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BUSINESS MANAGEMENT
AND VOCATIONAL TRAINING
IN UPPER VOLTA

a report prepared for USAID/Upper Volta

by
Maurice N. Samaan

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EDITOR'S INTRODUCTION

The analysis in this report is the output of a 6-week investigation undertaken by Maurice N. Samaan. It is one of six technical reports prepared by a team assembled by the Ronco Consulting Corporation in May and June of 1983. The other reports prepared by the team include:

- Agriculture and Agribusiness, by Christopher Alden Mock;
- Business Law, by Robert L. Garland;
- Marketing, by Axel Magnuson;
- Banking and Business Finance, by Andrew V. Cao; and
- Le cadre juridique des affaires au Burkina, by Karim Adjibade.

A new government came to power in Burkina in August 1983, after the Ronco team's investigations. Because the new authorities have effected a number of policy and institutional changes since then, USAID/Burkina preferred to have the technical reports updated before disseminating them. I was hired as an outside consultant to do the updating. In the process of editing this report, I have operated according to the following principles:

- 1) Factual errors - normally arising from policy changes occurring after the period of the original investigations - have been corrected.
- 2) The scope of analysis, organization and writing style remain unaltered from the author's original work.
- 3) The recommendations and qualitative assessments - based on extensive interviewing of businesspersons, government and donors - remain those of the original author.

So this report remains the creative work of its original author, Maurice Samaan. I have adopted a minimalist role, largely confining my meddling to historical updating of the document.

Steve Haggblade,

Ouagadougou, August 1984.

LIST OF ACRONYMS

CNPAR	-	Centre Nationale de Perfectionnement des Artisans Ruraux
ETSHER	-	Ecole Inter-Etats Techniciens Superieurs de l'Hydraulique et de l'Equipement Rural
GOUV	-	Government of Upper Volta
MRD	-	Ministry of Rural Development
OPEV	-	Office de Promotion de l'Entreprise Voltaique
ORD	-	Organisme Regional de Developpement
UNIDO	-	United Nationa Industrial Development Organization

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BUSINESS ADMINISTRATION AND MANAGEMENT

I. EXECUTIVE SUMMARY

This section of the assessment provides an overview of business administration and management style at selected firms in Upper Volta's private sector. Comments are also made on the existing management style at the Ministry Rural Development in order to give a feel for management practices in the public sector.

We begin with the Ministry Rural Development (MDR).

The published organizational structure, policies, and procedures of the MDR were reviewed and appeared to be impressive. However, in practice they are superficially implemented leading to a weak style of management that lacks planning funding, productivity, and workforce motivation.

Based on interviews with ten firms, it appears that the private sector, including parastatal organizations, is better organized and enjoys a much more effective management approach. Unlike many other African countries, parastatal enterprises are to a great extent free of continuous government intervention and extensive political pressure. They are operated as if they were independent, commercial business concerns. Despite the fact that the private and parastatal enterprises are better organized than the purely public institutions, even the private firms do experience serious weaknesses in their management. This is portrayed by the lack of accurate accounting, poor financial analysis, absence of market research, ineffective production management, underutilization of plant capacities and the lack of product diversification.

A. Management Constraints

The major constraints observed during the assessment are summarized as follows:

- . General lack of delegation of responsibility causes top management to make most decisions.
- . Many firms exhibit poor production and financial management.
- . Very few firms have well-defined lines of authority and job descriptions for both salaried and wage employees.
- . Accurate cost accounting systems and data rarely exist. One often finds that operational and financial controls and procedures are less than adequate. Planning, control and monitoring thus become difficult.
- . Lack of understanding of the need for market studies on the part of management leads to superficial marketing strategies, research and policies.
- . Labor laws do not allow employers to easily terminate unqualified/poor calibre employees.
- . Poor incentive programs weaken employee performance. However, incentives are far greater in private enterprise than those in the public sector.
- . Due to excessive collateral requirements, small or new businesses are unable to secure needed lines of credit.
- . There is a lack of qualified Voltan technicians to adequately evaluate new proposed projects and perform in-depth feasibility studies. This results in reducing the chances of success for new ventures.

B. Training Constraints

Although the GOUV is currently actively supporting training programs, additional inputs are needed to address the following key constraints:

- . Training programs to develop advanced vocational skills among workers.
- . Training programs are often not sufficiently tailored to the needs of private enterprises.
- . Lack of available qualified instructors and trainers capable of transferring technology.
- . Lack of substantial programs in marketing analysis and research, financial management and production management.
- . Insufficient funds to execute the required training programs and support services.

C. Recommendations

The following proposals are offered for further study and, if found suitable, for possible consideration:

1. Create a development fund to finance small business and enterprises totally independent of government support.
 - a. Persuade a United States bank to establish a branch in Upper Volta to administer the fund, i.e., loan disbursement, supervision, and repayment. In addition they would perform needed banking services should procurement of equipment and materials from the United States be required.
 - b. Contract with an appropriate firm, familiar with the private sector of Upper Volta, to provide a qualified technical assistance team to perform feasibility studies, market analysis and evaluation of proposed projects. The team would be expected to train Voltan counterparts who would eventually replace expatriates, follow up on project implementation and provide management assistance.
2. Initiate advanced training programs in management with particular emphasis on financial management, cost accounting, market research, marketing management, production control and management information systems.
3. Create a mini-institute for industrial technology and professional skills. Programs tailored to the needs of Upper Volta would be at a high professional level.
4. Strengthen the Chamber of Commerce by upgrading its staff capabilities, so that it can give sound, timely assistance to the private sector, can develop an information center on international trade opportunities, and can hold seminars and workshops on topics germane to all segments of the Voltan private sector.

II. OBJECTIVE AND METHODOLOGY

The overall objectives of this report are two: a) to evaluate management style in public and private enterprises; and b) to assess the level of vocational skills and vocational training. By way of background, a cultural and social profile of Upper Volta is presented first. Recommendations will be made on means and ways to improve management capabilities to attain development targets.

In collaboration with Mr. Desire Ouangraoua from OPEV, the following approach was utilized to achieve the objectives of this part of the study:

- . collect reference and research material where available.
- . discuss cultural and social influences on business management and test such findings.
- . instigate discussions regarding management style with public officials of the Ministry of Rural Development; OPEV; and trade and labor unions, such as "Organisation Voltaique des Syndicats Libres" and "Confederation Nationale des Travailleurs Voltaiques".
- . explore personnel/labor management policies and modus operandi in the public and private sectors in the areas of employment, remuneration, incentives, performance evaluation and management information systems.
- . visit selected enterprises to examine organizational charts, personnel policies, management information systems, incentive programs, decision making bodies, internal control, accounting systems, delegation of authority... etc.
- . through visits to OPEV training centers and the "Centre National de Perfectionnement des Artisanats Ruraux", determine level of training extended to rural artisans to insure their integration into the rural business community.
- . assess types of training programs administered and means of employing vocational skills. Do managers participate in such programs and thus possess the knowledge to effectively interact with their skilled workforce?
- . explore other donor countries' participation in training.
- . explore strengths and weaknesses of a selected sample of parastatal organizations as well as private enterprises, i.e., remuneration, incentives, performance, evaluations... etc.
- . discuss effect (if any) of parastatal privatization or minimization of Governmental participation on workforce motivation.

III. CULTURAL AND SOCIAL PROFILE

A. General

Upper Volta covers approximately 165,000 square miles. It is the most densely populated Sahelian country with an estimated population of approximately 6.5 million people. Statistics show that there are numerous ethnic groups, 70% of which are made up of Voltaic and 20% of Mande speaking peoples. Some sixty tribal dialects are widely used throughout the country, the most prominent being More and Dioula. The Mossi are the dominant ethnic faction and number about half the total population. They dominate the informal marketplace. After the Mossi, the Gourmantche and the Gourounsi represent the second largest ethnic groups in the central and eastern regions of the country. A far more diverse ethnic mixture of Bobo, Lobi, Dioula, Samo and Senoufou peoples can be found west of the Volta River. The remaining population consists of Fulani, Touareg, and Haoussa living mainly in the North. Religious beliefs are divided into three categories. Animists represent about 69% of the country's population; Moslems about 28%, and an influential 4% are Christian.¹

Most of the nation's wage earners are located in Ouagadougou, Bobo-Dioulasso and the important industrial sites of Banfore and Koudougou. Approximately 92% of the active population is engaged in the agricultural sector. The major portion of agricultural production serves to satisfy subsistence needs, leaving a small margin for commercial use.

Extension and educational services are at best poor. Extension agents lack motivation, technical training and means of transport to penetrate into the rural areas. Success stories, demonstration plots, and visual educational aids are but some of the basic tools that can be used (but which are not yet widespread) among the rural communities that share a common ethnic background to improve and develop agricultural production. In recent years the GOUV has encouraged the

the formation of village groups that can grow into agricultural cooperatives and production/marketing associations.

B. Education and Employment

Currently the illiteracy rate in Upper Volta is about 91% of the population. Only 14% of eligible children attend primary schools. In total there are less than 20,000 secondary school students and about 2,000 in technical education programs. The University of Ouagadougou has about 1,500 students enrolled.

Based on 1979 statistics (most recent available) the total number of wage earners amounted to only 52,000 persons. The Government employs about 52% of all formal sector wage earners and the balance is absorbed by private and parastatal enterprises. Major private and parastatal employers absorb the remaining total of about 25,000 formal sector employees. In addition to the 52,000 wage employees about 200,000 persons are self-employed in the urban areas. They cover a wide range of services - artisans, small merchants, etc.

Due to the low level of economic growth in Upper Volta a large manpower surplus exists which has traditionally migrated to surrounding countries seeking employment. Some estimates state that about 1.5 million Voltans are in the Ivory Coast. During eight months of the year about 500,000 Voltans leave for surrounding countries seeking seasonal work on coffee and cocoa plantations or as unskilled labor in the cities.

A large percentage of schools, technical institutes and university graduates are employed by the public sector. The balance join the private sector as self-employed or are absorbed by industry and small business enterprises. Some graduates remain unemployed for periods extending to a full year or more.

Expatriate employees are in abundance in Upper Volta and occupy many of the senior management and technical positions in private and parastatal enterprises. In addition they also occupy some technical positions in the public sector.

C. Effect on Management

Based on discussions with people from different walks of life, other experiences in neighboring countries and secondary research data it is apparent that diverse, strong ethnic and social influences have an impact on management style in both the public and the private sector.

A substantial number of managers and businessmen follow tribal traditions which strongly influence their business modus operandi and management style. In most instances authority is centered totally around the principal owner. Business is primarily conducted through verbal agreements that become an irrevocable bond. Honor and tribal influence determine the unwritten laws of trade and have a direct bearing on management, accountability, personnel administration, compensation, motivation... etc. Delegation of authority is rarely exercised.

IV. CURRENT MANAGEMENT STYLE IN KEY ENTERPRISES

A. Methodology

A survey was made of ten enterprises to assess management style, systems and policies, and problem areas. Of the ten enterprises, five were large-scale manufacturing concerns while the remaining five were medium-sized individual proprietorships. Time did not permit development of a scientific sampling frame from which to select the firms interviewed, so these observations may not necessarily be representative of the private sector as a whole. We believe nonetheless that the selected enterprises are not atypical and that a review of their operating procedures will give at least a rough indication of management practices in Upper Volta's private sector. Interviews with the ten firms encompassed the following topics:

- . Organizational charts, defined lines of authority, functions and job descriptions.
- . Personnel policies: methods of recruitment, evaluation of skills, performance evaluation, incentive programs, motivation, productivity, salary scale and benefits, etc.

- . Management: decision making bodies, delegation of authority, internal control, accounting, financial management, cash flow analysis, production management, hands-on management.
- . Planning: forecasts, budgets and budget control, progress assessment, cost analysis, research... etc.
- . Training: in-house, on-the-job, and external programs.
- . Others: relations with labor unions, Chamber of Commerce and OPEV, Government intervention in operations.

B. Findings

1. Organizational Charts - One of the enterprises interviewed SAP, "Société Africaine de Pneumatique", does have an official, well thought out organization chart with defined lines of authority, departmental functions, responsibilities and job descriptions. The other firms have only organization charts but no published functions or job descriptions.
2. Personnel Policies - As the supply of manpower well exceeds existing demand the need does not arise for extensive recruiting campaigns. Most industries receive an abundance of applications for potential positions at the Junior Management level as well as for unskilled labor.

Methods of skill evaluation vary with each industry and position. In general, educational background, certificates and experience are assessed, tests given to administrative and technical candidates and selections made. Some enterprises have trial periods that vary from one to three months prior to confirmation.

Performance and productivity are periodically evaluated by immediate supervisors. In certain enterprises, such as SAP, the evaluation process is undertaken at the end of the year. Each employee is individually evaluated by his superior, then by the Section Chief, Department Head and results are reviewed by the Management Committee composed of Department Heads and chaired by the General Manager. All employees are graded and

promoted accordingly. Of the enterprises surveyed this extensive evaluation system was found only at SAP, but it may exist in other enterprises which were not visited.

Salary scales in the private sector were found to be about 20% to 30% higher than established Government scales for comparable junior positions and unskilled labor. Mid-management positions are graded at a much higher scale. In addition to salaries, benefits and allowance packages are more attractive in private enterprises than parastatals and even more so than in the public sector.

Some of the principal benefits that some enterprises offer are the payment of a bonus at the end of the year equivalent to one month salary, allowance and premiums for job risk, hardship work conditions... etc.

Interviews with enterprises officials and selected workers resulted in our reaching the following conclusions:

- . Workforce motivation programs and incentives do not offer a distinct differentiation for superior performance. The only exception was found in SAP incentive programs where annual performance reviews of each employee are made.
- . Relations with labor unions vary with each enterprise. Most conflicts arise from breaches of labor conventions and agreements.
- . One of the more important constraints to personnel management is termination of employment. Almost all enterprises stated that it is very difficult to reduce their labor cost by fewer hours of production or by reductions in work force because serious pressures are exerted by the unions to prevent such reductions.
- . Upgrading of staff capabilities is mostly performed through on-the-job training. However, some enterprises participate in OPEV programs as well as in seminars held by the Chamber of Commerce.

3. Management

Decision making authority is, in general, centered around the top executives of enterprises. Delegation of authority is usually limited to technical matters. Executive management committees are formed in most enterprises to discuss the various operational problems. Hands-on management

is not exercised in most organizations. There are, of course, a few exceptions such as SAP where top management is very active in daily operations and spot checking of production and inventories.

Accounting systems are adequate, many computerized, and do serve to reflect the financial status of the firm. However, financial management is weak. There are often no cash flow analyses, profit centers, accurate cost accounting, or even establishment of production/sales break-even points.

Most enterprises interviewed depend too much on borrowed funds to finance their operations, probably because of shortage of investment capital and possibly also the periodically low real rates of interest. Equity financing is minimal as retained earnings, if available, are meager and ownership shares are not easily marketed. Some enterprises are unprofitable or have very low rates of profitability. This is mainly due to high operating costs that result in excessively high costs of sales.

Effective market research, production management, quality control, assessment of consumer tastes, diversification of product lines are some of the principal areas that badly need addressing and development. Management information systems, though existing to a certain degree, are weak and ineffective. Some exceptions were found in SAP and SOFITEX where monthly data and some analysis are presented to top management on all matters of finance, production, marketing, expenditure, budget control and operational projections for the following month.

It appears that the prevailing management style among many enterprises is closer to "management by crisis" than "management by objectives". Very little evidence was noted regarding sound planning, forecasts, goal setting, corrective action to attain set objectives, etc.

Extended tax holidays beyond a second term, i.e., ten years, is, in our

opinion, a disincentive to the development of viable enterprises. Firms certainly have less incentive to seek methods of reducing costs and improving efficiency when they are granted such prolonged immunity from tax obligations.

Many industries in Upper Volta are operating below plant capacity. Some are rapidly deteriorating and may face bankruptcy if no corrective action is undertaken. Examples of plants which are operating below 40% of capacity are SARI (glass jars and lanterns), SIBB (sweets and biscuits), SVM (metal utensils)... etc.

Principal factors contributing to their current excess capacity are:

- . lack of proper feasibility studies and market analysis.
- . no market research on consumer tastes and demand.
- . poor quality industrial equipment or unsuitable equipment for acceptable products.
- . high cost of raw material used or inferior type of raw material.
- . poor management.
- . no diversification of product line to utilize idle plant capacity.
- . no retraining programs of workforce for other skills.

In-house training programs are developed in a few enterprises such as SAP and SOFITEX. On-the-job training is exercised in most enterprises. Some businesses send selected employees out of the country for advanced technical training.

Almost all the enterprises visited participate in training programs and seminars offered by OPEV and the Chamber of Commerce. However, most managers stated that these training programs are basic, shallow and insufficient to upgrade their staff capabilities. They also expressed the need for advanced training in vocational skills such as welding, electricity, carpentry, machine repairs, industrial machinery, automotive engines, etc.

Factors affecting investment in private businesses are numerous.

The more significant ones are:

- . Lack of organized capital marketing media. At present when new stocks are issued they are marketed via word-of-mouth, private offerings to banks, friends, and some advertisements in newspapers. However, there is no widely circulated financial media to raise capital. This is not to say that there should be anything like a formal "auction" market for shares at this point in Upper Volta's development.
- . Unprofitability or small profits of most enterprises.
- . Lack of confidence in new or existing enterprises due to poor feasibility studies coupled with poor management in most business phases.
- . Inability of a substantial number of potential investors to read or understand enterprise prospectuses or financial statements.
- . Other factors previously discussed such as heavy dependency on borrowed funds to finance operations, underutilization of plant capacity, poor marketing policies, inferior products, etc.

4. Private Entrepreneurs in Surveyed Enterprises

Meetings and discussions were held with several businessmen and entrepreneurs to review development constraints and briefly discuss potential projects. There seems to be an abundance of ideas and possibilities such as potential projects in agricultural production, processing livestock, bakeries, dairy plants, dairy farms, machine shops to repair all types of engines, yeast plants, mobile movie units for rural use, etc.

Major complaints voiced centered around the following constraints:

- . Lack of in-country capabilities to perform in-depth market research and project feasibility studies.
- . Inability to secure credit due to either nonavailability of credit or the exaggerated collateral requirements.
- . Lack of information on U.S. sources of supply e.g., machinery, technology; raw materials, etc.
- . Need to adhere to the existing Francophone financial and banking regulations that substantially complicate procurement of any commodities from sources outside the franc zone.

V. MANAGEMENT STYLE AT THE MINISTRY OF RURAL DEVELOPMENT (MRD)

Management practices in the public sector also affect the efficiency with which resources are utilized in Upper Volta. Because of this and because of ongoing involvement with the Ministry of Rural Development (MDR), USAID requested a review of management practices at the MDR. It is a large ministry whose management style probably does not differ significantly from those of other ministries. So it is likely that a focus on MDR will in fact yield insights into the effectiveness of public sector management in general.

Management and administration of the Ministry's affairs are carried out by the Directorate of Administrative and Financial Affairs of the Ministry. Its primary responsibilities are as follows:

- . Administration of all personnel attached to the MRD including the Regional Development Administration.
- . Management of all financial resources and materials placed at the disposal of the MRD as part of the National Budget.
- . Collection and centralization of all data concerning all assistance programs, from all sources, received by the MRD.
- . Collection and centralization of all data pertaining to technical assistance programs provided to the MRD by all inter-African and international organizations.
- . Collection and distribution of information on the various activities of the MRD.
- . Coordination of training programs and scholarships to upgrade capabilities in all departments of the MRD.
- . Legal counseling in all MRD affairs.
- . Administration of personnel assigned to the MRD training centers, "Training of Young Agriculturalists".

Our brief survey of the public sector's management style, although concentrated on the affairs of the MRD, leads us to offer the following comments.

The overview of organizational structure, flow of authority, assignment of responsibilities, codes, procedures, coordinating bodies, and statistical management portray an impressive framework for an effective management style. However, in reality, responsibilities are taken lightly, procedures are superficially adhered to and supposed decentralized authority is, in most cases, centralized bureaucracy.

Despite the fact that the public sector employs the cream of Voltan graduates and technicians, efficiency seems to be at a low ebb. In many instances, it was noted that the public sector management style follows the inherited French bureaucratic systems rather than to develop alternative styles more suited to the Upper Volta culture and people. Thus, seemingly sound procedures are ignored as they clash with traditional practices. In addition, there are no incentives or motivation programs to encourage quality work.

As over 92% of the population is engaged in the agricultural sector, most development efforts are aimed at the rural sector. Most programs use the existing channel of Regional Development Organizations (ORDs) under the Ministry of Rural Development. Such organizations follow the same pattern of their Ministry and experience the same inefficiencies that prevail in the Ministry.

Another major factor that cannot be ignored is the totally inadequate logistical and financial support to backstop all activities of the MRD. It is apparent that basic implementation tools are non-existent. Office machinery and furniture, adequate transport, rural accommodations, funds for fuel and travel expenses are all too scarce. Even if one assumes that a certain public office possesses the necessary human resources to carry out its tasks, efforts fail and activity comes to a halt because of such constraints.

Development efforts should address these issues and give priority to strengthening this public infrastructure that has the potential of becoming a vital

catalyst in the rural development of Upper Volta.

Technical assistance to upgrade capabilities, communication networks between all centers, transportation, incentive programs, extension and educational services for the transfers of technology, agricultural inputs, short-term credit, etc. are only some of the areas that should be seriously considered by the GOUV as well as outside donors if meaningful results are to be achieved.

Based on our selected interviews, it appears that management in the private sector, including parastatals, is quite different from the public sector. Private sector management is more modern, better organized and, despite all its weaknesses is much more efficient. Unfortunately, the private sector's capacity to increase employment is very limited as its growth is slow.

VI. VOCATIONAL TRAINING INSTITUTES

In addition to management, the second major topic to be treated in this review is that of vocational training. Although a multitude of vocational training institutions operate in Upper Volta, time permitted the visitation of only several of the most important ones.

The examination of vocational training institutes included the following organizations:

A. Office de Promotion de l'Entreprise Voltaïque (OPEV)

OPEV is a public organization founded by the GOUV in December 1970 to promote the development of small and medium size Voltan enterprises by providing necessary assistance to national entrepreneurs and private enterprises. In this regard the OPEV provides assistance to entrepreneurs in the preparation and implementation of their projects. It also organizes training programs for the workforces of private enterprises and parastatals. At the request of the Government, the OPEV provides technical control and assistance to such enterprises where the State is a participant.

The organizational structure and functions of OPEV, published in May 1983, are well defined and look impressive. However, in practice the organization is weak, lacks the confidence of the business community, and is plagued by numerous problems among which are:

- . lack of well qualified staff members, particularly in the areas of feasibility studies, market analysis and research. Thus, evaluations of proposed projects tend to be shallow. This has resulted in the unsuccessful development of numerous enterprises that started operations using the OPEV services.
- . lack of adequate funding to carry out its proposed activities and to attract high calibre staff members.
- . as a public institution, lack of incentive programs to motivate its employees.

The training programs mounted by the OPEV are for the benefit of employees of existing enterprises and organizations in the private and parastatal sector.

The programs are divided into two categories:

1. Management and accounting training programs are six hours per week over a period of ten months. The program receives funding support from the World Bank and technical support from UNIDO. Training time is limited

to twenty-four hours in each of ten subjects. The time allowed for each subject seems to be too short to have an impact on the participants. The program is shallow and does not address the principal problem areas in the existing enterprises, i.e., financial management, cost accounting, market research, marketing management, production control and management information systems.

2. The second category of training is a slightly more advanced, vocational skills program. Participants come from existing enterprises and do possess some knowledge in their field of training. Skills developed are automotive repairing, electrical work, plumbing, carpentry and welding. Courses are given in the evening from 6:00 p.m. to 8:00 p.m. Approximate number of participants is 120 per year.

It seems that these courses do have a favorable impact on upgrading skills within the industrial sector.

B. Centre National pour la Promotion des Artisans Ruraux (CNPAR)

The Center provides a basic to medium level of vocational training programs for the rural areas. All participants must have some basic knowledge in their area of skill. They are recruited through the ORDs of the Ministry of Rural Development or by village groups and councils or by the A.V.V. (Amenagement des Vallées des Voltas). Approximately 150 participants between the ages of 18 to 35 years are annually enrolled in the programs which are conducted from October through April each year. Participants are selected and enrolled in the skills that are most needed in their villages. After completion of training all participants must return to their villages.

CNPAR has other training centers at Bobo Dioulasso, Ouahigouya, Dédougou, and Fada N'Gourma (to open in October 1983). Fields of training are: welding, blacksmithing, carpentry, masonry, mechanics for repair of motorcycles, small

mills, water pumps and irrigation equipment.

Each participant receives CFA 6,000 per month for lodging and is provided one meal each day. In addition each receives CFA 42,000 for purchase of needed tools and equipment to be used in his training. Each Center is equipped with a store that sells materials, tools and equipment at reduced, tax free prices for the sole use of the participants.

At the conclusion of their training program CNPAR encourages its graduates to develop small workshops in their rural areas to serve the farming community. All participants are allowed to take with them their purchased tools and equipment. However, blacksmith and carpentry workshops are so costly that CNPAR provides blacksmiths with approximately CFA 250,000 of which about 70,000 is a grant and 180,000 is a loan at 8.5% annual interest. If the loan is repaid within one year, interest charges are waived. For carpenters, CNPAR provides about CFA 140,000 of which 80,000 is a grant and 60,000 is a loan at the same terms as above.

CNPAR training teams undertake frequent follow-up visits, at least each quarter, to each graduate's workshop to assess progress, troubleshoot problems and assist in matters of organization and accounting. As most participants are illiterate, the Center designed a very simplified illustrated receipts and expenditures accounting record which has proved to be very effective in developing the business sense among these small entrepreneurs.

The CNPAR receives its funding through the Ministry of Public Works and Social Affairs, the World Bank, and the Technical Cooperation of Switzerland. Inputs of the latter two donors are mostly for equipment and material.

We believe that their level of training is effective for the rural areas but can have a more substantial impact if the Center is provided with additional funds to develop selected, more advanced training programs.

C. Ecole Inter-Etats Techniciens Superieurs de l'Hydraulique et de l'Equipement Rural (ETSHER)

This institute is an interstate (West Africa) organization funded by the French Ministry of Cooperation to provide professional level courses in topography, feeder roads, rural construction, urban and rural potable water development, and irrigation. Graduates obtain an advanced technical diploma in their field of training. Duration of courses is two years, full time studies.

ETSHER has thirteen countries as member states from which participants are derived. At present only ten countries can afford to enroll their participants as each state has to pay CFA one million per year per student (approximately \$2,630).

Each candidate must be employed by a public or parastatal organization in his line of skill training, possess a high school certificate plus two years of University or equivalent studies. Instructors are mostly French expatriates and some Africans from member states. One of the Institute's objectives is to develop a totally African cadre of instructors.

Currently the Institute has about 40 students and will expand its enrollment to 60 by 1985. Operational cost is financed 27% by France and 73% by member countries through student fees. French expatriates are paid directly by the French Government. Each student receives CFA 42,000 per month (financed by France) for expenses.

The Institute is very successful and its program is very effective in developing professional level skills.

D. Training of Young Agriculturists (MRD)

This training program is the largest rural program in Upper Volta. Participants are between the ages of 14 to 17. At present there are 619 Centers each training 35 participants for a period of three years. These Centers are located

throughout the country serving 1,500 villages out of a total 7,000 villages in Upper Volta.

Villages must participate in the Training Centers through active participation, logistical support and administration of the Centers. Training is carried out three days per week at the Center. Participants return to their families during the other four days to carry out family chores and practice what was learned during the three days. Instructors visit the various villages to follow up on practical training of participants during those four days.

Programs are primarily in basic agriculture, production, livestock and rural vocational skills. Evening classes are held to teach the youth how to read and write as well as to do basic arithmetic.

At the conclusion of the three years Youth Program graduates are formed into Cooperative groups, "Young Agriculturalist Groups" and operate in their villages. Currently there are 350 active groups in the rural areas. In addition, instructors are enrolled for two years in a "train the trainers" program and then sent to the field to work at the Centers.

The total cost of this program is approximately U.S. \$22 million for the period 1980-1984 funded by GOUV, World Bank and the African Development Bank.

Constraints to further development of this program are primarily a lack of technical assistance in industrial technology and the absence of a stronger training program to upgrade trainer's capabilities.

Normally, credit facilities are established to help the groups in procuring equipment, supplies, livestock, production inputs and tools. The main problem facing these groups is the limited time for repayment of loans to the fund. The high cost of materials and tools coupled with the time lag needed to develop a productive farm necessitate an extended grace period for loan repayment. A fund and its use should underpin a training program teaching the processes of planning,

budgeting, marketing and goal achievement.

Enrollment in young farmer training also suffers in that many villagers prefer that their children attend the traditional primary schools to learn French and other subjects, and thus be better qualified to obtain government jobs.

E. Austrian Center for Technical and Professional Training

The Center was established in 1970 by the Austrian movement of young workers to provide practical training in developing vocational skills. Courses span a period of five years and are divided into three main sections: General Mechanics, Electro Mechanics and Electronics. Students are enrolled after completion of sixth grade and are selected by the Ministry of National Education. The Center accepts 72 students each year in the first year of training. By the fifth year, about 40 students remain for graduation and 32 have dropped out over the preceding years. At present the Center has a total of 260 students enrolled in all sections and classes. Graduates receive a certificate of industrial professional aptitude. Programs of training progress from basic to middle level skills resulting in creating practitioners in their areas of specialized skills.

Courses are tailored to the needs of Upper Volta and each week include 25 hours of theoretical classroom courses in industrial technology and applied mathematics to pertinent professions. The balance of 15 to 16 hours each week are devoted to practical workshop training. Supplemental courses are conducted in basic knowledge of other skills such as welding, carpentry, blacksmithing, etc. Such courses are developed for the purpose of providing the students with side-line skills to assist them in income earning should they fail to find positions in their areas of expertise upon graduation.

Approximately 10% of graduates pursue higher education. The balance is usually absorbed by the public and private sectors in Upper Volta. The largest

employers of graduates are the RAN, Air Afrique (for ground mechanics), VOLTELEC, National Office of Water Works, SOSU-HV, GMV, CITEC, SOFITEX, as well as a variety of workshops and garages for repair of equipment and small machines.

The Austrian support for the Center is scheduled to phase out by 1984. Starting in 1977 the GOUV commenced assuming financial support on a gradual basis. At present the GOUV defrays costs of Voltan instructors (23 persons), administrative staff, student lodging, electricity and water. The Austrian movement for young workers continues to fund expatriate instructors (13 persons), equipment, machinery and other related costs.

The programs of the Center are effective, well tailored to the national needs and do have a favorable impact on the development of human resources in Upper Volta.

F. Vocational Skills, Training and Employment: Conclusions

The existing levels of vocational training in Upper Volta are adequate to fulfill demand for such skills at the basic and intermediate levels. It is very seldom that graduates find themselves unemployed or incapable of generating income for any extended periods of time. The public and private sectors absorb the bulk of trained workers while the balance are successful in pursuing self-employment or are employed by the informal sector.

Although there are numerous institutes engaged in the development of vocational skills, their level of training is limited to basic and medium stages. There is no institute in Upper Volta (excluding ETSHER which is limited in fields of skills and number of Upper Voltan participants) that caters to the development of professional level skills to serve the industrial sector's demand.

In addition, there is a considerable need for "train the trainers" programs in all fields of vocational skills as well as management and administration. Funds and technology are the major constraints for strengthening existing programs or expanding them to more advanced levels.

VII. RECOMMENDATIONS

A. Private Enterprise Development

To accelerate the development of private enterprise and small businesses the following proposal is offered for consideration by USAID and the GOUV. However, prior to implementation further detailed studies would be needed.

The creation of a development fund to finance small business and enterprises totally independent of government support and, by nature, not involving the Upper Volta banking regulations. The amount of the fund may be determined based on an assessment of potential demand. For illustration purposes, we will assume an amount of \$10 million of which 50% would be in U.S. dollars, and the balance finance under proceeds from PL 480, Title II and Section 206 funds. The host country would participate in the fund with no administrative responsibilities.

An appropriate firm, familiar with the private sector of Upper Volta, would be contracted to provide a high calibre technical assistance team for a period of approximately three years. The team would perform pre-feasibility and feasibility studies, market analysis and research, explore potential export markets, and train Voltan counterparts in these skills as well as general business administration and financial management of small business enterprises. This team would perform the necessary evaluations and studies of proposed private enterprise projects, approve projects for funding, and follow-up on implementation as well as do troubleshooting at the early stages of operations.

An independent U.S. financial institution such as CITIBANK would be needed to manage the fund, effect disbursements, supervise and collect loans. As most commodities, financed under this fund, would be of U.S. origin, the bank would open the necessary letters of credit for procurement.

CITIBANK, which operates in the Ivory Coast, seems to be the only bank in the area that is seriously interested in operating in Upper Volta. Their representativ.

has repeatedly visited Upper Volta to explore such a possibility.

The GOUV and USAID would categorize development priorities within the private sector. Proposals for potential projects falling within such categories would be sought out on a selective basis.

The technical assistance team would perform the appropriate evaluations and studies, sanction approval based on project viability and then forward project implementation documents to CITIBANK for loan processing. The entrepreneur(s) requesting the loan would be required to finance 20% to 30% of the project costs from private resources. The balance of 70% to 80% would be financed by the bank from the development fund.

Collateral and guaranty requirements would be limited to the total assets of the project provided that title remains with the bank until loan repayment is completed. Interest would be charged at 70% of the prevailing commercial rate. Loan repayment would commence at 6-12 months after the start-up of the business with a repayment period not to exceed five years.

Technical assistance inputs would be provided by the team to such new enterprises to develop sound management and accounting systems, marketing infrastructure, and in general to insure a trouble free operation. High caliber Voltan counterparts would be recruited to work with the technical assistance team on all phases of activities. The objective is to develop Voltans who would be able to replace the expatriate team at the conclusion of this program.

B. Training

It is strongly recommended that the GOUV should seriously consider a compulsory primary school education program for all children. The illiteracy rate must be drastically reduced within the next decade. Our specific recommendations in training address the following areas:

1. Management Training - Current programs for junior and mid-management

levels should be strengthened and redesigned to include programs/courses in financial management, cost accounting, market research, marketing management, production control and management information systems. It is proposed that such training be offered to selected candidates by U.S. universities specialized in such topics at undergraduate and graduate levels. Consideration should be given to the utilization of universities which are willing to tailor programs to fit the need of the Upper Volta private sector. As an example, the University of Pittsburgh does offer a short-term program in French adapted to the needs of developing country personnel.

The tailoring of advanced degree programs should be such that individuals receive both business management courses and coursework in agribusiness or in areas closely related to the management of diverse but interrelated agricultural activities.

Moreover, short-term, non-degree training in pertinent knowledge areas may be appropriate as well as "executive-in-residence" programs for middle management for highly qualified individuals at universities such as Stanford, the Harvard Business School, Dartmouth (Amos Tuck), etc. Programs are also needed in the development of African Cadre Instructors to "train the trainers".

2. Vocational Training - The creation of a mini-institute for industrial technology and professional skills. This institute would have programs tailored to the industrial needs of Upper Volta to develop an advanced level of professional skills similar to the level of programs undertaken by ETSHER. Participants would be expected to attend full time courses of a two-year program, receiving a degree at completion. Instructors would be expatriates with in-depth practical experience in their fields.

Over a period of five years an African Cadre of instructors should evolve within such an institution.

Graduates would cater to the industrial needs for professional level skills. It is proposed that such an institute be administered and operated by the Chamber of Commerce.

C. Institutional Strengthening

The Chamber of Commerce (COC) is the only organization in Upper Volta that represents the private sector. Its 50 member Board of Directors is derived from the various enterprises, businessmen and entrepreneurs. Although the COC seems to be well organized, it lacks well qualified staff at the mid-management and operational levels.

It is recommended that technical assistance be provided to the Chamber of Commerce to strengthen staff capabilities enabling them to extend effective services to the business community and act as an information center on all matters pertaining to international trade, sources of supply, marketing, industrial technology, institutional development, as well as represent the private sector on all internal national affairs. In addition, the COC should have the capability to mount seminars and workshops (inviting outside participation in the more common problem areas of business).

The OPEV, which was created to promote the development of private enterprises, needs complete restructuring and reorganization to transform it into a service organization operating on sound business principles so that it can truly serve the private sector.

At the outset, the GOUV should consider the provision of adequate permanent financial resources to fund its core activities. The new OPEV should receive private sector support and management participation. It also needs technical assistance that would encompass institutional development, the redesign of its

training programs, the development of staff capabilities to perform meaningful feasibility studies of proposed projects, in-depth market research, and the extension of assistance in management and operations analysis to various enterprises.

After such services are developed to a professional level, they may be provided at a fee under service contracts, so that eventually the OPEV can attain financial self-sufficiency.

In the event that the GOUV is not prepared to provide the necessary funding and support for an effective and efficient organization, the alternative (which deserves serious consideration) would be to dissolve OPEV and transfer its functions, activities and training programs to the Chamber of Commerce. Existing experienced personnel of OPEV may be selected by the Chamber to join its staff. Should this alternative be favored by the GOUV for implementation, the proposed technical assistance package would be channelled through the Chamber of Commerce to build the capabilities of this new service organization.

FOOTNOTES

1. Atlas de la Haute-Volta. Paris: les Atlas Jeune Afrique, Edition Jeune Afrique, pp.26,27.

SOCIÉTÉ AFRICAINE DE PNEUMATIQUES:
 ORGANIZATIONAL STRUCTURE, POLICIES AND PROCEDURES
ORGANISATION GÉNÉRALE

C H A P I T R E I

ORGANISATION FONCTIONNELLE DE L'ENTREPRISE

BEST
 AVAILABLE

A - STRUCTURES

La Société Africaine de Pneumatiques est une Société Anonyme au capital de 200 millions F CFA. Elle est dirigée par un Directeur Général nommé par le Président ou le Conseil d'Administration aux directives de la politique générale de la Société.

La structure choisie est du type "Hiérarchie linéaire simple" et se présente suivant l'organigramme ci-annexé. Elle comprend :

- l'Assemblée Générale
- un Conseil d'Administration
- un Président du Conseil d'Administration
- un Directeur Général
- une Direction Administrative et Financière
- une Direction Technique
- les différents services spécialisés

B - DEFINITION DES FONCTIONS

1. - Directeur Général

- Représentation officielle de la Société
 - Organisation générale de l'entreprise
 - Politique générale de développement
 - Contrôle de gestion administrative et financière de l'entreprise
 - Contrôle des programmes de fabrication et qualité
 - Contrôle direct de l'appareil commercial
- Secrétariat particulier de la Direction Générale. Attaché au Directeur Général, il assure :
- . la réception de tout le courrier arrivant à l'entreprise
 - Relevé des boîtes postales
 - Dépouillement
 - Enregistrement
 - Classement et analyse sommaire
 - Présentation au Directeur Général
 - . après visa et/ou annotations du Directeur Général
 - enregistrement des annotations particulières permettant la relance éventuelle des différents Services par le Directeur Général
 - ventilation dans les différents Services
 - . présentation au Directeur Général du courrier émanant de la signature de ce dernier et émanant des différents Services. La liste du courrier devant être obligatoirement remis à la signature du Directeur Général étant précisée par note de service spéciale.
 - . tous travaux de secrétariat particulier du Directeur Général.

I. - 1 - Service Commercial. Sous l'autorité directe du Directeur Génér. il assure les fonctions suivantes :

- achats et suivi des commandes
- ventes, études de marché, promotion
- suivi des transports / transit
- contentieux pour l'ensemble des opérations ci-dessus

I. - 2 - Service Contrôle Qualité. Sous l'autorité directe du Directeur Général, ce service est chargé du contrôle qualité des produits finis.

II. - Direction Administrative et Financière

Le Directeur Administratif et Financier :

- dirige l'ensemble des Services Administratifs et Financiers : comptabilité générale et matières, personnel, sécurité, etc... en conformité avec la politique définie par la Direction Générale
 - assure tous les actes administratifs et financiers par exploitation des informations réunies par les différents services
 - établit le tableau de bord de l'entreprise
 - . résultats / situations
 - . engagements et prévisions de dépenses
 - . contrôle budgétaire
 - . analyse des comptes analytiques
- ou'il transmet périodiquement à la Direction Générale

II. - 1 - Chef des Services Comptables

- comptes de budget
- contrôle des imputations et des pièces comptables
- contrôle des journaux financiers
- contrôle et exploitation des documents mécanographiques
- prévisions de trésorerie
- tenue des comptes clients et fournisseurs
- comptes d'exploitation
- paye des cadres et cadres supérieurs
- ventilation de la paye
- comptes analytiques

II. - 2 - Sous-Chef de service Comptabilité Générale. Adjoint au Chef des Services Comptables

- Responsable de la répartition des tâches aux chefs de section et employés principaux, dont il assure le contrôle
- prépare les dossiers à transmettre au Chef des Services Comptables
- préparation des factures clients
- tenue des journaux
- caisse

II. - 3 - Sous-Chef de Service Comptabilité Matières.

- contrôle et gestion des stocks
- prix de revient matières
- engagements de dépenses

BEST
AVAILABLE

II. - 4 - Chefs Magasiniers

- contrôle physique des magasins :
 - . entrées
 - . sorties
 - . fichiers
 - . classement

II. - 5 - Service du Personnel

- dossiers du personnel
- pointage
- établissement de la paye
- préparation des déclarations de charges sociales

II. - 6 - Section Secrétariat Général. Responsable de tous les travaux de secrétariat en dehors de ce qui relève du secrétariat de la Direction Générale :

- Frappe, distribution et classement du courrier départ
- travaux particuliers de secrétariat des différents Directeurs et chefs de Service.

II. - 7 - Groupe sécurité, gardiennage, nettoyage

- responsable des équipes de gardiens
- responsable des équipes de nettoyage des locaux et de la conciergerie

II. - 8 - Groupe Service Social - Infirmerie.

- responsable des produits pharmaceutiques et des premiers soins
- dossiers médicaux du personnel

II. - 9 - Groupe transport

- responsable des mouvements du matériel roulant
- responsable des chauffeurs.

III. - Direction Technique

Le Directeur Technique :

- assure la responsabilité technique de la production en quantité, qualité, en coûts et en délais.
- assure l'organisation des tâches techniques et se contrôle l'exécution face aux quatre objectifs ci-dessus.
- contrôle les mouvements de stock et définit les besoins d'approvisionnement en qualité et en quantités.
- élabore ou participe aux études d'amélioration de la productivité, à l'amélioration du matériel de production existant, à la conception de nouvelles machines ou installations.

III. - 1 - Section approvisionnement. En liaison fonctionnelle avec le Service Commercial section Achats, le service Contrôle budgétaire et le Service Production, il établit en particulier :

- planning du mouvement des stocks, des approvisionnements en cours, des besoins
- fichier tous produits et fournisseurs
- les demandes d'achats

En liaison avec les Services financiers, établissement des stocks maxima et minima.

.../...

III. - 2 - Service Production

- assure la responsabilité de l'exécution des programmes de production en qualité et en délais.

- encadre le personnel de production.

- définit les besoins en effectifs.

- veille à la bonne utilisation des équipements et à la sécurité de l'usine

III. - 3 - Adjoint au Chef de Production.

- assiste le chef de production et le remplace en cas d'absence.

III. - 4 - Chef de section / groupe production

- responsable de plusieurs unités de production de même nature ou directement complémentaires.

III. - 5 - Service d'entretien

- élabore le planning des opérations d'entretien préventif.

- organise et contrôle le travail des différentes équipes spécialisées pour maintenir l'ensemble des machines et installations en parfait état de fonctionnement.

- organise et contrôle toutes opérations de dépannage signalées par le Chef du Service Production.

- exécute ou participe à tous travaux de modification des installations existantes et au montage de nouvelles machines ou équipements.

III. - 6 - Sous-chef Entretien. Il a les mêmes attributions que le Chef d'entretien qu'il seconde dans l'exécution des différentes tâches.

III. - 7 - Section Etudes - Dessins

- plans et croquis nécessaires à l'exécution des différents travaux d'entretien

- plans de modification de machines ou d'installations

- tient à jour les plans d'installation générale

- classement et tenue à jour du fichier documentation technique, tous matériels.

III. - 8 - Chef section / groupe Service Entretien

- responsable du travail des équipes d'intervention spécialisées.

III. - 9 - Chef de Service contrôle qualité labo

- assure la responsabilité de la qualité des produits

- rétient les formules de préparation

- contrôle les matières premières à la réception:

- contrôle la qualité de fabrication à tous les stades et vérifie les produits finis et peut, dans ce cadre, décider de l'arrêt ou de la modification d'une fabrication

- assure les essais de laboratoire

- le chef de service dispose d'un adjoint qui l'assiste ou le remplace dans l'exécution de certaines tâches.

TRIP REPORT TO BOBO-DIOULASSO (Maurice N. Samaan)

During period May 29, 1983 to June 4, 1983

A. Contacts

Chamber of Commerce

Dr. Kambou, President
Mr. Poda, Marcellin,
General Secretary

Office de Promotion de
l'Entreprise Voltaïque
(OPEV)

Mr. Idrissa Tamboura,
Secretary General

Regional Center for Rural
Artisans Training - Centre
Regional pour le Perfectionnement
d'Artisanat Rural (CRPAR)

Mr. Siko, A.S.,
Director

IVOLCY Enterprise

Mr. M. Rueff, Managing
Director

Société Africaine de
Pneumatique (SAP)

Mr. Lazare Soré, Managing
Director

Société des Huiles et Savons
de Haute-Volta - CITEC Huilerie

Mr. Robert Chassagne,
General Director

SOFITEX (Cotton processing)

Mr. Croquil, Secretary
General

BRAVOLTA (Brewery)

Mr. Stoff, Managing
Director

Delegation of Heads of Industrial Enterprises

Delegation of Merchants and Transporters Association

Delegation of Building and Small Business Association

Delegation of Artisans Association

Delegation of National Council of Voltan Heads of small business enterprises.

Meetings with individual businessmen:

Mr. Drissa Kone
Mr. Mohamed Kiallo
Ms. N. Chantal Nikiema
Mr. Djankinaba Barro
Mr. Issa Kindo

Interviews with workers of various enterprises selected at random.

B. Purpose of Visits

To assess management style, systems and problem areas. Explore and discuss potential projects.

C. Scope of Research with Cont acted Enterprises and Businessmen

The meetings encompassed discussions and evaluations of the following topics:

- . Availability of organizational charts, defined lines of authority, job descriptions for key positions.
- . Personnel policies
 - Method of recruitment and manpower analysis.
 - Evaluation of qualifications: tests...
 - Performance evaluation and productivity
 - Motivation and incentives
 - Salary scale
 - Benefit package - how it compares with other industries and Governments
 - Relations with Unions
- . Management
 - Delegation of authority
 - Decision-making bodies
 - Hands-on management
 - Management information systems
 - Cash flow analysis

- . Planning
 - Forecasts and projections
 - Budgets and budget control
 - Critical path analysis
 - Progress assessment
 - Research
- . Training programs
 - In-house
 - External and out-of-country

Relations and use of services offered by Chamber of Commerce and OPEV.

D. Conclusions

- . Most organizations visited do have organizational charts but very few have defined lines of authority and job descriptions.
- . Personnel policies and compensation packages are very competitive in all enterprises.
- . Accounting systems are adequate though accurate cost accounting does not exist.
- . Management Information Reports are submitted at set periods (daily and monthly) for financial transactions summary, stocks, bank balances.
- . Computerized accounting is widely used.

E. Areas of weaknesses

- . Superficial marketing strategies, research and policies
- . Poor production management
- . Poor financial management
- . Underutilization of production plant capacity
- . Poor motivation programs for individual performance, although incentives are far greater than in the public sector.
- . Lack of delegation of authority as decision-making is, in most cases, at top management level only.

- . Very few training programs to develop advanced skills among workers.
- . Most enterprises are not profitable.
- . Some enterprises carry excessive inventories.

F. Areas of Potential Assistance

Coordinated training programs tailored to the needs of private enterprises are badly needed. Such programs may be developed at two levels.

1. Basic intermediary level in management, accounting, budgeting, research, cost accounting.
2. Advanced level in financial, marketing and production management.
3. GOV to consider amendments in labor laws to create meaningful incentive programs, allow enterprises to easily terminate unqualified/poor caliber employees without elaborate formalities, representations and justifications that are seldom obtained with by the labor unions or the Government authorities.
4. Specialized technical services including the use of specialized services to a professional level in professional services - audits, industrial machine repairs, electronics repairs, etc.
5. Through discussions with various ministries we have explored possible potential project sites in private enterprises, areas which are suitable sites to repair diesel and gas turbine engines, dairy farms and dairy plants, yeast plants, mobile entertainment or medical movie centers, musical instruments and equipment, livestock, etc.

With the Compliments of

MOHAMED A. NOUR

Director General

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