, i.e., that they educate "generalists". In practice, the traditional school prepares its students to deal strictly with private entrepreneurial problems, and for a certain sort of private organization (which is not the predominant type in Latin America), thus passing over strategic entrepreneurial factors such as those affecting small and medium-sized enterprises. This pretension to the education of "generalists" conceals a practice which is not at all general, but instead highly segmented.

Another error of educational policy relates to its brand of "reflex modernization". Modernization is equated with an increase in the indiscriminate adoption of what is being done in the developed countries of the centre. The desirable technological profile, however, is based on other considerations. The idea is to start from the countries' own needs,¹⁷ and then to generate locally and to transfer, efficiently and with a critical eye, what is really germane to national conditions. These fallacies in educational policy affect the curricula and have a great deal to do with the list of inadequacies presented here.

3. Towards a Latin American school of business administration

Step by step, a new type of school of business administration is emerging in Latin America as part of a process of social change and in response to the demand of the major political and social forces. In these schools, the curricula are being prepared with a view to the demands for management capacity posed by the crisis and democratization, and they are educating —on the basis of broad approaches and open-ended subject matters in line with the new paradigm— managers who will be truly useful to their countries. In various universities, major curricular changes are being experimented with which point in this direction. Highly significant changes are also being made in the internal make-up of schools of business administration. Some are now working on the basis of an active interaction with organi-

¹⁷In this connection, see the classic works of Oscar Varsavsky, whose contributions have many applications in this field.

zational reality. The classroom is being, in part, carried into the organizations through programmes co-ordinated among public and private agencies and the university. Research is being introduced as a serious topic through the inclusion in the course work of university departments of short- and medium-term research programmes dealing with actual organizational situations in the country. In addition, large-scale research programmes are also being carried out in which the university departments participate as co-researchers.

Teaching methods are also changing. The traditional systems of learning are completely unsuited to the demands arising in the closing decades of the twentieth century, and rather than educating professionals with critical faculties, they are producing just the opposite. Moreover, they subject gifted people to methodologies whose end result is to paralyze their critical and creative abilities; indeed, some pioneering research efforts indicate that in various cases the students' critical/creative potential is lower when they leave the university than when they entered it.¹⁸ An earnest effort is being made to train teachers on the basis of systematic programmes which emphasize the use of teaching

assistants/advanced students as a vital component of an active university. Serious attempts are being made to establish graduate structures which, in co-ordination with undergraduate ones, will give rise to a nucleus of reflective thought, creativity and development which can act as a constant source of enrichment for undergraduates. At the same time, these structures can serve as managerial research laboratories which may make an important contribution to management in the country.

While the traditional type of school still predominates, the profile of a new type of Latin American school of business administration is emerging which will be equal to the task of meeting present and foreseeable needs. Its growth will hinge on the efforts of a wide range of researchers, teachers, students and professionals. Changing the profile of universities and schools involves sweeping transformations which can only be accomplished through collective processes.

¹⁸For a detailed treatment of this subject, see Naum Kliksberg, Elementos pedagógicos predominantes en la enseñanza universitaria de la administración en América Latina, in N. Kliksberg (1984): *La crisis pedagógica en las universidades latinoamericanas*, Caracas: Central University of Venezuela.

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