

Conflicts and Motivation in Projects for Central Banks

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1. Introduction

Background

After the restructuring of 1991 in the former Soviet countries, aimed at the realisation of a well functioning market economy, an intensive process of exchange and co-operation got under way between people and institutions in Western countries and those in transition countries. This resulted in a variety of contacts, projects and institutionalised collaboration on different levels and of many kinds. The projects and activities in question often differed in character from projects within Western countries, and the same is true for the ways people worked within those projects.

Purpose of this paper

The purpose of this paper is to give some insight into experiences of people from a Western background who worked on projects in (CEE) countries in transition to a market economy after the aforementioned restructuring. A number of relations and conflicts on the personal and organisational levels will be discussed from the point of view of the schematic outlines presented by Jenei/Le Loup and Van den Berg in 1996¹. This could be of interest not only to those working (or intending to work) in such projects, and to those who are in charge of projects, but also to managers responsible for human resources.

The paper is intended to be an account based on personal experience. Findings are brought together and sometimes compared that came up in two types of projects:

- Technical assistance for central banks in countries in transition, provided by people from Western central banks;
- Projects carried out by private firms for industry and for a variety of institutions in countries in transition.

Characteristics of these types of projects are described in section 2. Sections 3 and 4 elaborate on conflicts and motivational issues on the individual and organisational level. Section 5 outlines some of the effects of the work experienced by consultants and people in recipient organisations. Section 6 concludes with some recommendations.

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¹ György Jenei and Lance T. LeLoup; Frits van den Berg; schematic outlines presented in the Study Group on Co-operation in Permanent Education, Training, Research and Consultancy between Eastern and Western Europe of the European Group of Public Administration, 1996 (see first chapter of this book).

2. Types of projects

This section contains a description of the two main types of projects under study. These projects are in fact characterized not by the activities themselves, but by the organisational context. In 1996, Jenei/Le Loup and Van den Berg presented stages and levels of collaboration. Their schematic outline has been followed in the sections below to order the material. In this section the character of the assistance to central banks is described and a tentative classification of the assistance according to this outline is presented. The reader may like to use the outline to classify his or her own experience in any given collaborative setting.

Technical assistance provided by Western central banks

Western central banks (donor banks) provide so-called 'technical assistance' to central banks (recipient banks) in countries that are in transition to a market economy after the restructuring in the communist world in 1991. The assistance is known as 'technical' in the sense that it provides knowledge transfer and consultancy (while other assistance can be financial or political). The purpose of the assistance is to encourage institutions and people in the countries in transition to function according to the demands of a market economy, and to prevent aberrations due to a lack of knowledge and training. In the case of central banks, the aim is the development of the central bank as an institute; the development of individual staff members is instrumental to this. With this in view, international agreements were drawn up by the central banks of the G-10 countries. Forms in which assistance is provided are, for instance:

- Long-term assignments (six months to three years, residential);
- Short-term visits (one to four weeks), ad hoc, or repeated assistance in longitudinal development processes;
- Training programmes (one or two-week courses);
- Visits or secondments to Western central banks.

The missions lasting one or two weeks led by the IMF have a rather different character, namely, one of monitoring and issuing advice. The mission teams are comprised of people from various countries.

The assistance is paid for by international institutions such as the IMF and the World Bank, by country-based institutions such as USAID, the British Know-How Fund, the European Union (especially TACIS and PHARE programmes) and donor central banks themselves.

Table 1 shows a tentative classification of the assistance to central banks according to the schematic outline by Jenei/Le Loup and Van den Berg.

Projects by private firms

Private firms work on a broad range of projects, of which the beneficiaries are in governmental and private sectors in the receiving countries. This article has drawn on projects in the field of information and communication technology (ICT) and consultancy work in organisational and change processes.

ICT projects in Eastern Europe mostly concern telecommunication companies and industries related to them. These projects are financed by the receiving companies themselves (or Western

Table 1.

Stages (Jenei/Le Loup)	Levels (Van den Berg)		
	International	Organisations	Individuals
1. Contacts	IMF: exchange of t.a policies BIS: information; informal meetings	Contacts by telephone/ fax, and in the context of meetings	Contacts in the context of meetings and other t.a.
2. Systematic exchange	BIS: meetings of co-ordinators; database on t.a. IMF: country co-ordinators Conferences of c.bs in the same IMF-constituency	Establishment of co-ordinators within c.bs. Bilateral exchange between c.bs.	Exchange by people working in the same field Spin-off to extra professional exchange and consultancy on a personal basis
3. Joint action	IMF Missions Training Programmes for CB Russia, CB Ukraine, financed by EU	T.a. assignments and contracts between two c.bs., sometimes financed by EU or others Bilateral t.a. in general Secondments Visits	People involved defining tasks, roles and consultancy relations
4. Mutual co-operation	<i>Generally until now the t.a. has not been reciprocal. But in the third millennium this could be the case in some of the projects. In recipient countries people are now speaking of technical co-operation rather than technical assistance.</i>		
5. Institutionalised partnerships	IMF-constituencies Joint Vienna Institute (for training)		Resident advisers

→ = strong relation/influence
t.a. = technical assistance
c.bs. = central banks.

parent companies) and/or governmental or EU funding programmes. In some cases this involves sending specialist personnel, in other cases the Western IT company has responsibility for a particular project.

The nature of the consultancy projects on organisational change is more specifically dependent on the persons concerned. In these projects it is essential to guarantee co-operation with counterparts in the East. In all types of private projects co-operation with other western consultants and specialists is now quite common.

Projects for central banks and private projects compared

A comparison of projects between central banks and those carried out by private firms shows a number of differences. As regards central banks:

- Standing relations already exist between the institutions involved (where only changes in personnel are important, and sometimes crucially so);

- Funding is not usually a problem. Having the right people to give the assistance to may prove to be more difficult.

In respect of private projects:

- Funding for private contracts is limited and always a point of concern, mainly for the contractor but also for the consultant. In those cases where the contractor is not the client, special complications may arise;
- Obtaining assignments (mostly through proposal and selection procedures) takes a lot of time and energy, although the advantage is that a good deal of thought has already gone into the project in advance.

Not surprisingly, it is the political context that influences both implicit and explicit wishes about the possibilities of change and development, not only with central banks, but also with private clients.

3. Motivation on the individual level and conflicts between individuals and organisations

Consultants: personal and professional motivation

In many cases, the ‘what’ and ‘how’ of specific assistance to central banks is not precisely defined, while the field in which it operates is very broad. This leaves a good deal of room for personal priorities and interests as motivating factors for the work, something which is equally the case for both parties, for those offering as well as those receiving assistance.

Private projects on the other hand are more often defined very precisely, but there the organisational and inter-organisational environment, in which the assignment has to be carried out, is often not very clear and interests are diverse. Private projects can be more complex than those in Western countries because of a greater variety in historical, cultural and economic contexts.

Since the organisational circumstances in the recipient organisation cannot be known very well in advance and since the consultants’ managers do not know these either, an important task of self-monitoring falls to the consultants themselves. Weak control from above generally requires strongly motivated people who can take initiative and organize their work in rather unstructured circumstances. They should have relatively clearly defined ideas about what to do and how to act. These ideas may originate from their own individual professional norms and values, as well as from the norms of the western organisations in which they were educated.

Indeed, people involved successfully tend to show these professional abilities and strong motivation. But personal factors can also play a role. Moreover, purely professional motives may not always be strong enough to meet the difficulties of dealing with projects. Without close personal involvement the energy to do a good job will often fade away. Generally, personal motives strengthen one’s professional role and energy. A personal involvement in the tasks to be fulfilled, or a strong desire to help certain people in the client system, can keep the consultant on track. But of course personal motives and beliefs may also present drawbacks:

- Consultants will come into contact with a different organisational culture. Their reaction may be to consider it ‘dysfunctional’², and disappointment may set in;

² György Jenei et al. ‘East-West Co-operation in Public Administration – a Framework for Assessment’ (see first chapter of this book).

- During long assignments people can start to suffer from fatigue: problems can be intractable, personal resistance can prove strong, so the initial enthusiasm dwindles. Support by higher-level managers, in contacts with recipient institutes, could lighten the burden considerably.
- Again, in many cases the work abroad is not a particularly important element in the personnel management of the home institutions, so, with a view to their own careers, people feel they should not participate in this work for too long.
- Finally: the situation at home. Many professionals like to spend some time in countries abroad, but for their families this is generally not pleasant, and if it happens often or for long periods, it tends to be increasingly upsetting.

In the institutions involved, these are all points of concern. The usual solution is to replace those involved by fresh people. Indeed, it is better not to keep someone too long on the same assignment – probably better from a professional point of view as well!

The consultants within their own organisations

Consultants wishing to work abroad often face particular attitudes and circumstances in their home organisations that are not necessarily helpful to them. As regards technical assistance for central banks, some number of managers within donor banks involved are not structurally motivated and are resistant to sending their good people to CEE countries. In private institutions, managers often prefer to give priority to Western clients. Here the core business of the home institutions lies not in the countries in transition but in Western economy and servicing Western clients. Then again, people are not assessed on their work abroad, but on their work within their own central bank or institute or for Western clients. For the same reasons the professional, emotional and managerial support by management or colleagues, assuming there is any such support, may be less forthcoming on a foreign assignment than at the home base. All this must be born in mind, while realizing that the work abroad is itself generally more difficult than work at home.

People within recipient organisations

Central bank organisations compared

With some exceptions Western central banks originated in the nineteenth century. They reached their present position in a smooth process of development of tasks and roles and all along they were able to develop their own internal culture. In Anglo-Saxon and Scandinavian countries, The Netherlands and Germany (that is, most of the former Protestant Christian countries), they have a strong culture of independence from the banking business as well as from government and parliament. They are relatively closed, technocratic organisations, which keep themselves far removed from political influence. The employees show strong loyalty to the organisation.

In contrast, the central banks in Eastern Europe originate from institutions led by the central government. These institutions provided money to industry, agriculture and other organisations. The restructuring of 1991 caused a discontinuity of tasks and a change in position of the institutions. One result of this is that the functioning of departments and directorates depends to a relatively great extent on the persons involved. Because there is no basic new organisational culture, members of the organisation are not guided in any specific direction. In addition, many of the people involved lack thorough professional (e.g. managerial) attitudes, because their training has not included any such attitudes.

In order to implement the new tasks and fill new roles, the central banks after 1991 sometimes

succeeded in attracting many new managers, sometimes they did not. In the latter cases, a group of ‘apparatchiks’ from the old regime may strongly resist the current development. In a number of cases we see that the management of recipient banks is eager to obtain a lot of assistance, but that they have very personally coloured priorities. Where this is the situation, professional motives can easily be opposed to what the leaders want. Conflicts may arise from the following:

- The central banks suffer from strong parliamentary influence: parliaments may appoint, for instance, members to executive and supervisory boards, though they also do so because in the transitional situation many new laws must pass parliament. The president of the central bank is also often a member of parliament.
- Another conflict of loyalties can be found in the field of personal business or career interests. For many bright young people in particular, the central bank with all its training facilities, including opportunities in the field of assistance, means simply a step forward in their careers. Some people (both young and old) exploit central bank contacts and opportunities primarily for their own business purposes.

In many cases, however, thorough co-ordination does take place that can result in consistent and effective assistance activities. In these cases professional motives and organisational wishes tend to be consistent with each other.

Other organisations

The situation of central banks has been elaborated to demonstrate some of the effects of technical assistance as seen so far. In the private sector situations may resemble those at central banks more closely than we might expect. This is because the CEE private sector as well used to be closely connected to political power structures, which is something that tends to continue, especially if the same people are managing the sectors of industry, trade and banking who were doing this before the restructuring. Furthermore, the diversity in personal goals and interests can be seen not only in governmental and central bank organisations but also in private companies. The impression created is that the degree of organisational loyalty tends to be lower than we see in Western organisations – even allowing for variation in Western countries.

Consultants and partners in the recipient organisation

As mentioned already by Jenei and LeLoup³, the transfer of knowledge and experience makes it necessary to have one or more active counterparts for the western expert. If these cannot be found, the consultant’s work needs to be directed at getting them. The management in the recipient organisation has the task of fulfilling this need.

4. Conflicts between arrangements on national and supranational level and motivational factors on the organisational and individual level

Currently, some assistance and consultancy are given according to international agreements. The work at ground level will be difficult if the international programme has been arranged without any contribution from the institution which is to carry out the work: a framework has already been set. One example of this can be seen in the international training programmes for central banks. Tensions arise because the work of individuals is structured and monitored according to the international agreements – in which the participating central banks are only slightly involved. The

³ *ibid.*

central banks can choose whether or not to take part in the programme, but cannot strongly influence the way in which it is structured. On the other hand, within the participation agreed upon (to present certain courses or workshops, for instance), the individual professionals can prepare their own programmes and mostly have the freedom to do so as they wish. In practice, however, this very freedom in many cases prevents the individuals involved from co-ordinating their work with colleagues from other central banks who are working in the same fields: co-ordination determined by international agreements is mostly concerned with form and not content.

As assistance and consultancy is given by many different institutions and in many different financial formats, co-ordination between all these institutions is difficult. In practice, only recipient parties are in a position to do this. Since most assistance to central banks used to be given at no cost to the receiving parties, they would generally accept much of it without stringent checks on consistency, etc. This situation, however, has changed in the last few years of the nineties: CEE central banks are now more critical as their state of development and know-how is growing fast. So the quality of assistance (training and consultancy) has been monitored more carefully in recent years. The same tendency holds for consultancy work in private areas: the client is becoming more critical. And indeed, a growing independence among client organisations is healthy for the quality of project work and for the motivation of people involved on both sides.

5. Some results of assistance and consultancy

Results for the people in the recipient organisations

In terms of knowledge, abilities and attitudes (including norms and values) we can clearly state that the result for many people has been a broadening and deepening experience. People leaving an organisation take their experience with them to their new organisations. Development, however, is often fragmentary – so young people who have a good educational background pick up most.

In terms of norms and values the visits and secondments to Western countries have a significant influence, and there is fortunately much more East-West travel nowadays than there used to be. People with ‘western’ experience often excel thanks to views they have developed and the influence they can exert compared to their colleagues who have not benefited from this training and learning. But it has to be said that one cannot be sure whether these talents were there in the first place, leading the man or woman to take hold of this new experience, or if the experience itself created extra capabilities.

As to the effect on work and behaviour, the results of short training courses are not overwhelmingly positive. What has a far better effect is systematic technical assistance in the form of longitudinal consultancy that includes certain training elements. This holds true in Western countries, too, where generally getting a course ad hoc does not have any significant effect.

As a general proposition, we can say that basic theory and knowledge is now available within central banks and many other organisations. In several cases a lack of specialised knowledge and skills can be seen, especially, for instance, in the managerial field where a tradition still needs to be built up. However, working in conformity with ‘new’ knowledge and skills also presents difficulties. These are visibly due to lack of personnel with the appropriate skills and know-how (good people having left the organisations), political hindrances and the personal priorities of officers and employees. But another reason must be mentioned as well: much consultancy work

(especially training activities) is focused on transferring knowledge about content and not enough on the process of learning itself. Knowledge is obviously necessary, but if there is no continuity in an organisation and if no climate of learning has been established, then all training and transfer will be fragmentary.

Yet an increasing number of organizations in CEE countries show high levels of expertise (for example, in the field of telecommunications). As to the front-runners in new central banking, increasingly their officers are now involved in assistance to other countries. This is important because they can share their own experiences as to the transition process.

In conclusion, we may say that technical assistance and consultancy to organisations in countries in transition often produce good results, thanks to strong personal involvement. Nevertheless, a great variance may be noted in the success rate of the assistance, due to drawbacks created by the historical, political and personal context of those specific organisations involved. This article has tried to point to some of the effects and drawbacks that have to be envisaged in developing, leading and realizing projects in this field and in supporting the people involved.

Results for the consultants

Although much consideration has been given in this article to difficulties and drawbacks, there is nonetheless good reason to pay due attention to the fine results which the work in the types of projects under review can have, and often has had, for the consultants concerned. Essentially they benefit from a great many new experiences and knowledge. Their experiences enable them to put their existing knowledge and ways of thinking into a broader context, which in turn leads to more reflection and new insights. Of course, there are other results too. One is the fact that many consultants derive great satisfaction from helping people to make essential steps forward – not least those who often encounter far greater difficulties and problems in their work and lives than are generally encountered in Western organisations.

6. Recommendations

This article has presented some personal experiences and observations in projects in CEE countries. Arising from this is a number of recommendations that should enable recipient organisations to derive maximum benefit from projects while minimizing drawbacks for consultants:

1. Strive for continuity in relations between both the recipient organisations and those offering assistance, and between individuals concerned.
2. As a consultant, work therefore with an eastern counterpart: among other things, this encourages firm establishment of working processes, sustainability and availability of support when difficulties arise.
3. Pay attention to explicit link-ups between aims on the organisational level in the recipient organisation and those on a personal level with the individuals involved.
4. Ensure consistent and mutually agreed definitions of programmes and interlinked assignments. This is an important task for the recipient organisation!
5. Divide up complex or lengthy projects into modules or phases: clearly achievable goals that can be taken step by step are necessary, for instance, to maintain the motivation of those involved.
6. Effectiveness and sustainability are dependent on consultants transferring knowledge and

- also focusing on learning processes; both parties must pay due attention to this.
7. Select consultants with the necessary personal characteristics, such as the ability to organise and when necessary adapt their own work, the ability to work with intercultural differences, intrinsic motivation, etc.
 8. Make sure that the consultants are prepared for possible drawbacks; they must have a good understanding of gradual, step-by-step development.
 9. Provide support for consultants both from within the assisting organisation as well as from the recipient organisation (managerial, professional, emotional support).
 10. Be aware as a (personnel) manager in an assisting organisation that the work abroad is exceptionally useful to the consultants' work on the home front, providing them with a wealth of new insights.

A version of this paper, which elaborated specifically on technical assistance for central banks, was presented in the Study Group on Co-operation in Permanent Education, Training, Research and Consultancy between Eastern and Western Europe at the 1998 Annual Conference of the European Group of Public Administration (Paris, September 1998).