

**CHALLENGES OF THE  
TWENTY FIRST CENTURY  
A Trans-disciplinary Perspective**

*Editors*

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## **"Leadership Challenge in Development Organizations with Case Study On Kazakhstan".**

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The below paper will address issues of leadership in economic development. With the 2010 review of the Millennium Development Goals (MDG), the UN General Assembly's assessment is that many countries have made significant progress in achieving these goals but many will have underperformed by 2015, unless output is accelerated dramatically. These "Priority" MDG countries are concentrated in Sub-Saharan Africa, Central America and the Andes, Central Asia and part of Southeast Asia.\*

The intended research in the above mentioned paper will use the MDG as reference to illustrate development leadership. The paper will challenge at the times this leadership for not realizing all anti-poverty goals negotiated in 2000 and provide some leadership strategies to enhance the MDGs. Avoiding symptoms to measure success or failure, below, the paper will explore some possible causes for the underperformance of MDG leadership.

### **Leadership-A Back Ground:**

Practicing managers generally approach leadership as something related to specific individual characteristics which one could develop and apply in order to be more efficient at work. Many times the concept of leadership is defined as good management practice.

The literature on management leadership focuses on people or on characteristics of their position and bases itself on a general framework, almost always related to profit management (reducing cost and/or increasing sales). Based on successful business leaders, behavioral models are being designed for possible training and simulation. Therefore, emerging from the literature, most leadership notions are very particular to relatively close and hierarchical business models.

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\*The Anti-Poverty objectives are:

- 1) Eradicate Extreme Poverty and Hunger
- 2) Achieve Universal Primary Education
- 3) Promote Gender Equality and Empower Women
- 4) Reduce Child Mortality
- 5) Improve Maternal Health
- 6) Combat HIV/AIDS, Malaria and Other Diseases
- 7) Ensure Environmental Sustainability

Please see: Millennium, Development Goals: A Report Card Measuring Progress Across Countries; Bill & Millina Gates Foundation and the UN Millennium Campaign, Sept. , 2010

Historically also, studies about leadership have concentrated on industrial organizations, which in the context of this paper is a paradigm when applied to development leadership. Below follows a timeframe of leaderships from the beginning of the 20<sup>th</sup> century onwards typically produced by professors of the social sciences, which I will attempt to mould into the leadership necessary for development agencies:

- Beginning of the 20<sup>th</sup> century—"Great Men" theories. Only great men and almost no women would have a gift that would allow them to become great leaders.
- From 1930 to 1940—"Group Theories." Developed by social psychologists, they raised the possibility that effective democratic leadership could emerge inside groups.
- From 1940 to 1950—"Trait Theory." This theory studied leadership adopting an individual level of analysis, basing leadership on character traits and personality peculiarities of individuals. This was an influential theory in the military.
- From 1950 to 1960—"Behavior Theories." Focused on the study of leadership as a set of behaviors that, when combined in specific ways, would lead to effective leadership.
- From 1960 to 1970—"Contingencies and Situational Theories." Theories that added contextual evidence to the study of behaviors. Business, Psychology and Social Psychology Associations produced many studies.
- From 1980-1990—"Excellence Theory." Leadership can produce exceptional organizations. Most studies following this line of research were headed by Business School professors aiming to find better ways to train leaders.
- From 1990 to 2000—"Technological Leadership" Technological leaders were selected and trained to address present and future problems of mankind. Great strife has resulted in communication, industrial engineering, robotics, and biological engineering. Persons like Bill Gate of Microsoft and Steve Jobs of Apple have become leader role-models in communication and technology.
- From 2000 to 2010—"Risk Leadership." Through their designing of risk models for investment banks and hedge funds, great fortunes have been made. These leaders have often been sought after by government and foundations to replicate their wisdom. Warren Buffet of Berkshire Hathaway is an example of risk leadership
- From 2010 and beyond—"Transformational Leadership". Both economic recessions, the high-tech at the turn of the century and the financial recession

from 2007 onwards, have provoked politicians and to develop leaders who, through advocating social responsibility, could be managed to avoid repetition of the excesses in the 1990-2010 era.

### **Leadership for Development Agencies**

The leadership category for development agencies is not mentioned in the above list. Its leadership role can be described as being much wider than in the industrial, technological, or financial context. Leadership in the development agencies should try to evade individual analysis and to treat the leadership phenomenon as a social process, conducted by social entrepreneurs changing the society in which they operate by creating thus "new social capital"!

### **Organizational vs Institutional Leadership**

In this context it is important to make a distinction between organizational leadership and institutional leadership. One can say that institutions in development work are organizations that are embedded in informal values and norms that have become important variables in development of the country's culture in which the institution operates. Thus institutions have been acculturated from an organization upwards. This change process is also a vital responsibility of developmental leadership!

In the context of development agencies, one can say that an institution affects the manner in which the coworkers mirror their environment, understand their roles, and reach solutions and decisions applicable to the aid recipients. The institutionalization is "gauge" for the development leader and his/her followers how geocentric they have become.

Despite this, leadership can and must at occasions influence the institutionalization process to an environment unsuitable (i.e. corruption) for the integrity of the agency. Thus, the difficult tasks of leaders in development agencies is to find a balance between the society's culture in which it operates and the norms and values of the donor's society.

Using concepts of strategic management (change management), the leader is also a social entrepreneurial projecting and managing the societal and economic change as stipulated in the TOR (Terms of Reference) provided by the donor. He must articulate and enter into dialogue with the coworkers in the institution, before extending the foreseen changes to the counterparts (local leaders) in the country. Other strategic management tools to realize change are mentioned below:

- **Defining of the mission and the implementation role of the institution**  
Mission statement is often confused with objectives which, as in public organization (such as the UN) are often multiple and contradictory.

Development agencies need to understand the difference between mission and objectives. Mission should always be "leading" the development objectives and also be stated from the point of view of the recipient, i.e. maximizing poverty reduction!

A "leading" development mission can be best illustrated with an example. In stead of restricting a mission statement to, let's say, the "cotton business", it should be leading and up-graded to become the 'textile business'. The cattle business becomes "meat business", agriculture becomes "agribusiness" and so on. Thus upgrading the mission increases the value outcome of the project and wealth for the recipients.

The implementation of a "leading mission" would lend itself through a cluster strategy. A cluster strategy is to add value through hubs of economic and social activities by integrating the supply chain through time and place.

In the cotton-textile example, the cotton region becomes the hub for textile manufacturing engaging in the spinning, weaving, finishing, cutting and sewing. By the same argument, cattle farmers cluster for meat processing. Grain farmers form a cluster for grain processing, milling and baking.

Leading the mission statement, thus enhances the vision of the donor and aid recipients and makes the life cycle of the project more sustainable. In this process the agency/project leader also becomes the social entrepreneur, creating the social capital which must precede the creation of the human and economic capital (wealth) to sustain the poverty reduction aim.

- **Establishing of the objectives (adding value) and the means to reach them.** Implementation of the objectives can be by using formal and informal tools. Formal tools include knowledge transfer by experts to the textiles, meat, grain industries. Informal tools include the sharing of mission and vision among the stakeholders.

The formal tools can be intrinsic or extrinsic. Intrinsically, it entails the strengthening of agency's own capacity to induce this change, i.e. leading from cotton to textiles

Extrinsically, the leader can upgrade various links in the supply chain through outsourcing among the different development agencies.

The Food and Agricultural organization (FAO) in Rome has the expertise in the seeding of cotton, irrigation, and harvesting.

The United Nations Industrial Development Organization (UNIDO) in Vienna has the expertise to add value through spinning, weaving and sewing

The International Trade Center (ITC-UNCTAD/WTO) in Geneva has the expertise in export promotion of the finished garments.

Besides the agencies in the UN Family, numerous NGO's have similar expertise.

- **Preserving of the institution's sustainability**

By leading the development mission and clustering strategies of integration forward, backward or horizontally, the project and the development institution increases its sustainability. Poverty reduction is not dependent on the cotton prices per se and looking at the 2010 sky-rocketing cotton prices the project leader may contemplate horizontal integration by blending cotton and synthetic fibers ((UNIDO) or export the (expensive) cotton shirts to high-end markets



(ITC-UNCTAD/WTO) or export the long cotton fibers (FAO) and spin and knit the short fibers for underwear in the domestic market.

The leadership challenge is entrepreneurial, the rewards sustainable.

Returning to the underperformers of reaching the MDG in Central Asia (Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan and all important cotton producers), their continuous raw cotton exports to Russia and China does not much in contributing to their Gross National Income (GNI) If the MDG leaders had restated the project mission of being in the textile business, backed up with clustering wealth creation would have followed.

### **Team Work in Leadership**

For the development leaders it is important to realize that in what ever society poverty reduction is contemplated, four levels of leadership must be understood and influenced to create the synergism required for societal change:

- Political-Social Leadership in the Country
- Agency Leadership
- Counterpart or Community Leadership for Project Continuation
- Interagency Leadership

The first and most prominent one, is the leadership of the country, democratically elected or not. The political-social leadership of a country cannot be accepted as *cateris paribus*, as the agency leader must "bond" through dialogue with the different ministries in order to realize country support in implementing the development project objectives

Thus, the kind of agency leadership needed is social entrepreneurship and through its dialogue-capacity, means, and donor-recipient agreements, it must develop the social capital to influence the country's political leaders. "

The objective of this process is, as mentioned above, the 'institutionalization' of the development organization. In other words, when the leader with his agency leaves, poverty reduction must continue and be multiplied. For this to happen, continuous support from the country's political and social leaders, a priori and a posteriori of the project, must be negotiated.

Good agency leadership mirrors thus the continuous support for change from the political and community leaders

The last mentioned leadership above, interagency, to be addressed more fully later, is a controversial topic inasmuch as, development agencies are being accused of pursuing overlapping objectives and pursuing their own agendas reflecting often political objectives of their donors or donor-countries. Thus inter-agency synergism can be one of the weak points in the macro picture of country aid management

Returning to the agency's political/community leadership, in order to understand how these counterparts can be influenced it is necessary to examine the underlying

principles of leadership they are familiar with. A case study on leadership in Central Asia serves for this purpose.

### **Case Study on Leadership in Central Asia**

Among those countries which have been lagging in meeting the Millennium Development Goals, 4 Central Asian countries are included, i.e. Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan. All 4 of these countries had adopted in the year 2000 the Millennium Declaration. By doing so, these countries, like other states, committed themselves to seven key obligations: i.e. the Millennium Development Goals.

To meet these obligations, these countries strived to radically reduce poverty and to achieve sustainable human development through:

- access to education and health care,
- gender equality,
- reduction of child mortality and improvement of material health,
- combat HIV/AIDS and
- ensure environmental sustainability.

These four countries are now at about their one third points and have about 5 years left to reach the targets set in the Millennium Declaration.

Although, significant progress has been achieved and substantial successes in reducing poverty through economic growth is a fact, the sharing of this growth, among the poor people has been inadequate. For instance, although extreme poverty has been significantly reduced, still almost half of the children live in poverty and more than one child in 8 suffers from extreme poverty. It is well recorded that children growing up in poverty are less likely to do well in school, enjoy good health, or get a good job later on in life. Also the indicators of under five and maternal mortality remain unacceptable. The question to ask is if the weakness in democracy in Central Asia has been a cause or just a symptom

To answer this question lets study the development leadership in Central Asia. The top layers of the project's counterparts' are political leaders born during the Soviet system. Most of them continue to be in power and their leadership was attuned during the Soviet system and gained many of their skill during their initial rise to power from their Soviet bosses. Consequently, their Soviet background enabled them to be effective (albeit not very democratic) rulers. What are some of their characteristics?

- **Personal Dominance.** Linked to the history of central planning and state Dominance:
- **Interpersonal Influence.** Organized by interaction, from which he has emerged as a political leader and has assumed leadership functions. Due to his transformational skills (from communism to capitalism), his leadership has extended to a cult that acquired more influence over time.
- **Relational Dialogue.** Leadership from giving personal favors to hand-outs has led to interest groups to sustain the continuation of the leader.

Our leader of the development agency must understand, for the reaching of the Millennium Development Goals in Central Asia by 2015, the above characteristic and below principles of C.A. leadership.

It is necessary for him/her to reach out and create conditions for the above suggested strategies of leading missions and cluster development. He must overcome the development gap separating the political leader from his own ambition through dialogue.

According to this last principle, leadership, through dialogue between the country leader and the agency leader becomes a necessary "property" for change. The outcome of this dialogue contains the provision that the counterparts accept loyalty to both leaders (country and project) in order to create the change for poverty reduction.

Searching for causes for not reaching the MFGs in Central Asia, one possible cause is the limited capacity and influence of the counterpart of the development agency to introduce sustainable change or vice versa, the capacity of the development agency leadership to influence the counterpart. Both questions hypothesize that in a democracy more (influential) leaders come to fruition making the task of development agency leadership to create new social capital more easy and effective. What are than the causes of limited democracy in Central Asia?

As I look for explanations about why the road to democratic nation-building in C.A. has been so hard in this part of the world, it is tempting to point to historical and social and cultural factors. One argument is that C.A. nations are Asian and that not long ago these were feudal societies, and that democracy is alien to them. In the same breath one can argue that that the CA countries have not had a history of statehood (as for example Soviet Countries in Eastern Europe) justifying a model of economic development partnered with one strong man or oligarchic rule. Other explanations I have headed as follows:

#### -Breaking Down of Soviet Synergism.

The argument that economic development in Central Asia is more difficult due to the break down of synergism, i.e. the Soviet economy has been more than the sum of its parts than the present independent States! Thus, leading to the argument that there is less value in political liberalization in C.A. until such time as economic growth rates are judged to be sufficient. It is true that many of the CA economies are much less valuable than they were when functioning as part of the Soviet Union. That time specialization led to factories to serve most of the "common market" of the Soviet Union. This market disappeared in 1992 with the collapse of the Union lowering the standards of living for many and creating enduring poverty in out-reach regions where central planners had located a factory .

#### -Civil War in Tajikistan and Radical Islamic Groups in Uzbekistan

The Civil war in Tajikistan was at its bloodiest in 1992-1994,, creating a frightening specter for the Central Asian leaders especially for Uzbekistan. The fear was that the rest of Central Asia would become a place of refuge for Tajikistan displaced religious elite as well as its masses. Especially for Uzbekistan, in the early 1990's radical Islamic

groups were gaining in popularity, especially in the densely populated Fergana Valley. The Uzbek leader feared that the joining of the radical groups from Tajikistan and Uzbekistan would pose a threat to Uzbekistan's own delicate religious and ethnic balance.

Some truism must be given to this argument when explaining this years (2010) ethnic conflict between the Uzbeks and Kyrgyz residents in Kyrgyzstan which forced the president out of office.

Both incidents, the civil war in Tajikistan 1992-94 and the civil outbreak in spring 2010 in Kyrgyzstan, have defined Islamic religion in highly restrictive terms, increasing control over its citizens life and thus through social and religious engineering democracy has been postponed.

Before reaching any conclusion about the cause of weak democratic leadership explaining the underperformance of the above Central Asian states in reaching the MDG benchmarks in 2010, one can also argue the opposite. That the causes may lay elsewhere and the weak democracy argument is just a symptom. The argument leads us to Chinese political leadership, its total lack of democracy and its high performing economy.

#### -China as a New Economic Model

The success of China, as a neighbor of Central Asia, has served as a new economic model in comparison with the western social democracies. China with its extraordinary economic growth record over the last decade shows that central political power in combination with economic democracy has been very successful. The closeness of the CA to China and the numerous business affairs taking place daily, may also have contributed to drive the economic benefits of central political power ahead of the political risks of changing to democracy.

#### **Conclusion of Central Asia as a Case Study**

The above description of political leadership in C.A. have been undertaken to test, hypothetically, that democracies produce more leaders as counterparts (community leaders) which increase the effectiveness of the development agency's leadership to introduce change. More and better counterparts do benefit poverty reduction. Some of the arguments to postpone the democratization of the C.A nations make sense, as presently, the risks towards change may outweigh the benefits. Certainly, with the Chinese economic success and the radical reduction of poverty in this country, the combination of central political power with economic democracy has given many of us food for thought what economic model is most successful. The below footnote illustrates the fact that the wealth creation in China over the last 25 years has been very much helped by other factors, such as marketing, management and knowledge transfer through commercial joint-ventures and direct. All of these factors adding up to human capital development have been helped by Chinese Confucian Culture\*.

Thus if non-democratic regimes produce less leaders to work with as change agents , the Chinese model suggests that knowledge factors in the host country can make an important difference for the project leader's achievement of development goals. Below we explore some of them.

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\*The author remembers his early visits to China in 1984 serving the United Nations' International Trade Center of the World Trade Organization (WTO) in Geneva as a Senior Advisor in Manpower Development for Trade |Promotion. Serving as a leader of various projects from 1984-1992, my tasks in China were to train the trainers in export management. |My counterparts were communist party members.. In case discussion, all case groups agreed with the group in which the party member had joined. Still, looking back at these days when all participants still wore Mao (blue) Suits and regardless the fact that democracy in the class room was totally lacking, the Chinese capacity to export has accelerated beyond our wildest dreams, having increased the Chinese living standards and reduced poverty way beyond what we thought was possible. Thus, regardless the political system, the Chinese proved that knowledge is king!

### **Marketing as a Tool for Leadership in Poverty Reduction**

Marketing deals primarily with the client, being the ultimate recipient of foreign aid, or the society as a whole where the anticipated social and economic multipliers are to take place. A satisfied client/consumer implies that aid objectives have been realized. Thus marketing is inextricably linked with economic development and its leadership. Further, as nations develop, the international product life cycle serves as a stimulant to increase productivity

For example, Japanese Honda's motor cycles in China and in other developing countries serve as a powerful stimulant to increase one's productivity to acquire the implicit mobility given by the machine. Thus in general, illustrating the demonstration impact in marketing, the provision of form, possession, place and time utilities by the producer, shows time again and again, that in the process of acquiring the merchandise, increased productivity put out by the potential buyers follows, follows.

Moreover, commerce related aid, in the form of micro credit, SME assistance or export related aid, increases the role of marketing even more. The shifting from satisfying local demand to that of meeting foreign demand, through exporting, demands a switch from a production to that of a marketing philosophy.

### **Market Targeting as a Tool for Leadership in Poverty Reduction**

A common criticism in foreign aid management is that different agencies are fighting for the same clientele. The overlapping leads to duplication of the same efforts and diminishing return on the development dollar. Reasons for this fallacy are numerous and if compared with the international marketing efforts of commercial firms it is mind boggling that the various aid players would not have changed their strategies. What ever the development agency has to offer in poverty reduction, related to health, water, sanitation, or commerce, the leader must insist on finding that niche, segment,

or target where demand has not been met. Quite clearly, objectives can be realized much easier where 'competition' from other development agencies is non-existent.

### **Market Research as a Tool for Leadership in Poverty Reduction**

The twin of targeting is market research, especially if sustainability of aid intervention is sought. The simple question of "What are the living problems in our target country lead to more meaningful solutions when addressed? Simply put, client driven problem solving leads to more efficient poverty reduction.

For instance, an estimated 500 million households depend on burning biomass for cooking and heating. This practice is "a cross-cutting issue" as it affects, due to indoor pollutions, family health, and the environments and, due to its labor intensiveness, the status of women around the developing world.

The market research and response is not only the initial giving away of safer and cleaner cooking stoves (which have a limited life span), but also to plan for its sustainability. The latter would require the development of multiple commercial supply channels, which driven by consumer's needs, continue to produce cooking stoves, to be marketed at a price which is affordable to channel's target.

### **Market Positioning as a Tool for Leadership in Poverty Reduction**

The thrust of this strategy is to find a market niche and develop a marketing mix (4 Ps) for this target not yet delivered by the other development agencies!

For instance, questions about sanitation are too often regarded as unmentionable development goals, referred to as the 'orphan' priority of development agencies. However, 2.6 billion people go through to-day or any other day, without a proper toilet, foremost resulting into diarrhea being the biggest killer of African children under five! This example shows the benefit of positioning by matching unmet need with a product, not yet delivered by the "competition"!

### **In-House Marketing as a Tool for Leadership in Poverty Reduction**

One of the reasons, as mentioned above, that scarce development dollars are often wasted is that various agencies are serving the same targets with similar objectives. A frequent cause for this waste is that development objectives for the donor may differ from the recipients' need. The leader must engage in "in-house marketing" to promote unity in objectives between the donor and the clients' needs.

For this to occur, some background on this disunity of development objectives may promote the readers understanding.

For instance, the donor may have been a colonial power and its foreign aid is driven by guilt feeling for its past exploitation. The result can be the rendering of a 'blank check' based on the development needs specified by the receiving government choosing a project which already exist.

Another leading objective of the donor is the creation of economic multipliers in their home economy by stipulating that the aid has to be "tied." Food Aid by the US is often tied to buying (surplus) grain in that country and to be shipped by American vessels. The duplication comes about by the EU or Australia pursuing the same policies.

Other donor management objectives are linked to the marketing of the country as a humanitarian and caring country. Countries like the Netherlands, Sweden, Denmark, and Norway all do meet the UN foreign aid quota expressed as a percentage of its Gross National Income. However, these countries are also small in size and must export for their sustainable economic growth. Thus the foreign aid becomes a marketing tool for the donor to sell its country as an attractive procurement source. The consequences are that their foreign aid development goals are less efficient than they could be.

To correct some of these examples above is not an easy task. However, the strategy behind this change is "in-house marketing" through which the foreign aid project leader convinces the donor of its humanitarian obligation rather than serving the country's self interest.

### **Control as a Tool for Leadership.**

The contemporary tool for enhancing control on reaching the development goals is through the practice of Management By Objectives (MBO). Fundamentally, MBO is a part of strategic planning (change management) and measures through the implementation (operations) the progress in achieving the organization's planned objectives, e.g. poverty reduction

Beginning at the start of the project, MBO requires a negotiation strategy conducted by the project leader to match and influence the projected objectives envisioned by the aid donor and recipient. The outcome of this negotiation must maximize the benefit for the recipient, i.e. setting the highest possible objectives for poverty reduction.

MBO is widely practiced in the commercial sector where through profit centers; profit contribution is measured at different intervals, often expressed in terms of sales, or cost reduction goals.

The challenge in practicing MBO in development aid is that the reverse objective is measured, i.e. spending vs earning. As the money's owner (tax payer or private donor) is far removed from the actual spender and the agency's leader is paid for the spending and not earning, a totally different culture is at work. This spender has not earned the money and the same cost control often lacks the discipline to be found in private firms. Therefore, the strict adherence to Management By Objectives, helps to maximize the benefit for the aid recipient.

### **Accountability as a Tool for Leadership in Poverty Reduction**

Accountability of leadership can be demanded from a variety of sources, most likely from the donor, but also from the recipients and from his/her co-workers in the agency. Accountability converts into responsibility when the objective (MBO) is not coinciding with the results (MBR). In other words the leader can be held responsible for not delivering the results as were negotiated and agreed upon by the stakeholders. MBR is however, conflict prone, as the objectives/results, as in the case of the UN Millennium Development Goals, tend to be quantitative rather than qualitative.

The most common approach to MBO/MBR is through the using of a monitoring framework that should make the following immediately clear:

- How the project's objectives will lead to the target results, i.e. through the usage of which management tools, mission, strategies, policies, budget etc.?
- Which time-bound and quantifiable indicators will be used to evaluate the progress towards reaching the desired results?
- What risks may adversely affect achieving the results?
- What appropriate measures are there to calculate and reduce these risks?
- What specific assumption must remain *cateris paribus* if the project is to succeed?

As mentioned above, MBO/MBR performance measurement does not enter into the qualitative measurement of the aid recipient. The World Bank's mission at times read "Providing Happiness to Mankind," which basically is translated into the adequate meeting of people's health, housing, nutrition, transportation, clothing, and education.

Thus a positive quantitative result registered by the development agency may still be a negative result measured in terms of recipient's happiness. The former measurement indulges the leader's self interest as the latter can lead to the unsustainability of the project.

### **Management by Exception as a Tool for Leadership in Poverty Reduction**

A development agency with various project leaders or a project with various output managers may benefit from the third dimension of MBO and MBR, namely Management by Exception (MBE).

MBE allows the agency's or project's leader to only coach (train) those managers who are trailing at midterm of the project's life cycle!

MBE also helps to increase the leader's span of control, as only time and efforts is spent on those managers who are in the process of failing to realize the Results. If the standard span of control is about 7 subordinates, MBR may allow for doubling the leader's span of control. As such his/her organization will be much more horizontal and thus closer for understanding and serving the aid recipient's needs.

### **Training as a Tool for Leadership in Poverty Reduction**

MBO/MBR/MBE introduced the reader to the need for training.

Training in the context of the title of this paper "Leadership Challenge in Development Agencies", has four dimensions, one of which I will illustrate with a Training Need Analysis in the Annex. All four dimensions are prerequisites for successful result management and thus enhancing the leadership quality of the development project!

The first dimension, involves training of the donors. As before mentioned it falls under in-house marketing and may also be called "influencing." It involves the counter-marketing of political and non-productive development goals originating from historical or commercial interests among the donor countries which are not aid recipient effective.



The second dimension involves the training of the recipients of the foreign aid. Even if market research has preceded the development of the product/service mix, training still must take place. This form of training may be called public relations, promotion, advertising, or selling. Through these marketing functions, information must be shared with the target about the availability of the new product/service and its problem solving capability. A demand push strategy (personal selling) or pull strategy (advertising) must be decided upon depending on the resistance and trust between the agency and the recipient. Less trust, demand push follows! More trust, a demand pull strategy follows. Usage and service must be detailed and communicated; warranty and repair must be divulged.

The third dimension of training involves the training of the agency/project participants who carry out the mission and objectives. Rectifying deviations from the objective-results correlation is part of this training. This type of training may be called coaching. It stimulates unity in objectives and direction in the agency or project and provokes synergism in carrying out the mission.

The fourth dimension involves the training of the middleman. The target may be the distributor or other wealth producers such as entrepreneur, exporters, importers, or informal sector businesses.

Having served as a Senior Advisor for Manpower Development at the International Trade Center of the World Trade Organization in Geneva for 7 years, I am most familiar with capacity building of the players mentioned under the fourth training dimension. A brief account of my experience at the ITC-UNCTAD/WTO in trade promotion is presented below.

Typically as a Project Leader, I was assigned working in the recipient's countries textile or agribusiness (food processing) industries. This was due to holding degrees in both subjects. My counterpart was a government official in a chosen country who had assigned me to transfer know-how to either an individual company or entire industry. For both targets, we used a Training Need and Capacity Analysis. (TNCA) The objectives of the TNCA were multiple:

- Enhancing the success of the agency/project's leader
- Assuring the coinciding of the export objectives and results
- Discovering the 'gap' between the need and qualitative/quantitative capacity
- Delivering training modules meant to close the knowledge gap
- Assuring the meeting of the quality standards of the foreign buyers\*

My problem solving training was principally directed to bridging the quality standards, design and delivery capacity (large quantities) demanded in the importing country from those criteria held in the home market, i.e. switching from a production to a market philosophy.

After the training, samples of exportable merchandise were produced and qualifying companies were invited to participate in Trade Fairs chosen in the importing countries.

Feedback from potential customers at the Trade Fair led to additional (individual) company visits to rectify negative feedback from the Trade Fair's potential buyers.

As a finishing anecdote, I would like to illustrate the conflicts which came about between the donor and project leader when measuring export results (MBR)! Sweden, the donor country demanded. Results to be measured in export profits realized by the SMEs! The SMEs objective, however, was to avoid making profits by just breaking even or using transfer pricing through tax havens and thus keep the profits from reaching the tax collectors AT HOME.. Were the Swedes satisfied, NO! Were the aid recipients satisfied, YES!

\*Please see Annex 1 as an Example of the Training Need and Capacity Analysis (TNCA) we used at the ITC-UNCTAD/WTO

## ANNEX 1

### THE TRAINING NEED CAPACITY ANALYSIS (TNCA) CONCEPT

As indicated by the term, a TNCA has two main parts:

- The training needs analysis, and
- The training capacity analysis

The first part consists of the identification of the main target groups for training in both the private and the public sector, quantified to the extent possible, and their priority training needs. This is normally done through personal; interviews with representatives of a sample of private-public-sector enterprises and agencies.

The second part is an analysis of the existing and planned capacity for export-related HRD. It includes an assessment of each potential HRD provider on such aspects as training programs, staff capacity, physical facilities, training methods, and materials.

### SCOPE OF THE TNCA

These guidelines are primarily intended for TNCA at the country level. However, there is usually no difficulty in adapting them to two other situations which are not uncommon, one occurring in large countries and the other in small ones.

In large countries, the planning unit is sometimes the state or province, rather than the country as a whole. The TNCA guidelines can be easily adapted to cover one or a few provinces. In this instance, the HRD strategy to be formulated on the basis of the TNCA

is normally applicable only at the provincial level, or at the level of provinces included in the TNCA.

For small countries there is sometimes a case for a sub-regional approach, i.e. tackling the trade related HRD issues of several countries together, rather than for each of them separate. While this normally requires a TNCA to be undertaken in each country, the HRD strategy can have distinct sub-regional features. For instance, although it can be agreed that the capacity for training in specialized subjects should be developed in only one of the participating countries, this capacity would then have to be made available to participate from the other countries under one formula or another.

## COSTS

Care should be taken to keep the costs of a TNCA within acceptable limits. In particular, there should be a reasonable relationship between the cost of the TNCA and the importance for the decisions to be based on its results. Since the cost will normally depend largely on the amount of information collected and its degree of detail, caution should be taken not to make the TNCA more ambitious than is absolutely necessary. This may be particularly relevant when the work is subcontracted to an independent institution, which may be more interested in providing arguments for expanding the TNCA than in adapting it to the real needs of the government agency, business association or other body requesting and financing it.

Further, the analysis of the training need should be seen as a continuous or recurrent process, rather than as a one-shot activity. It is therefore often more effective to limit the first TNCA in a country to what is essential to give an export-related HRD program a successful start. The experience of implementing that program, together with subsequent up-dating of the first TNCA, will then provide the basis for future adaptations of the HRD program to enable it to respond to more and more specific needs as they are identified. This approach is normally more cost effective and practical than trying to use TNCA to obtain a picture of all of the country's training needs in one go.

## ORGANIZATION OF WORK

The work on planning and implementing the TNCA and on formulating the national HRD strategy generally proceeds in the following steps:

- Desk research to ensure that the TNCA team members are fully informed about the country's overall export development and related issues, and that existing information is taken into consideration for the planning of the study.
- Field research, mainly in the form of personal interviews with representatives of key target groups (such as exporting companies and government agencies) and of potential HRD providers (training institutions, business associations and others)
- Export preparation, including presentation of the TNCA results and formulation of the national HRD strategy.