TECHNICAL WORKING PAPER

Preliminary Draft

ORGANIZATIONAL ANALYSIS

Prepared in support of:

The Malawi Railway Restructuring Project

Prepared by:

Abt Associates, Inc.

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Malawi Railway Restructuring Project

1 INTRODUCTION

1.1 Background

Further to a visit to Malawi Railways in April 1994 from a World Bank Project Appraisal Mission, which included representatives of USAID and the ODA, USAID provided funds for a team of consultants to undertake studies of various aspects of Malawi Railway's restructuring plans.

The restructuring involves the establishment of a new operating company from 1st April 1995, currently to be known as New Malawi Railways (NMR). NMR will take with it just those physical assets and employees that are regarded as essential to the operation of a commercial freight railway. The remainder (physical as well as human assets) will be left in Malawi Railways UK Ltd. (MR) which will eventually be wound up.

1.2 Scope of Work

This paper provides an organizational assessment of Malawi Railways and makes recommendations on structure, staffing, grading and compensation levels for New Malawi Railways.

1.3 Methodology

Discussions were held with managers of Malawi Railways, with managers in other industries in Malawi and with donor agencies. Documents relating to the current structure of the railway company and the staff compensation levels were examined in detail, along with plans and forecasts produced by Malawi Railways for its future operations.

1.4 Structure of Report

The report will commence by addressing the new organization structures that have been drawn up for New Malawi Railways and discuss the needs of a slimmed down, commercially orientated railway. This will be followed by a review of staffing needs in the context of agreements made with the World Bank Appraisal Mission in April 1994.

This will be followed by an assessment of the grading structure required by the smaller railway and some recommendations will be made regarding compensation levels for remaining staff.

2 *ORGANIZATIONAL STRUCTURE*

2.1 Current Organization

Malawi Railways has a traditional hierarchical organizational structure (see Exhibit 2-1) with a General Manager, a Deputy General Manager and four Assistant General Managers in high level functional roles (Engineering, Traffic, Finance and Personnel, plus one vacancy) controlling a departmental structure.

2.2 Proposed Organization Structure

In devising an organization suited to the NMR, the management of Malawi Railways has followed two main principles: "lean" and flat, and marketing-led. The railway will need a small and dynamic core management team which is able to keep close contact with daily events on the railway through a cohort of responsible and capable managers who are able to undertake most everyday tasks. The crucial principle of the contact between functional managers and the Senior Management Team must be that it is open and explicitly a two-way process.

MR has designed a new structure, producing organization charts for every department and every level. The Assistant General Manager structure has been taken out along with most senior and middle layers of management. The core of the structure is the Senior Management Team -- consisting of the General Manager, a Marketing Manager, a Finance Manager and an Infrastructure Manager (see Appendix A).

2.2.1 Senior Management

At senior management level this design has the benefit of separating marketing from operations and of giving the former the high profile that it will need in the early days of the new railway.

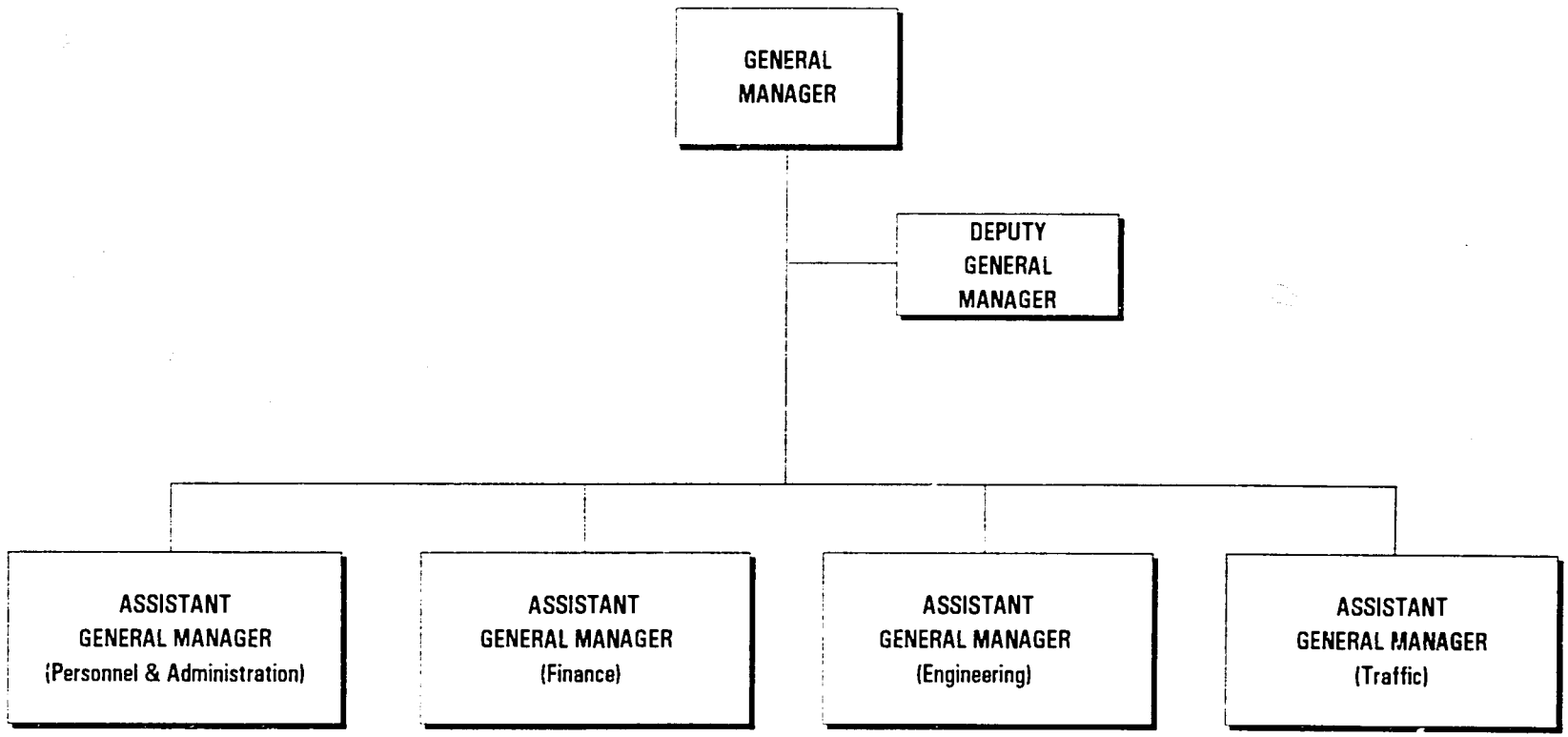
However, it creates a number of problems:

- the Infrastructure Manager has too many direct reports (about 9) across too wide a spectrum of disciplines (all engineering functions as well as all traffic activities) -- see Appendix B. In the Infrastructure Manager's absence the General Manager would be expected to assume direct responsibility for that same range of functions;

- by grouping traffic together with engineering under one manager, the opportunity is lost of creating an "internal customer" structure which is an effective way of providing the checks and balances within the system to ensure that the external client receives the service that is promised;

Exhibit 2-1

MALAWI RAILWAYS UK LTD.
CURRENT ORGANIZATION CHART



- Personnel, as a function, is downgraded at a time of major change for the organization, human resources and work practices.

It is therefore recommended that:

- the Senior Management Team be expanded by one to include a Traffic Manager. The Infrastructure Manager will then retain responsibility for all engineering functions;

- the member of the Senior Management Team with responsibility for finance be given direct responsibility for personnel and administration as well, with a job title of Finance, Personnel and Administration Manager.

Besides the immediate advantage of reducing the number of direct reports to a senior manager (see Exhibit 2-2), the latter recommendation has the advantage of establishing clear internal customer/supplier relationships which are characterized by means of implicit (or explicit) contracts:

- the Marketing Manager has responsibility for ascertaining the service required by the external client and for delivering that service to the client;

- the Marketing Manager is in turn the customer of the Traffic Manager who must supply the train service as specified;

- the Traffic Manager is the customer of the Infrastructure Manager who must ensure an adequate supply of properly maintained equipment and tracks.

This structure would establish accountability for provision of an efficient service and would facilitate rapid identification of problems. It is recommended that NMR actively seeks to establish these internal customer relationships. The process necessitates major changes in relationships inside the company and will require intensive training throughout.

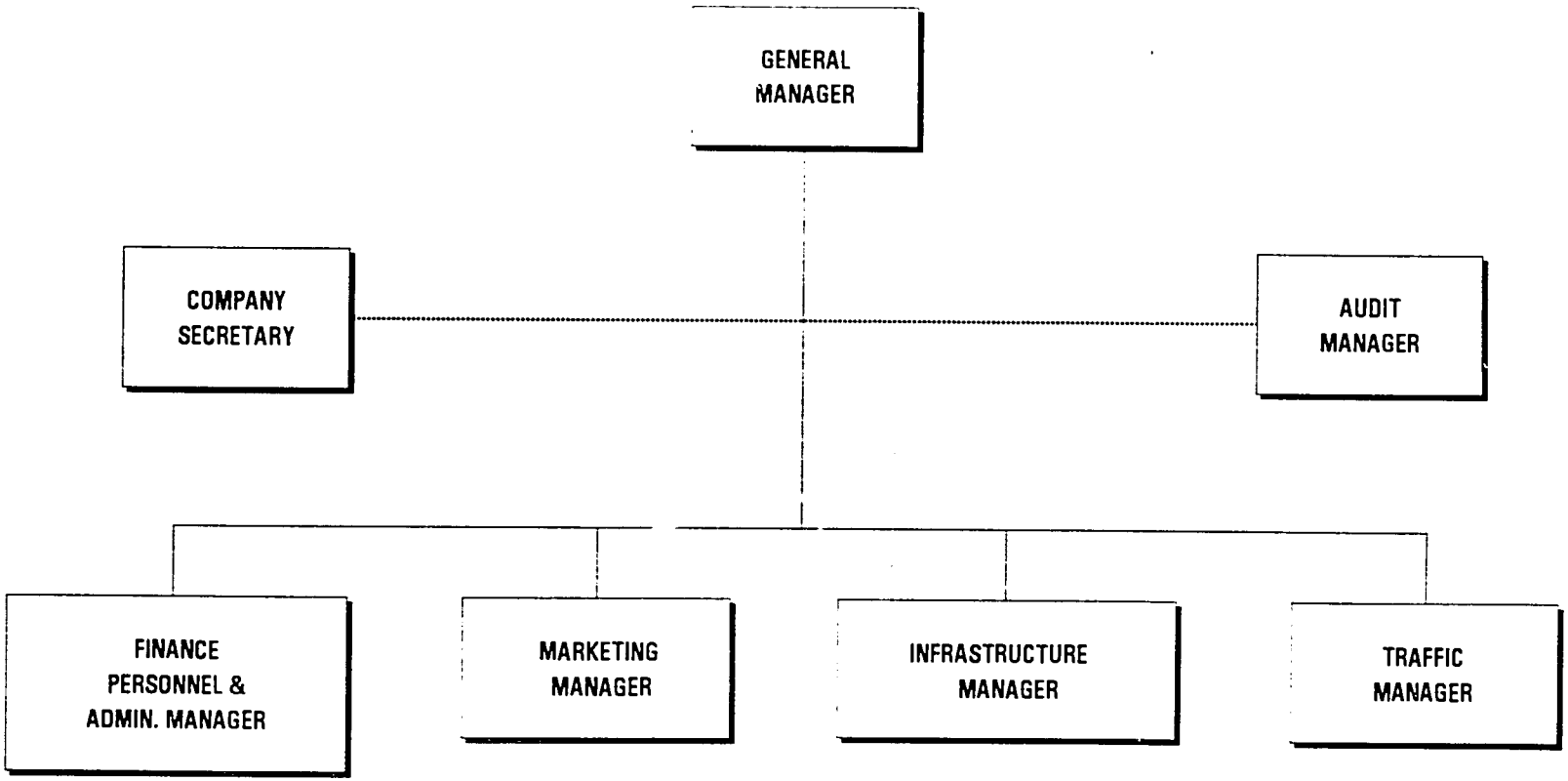
It is further recommended that, in the distribution of functions under senior managers, the Supplies function be located under the Infrastructure Manager rather than with the Personnel Manager as currently planned. Most critical supply ordering is done for the engineering departments and maintenance of stocks generally works more effectively when the manager who is most responsible for their use is also in charge of ordering them. The Infrastructure Manager should have enough authority to sign for large expenditures on stock items.

2.2.2 Middle Management

Below the senior management team, between one and three levels of management have been removed in the proposed organization. This is considered to be necessary to keep hierarchical

Exhibit 2-2

NEW MALAWI RAILWAYS LIMITED
DRAFT ORGANIZATION CHART
(Prepared by Consultant)



levels as well as staff numbers at an absolute minimum. It is considered to be adequate to keep the railway running effectively and, indeed, it is hoped that it will bring the Senior Management Team closer to day-to-day activities.

The resultant structural gap between the Senior Management Team and the functional managers gives rise, however, to some issues:

- a wide range of knowledge is going to be required at senior level in order for all functions to be properly managed (this is particularly so in Infrastructure);

- the senior managers will inevitably be, on the whole, removed from the day-to-day work situation;

- career paths for professional staff will be substantially reduced as, with few exceptions, there will be an unbridgeable gap between junior and senior management positions;

- the specific aim of clear two way communication rather than top down commands is jeopardized by the existence of this managerial gap.

The latter two problems are perhaps the most difficult to surmount. In a consultants' report from 1992 "poor career prospects and lack of job satisfaction" was highlighted as one of the causes of low morale in Malawi Railways. Lack of communication amongst managers and between managers and staff was highlighted in the same report as a serious operational problem.

It is to be hoped that, in a revitalized railway, job satisfaction will increase, but career prospects will be decidedly worse than they have been to date which will be a considerable disincentive. Examples of career blockages include:

- the abolition of the posts of Chief Civil Engineer and Chief Mechanical Engineer curtailing the career for a good engineer;

- the Internal Audit department, as an example of the "flat" organization, is to consist of one manager plus seven auditors all at the same level. There will be little incentive for auditors to take responsibility or act on their own initiative.

Such anomalies will mean that NMR may find it hard to attract and retain good professional staff who will be looking to the future as much as to present reward. Personnel policies will, for the first time, have to take account of the fact that the railway will begin to employ people who do not anticipate a lifetime career. The policies will have to be orientated towards supplying short-term satisfaction to people who are using the company as a stepping stone to better prospects elsewhere. Present rewards will have to be appropriately adjusted.

Attention will also have to be paid to methods of recruitment to the senior management team. If the proposed organization proves to be stable over time, there will be no obvious candidates to promote into the senior positions when they fall vacant. This will be particularly problematic in the positions of Operations Manager and Infrastructure Manager which will tend to require industry specific knowledge.

2.2.3 Communications

Communications in MR currently do not appear to be very effective. Rumors surrounding the restructuring exercise abound and there is little evidence of systematic attempts by management to keep staff properly informed.

In the new organization, communication will be essential to disseminate the new messages about commercial operation. It will also be essential to ensure smooth operation of the railway in a situation where the functional activities are not linked by departmental heads. Effective systems must be established before commencement of the new company.

3 *STAFFING LEVELS*

3.1 Overall Estimates

At the time of the World Bank's mission in April 1994, a target for total staff numbers of 858 was agreed with Malawi Railways (see Appendix C). Each department has subsequently assessed staffing requirements in the context of estimated traffic flows on NMR as a freight only railway. As a result of this assessment the estimated requirement for staff is 912. Should the Malawian government decide to retain a subsidized passenger service, the additional staffing requirement is assessed at 190.

Approximately 1,000 current staff will be redundant to the future needs of NMR and will remain to be retrenched by MR.

Estimates by department are in some cases lower and in some cases higher than the original figure agreed with the World Bank. The finance department, for example, has estimated a need for 34 staff against the World Bank's estimate of 39, while the Mechanical Engineering Department has increased the estimate from 200 to 227 and the Traffic Department has increased it from 75 to 111. A detailed independent assessment has not been undertaken but the following remarks can be made on the basis of information gathered.

3.2 Departmental Estimates[1]

3.2.1 Mechanical Engineering

In the Mechanical Engineering function staff numbers are high in relation to the amount of rolling stock to be maintained. However, few additional staff savings can be made without either the introduction of new equipment or the introduction of multi-skilling and flexible working, in particular for diesel mechanics and diesel electricians.

The concept of flexible working is not entirely new to the works as some South African technicians worked on some leased South African locos there using that method.

Given the relatively low workload, the introduction of multi-skilling is highly recommended. It is estimated that, as a result, 18 fewer staff could be used in the diesel workshop alone. Such an innovation could be used to make increased payments to staff which may help counteract some of the effect of the loss of career paths.

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[1] Details of departmental estimates are shown in Appendix D.

3.2.2 Civil Engineering

The permanent way function is reducing staff numbers by converting maintenance from the current mixture of 59 length (static) gangs and 5 flying gangs to a fully flying gang system. There will be between 10 and 13 gangs with 10 workers in each gang.

This creates an urgent need for new trolleys and for spares for the trolleys already owned, as each flying gang needs its own trolley. The 6 trolleys that came from a donor approximately 3 years ago lack spare parts and cannot be kept operational.

Ideally the length gangs who live scattered along the track would move into depots, but this would create housing problems. It is proposed instead that the trolleys travel along the track picking up workers. This will reduce the effectiveness of the new system.

It has been possible to make additional staff reductions as a result of a decision to employ temporary workers on a seasonal basis (for weed cutting, for example). The works function will similarly use temporary workers for any peaks of activity.

The number of staff proposed for the civil engineering area seems appropriate for the conditions on NMR.

3.2.3 Traffic

The proposed number of traffic staff is high for the number of trains that are anticipated. Some reductions could be made.

The number of drivers in particular seems to be excessive. All cabs are single manned and there will normally (in the absence of through running to Nacala) not be more than 5 locos running, with 3 locos as spare. 14 mainline drivers have been proposed. A maximum of 8 should be adequate along with 8 driver trainees (guards) instead of the 14 proposed.

There are, additionally, 8 shunter drivers included in the proposal. As they are based at 5 different locations it may be difficult to reduce that number. However, further reductions may be possible if flexibility between mainline and shunting rosters can be achieved. In negotiating such flexibility (if it proves feasible) the opportunity would present itself to offer additional incentive payments to staff.

In the short term, while the UNHCR is using the railway to transport refugees back into Mozambique across Malawi's southern border, an additional 2 drivers may be required at Limbe if the frequency of the special trains so warrants.

In the long term, if sponsored block trains eventually run to Nacala using Malawian crews throughout, the numbers of drivers currently proposed by MR would be more realistic as relief

crews will have to be outbased in Mozambique and rostering will require absence from base for a few days at a time. In this case a maximum of 12 drivers and 12 guards would be sufficient.

3.2.4 Signals & Telecommunications

There are currently 72 S&T staff looking after an Electric Token Block signalling system plus all telephone and radio communication along the track and at headquarter buildings. Before the recent retrenchment exercise there were 92 S&T staff.

The World Bank mission proposed a total of 10 staff for the S&T function in NMR. The figures proposed by the S&T Engineer have raised this to 12.

This is considered by the consultant to be taking a high risk on service reliability. Staff would be located singly and widely spaced out (at 80 - 100 km intervals). Road links between rail locations are often not of the best quality. The responsible technicians will be up to 100 kms from a fault, or up to 200 kms away if one technician is unavailable for any reason. There is no apparent built-in allowance for leave periods or even for rest periods, unless alternate locations assume responsibilities.

Any serious fault in signalling or communications equipment could lead to delays in the train service of several hours while the responsible technician arrives on site. One of the principle requirements of NMR is to be able to provide its clients with a reliable train service -- the lack of which is one of the main reasons quoted for non-use of rail at present. Recent fault statistics must be analyzed to assess exactly what the effect of such a skeleton staff might be on the train service.

Experience of railways in similar circumstances to those that will pertain for NMR leads the consultant to recommend that a minimum of 20 and a maximum of 30 staff be employed in the S&T function, depending on the results of the analysis of fault statistics and on the immediate investment plans for signalling and communications equipment.

3.2.5 Passenger Service

The present project is not concerned with a passenger service. At this stage it is assumed that NMR will be a freight only railway. However, it is possible that the government may require some passenger services to be run and MR have produced related staffing figures (see Appendix E), on which a brief comment seems appropriate.

MR have suggested that 190 additional staff will be required across all departments -- including HQ -- in order to operate a minimal passenger service. There seems to be no justification for such a large increase in staff for what will be a very small service. The following points stand out:

- the administrative staff allowed for in the core railway should be able to deal adequately with the additional workload, with rare exceptions, reducing the figure by 21;

- the CME estimates a need for 50 people for the maintenance of coaches. While coach maintenance will be an intensive activity as the coaches are very old, a staff of 20 is considered to be sufficient;

- a need for an additional 5 drivers and 5 guards is assumed. On the whole passenger coaches will be added to existing freight trains requiring no additional crew. The only addition will be for the south line from Limbe to Nsanje where a maximum of 2 additional drivers and guards may be required, already accounted for by the UNHCR service as indicated above in section 3.2.2.

With similar savings to be made elsewhere in the proposals a maximum of 100 additional staff should be adequate to operate a retained passenger service.

3.3 Recommendations

Each department in MR has made great efforts to reduce staffing to a minimum for NMR and proposals have been produced with which, on the whole, managers feel they can work. It is therefore recommended that the proposals be implemented subject to revision after the first year of operation (which may reveal gaps in cover for sickness, leave etc.) and subject to the recommendations made above and summarized below.

3.3.1 The introduction of multi-skilling and flexible working in the mechanical engineering function. This will require a special training effort.

3.3.2 A reduction in the number of drivers and guards and an examination of the possibility of introducing overlap between mainline drivers' and shunters' rosters.

3.3.3 A realistic analysis of the reliability risk associated with the drastic reduction in S&T staff, with a view to an increase in numbers.

4 COMPENSATION PACKAGE

New Malawi Railways will be incorporated as an independent company and freed from direct government control over employment policies. It can, therefore, and must offer a compensation package that is able to attract and retain good staff and managers who are able to take the company into a new era and turn it into a successful and profitable operation.

The compensation package must be enough to motivate staff who have experienced a long period of disruption and uncertainty and to compensate them for taking on the additional workload created by the loss of three quarters of the original employees (coupled, hopefully, with an increase in traffic).

4.1 Salaries

4.1.1 Senior Management Team

The current maximum annual salary that can be paid to a Malawian General Manager in MR is MKw60264 (US$8,370). This is approximately half the minimum salary that is paid to a General Manager in a profitable state enterprise (there are various categories of state enterprise) and a third of what is paid in large private industries.

In MR the view of senior managers is that they should be employed on a contract basis in order to receive an appropriate salary: a Chief Accountant was recently employed on contract as it was the only way of attracting someone with the necessary ability. However, this is not a desirable long-term solution and will not be necessary in future, given the freedom from government control over salary policy.

NMR will be a relatively small company but it will need very capable and dedicated staff. The following annual salary ranges are considered appropriate for the senior managers based on exchange rates current in July 1994.

	Min.	Max.
General Manager (M1)	MKw120,000 US$ 16,660	160,000 22,220
Senior Managers (M2) (Marketing, Finance, Traffic, Infrastructure)	MKw 85,000 US$ 11,800	120,000 16,660
Senior Managers (M3)	MKw 75,000 US$ 10,420	100,000 13,890

4.1.2 Middle Managers

As far as salary progression is concerned, the proposed organization structure presents a problem as structurally there is a large gap between the Senior Management Team and the next level of functional managers. At present, managers at that level (Senior Engineers etc.) receive in the region of MKw40,000 (US$5,550). Functional managers should in future be paid between MKw52,000 and 80,000 (US$7,220 and 11,110):

Grade	Min.	Max.
S1/S2	MKw 65,000	80,000
	US$ 9,030	11,110
S3	MKw 52,000	70,000
	US$ 7,220	9,720

These salaries are indicative only as proposals are made below for changes in the grading structure.

4.1.3 Salary Progression

Progression through the salary ranges at present is by set annual increments. There is a performance related pay scheme and if an individual's performance is deemed not to be good, the increment can be withheld (and reviewed again after 6 months). If performance is deemed to be excellent, two increments can be given. No clear picture emerged on the extent to which this system is operating.

In future, managers at all levels should be given targets against which their performance is measured. Training will be required in the implementation of target based performance assessment.

The current incremental system of rewarding performance is a straightforward system that is easily understood and therefore may have a direct motivational effect, unlike more complex systems.

4.2 Non-Salary Benefits

4.2.1 Pension

A new pension scheme has to be set up by NMR. A guaranteed benefits scheme would be the most secure for staff. Membership should be compulsory for all employees after a 6 month probation period, contributions being made by both employee and employer.

The employee's contribution should be in the range of 5% of basic salary and that of the employer 10%. After 20 years of service, the pension should target a pay out of 40% of salary rising to 70% after 35 years of service. Precise details need to be developed.

4.2.2 Housing Benefit

A new scheme to assist employees to purchase a house is to be established. However, assistance with housing costs should remain in force for those employees who remain in rented accommodation, as it would be a significant loss if this was removed.

4.2.3 Other Benefits

A variety of additional benefits are available to MR employees and are detailed in the Conditions of Service book which, for state enterprises, is controlled by the government. NMR will have freedom to move away from the precise conditions recommended by the government and MR managers are in a position to decide if any of the benefits are anachronistic or inappropriate. Attempts should be made to "buy out" such benefits as part of the package offered to staff going into NMR.

If required, some assistance should be given to NMR for a complete rewrite of the Conditions of Service book.

In the meantime it is clear that there are certain benefits that must be retained. These include:

- health care for employees and their dependents. Until such time as general health care in Malawi improves, this service should be continued: it is as much to the benefit of MR in reduction of sick leave as it is to the employee;

- free rail travel for employees and retired staff and their dependents, assuming passenger services are retained.

A provision should additionally be made for company cars for the members of the Senior Management Team.

4.3 Incentives

NMR will need to offer incentives over and above salary to staff in order to motivate them and in order to both attract and retain good quality staff. Existing staff will be expected to accept very different ways of working as well as an increased workload. At the same time, for junior and middle managers the clear career path that has existed up to now is to disappear once a certain level has been reached. In addition, the perception of "life-time" employment will diminish or be absent.

A number of incentive schemes may be developed as revised conditions are negotiated. The following may also be used to generally increase motivation and commitment.

4.3.1 Bonus payments

Additional reward can be paid on a team or functional basis as a bonus, based on profit levels and adjusted dependent on the extent to which the department as a whole meets its targets. This would involve a certain percentage of the profit being set aside and paid out as a one-off payment to all staff down to current grade S7, adjusted up or down around the median by a small amount depending on the department's performance. Alternatively, key individuals could be eligible for bonuses, which would be paid on the basis of achieving the individual's performance goals and the overall profitability of the railway. These and other types of bonus schemes should be considered for NMR.

4.3.2 Employees Share Ownership Plan (ESOP)

This is an option that has potential, in the right circumstances, to encourage staff to be committed to work as a team to achieve the goals of the organization. Share ownership can be extended to a wide range of current (and former) employees. Current employees (that is, of NMR) would be motivated to enhance their performance at the railway in order to maximize share value. Shares could also be given to redundant staff as part of severance payment. This would provide them with incentive to see that NMR performs well, is not "sabotaged" by out-going staff, and does not bear extraordinarily high costs due to the redundancy program. Some donor assistance may be required to design the program and underwrite the initial value of the shares.

4.3.3 Training

Training opportunities are currently limited in Malawi. In the long term, NMR could work towards establishing itself as company renowned for the excellence of its training programs and the opportunities given for professional development. This should ensure that job seekers with high potential apply.

While the company may have to bear the loss of training costs when some trained staff move on elsewhere, the provision of such training opportunities will create strong commitment to NMR.

Relationships with local technical schools should be developed with a view to creation of specially tailored courses.

5 *GRADING STRUCTURE*

There appears to be some confusion in MR about the distinction between "grades" and "job titles". A number of managers talked of the problems caused by the "hundreds of grades". But in fact MR has a relatively straightforward grading system consisting of 22 different grades.

Each grade relates to a wide variety of jobs, each with its own job title, but this is unavoidable in a complex organization like a railway: a secretary, for example, is bound to have a different job title than a craft worker in the workshop; equally a diesel fitter will have a different title than a carpenter although they may be on the same grade.

Functional managers may be able to rationalize job titles to some extent, but the grading system itself should not cause any administrative problems. However, it does lend itself to some simplification.

The 22 grades in MR are split into 5 sections:

W3 - W1
T2 - T1
SC3 - SC1
S11 - S1
M3 - M1

The "W" grades are wages staff, all other grades are salaried; S8 - 11, SC2 - 3 and T1 - 2 are considered junior posts; S1 - 7 and SC1 are senior positions. "M" grades are senior managers.

It is recommended that the grades be harmonized and that the number of grades be reduced to 15 and combined into 2 sections to give a simplified structure:

P12 - P1
M3 - M1

The W, T, SC and S sections should be merged into the new P section. The distinction between salaried and non-salaried (waged) staff should be eliminated: all should have salaried status.

Three senior management grades (M) are retained, despite the new organization requiring only two, in order to give flexibility which may well be required in the future.

The new salary ranges will be wider and will overlap more than the old ones. There should be between 5 and 7 incremental steps in each salary range.

Salaries must be generally revised upwards commensurate with those salaries indicated above for management. Even at the lowest end of the earnings scale NMR salaries should be 12% - 15% higher in order to compete with private industry.

6 *IMPLEMENTATION OF NEW STRUCTURES AND CONDITIONS*

6.1 Appointment of Senior Staff

Recruitment and selection procedures should be implemented forthwith for the General Manager and the Senior Management Team. There is a lot of uncertainty at the moment throughout the railway and, coupled with that, many decisions about the future have to be made and the Senior Management Team should be in place to make and take responsibility for those decisions.

It is the intention that ex-patriates no longer be used in line managers' positions so some effort may have to be put into ensuring a supply of local candidates.

The General Manager's post should immediately be advertised as widely as possible in Malawi and known possible candidates, inside MR and outside, should be approached. The selection panel must be identified and should contain representatives of MR and of government. It may be considered desirable to have a senior management representative from private industry on the panel as well.

The new General Manager should have the opportunity of spending at least 3 months in tandem with the current General Manager before the latter leaves in February 1995.

6.2 Technical Assistance

Implementation of a change of the nature of the move from MR into NMR -- including the question of the fate of the residual MR -- will require some outside assistance to facilitate.

6.2.1 Change Management Expert

The process of change that is required in NMR will be lengthy and will affect all parts of the new company. A huge training effort is required which will involve all members of staff in the changing of attitudes, working methods and in the adoption of the goals of the new organization. The change must be initiated from the top of the company and the Change Management Expert should start work with the newly appointed Senior Management Team in January 1995.

A total of 4 months work should be involved split into 4 or 5 separate visits of up to one month each time over the first 18 months of operation of NMR.

6.2.2 Grading / Compensation Structures

MR have drawn up Terms of Reference for assistance with these structures. If it is still felt that these issues cannot be developed using MR's own resources, Technical Assistance of up to 3 weeks should be considered to define the grade rationalization, the placing of jobs within precise grades and a detailed compensation package. Consideration can also be given to including a rewrite of the Conditions of Service book.

7 *SUMMARY OF RECOMMENDATIONS*

A summary of key recommendations made in the various sections of the report above is as follows:

7.1 Organization

- Senior Management team expanded to 5, with addition of Traffic Manager.
- Finance Manager to become Finance, Personnel and Administration Manager.
- Infrastructure Manager to have responsibility for Supplies function.

7.2 Communications

- Clear two way communication systems to be established between managers and between managers and staff.

7.3 Staffing issues

- Develop multi-skilling / flexible working practices.
  - Requires Technical Assistance for job design and development of training program.
- Purchase of civil engineers' trolleys to optimize staff reductions.
  - Requires donor assistance.
- Reassess numbers of mainline drivers and guards required.
- Examine possibility of flexibility between mainline drivers' and shunters' rosters.
- Reassess numbers of S&T staff required after analysis of fault statistics.
- Subject to above, implement MR's staffing proposals as they stand.

7.4 Compensation Package

- General increase in salary levels.
- Retain incremental steps in salary bands.
- Introduce targets for performance measurement.
  - Requires training assistance.
- Establish contributory guaranteed benefits pension scheme.
- Consider rewriting of Conditions of Service book or dispense with anachronistic benefits.
  - May require Technical Assistance.
- Introduce incentive schemes.

7.5 Grading Structure

- Harmonize and rationalize grading system.
  - May require Technical Assistance.

7.6 Recruitment of General Manager and Senior Management Team

- To be Malawians and to be recruited as soon as possible.

7.7 Change Management

- Undertake comprehensive Management of Change program.
  - Requires Technical Assistance.

Summary of Technical Assistance Requirements

- Change Management Expert — 4 x 1 months
  - process management
  - training
- Human Resource Expert — 3 - 4 weeks
  - grading structure including allocation of jobs to grades
  - salary scales
  - Conditions of Service

Summary of Training Requirements

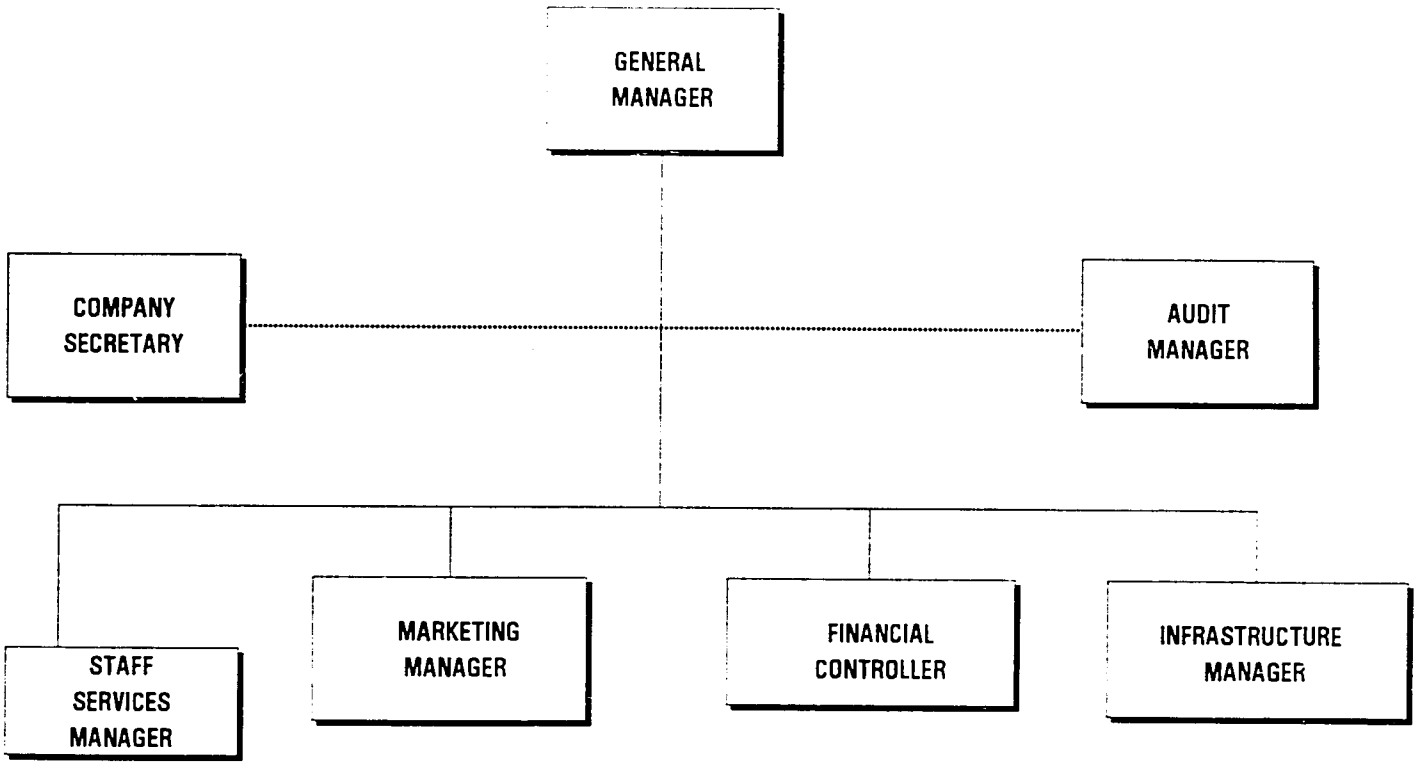
- Multi-skilling — 2 months + 3 x 1 month
- Target related performance management — 2 x 1 months

APPENDIX A

NEW MALAWI RAILWAYS LIMITED
DRAFT ORGANIZATION CHART

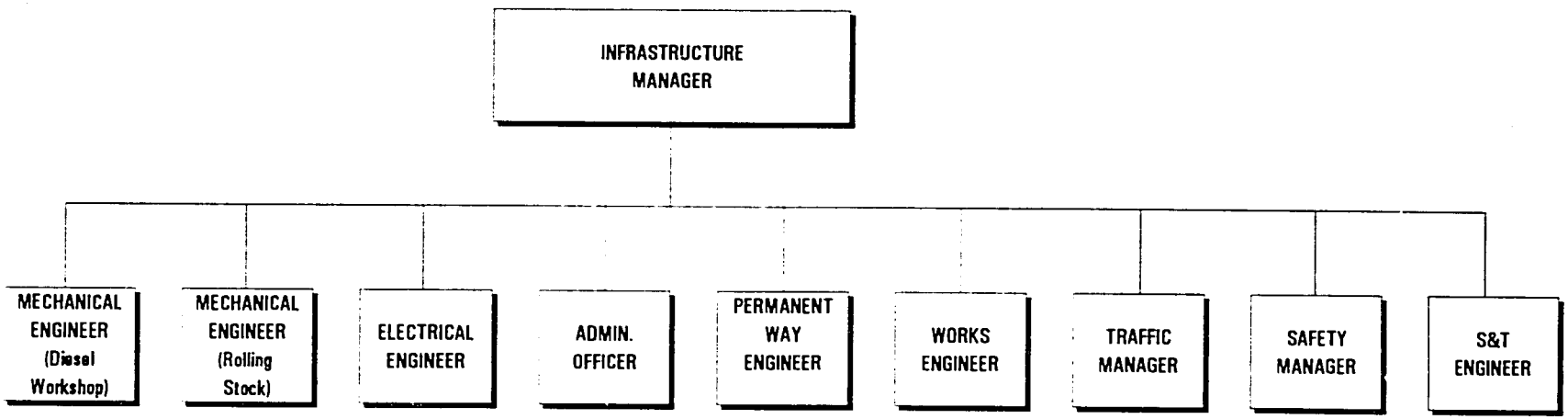
Senior Level

(Prepared by Malawi Railways)



APPENDIX B

NEW MALAWI RAILWAYS
DRAFT ORGANIZATION CHART
INFRASTRUCTURE



APPENDIX C

MALAWI RAILWAYS REVISED "DOOMWATCH" STAFFING

(As agreed at World Bank Mission, April 1994)

	ACTUAL YEAR 1995/97	ACTUAL STAFF
1.	General Manager Supplies Administration and Audit	48
2.	Security (Specialized-Railway makes the assumption that general security passes to Police or through hired security Agents)	60
3.	Finance	39
4.	Traffic/Marketing	75
5.	CCE	346
6.	CME	200
7.	STE	10
8.	Personnel, Medical and Training	60
9.	Contingency	20
TOTAL		**858**

APPENDIX D

MECHANICAL ENGINEERING FUNCTION ESTABLISHMENT

	GRADE	NO.
MECHANICAL/ELECTRICAL ENGINEERING		
Senior Administrative Officer	S6	1
Administrative Assistant	S8	1
Graduate Engineer	S7	1
Senior Clerk	S9	1
Secretary	SC2	1
Copy Typist	T1/T2	1
Clerk	S10	2
Junior Clerk	W1	1
Messenger Senior	W1	1
		10
SENIOR ELECTRICAL ENGINEER		
Senior Electrical Engineer (P&MP)	S3	1
Assistant Electrical Engineer	S4	1
Technical Assistant (E&E)	S6	1
Clerk	S10	1
		4
SENIOR MECHANICAL ENGINEER (RS)		
Senior Mech. Engineer (Works)	S3	1
Assistant Mechanical Engineer (P)	S4	1
Assistant Mechanical Engineer (RS)	S4	1
Tech. Assist. (Rolling Stock)	S6	1
		4
MOTIVE POWER BRANCH (DIESEL WORKSHOP)		
Senior Mechanical Engineer (MP)	S3	1
Assistant Mechanical Engineer (MP)	S4	1
Technical Assistant (MP)	S6	1
Diesel Foreman (Mainline)	S7	1
Diesel Foreman (Shunting)	S7	1
Diesel Foreman (Trollies)	S7	1
Electrical Foreman (Diesel)	S7	1
Diesel Loc. Tech. (Mech.)	S8	10
Diesel Loc. Tech. (Elec.)	S8	9

Diesel Mechanic (S9)		S9	3
Diesel Mechanic (S11)		S11	3
Diesel Mechanical (W1)		W1	1
Diesel Electrician (S9)		S9	3
Diesel Electrician (S11)		S11	1
Diesel Electrician (W1)		W1	2
Instrument Repairer	S8		
Welder		W1-S9	1
Diesel Mechanic Mate		W1	3
Diesel Electrician Mate		W1	2
Driver Crane (Overhead)		W1	2
Junior Storeman (Tools)		S10	1
Sanitaryman		W3	2
Steam Cleaner Operator		W2	2
Workman General		W3	4
Clerk		S10	2
Messenger		W3	1
			60

C&W DEPOT

Foreman	S7	1
Truck Fitters	S8	1
	S9	3
	S11	3
	W1	1
Clerks	S10	1
Workman Spl.	Spl.	3
Workman	Gen.	2
		15

C&W INSPECTION

C&W Inspector	S7	1
Sen. C&W Examiner	S9	3
Truck Fitters	S8	1
	S9	1
	S11	2
	W1	2
Junior Clerk	S10	1
Workman Special	W2	3
Workman General	W3	2
		16

CARRIAGE SHOP

Foreman		S7	1
Junior Clerk		S10	1
Coach Builder		S8	2
		S9	2
		S11	1
		S9	1
		S11	1
		S9	1
Painter		S9	1
		S11	2
		S9	1
		S11	1
Workman Spl.		W2	1
Sanitaryman		(W/3)	1
			17

WAGON SHOP

Foreman		S7	1
Junior Clerk		S10	1
Truck Fitters		S8	2
		S9	3
		S11	1
		W1	1
Painters		S11	3
Platers		S8	1
		S9	1
Welder		S9	1
		S11	2
Riveter		S9	2
		S11	1
Holder Up		W1	3
Workman Special		W2	4
Workman General		W3	3
Sand Blaster	W1		2
			32

MACHINE SHOP

Foreman	S7	1
Turner	S8	3
	S9	2
	S11	1
Machinist Metal	S8	1

	S9	1
Workman Special	W2	1
		10

WHEEL SHOP

Wheel Tyreman	S9	1
	S11	1
Turner	S8	1
	S9	1
	S11	1
Workman Special	W2	1
		6

FOUNDRY SHOP

Foreman	S7	1
Moulders	S8	1
	S9	2
	S11	1
Fettler	W2	1
Furnaceman	W1	1
Machine Moulder	W2	1
		8

STRUCTURAL SHOP

Foreman	S7	1
Junior Clerk	S10	1
Fitter General	S8	1
	S9	1
	S11	1
Welder	S8	1
	S9	1
	S11	1
Plater	S9	1
Metal Machinist	S9	1
Profile Cutter	S11	1
Tinsmith	W1	1
Workman Special	W2	2
Workman General	W3	1
		15

MILLWRIGHT SHOP

Foreman	S7	1

Diesel Fitter	S8	1
	S9	1
Millwright	S8	1
	S9	2
	S11	1
Pump Fitter	S8	1
	S9	1
Junior Clerk	S10	1
Compressor Operator	W2	1
		11

BLACKSMITH SHOP

Foreman		1
Blacksmith	S9	2
	W1	2
Fire Attendant	W2	1
Mach/Plant Operator	W1	1
Striker	W2	2
		9

ELECTRICAL SHOP

Foreman	S7	1
Electrician	S8	3
	S9	2
	S11	1
Workman Special	W2	2
		9

TOTAL		226

CIVIL ENGINEERING FUNCTION ESTABLISHMENT

	GRADE	NO.
PERMANENT WAY		
Center		
Chief Permanent Way Inspector	S6	1
Permanent Way Inspector	S7	4
Platelayer	S9	5
Trolley Driver	S10	5
Trolleyman	W1	5
Lengthman	W1	90
Keyman	S11	10
Carpenter	S9	2
Burner	S9	2
Workman	W2	13
Clerk	S10	1
Painter	S9	2
Storekeeper	S10	1
		141
North		
Chief Permanent Way Inspector	S6	1
Permanent Way Inspector	S7	3
Platelayer	S9	4
Trolley Driver	S10	4
Trolleyman	W1	4
Lengthman	W1	60
Keyman	S11	8
Carpenter	S9	1
Burner	S9	1
Workman	W2	9
Clerk	S10	1
		96
West		
Permanent Way Inspector	S7	1
Platelayer	S9	1
Trolley Driver	S10	1
Trolleyman	W1	1

Lengthman		W1	10
Keyman		S11	2
			16

South

Permanent Way Inspector	S7		2
Platelayer		S9	2
Trolley Driver		S10	2
Trolleyman		W1	2
Lengthman		W1	20
Keyman		S11	4
			32

WORKS

A/C 774

Messenger	W1	1
Bridge Inspector	S6	1
Inspector of Works	S6	1
Technical Officer	S5	1
Health Inspector	S7	1
Sanitaryman	S11	10
Clerk	S9	1
Blacksmith	S9	2
Carpenter	S9	9
Painter	S9	8
Plumber	S9	4
Tinsmith	S9	2
Bricklayer	S9	9
Storekeeper	S10	1
Workman Special	W1	6
Workman General	W2	5
Building Foreman	W7	6
		68

A/C 779

Sanitaryman	S11	3
Carpenter	S9	2
Painter	S9	2
Plumber	S9	1
Bricklayer	S9	2
Building Foreman	S7	1
		11

HEADQUARTERS

Minor Workshop

Earthworks Foreman		S7	1
Mechanic		S9	1
Plant Operator		S9	2
Welder		S9	1
Blacksmith		S9	1
General Fitter		S9	1
Painter		S9	1
Workman Special		W1	2
Plant Attendant		W1	2
			12

Works Engineer and Drawing Office

Works Engineer		S3	1
Technical Officer		S5	1
Graduate Engineer		S7	1
Assistant Civil Engineer		S6	1
Senior Surveyor		S6	1
Surveyor/Draughtsman		S9	1
Draughtsman	S9		1
Chairman		S11	2
			9

Permanent Way Engineer

Permanent Way Engineer			1
Secretary			1
Assistant Civil Engineer		S6	1
Technical Officer		S5	1
Graduate Engineer		S7	1
			5

Administration

Senior Administration Officer		S6	1
Accounts Assistant		S7	2
Senior Messenger		W3	1
Senior Clerk		S8	1
Clerk		S10	1
Copy Typist		T1	1
General Messenger	W2		1
			8

Functional Totals		397
Lilongwe-Mchinji Totals		16
Limbe-Border Totals	37	
Core Railways Totals		344

TRAFFIC FUNCTION ESTABLISHMENT

STATION	TRAFFIC INSPECTOR	LOCOMOTIVE INSPECTOR	DRIVERS MAIN LINE	DRIVERS TRAINEE (Guards)	DRIVERS SHUNTING	SM/ASM TW/ACC	POINTSMEN	COOKS AGENTS	SM/ASM ACCOUNT	WORKMEN SPL MESSENGERS	COOKS	TOTAL NO. OF STAFF PER STATION
Kanengo	-	-	-	-	2		2	1	-	1	-	8
Salima	-	-	-	-	-	2	-	-	-	1	-	2
Chipoka	-	-	-	-	1	1	-	-	-	1	-	3
Sharple Vale	-	-	-	-	-	1	-	-	-	1	-	2
Balaka	-	1	3	3	-	1	1	-	-	1	-	11
Nkaya	-	-	-	-	-	2	-	-	-	1	-	2
Limonde	-	-	-	-	-	1	-	-	-	1	-	2
Nayuchi	-	-	-	-	-	1	1	-	-	1	-	5
Namatunu	-	-	-	-	-	3	-	-	-	1	-	2
Blantyre	-	-	-	-	-	1	-	-	-	1	-	3
Ndirande	-	-	-	-	-	2	-	-	-	-	-	1
Chichiri	-	-	-	-	1	1	-	-	-	-	-	2
Mudi	-	-	3	3	-	1	4	-	1	1	-	15
Limbe (Loco Shed)	-	-	-	-	1	3 -	-	-	-	-	-	1
Limbe (For Namatunu)	-	1	1	-	-	-	-	-	-	-	-	2
Limbe	1	2 (Line & Running)	2	2	3	3	4	-	2	3	-	22
Limbe (Limbe/Nacala)	-	5	5	-	-	-	-	-	-	-	3	13
TOTALS	1	3	14	14	8	23	12	1	3	14	3	96
+ Head Office												15
												TOTAL 111

APPENDIX E

PASSENGER SERVICE : ADDITIONAL STAFF REQUIREMENT

CME	50
PERMANENT WAY	32
WORKS (CIVIL)	5
SECURITY MEN	20
COACH CLEANERS	6
WORKMEN	3
ADMINISTRATION	5
TELECOMMUNICATIONS	2
INTERNAL AUDIT	2
CHECKERS	11
STATION MASTERS	9
TICKET EXAMINERS (TE)	11
BOOKING CLERKS	5
DRIVERS	5
GUARDS	5
REST HOUSE ATTENDANTS	2
ACCOUNTING	7
PERSONNEL STAFF ADMIN.	7
TOTAL	**190**

APPENDIX F

CONTACT LIST

Malawi Railways

Mr.	Chenjerani	Chief Mechanical Engineer
L.B.	Kamanga	Personnel Manager
G.	Kavenge	Chief Civil Engineer
M.	Kuntiya	Chief S&T Engineer
E.	Limbe	Deputy General Manager
F.	Markham	General Manager
O.	Mkandawire	Asst. General Manager, Personnel & Administration
Mr.	Ndanya	Chief Accountant
H.	Tindwa	Asst. General Manager, Traffic

Donors

W.	Brands	USAID
Y.	Kedia	World Bank
T.	Lofgren	USAID
M.	Ndlane	USAID
C.	Rozelle	USAID
S.	Scott	USAID

Industry

Discussions were held with representatives of various state owned and privately owned industries.