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DEVELOPMENT MANAGEMENT & INSTITUTIONAL DEVELOPMENT:  
IMPLICATIONS OF THEIR RELATIONSHIP

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## Development Management & Institutional Development:

### Implications of Their Relationship

#### Introduction

Often one becomes caught up in current ideas losing sight of their deep roots. Development management and institutional development are current ideas, or areas of inquiry, with deep roots. Most great social theorists -- Adam Smith, Weber, Marx, Malinowski -- were concerned with aspects of what we term development management and institutional development addressing, as they did, issues such as how do collections of people living in groups marshal resources and deploy them for the betterment of their common needs and objectives. Great social activists -- Gandhi, Jefferson, Richelieu, Mao -- asked the "how" questions, as they were centrally concerned with operationalizing the change process, and affecting the role of the state in that change process. Thus it is that the relationships between development management and institutional development are both old and complex, and of interest to theorist and practitioner alike.

Both processes are about "why" (theory) questions and "how" (action) questions. There is no disjuncture between theory and action, but only disjuncture between bad or inadequate theory and action. Action embodies theory, and thus is it preferable that one is explicit about the theory being actualized.

Unfortunately, however, often one does not know the theory one is acting upon, nor are we always rigorously analytical about assumptions involved in

our practices. And for many practical purposes we do not need to know the theory nor the assumptions. When I drive my car to solve other problems, I do not need to know the theoretical physics involved; and I use indicators to check my assumptions concerning critical factors. And one could even build another car without knowing any theory. It is only when I need to discover how to make some relationship different that discovery -- hence theory -- is needed. But notice throughout this analogy that theory and action inform one another all the time; what changes is our need to be explicit about theory in order to further the rate of invention.

Yet there are currently compelling reasons why a consideration of the relationship between development management and institutional development is needed. First of all, many development professionals -- theorists and practitioners -- are rethinking these two processes and are using these terms in their work although it is not always clear just how each user is encoding the two terms. Secondly, development professionals are concerned about the problems of effectiveness, participation, and sustainability. The famine in Africa has jolted the conscience of many to ask anew what have we been doing, and with what results. And thirdly, donor organizations are struggling to embody these terms in policy documents and to render those policies operational -- "how" questions again -- challenging discovery and invention questions requiring theory.

While institutional development is one of four policy pillars within U.S. AID, in actual programming, that which is done under the name of institutional

1. The policy paper identified seven activities: analysis and reform of the

development encompasses a wide range of activities.[1] Furthermore, there appears to be no agreed upon definition of this concept, among scholars or practitioners, although there are several in the literature.

Development management has similar problems -- known to be centrally important -- and yet encompassing many different activities and with little agreement upon definition.[2] Development management is a change oriented field concerned with the managerial, organizational, and institutional dynamics of social change. It is about marshalling resources, deploying them, and following through with error corrections until tasks are completed. In development work, it is as concerned with learning, informing, negotiating, and persuading as it is with control. The "old school" management field was centrally concerned with control; the central concern of development management is with learning. To move then to a consideration of the relationships between development management and institutional development, theoretically and operationally, is therefore a formidable challenge. But one should note one major difference: development management is a field of inquiry. Institutional development is a concept and process studied within many disciplines but not a candidate for being either a field or discipline in itself.

*1) cont'd*

policy environment, consideration of organizational alternatives, development of institutional learning capacity, institutions committed to technology transfer, strengthening of institutional linkages, improvements in management systems and skills, enhancement of participation in the development process.

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2. A compilation of definitions of development management and other core concepts is given in the appendix.

## BACKGROUND

Currently the Development Assistance Committee, with staff support in the Development Cooperation Directorate of the OECD, has identified poor public management, especially in Subsaharan Africa, as a critical limitation on donor funded projects. The March, 1985 meeting of the DAC minuted management as the issue area warranting serious concern and hence attention by the staff. [3] Towards this end, a new OECD office is being staffed and attention given to a process of monitoring donor organizations and their progress in improving public sector performance within projects and programs within developing countries. Among the issues to be considered are the possibility of developing monitorable indicators of donor support for management improvement within host countries.

The centrality of management improvement has recently been captured by Trudi Miller, one of the participants in various meetings with development management professionals in her book entitled, Public Sector Performance, A Conceptual Turning Point. The title tells the story -- management is at a conceptual turning point and that has profound implications for public sector performance. This conceptual turning point is even more true for development management, especially as development management includes both public and private sector management. As non-governmental organizations of a wide variety come to play ever increasing roles in the development process, their organizational and managerial skills are also encompassed within development management. And, then too, our concepts of development have been changing as fast as our concepts of management. (For one of the better recent works on

3. See, for example, OECD Development Assistance Committee [85]3, "Concerting Efforts to Reactivate Development in Sub-Saharan Africa"

development theory see, P.W.Preston, Theories of Development, Routledge & Kegan Paul, 1982)

The World Bank initiated a section detailed to work on institutional development in 1983. That section has three major foci in their work program: the management of structural adjustment lending, reform of public enterprises, and organizational change strategies to further policy reform. More recently, the Economic Development Institute of the World Bank began considering what approaches to development management it should initiate as part of its training programs. At a special meeting of the heads and directors of administrative training institutions from all over the world, attention was drawn to the work being done within development management, its existence as a singularly exciting field, in contradistinction to the lack of excitement within standard public administration training programs in many developing countries.

In 1984 the Operations Evaluations Department of the World Bank completed two volume report on Bank efforts at institutional development in Africa. The Report indicates that institutional development warranted far more commitment than it had been given in earlier projects and programs. While the analysis was not in every respect current with some of the best and most recent Bank work in this area, it was, nonetheless, an important first step in indicating the way in which organizational capacity needed, and still needs, to be considered during the process of project design.

Historically U.S.AID has been a leader in both development management and institutional development, spearheading the earlier work in the 1950s and

1960s on institution building, and in the 1970s and 1980s on development management and institutional development. When in the 1950s, institution building meant literally funding the development of organizations -- especially agricultural research organizations searching for miracle varieties -- US AID was clearly in the forefront. Miracle varieties were indeed forthcoming, and they were successfully introduced, especially within Asia. Along with this process, however, came a growing awareness that far more was involved in rural development than the discovery of environmentally useful hybrid seed. The relationship or "fit" of technological change and its need for a socially sound delivery system as well as an organizational structure for its maintenance was all the more apparent [Esman, Ruttan, Siffin].

There is an extensive literature on institutional development as well as development management, in part because of the nature of donor activity in the past three decades.[4] But it is also in part because of the breakthroughs and work undertaken by many different institutions within the developing world. The Asian Institute of Management, the Indian Institute of Management at Ahmedabad, and INCAE in Latin America are but a few examples. There are some links among these institutions thus furthering the pace of innovation.

Within this study, three levels of inquiry are to be pursued, and thus this paper will be divided into three parts. Part I will summarize the genesis of development management as a field and the evolution of institutional development as a concept. Part II will examine the inter-relationships

4. A partial bibliography is attached. For one review of the material predating 1982 see Bryant and White [1982], or the paper by Rondinelli [1984] for the CDIE Dev. Mgmt. Workshop.

between development management and institutional development. And Part III will consider the operational implications of their relationships for development professionals.

## PART I: CONCEPTUAL FRAMEWORKS

### Development Management

While many of its ideas come from classic roots, development management as a field is in its infancy. Yet to say that this area of inquiry is a field, much as economics, or sociology, or anthropology or political science are fields raises in turn the question of boundaries and methodologies as well as core concepts. This paper will make a case for development management as a field, pointing out that it draws upon several disciplines, or fields, while seeking to build knowledge at the intersection of the fields from which it is borrowing.

There is significant room within most disciplines for competing paradigms; not all economists are Keynesians, nor are all psychologists Freudians. The existence of competing paradigms does not diminish the fact that Keynesians recognize Friedmanites as economists just as Jungians recognize Freudians as psychologists. There are equally significant divisions among different schools of thought within the field of development management. Competing paradigms, in short, do not in any respect undermine the existence of a field, but on the contrary, indicate its dynamism.[5]

Yet one of the implications of realizing that development management is a

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5. Some four sessions of the Development Management Network have been held in conjunction with the Annual Meetings of the American Society for Public Administration. Competing paradigms are presented and discussed at these sessions. One of the current papers detailing the differences in three of the paradigms is that of Derick Brinkerhoff, March 1985.

field is that professional preparation is as essential in this field as it is in any other. There are other implications as well which will be discussed below. Jim Kearns, speaking from considerable World Bank experience, considers development management a "sector" in its own right much as agriculture, or health are "sectors" warranting separable attention. There are many commonalities between considering development management a sector, or considering it a field. For practitioners, it is probably more helpful to consider it a sector yet it is a sector central to, and crosscutting, the effectiveness of other sectors, and therein lies its special significance.

Often an academic field of inquiry grows out of accumulated experience and reflection upon endeavors initiated by public activity. One such example is the development of the field of zoology as a result of the work of the wildlife and fishery agency. Previously there had been a field in biology but only a special interest in wildlife and fish. Over time the accumulated experience acquired within the Wildlife and Fishery Agency led to discoveries. Further, a body of expertise and inquiry developed, and universities began to develop courses in a specializations known as zoology.

Similarly, universities in many countries are offering courses on managing development programs and projects, the administration of international programs, development administration, comparative management, organizational problems within development programs. With the evolution of this material is coming a growing awareness that there is a field which can be most aptly called development management. In some instances this field is housed within a business school, or a school of public administration. In some instances it is within a school of development studies, or in some instances there is a

center for development studies which draws upon constituent units for interdisciplinary courses. Irrespective of the particularities in the placement of such programs, there is striking similarity in the readings, materials, and focus of the programs. That there is a field called development management is indicated by the increased university attention to this body of material.

Development management draws upon and in some respects has grown out of four existing disciplines: economics, sociology, political science (including international relations), and management and organization theory. It would be more accurate to say that development management is at the intersection of each of these fields, drawing upon and merging findings and research within each of these core disciplines. This field then can be placed as diagrammed below:

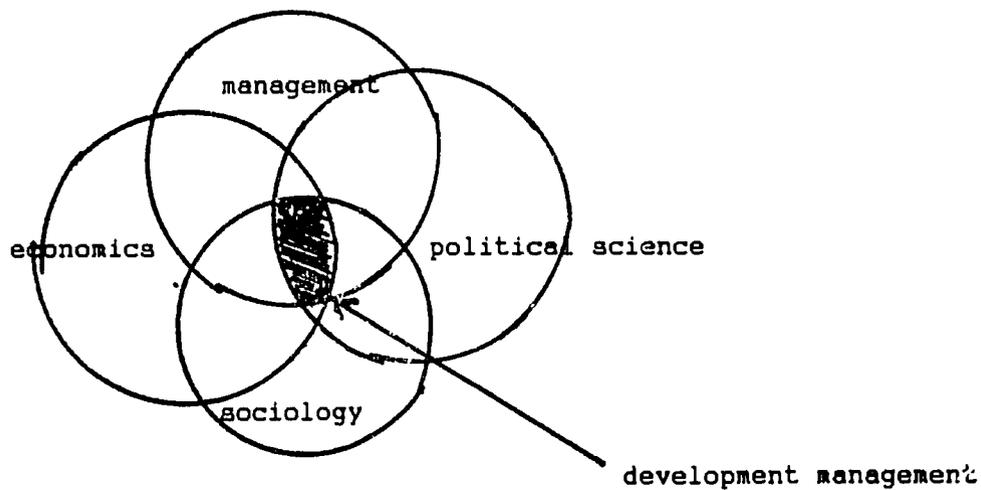


Diagram 1

As indicated in the diagram, development management is that area of intersection between and among the four parenting fields of economics, organization and management theory, political science (including international relations) and sociology. We should consider some of the contributions these fields have made to development management, and some of those who stand at the perimeters and help to point the way.

Development management has borrowed heavily from existing knowledge in management studies as well as in organization theory. The work of, for example, March and Simon in their classic book, Organizations lay out many of the fundamentals of organizational analysis while critiquing the assumption that decision makers can optimize; the information processing capacities of people are limited, thus decision makers "satisfice". Simon elaborates upon

this model to criticize basic notions within traditional price theory. Judy Tandler's work on, for example, cooperatives reflects the strong influence of March and Simon. One could say that she has integrated both Hirschman and March and Simon in her analysis of the interplay between incentives and organizational structure and project linkages.

While we will turn shortly to the conceptual genesis of institutional development a word should be said here about the role of organization theory. The recent seminars on institutional development sponsored by US AID Bureau of Science and Technology were surprisingly free of organizational theorists. The explanation given for this arrangement was that organization theory carries heavy handed assumptions of hierarchy.[6] That criticism is important for most organization theory does assume hierarchy, much as economics assumes rationality. And much development management theory has a democratic theory/anti-hierarchical bias, interested in information and influence flowing from the bottom-up. (See Part II below). Yet most donor organizations can only operationalize institutional development by working through organizations. Thus we cannot neglect organization theory; it is highly salient to the work of development management, and to our understanding of institutional development.

The work of Mintzberg in The Structuring of Organizations, or of Maslow and Argyris has influenced much of the work of development management practitioners and academics alike. For example, Robert Chambers' work, one of the most respected development managers, reflects the integration of

6. Interview, S&T Bureau

development studies with management theory. Chambers earlier book, Managing Rural Development led the field for many years. His more recent book, Rural Development: Putting the Last First is one of the more useful books to have with you in the field. Throughout the first book one notices his skill in integrating organization theory with sound useful practices; the second book carries his arguments for bottom-up planning even further -- but with attention to how and why and the evidence, eschewing as he does recourse to ideology. His recent seminar at the World Bank indicates his growing audience.

Korten and Klauss work in, for example, their co-authored book People Centered Development reflects their own unique blending of certain traditions within management theory with a concern for structural transformation. Korten reflects the more business management background, and thus a concern for responsiveness to customers, and the possibilities of considering beneficiaries as customer/consumers who may well know best. He merges this approach with a restlessness in assuming wisdom can flow from experts above -- especially when systems are obviously not working below.

On the other hand, Korten is more excited about learning than with acquiring evidence of past effectiveness. That unreadiness to submit some of his work to standard evaluation approaches has generated problems for public sector decision makers accustomed to outside observers (such as Congress) pushing for "evidence" of success. His rejoinder would likely be that not all evaluation is about learning and not all learning is promoted by evaluation: timing and sequencing of information and its use is a far more delicate process. Learning theory and cybernetic theory would alert us to remember that the

learning cum discovery process is more intricate than prescribed evaluation techniques often can capture. And even state of the art evaluation techniques do not guarantee learning; motivation to accept error and willingness to reprogram behavior spring from other sources than evidence.

In short, the organization theorist reminds us to ask: what incentives for performance are at work within organizations? What are the formal and informal flows of authority and influence within those organizations? How do the feedback loops encouraging learning work within organizations? How can a project be wired into those loops so that it is positioned for sustainability?

Economists, especially development economists, achieved a special hegemony within development theory in the halcyon days of the 50s and 60s. The criticisms of the political scientists and sociologists, especially those from within the third world shook that hegemony in the late 60s. Yet it is also true that more recently political scientists have borrowed heavily from economists -- sometimes becoming more Ricardian than most economists find comfortable. (Bates?) Much of the "rational actor" model, for example, is political science borrowing from economics. Thus it is that development management, and, as we will see institutional development, borrow from this discipline.

Some of my best friends are economists. Nevertheless there are two problems for development managers in drawing upon economics. The first is that most economists are strong proponents of a deductive approach to inquiry. Since most development management people are interested in understanding cultural

interpretations of institutions, locally based learning is preferred, and thus a more inductive methodology is also preferred. Secondly, the economists preference for elegance in models leads to restrictive assumptions about behavior as income optimizing. Development management requires more elaborate understanding of human behavior and thus social, economic, political incentives need to be considered. This debate is nearly endless in the "rational actor" models. But it is clear that too relaxed a definition of rationality leads to circularity and has therefore more appearance than reality in its rigor. [7]

Yet even beyond development economics, or agricultural economics, international finance and economics is important for development management. That is to say, international terms of trade, financing mechanisms, exchange rates, currency convertibility -- all affect development choices and options. Conditionality affects management strategies and organizational capacity. Thus, obviously, we draw upon economics. The economist reminds us to ask: how does production and exchange take place within this society ?, what are the trade-offs between alternative methods of production and exchange ? Who benefits from those trade-offs ?

Sociology ( and its cousin, anthropology) - our last circle on the diagram on page 12 above - also contributes significantly to development management. After all, Weber, the father of sociology, began much of the debate about

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7. See Golembiewski, "A Critique of "Democratic Administration" and its Supporting Ideation", APSR, Vol. LXXI, Dec. 1977 for a detailed discussion of this problem in V. Ostrom's, The Intellectual Crisis in American Public Administration

bureaucracy. And the arguments, as well as the agreements between Marx and Weber are re-enacted in development choices in national and local capitals daily. Weber insisted that class conflict alone did not drive history; that stratification and status groups did. He pointed to the role that ethnicity and religion played in national development. Interestingly enough, however, both Marx and Weber thought that ethnicity would diminish in importance with the spread of industrialization and capitalism. (Neither of them would have predicted Sri Lanka or South Africa or Northern Ireland in 1985). Marx, on the other hand, pointed to the importance of praxis - learning through action, and testing ideas and assumptions through practical involvement and application. The tradition of action research, and more recently, participatory research, is rooted in this concept.[8] In these ways and a myriad of others, sociology is contributory to the development management field.

Political science (including the study of international relations) is our last contributing field. Political science is centrally concerned with analysis of power; in Lasswellian terms, who gets what, when and how. As development managers are asking and intervening on just these issues we are inevitably concerned with political analysis. The study of international relations carries these questions into the arena of the relations between and among states. As such it is the field concerned with the shape of the forest in which we dwell. And since many of us work at the project level -- i.e.-within the bark of the tree -- it is difficult to remember to consider

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8. Tandon and Brown, Maru,et.al.

the forest. Yet it is the context for development work. International terms of trade affect the exportability of the surpluses we hope to get farmers to produce; north/south relationships are affected by development programs. One could make the further case that international administration may in the future be a subfield within development management. It is already at some universities. And interest in international institutional development asks that we consider what kinds of international institutions might be more effective at mediating north-south conflict than our current set. Reform and changes in the International Monetary Fund, for example, and the relationships between the IMF and the World Bank come within the kinds of organizational questions of great relevance to development management. (Streeton)

## Major Queries for the Field of Development Management

There are two major challenges to the field of development management which should receive attention at this point. These issues rarely get much discussion, and yet they too should be addressed more explicitly in any theory building, conceptual framework generating exercise.

1) What is our theory of the state? As Bates points out, most development economists have a fairly benign theory of the state; that is they assume the state is benign. Radical political economists, on the other hand, tend to assume that the state is always oppressive. Conservatives find areas of agreement here as they too assume the state to be oppressive, hence markets are better allocators of public goods. Many of us, in practice, find it difficult to resolve this question, and hence we bury it or obfuscate.

But what we cannot do is to assume that what we think the state ought to be is sufficient for our analysis. Separate what we want it to be from what it is -- and as we work within many different states, ought we not to reconsider this question upon each entry and reconsider our roles in light of empirical evidence of whether state X is or is not benign? If the state in some instances is clearly oppressive, ought we not withdraw so that our development management work will not merely add to its capacity to oppress?

Many people in other countries find the standard development economist benign theory of the state very naive; development management may fare better as a field if it treats this query as an empirical question. If you think it is not relevant to development management you are missing a very serious

point. For many people within the third world, experience has illustrated that states are not benign. Operationally, one needs to think carefully about the benign or malign potential of the state. The state is the ultimate source of coercion and all too often states have not used that power without inflicting grief. South Africans have not experienced a benign state. Nor have the Ugandans, the Poles, the Cambodians etc/

2) What is our theory of learning and discovery? Indeed, what is our methodological bias? The problem with a positivist methodology is that it imposes a logic on the data restricting beforehand the range of possible conclusions. In developing countries, or situations, where one is working with political, social, cultural differences which are all too often only partially understood the chances for error are multiplied. A positivist approach within our culture runs that possibility but there are at least some built in checks for error correction when working within ones own country. Thus the positivist/deductive - anti positivist/inductive argument is more sharply drawn.

For many Third World people, Western research is already perceived as narrowly technocratic, culturally insensitive, and politically arrogant. A positivist methodology exacerbates that problem. The rural poor, being marginalized have had "experts" prescribing foreign policies beamed at them for a long time. Those who would listen and accord cognitive respect to their own knowledgeability are too rare. One of the most interesting, challenging and provocative developments within development management work has been the increased interest in participatory research, as well as action research, coming from India, Bangladesh, Indonesia, and the Philippines. As there is a

First World within the Third, and a Third World within the First, efforts at participatory research in working with our own poorer communities should become an important component within this field.

## Institutional Development As A Concept

Institutional development is a complex concept, as well as an intricate process. Add to that, competing perspectives among social scientists about how to conceptualize this process, and no agreement about how to bring it about, and the discussion is inevitably embroiled in several different arguments.

An institution, generically, is a pattern of behavior which is valued within a culture. Institutional development, then, is the process by which those patterns of behavior become enhanced in their capacities for development. Several definitions are also provided in the appendix so that readers can see some of the range of unsettled issues even at the definitional stage. There are, however, three major problems which immediately present themselves: (1) the relationship between organizations and institutions remains unsettled, (2) different approaches to the study of institutional development make different epistemological assumptions, and therefore adhere to competing methodologies, and (3) nowhere has there been clarity on the relationship between development management and institutional development. This last issue will receive our full attention in the second part of this paper. Let us turn here to the first and second problems.

The US AID policy paper detailing institutional development as one of the four pillars of the Agency's strategy does not define institutional development but rather lists seven different kinds of activities which will be and have been undertaken under the guidance and auspices of this policy initiative. (see appendix) Throughout this list one notices that most

institutional development activities take place through organizations. And, indeed, it is difficult to conceive of operationalizing assistance to patterns of behavior without recourse to working through organizations. At the same time, that is not saying that organizations and institutions are to be used as synonymous terms. At least it is not my position that they should be used synonymously.

Many IBRD and USAID documents, however, do use the concepts organization and institution interchangeably. The Operations Evaluation Department (IBRD) major two volume study of institutional development in Africa, for example, is only concerned with an interchangeable use of these concepts. Economists regularly use these terms interchangeably. It is political scientists and organization theorists who are not comfortable doing so. And a case can be made for either side. For the former perspective, it is impossible to operationalize the concept of institution for policy purposes without recourse to organizations. Structural adjustment lending, for example, can only flow through organizations, policy reform strategies work through organizations, and projects are managed through organizations. Formal organizational capacity is in such short supply in developing countries, and so little is known about its generation, using these terms interchangeably draws attention, at least, to the centrality of organizations to development. (See Blunt)

On the other hand, some scholars and practitioners have been convinced of the importance of treating them separately, and this paper will take that position. A compelling case can be made for disaggregating these terms so that the relationship between the two phenomena can receive some attention (Uphoff, 1985; Olson & Gow, 1985). The concept buried underneath these two is

that of legitimacy -- how do groups of people come to accord legitimacy to collective decision making within their communities. An institution embodies legitimacy and may accord that to organizations. Hence an organization may become an institution. But not all institutions take on organizational structure. For example, football is an American institution; the NFL is one organization working with this institution; the USFL is another. One could support football without supporting the NFL. (For example, one could help start more Little Leagues.) Sometimes an organization can become so valued that one can refer to its having become an institution, but that connotation is to the qualitative, normative function within institutions. (Uphoff adds that at this point the NFL has become an institution!)

Since one of the hallmarks of change within developing countries is often a crisis of legitimacy this argument about organizations and institutions is highly relevant. If a project is to strike root and achieve sustainability it must have, or earn, legitimacy within that country. It could acquire legitimacy by being co-terminus with an indigenous institutional practice, or it might recombine some previous institutions into new forms. But if wholly new and without a local source for value and legitimacy it is not likely to be sustained beyond the life of the project. It will not "fit" into the cultural, political dynamics and is likely to be rejected. In the CDIE evaluation studies, for example, the Lesotho range control and herd maintenance project had either to recombine with local beliefs and behaviors or the project efforts would wither following withdrawal of the project team.

Organization is a generic term, indicating capacity to accomplish goals through collective action within some structure. Indeed, some organization

theorists (Blau and Scott) make a further distinction between formal organizations and social organization, with their use of social organization coming closer to the way in which, for example, some writers use the concept of institutional development.

The literature on constraints to rural development, for example, is replete with accounts of institutional and organizational weaknesses which create disincentives for increased production (Chambers, 1983; Bates, 1983; Eicher and Baker, 1982). Well documented, for example, are the problems with parastatals, marketing boards, or extension services. One way to consider the relationships between organizations and institutions is to look at work within one sector. Indeed, the recent series of evaluations and work in USAID's Center for Development Information and Evaluation (CDIE) were all within the agricultural sector. There are sectoral characteristics which affect the context and environment within which institutions and organizations are at work, thus making a sectoral approach to their study useful.

A categorization of the organizational and institutional components at work within the agricultural and food production sector illustrates their relationship. Consider, for example, the following illustrations of the interplay between institutional components and organizational components.

DETERMINANTS of PRODUCTION	ORGANIZATIONAL COMPONENTS	INSTITUTIONAL COMPONENTS
Prices	Govt Regulatory Bodies Marketing Boards Central Bank Ministry of Finance Parastatals Public enterprises	Markets Interest Rates Subsidies Subsistence Agriculture Bazaars
Land	Land Resettlement Authorities Ministry of Lands Nat'l Planning Comm.	Communal Land Practices Chiefs' roles in land adjudication
Labor	Ministry of Labor Unions Nat'l Planning Comm.	Gender Labor Practices Urban/Rural Income Differentials Ethnic solidarity Rituals Patron/client relations
Capital	Central Bank Credit Associations Financial intermediaries	Money Lenders cattle as savings
Technology	Agric/Food Research orgs. Extension systems Transport Agencies Public enterprises	Tools & mechanization Draft animals Traditional practices
Terms of Trade	Min of Finance Customs Unions Min. of Commerce exchange rates/convertibility	Cross border trade Barter

What is apparent even with this incomplete table is that institutions are most subject to change via formal organizations. However, one should not assume that organizations are functional equivalents to organizations that

bear such titles in industrialized, Westernized countries. We know, for example, that legislatures do not have the same functional roles nor the same authority or powers of, e.g. Parliament, or Congress. Conversely, the consensual decision making council of a Chief may have far more legitimacy than, for example, the young "modernized" up starts in a District Council in some instances. Hence there is but a problematical distance between institutions and organizations

Within development assistance efforts, every effort to operationalize institutional development has meant turning to some kind of organization, or cluster of organizations. Unfortunately our organizational imagination is limited and thus often pathologies develop from a peremptory specialization of labor resulting in tightly hierarchical organizations. Learning is adversely affected and communication slows down when hierarchy deepens (Downs, Buchanan and Tulluck, Landau and Stout).

No small part of the problem is that all too often organizations have been transplanted which bore little relationship to indigenous institutional forms, or behavioral patterns. The recent increase in attention to institutional development flags the concern that organizational capacity be enhanced, and that indigenous patterns of behavior which are conducive to developmental efforts be reinforced through organizational growth.

Yet the very reason that sometimes organizations have been transplanted without attention to indigenous patterns of behavior is that near emergency situations prompted some to see a need for speed along with technological change and a desire to insulate the change agent from a hostile environment.

Sometimes that change agent is a Western technician insensitive to the environment, and in a hurry; sometimes that change agent is a younger more educated citizen ("upstart") rankling beneath the problems of traditional authority. (Intergenerational power struggles are legion within Africa. see Markovitz) For example, the need for food in response to famine led many at places such as the Rockefeller Foundation to fund major agricultural research organizations to work on hybrid seeds in countries that lacked that technological capacity. Those institutions were isolated from hostile environments precisely because the environments were hostile. While optimality would call for inducing endogenous change rather than rushing ahead with exogenous pressures for change. The reality was, and is, more complicated. Often indigenous change agents are in need of external support because they may lack sufficient authority for their insights to be taken seriously. The development manager searches for linkages between external and internal change agents.

Some institutions are of prime importance and yet relatively lacking in organizational form -- such as kinship systems, religious practices, or traditional methods of coping with problems, such as barn raising on the American frontier. Needed in development assistance strategies is the identification of indigenous practices which could become integral to development programs. Sometimes organizations to support their endeavors are needed; sometimes policies can facilitate their growth without needing organizational form. Conversely, sometimes policies can undermine indigenous institutions inadvertently and thereby generate political opposition from the resulting social anger.

The major point throughout, however, is that there needs to be a development management strategy within which institutional development choices are made. The major thrust of institutional development as a strategy is in assessing what institutions are at work within a socio-economic system and what their consequences and implications are for development strategies. From there one must determine which incentives or inducements might be recombined, encouraged or implanted so that development can take place. Institutions, and organizations, are human creations and they are thus subject to human direction. They can take on augmented roles. These roles should facilitate the functions of a development program or project and add to its sustainability. Thus attention to institutional development requires analyzing organizations and institutions through which programs are to be implemented and assessing where, with additional support, greater capacity for implementation might be developed.

Often World Bank development projects have been implemented with a specially created project implementation unit (PIU) -- with little regard for the relationship of that PIU to the Ministries with which it worked or the local community organizations upon which it rested. An institutional development strategy eschews that approach and argues instead for conceiving of projects as opportunities for adding to the over-all implementation capability of the country. That is an extremely difficult goal since the absence of institutional capacity is intrinsic to the problem of underdevelopment in the first place.

But this attention to how institutional development work is to proceed moves us to the second problem which was specified at the outset. There is

considerable argument among social scientists about epistemology and thus methodology which should be used in institutional development work. The "Institutional Development Concept Paper" within US AID carried within it a Table depicting the analytical frameworks to be used. In the column specifying those frameworks, institutional analysis and design is identified as synonymous with public choice theory. Most political scientists familiar with public choice theory see it as one, but not the only, school of thought or analytical framework to be used in institutional analysis. More commonly, public choice theory is used as part of policy analysis where it is not assumed that policy is always synonymous with institution.

There are many perspectives within public choice theory, and all of that terrain cannot be reviewed here, but it is important to be clear about some of the basic assumptions therein. The progenitors of the public choice theorists were and are the positivists. Public choice theory draws on both public finance theory (Musgrave, Arrow,) and political theory (Buchanan, Tullock, Ostroms). Rooted in the British empirical positivist tradition (Bentham, Utilitarians) it requires a rigorous set of assumptions: that one focus analytically on the character of public goods, that behavior is rational, and that rationality is self-interested. The methodology built upon this epistemology is deductive: that hypotheses are to be formulated, rigorously operationalized, and empirical evidence is accumulated in order to disprove a null hypothesis. Theory is to provide explanation (utility) not necessarily truth.

To work within the public choice construct one must remember their characterization of public goods. The character of public goods is that they

are (1) jointly supplied, (2) impossible to exclude others from benefits. These two characteristics give rise to considerable debate between and among some of our most sophisticated and interesting economists and political scientists. The "publicness" of public goods is part of their problem; since all may derive benefit from the good provided, each may endeavor to escape paying for the public good. Clean air, for example, cannot be provided by anyone alone; once a Clean Air Act is implemented, I cannot be excluded from its benefits. In the course of politics preceding its enactment, everyone tries to get everyone else to pay for the goods that each knows they will enjoy if it is provided. Thus the problems of collective action and free riders are also given much attention in public choice theory. (We, too discussed these issues in Bryant and White, 1984)

Many aspects of public choice theory have informed and enlightened the manner in which social science research on public goods can and does proceed. (And, by the way, institutional economics is quite distinguishable from public choice theory.) The point being made in this paper is not that this body of material is not insightful or useful, but rather that it is not the whole of the story about institutional analysis, and that there are some assumptions about knowledge, and our ways of knowing and learning which are subject to dispute and are deeply problematical.

Positivism is profoundly Western in its origins and outlook. There are three competing Western traditions critical of positivism, and many other competing non-Western traditions. Among the Western traditions there are the (1) structuralists who argue that individual behavior is in large part determined by larger macro forces over which individuals have little

influence. Critical social theorists would add that the individualism of positivists ends up, when looking at poverty, for example, blaming the victim rather than enlightening others as to the preferences and choices available to the victims. (2) Phenomenologists would argue that realities are multiple, and individuals interact and experience interchanges between their interpretations of events and the events themselves, and in the course of that interchange create their own knowledge. Knowledge is not "out there" to be discovered, but intrinsic in ones relationship to the discovery process. The third body of criticism of positivism would be that of the design scientists, most notably, Herbert Simon who argues that scientific inquiry is less linear than has been assumed by positivists. Considering some of the breakthroughs in theoretical physics, and in cybernetic and computer science, there is currently more interest in intuitive, systemic thinking rather than the linear approaches of the positivists. ( Also see Trudi Millers Improving Public Sector Performance which picks up on this line of argument.)

In short, how do we know what we claim to know? How do we add to that discovery? Interestingly enough, the scientific community is engaged in this same debate, and some physicists, for example, are arguing that scientific inquiry is not positivist at all. (In the effort to be rigorous we should avoid latching on to the past views of the "scientific", and strive more for the cutting edge.) What is being pointed out by scientists is that learning and feedback loops work in many counterintuitive ways, and that the narrowly linear assumptions of some of the physical sciences should be interpreted as the useful for replication but not for advancing the frontiers of learning.

It is my position, for example, that each of these schools of thought have

much to offer for institutional analysis, and that the deductive nature of positivism closes too many doors on potentially useful research. For example, the design sciences are usually concerned with cybernetic theory or computer science. Organizations are human constructs as are computers, and flows of information within them travel along paths, or loops, although not nearly as predictably as does my computer! Human behavior, because of its far greater information processing capacities transforms information hence phenomenologists have something to add, and, macro forces within any society do affect ones perspective, beliefs and values and thus critical social theory must also be merged into our understanding of how institutions and organizations function. The difficulty comes in the nature of ones merging of these different frameworks; research must be rigorous rather than pragmatic if it is to be cumulative. And winning agreement on the framework to be used is extraordinarily difficult in any organization which has both a research and operational imperative. Nevertheless, there is significant research of a rigorous nature which could be carried out within each of these frameworks, and the competing insights that each offers would usefully inform AID operations.

PART II: RELATIONSHIP BETWEEN DEVELOPMENT MANAGEMENT AND INSTITUTIONAL DEVELOPMENT

Part I of this paper detailed the foundations of the development management field, and then discussed the concept of institutional development. Part II of this paper will build upon that material to discuss the relationship between development management and institutional development.

The major point of this discussion is that institutional development strategies are best conceived and operationalized within the framework of the development management field. Efforts at institutional development which are not informed by a development management framework are likely to be one time endeavors, short lived, and random in their sustainability and effectiveness. Let us detail some of the issues and analysis which led to this finding.

Each of the fields that contribute to development management have also made contributions to our understanding of institutional development. In addition, institutional development and development management share three common roots:

1. The assumption that behavior is purposeful, and therefore that attention must be paid to incentives, that process matters, and that to affect change both behavior and process warrant close attention and analysis.

2. An assumption that the socio-political and cultural context within which projects and programs are positioned matters. Building upon local beliefs wherever possible reinforces the functioning of incentives. Increasing local participation within projects and programs -- their design, and implementation, not just participation in benefits, adds to the likelihood

that the project or program may be sustained beyond the life of donor funding.[1].

It is striking how many of the authors writing both within development management [Honadle, Klauss, Rondinelli, Kortzen, Kettering, Ingle, White, Chambers, Grindle, Montgomery, Siffin et.al.] and within institutional development [Ostroms, North, Connerly, Uphoff, Leonard, Bromley, Hagel] reflect these assumptions. There seems to be an implicit shared value in a more participatory approach to decision making, even though there are serious differences of opinion, epistemology, and methodology within and among these authors.

3. A belief that technology changes as a result of both endogenous and exogenous waves of influence (Ruttan), even though our understanding of the linkages and feedback loops between externally generated technological change and internally generated technological change is incomplete.

Among different observers and practitioners there are, however, beyond these points significant disagreements. First of all there is little or no recognition of the boundaries, or inter-relationships between institutional development and development management. Some appear to argue that development management is more concerned with the lower level operational concerns within a project or program. Others appear to believe that the field is limited to managerial behaviors. Yet a third group, of which this paper is one, argue quite the reverse, that development management is concerned with many levels of

1. See Brinkerhof on this issue [March, 1985]. For an eloquent case, see Robert Chambers [1983]. And note the skillful use of Geertz' work by Douglass North [1984]

activities within which work in institutional development takes place. Given this last position it is unfortunate that the US AID institutional development policy paper moves between institutional development activities and development management activities thus further blurring rather than clarifying their interactive relationships.

One of the more useful pieces to the puzzle of understanding their interaction comes from Smith, Lethem, Thoolen in their World Bank staff Working Paper, The Design of Organizations for Rural development Projects - A Progress Report. Coming out of newer approaches to organization theory (and thus less hierarchical), this paper both conceptualizes organizations differently (see Appendix) and incorporates into their framework more attention to problem solving via learning to use a project environment creatively. They write:

We need more "synthetic" thinking. Our problems do not come in simple unitary entities; they come in huge clusters or "messes." The solution of any problem tends to give rise to whole new sets of problems to be solved. Synthetic thinking demands that we take an "expansionist" view of problem solving and systems design. We must begin looking for solutions outside the boundaries of the problem or system and bring the environment into equal predominance with the organization. Synthetic thinking attempts to understand the problem or organization as a whole operating in complex interrelationship with its environment. Analytic thinking tends to concentrate on the internal to the exclusion of the external.[2]

The paper goes on to present a diagram of the levels of an organizations relations to its environment, pointing out that some are factors over which

2. p.5, World Bank Staff Working Paper, no. 375, 1980

the organization has control, others are ones which are influenceable, and yet a third are those factors which must be appreciated. Applying this model to rural development projects they further detail what these levels look like in rural development projects. ( The diagram itself is included in the appendix).

The major point for our purposes is not the specifics of what they are saying about organizations, but rather that they are pointing (1) to a different approach to epistemology and methodology, and they are underscoring (2) the interactions between organizations, institutions and the policy environment. The skillful development manager needs to be able to operate at all three levels -- within one's own organization ( with its norms, rules, roles, and incentives), between and among the neighboring organizations (some of which are informal and thus some would call them institutions), whose activities intersect with, or impinge upon, those of one's own organization, and consider (and when possible, endeavor to influence) the implications and consequences of policy choices which are establishing the larger environment and incentives for behaviors at the national and international levels.

Not all development managers will be willing or able to move easily between each of these levels; but all of them do need to be aware of the linkages between them. Thus it is that development management education stresses social learning skills, negotiating skills, abilities in conflict resolution, and abilities to think in terms of systems rather than in a linear manner. The amount of control that the development manager can bring to bear in any particular problem solving arena depends upon other variables -- the size and nature of the resources at one's command, competing alternative sources,

information about alternatives, and the nature of the technology. Often the development manager is working in an uncertain environment without the same kinds of control that are possible in more closed systems with greater precision and certainty about the requisites of production. ( Producing widgets in a regular manner using assembly line technology in contrast to, for example, working with small holders in Zaire to assist them in increasing their production.) Thus it is important that the development manager understand how to generate influence, work with and through human motivation, and, in short, be adept at social learning. All too frequently Western technicians "hide" when they are working in hostile environments where they sense discomfort at how little influence, or insight, they have into why people around them are behaving as they do. Sometimes they resurrect an artificial environment in order to generate more certainty. Generally these are not fruitful methods for dealing with the problem; social learning is required. Evaluation teams "hiding" in air conditioned hotels, or project managers "retreating" into Westernized project management units are not part of the solution; their isolation, or insulation, becomes part of the problem. Their work is equally distanced, remote, and inscrutable by those around them; too little mutual learning is occurring.

Expatriate dysfunctional behavior is but a small part of the problem, however. Some of the most highly trained of the African managers working within AID or IBRD projects sometimes exhibit the "hiding" or "retreating" problem. And for complex and subtle reasons. For them to shoulder the responsibility of interpreting and mediating cross-cultural miscommunication is burdensome. The nature of their own personal coping and integrating

mechanisms are private matters. Then too, they will live there beyond the life of the donor funding and the social distances, or anger, or even indifference generated by the project spills over into other aspects of their lives. Walking with a foot in two different worlds, they are expected to integrate competing world views that may be irreconcilable. So they may learn different "languages" and use that which is appropriate, or they may opt to forego their "bilingualism", or they may splinter their lives in the struggle for integration. A word should be added here about the issue of status. Expatriates are quick to ridicule what appear to them as petty needs for status. But people previously excluded from the perquisites of power can feel that those perquisites indicate ability to be included in the changing social process. Needs for feeling included are very strongly felt ( i.e., important incentives) for those who previously experienced exclusion.

#### Dynamics of the Interdependency Between ID and DM

In the discussion above we began to consider the different levels at which development management as a field, and development managers as practitioners are at work. We should look at these levels, at least in a preliminary way, in order to better disaggregate the interactions between development management and institutional development.

The three levels with which development management is concerned could be diagrammed as follows:

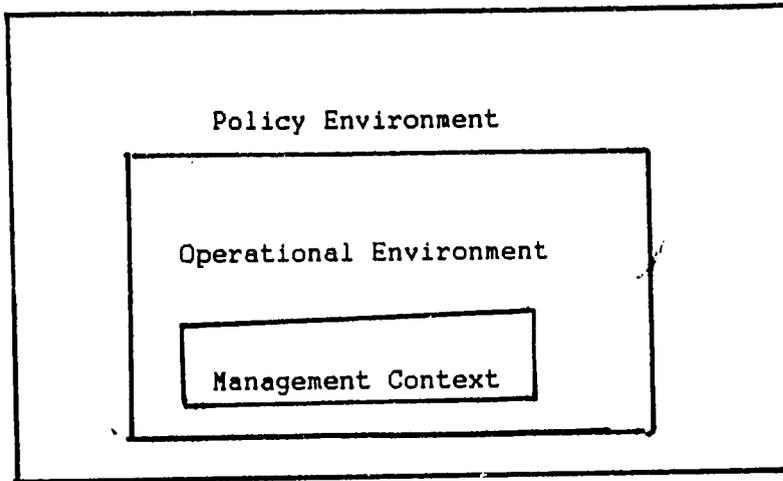


Diagram 2

Development management encompasses all three of these levels; institutional factors are at work within each level. The six major evaluations undertaken by CDIE illustrate some of the ways in which these levels and their components are at work.

Consider the following three diagrams as illustrative of the components within each of the three major levels in Diagram 2. I am not claiming that these are final and definitive lists of components, but rather some which illustrate how that particular level could be seen to be at work.

First there is the policy environment, the larger outside ring in our first diagram. Note that these policy arenas bear some relationship back to our initial Diagram 1, echoing, as they do, the policy arenas of those disciplines. These policies are, for example:

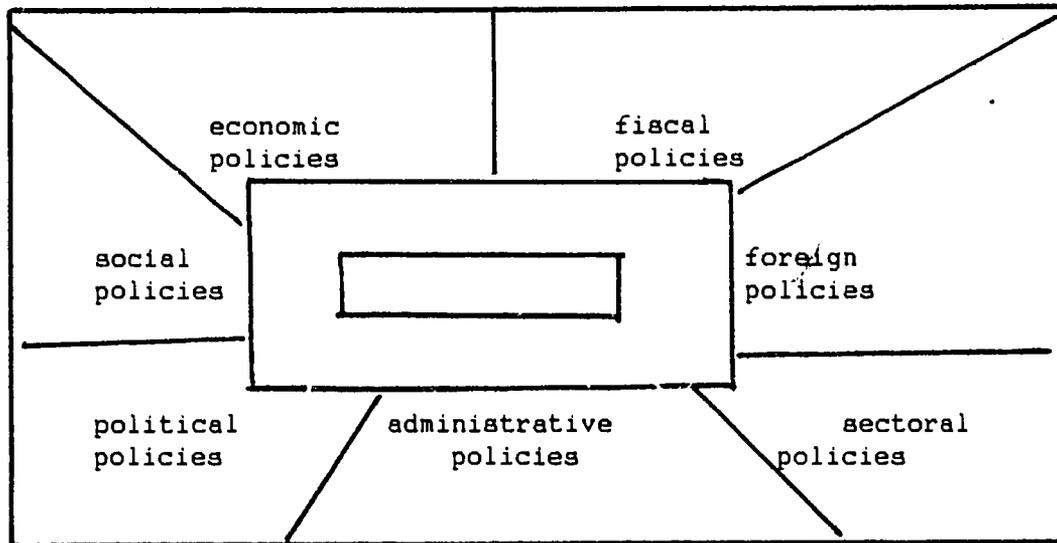


Diagram 3

The point is that policies are the outcomes of coalitions among many organizations and institutions and the mediating effects of decisions made during implementation. Policies flow through organizations and institutions, affecting incentives, choices, and behavior. The dynamic interaction of institutions, organizations, and implementation abets the problem of predicting policy consequences. And, as development management is concerned with implementing policies, programs, and projects the knowledge that in the course of that very implementation, things are changed, and in turn those changes affect the next round of consensus building about future policy, program or project options. The "management" part of development management, if you will, comes in learning how to make things work, learning how they have worked in the past, and how they can be made to work differently in the future. This kind of learning approach to problem solving, is deeply concerned with being operational. Sometimes development management is so

practical in orientation that people forget its theoretical underpinning. To do so is to miss the point -- it is about the connecting tissue between theory and action and how they mutually inform one another.

Development managers undertake institutional and organizational analysis as parts of policy analysis. But it matters whether one is undertaking that policy analysis in order to best position a project, or whether one is considering the optimal functioning of program lending. Which institutions (patterns of behavior), and which organizations (formalized structures) are to be assessed varies with both the sectoral nature of the project or program and the level at which that project or program is to be implemented. Planning for structural adjustment lending, for example, is going to require development management skills at a national level; project planning requires an awareness of this policy level but less leverage to affect it. Little management of that policy environment can take place from the vantage point of any individual project, though projects do provide evidence or information useful in choosing between alternative strategies in the future. Hence program lending, or conditionality, or structural adjustment lending does provide greater leverage for managing that policy environment.

For example, the North Shaba project was helped along by favorable exchange rates, and improved marketing opportunities which flowed from terms of trade. The project managers would want to have noted that policy environment, they were not in a powerful position, however, to have done much about it if the trends had been adverse. Yet, one of the reasons for flexibility in goals is that it allows skillful managers to sense new pegs which can be used as hooks for keeping projects into flows of resources. And, in the case of a project

as large, and that continued as long, as North Shaba (10 years and \$31 million) one must expect evolving project goals. As human endeavors approach one set of "ends", they become but the "means" towards additional "ends".

Look secondly at the operational environment, that middle area within Diagram 2. This is the more proximate environment, the "neighbors" - - the organizations and institutions with which the development manager must work, but which one does not control. ( Influence needs to be gathered, generated, or husbanded.)

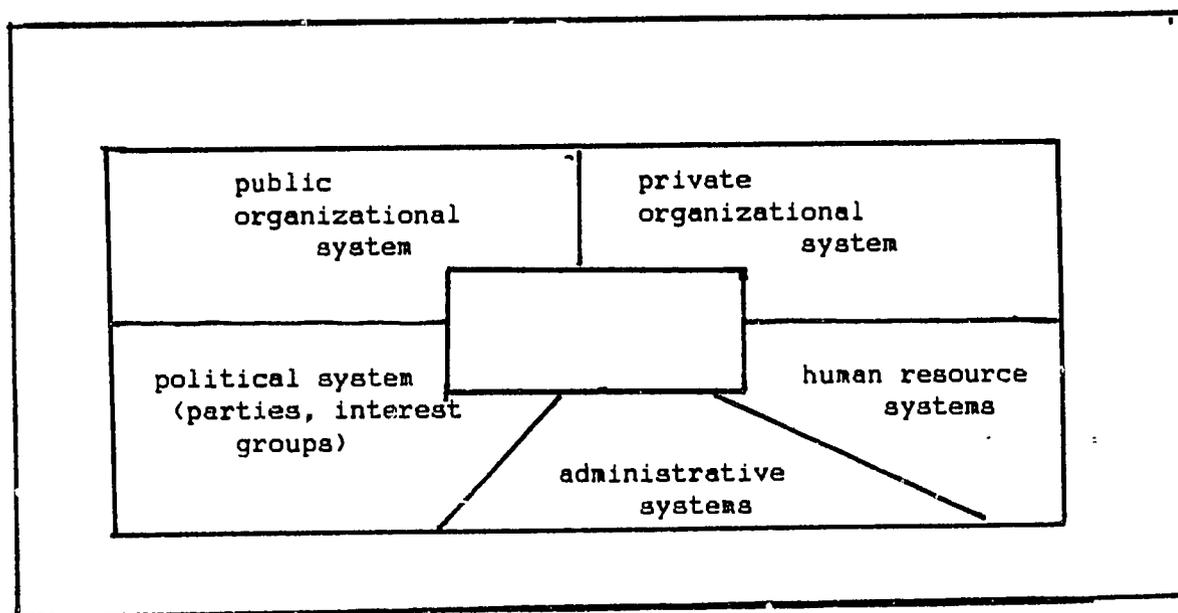


Diagram 4

Had we the space and time, this operational level warrants further disaggregation. Each one of the systems denoted in Diagram 4 has its own incentives, imperatives, and norms. Administrative systems, for example, include personnel systems which vary greatly from organization to organization. Add to this the knowledge that in the projects evaluated in this CDIE study there were three intersecting organizational systems: within the host country national organization under whose auspices the project was performing (most often the Ministry of Agriculture, or a parastatal), within the project management unit itself, and within the expatriate team working in relationship with the project (the contractors, and the US AID mission or headquarters members). Too few of the evaluation studies were specific about the differences in the roles played by these different levels.

Unfortunately, what is required for effectiveness in one operational environment does not necessarily help much within the others. Nellis reminds us of Hyden's argument about the Westerners "trained incapacity". "Since they do not fully understand the principles and operation of the pre-capitalist economies they are called to work in, Westerners create images of African [behavior] that suits...their models."(1982, p.326). All too frequently Westerners check out their models with one another rather than checking for empirical evidence of assumptions held. Furthermore, that which the AID professional must do in response to organizational imperatives is different from that which the contractor/consultant must do, which is different yet again from what the African civil servant must do. For the African civil servant in the national ministry yet another set of issues and imperatives are at work; for the African managers working within the project different

incentives, or disincentives, are at work. [Downs, in Inside Bureaucracy reminds<sup>s</sup> <sup>us</sup> that there are social and political incentives as well as economic incentives within any bureau.] Given the potential for conflicting incentives to be at work within these different operational imperatives, it is encouraging that the six evaluations found as many indications as they did of effective management.

There are, for example, in the CDIE Lesotho crop and range land evaluation report some specific examples of management processes which had to be adapted given the understanding of the project management team of the organizational and institutional environment. Three institutional processes are discussed which do not have organizational form but are highly salient to the effectiveness of the management strategy: roles (as well as rules) of the chiefs in land use decisions, labour migration to the mines in South Africa, and the communal land system. In some instances they had to work through organizations -- the Ministry of Agriculture and Marketing, District councils, and sometimes with institutions -- traditional chiefly roles and rules on land use and labour migration to the Republic. Yet this project worked relatively well due in no small measure to the adaptive and communication skills of the development managers who were able to recombine change strategies with local institutional patterns.

What is interesting, and concerning, within each of the six evaluations is that little attention is given to discussing what institutions and organizations are absent from the operational environment, and which, if in place, would enhance chances for effectiveness. Institutional analysis should lead us to study what is there, and also to note what is not there. For

example, in the Lesotho case there are few financial intermediaries in which rural people can save whatever earnings they have. Men migrate to mines and send back earnings to be invested in cattle precisely because there are not rural savings and loan societies or institutions ( or organizations) which will afford them a way to augment those savings other than cattle. They will continually invest in cattle without reference to the maintenance issue, because there is no other way for them to accumulate capital. Working on range management in that situation needs additional institutional development; financial intermediary institutions are needed.

In the Edgerton College case institutions were needed which would have served to integrate foreign faculty members into the college system. In the Liberian case, marketing institutions were needed so that there would be greater opportunity for producers to sell increased production etc. Paul Streeton once referred to the need within development work for "institutional imagination". Admittedly he was talking about the need for increased attention to institutions for conflict mediation in the international arena, but the need is equally apparent throughout all levels of the field.

Lastly, turn to the third or the innermost level with which we should be concerned -- the immediate management context. It is here that the "tomorrow morning" tasks confronting any development manager are to be depicted.

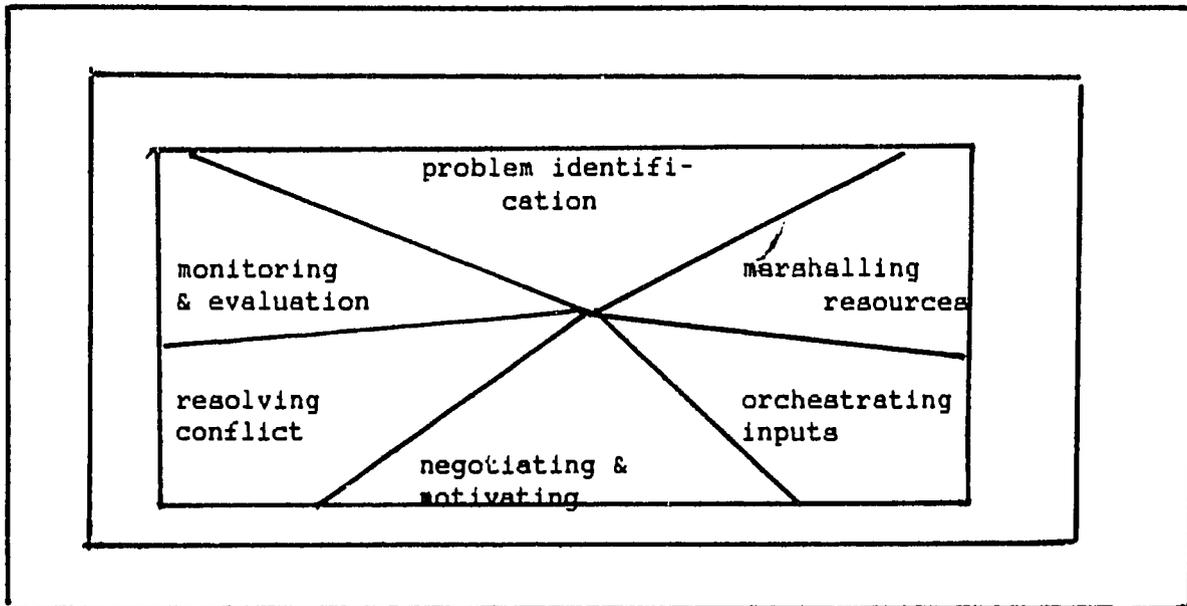


Diagram 5

Much of the material generated by the papers in this CDIE series is focused on this level. (See especially Honadle's paper). Many of the recommendations in the White paper are most applicable at this level.

The development manager starts with a problem solving focus, and thus begins by identifying the problem. Some of the most skillful trainers also begin by teaching people techniques for problem identification. Most of these techniques are implicitly or explicitly rooted in systems theory. (See, e.g. the Delp manual, Cotter's problem wheel). In the course of that problem identification, the development manager has to consider stakeholders, another theme throughout these papers. When considering stakeholders, the development manager cannot be content to "identify" them, but must construct strategies for negotiating with them, resolving conflicting positions and interests, and motivating their cooperation.

Among the most central of the tasks confronting the development manager is that of marshalling resources, and orchestrating their deployment in order to meet objectives. Resources are human, financial, and material; the marshalling of these factors require different kinds of negotiating skills, and often an exquisite sense of timing and sequencing. (No small part of the problem is that a sense of timing is also institutionally determined. The Western penchant for tight timing and careful schedules is not always widely honored or even admired in some cultures. Some Africans consider this rude and peremptory behavior, and, in truth, sometimes it is.)

In the Liberian case, the evaluation report tells us, the project goals were to develop the capacity of the Ministry of Agriculture to do sectoral assessment and to institutionalize planning so that the Ministry might better address traditional farmers production and marketing problems. They achieved the former, but not the latter. This finding is not surprising; institutionalizing a planning process is a more complex management problem, involving as it does coming to terms with the budgetary process, negotiating who will get what information from which other ministries, and then considering the information to be input by traditional farmers. The coordination of planning and budgeting is notoriously weak in most African governments, and Ministries of Agriculture are not in pivotal positions to address that problem. (MOAs have problems "at the top" and "at the bottom" -- at the top in accumulating influence and resources within the Cabinet, and at the bottom in having weak extension services with too little to extend.)

Thus it is that we have now completed a review of the interaction between

insistitutional development and development management at three different levels: policy, operation, and immediate context. In each instance there are many different kinds of interactions between organizations, insitutions and managerial behaviors and imperatives. When the institutional analysis is p done within the development management framework, projects and programs are more effective. This is not to argue that the state of the art is well established; quite the contrary, much remians to be done, both in terms of research and in terms of utilization of that research for the development management field is in its infancy.

### PART III: Operational Implications & Recommendations for the Future

Part I of this paper detailed the foundations of the development management field, and the concept of institutional development as a part of that field. Part II went on to detail the work of the development manager at three different levels with attention to the interactions between institutional development and development management. We will now turn, in Part III, the concluding section, to the operational implications which follow logically for donor assistance in development management work.

The major operational implication which follows from all that has been said is that there is a need for more countries and for donors to recognize this field, development management, and its characteristics -- its professionalism, its expertise, and its potential. There are many indications that research organizations within Asia, Africa, and Latin America are already at work on development management problems, and contributing to our understanding of this field. That too warrants more recognition from donors. Learning within this field is bi-directional, and much of the best work results from dialogue between North and South.

Three major implications follow from recognizing that there is a new field -- development management. First, there is a serious need for more research; secondly, there is a widespread need for staffing with development management professionals, thirdly, there is a compelling need for including management assessments as integral parts of the project and programming process. Note that each of these needs are as true for donor organizations as they are for host country governments with which donors are working.

### Need for Management Assessments

Development management assessments, or analyses, are needed as integral parts of the project or program lending process. Thus a management assessment is needed during project design, follow-up on that assessment is needed during implementation, and checking upon the status of that assessment is needed during evaluation. Beyond the approval stages, on-going assessments of what is happening to managerial capacities during project implementation must occur. Monitoring the work of the contractors should mean that at regular intervals some indicators are checked to see how this aspect of the project or program process is proceeding. And, finally, evaluation of progress made in improving development management capacity needs special attention during the regular evaluation process.

In part II above, it was noted that there are managerial and organizational differences between, for example, project lending and structural adjustment lending. The level of aggregation is different, the organizations through which one will work are different, and the leverage, impacts and consequences are likely to be different. Thus there can not be one single best method for management assessment which could be used interchangeably without reference to the level and scope of the lending program. There are, however, basic or rudimentary components which must be considered as constituent elements of any management assessment. The position taken here is that there are three components to a management assessment: (1) analysis of managerial capacities, (2) organizational analyses, and (3) institutional analyses.

One of the challenges confronting donors and host countries is where to

begin if and when decision makers become serious about management assessments. That challenge alone warrants much more attention, but that it must be done can no longer be doubted. Below are detailed some of the central questions which would begin the three part process of a management assessment.

### I. Managerial capacities:

What resources (human, financial, social) are at work within, e.g., the sector, program, or project area? What are the relationships between the human and the financial resources? How are the human resources organized, or informally organized, or not organized? What incentives function to reward performance? What management behaviors are observable, or discoverable? What leadership styles are exhibited? Of those exhibited, what results do they appear to elicit? What norms, values, rules, and procedures reward a learning, improving work style? What is thought of as "successful" behavior within this sector? What is the correlation between that which is reputed to be successful, and productive work, measured by consequences, outputs, results? What are typical managerial responses to conflicts among subordinates? What are some examples of effective managerial problem solving within this sector? How did it happen? Why? Who learned what from this experience? How is productivity rewarded? (compare qualitative data and quantitative data on productivity)

### II Organizational analyses:

What organizations are at work within the sector, program, or project? How are they using incentives? How are these organizations affecting one

another? What are the flows of information, resources, and influence between and among them? What kinds of resources do they have (financial, social, human)? What kinds of constituencies do they have? What incentives, if any, are there for coordination among these organizations? What is perceived and widely regarded as "success" and "productivity" within these organizations? How does the leadership within one organization appraise the productivity of the others in the same field?

### III Institutional analyses:

What institutions within the traditional system are already at work within the sector, program, or project area? What processes can be negotiated between existing institutions and organizations to encourage the growth of new and needed institutions? What incentives need to be in place to encourage this development? How are the existing institutions evolving? How are they interacting with one another? How effective have they been at solving problems in the past? Why? How does that inform what they could do in the future? Which kinds of institutions seem to be needed, but are not presently in place? What incentives within traditional institutions afford opportunities for recombining with change efforts to take on new tasks?

These are but the first cut at the kinds of questions that would have to go into a management assessment exercise. Much work remains to be done, however, if donors were to become committed to development management improvement strategies. Preferably a management assessment instrument should be designed by a high level team working closely with top leadership.

Efforts and interventions to enhance managerial capabilities to date have

too often been too narrowly conceived, with a heavy emphasis on training as the major strategy. Institutes of Public Administration within Africa are all too often irrelevant, technocratic, and burdened with old fashioned curricula about as exciting as instant somnolence. Management, without the modifier, development, often focuses on control rarely leavened by a commitment to social and economic change. Yet even when donors do have more innovative, state of the art material, there are real issues as to how that material can be wholesaled rather than retailed through yet again more training programs. And when African managers with real problem solving experience have ideas to share, there are too few channels for their communication. We are short of intermediary channels for disseminating state of the art papers, videos, exercises, and techniques. These issues warrant the focused attention of some kind of task force.

#### Need for Development Management Staffing

One of the most apparent implications of concluding that development management is a field is that professional expertise within that field is integral to improving management performance and hence project and program effectiveness. The all too frequent operational practice of assuming that anyone with some kind of savvy could hack away at the managerial and organizational prerequisites for a project is as flawed as would be, for example, an assumption that anyone could guess at the agricultural economics at work within a project, or program.

This appalling staffing problem within host country governments is equally true within missions, and within donor organizations in Washington. US AID

does not have anyone in AID/Washington who is designated as a development management specialist. The World Bank is further along, having instituted the institutional development section, and having public management specialists within regional programs. Yet upon occasion the formal training in organization theory, management science, or public administration, of men in those positions is limited. The hegemony of the economist reigns with little apparent indication of greater facility in fields for which they are not trained than, for example, of anthropologists to serve as doctors. It is interesting and revealing that private sector corporations do hire MBAs in striking preference to economists. Some public sector management has caught on to the greater salience of the MPA: development organizations must catch up with their own Development Management counterpart.

#### Need for Development Management Research

As this is a field in its infancy, much research remains to be done. Indeed, the field is research starved. And the result of this starvation is that when research suggestions are issued, they are puny, fragile, ill-structured. That situation is not going to be rectified quickly or soon, especially in the current environment given its hostility to development in general, and indifference towards development management in particular.

There is an additional issue here which warrants a word or two. The relationship between operations and research is always problematical. Operational people resent the resources devoted to research, especially if they cannot see its immediate utility to solving (usually) problems they confronted yesterday; research people resent the constant nagging of

operational people when they (researchers) usually "see" operational implications which warrant their use of the resources. Given that some basic economic research will always be essential in development organizations, getting shares of resources for development management research will far too frequently be relegated to the backseat. Thus the vicious circle is joined - the field is starved, thus it is not staffed, thus it is puny and weak, thus it cannot elbow its way to the table, thus it starves.

There are, however, some causes for hope. Some institutions within developing countries are underwriting their own research agendas (IIM, Ahmedabad, AIM, IESA) and some scholars and universities within so-called developed countries are reading their material. These efforts will go on, and as they do, more opportunities for collaborative work will be devised and constructed by those committed to development management inquiry. From time to time donor organizations might decide to tap into those sources; if they did so sooner, with more facility they could enhance development management capacity. But the point is, this field will grow with or without donor organization support. It is not equally clear, however, that donor effectiveness will improve while disregarding it.

There are some research areas which warrant mention while we are considering the agenda for research in development management. One of the areas is that of the relationships between cybernetic theory, cognitive theory and organizational learning and adaptation. How does learning take place within organizations? What are the flows of information within an organization which generate learning? What incentives, structures, processes appear to facilitate that learning and adaptation process? How do feedback loops work

in different kinds of organizational arrangements? How does information flow through different hierarchical structures? Research on related questions in the medical sciences is growing; long ago Simon, The Science of the Artificial pointed in this direction, Deutsch in The Nerves of Government hinted at possibilities, Mintzberg, The Structuring of Organizations approaches some of the issues, but little serious, rigorous work has been done pursuing these early beginnings. Blant, Organization Theory: An African Perspective introduces some of the possibilities of this kind of research within African organizations, but it is far from where we ought to be going.

A second arena for additional work comes in collecting more first hand in depth, sensitive, forthright accounts of how some of Africa's leading and effective administrators worked through their own immediate managerial, organizational problems. In other regions biographies and dairies provide us with some of the raw material for glimpsing behind the scenes to see how and what was done in different situations with resources at hand. There are few such dairies coming from, for example, permanent secretaries of ministries of finance or agriculture in Africa. Top flight in depth interviewing, undertaken over time would be an archival achievement -- even if the material had to be embargoed for a period of time as it is in many countries. Local universities could be enabled to begin its collection, rules for access could be negotiated, and both funders and multiple receivers could benefit from the generation of good first hand material.

A less ambitious, more do-able, and yet useful effort could be to have a select group working in on-going projects gather for a seminar on development management. This seminar (constituted of African administrators, AID

personnel, and contractors) would then meet for at least three sessions at six month intervals over a period of two or three years. The point would be to field test, as it were, the concepts and exercises assimilated in the initial seminar sessions. Journals would be kept, notes and experiences compared, and the problem solving learnings would be recorded. Preferably the participants would also be working with one another in between sessions. The preparatory work for the initial seminar would be rigorous and thorough; the debriefing and recording at the end would be done with an eye first towards analysis, and secondly, later dissemination.

In conclusion, improving development management capacities is one of the most important challenges of our times. The agrarian crisis in Africa has called attention to the serious need for more effective program development and implementation by African governments, African entrepreneurs, and African voluntary associations. It has also called into question the role and capacities of donor organizations in their work with African governments. We can anticipate that these issues will take on increased complexity given their new found prominence among foreign policy makers. Thus it is right and timely that we focus on improving development management capacities, and organize ourselves to get on with that challenge.

## APPENDICES

- DEFINITIONS

- BIBLIOGRAPHY

[FORTH COMING]

## Definitions

### Development Management

Bryant, C. Development management is the field lying at the intersection of economics, international relations, sociology, and organization and management theory. It is centrally concerned with the organizational and managerial requisites for the amelioration of poverty.

See, for example, Bryant and White, Managing Development in the Third World, Westview Press, Boulder, Colorado, 1982

Cotter, J. Development management is coping effectively and efficiently with the full range of project and program problems within an LDC context which includes:

1. Policy climate variables
2. Getting things done using formal organizations with differing levels of capability and commitment
3. Getting things done using informal organizations with differing levels of capability and commitment
4. Getting things done using individuals with differing levels of capability and commitment
5. Getting things done working with and/or through donor organizations with different policies, procedures, priorities, resources, constraints, timeframes, etc.

See memo from Cotter to Rosenthal, 7/16/85

Rosenthal, I. The concept of development management involves at least three levels of activity: (1) the management of socio-political and macro-economic policy that shapes national development goals and social orientation of developing countries, (2) the management of organizations and institutions through which managers use various operating systems and administrative procedures to achieve development goals, and (3) the management of specific natural and physical resources and technologies through which people and organizations attain economic and social goals.

As cited by Rondinelli, "No Easy Answers...", July, 1985

## Institution

Oxford English Dictionary, Institution: (1) The action of instituting, or establishing; setting on foot, or in operation. (2) The giving of form or order to a thing; orderly arrangement, regulation

Huntington, S., Institutions are stable, valued, recurring patterns of behavior.

See, Huntington, Political Order in Changing Society

North, D. Sets of rules, compliance procedures, and moral and ethical behavioral norms designed to constrain the behavior of individuals in the interest of maximizing the wealth and utility of principals.

Ostrom, E. Institutions are sets of rules that refer to prescriptions commonly known or used by a set of participants to order repetitive, interdependent relationships.

See Ostrom, E. "An Agenda for the Study of Institutions"

Ruttan, V. The rules of society or of organizations that facilitate coordination among people by helping them form expectations which each person can reasonably hold in dealing with others.

See Ruttan, "Technical and Institutional Change and Agricultural Development"

## Institutional Development

US AID Policy Paper, Seven activities are identified as integral

to institutional development: analysis and reform of the policy environment, consideration of organizational alternatives, development of institutional learning capacity, assisting institutions committed to technology transfer, strengthening institutional linkages, improving management systems and skills, enhancing participation in the development process.

## Organization

Oxford Dictionary, Organization: The action of organizing or condition of being organized as a living being; connexion and coordination of parts for vital functions or processes.

Lawrence and Lorsch, An organization is the coordination of different activities of individual contributors to carry out planned transactions with the environment.

See Lawrence and Lorsch, Developing Organizations: Diagnosis and Action  
Addison-Wesley, 1969

Schein, E. An organization is the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through the division of labor and function, and through a hierarchy of authority and responsibility.

See Schein, Organizational Psychology  
Prentice Hall, 1970