

The authoritarian pattern of management that obtains in quite a number of development agencies should be "decolonized" to give subordinate staff a clear indication of what is expected of them. They should, for example, be given the necessary latitude to undertake their assigned tasks—even if it means making mistakes, for trial and error cannot be eliminated at the present stage of development (if ever). The delegation of responsibility to middle and junior management will facilitate a measure of autonomy and flexibility and leave senior managers to concentrate more on policy and matters requiring attention at a higher level. With a policy of decentralization it will be essential to ensure, for the purposes of co-ordination, that consultation takes place—upwards, downwards and sideways—so that blockage of communication is lessened and long-run accountability is safeguarded. The success of such administrative reform will, however, depend on the nature of the staff available to these agencies, and the standard of performance, in the final analysis, will be determined by the quality of the personnel.

It is sometimes overlooked that economic development, particularly in the developing countries where the problems are more marked, requires a class of exceptionally able people to provide the dynamic leadership that is needed. One of the main problems is the acute shortage of qualified and experienced technologists and administrators. Plans for administrative reform and higher levels of performance in industrial development agencies will not be successful, therefore, unless they are accompanied by efforts to recruit the best qualified, even if it means getting them temporarily from other countries, and unless adequate facilities and opportunities are provided for the training and education of existing staff. Awareness of staff development is widespread and the nature of the problems is well summed up in the Sixth Annual Report of the Chairman of the National Development Corporation of Tanzania when he said that:

Indeed, the greatest single threat to the Corporation's continued progress lies in its lack of professionally-qualified and experienced middle and senior management. This deficiency can have several harmful effects, not the least of which is that the few experienced officers bear an unrealistic workload which often precludes them from having time to make adequate analyses before taking decisions, and work with, train and encourage their subordinates.⁵⁴

Adequate training facilities are a *sine qua non* of a progressive development policy and countries that neglect this aspect of development do so at their peril.

⁵⁴ National Development Corporation of Tanzania, *Annual Report* (Dar es Salaam, 1970), p. 18.

Control Versus Autonomy in Improving the Management of Public Commercial Corporations in Developing Nations

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It is no longer adequate to describe the role of public corporations in the economies of developing countries as "important"; their role can only be accurately described as "vital". Public corporations in developing countries now handle most of the important exports; they control the banking systems and insurance; they are pioneering industrial as well as commercial agricultural development; they control important services like electricity, railways, harbours, etc.; and more recently they are grappling with the importation of the more important goods and commodities. Their efficient and successful management is, therefore, of supreme importance to the entire population of Africa. There are continuing and sometimes heated debates all over Africa about their management, as well as unplanned and often disastrous experimentation on the scope of their activities.

A realistic understanding of the managerial problems to be confronted in running these new vital bodies is, therefore, extremely relevant at this time in Africa. The continued growth of developing nations in Africa depends to a very significant extent on how efficiently the mushrooming public corporations are managed.

I must state right at the start that in setting down these thoughts I am drawing mostly from my own personal experience both as a permanent secretary of a ministry which had a number of public corporations under its umbrella, and later, as a full-time executive chairman of a public corporation in Uganda. Naturally, therefore, my experience and understanding may be more relevant to Uganda, and yet I have read and discussed fairly widely on this matter. I have chosen to confine myself more specifically to public *commercial* corporations because the field of public corporations is becoming very wide and complex. Nevertheless, I think that many of the problems discussed are relevant to a large range of public corporations.

In this paper I shall try to analyse the peculiar features that make the management of commercial public corporations significantly different from that of purely commercial enterprises. I shall also discuss whether more control or more autonomy is required to improve the management of public corporations.

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The most important features which differentiate commercial public corporations from purely commercial companies are:

1. Public corporations are a "marriage" between government departmental procedures and commercial company business practices. Despite this well-known fact, public corporations are expected to produce the same results as purely commercial companies.
2. Public corporations, especially in developing countries, are almost invariably monopolies and are involved in the most vital and most sensitive sections of the economies of their countries.

These two features very much influence the degree of autonomy a public corporation is allowed, but these facts and the pressures they exert on management are the ones most overlooked when assessing the managerial performance of public corporations. It is, therefore, rewarding to examine the problems that arise from them in some detail.

MANAGERIAL PROBLEMS THAT ARISE FROM THE "CROSSED-BRED" NATURE OF COMMERCIAL PUBLIC CORPORATIONS

The fact that commercial public corporations are neither ordinary government departments, nor pure commercial companies has created a very mixed bag of problems for their managers. The sources of these problems are the political, civil service, and commercial influences which in combination often transform the expected commercial results to something very different. This failure to match the purely commercial private sector has many times provoked the appointments of commissions of inquiry to find out what would be fairly obvious in other circumstances.

The problems that arise in the political control of these corporations are perhaps the greatest cause of this failure and are certainly some of the hardest and most difficult to solve. It should be accepted right at the start, however, that because of the very nature of public corporations these problems must arise. The basic cause of these problems is the vital interest any serious government must take in public corporations which are often wholly owned by the state and are in vital and sensitive sectors of the economy. The trouble is not the interest the governments have in public corporations, but the way in which this interest is manifested and executed. Very often this concern is with the non-commercial aspects of the corporations and hinders rather than assists the corporations in getting on with their important commercial work. The main problems are mentioned briefly below.

1. The general overall aims of commercial public corporations are often set out in legislation and are almost entirely commercial; but the way in which these aims are translated into action is far from being commercial! In practice, the functions of these corporations are an amorphous mixture of commerce, political convenience, and general state welfare. This mixture may not be bad or even wrong, but it most certainly detracts from the commercial results expected of the corporations even when given the best possible management. The difference between the legally set out commercial objectives and the administratively, but authoritatively, issued directives is

often ignored, and performance is judged on purely commercial objectives.

2. It is common knowledge that it is a political necessity either to reward strong and powerful "king-makers" in a party or to ensure that party policy will be followed by appointing party supporters in top executive posts. Because of this practice, commercial public corporations have often been loaded with board members or directors and top executive staff who are completely incompetent and unequal to the tasks the corporations are expected to achieve, although they may be first-class party supporters. Incompetent appointees may also be the result of a political effort to achieve tribal or ethnic representation in high posts, or to silence a powerful opponent from within the party by rewarding him with a high post. This is a genuine and very powerful pressure to which most governments in various ways yield, but it immediately handicaps the aims of the corporations both at very vital policy and top executive levels. It also causes members of staff to resort to political patronage, which often results in biased appointments, inability to discipline certain members of staff, and eventually, to general indiscipline and inefficiency in public corporations. Even years after the political patron has disappeared from the scene, it is very difficult to eliminate the accumulated deadwood because of trade union complications and even humanitarian considerations.

3. Another political problem arises when prices to the producers of the commodity are determined by the government. Just prior to elections or when there is political need to keep producers happy, the prices determined often bear little relationship to the market realities of the situation. In such a year damage may be done that takes two to three years to recover from, especially when the accumulated price support funds (where they exist) may have been diverted to rescue other national needs, usually of a social nature. Where these funds are not diverted to other uses, they are often invested by the Treasury so they are not available in liquid form when they are needed. In this instance corporations have to fall back on costly commercial bank overdrafts, thus reducing their profitability or increasing their losses, and of course attracting uninformed public criticism.

4. Another political phenomenon which creates big problems in the management of these bodies is the immediate, unplanned, and very often formidable tasks that are thrown at these corporations at a moment's notice. This is often done without provision for adequate and efficient staff, sufficient finance or even preliminary market surveys. New commercial public corporations with similar handicaps are created overnight. These soon become only commission agents which raise prices to consumers and cause public discontent. Yet good commercial results are expected of them.

Right from the start, therefore, basic policy is heavily tinged with non-commercial political considerations to the detriment of the achievement of the commercial aims of the corporation. There do not appear to be any easy remedies to these problems except to hope that the often bitterly disappointing results of these political considerations will in the future cause governments to try to minimize these practices and give

commercial public corporations a chance to perform on more commercially oriented bases.

PROBLEMS THAT ARISE FROM THE CIVIL SERVICE ANCESTRY OF PUBLIC CORPORATIONS

Problems that stem from the civil service ancestry of commercial public corporations are a result of the history of the developing nations. The colonial governments, which in many cases initiated public corporations, were after all civil service governments immersed in civil service tradition and procedures. Secondly, the civil service, until very lately, has claimed most of the educated elite, and most top executives in public corporations have been recruited from the conventional civil service. This is especially true in East Africa where the commercial sector has been heavily dominated by foreigners. The civil service influence has hindered commercial practices in three ways:

1. Indecision at top management level and the tendency to consult ministries even on small day-to-day administrative problems.
2. The clogging up of recruitment, discipline, dismissal and remuneration procedures with civil service bureaucratic practices.
3. The jealous attitude of the conventional civil servants towards their counterparts in public corporations who quite often have fringe benefits.

With regard to indecision, civil servants are by training cautious and like to cover their actions with approval from their ministries. The commercial world, on the other hand, demands quick decisions and the ability to take risks. The civil service background of many top executives in public corporations has resulted in losses through indecision and delays. Secondly, by constant reference to ministries for approval, public commercial corporations have voluntarily surrendered the autonomy granted to them by legislation and have encouraged ministers and permanent secretaries to assume disproportionate powers in the management of these bodies, adding more delay and indecision to what already exists. Forceful ministers have sometimes made managers helpless puppets without taking over responsibility for the end results. It would, however, be unfair not to take note of the fact that incompetent managers who have often bungled everything and reckless managers who quite often have completely ignored ministries have forced ministers and permanent secretaries to usurp the powers the managers have misused, in order to save the situation. Thus the legal "autonomy" so necessary for commercial decisions is lost either by the civil service ancestry of commercial corporations and their executives, or through the wrong, usually politically biased, choice of a manager.

One of the tools pure commercial companies use to achieve results is the power to "hire and fire", promote and demote, according to the performance of the employees. While it is admitted that the tool can be misused to victimize or favour some individuals, the bureaucratic civil service approach gives the employees too much security and makes them too complacent to

respond to the exacting speed and efficiency demanded by the commercial world. The management of commercial public corporations is denied the most effective tool to prod their employees to the efficiency required to achieve their set aims. This bureaucracy in staff matters has frustrated many men from the commercial world who have had short stays with public corporations and will continue to send them back to the private sector until it is changed.

One other problem is the relationship between civil servants and employees of public corporations. There is a certain amount of jealousy on the part of the civil servants towards their counterparts in public corporations. This is due primarily to the better fringe benefits enjoyed by public corporation employees. The latter staff, on the other hand, assume an air of superiority and mild contempt towards civil servants and consider referring matters to the ministry a sort of unavoidable nuisance. There is need from the civil service side to appreciate what is expected of public corporations and for them to admit that public corporations are not government departments. Employees of commercial public corporations must on the other hand realize that the government is often the sole shareholder. Obviously more meaningful dialogue between the two services is the answer.

PROBLEMS THAT ARISE OUT OF THE FACT THAT MOST COMMERCIAL PUBLIC CORPORATIONS ARE INVOLVED IN VITAL AND SENSITIVE SECTORS OF THE ECONOMIES

It is a fact that most commercial public corporations in developing countries are involved in handling either vital foreign exchange or important staple foods. A new trend is the establishment of state trading corporations, meant to replace foreign traders in wholesale importation of a multiplicity of goods. That they should be so engaged is logical. These are the commodities over which any government must have some control, especially if such commodities have been controlled by foreign traders. It is also logical that both governments and citizens be very cautious about the way these commodities are handled, since these goods are a matter of life and death, prosperity or poverty, to a substantial majority of a country's population. Their importance and sensitivity, however, does not make life any easier for the management of public corporations that handle them. Very often economic viability becomes of secondary importance to political and popular pressures, although economic results are still expected from the corporations. The importance of the field of operation intensifies political intervention in staff appointments and in determining inflated minimum prices and unnecessary exhaustion of price support funds in election years. Corrupting influences both at home and from abroad and character assassinations abound in these sections! Managing these corporations is real tight-rope walking.

With all these difficulties and handicaps, and despite volumes of hostile and sometimes *very academic* criticism, the fact remains that many commercial public corporations in various parts of Africa have done commendable work given the conditions and circumstances they are working in. Many

have contributed to public coffers and the general economic development of their countries, and their contribution should be acknowledged even when they are being criticized for not being very successful in their commercial aspects. The question is how to improve their performance. How can this be done? Should they be more controlled, or should they be more autonomous?

CONTROLS

There is no doubt whatsoever that by virtue of being public, these corporations must be controlled by the governments on behalf of their owners, the people. But at the same time they must be allowed a certain amount of autonomy to enable them to pursue efficiently the commercial intention for which they were created. The problems, therefore, are: what types of controls must be formulated; what machinery can best exercise these controls; and how much autonomy must be left to the commercial public corporations to exercise. Following are a few suggestions.

Statutory control

Better and more relevant control should begin with the drafting of legislation for new commercial public corporations and the amendment of legislation in the case of those already established. This redrafting can be done with more careful and accurate definition of the aims, powers, duties, and obligations of the corporations. Similarly, more carefully specified government powers of directive should replace the extremely wide and amorphous powers which can cover almost any directive a minister chooses to give. I think it is generally true that ministers do not interfere unduly in the day-to-day trading aspects of corporations. The troubled area is in the appointments, discipline and dismissal of staff. Apart from the statutory ministerial appointments, ministers should, except in extremely exceptional circumstances, be legally debarred from intervening in staff matters, because this practice undermines the authority of the managers and makes it difficult for the managers to control and discipline their staff.

Administrative control

It is probably accurate to generalize that although public commercial corporations now form a very important economic tool, most cabinets are uninformed about the performance, problems, and successes of these vital bodies until there is a misfortune or crisis in one of them. The *status quo* cannot be allowed to continue unrectified. It is, therefore, strongly suggested that:

1. Cabinets should appoint high-powered standing committees to which should be appointed experts in commerce, development economics and public finance to be governments' watch-dogs over these vital economic tools.
2. To these cabinet standing committees each public corporation must be made to submit at least quarterly progress reports and the statutory annual reports. When necessary, boards of directors and

management should be required to discuss their reports in detail and to be thoroughly and expertly examined about their performance.

3. The cabinet standing committees should report at least once quarterly to the full cabinet on all public corporations, and if necessary should ask the board of directors and management of public corporations in trouble to face the full cabinet.
4. Although it is an unorthodox procedure, it is suggested that whenever the annual report of a public corporation is being debated in parliament or the national assembly, the chairman should participate fully and should introduce his report and defend it. Corporations should be made directly answerable to the shareholders. They should get either the praise or blame directly instead of obliquely through the minister.

In this way the cabinet would be informed regularly about public corporations, and management would be made more conscious of their responsibilities. Cabinet would appreciate the problems as they arise and perhaps provide preventive measures and remedies that are beyond the directors' and managers' purview to make. A positive "preventive" rather than "post-mortem" approach would be initiated and hopefully carried on.

Government is the real shareholder of public corporations on behalf of all the people. It is, therefore, right and proper that the cabinet as a whole be regularly informed of how its investments in public corporations are doing in order to give the government a chance to rectify what may be going wrong. Equally important, the people operating the corporations should be able to bring their problems and frustrations to full government attention. This more intimate dialogue is not only very badly needed now, but it will serve as an effective, more pleasant control on the corporations. It will also ensure that due attention is paid to the valuable proportion of our developing nations' scarce resources that are entrusted to public corporations by the whole government, not just by the few ministers responsible for these bodies. Most important, however, the "*post-mortem*" approach to public corporations would be replaced by the more positive "*preventive*" attitude.

Control by the board of directors

The boards of directors are the tool through which the shareholders control the management. An ideal board of directors should have a good balance of representatives of the producers or consumers of the products handled and "experts" in the business. The fault to correct here is the over-emphasis on grower/producer representation rather than "expert" (commercial) representation. What is needed on boards of directors of commercial public corporations are people who understand the commercial world, people who cannot be confused by the management when management is taken to task, people who can keep management awake and on its toes. Where does one get such people in sufficient numbers, since public corporations are growing like mushrooms everyday? In Nigeria alone there are over 250 public corporations! It is true that some of them are develop-

mental and others financial, but I contend that all of them need sound commercial sense. To conserve scarce manpower, while at the same time maintaining quality, it is suggested that:

1. Membership of a board of directors be limited to a maximum of five.
2. Commercial public corporations be grouped into corporations engaged in similar or related commodities and/or services, and be given one board of directors. This practice will enable directors to observe and compare performance and get clues about where and when a particular corporation is going off the rails and how to take appropriate measures in time. The boards of directors will then be inspired to provide the control and guidance they are supposed to give to the management.
3. Boards of directors and management should whenever necessary face the already suggested cabinet standing committees to defend their particular corporation's performance at least half-yearly.

Autonomy

The appointment of chairmen or managing directors of these public corporations should remain with the relevant minister or cabinet or President; but at the least, these jobs should be advertised and applications invited. These posts are sufficiently well paid and carry enough prestige and respect to excite very good responses, out of which a choice could be made by government. This practice will bring the government's attention to previously unknown citizens in the private sector. This more open and free appointment procedure will produce more confident, more qualified managers who can use what autonomy there is with more assurance and responsibility.

The boards of directors and top management should be left to engage the rest of the staff. These appointments should, if considered necessary, be reported to the cabinet standing committee. This reporting would ensure that the boards and managers would take care to appoint qualified people, as they could always be taken to task by the committee. Management should have powers to hire and fire certain cadres of staff and suspend even heads of departments for final decision of boards of directors. Management should have powers to award multiple increments to reward merit. Wrong and unfair appointments would very likely be detected by the standing committee and rectified before the end of the probationary period.

In conclusion it is argued that it is inaccurate and unscientific to assess the performance of commercial public corporations solely on commercial criteria. The political, civil service, and other imposed limitations on commercial performance must always be taken into account to arrive at the correct picture. To improve their performance, governments must adopt sympathetic "preventive" policy control rather than continue to perform long-delayed "post-mortems" when things go wrong. The corporations' managements must at the same time be given and assured more autonomy in executing more commercially based policies.

Inefficiency, Irresponsiveness and Irresponsibility in the Public Services - Is Mwongozo to Blame?

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Together with the issue of involving the people in solving their problems there is also the question of the habits of leaders in their work and in day-to-day life.

There must be a deliberate effort to build equality between the leaders and those they lead. For a Tanzanian leader, it must be forbidden to be arrogant, extravagant, contemptuous and oppressive. The Tanzanian leader has to be a person who respects people, scorns ostentation and who is not a tyrant. He should epitomize heroism and be a champion of justice and equality to fight the vindictiveness of some of its agents. Such actions do not promote socialism but drive a wedge between the Party and the Government on one side, and the people on the other.

Article 15,
TANU Guidelines, 1971
(Mwongozo)

Mwongozo has become famous for its Article 15. For both employer and employee, leader and led, it is a focal point; while for some it has become an inspiration, for others it is the cause of all the inefficiency and irresponsibility of workers in both the private and public sectors. This short essay is addressed to the problems of inefficiency arising from negligence in role performance; it will try to discern the possible causes; and lastly it will make tentative suggestions to rectify the situation.

Post-Mwongozo Tanzania has experienced unprecedented confrontations between management personnel and workers. The confrontation has taken three forms. First, in the wake of Mwongozo, the laying down of tools by workers demanding dismissals of particular persons in the management was in vogue. This method was used mainly in the public economic enterprises or in those commercial establishments where the public had some ownership rights. As a second measure, this strategy was dropped and workers resorted either to total take-overs of the establishments in the case of privately owned enterprises, or to lock-outs and the demanding of dismissals of individuals in the case of public enterprises. Thirdly, the workers in the light of Mwongozo have singled out and accused some members of the management of practising tribalism, of negligence, irresponsibility and arrogance, of misuse of company and public property, and of being anti-TANU and anti-Ujamaa. From one point of view, the workers have placed themselves in the vanguard

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