PN-AAP 644/62
ISN-34071

MANAGEMENT TRAINING PROJECT

for the

DOMINICAN REPUBLIC

Dr. Robert Boatler
Dr. Wendell G. Schaeffer

National Association of Schools
of Public Affairs and Administration

U.S. Agency for International Development

March 1982

NASPAA

NATIONAL ASSOCIATION OF SCHOOLS OF PUBLIC AFFAIRS
AND ADMINISTRATION

1225 CONNECTICUT AVENUE NW / SUITE 307 / WASHINGTON, DC 20036 / (202) 785-3260

Donald E. Stokes
President

Robert P. Biller
Vice-President

Joe Robertson
Executive Director

EXECUTIVE COUNCIL

Robert P. Biller
Dean, School of Public Administration
University of Southern California

Guthrie S. Birkhead
Dean, Maxwell School of Citizenship
and Public Affairs
Syracuse University

Ronald C. Cease
Director, Masters Program in Public
Administration
Portland State University

Robert E. C' ary
Dean, College of Public and
International Affairs
The American University

Patrick J. Conklin
Associate Director
Federal Executive Institute

Raymond G. Davis
Director, Graduate Program
in Public Administration
University of Kansas

Merlin M. Hackbart
Director, Martin Graduate Center
for Public Administration
University of Kentucky

Randy H. Hamilton
Dean, Graduate School of Public Administration
Golden Gate University

Jared E. Hazleton
Dean, Graduate School of Public Affairs
University of Washington

Norman J. Johnson
School of Business & Industry
Florida A & M University
Tallahassee

Eleanor V. Laudicina
Director, MPA Program
Kean College of New Jersey

Earl M. Lewis
Chairperson, Department of
Urban Studies
Trinity University

James D. Nowlan
Director, Graduate Program in
Public Administration
University of Illinois, Urbana-Champaign

Donald E. Stokes
Dean, Woodrow Wilson School of
Public & International Affairs
Princeton University

Charlotte M. Weber
Associate Dean, Graduate School of
Administration
University of California, Riverside

J. Oliver Williams
Director, Division of Public Administration
North Carolina State University

March 12, 1982

Dr. Tom Nicastro
Education Officer
USAID/Santo Domingo

Dear Tom:

I am pleased to transmit to you the report you requested on the Management Training Loan/Grant Project being developed for the Dominican Republic.

The report was prepared by Dr. Robert Boatler and myself over the past four weeks. We were greatly assisted in our investigation of Dominican needs and the institutional capability to respond to them by a great number of people who gave us cooperation and provided information. You participated yourself in some of the interviews. Of particular help to us were Dr. Jorge Morales Yordán, Lic. Enmanuel Castillo, and Lic. Radhamés Mejía, all of Universidad Católica Madre y Maestra.

Commentary from members of the AID Mission helped us improve the report in various phases of its drafting. We appreciate the constructive criticism and support we received from them.

We hope this report will lead to approval of a very important project for the Dominican Republic.

Sincerely yours,

Wendell

Wendell G. Schaeffer
Management Specialist

WGS/js

MANAGEMENT TRAINING LOAN/GRANT

PROJECT DESCRIPTION

The Problem

The Dominican Republic presents an unusual opportunity in third world development in that the building of a strong, viable private sector is an integral part of the national development strategy. At present, however, there is limited capability to move forward with this strategy owing to scarcity of managerial talent. While the country is fortunate in the quality of people who provide leadership in many business and industrial enterprises, as well as serve in key public offices, the number of such trained or experienced people is quite limited, and in terms of development needs, it is woefully inadequate.

The shortage of qualified people at mid-level management and administrative positions is even more acute. The result is a reinforcement of historical and cultural tendencies to raise even minor issues to the highest levels of decision making, thereby creating serious bottlenecks and at the same time wasting the time and talents of those who are prepared to exercise responsibility. Authority cannot be delegated if a genuine capacity to assume it and carry it out effectively is not present. In many government departments, no one below the deputy secretary level is trained or knowledgeable as to how to organize and carry out functions or programs, to say nothing of supervision or motivation of subordinates.

At all levels, and particularly in the public sector, management problems are complicated by the presence of personnel who may have the basic education to

meet job requirements but lack managerial training. Worse still, many administrators, originally prepared in some technical or professional field, have been moved into positions of managerial responsibility without opportunity to acquire the skills needed for such roles. The competent technical or professional person often becomes the incompetent administrator while at the same time the proven competence is lost to the field in which the person was previously working.

Weaknesses and gaps in business and public management capabilities are reflected in poor planning, missed opportunities, wasted resources, general inefficiency, and a pronounced inability to implement programs and projects. In the public sector, this means that inadequate leadership and poor management result almost inevitably in delay and often in non-delivery of public services, particularly those in education, health care, sanitation, public works, and agricultural extension, all of which services are of vital importance to the poor, be they rural or urban. In the private sector, poor management reduces business profits and results in stagnation or even business failure. Profitable well managed business enterprises have the ability and means to expand their output, thus increasing employment opportunities for the poor and unemployed, while at the same time allowing more employees to move into managerial positions and out of the ranks of the poor.

Management skills may not be the only constraint on the economic development of the Dominican Republic, but the lack has significant impact. Studies of the development process have shown repeatedly that human skills improvement is much more important than increases in the quantity of physical capital. Indeed, a discussion with officials of the major international development banks will quickly reveal that lack of investment capital is not the problem; the problem is the absence in country after country of the management skills to implement

the programs and projects that the banks finance. In the Dominican Republic, trained managers are in such demand that they are drawn away from public employment and from teaching functions in educational institutions as rapidly as they are identified.

The lack of management capability, which in the view of one top national planning official is the principal impediment to the country's economic and social development, is exacerbated by the shortage of institutions in the country capable of providing high quality or advanced education and training in the management field. Indeed, there is no graduate level program whatsoever in business administration and only one recently created and inadequately staffed graduate program in public administration. One other very small program attached to a political science specialty is simply not of graduate caliber. Undergraduate programs leading to the licenciatura degree have existed for some time in several institutions with offerings in business, banking, and accounting, but faculty are often inadequately trained and in most cases standards are not rigorous. Even so, the better quality programs have provided a substantial portion of the business and public leadership that does exist in the country.

The real demand for quality management education is sizable, based upon the willingness of business and government leaders to send employees to training programs and commit resources to them. The potential demand, given the great need and the absence of supply, is considerable. Of the approximately 80,000 civil servants in the central government, ten to twelve thousand fall into the mid-to-higher-level administrator/manager category. Another three to five thousand, very conservatively estimated, may be found among the 150,000 employees of public enterprises. Private sector demand is more difficult to quantify, but with

over 130,000 employees in the organized, non-agricultural work force, ten to twenty thousand may be in management and supervisory positions. More than 160,000 persons are employed in the unorganized, non-agricultural sector, including commercial, construction, transportation, and other services. While a large majority of these employees may be beyond the reach of university level training programs, some demand for management education may be expected from small to medium sized unorganized operations in commerce and construction, and even to some degree from the transportation and service sectors. The agricultural sector, numbering nearly three-quarters of a million will contribute considerable demand for management education, although of a somewhat specialized nature.

The large number of students currently enrolled in undergraduate business, accounting, and related programs is indicative of the demand for management education. There are approximately 2,500 students in these fields in undergraduate institutions in the Dominican Republic. If only a conservatively estimated five per cent of this student body desired to pursue graduate education in management, the potential demand would be significant indeed.

Executive training programs offered by part-time local university faculty and others by International Labour Office personnel are often oversubscribed, and high prices have been paid by local businessmen to attend top management seminars offered by higher management training institutions from abroad. Indeed, some two hundred local executives have paid up to two thousand dollars apiece for such courses, and many bemoan the discontinuance of programs of this nature. Business leaders interviewed were virtually unanimous in their belief that management education at the postgraduate level is badly needed and would be

well supported.

Improvement of management skills is only one aspect of removing the human resource constraint on development. Skilled managers can achieve much better results if they can count on a trained work force. A good basic education is essential, and it should be supplemented by special worker training programs. In the Dominican Republic, institutions such as the Instituto Nacional de Tecnología (INTEC), the Instituto Nacional de Formación Técnico Profesional (INFOTEP), and the Instituto Nacional de Capacitación Tributaria (INCAT) are all working on aspects of this problem with various sources of support, both national and international. But no amount of training of the labor force or of technical personnel can solve the problem of job creation if capable managers cannot produce profits and find and exploit the investment opportunities which generate economic growth and open up new avenues of employment. No one is at present giving adequate attention to the development of entrepreneurial and management capability.

The provision of management skills does not, of course, assure that they will be effectively utilized by industry owners or top government administrators. With respect to the private sector, the rapid growth of business and industrial activity in the Dominican Republic over the past twelve to fifteen years has greatly accentuated the demand for competent managers, far beyond that which could be supplied by training family members for managerial positions in family enterprises. Private Dominican business has turned to professional managers with a favorable result on family business profits. Unfortunately, profit potentials are often seen by owners and managers as limited by the size of the domestic market and the prospects for import substitution, resulting in an inadequate vision of

contemporary economic world. Management education can broaden the view of the economic horizon as well as increase the efficiency of business and industrial operations.

In the private sector, education in business administration leads to employment. Persons with advanced degrees obtained abroad are in great demand and move rapidly into top management positions. Even those prepared only at the licenciatura level occupy many of the important positions in business, industry, and also in government. Employers indicate almost without exception that they would immediately give preference to persons holding a master's degree in business over those with lesser education if such persons were available. Also significant is the fact that many of the top positions in the public service are filled by hiring individuals away from business, industry, or banking. For such persons, public employment may be short-lived, but the move toward professionalization in the public service is largely attributable to those with management education.

Training of managers for the public service is much more problematic in terms of effective utilization. In the Dominican Republic, public administration education does not now lead to a career in the public service. People chosen for positions at the decision-making level in the GODR owe their appointments to political activity, political patrons, friends, or family connections. Even at lower levels, initial appointments are not likely to be made on the basis of the appointee's record of public administration education. A proposed civil service law pending before the Dominican Senate (it has already been passed by the House of Representatives) will not immediately change this situation even if passed.

Virtually all decision-making positions will be exempted from merit system appointment, and even lower level positions will be included only gradually by Presidential order.

Despite this situation, there is demand for graduate work in public administration. Many employees already in the public service wish to study administration to improve their performance and increase chances for promotion. Quite a few supervisors and executives encourage subordinates to study public management, and, what is more important, the Oficina Nacional de Administración y Personal (ONAP) has been supporting employee enrollment with financial assistance.

Professionalization of the public service is a slow process anywhere, and it is just beginning in the Dominican Republic. There is good reason to encourage it by supporting public administration education and training, but frequent movement in and out of the public service limits the impact of such endeavors. Indeed, it may well be that in the immediate future short courses and seminars for government executives will provide more immediate improvement in job performance than any other intervention.

In view of these factors related to utilization of management training and education, the emphasis of any endeavor at this time should be on developing a program for the private sector, but it is also important to provide support for continuation of the graduate public administration program, for which demand exists and which will inevitably benefit the public service.

In summary, the Dominican Republic's growing economy is woefully short of management capability in both public and private sectors. This results in

inadequate or non-delivery of public services to the poor and rural population who most need them. It also retards the pace of job creation in private employment because private sector growth is limited by entrepreneurial and managerial weaknesses despite a political climate relatively favorable to private enterprise. There is no current real focus of attention on developing managers and no existing institutional capacity to meet the need.

Project Purpose

It is the purpose of this project to help create and institutionalize a high quality human resource education and training program directed specifically to the production of practically trained as well as theoretically prepared and broadly oriented managers and administrators for both private and public sectors of the Dominican economy. The immediate and proximate objective is to fill a well recognized need. Meeting this need will in turn enable the country better and more rapidly to attain the more basic objective of getting substantially greater and more timely public services to the poor majority while at the same time removing a significant obstacle to private sector growth and its ability to absorb larger numbers of the unemployed and underemployed population into the productive work force. Given the limited size of the Dominican population and the undeveloped resources of the nation, this project is expected to have significant impact.

Absorption and utilization of better trained managers in the private sector seems assured, whereas opportunities for such people to influence significantly public performance is less certain in the short run. However, lateral movement between public and private sectors at management levels suggests that the availability of

more and better trained managers will indeed have an important impact in both areas.

The immediate beneficiaries of the project will be those persons trained as managers and as teachers of managers. The institutions in which such managers work or subsequently find employment, both public and private, constitute a second group of beneficiaries. The poor majority of the population will be benefited indirectly as public service delivery is improved. Also indirectly, the project seeks to expand employment opportunities for the poor by creating new and better trained leadership to speed business and industrial growth.

Institutional Alternatives

Given the management shortages in the Dominican Republic, there is no realistic alternative to training managers as a means of resolving the problem. It is a long-term process, but the problem must be faced and dealt with if development of the country is to be accelerated. The sooner the task is undertaken, the quicker the bottleneck will be broken.

From a practical standpoint, there is also no real alternative to creating a domestic institutional capacity for management education and executive training. Sending Dominicans abroad for such education is inordinately expensive and would likely be less effective, as much of the education received would not be particularly applicable in the Dominican Republic, for the essential linkages to local business, industry, and government institutions and their problems would be missing from the training process.

Given the decision to build domestic institutional capability, there are various institutional alternatives among which to choose. A totally new institution might be created, or a proposed national training institute in the government might be supported. Several universities offer possibilities, as does a technological institute. As there is no Dominican base upon which to build a totally new institution, this possibility must be discarded, for without such a base there would be little prospect of creating a successful or even an accepted institution. Given the decision to emphasize management education and training for the private sector, no government institution seems appropriate, particularly an institute whose creation is still pending in the legislature. The proposed personnel law would create a new training institute. Support for a university program, given the academic content of the task to be accomplished, is the only viable alternative.

University Selection

To be successful, graduate management education programs and the top executive training components of the project must quickly acquire high prestige and acceptability in both public and private sectors. The strongest university in the country is therefore indicated, and fortunately that university, the Universidad Católica Madre y Maestra, is not only interested in the project but recently established a new campus in Santo Domingo on which it has been planning to offer both business and public administration master's programs. Indeed, the public administration program is already under way with an enrollment of forty-four students, forty-one of whom are government employees. The National Office of Administration and Personnel provides one-half the tuition cost and the employing organization the other half for GODR employees. Had not the university possessed a campus in the capital, the decision would have been more difficult,

for the home campus is in Santiago de los Caballeros, the second city in the republic and many miles from the capital. The capital is where the great majority of the potential students are located and is the location at which most of the management training must be conducted.

Two universities other than UCMM were considered, as was the Instituto Nacional de Tecnología. The Autonomous University of Santo Domingo must be discarded as a possibility, for it is an institution troubled with student unrest and lacks effective management itself. The Universidad Nacional Pedro Henríquez Ureña (UNPHU) is a stable institution with a heavy focus on the health sciences. It has an undergraduate business administration program enrolling a thousand students in its various components, including accounting. A small graduate program in political science has a public administration component in which twelve students are currently enrolled. These programs are totally in the hands of part-time faculty and there seems little prospect, given the financial concerns of the university, that any other approach to instructional employment in higher education is likely to be pursued. A quality program in graduate management education, to say nothing of a top level executive development program, is clearly not a current university interest and it is certainly not a priority.

The Instituto Nacional de Tecnología is heavily focused on technological training, as its name implies. It offered one postgraduate short course in industrial administration some time ago, but it has no permanent program in the management field at the postgraduate level, and it lacks an adequate foundation for a quality effort in this area.

Given the various possibilities, UCMM is by far the strongest institution with which to undertake a major management education and executive development

training program. The UCMM fully supports the program and it has a high priority within university plans.

The Management Education Project

The Universidad Católica Madre y Maestra is widely recognized as the quality higher education institution in the Dominican Republic. Founded in 1962 in Santiago de los Caballeros, the Dominican Republic's second city, the university has grown steadily over the two decades of its existence. Today it offers degree programs in eighteen different fields and technical level programs in twelve others. Its student population now numbers around seven thousand, and among its full-time faculy, numbering over one hundred and fifty, seven percent hold the doctoral degree and sixty-one per cent the master's degree. The university has been fortunate in the dynamic quality of its leadership which has enabled it to attract and hold good faculty and draw to it many of the ablest students in the Dominican Republic.

Building upon this reputation, the management education project will enable the university to create on its newly established Santo Domingo cámpus a School of Administration of high caliber. The School will include academic programs at the graduate level leading to both the Master of Business Administration (MBA) and Master of Public Administration (MPA) degrees. Of equal and perhaps of greater initial importance, there will function within the School a new Instituto de Alta Gerencia whose principal activities will include conduct of management seminars, short courses, workshops, organization development (OD) programs, and consulting services for business and government. To engage in applied research, generate reliable data on Dominican business and the conduct of public services, and to relate student research to the real problems of business and government, a Centro de

Investigaciones will also function within the School.

The graduate academic programs of the School will be expected to enroll between eighty and one hundred and twenty new students each year in its two-year master's programs. Over time, the business program will probably expand more rapidly than the public sector program. In order to maximize teaching resources and make best use of physical facilities, it is expected that the teaching programs will operate on a trimester basis, each trimester consisting of fifteen weeks. Students will be expected to enroll each trimester in two three-hour courses meeting weekly thoroughout the six trimester program.

The seminar, short course, consulting and research programs will get under way at the same time the academic program in business is inaugurated. The public administration program has already been started. The Institute will operate continuously, offering a variety of programs each year and sponsoring others that it may be unable to conduct itself. Many of the courses and seminars will be financially self-supporting within a relatively short period of time, provided they get off to a good start with high quality content comparable to those conducted successfully in the Dominican Republic in earlier years by the Central American Institute of Business Administration (INCAE).

Project Inputs

Major project inputs include technical assistance; participant training; building up of library resources, teaching equipment, and materials; and the construction and equipping of suitable facilities on the UCMM Santo Domingo campus. These will be discussed in order. The project is planned to last for eight years, maintaining

consistent but lower level support in later stages in order to firmly institutionalize the School. The extended time frame also accommodates the participant training aspects of the project, as will be explained in the relevant section.

Technical Assistance

Both long and short term technical assistance is needed through the life of the project. Professors, researchers, and executive development specialists will be brought from one or more cooperating institutions in the United States, from the Central American Institute of Business Administration (INCAE), and from the Institute of Advanced Studies of Administration (IESA) in Caracas. Short term personnel are to be used in conducting high level management seminars and short courses, organization development exercises in business and government offices, and in teaching one or two trimesters in the academic programs. Despite the self-financing aspects of some of the short course and seminar programs, subsidization will be needed over the initial years of the project to keep charges at a reasonable level within the Dominican context, and until a satisfactory level of market penetration has been achieved.

For the business program, the equivalent of eleven person years of technical assistance from outside professors will be required. As the core courses in the MBA program are offered at the rate of two per trimester during the first year (1983-84), only two person years of assistance will be necessary. In the second year (1984-85), three person years of technical assistance will be required, supplemented with assistance from short-term professors and/or part time Dominican teachers. Course offerings will more than double, but if sent early enough returning trainees (one or two) will pick up some courses and join in team teaching others. In the third year

(1985-86), with a greater number of returning participants on hand, it should be possible to reduce the level of technical assistance to one or two person years. It would be appropriate to maintain one to one-and-a-half person years of assistance over the following three years (1987-90) to enable Dominican faculty to return to the U.S. for doctorates. Technical assistance personnel would continue to assist in course building and in executive development seminars and workshops, as well as in designing and supervising research projects.

For the public administration program, eight person years of technical assistance will be needed, and such assistance will be stretched over the eight-year life of the project, with normally no more than two U.S. professors present in the same academic year. Areas of overlap between business and public administration will permit common courses to be offered in such subject fields as business and public policy, organization theory, ethics, organization development, and personnel management. In financial administration, however, public and business budgeting are quite distinct, and fund accounting needed for government financial management is seldom taught by business accounting professors. Courses in administrative law and business law will need to be taught by Dominican professors.

Given the possibility of some professors giving common courses for business and public administration, after the first couple years of the project one or one-and-a-half person years of assistance in purely public administration should be sufficient in subsequent periods, but people may be needed on a one or two-trimester basis rather than for full academic years. Obviously, courses that are jointly shared may be taught by public as well as business administration professors, and considerable flexibility should be permitted in programming people as between the two fields.

Use of both public and business administration technical assistance faculty in the Instituto de Alta Gerencia is contemplated over the project life. The Dominican business community and many public officials have expressed great interest in quality programs lasting from a week to a month, or conducted on an intensive-week-end basis. Strong support from INCAE and IESA will be needed, as not all American professors will have experience with this type of program. As the returning Dominican professors gain teaching experience, they will be able to contribute to the executive development programs.

A separate category of short-term technical assistance is included in the project and should amount to about ten person years. This category is for the employment of IESA and INCAE assistance to the Instituto de Alta Gerencia and for related consulting activities. Inter-institutional agreements will probably be necessary involving payment of overhead as well as salary or honoraria to the individual professors involved.

It is vital that a quality image of the School be established and maintained through the work of the Instituto de Alta Gerencia. The use of INCAE and IESA should help immeasurably in achieving this, as both are already highly regarded in the Dominican Republic and in the country and region they serve.

Participant Training

Because of the almost total absence of available instructional personnel for business and public administration graduate work in the Dominican Republic, it will be

necessary to send selected university faculty to the United States or third countries for advanced degreees. Initially, two or three persons should be sent by the fall of 1982, and thereafter another three or four every year throughout the life of the project. Participants should be enrolled in master's degree programs in business and public administration, and no commitment on doctoral level studies should be made until the individual has completed the master's degree, returned to the Dominican Republic and taught at UCMM on a dedicación exclusiva basis for at least two years. A few carefully selected persons might then be sent for doctorates. Of course, if persons already possessing the master's degree in business or public administration can be found among the university faculty, they might be sent for the doctorate at the outset.

Limiting the first stage of participant training to the MBA or MPA level, except for persons already possessing the degree, will provide for Dominican teachers in the early years of the School and help retain teaching staff, as well as allow for a better evaluation of the Ph.D. potential of participant trainees. Over time, the participant training process will assure the School of Administration a competent and high quality faculty and enable it to build a solid reputation for excellence.

The project will also provide short-term training for selected professors by visits to U.S. business and public administration schools to become acquainted with faculty and to see how the schools are operated. Such visits should be made in conjunction with participation in high level seminars, short courses, or conference roundtables, participation in professional association meetings, or upon completion of academic work before returning to Santo Domingo. Some participants should also be sent to similar seminars or courses at INCAE, IESA, or to the Central American Institute of Public Administration (ICAP).

Development of Library Resources and Procurement of Teaching Equipment

Management literature is badly lacking in the Dominican Republic. For the project to succeed it is necessary that the UCMM library in Santo Domingo be developed as a powerful resource through the purchase of books and periodicals. Some items will have to be obtained on microfilm or microfiche. Much of the material, particularly for business students, can be in English and may be purchased in the United States. Spanish language books, periodicals, and audio-visual materials may involve procurement elsewhere, primarily in Mexico, Argentina, and Spain.

Readout machines for microfilm and microfiche will be needed, as well as catalog furnishings. Other equipment items should include overhead projectors, film projectors, television sets with audio-visual cameras and cassettes, minicomputers (5 should be sufficient), and simultaneous translation equipment for some classrooms and areas used by the Instituto de Alta Gerencia for its short courses and seminars.

It is desirable that the management library and its related equipment center be an integral part of the School of Administration and not part of a general library used by undergraduates. Quiet reading rooms and carrels are needed.

Physical Facilities for the School of Administration

Entrusting the management education program to a single institution and concentrating a variety of resources in that institution offer the possibility of a very manageable project, a maximization of impact in the short as well as the long term, and achievement of a high level of institutional development. In determining project scope, therefore, it is particularly important that no major needs be left unaddressed. Adequate physical facilities constitute a need.

The Santo Domingo campus of UCMM is small in area, having once been the grounds and building of a seminary. The locale is being refurbished, and the university hopes to complete this process and expand the building with a loan from the Inter-American Development Bank. The present building consists of administrative offices, conference room, a lecture hall, a provisional library, faculty offices, an area marked for energy research laboratories, and a substantial number of classrooms. These facilities do not meet the requirements of either a graduate program in business and public administration or executive development short courses and seminars.

The location is in an area of high noise level from traffic, with several main streets intersecting at the entrance and along the front of the main building, while a street with heavy traffic runs along one side. In existing classrooms, it is difficult to hear for both professors and students, for someone out in the street is constantly revving up a motorbike. Management courses and seminars, particularly those employing the case method of instruction, require special types of classrooms, quiet, and reasonable comfort beyond that provided by typical undergraduate classrooms with desk, chairs, and a blackboard. Facilities must be designed for the functions to be served. Simultaneous translation booths and related equipment are required for some classes and particularly for advanced management seminars of the type to be offered for middle and upper-level managers, if not for top executives. Top management seminars and retreats will be handled off campus, most likely at the university's hotel facility at Montemar, in order to get executives away from their offices and into an isolated setting.

Construction plans call for the university to add at least one new wing to the existing building. The wing will be to the rear away from the major intersection in front and also far removed from the side street. It is much quieter in this area, which is

currently in grass and trees. Conversations with university officials lead to the conclusion that a new wing should be built and that it should be designed specifically for the management education and training programs, incorporating all the needed physical facilities. The cost of this construction should be included in the loan project. It should not be made part of other projects subject to decisions and approvals of other donors or lenders. The management education project should be fully self-contained within the university and thus assured maximum chance for success.

Project Outputs

The principal outputs from this project include two fully operating master's degree programs, one in public and the other in business administration, each with its special curriculum and its core of trained professors; a management institute for training business and government executives in short courses and seminars and for conduct of consulting services for public and private organizations; a business and government research center developing useful information on practices and problems of administration in both sectors; and all of these functioning together and in cooperation within their own physical facility designed and built to meet their specific requirements. None of these outputs currently exists, except for the small and understaffed public administration master's program.

The Master's Programs

With the technical assistance provided under this project, curricula consistent with accreditation standards for thirty-six-hour MBA and MPA programs will be designed

and placed in operation. In business, the core disciplines of accounting, finance, management, and marketing would be covered with persons prepared in the United States or third countries by the participant training program. In public administration, the areas of administrative theory, administrative practice, public finance, public policy and ethics, and research methodology would also be covered by such returned participants. Some areas of overlap would be jointly shared, for courses in policy, organization theory, personnel management, and organization development are essentially common to both business and public administration. Part-time professors would cover some specialized topics, such as computer applications and business and administrative law.

Owing to its different environment and situation, the School may not find it desirable to aim for curricula fully consistent with U.S. accreditation requirements, but American standards can provide a useful guide. Other aspects of the programs would fall short of meeting accreditation requirements in any case.

Another output of the program related to curriculum would be a strongly-forged working relationship between the academic leadership of UCMM, the business community of the Dominican Republic, and key public officials concerned with the knowledge and skills of program graduates, for all of these would be broadly and flexibly involved in the curriculum design process along with the technical assistance personnel and supporting AID officials. It is vital that there be a community base for the School, including representatives of all sectors of business, industry, and public service from La Romana to Santiago. The School must be seen as serving the needs not only of the capital, but also of the entire Dominican Republic. Community advice and support should be institutionalized at an early date in the form of a broad-based Advisory Council.

The two master's programs will function initially in a part-time mode, as far as students are concerned. Students in the MPA program and those most likely to enter the MBA program are persons already employed. The Latin American tradition of part-time students and part-time faculty is hard to break, even in undergraduate business studies, for its basis is essentially economic. The thirty-six-hour program allows a reasonable time horizon for part-time students, with a somewhat longer period needed if personal or course problems are encountered.

The constraints of a part-time program are obvious in terms of effective utilization of full-time faculty, physical facilities, and the quality and variety of courses that can be offered. To have truly top quality MBA and MPA programs in the Dominican Republic, the School of Administration should plan to start and actively recruit students for full-time day programs beginning in 1986-87. The other quality MBA and MPA programs in Latin America, such as those at INCAE, IESA, ICAP, and the Inter-American School of Public Administration at the Vargas Foundation in Rio de Janeiro, are full-time programs, and others make full-time study available, so full-time operation is possible. Part-time programs need not be terminated when the School inaugurates full-time day study, but the number of credit hours required for graduation will need to be extended to maintain equivalency. Thirty-six hours is minimal for both MBA and MPA programs, and the full-time programs should be on a forty-eight-hour basis. Part-time students will be required to attend two additional trimesters to meet the forty-eight-hour requirement.

Inasmuch as a loan fund for full-time students is probably essential to creating a full-time, day student body, an amount for that purpose is included in the project budget. The fund should not become available for disbursal, however, until the day program is inaugurated.

Related to the establishment of curricula are the decisions to be made on the level of business and public administration understanding required of entrants. That level, in combination with the curricula, will determine the level of accomplishment and understanding of those graduating, who, by the end of the project, should number around fifty in public administration and one hundred in business administration each year. Leveling procedures will be developed for entrants, including the granting of credit for previous work (by examination or course evaluation) and/or the specification of undergraduate courses necessary to bring students with diverse backgrounds to an adequate entering level. The most appropriate admissions policy at the beginning may be a fairly open admission of top quality students from any field and a common core for all students with waivers only by strict examination. The core fields should be sufficiently challenging and different to interest students with a business or public administration background, while providing a forced-draft leveling experience for students from other fields.

The Instituto de Alta Gerencia

Another major output of the program will be the Instituto de Alta Gerencia. Fairly early in the project time span and continuously thereafter, the Instituto should be offering from ten to twelve middle, upper, and top-level management seminars and courses each year for Dominican business and public executives. The Instituto should also be actively assisting public and private organizations through consultation, organization development work, and related activities. This will be a major resource for training while meeting a special kind of need for consulting service not normally met by private firms in the Dominican Republic.

The Centro de Investigaciones

A functioning research center within the School of Administration is a third major output of the project. Not only will it make use of professors to develop business and public management data and reports, it will channel student research projects into areas where research is needed. Research in business and public administration is often a delicate process in countries not accustomed to social science investigation. Care will need to be exercised that adequate discretion is maintained in all work, that information developed not be misused, and that confidentiality be respected. The building of trust is most important to successful access to management information sources. The research effort is not to be undertaken hastily or lightly.

The Physical Facilities

The offices, classrooms, library, seminar rooms, and other physical aspects of the new School of Administration constitute the fourth major output after the two academic programs, the Instituto, and the Centro. It will be a physical center of great importance for management training in the Dominican Republic.

COUNTRY DEVELOPMENT STRATEGY STATEMENT AND HOST COUNTRY PRIORITIES

The management education project is directly responsive to both the Country Development Strategy Statement and host country priorities in that it seeks to aid in the elimination of a key impediment to job creation in the Dominican Republic and thus to incorporate larger numbers of unemployed and underemployed into the

productive work force. Unemployment and underemployment are obvious causes of poverty among the population, and the CDSS (Section D) deals specifically with employment strategy and the difficulty of finding effective ways to create the over fifty thousand new jobs needed annually simply to maintain the present employment rate.

The GODR has for some time been trying to create more jobs by promoting private sector building and investment through various incentives. At the same time, it has increased the number of public employees. The Oficina Nacional de Planificacion (ONAPLAN) has requested and received from AID assistance in developing an employment strategy for the country. In supporting the GODR's efforts to deal with the unemployment problem, AID has indicated its willingness to help provide "training programs that improve technical, managerial, and professional skills that relate directly to employment (CD-SS, p. 46)." The management education project is clearly one such program.

On the importance of management education and training, a recent guidance cable to AID Mission Directors from the AID Administrator said, "In this guidance message, I want to stress the importance of higher level training for administrators, managers, key scientists and technicians, teaching faculty and institutional leaders in all sectors. The training of these key personnel is one of our most effective vehicles for accomplishing technology transfer and institutional development. Training is also one of the most cost-effective long-term investments, continuing to have an impact long after other investments of capital, commodities or technical assistance have been expended."

AID POLICY ISSUES

Particular AID issues relate to the problem of getting the type and quality of technical assistance needed, the long-run costs to the UCMM of operating the programs after the project is ended, the coordination of AID funding with other international donors supporting UCMM, and financial support for students in the School of Administration. These will be taken up in order.

Contracting for Technical Assistance

A top quality U.S. educational institution should be selected to provide technical assistance under this project. If possible, the same institution should be used for both the public administration and business programs. It cannot be taken for granted that quality schools in either field will be eager or even willing to take on additional international obligations. Expanding student enrollments, pressure for publication, and the opportunity to engage in lucrative business consulting activities in the United States will limit the availability of business faculty for technical assistance. Furthermore, owing to the degree of specialization in the teaching of business fields, single trimester appointments may be most appropriate in many cases, although some faculty may be prepared to teach in two or even three successivé trimesters. It is unlikely that U.S. business professors will desire or be permitted to stay longer than one year away from their institutions.

In the public administration area, the problem is not as acute, but few quality schools will be sufficiently interested to respond to a bid procedure. Long-term technical assistance assignments abroad are simply no longer attractive to faculty who are heavily pressured for publication and for whom the incentives for remaining on the home campus are high.

To facilitate the use of U.S. faculty for short-term periods, AID may wish to consider renting a furnished house and/or apartments continuously for use by the faculty, or having the contracted university or other institution do so. As working wives may not accompany faculty for short-term periods, a single house might accommodate two or more faculty members. Travel costs may run higher on this project, but educational costs, dependent travel, and cost of shipping household goods and automobiles may be much lower.

As an alternative to a university contract, some consideration might be given to contracting with a consulting firm, such as A.D. Little, which does offer courses leading to an accredited MBA degree in the United States. For its long-run development, UCMM would benefit more from a close relationship with a U.S. university, but a consulting firm could offer a short-term alternative. Another possible contractor would be the Vinnell Corporation in California, or even the Graduate School of the U.S. Department of Agriculture, which offers programs in public administration.

One point seems clear. It is not going to be easy to find the right cooperating institution or institutions. The problem may be complicated further if any attempt is made to adhere to a single teaching methodology, such as the case method employed at Harvard and at INCAE. To do so would impose a major limitation on the availability of U.S. faculty willing and able to provide technical assistance. It would also restrict the options for training Dominican professors in the United States. Maximum flexibility is essential in this project, with quick adjustments to feedback when problems are encountered.

There should be no expectation of filling all technical assistance positions at the quality level desired with Spanish-speaking staff. Provision will have to be made for

some simultaneous translation capacity, not only for the executive development short courses and seminars, but also for the regular teaching program. This has been necessary at INCAE and IESA as well.

In contracting for technical assistance from U.S. universities, it would be desirable to maintain the highest level feasible of UCMM influence. It is important that UCMM be in position to propose candidates for technical assistance positions, subject to approval of the U.S. institution through which the individual would be employed and verification that the candidate is either currently teaching or would be qualified to teach in a high quality U.S. MBA or MPA program.

Financial Impact on University

It is important to understand that the management education project will have a long-run financial impact on the UCMM of considerable dimensions. After the AID project is terminated, the university must be prepared to carry on the program with its own resources. Several factors influence that ability, such as the pay levels of professors, level of tuition and number of students paying it, level of activity of the Instituto de Alta Gerencia and the scale of charges for its various seminars, short courses, and consulting activities.

A key issue is the level of faculty salaries for full-time people. To retain the trained professors, their salaries must be roughly equivalent to those paid to persons with similar credentials working in private enterprises. Universities in the Domincan Republic, including UCMM, have been reluctant to break university-wide pay scales for the various ranks in order to retain full-time faculty in fields where there is high private sector demand for the persons' skills. One result of this policy is the virtual absence of full-time faculty in undergraduate business programs. At UCMM,

nevertheless, there are precedents and procedures for the treatment of some faculty as "more equal" than others, i.e. supplemental pay for the medical faculty. In the School of Administration, work with the Instituto de Alta Gerencia or in the Centro de Investigaciones might serve as a device for pay supplementation. Such an arrangement would have the advantage of stimulating the expansion of short course, consulting, and research activities. Even so, this form of supplementation is unlikely to provide sufficient extra remuneration to make income of professors competitive with private sector pay, particularly at the beginning of the MBA program. The UCMM will have to face squarely the need to pay competitive wages for full-time business and public administration faculty to assure the continued employment of high quality staff. AID may wish to make such a commitment a precondition for approval of the project.

With an estimated student body of eighty in the MBA program and an equal number in the MPA program, the amount of income generated at the current rate of DR $75.00 per credit hour would cover the salaries of eight full-time professors. If an equal amount could be earned by the executive development short courses and seminars, the Instituto would be a profitable enterprise and able to supplement professorial income. Overhead costs are not considered in these calculations, however, and the university will wish to take those costs into account as well.

A further means of supporting the School financially would involve incorporating the undergraduate business program into it. The use of a four person staff to cover the course offerings of a thirty-six-hour MBA program will involve a course load of one per trimester for each faculty member, with each course being a separate preparation. Graduate faculty members should then be able to contribute, with no additional preparation, to the development of the undergraduate business administration program

at UCMM. This undergraduate contribution would be quite valuable, as there are no known full-time teachers of undergraduate business administration in the Dominican Republic. In addition to providing for a more extensive use of graduate faculty course preparation, the development of a strong undergraduate program will provide a base for expanding the graduate program, with greater possibility of faculty specialization. There seems to be no precedent for or much interest in the concept of endowing chairs. Nevertheless, there is reason to believe that some of the enterprises in the Dominican Republic, particularly the multinational corporations, might be induced to donate sufficient funds to the School to enable salaries of some professors to be paid from the income earned on endowment principal. Foreign governments and international organizations might find the endowment system a useful way to support the School. The matter is certainly worthy of exploration. Chairs could carry the name of the benefactor, national heroes, or the major contributors to management from the benefactor country in the case of international donors. A Max Weber chair of Administration would be most appropriate.

The School of Administration will undoubtedly have a continuing cost over the long term of sending professors abroad for higher degrees or to participate in short courses, conferences, and to maintain contacts with colleagues. If anticipated sufficiently in advance, some of these costs can be met through international organization contributions.

Other International Donors

AID will need to coordinate its support of the School with the support of other international donors for UCMM, particularly that of the Inter-American Development Bank, but also a smaller level of assistance from the International Labor Office. The latter, in conjunction with the UCMM, is offering a limited number of short courses

for government and business managers and providing a part-time faculty member in the public administration program at the university. It should not be expected that UCMM will withdraw components of its IDB proposal that overlap with the AID project until the latter has been approved.

Student Financial Support

It does not seem necessary to provide financial support for part-time students in the MBA and MPA programs. Tuition costs per trimester would be relatively low and could be covered by financial aid from the government sector, as is now being done in the MPA program, by private business support for their employees' tuition costs, or the tuition costs could simply be paid by the working student.

When the UCMM moved at a later date to establish full-time MBA and MPA programs, student financial support via the availability of a student loan fund would be needed. The establishment of such a fund has been recommended, subject to the condition that it be limited to full-time students.

PREPARATION STRATEGY

There are a number of steps that should be taken in order to move the management education project forward during the coming months. Some are steps that only AID can take, others are for the university to take, and a few must be undertaken jointly.

AID Activities

The first is to complete the formal PID document and secure its approval in Washington. The Project Paper must then be developed, probably with additional consulting assistance. Funding must be secured and a suitable distribution between loan and grant funds determined.

Consultation will no doubt be required to review whatever plans are developed by the UCMM for building construction and equipment.

To the extent that it is legally feasible to do so, AID should try to determine the interest of selected American universities in a contract for support of the management education program at UCMM. This would have the benefit of narrowing the search when it comes time to make the actual selection. It would also have the advantage of helping AID determine whether the usual bid procedure is a viable means of contractor selection in this case. If it turns out that some other procedure must be used, that procedure must be determined.

UCMM Activities

The following actions should be taken by UCMM at appropriate times as indicated:

a. The UCMM should take the necessary steps internal to the university to create a School of Administration, the Instituto de Alta Gerencia, and the Centro de Investigaciones. This action should be taken upon PID approval and no later than approval of the PP.

b. Membership should immediately be sought for an Advisory Council for the School, and it should be officially created when the school itself is authorized.

c. An effort should be made immediately to identify a likely candidate to serve as director of the School. Formal procedures for nomination and ultimate selection need to be established. Such procedures should include consultation with the Advisory Council.

d. An effort should be made to identify the first candidates for participant training in the expectation that two or three will be sent in the fall of 1982. Application forms of appropriate U.S. institutions must be requested and returned; GMAT, GRE and English proficiency tests must be taken; and some candidates may have to enter English language classes. Application deadlines and student quotas will vary among institutions, but many should accept students through mid-July or early August.

e. After a favorable response to the PID, university administrators should express their commitment to the project, make appropriate withdrawals of items from the BID loan request, and work with AID/DR toward getting the project underway.

f. University officials should obtain cost estimates of the physical construction to be completed under the project agreement for evaluation by AID/DR and their consultants.

g. The UCMM should begin construction of physical facilities as soon as funds become available. It would be useful, but not essential, that facilities be completed by the fall of 1983.

Activities To Be Undertaken Jointly

A visit should be made as soon as possible to IESA and INCAE. Tom Nicastro of AID/DR and Radhamés Mejía of UCMM should make the trip accompanied by the UCMM architect. The visit would have the following objectives:

a. Clarification of the nature of the physical facilities to be created for the School of Administration;

b. Development of a clear understanding of the curriculum, structure, promotion, and operating procedures of these successful Latin American schools of administration;

c. Determination of the willingness of IESA and INCAE to cooperate with the UCMM School of Administration, particularly in the presentation of executive development short courses and seminars in the Dominican Republic;

d. Determination of the nature of IESA's and INCAE's relationships with U.S. universities and how and with whom the most beneficial relationships might be established;

e. Identification of library materials essential for a Latin American school of business, particularly those available in Spanish.

Representatives of UCMM and AID/DR should visit educational institutions in the U.S. willing to consider providing technical assistance to UCMM and should explore carefully their possible degree of commitment.

ENVIRONMENTAL IMPACT

The management education project should have no adverse impact on the environment. The only physical aspect involves the construction of one wing on an existing building at a location within the City of Santo Domingo.

ESTIMATED PROGRAM COST

Technical Assistance:	
29 person years at $100,000	$2,900,000
Participant Training:	
48 person years at $20,000	960,000
Seminar Participation and Travel	150,000
Library Materials	320,000
Teaching Equipment	75,000
Physical Plant	1,500,000
Sub-Total	$5,905,000
Student Loan Fund (provisional)	1,000,000
Total	$6,905,000

COST COMPONENTS

Technical Assistance:			
U.S. Universities			
MBA Program, 11 years at 100,000		1,100,000	
MPA Program, 8 years at 100,000		800,000	
Short Term Executive Development Assistance, 10 years at 100,000		1,000,000	
		2,900,000	2,900,000
Participant Training:			
MBA Program, 28 years at 20,000		420,000	
MPA Program, 20 years at 20,000		300,000	
		720,000	960,000
Seminar, short-course, conference and related travel:			150,000
Library Materials:			
Periodicals			
15 periodicals in 8 major fields of business and public administration at $150, eight years	144,000		
Selected back issues	6,000		
	150,000	150,000	
Books			
Basic Books, 50 per field, eight fields at $40	16,000		
New books, 30 per field, eight fields, eight years at $50	96,000		
Reference & general background	50,000		
	162,000	162,000	
Other Library Equipment		8,000	
		320,000	320,000
Teaching Equipment:			
Overhead and film projectors, TV, etc.		30,000	
Simultaneous translation equipment		15,000	
Five mini-computers, two printers		30,000	
		75,000	75,000
Physical Plant			1,500,000
Sub-Total			5,905,000
Student Loan Fund (Provisional)*			1,000,000
Total			6,905,000

*Supporting half of an expected full-time MBA class of 40 with loan funds to cover a years tuition, $2,700 plus $5,000 living expenses, the fund would last seven years. With loan repayment at approximately a 50 per cent rate, the fund would privide a declining level of support for five more years.

BOATLER-SCHAEFFER - SCHEDULE OF MEETINGS

All meetings in the week of February 15 are with Schaeffer. Unless otherwise indicated, subsequent meetings included Boatler/Schaeffer.

FEBRUARY

Tuesday 16

-Lic. Radhamés Mejía, Vicerrector UCMM
Dr. Jorge Morales Yordán, Director del Programa de Maestria en Administración Pública,UCMM
Lic. Enmanuel Castillo, UCMM

Wednesday 17

8:00 a.m. -Raymundo Amaro - ONAP
9:00 a.m. -Lic. Frank de Moya, Director, Oficina Nacional de Planificación (ONAPLAN)
10:30 a.m. -Economics Officer (AMEMBASSY)
3:00 p.m. -Ing. Tomás Pastoriza, Presidente, Financiera Dominicana, S.A.
4:30 pm. -Meeting with Comité de Educación de la Camara Americana De Comercio

Thursday 18

8:30 a.m. -Lic. Frinette Torres de Urtecho
Directora del Instituto de Capacitación Tributaria (INCAT)
Secretariá de Estado de Finanzas
10:00 a.m. -Lic. Emigdio Moronta, Sub-Secretario Técnico de Educación
12:00 noon -Lunch with:
Mons. Agripino Núñez C., Rector de la UCMM
Lic. Radhamés Mejía, Vicerrector
Dr. Jorge Morales Yordán
Lic. Enmanuel Castillo
3:00 p.m. -Ing. Louis Crouch - UCMM
Presidente de Industrias Asociadas, C. por A.
5:00 p.m. -Lic. Roberto Cabrera
Administrador General de Aduanas y Puertos

Friday 19

9:30 a.m. -AID Staff
10:00 a.m. -Lic. Rafael Toribio, Vicerrector Academico del INTEC
Ing. Héctor Cuevas, INTEC
4:00 p.m. -Meeting at Secretaría de Agricultura with:
Lic. Isidro Rodríguez, Asistente del Secretario
Lic. Sergio Grullón, Encargado de Recursos Externos
Ing. Rafael Martínez Richiez, Coordinador de Programas Universitarios de la Secretaría de Estado de Agricultura

Monday 22

10:30 a.m. -Dr. Juan Lladó, Subsecretary of Tourism
11:30 a.m. -Meeting at UCMM
3:00 p.m. -Lic. Eduardo Fernández
Ex-Gobernador del Banco Central de la Rep. Dom.

Tuesday 23

8:00 a.m.	-Ken Ingram, Bank of Boston (Boatler)
10:00 a.m.	-Ing. José del Carmen Ariza, President & owner of industry
11:30 a.m.	-UCMM
2:30 p.m.	-Francisco Rodríguez, Chase Bank de la R.D.

Wednesday 24

9:00 a.m.	-Ramón Piantini and Dinorah Polanco - Central Bank
10:30 a.m.	-Ing. César García, CEA (Sugar), (Boatler)
10:00 a.m.	-Miguel Gil, Public Works (Schaeffer)
12:00 noon	-José A. Rodríguez Soldevilla, Secretary of State for Health (Schaeffer)
3:00 p.m.	-Armando Messina, Banco Hipotecario Miramar (Boatler)

Thursday 25

8:30 a.m.	-Sonia Lizardo, Asoc. Dom. de Rectores de Universidades (ADRU)
10:00 a.m.	-Frank Castillo - Sub-Secretary Commerce & Industry
11:30 a.m.	-AgBank - Mario Cáceres
3:00 p.m.	-María Cimermann - McGraw Hill (Boatler)
4:00 p.m.	-Depart to Santiago
7:30 p.m.	-Santiago - Dinner with Businessmen

Friday 26 -Santiago

MARCH

Monday 1

8:30 a.m.	-Debriefing AID
2:00 p.m.	-Richard Peliczer - BID

Tuesday 2

9:30 a.m.	-Afredo Lebrón, Alcoa Corporation (Boatler)
10:30 a.m.	-Bienvenido Brito - Asesor Economico, Camara de Diputados Oficina de Industria y Comercio
11:40 a.m.	-Lic. Pérez Minaya - Planning Office
4:30 p.m.	-Luis Crouch (Boatler)

Wednesday 3

8:00 a.m.	-Dr. Osvaldo Díaz (INFOTEP)
10:00 a.m.	-Carl Cunningham - EMBASSY (Boatler)
11:00 a.m.	-Francisco Polanco, Vice-Rector Academico UNPHU
12:00 noon	-UCMM/PID Team

Thursday 4

12:00 noon	-Dr. Raul Perdomo, Gulf & Western, La Romana (Boatler)

EXHIBIT I

Dominican Republic
Estimated Total Labor Force by Occupation
1977 - 1980

	1977	1980
Government	158,661	194,629
Agriculture	665,708	744,694
Manufacturing	47,060	58,825
Sugar Industry	65,400	66,000
Mining	3,900	3,800
Other Organized Sector	5,312	6,200
Non-Organized Sector	144,587	165,163
Total Persons Occupied	1,090,628	1,255,500
Total Unemployed	325,772	363,400
Estimated Labor Force	1,416,400	1,618,900

Source: ONAPLAN