

# CEPAL

## Review

*Executive Secretary of ECLAC*  
Gert Rosenthal

*Deputy Executive Secretary*  
Carlos Massad

*Director of the Review*  
Aníbal Pinto

*Technical Secretary*  
Eugenio Lahera



UNITED NATIONS  
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN  
SANTIAGO, CHILE, APRIL 1992

# CEPAL

## Review

Santiago, Chile

April 1992

Number 46

## CONTENTS

In memory of Fernando Fajnzylber. <i>Gert Rosenthal</i> , Executive Secretary, ECLAC	7
Latin America and the internationalization of the world economy. <i>Mikio Kuwayama</i> .	9
Privatizing and rolling back the Latin American State. <i>David Félix</i> .	31
State-owned enterprise reform in Latin America. <i>Antonio Martín del Campo</i> and <i>Donald R. Winkler</i> .	47
The Central American entrepreneur as economic and social actor. <i>Andrés Pérez</i> .	69
Why are men so irresponsible?. <i>Rubén Kaztman</i> .	79
Erroneous theses on youth in the 1990s. <i>John Durston</i> .	89
Decentralization and equity. <i>Sergio Boisier</i> .	105
Reorientation of Central American integration. <i>Rómulo Caballeros</i> .	125
MERCOSUR and the new circumstances for its integration. <i>Mónica Hirst</i> .	139
International industrial linkages and export development: the case of Chile. <i>Alejandra Mizala</i> .	151
The ideas of Prebisch. <i>Ronald Sprout</i> .	177
Guidelines for contributors to <i>CEPAL Review</i> .	193
Recent ECLAC publications	195

WU 1992

## The Central American entrepreneur as economic and social actor

*Andrés Pérez\**

At the present time, Central American society is faced with the task of simultaneously furthering a process of market liberalization and the development and consolidation of political systems of a liberal-democratic nature. Reconciling the market economic project with the democratic political project in the conditions of social polarization prevailing in the region is of course a colossal task. In it, Central American entrepreneurs will have a vitally important role to play, not only as economic but also as political actors. For them to be able to contribute to the quest for a just and effective balance between the market and democracy, profound changes must take place in the thinking which guides the actions of entrepreneurs in Central America, and hence also in the content and orientation of management training programmes in the region. The challenge facing the entrepreneur is to raise the level of competitiveness of his enterprise in a changing international economic context while at the same time participating in the process of building national consensus. Building this consensus involves redefining the participation of private enterprise, governments, and the various national political and social actors, within an institutional framework which fairly reflects the obligations and rights of each of these. Without this consensus, neither economic order nor democracy can be possible in Central America today.

\*Assistant Professor of Political Science in the University of Western Ontario.

## Introduction

The utter failure of the socialist experiments in Eastern Europe and the Soviet Union strengthened neo-conservative political convictions in the developed capitalist countries. The Cold War had come to an end and, said some observers, that marked the end of history too (Fukuyama, 1991). Liberal democracy had routed socialism, and the market forces had shown their superiority over the centrally planned State. The new international order which President Reagan had promoted during his two terms in the 1980s was beginning to take shape. This new order received its baptism of fire in the Gulf War, in which Iraq paid the price not so much of its disrespect for international law as for the inability of its leaders to understand that the world had changed. Saddam Hussein's tanks crossed the frontier into Kuwait at the very moment in history in which the rules of international relations and the definitions of good and evil were being completely revised. What had previously been perfectly possible was now intolerable.

For Latin America in general and Central America in particular, the new international order meant profound changes in the definition of what was politically possible and impossible, economically rational and irrational, and socially acceptable and unacceptable. This does not mean that the changes in Central American society are merely a reflection of international conditions. The international context does, however, substantially condition the formulation of political responses to the internal tensions and contradictions of these societies.<sup>1</sup> Thus, what is possible, rational and acceptable in Central America today is liberal democracy and the market economy, even though, in the conditions of political, economic and social polarization prevailing in the countries of the region, the all-inclusive nature of the political proposal is in open contradiction with the exclusive nature of the economic proposal.<sup>2</sup> The democracy/market proposal bases its logic on the thinking behind the new international order rather than on the internal conditions of Central American society.

<sup>1</sup> For an analysis of the influence of the international context on the political capacity of Latin American States in the stage of "post-national capitalism", see Faletto, 1989, pp. 69-73. See also Sunkel, 1991, and Tomassini, 1991.

<sup>2</sup> For an examination of this contradiction in Latin America, see Calderón and Dos Santos, 1991, pp. 19-22, and Faletto, 1989.

Reconciling the market economic project with the democratic political project in the midst of the social polarization displayed by the region is undoubtedly a colossal task. In it, Central American entrepreneurs will have a vitally important role to play not only as economic but also as political actors. In this article it is maintained that the contribution of Central American entrepreneurs to the quest for a fair and effective balance between the needs of the market and those of democracy can only be made if there are profound changes in the thinking behind the entrepreneurial function in Central America and hence also in the content and orientation of management training programmes in the region.<sup>3</sup>

The challenge facing Central American entrepreneurs is basically that of developing the levels of competitiveness of their enterprises in a changing international economic context, while participating in the process of building a minimum social consensus on the organization of economic and political life in their countries. Building this consensus involves redefining the participation of governments and of the various political and social actors within an institutional framework which fairly reflects the obligations and rights of each of them. Without building up this consensus, neither economic order nor democracy are possible in Central America today.

## I

### The new political role of Central American entrepreneurs

To say that the dominant economic groups of the region have participated throughout the course of history in the definition of the social, political and economic systems of the Central American countries is a statement of the obvious. What is worth pointing out is that the way in which these groups participate has changed with time. The pioneering study on the organization of business associations in Central America carried out by the Latin American Faculty of Social Sciences (FLACSO) under the direction of Edelberto Torres-Rivas notes that it was merchants who were the first to form organizations for the

defence and promotion of their interests.<sup>4</sup> The first of these organizations arose in Guatemala in 1884. National associations of merchants were followed by associations of industrialists and later of agricultural and stock-raising entrepreneurs. From the 1950s onwards, the organizational development of the Central American private sector registered advances of great political importance, since mechanisms began to be established within each country of the region for coordinating the action of the different organizations in that sector. The first of these coordination mechanisms was the Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations of Guatemala (CACIF), which was set up in Guatemala in 1957. It was followed by the Honduran Council of Private Enterprise (COHEP) in Honduras; the National Private Enterprise Association (ANEP) in El Salvador; the Supreme Council of Private Enterprise (COSEP) in Nicaragua, and the Costa Rican Union of Chambers of Private Enterprise (UCCAEP) in Costa Rica (FLACSO, 1989, pp. 13-20). These

<sup>3</sup> For a symposium held in November 1989, the Central American Institute of Business Administration (INCAE) invited academics from Latin America and North America to present papers exploring the necessary features of a management model for Latin America in the twenty-first century. Most of the papers presented at the symposium coincided in pointing to the need to promote the political training of entrepreneurs in the region; among them, special mention may be made of "Management rationale and practice in Latin America: the challenges of the coming century", presented by Andrés Pérez; "The economic and management structure in Latin America: past, present and future challenges", presented by Marvin Taylor; "A management model for Latin America in the twenty-first century", presented by Blasco Peñaherrera Padilla; "The future of Latin America and management training", presented by Fernando Bravo Herrera and Luis Peñafiel Millán, and "The concept of administration in management training", presented by Oscar Johansen Bertoglio.

<sup>4</sup> Those working in the field of Central American social sciences have not yet studied in depth the role of private sector organizations in the formulation of public policies or the running of national policy. There is a lack of studies such as those carried out in Argentina by Nun and Lattuada (1991) which analyse the role of the big agricultural corporations in the Alfonsín administration, or the studies on the role of business organizations during the process of transition to democracy in that country included in Nun and Portantiero (editors), 1987.

organizations attained active but indirect participation in national political processes until the crisis in the region in the 1970s led them to assume more openly political roles.

As Gabriel Gaspar Tapia (1989, pp. 22-33) points out, the situations of domination which existed in most of the Central American countries before the crisis were based on the "harmonious relationship which the various sectors of the dominant classes established with the armed forces": relationships which "involved a virtual handover of the running of the State apparatus by the former to the latter". The inability of this domination pact to contain popular demands and the social mobilization which took place in the countries of the region permitted the emergence of centrist political positions and projects which offered moderate solutions to the crisis in the social order. The various United States governments, from Carter to Bush, saw in these centrist political positions a possible solution to the advance of revolutionary movements in Central America and a way of neutralizing the triumph of the Sandinista revolution in Nicaragua. In these circumstances, the parallel promotion of market economies and political systems of a liberal-democratic nature rapidly became the line of action favoured by Washington in the region. The effect of this double strategy on the position of the Central American economic elites was tremendous. Accustomed as they were to rely on the armed forces

of the region, entrepreneurial circles unexpectedly found themselves in the midst of a political game marked by a high degree of uncertainty, while they also found themselves "lacking effective means of representation". Their response to this situation was to abandon the supposedly apolitical positions which they had maintained before and to begin to play an active role in the political life of their countries. This change has been expressed, *inter alia*, in the participation of leaders of private-enterprise organizations in the formation and development of political parties such as the Nationalist Republican Alliance (ARDE) in El Salvador; in participation in national politics by academic and research centres linked with private sector organizations, such as the Salvadorian Foundation for Development and the Central American Institute of Business Administration (INCAE), and in open participation by private sector organizations in areas of discussion which were previously the exclusive reserve of the State, such as foreign policy.

The new political role of the Central American private sector organizations makes it necessary to reflect on the thinking behind entrepreneurial action in the region and, above all, on the capacity of entrepreneurs to understand and help to solve the problems raised by the simultaneous promotion of political regimes of a liberal-democratic nature and free market economies in countries with high degrees of social polarization, such as those of Central America.

## II

### The historical context and entrepreneurial theory and practice

The historical context in which enterprises have to function has conditioned entrepreneurial theory and practice in the United States, as well as the rational foundations guiding the content and orientation of management training programmes in that country. There are two dimensions in this context. The first is the existence of an objective social reality which can be measured and even quantified through such indicators as coefficients of income distribution, mortality rates, indexes of illiteracy, etc. The second is the existence of a framework of social values through which this objective reality is interpreted. It is this framework of values which allows us to define

and differentiate good from evil, justice from injustice, important matters from those of secondary interest, rational from irrational ideas, efficiency from inefficiency, and acceptable from unacceptable situations.<sup>5</sup>

Maintaining social order depends greatly on the legitimacy of the rules organizing the political and economic life of a society. In this respect, legitimacy, as pointed out by Peter L. Berger and Thomas Luckman (1973, p. 86), is a condition which justifies

<sup>5</sup> For an in-depth analysis of the role of such frameworks of values in the definition of objective reality, see Berger and Luckman, 1973.

the institutional order by providing it with normative dignity. It is worth noting that speaking of frameworks of values as determining elements of order does not mean ignoring the role played by coercion and violence in the task of establishing and maintaining social stability. If we stress the role of values it is because, as Jean-Jacques Rousseau (1947, p. 244), argued two centuries ago, the social order is not consolidated "until force is transformed into law and obedience into duty". That is to say, until the establishment of a framework of collective values justifies, dignifies and legitimizes the objective reality of a society.

In the United States, both the objective and subjective context of the enterprise have conditioned entrepreneurial and management thinking in that country. Something similar is taking place in the field of social sciences, where the production of knowledge, and the definition of the role of the social sciences, have been conditioned by the influence of the environment in which social scientists carry out their work. In this respect, it could be said that knowledge in the field of social sciences is the historical sum of the responses given by social thinkers to the challenges and crises of their time.<sup>6</sup> Understanding the relationship between the historical context, thinking and social practice enables us to understand how management and entrepreneurial theory and practice in the United States have been conditioned by the historical development in that country of a capitalist economic system and a democratic-liberal political system. Capitalist economic principles and values, together with democratic-liberal political principles and values, constitute the framework of values which is used in entrepreneurial and management theory and practice in the United States and other developed Western countries in order to appreciate and interpret the actual conditions in which the enterprise operates.

The legitimacy attained by these principles and values helps to explain the level and durability of the social order in those societies. It is precisely this legitimacy and social order which have permitted the development in those countries of forms of

entrepreneurial and management theory and practice aimed fundamentally at articulating operational techniques and seeking efficiency. Thus, since they arose in the latter part of the eighteenth century, management training programmes in the United States and other developed capitalist countries have been able to concentrate on the development and dissemination of applied management skills, thereby assuming the existence of a solid framework of values which legitimizes the function of the enterprise and guarantees the social order.<sup>7</sup> For this reason, the analysis of the political dimension of the enterprise in management training programmes is limited to the study of the relations between the private sector and the government or to the study of the power structures within organizations. Within this tradition, the concept of conflict has an organizational rather than a social connotation. That is to say, conflicts as studied in administrative theory and management analysis are fundamentally conflicts within the organization, since the existence of stable contextual conditions is taken for granted.<sup>8</sup> This also explains why sociological, political and philosophical analysis, which is more oriented towards the understanding of social change, is not included in most management training programmes:<sup>9</sup> this type of analysis is considered to be of a speculative nature and divorced from the "reality" which such programmes take for granted.

It is interesting to note that something similar occurs in the field of natural sciences. In his classic work on the structure of scientific revolutions, Thomas Kuhn (1970) shows how the establishment of a paradigm, that is to say, the legitimation of a theoretical view of reality, leads scientists to concentrate their efforts on developing "normal science", that is to say, a type of knowledge which is valid within the parameters established by the dominant paradigm. When a new theoretical view of this reality calls into question the validity of the existing paradigm, the scientific community is obliged to redefine or confirm the fundamental theoretical framework within which it is to carry on its normal scientific work.

<sup>6</sup> The work of Auguste Comte, for example, can only be understood as a response to the social crisis brought about by the French Revolution. Likewise, the work of Karl Marx also has as its most immediate reference point the social conditions produced by the Industrial Revolution in Europe in the nineteenth century. More recently, the work of the French philosopher Michel Foucault was influenced by what took place in France in 1968.

<sup>7</sup> For a review of the development of management thinking, see George Jr., 1968.

<sup>8</sup> See, for example, Stephenson, 1985 and Wilson, 1985.

<sup>9</sup> The absence of these subjects is noteworthy, reflecting a view which still persists even in the midst of the profound process of change through which the world is currently passing. See, for example, Alexander, 1991; Scriven, 1991, and Aranda, Golen and Brennenstuhl, 1991.

To sum up, we can state three things. Firstly, that entrepreneurial and management theory and practice in the developed capitalist countries are the product of the historical conditions in which the enterprise operates. Secondly, that entrepreneurial and management theory and practice in those countries are the product and expression of the capitalist and liberal-democratic development of their societies. Thirdly, that capitalist and liberal-democratic principles form the framework of values which permeates and nourishes the production of management know-how and defines the attitudes and skills called for in entrepreneurs and managers. Consequently, it is this same framework of values which inspires the orientation and content of management training programmes in the developed democratic capitalist world. We will now proceed to analyse management and entrepreneurial thinking and practice in Central America.

Using the thinking of Unamuno, Juan Marichal (1978, p. 24), draws a distinction between "countries of opiners" and "countries of opinions". If we apply this form of thinking, we can say that Latin America has been a consumer of the political and management thinking of Europe and North America.

Central America, like the rest of Latin America, imported European liberal-democratic thinking in order to justify its independence and consolidate its first forms of government. Unlike Europe and North America, however, it established democratic legal and institutional structures—at least formally—before consolidating a capitalist economic structure. It was only at the end of the nineteenth century that the export of some products for which there was a demand on international markets made it possible to initiate economic structures of a capitalist nature in the region. From that moment on, capitalism and liberal democracy became, at least formally, the frameworks of values within which the social, political and economic development of the Central American countries took place. Unlike what happened in Europe and North America, however, this framework never succeeded in becoming institutionalized and ensuring the social order. The historical development of Central America, then, does not correspond to the "optimistic equation" which associated economic development with democracy in the history of the developed capitalist countries (Portantiero, 1982, p. 97). The political and economic systems of Central America, like those of the rest of Latin America, have been fundamentally of an exclusive nature, which explains why the precarious social

order of those countries has often been achieved through the use of force.

The precarious nature of capitalism and democracy in Central America as frameworks of values capable of articulating the social order has been noted and studied on many occasions by social scientists. This precariousness, however, is virtually ignored in the management thinking and entrepreneurial practice of the region. It is also ignored in the programmes of management training at the graduate and post-graduate level in the region, which take it for granted that Central America has the same capitalist and liberal-democratic framework of values which forms the basis for the production and dissemination of entrepreneurial and management thinking in Europe and North America. These programmes continue to be carried on with an ahistorical and reductionist approach which ignores the political and social dimension of the crisis through which the region is passing.<sup>10</sup>

In the social sciences, the concept of ahistoricism means studying social phenomena without taking the time variable into account.<sup>11</sup> Functionalist anthropology and static economic analysis are other examples of ahistorical approaches to reality. The ahistorical approach which prevails in management training programmes in Central America has prevented a critical study of the evolution of management and entrepreneurial thinking in the region. In an ahistorical approach, management thinking and techniques are presented as suprahistorical and divorced from their time context.

Reductionism, for its part, refers to theoretical approaches which isolate the study of parts of the overall social reality from the whole to which they belong (Cashmore and Mullan, 1983, p. 49). In the reductionist approach adopted in management training programmes, the study of management principles and techniques is isolated from the political and social reality in which they must be applied and used.<sup>12</sup> Thus, it is considered possible and even desirable to

<sup>10</sup> See, for example, a research project carried out under the Master's degree programme in business administration of the Central American Institute of Business Administration (INCAE), which emphasizes the need to incorporate political analysis into management training programmes (De Franco and Pereira, 1989).

<sup>11</sup> For an in-depth study of this topic, see De Saussure, 1986.

<sup>12</sup> This reductionist approach assumes the universality of management theory and techniques. For a critique of this approach, see Yg, 1989a, pp. 3-26.

study the functioning of the enterprise while ignoring the analyses and knowledge generated by sociology and the political sciences. It may be noted that this attitude of rejection of sociological and political knowledge is observed not only with regard to marxist political science and sociology, but also with regard to the weberian tradition. It is not a particular ideological position which is being rejected, but sociological and political analysis in general.

The reductionist and ahistorical orientation of management training programmes in Central America results in the training of entrepreneurs and managers who are technically and administratively capable but are social and political illiterates. In other words, they are entrepreneurs and managers who participate in politics without the theoretical and analytical capacity needed to understand the social dynamics within which the enterprise operates; who are not in a position to adopt a mature critical position with regard to the framework of values which has traditionally guided management thinking and practice; who do not possess the necessary training for linking up forms of entrepreneurial thinking and practice which are adapted to the needs of the region; and who take it for granted that traditional capitalist entrepreneurial thinking must be at all times the independent variable in the equation of social forces operating in the countries of the region, so that all the other factors –political regime, social justice, unemployment and income distribution– are dependent variables which must be adjusted to the entrepreneurial logic. The important thing for this type of manager or entrepreneur who is administratively and technically capable but socially and politically illiterate is to have clear rules that allow enterprises to operate in accordance with traditional capitalist thinking. The political and social effects that may result from the establishment of these rules are not among their central concerns; nor is the analysis of such effects part of their professional training. This helps to explain why, in the historical development of Latin America in general and Central America in particular, the political position of entrepreneurs and managers swings from support for military regimes to support for democratic regimes and vice versa. The logic behind these changes is not political, but fundamentally economic.<sup>13</sup> This malleability of the

political position of Latin American entrepreneurs and managers represents one of the great perils looming over the processes aimed at creating juster and more democratic economic and political orders in the region.

At present, Central America is experiencing a climate of democratization. With a greater or lesser degree of conviction, the entrepreneurial sector in the Central American countries has expressed its support for democracy, while at the same time demanding clear "rules of the game" (De Franco and Pereira, 1989, p. 12; Castillo, 1988, p. 115). This sector hopes that democracy, superficially understood as a mere electoral process, can produce the desired clarity and that the law will create an order which is favourable for entrepreneurial activity. They thus reject the idea that the cause of the crisis in Central America is not the breakdown of the law, but something deeper: the collapse of the previous brand of legitimacy, that is to say, the collapse of the framework of values which in the past permitted the development of exclusive economic and political systems. What Central American entrepreneurs and managers do not seem to understand is that the definition of "clear rules" will require the reconstitution of a new legitimacy. In other words, what the current crisis demands is the establishment of a social consensus which will serve as a framework for entrepreneurs and managers.

In order to grasp the foregoing better, it must be understood that the concept of democracy includes two dimensions. Democracy is a mechanism for solving social conflicts, and at the same time it is a social compact on the functioning and orientation of a nation-State (Dahl, 1956, pp. 132-133; Rustow, 1970, pp. 350-361; Karl, 1986, p. 10; Sartori, 1987, pp. 89-92). The effectiveness of democracy as a mechanism for solving conflicts depends on the prior existence of a minimum social consensus on the orientation and functioning of the political and economic structures of the country. In the developed West, this social consensus is made up of capitalist economic principles and liberal-democratic political principles.

It should be noted that the existence of a social consensus does not mean total absence of conflict. Real or potential conflict is always present in every social formation. In those societies which have succeeded in building up a minimum social consensus regarding the functioning of their political and

<sup>13</sup> With regard to the case of Argentina, see Schvarzer y Sidicaro, 1988, and with regard to the Chilean case see Campero, 1988.



economic systems, however, the conflicts which exist are only marginal. Moreover, such marginal or residual conflict is organized and handled within an institutional and legal framework which facilitates its control.

In this respect, it is important to bear in mind the distinction drawn by Maurice Duverger (1978, p. 155) between "conflict within the regime" and "conflict over the regime". The first of these situations refers to the type of conflict which occurs within a legitimately pre-established legal and institutional framework. The electoral processes and competition between the parties in North America and Western Europe, for example, are conflicts "within the regime". What is at stake in these types of competition is not the basic nature of the political and economic regime of these societies, but the best way of preserving and developing this regime.

Conflict "over the regime", however, is that which tries to answer the question: what regime? Generally speaking, this type of conflict breaks with the existing institutional and legal framework, since it seeks to remodel it (Duverger, 1978, p. 155). It is important to differentiate between these two types of conflict in order to evaluate the effectiveness of the democratic system as a mechanism for solving conflicts. In this respect, it is important to understand that electoral processes do not lead to the solution of conflicts "over the regime". Consequently, expecting electoral exercises to define the rules and provide the social stability demanded by entrepreneurs means ignoring the history of the Western world which gave

rise to democracy and universal suffrage. In this respect, the history of the West clearly shows that the building of a social consensus has always preceded the application of democratic political technology (Macpherson, 1980; Girvetz, 1973; Di Palma, 1986; Nun, 1986).

The point which it is desired to get across through this brief analysis of the nature of democracy is that the definition of the social order which the Central American entrepreneurial sector demands when it calls for clarity in the "rules of the game" will not result automatically from the application of democratic electoral technology nor other formal democratic instruments. The definition of a clear and durable social order must be the result of the building of a social consensus. From this viewpoint, democracy must be understood as "the consensual political system which is capable of settling in a civilized manner the social and political conflicts which the dynamics of democracy itself are creating" (Torres-Rivas, 1990, p. 128). The possibility of building up this consensual political system will depend greatly on the capacity of entrepreneurs and managers to understand the social dynamics affecting the enterprise in the unstable Central America of today, and to adjust and respond to these dynamics. Insisting on the establishment of "rules of the game" and taking it for granted that traditional entrepreneurial thinking is the independent variable in the conflict and crisis of these countries is to ignore the high levels of expectations, politicization and mobilization of the popular sectors in the region.

### III

#### Management training programmes and the challenges of the 1990s

In the 1990s, Central American private enterprise will be facing unprecedented challenges. These will include the redefinition of the rules of international trade and the emergence of entrepreneurial forces in Eastern Europe and the former Soviet Union which will compete with Latin American private enterprise for transnational capital. Without any doubt, these new conditions will be a challenge to the creativity and inventiveness of the leaders of the region's enterprises. The most important challenge to

Central American entrepreneurs in the 1990s, however, will be that of facing up to evolving international economic and political realities and at the same time coping with a crisis of a political nature in their own society. As Celso Garrido (1988, p. 12) notes, the situation of Latin American enterprises "is deeply marked by the weight of transnationalizing economic phenomena and forces", although "it must be remembered that those tensions must necessarily be synthesized and solved in the national political dimension".

The Central American entrepreneur of the 1990s will have to raise the level of competitiveness of his enterprise in a changing international economic context, while participating in the process of building national consensus. Arguments could be put forward in the opposite sense, holding that the role of the entrepreneur is only to raise the level of competitiveness of his enterprise, and that it is the government's job to guarantee the social order, promote the liberalization of the economy, and stave off the social demands of the popular sectors. Indeed, this does seem to be the prevailing attitude in the most backward sectors of Central American entrepreneurs, and it is without a doubt the easiest yet most dangerous response to a problem which has deep and complex roots. It amounts to taking it for granted that the market forces will save us from the abyss: that this time they really will prove capable of rescuing us from the crisis. Believing this, however, is like wagering on the occurrence of a historical miracle. It means jumping out into the future with one's eyes blindfolded and one's fingers crossed, for there is absolutely nothing to suggest that traditional capitalist entrepreneurial thinking, which was not capable of giving this result even in times of relative prosperity, can attain it at a time when the external debt, population growth and the reorganization of the international economic and political system make us weaker than ever.

In this sense, the economicistic type of calculation which is behind this management attitude involves a tremendous error: it assumes the passivity of the human element and the existence of national economies which are mere abstractions, where such considerations as hunger and desperation simply do not count as valid variables. If we accept that the challenge to Central American managers in this decade is to develop the international competitiveness of their enterprises while at the same time helping to build a national consensus, we must also accept the urgent need to form a new type of manager and a new type of entrepreneurial thinking. The skills and attitudes of these new entrepreneurs and managers must include, *inter alia*, sensitiveness and capacity to understand the dynamics of the social, political and economic forces of the environment in which they operate. In order to develop these attitudes and skills it will be essential to abandon the instrumental and operational criteria on the basis of which Central

American entrepreneurs and managers have operated so far, and to redefine the thinking which guides their activities in order to adapt it to the needs and characteristics of the crisis through which the region is passing. In this process, education and management training programmes are called upon to play an extremely important role. The complete remodelling of management and entrepreneurial theory and practice in Central America, which we have emphasized as indispensable in this article, will make it necessary to review the conceptual bases of the objectives and content of such training programmes. The basic principle in this review will be the need to orient such training towards the development of a type of entrepreneurial thinking which will make it possible to respond to the crisis of the region. In other words, the Latin American manager of the twenty-first century must be a social scientist with management gifts and skills.

The reorientation of the objectives of management training programmes must be accompanied by a profound revision of the content of such programmes, the aim being not to do away with the technical and practical orientation of management training, but to locate it within a suitable theoretical framework. It is precisely this kind of combined practical and theoretical training which can give rise to the bases and principles for a new type of Latin American entrepreneurial and management thinking.

The incorporation of such a theoretical component in management training programmes can be achieved in two ways. The first is the inclusion in such programmes of the systematic study and exploration of social, political and philosophical issues. The second is the inclusion of a critical perspective in some of the courses which normally form part of such programmes.

In order to advance using the first of these ways, it is necessary to identify issues and problems which can act as nuclei around which courses and research activities can be organized. In this respect, two items immediately come to mind. The first of them is the subject of the State, on which it is possible to identify a set of issues which are important for understanding the crisis in the social order in Central America and which would make it possible to tackle such aspects as globalization, social formation, the State apparatus and the enterprise; legality, legitimacy and the social

order; institutionalization and social change, etc. The second item is the evolution of political and economic thinking in the advanced capitalist countries and in Latin America, the study of which can help to create a critical mentality *vis-à-vis* the conditions and forces that explain social development in the region. It is important that the items referred to above should be explored taking a broad approach: that is to say, from the standpoint of the three great paradigms that form the basis for modern social sciences. We refer, of course, to the critical use of the pluralistic, elitist, and class paradigms, together with their various derivations and combinations.

In order to make use of the second way, it is necessary to bring a historical and social perspective into the study of management thinking and technique. Thus, for example, the evolution of the theory of organization, together with the development and application of techniques for formulating, executing and evaluating policies and programmes, should be studied as phenomena which are conditioned by concrete social and historical

situations. Studying them in this way would make it possible to develop in the management students the necessary capacity to transfer, adapt or reject those elements of management and entrepreneurial thinking and practice which are not in keeping with the real situation in the region.

In the 1990s, Central American entrepreneurs and managers will have two possible roads before them: to place an enormous dose of faith in the inevitability of the traditional thinking which has guided management and entrepreneurial practice in Central America so far, or to assume with full awareness and responsibility the task of participating in the solution of the crisis connected with the legitimacy of the political order in the region. In order to take the first of these roads, what is needed is boundless confidence, luck and, in the worst event, the collaboration of brute force in order to control all the growing social demands. In order to take the second road, what is needed is sensitivity and the capacity to develop a new type of management and entrepreneurial thinking which will facilitate the building of just and free societies.

### Bibliography

- Alexander, Wilma Jean (1991): The challenge created by change, *Business Education Forum*, vol. 45, No. 7, April.
- Aranda, Luis, Steven Golen and Daniel C. Brennenstuhl (1991): Internationalizing the business curriculum: an assessment of commitment, *Journal of Education for Business*, vol. 66, No. 6.
- Berger, Peter and Thomas Luckman (1973): *The Social Construction of Reality*, New York, John Wiley and Sons.
- Calderón, Fernando and Mario R. Dos Santos (1991): *Hacia un nuevo orden estatal en América Latina: veinte tesis sociopolíticas y un corolario*, Santiago, Chile, Latin American Faculty of Social Sciences (FLACSO)/Fondo de Cultura Económica.
- Campero, Guillermo (1988): Los empresarios ante la alternativa democrática: el caso de Chile, Celso Garrido, *Empresarios y Estado en América Latina*, Mexico City, Economic Research and Teaching Centre (CIDE)/Friedrich Ebert Foundation/National Autonomous University of Mexico (UNAM)/Universidad Autónoma Metropolitana.
- Cashmore, Ellis and Bob Mullan (1983): *Approaching Social Theory*, London, Heinemann Educational Books.
- Castillo Aramburu, Melba (1988): El papel de los empresarios industriales en la economía nicaragüense, Celso Garrido, *Empresarios y Estado en América Latina*, Mexico City, CIDE/Friedrich Ebert Foundation/National Autonomous University of Mexico/Universidad Autónoma Metropolitana.
- Dahl, Robert (1956): *A Preface to Democratic Theory*, Chicago, The University of Chicago Press.
- De Franco, Silvio and Emilio Pereira (1989): *Managers' perception of Central America's environment: an exploratory examination of the sources of uncertainty*, San José, Costa Rica, Central American Institute of Business Management (INCAE).
- De Saussure, Ferdinand (1986): *Course in General Linguistics*, La Salle, Illinois, Open Court.
- Di Palma, Giuseppe (1986): The European and the Central American experience, Giuseppe Di Palma and Laurence Whitehead, *The Central American Impasse*, London, Croom Helm.
- Di Palma, Giuseppe and Laurence Whitehead (eds.) (1986): *The Central American Impasse*, London, Croom Helm.
- Duverger, Maurice (1978): *The Idea of Politics*, London, Methuen.

- Faletto, Enzo (1989): The specificity of the Latin American State, *CEPAL Review*, No. 38 (LC/G.1570-P), Santiago, Chile, August.
- FLACSO (1989): *Estudio sobre la organización gremial del sector privado en Centroamérica*, San José, Costa Rica, mimeo.
- Fukuyama, Francis (1989): The end of history?, *The National Interest*, Summer.
- Garrido, Celso (1988): *Empresarios y Estado en América Latina*, Mexico City, CIDE/Friedrich Ebert Foundation/National Autonomous University of Mexico/Universidad Autónoma Metropolitana.
- Gaspar Tapia, Gabriel (1989): "Crisis y politización empresarial en Centroamérica", No. 8, pp. 24-34.
- George Jr., Claude S. (1968): *The History of Management Thought*, Englewood Cliffs, N. J., Prentice-Hall Inc.
- Girvetz, Harry K. (1963): *The Evolution of Liberalism*, Toronto, Canada, The Macmillan Company.
- Gouldner, Alvin (1970): *The Coming Crisis of Western Sociology*, New York, Basic Books.
- Karl, Terry (1986): Democracy by design: the Christian Democratic Party in El Salvador, Giuseppe Di Palma and Laurence Whitehead (eds.), *The Central American Impasse*, London, Croom Helm.
- Kuhn, Thomas S. (1970): *The Structures of Scientific Revolutions*, Chicago, The University of Chicago Press.
- Macpherson, C. B. (1980): *The Life and Times of Liberal Democracy*, London, Bedminster Press.
- Marichal, Juan (1978): *Cuatro fases de la historia intelectual latinoamericana: 1810-1870*, Madrid, Fundación Juan March.
- Marín, Raúl (1990): La nueva derecha en Centroamérica, *Pensamiento propio*, año VII, No. 71, June.
- Nun, José (1986): The middle-class military coup revisited, Abraham F. Lowenthal and J. Samuel Fitch (eds.), *Armies and Politics in Latin America*, New York, Holmes & Meier.
- Nun, José and Mario Lattuada (1991): *El gobierno de Alfonsín y las corporaciones agrarias*, Buenos Aires, Manantial.
- Nun, José and Juan Carlos Portantiero (eds.) (1987): *Ensayos sobre la transición democrática en Argentina*, Buenos Aires, Puntosur.
- Perrow, Charles (1972): *Complex Organizations: a Critical Essay*, Glenview, Scotland, Foresman and Company.
- Portantiero, Juan Carlos (1982): Algunos problemas para la construcción de un orden político democrático, Susana Bruna and others, *América Latina: desarrollo y perspectivas democráticas*, San José, Costa Rica, FLACSO.
- Rousseau, Jean-Jacques (1974): The social contract, Sir Ernest Baker (ed.), *Social Contract: Essays by Locke, Hume and Rousseau*, Oxford and New York, Oxford University Press.
- Rustow, Dankwart A. (1970): Transitions to democracy: toward a dynamic model, *Comparative Politics*, vol. 2, No. 3.
- Sartori, Giovanni (1987): *The Theory of Democracy Revisited*, New Jersey, Chatham House Publishers.
- Schvarzer y Sidicaro, Ricardo (1988): *Empresarios y Estado en la reconstrucción de la democracia en Argentina*, Celso Garrido, *Empresarios y Estado en América Latina*, Mexico City, CIDE/Friedrich Ebert Foundation/National Autonomous University of Mexico/Universidad Autónoma Metropolitana.
- Scriven, Jolene D. (1991): Needed research in business education, *Business Education Forum*, vol. 45, No. 5, February.
- Stephenson, Ted (1985): *Management: a Political Activity*, Illinois, MacMillan Pub., Inc.
- Sunkel, Osvaldo (1991): Auge, crisis y renovación del Estado, Matías Tagle (ed.), *Los desafíos del Estado en los años 90*, Santiago, Chile, Corporación de Promoción Universitaria (CPU)/Economic Research Corporation for Latin America (CIEPLAN)/Corporación de Investigaciones para el Desarrollo (CINDE)/FLACSO/Instituto de Ciencia Política, Pontificia Universidad Católica de Chile.
- Tagle, Matías (ed.) (1991): *Los desafíos del Estado en los años 90*, Santiago, Chile, CPU/CIEPLAN/CINDE/FLACSO/Instituto de Ciencia Política, Pontificia Universidad Católica de Chile.
- Tomassini, Luciano (1991): Estado, sistema internacional e interdependencia, Matías Tagle, *Los desafíos del Estado en los años 90*, Santiago, Chile, CPU/CIEPLAN/CINDE/FLACSO/Instituto de Ciencia Política, Pontificia Universidad Católica de Chile.
- Torres-Rivas, Edelberto (1990): Un ejercicio de optimismo: la democracia en Centroamérica, E. Torres-Rivas and G. Martner (eds.), *América Central hacia el 2000: desafíos y opciones*, San José, Costa Rica, UNITAR/PROFAL/FLACSO.
- Torres-Rivas, Edelberto and Gonzalo Martner (eds.) (1990): *América Central hacia el 2000: desafíos y opciones*, San José, Costa Rica, UNITAR/PROFAL/FLACSO.
- Wilson, Graham K. (1985): *Business and Politics*, Chatham, New Jersey, Chatham House Publishers.
- Yg, Chimezie A. B. Osigweh (1989a): The myth of universality in transnational organizational theory, Chimezie A. B. Osigweh Yg, *Organizational Science Abroad*, New York, Plenum Press.
- (1989b): *Organizational Science Abroad*, New York, Plenum Press.