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Managing a Rural Development Enterprise--
Query: How To Train for the Job[1]

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Introduction

Throughout the world, policy and financial support directed toward the rural sector is shifting emphasis from purely agricultural to what is generally designated as "integrated rural development." To quote from an informal memorandum on "Human Resource Training for Rural Development in Latin American Countries," prepared for discussion within the Interamerican Development Bank:

> "In recent years, both Latin American governments and aid agencies have become increasingly interested in the multi-dimensional, integrated type of rural investment projects. Such projects, generally designated as "integral rural development" or simply rural development (R.D.) differ in a number of respects from the usual type of agricultural projects. The latter have typically focused on a single aspect, (i.e., credit, irrigation, crop technology) while R.D. projects tend to be more complex or ("systemic") and attempt to cover simultaneously a number of aspects. Furthermore, R.D. deals not only with farm production, but is concerned with upgrading the economic performance and social well-being of rural people. In this sense, R.D. projects tend to be spatially-oriented, by concentrating on the incomes, employment and welfare of a given population in specific rural areas. Virtually all the multi-lateral and bilateral assistance agencies have strong policy mandates related to a comprehensive attack on rural poverty, which favor this sort of an approach.

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> Initially, such projects focussed on integrated agricultural promotion by providing several of the essential components on an interrelated set of farm development (i.e., land development, credit, marketing, research, extension), but more recently the set of activities which make up the R.D. package expanded beyond farm production to encompass other needs of the rural population, such as social services (health, education, nutrition, water supply); economic infrastructure (feeder roads, electricity) and even linkages to the smaller urban centers (rural industries, service centers, storage and supply facilities, etc.). If the area in question is a watershed or another type of eco-system, R.D. investments may also include conservation measures and other ecological components.
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> The majority of such R.D. projects have also become concerned with new institutional arrangements: the strategy generally calls, on one hand, for strong peasant and village associations to insure grass roots support and self-help, while on the other, for decentralized administrative mechanisms, in which the work of the various governmental agencies can be suitably coordinated at the action level and made more responsible to local needs."

The single most dominant obstacle to accelerating rural development the world over is the lack of managerial talent capable of and committed to the administration of rural enterprise.

The single, outstanding cause of waste and project failure in rural development has been and remains the assignment of top management responsibility to those without training in management. Everywhere in the world there is an awakening to the fact that agronomists or other technicians...economists or other social scientists...or politicians, however skilled in their fields, do not necessarily make good managers of rural enterprise. Productivity increases tend to become ends unto themselves and are equated to rural development. Planning tends to become an end unto itself and a "good" plan thought to be automatically catalytic in the development process. National goals, fervently expressed, are assumed to generate progress among the rural poor and disadvantaged. So, individual elements of the process of rural development take on the image of the whole. At great cost, projects are implemented. At great

loss, resources re wasted and hope is dimmed. In the sum total of cost/benefit calculations, there remains a negative quantity, expressed as the perpetuation and growth of human misery.

Recognition is growing that rural development is a subtle, complex, long term process, subsuming technology, marketing, finance, training, organization, human motivation, cultural form, political thrust, among other facets of individual and societal behavior and structure. Recognition is growing that the management of rural development enterprises calls for professional managers, with skills which are at once generalized and specific in their application, e.g. ability to understand and appreciate the nature of all the constituencies inextricably involved, including the rural people at a project site, representatives of government, technologists, industrialists, merchants, bankers, lawyers, accountants, teachers, humanists, unionizers, revolutionaries, reactionaries, among other categories whose representatives overlap and shift in time and place and importance; ability to handle inputs as investments for profit and to turn profit as money into gain for the rural beneficiary of the enterprise; ability to relegate responsibility without loss of authority...to balance prudence and risk...to bear up under failure... to admit to error...to make decisions...to plan for continuity beyond personal tenure; among the myriad of other skills which have been described as being basic attributes of the ideal manager.

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An Illustrative Case from Mexico[3]

For the purpose of the Conference, this paper will refer to rural development as an "enterprise," essentially a business enterprise. Since it is impossible to define precisely what is meant by the term "integrated rural development enterprise," the best definition is likely to be but a clear image, perceived from a description of an actual operating project which may then serve as a prototype.

As stated, the enterprise is considered as a business, entered into for a profit, the product of which is rural development. The business creates jobs within itself and jobs for some of the rural poor. It catalyzes the creation of new wealth, from which it draws the income necessary to support its cost. The major portion of this new wealth, in the form of income and in the form of a growing body of capital assets, passes to the people at the project site.

The new wealth generated derives, in part, from increasing the return on the capital normally found in rural areas, e.g. the land and skills of the people, but which are underutilized. As well, wealth is formed as a result of inputs of fresh capital, invested in appropriately sized businesses which were not there beforehand. Such businesses may be commercial, manufacturing or service in nature; they may or may not be based on upgrading the value of agricultural raw materials. No matter what its original source, all new capital formed at the rural site becomes the property of the local people over the time necessary to

[3]The case described is taken from work which began in Mexico in 1965 and is illustrative of a process of rural development now being replicated throughout Mexico under the aegis of Coordinacion Rural, A.C. Too, current efforts to extend the application of the method into Central America, as a test of the general utility of the scheme, are being directed by IDEAS-Center for Agricultural and Rural Development, under the terms of a Development Program Grant from U.S.A.I.D.

recover equity from payments out of profit and to train the beneficiaries in the arts and skills of management and ownership. The enterprise has the formal responsibility for training and to bear the cost of training.

The model rural development enterprise is a small to medium-sized operation, with less than 20 employees, even though it may involve itself with thousands of people (hundreds of families) and with quite large land areas, e.g. in Jalisco, Mexico, the model manages approximately 7,500 acres of land controlled by over 400 farmers in ten separate villages. To appreciate the play of problems and, hence, the range of management capability required, the model enterprise must be seen as being based on the following generalized characterizations of underdeveloped rural areas which, while very specific to the Mexican ambience, are believed to hold throughout Latin America, Africa, and Asia.

1. Every rural area selected by agents of change for a development project exhibits two distinctly different but absolutely interrelated features. One, is that in the opinion of such agents, based upon knowledge not common at the project site, that the physical and human resources in evidence hold out the promise of increased productivity and profit, if only what is known to do can be done. Two, is that rural people simply do not know how to deal with--to compete with--fight back against--forces external to the community which oppress and constrain.

The management of a rural development enterprise must recognize both features and must relate to the changes necessary with great sensitivity and dexterity. For one thing, the introduction of new

techniques with which to increase productivity requires the acceptance of changes in traditional ways, by itself a subtle and complex cultural shift, even if no other consideration than productivity and net income were involved. But more is involved. The net beneficial effect of agricultural development, for example, depends in no small way upon the management of the external forces referred to above. These forces include the demands of the law, bureaucratic implementation of the law, financial arrangements, marketing systems, changing technology, centralized control of education, political power, national objectives, among others. Managing these forces in the interest of the rural people is far more difficult than introducing productivity measures. The two together demand of the rural development enterprise a level of managerial talent and a longevity of presence beyond anything heretofore conceived among the donors and receivers of development assistance. Without doubt, the management skills required are different from and go far beyond the technical skills which are so often the context of management training programs, such as fiscal control, marketing, feasibility analysis, purchasing, personnel relations, among others.

2. Every rural site selected for a development project suffers from one physical handicap beyond correction, namely, the small size of the land holdings. No matter if in time the land is brought to its optimum productivity and maximum yield of income, the net result will still fall short of the goals of rural development, in the sense of bringing to a family of six or eight the means of so enhancing the quality of life as to have cherished hopes touch upon reality. So it is that the enterprise must have the capability of creating new and different sources of wealth, that is, new forms of productive businesses

which become owned and shared by the local people. This impc es on management an intellectual outreach far beyond the demands of agricultural development. This is not to say that the manager must himself be sufficiently expert in an almost infinitely varied range of technology. Rather, he must know of the need and have the capability of seeking for and recognizing the utility of new ideas...where to turn, how to evaluate, when to act.

3. Every rural site selected for development suffers from yet another physical constraint beyond correction, namely, there is never enough land or other physical source of income, to go around, especially as the years go by and population growth accelerates. How can the rural development enterprise deal with family planning? What can be done for the landless? Perhaps there are no satisfactory answers to these questions but management cannot put them aside as matters of no concern. If concerned, what is there to do? Action may call for innovations at the frontiers of social revolution and beyond the pale of accepted economic theory. For example, in our needed rural development enterprise, consideration is given to diffusing the ownership of newly formed capital in such a way that the landless, the most poverty-stricken, receive shares in excess of those with land.

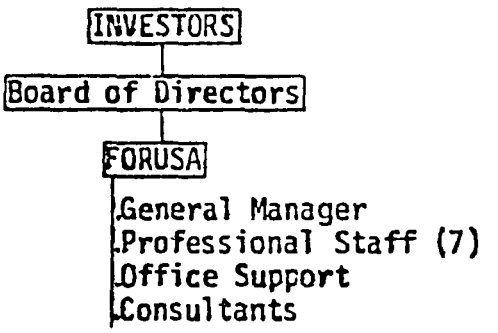
4. Rural people needing the help of a development enterprise are normally traditional in their values and social relationships, in such a way as to restrain change. Historically, change agents have dealt with local mores in one of two ways. The romanticists, working as they say "from the bottom up," have insisted that people know what they want and, really, know how to get where they want if only given the economic means. This school of operations teaches that outsiders, e.g. the

managers of rural development, have neither right nor should they maintain the effort to induce social change...that is "up to the people to help themselves." The authoritarians, to the contrary, claim that "top down" control is an absolute necessity if economic and social change is to take place when confronted with the tenacity of custom and the vagaries of human behavior. However, experience in the field, worldwide, indicates that most rural people need help, sustained and formal help, to help themselves; that while such people can and do articulate their hopes with clarity and passion, they must be encouraged, directly helped and often, at least at the outset of change, be "managed." As well, it has been demonstrated beyond doubt that people in desperate need will often resist at all costs a dictation of social change. Authoritarianism, usually expressed with arrogance and intolerance, fails in the rural development context. Thus, given the need for management to relate operationally to social change as the ultimate, priority goal of the rural development enterprise, the demand on the manager is further extended. He must reckon with the needs and desires of the local people, be sensitive to their values and traditions, and resistance to force, yet understanding of their incapacity to induce the changes so necessary to the achievement of their personal, family and community aspirations.

Without going more deeply into these four elements from which the design of our model rural development enterprise takes its form,[4] the form itself is built up in the following sequence:

[4]The implications of what is covered by each of the four points are both profound and complex in their inter-relationships. Space does not permit a further elaboration. Hopefully, a book on these implications, now being started, will reveal them all and demonstrate more clearly the necessary design of rural development and the full scope of the demand on management.

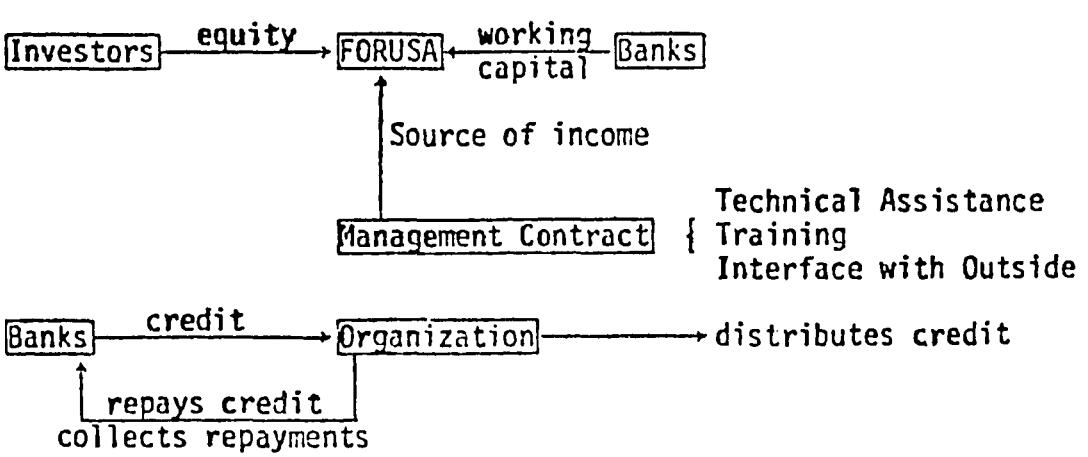
First, a development company is formed, intended to operate at a profit as a producer of integrated rural development. This company, called FORUSA, attracts its equity and loan capital from private and public sources, outside of the rural area to be helped. Diagramatically, the first step looks like this:



FORUSA is considered to represent the manager or promotor of rural development whose function is thought of as permanent. Initially and for any necessary period of time, the General Manager and his technical staff come from outside the rural site. Whether or not this staff is eventually replaced by local people is not a priority consideration. What is vital is that FORUSA and its staff become a living part of the rural community...an everyday presence which is neither "top down" or "bottom-up" in its relationships and which immediately as it is formed extends the capability of the community to deal with the world around it.

Second, FORUSA organizes the first group of farmers who volunteer to place their capital (land and themselves) under management. This organization is vital to the process of development. Governance within the organization is under full control of the farmers. However, land of the members is aggregated for management by FORUSA. While land tenure relationships are untouched, farmers under contract yield control

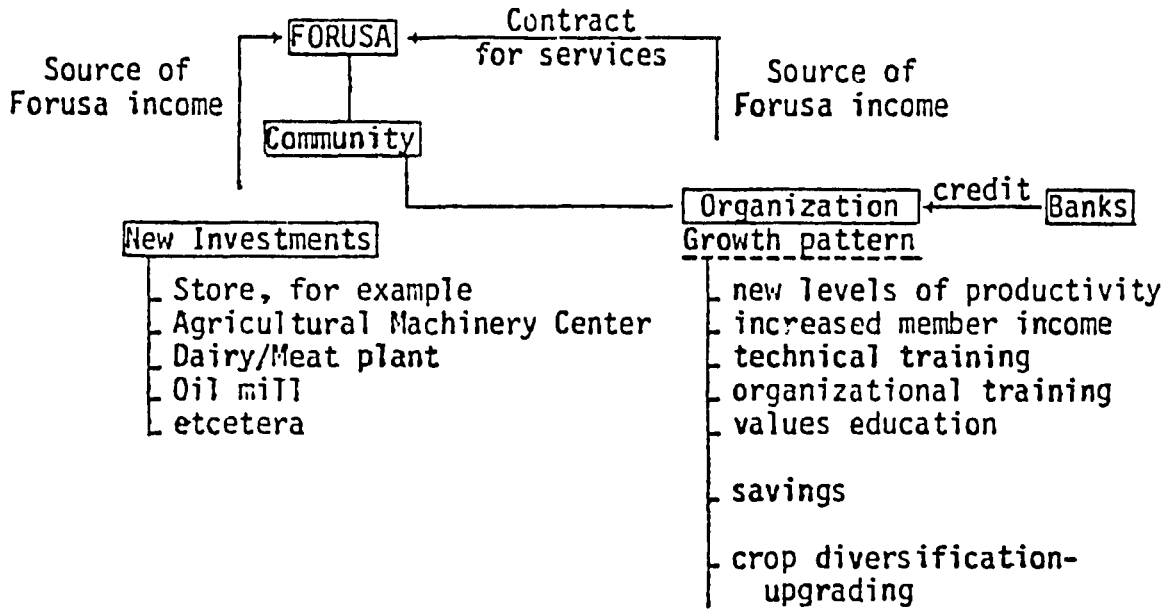
of their agricultural practices to FORUSA. The management contract provides for three services. One, is technical assistance or farm management covering new technology, credit and marketing. Two, is training, so that each member of the organization learns about the new technology, about organization, savings, profit and, as time goes on, about political action, the use of wealth for long term investment in diverse sources of profit and, the use of wealth, rather than its simple accumulation, for enhancing the quality of life in the community. Three, is contact with outside influences which restrain or encourage integrated rural development. The members of the organization, pay for the services and, in so doing, start FORUSA on the road to self-sufficiency, in terms of income to cover costs. The farmer organization itself is profit-making, with the members as shareholders and no shares may be sold to non-members. The organization receives, distributes, controls and is responsible for credit, derived from private and/or public banks. The banks must be persuaded to provide the credit, since no collateral other than crop insurance is available. Diagramatically, the build-up by now may be shown this way:



The banks give credit because FORUSA provides skilled technical supervision on a constant basis. The farmers pay for the services because the line of credit includes the contract cost and because without FORUSA supervision, the banks will not provide the credit. FORUSA must charge for its services in order to earn income, a necessary part of self-sufficiency and the only way to ensure FORUSA presence over the long term.

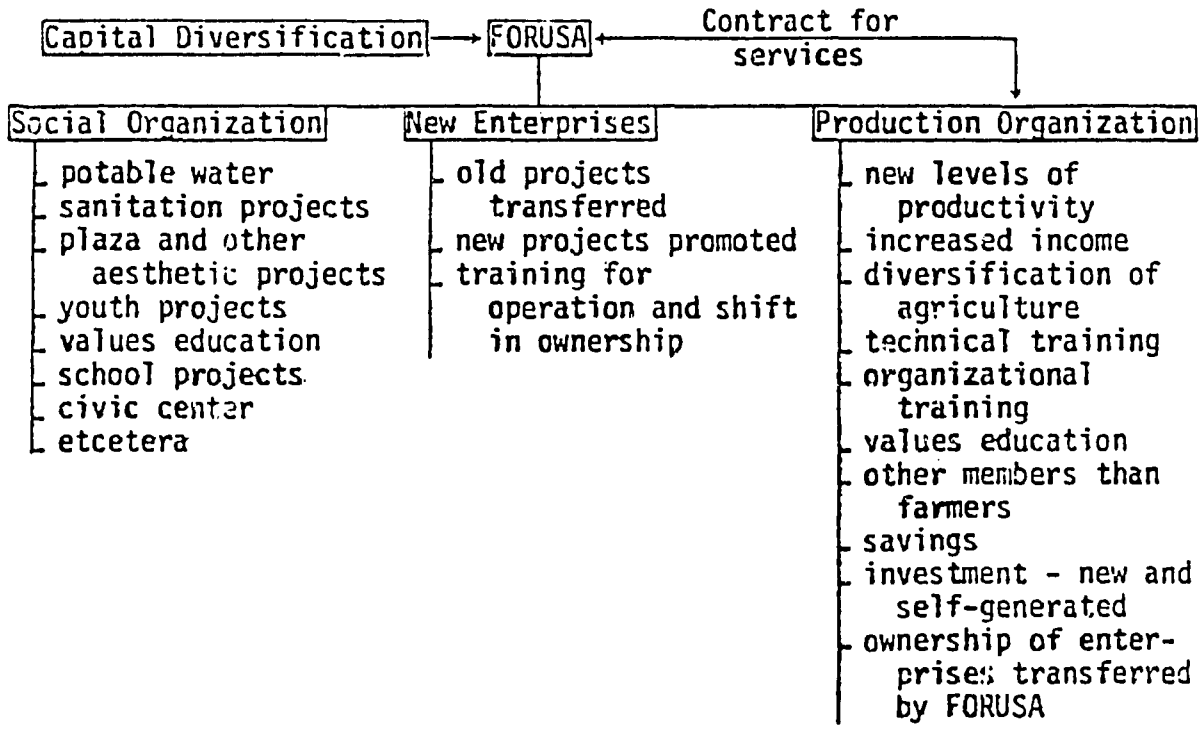
Once the FORUSA-FARMER ORGANIZATION-BANK relationships are established and new levels of productivity and income are attained, more farmers tend to join the organization and a dynamic element of enterprise growth is set in place.

Third, FORUSA enters the stage of new capital formation. Feasibility studies are undertaken. If the studies are interesting in terms of investment, FORUSA management proposes to the Board of Directors that new capital and loans be obtained to support the businesses to be introduced. If financed, 100 percent of the risk during the early years of development is taken by the outside investors since neither money at risk nor the concept of long term investment exist, as a rule, among the people at the rural site. Diagramatically, the growth of the FORUSA enterprise may now be shown to be --



In plan, all new investments, once they are profitable, are bought from FORUSA out of profit, in the name of the farmer organization. These new investments are intended to provide a source of income for the landless; to diversify the income base of the farmers; and, to provide jobs.

Finally, as the economic activity of the community is stimulated, as people are excited and can begin to take the necessary time to think of alternative ways of shaping their lives, the enterprise fosters organization for social development. Whereas FORUSA itself is the prime source of ideas for economic growth, the community is the prime source of ideas for social change and FORUSA responds with technical help, financial help and formal efforts to use the change process as an experiential base for values education. Diagramatically, then, FORUSA in all its complexities, looks like this --



The Characteristics of Management

Given the foregoing model of a rural development enterprise from Mexico and, assuming this model or something analogous is what must be managed anywhere in the world, what characteristics should the manager have, ideally, in order to be effective?

For two years, in Mexico, a committee of rural developers, meeting with representatives of the Graduate Faculty of Business Administration, National University of Mexico, tried to confront this question. Currently, in Colorado, the IDEAS Center for Agricultural and Rural Development is conducting a seminar with staff and consultants from the fields of learning dynamics and business management education, again seeking an answer which might contain both an adequate description and guidelines for a training program. The result of all this, to date, has been enlightening, amusing and confusing. For example, some of the "basic" characteristics so far listed are these:

Controller	Organizer	Planner	Sensitiveness
Creative	Humanistic	Articulate	Openness
Systematic	Leader	Decision Maker	Resilient/Elastic/ Tough
Charismatic	Pragmatic	Sense of Humor	Sound in judgement
Problem solver	Realistic	Accountable	Broadly interested and knowledgeable
Facilitator	Optimistic	Healthy	Supportive
Coordinator	Entrepreneurial	Toughness	Loving

Some of the tasks of management have been described in these terms --

Increase farmer income
Increase FORUSA income
Increase local participation/increase national participation
Change values
Improve utilization and conservation of resources
Increase skills of political participation of others
Skilled political participation by management
Increase competence in dealing with outside forces
Rationalize conflict
Bring about new investments
Effect the transfer of ownership/diffuse the ownership of capital
Create farmer organizations
Train in relevant technical areas
Train in organization
Develop new managerial talent
Enlarge participation in decision making
Motive staff, farmers and others
Catalyze community interest in social goals
Involve youth
Relate the rural areas to regional and national activities and goals
Inspire hope
Eliminate fear of change
Demonstrate value of the FORUSA system and obtain public support
Encourage replication

Where in the world are managers, ideal or even a rough approximation of the ideal, to come from? Can people be found and can a training program be designed for them to the end of creating a pool of managers capable of forging a systematic and dynamic interaction of personal, cultural, social, political, legal, technical, financial and other economic factors? Obviously, practical considerations dictate some compromise in defining both job and the necessary minimum set of characteristics of the manager.

Yet...caveat emptor, let the buyer of compromise beware! To the extent that a project or program of rural development fails to take into account all the factors involved, as well as the manner in which their interdependency may shift with time, the risk of failure and wasted resources increases. Further, even if the system is taken into account and brilliantly integrated into a plan of action, the quality of management remains the critical variable affecting success. Intellectual brilliance combined with emotional instability; competence without the ability to communicate; moral commitment without tenacity of purpose; success orientation so strong that fear of failure becomes obsessive; orthodoxy which constrains flexible responses to unpredictable events; these and other qualitative aspects of human behavior can dominate the odds that a project succeeds or fails.

The Training Problem

The traditional and essentially correct answers to the question--where are the managers of rural development enterprise to come from?--is: from training institutions devoted to the purpose. The fact is that there is no such institution in the world, today.

True, there are bits and pieces of such training manifest everywhere. Schools of Business, Agriculture and Engineering, as well as Departments of Economics, Sociology, Anthropology and Psychology, all, to a greater or lesser degree provide skill and sensitivity training which could be basic elements in the equipment of a manager of an integrated rural development enterprise. The Commonwealth Development Corporation (England) offers some relevant training in its center in Swaziland. The U.S.D.A. includes some material in the courses offered

by its Foreign Development Division. The Project Planning Centre for Developing Countries of the University of Bradford, Bradford, England, does the same in special short courses...and so does the World Bank, in Washington, D.C. The Central America School of Business Administration in Honduras; the Ph.D. program in rural development at the Davis campus of the University of California; the bachelor's degree program in the "management of agribusiness" at Monterrey, Mexico, Institute of Technology; occasional courses set up by ORT of Geneva, Switzerland; among others, also touch upon the training required. The Israeli Settlement Center in Rehovot; the Centro de Capacitacion del Desarrollo (CECADE) in Mexico; the Instituto Colombiano Agropecuario (ICA) in Colombia; the Catholic University in Ecuador; the College of Agriculture in La Molina, Peru; the University of Costa Rica; the Universidad del Valle, Cali, Colombia; these and no doubt other institutions in Latin America, Africa and Asia have all made course and program adjustments which approach the training of administrators of integrated rural development enterprises.

However, nowhere is to be found a relevant academic content, brought together solely with the objective of training the managers-to-be or upgrading the performance of current managers of integrated rural development. Such a curriculum, if it is even thought reasonable to bring one together, has yet do be invented. In any event, adaptations to the trend away from purely agricultural development toward the more complex and demanding field of integrated rural development seem to have been largely ad hoc rearrangements of standard academic fare and, for good reason. To date, the necessary time, talent and financial support has not been committed to the task.

Looking back at the list of the characteristics and tasks of a manager of rural development, a first demand on a training program is obviously care in selection of students. Many of the traits listed must come already packaged in the personality of the candidate. While something may be known about heightening awareness of many basic human virtues and weakness, there is little known about how to develop such characteristics through formal substantive courses. No field of work could possibly call for a better balance of personality than the management of rural development and, hence, no training institution devoted to training in this field can turn its back on weaknesses in the process of selection of students. It is agreed that selection techniques are notoriously inexact even when used; it is equally notorious that in education devoted to the objectives of economic and social development even the techniques available have not been systematically used. Training for managerial responsibility in rural development clearly calls for: a) the best selection possible, now; and, b) a serious commitment to research leading to better methods.

Beyond selection, a second demand not yet met is the call for novel content in the training program. Because so little research has gone into the justification of course design, we have little cumulative stock of knowledge about what to teach or skill at teaching classical content, e.g. decision making in organizations, group behavior, leadership and motivation, human resource management, economic development, development issues, politics and power, the nature and management of conflict, sociology, anthropology, among others found in the outlines of program after program, in a manner both relevant to the unique

management tasks of the rural developer and unforgettable in the future operational setting.

Given weakness in the selection process, inexactness in the determination of course content and inexpertness in teaching or adapting traditional courses to the particular needs of rural development administration...and, given the widespread lack of support for the necessary research on method, our own approach to training is taking the following steps:

1. Candidates for managerial posts will have as a prerequisite for the job at least a college degree which reflects a reasonable blend of courses in the social and physical sciences; "reasonable" in the sense of satisfying the selection committee (itself a reflection of broad educational inputs and a wide range of experience) that the base of an "educated man," has been forged, if not tempered. We are working to establish a clear image of such a man, in the end with the intention of trusting our judgement rather than seeking for quantitative measures.

2. Candidates will also be required to have at least two years of work experience, not necessarily in an administrative post. Favor will be given to those with more experience. However, it is in the revelation of what the experience has meant in terms of the integration and utility of formal education as a tool for performance on the job, that we shall be searching for relevance to the job of manager of a rural development enterprise.

3. Other than using education and experience as criteria of selection, we will base selection techniques, e.g. tests and interviews, on their value in identifying the personality traits we already have identified (together with others that may suggest themselves). Our

search for techniques of proven value, however careful one must be in their use, will go on for some time yet; in any event, tests for knowledge will not be used, except indirectly and, possibly, in the course of interviews.

4. Our "course" will have as its goal the attainment of a clear appreciation of the total process of managed change as all that any training effort can aspire to achieve. It is true and undeniable that methods of effecting change should always be sought out, defined and transferred to new situations when possible. However, a unique set of variables, which can confound the application of a preset formula for change, is always at work, as is demonstrated conclusively by experience in the field world over. Any training program (and particularly one of short duration) which concentrates on providing a how-to-do-it handbook to cover every contingency in the field, is simply doomed to frustrate teacher and student alike, and in design lacks integrity. Its goals are unattainable and should not be allowed to go unchallenged. Thus, a training program such as is envisioned must focus on achieving a clear, sensitive, unforgettable appreciation of what must be taken into account, but leave it to the adaptive intelligence of the learner to guide him toward greater effectiveness in his particular assignment.

The "adaptive intelligence" referred to is most liable to see through to a new level of understanding and to more efficiently apply new knowledge when generalizing from the specifics of real projects analogous to those in which the learner will find himself. Thus, in one form or another, experiential educational techniques will be used to highlight understanding. Most obviously, this will call for a mixture of vicarious contact with reality, through case studies and actual

contact with reality through field work. Case studies in the classroom will serve to illustrate a much wider variety of site conditions than is practical to introduce through field activity but, in practice, the intent is to alternate exposure to ensure that the meaning of each type of learning contributes to the other to form a whole. Our way to help this process of emotional and intellectual integration will be to have field work take place at the actual sites from which cases used in the classroom have been extracted.

However, case studies in the classroom, supported by field experience, is not the only kind of experience judged important to attainment of the goal of a clear understanding of the managerial role in rural development enterprises. At least two other components of the training experience are thought important and will be built in to the experiment short course (time yet undecided) being worked out, namely:

a. observation of and interaction with "the art of management" as practiced in complex, successful enterprises which may or may not be located in the Third World, to the end of establishing an appreciation of management as a quality in the organization of human endeavor which can be understood and felt even though its essence may at times defy precise definition; and,

b. contact with the totality of the rural environment in an inspirational way...in a way which attracts to rather than causes rejection of life in the country. This phase of experiential learning is concerned to help overcome two obstacles to the acceleration of rural development everywhere, namely--<u>one</u>, is the difficulty of drawing educated, intelligent and sensitive people into rural areas with a commitment to stay for enough years to make an impact--<u>two</u>, is the breakdown of family life or the failure to make life sufficiently satisfying so that the man, the woman and their children make light of their deprivation and take joy out of the poetry and endless creative opportunity for them all provided by nature and aspiring mankind.