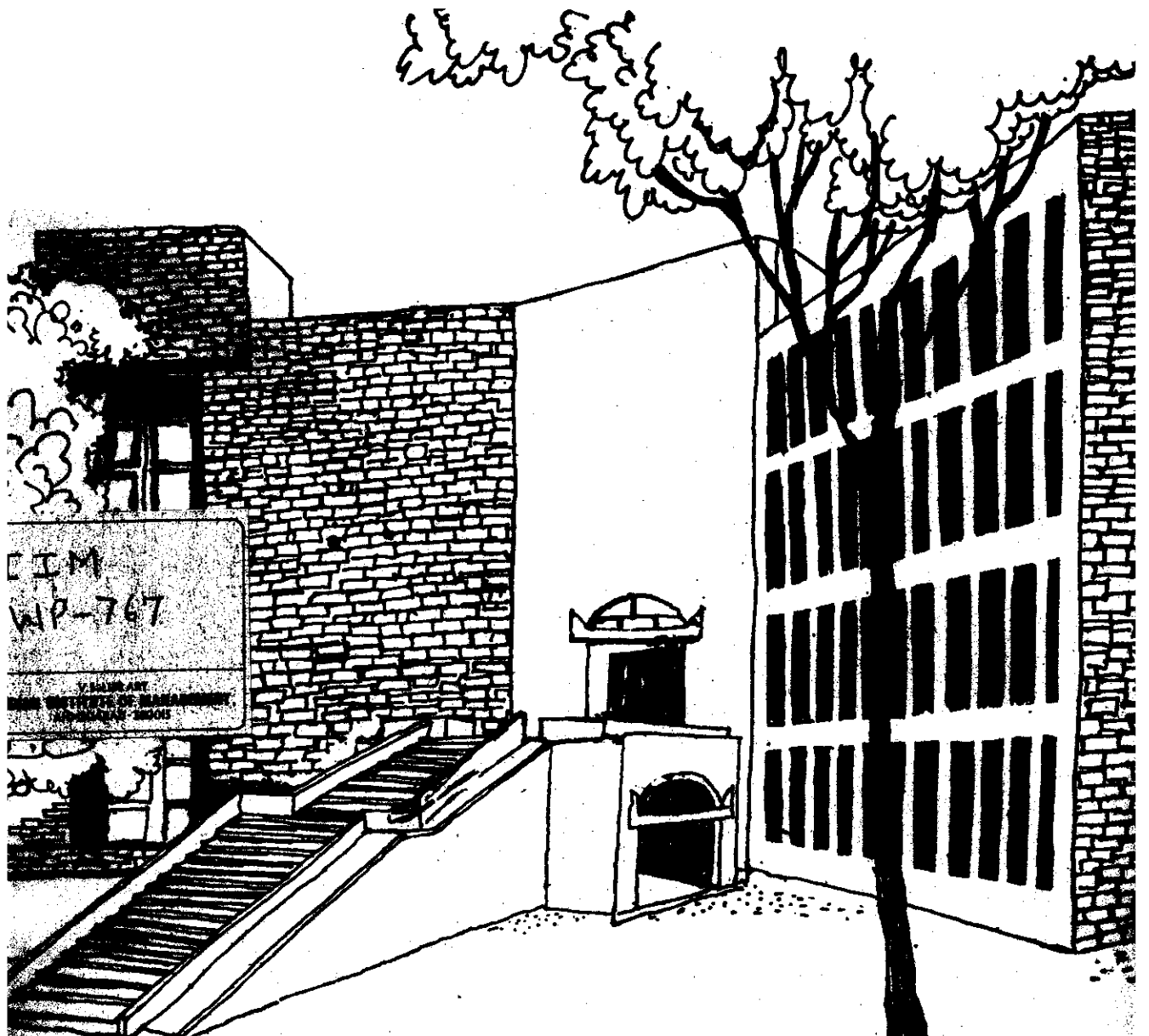




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STRATEGIC DEVELOPMENTAL ORGANIZATIONS:
SOME BEHAVIOURAL PROPERTIES

By

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STRATEGIC DEVELOPMENTAL ORGANIZATIONS : SOME BEHAVIOURAL
PROPERTIES

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Abstract

OB research in the Third World has not been sufficiently socially responsive. It can make amends by focussing on the organizational behaviour of strategic developmental organizations. The latter are organizations that have or adopt responsibility for the growth and development of their operating domains. Three types of SDOs are identified, namely, the apex, the spearhead, and the catalytic ones. In the Third World they generally share missionary, developmental goals, resource dependency on the government, and pioneering, risk-laden, uncertain tasks. These characteristics lead to some unusual strategies, such as of getting the domain's compliance, learning to cope, innovation diffusion, autonomy seeking, and domain development. The management of SDOs tends to adopt a number of devices to be simultaneously organic and mechanistic and entrepreneurial and conservative. The successful ones tend to fuse proactive and professional modes of management. The intrinsically schizoid character of SDOs tends to breed high intrapersonal and interpersonal blocks and difficulties. A style of leadership marked by accentuation of superordinate goals, intensive communications with stakeholders, credibility building through a stream of quick pay off actions, task oriented but nurturant supervision, utilisation of national or local cultural mores, and spirituality may be particularly relevant for SDOs. The study of the organizational dynamics of SDOs should lead to large gains for all of OB.

Introduction

The field of Organizational Behaviour in India, and possibly in the Third World as a whole, has not been notably socially responsive. Indian OB research abounds in replications of Western research (Padaki, 1987), notably of the two-factor theory (Herzberg, 1966), hierarchy of needs (Maslow, 1954), need satisfaction models (Porter and Lawler, 1968), achievement motivation (McClelland, 1961), motivational climate (Litwin and Stringer, 1968), authoritarian - participative leadership (Likert, 1961), etc. There has been far less emphasis on how such staples of Third World reality as poverty, scarcity, social stratification, kinship orientation, traditionalism, political interference, corruption, and state regulation affect micro-OB and macro - OB behaviour (Khandwalla, 1987a). The vast social change and development experiments initiated by the government as well as by private institutions and enterprises have also, by and large, escaped the attention of OB professionals. In particular, there has been neglect of the organizational dynamics of a socially highly significant organizational type, the strategic developmental organization, that is the centre piece of national developmental strategies in the Third World.

State supported socio-economic development has been a notable feature of many Third World mixed economies. In India, for instance, the volume of government investment, adjusted for inflation, has risen from around \$5 billion a year in the fifties to around \$30 billion a year in the late eighties (there has also been a corresponding growth in private sector investment). The bulk of this investment in nation building industrialisation, infrastructure development, and development of human resources has been channeled through a host of organizations specially set up by, or funded by, the state. These include federal as well as state level planning agencies, industrial capital lending banks, various governmental agencies, a large number of state owned enterprises, and a variety of cooperative societies, research and educational institutions, voluntary organizations, etc. These are called strategic developmental organizations because of their strategic, long term significance for such dimensions of socio-economic development as faster economic growth, greater self-reliance for the economy, greater social equity, enlargement of opportunities to citizens for personal growth, etc. As an example of the mushrooming of these developmental organizations, federal government owned enterprises increased in India from 5 to 219 between 1951 and 1981 (Bureau of Public Enterprises, 1981), and countries such as Mexico, Brazil, Tanzania, Pakistan, and Peru have also recorded comparable increases (Pillai, 1986).

The purpose of this paper is to identify some distinctive characteristics of strategic developmental organizations, indicate a working typology of these organizations, and develop several ideas concerning their strategic and operating behaviour.

The Strategic Developmental Organization

The strategic developmental organization may be defined as an organization that is given, or assumes on its own, the responsibility for the growth and development of the domain in which it operates (Khandwalla, 1988a). This responsibility is over and above any commitments its management may have for the organization's own growth, profitability, image, etc. Thus, the Planning Commission in India has the mandate of speeding up the growth rate of the Indian economy; the Industrial Development Bank of India has the responsibility for channeling an ever larger volume of resources into corporate investment; the federal Indian ministry of Human Resource Development has the mandate to improve the health and longevity of the people, their literacy, and their skills. Similarly, there are a number of institutions in the private sector that have adopted some developmental mission or the other. These include apex societies for cooperative work such as the National Dairy Development Board; various institutes of science, technology, and management; research institutions; a number of development oriented voluntary

organizations; and even private corporations that adopt such goals as the development of backward areas, import substitution, technology development, or pioneering into the country entirely new lines of products, and thereby founding new industries.

Not all government agencies, public or private sector corporations, cooperatives, voluntary organizations, or educational institutions etc. are strategic (or equally strategic). Only those of the above that have or adopt responsibility for the growth and development of the domains they operate in would be called strategic developmental organizations. Thus, government agencies and ministries concerned primarily with law and order, national security, revenue collection, or other routine administrative matters would not be considered strategic; nor would academic institutions, cooperative societies, or corporations that pursue primarily either the interests of their owners or members or clients. The existence of a strong domain-related public purpose, and that too, concerning the future growth and development of the particular domain served or operated in, is the essence of the strategic developmental organization considered in this paper.

There have been numerous studies of Third World governmental developmental and other agencies (Sajo, 1970; Hopper, 1972; Torczyner, 1972; Mathur and Bhattacharya, 1975; Pai Panandikar and Kshirsagar, 1978; Salinas, 1978; Abramson, 1978; Bagadion and Korten, 1980; Guess, 1982; Paul, 1982; HRD Unit, 1984;

Srivastava, 1986; Ickis, de Jesus, and Maru, 1986), government owned corporations (V. Bhatt, 1978; Chaudhuri and Khandwalla, 1983; Ramamurti, 1986; Khandwalla, 1986; Shiva Ramu, 1986), cooperative societies (Baviskar, 1980; Balaji, 1985; Phansalkar and Srinivasan, 1985; Singh, Verma, and Yadav, 1985), voluntary organizations (Natarajan, 1977; Chattopadhyay and Pareek, 1984; Subramanian, 1984; D'Souza, 1988), academic institutions (Pareek and Rao, 1970; Ramos, 1971; Ganesh, 1980; Devadoss and Muth, 1984), community development programs and organizations (De Sousa, 1979; Tandon and Brown, 1981; Soares, 1984), etc. However, there are virtually no reported studies of strategic developmental organizations as a genre. Given the importance of these organizations in Third World development, theory construction and research pertaining to them are critically needed.

Types of Strategic Developmental Organizations

There are at least three types of strategic developmental organizations (Khandwalla, 1988a). One type is the sectorally apex developmental organization. This has coordinative and regulatory responsibilities vis-a-vis the sector served. There are several Indian examples of this type, with analogues throughout the Third World. The Planning Commission is one example. Currently, with the help of 50-odd sectoral task forces it is in the process of finalising the next 5 year socio-economic development plan that may cost around \$500 billion, aiming at an overall growth rate of 6% per annum, with specific targets in a

great variety of sectors. The Reserve Bank of India which regulates the entire banking system for controlling inflation, setting priorities as between different sectors for the supply of credit, etc. is another example. The Reserve Bank of India is not just one more central bank; it has a strong developmental focus. For instance, it gives priority to agricultural finance, small scale industries, industries in backward areas, priority industries, etc. Several central government and state government ministries are also apex developmental organizations in their respective sectors, notably ministries of finance, industry, energy, transportation, human resource development, etc. Their aims are not just administrative. They are the engines of regulated growth in their respective spheres, initiating development programmes, disbursing funds to various private and public agencies involved in development, monitoring performance, taking corrective action, etc. Although a variety of Indian organizations have been studied (Sinha, 1981; Ganesh and Rangarajan, 1983; Khandwalla, 1987a), there is virtually no research available on these critically important apex strategic developmental organizations.

Another category of strategic developmental organizations is the one that spearheads developmental effort in a particular sector without playing an apex monitoring, supervisory, or coordinative role. The spearhead developmental organizations usually have somewhat narrower, more specific missions; they are often partially autonomous, even when they are government owned or

controlled; and they also often encounter competition. The most common kind of spearhead strategic developmental organization is the public enterprise. It is usually created by Third World governments to assume "commanding heights" in a particular industry or sector, force the pace of development in it, strive for import substitution, and raise the growth rate of output in the industry. The public enterprise is a vital element of the industrialisation strategy of Third World countries. In India public enterprises account for the bulk of output of such basic and strategic industries as heavy machinery, metals (including steel), oil, coal, power, petrochemicals, and basic and heavy chemicals (Bureau of Public Enterprises, 1985, volume 1).

Besides public enterprises, there are a whole lot of other semi-autonomous spearhead strategic developmental organizations. For instance educational institutions have been created to train scarce technological and managerial manpower needed for speeding up industrialisation. Examples in India are the institutes of technology and the institutes of management. Specialised financial institutions have been set up to increase the flow of financial resources for industrial and agricultural investment (Indian examples are several term lending institutions, nationalised banks, and National Bank for Agricultural and Rural Development). Many research institutions and labs have been set up to increase research and development in key sectors, such as in India, the national physical laboratories, industry - specific research organizations, etc. Large development programmes (Paul, 1982), such as for increasing milk supply through

cooperativisation or for slowing population growth through family planning or for increasing adult literacy or for raising the rural masses from dire poverty by making available to them means for generating additional income etc. are also spearhead organizations.

In India, at least, there has been far more research on spearhead than on apex strategic organizations. Some useful work has been reported on strategic public enterprises (V. Bhatt, 1978; Chaudhuri and Khandwalla, 1983; Kulkarni, et al. 1983; Ramamurti, 1986; Khandwalla, 1986; Shiva Ramu, 1986), on strategic academic/training/research institutions (Chowdhry, 1968; Chowdhry and Sarabhai, 1968; Chowdhry et. al, 1972; Gangjee, 1978; Ganesh, 1980; Chaudhuri, 1986) and development projects and programs (Moulik, 1980; Khanna and Subramanian, 1982; Paul, 1982; Murthy, 1986; Srivastava, 1986).

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Finally there is a potpourri of non-strategic developmental organizations that range across private enterprises, cooperative societies, voluntary organizations, action groups, associations, lobbies etc. For convenience they may be called catalytic strategic developmental organizations. They are strategic regionally more often than at the national level and they are development oriented by choice rather than by government directive. Lacking in large resources and official authority, they usually seek to catalyse development through networking, persuasion, and beneficiary participation in their decision

making. In India, some of the development minded private business groups such as the Lalbais, the Mafatlals, etc. have sought to catalyse rural development through setting up rural development foundations. Some other enterprises such as those belonging to the Tata Group have sought to catalyse industrial development by moving into the "core" sector of the economy, that is, into those relatively "high tech" industries where returns are dicey, the gestation period of the investment is long, the technology and markets are relatively unfamiliar, and the products are imported or in short supply. While many cooperative societies are not social development oriented, some are (Baviskar, 1980; Phansalkar and Srinivasan, 1985). A number of voluntary organizations have been playing social change agent roles (Natarajan, 1977; Subramanian, 1984; D'Souza, 1988). Several associations, especially of private sector industry, seek to play developmental roles by undertaking policy studies to advise the government in the formulation of development oriented public policy.

Despite the enormous variety in the types of organization that could be labelled strategic developmental, they share some common distinguishing characteristics (Khandwalla, 1988a). First of all they have or assume a developmental mission vis-a-vis the sector in which they operate. The concern for profitability or financial viability tends to be secondary. Second, they tend to have moderate to high resource dependency on the government, at least in the Third World where private funds for altruistic social development are rather scarce. This resource dependency

(Pfeffer and Salancik, 1978) implies substantial influence of the government on the operations of these organizations. Since the operating culture of the government tends to be bureaucratic (Mathur and Bhattacharya, 1975; HRD Unit, 1984), the government monitors of these organizations tend to transmit bureaucratic norms and practices to the dependent organizations. Third, their youth, their developmental mission, and their change agent role usually imply that their tasks are unfamiliar, non-routine, and risk laden. This combination of characteristics helps them attract scarce national (and even international) resources. But it also tends to institutionalise conflicting operating styles : bureaucratic conformity to government rules and regulations because of resource dependency on the government, as well as an entrepreneurial (Mintzberg, 1973) and organic (Burns and Stalker, 1961) mode of management to cope with daunting missions and operating uncertainty. These contrary pulls create a fascinating genre bedevilled by a sort of complexity not normally encountered in Western corporate organizations. The strategic and operating behaviour of these organizations therefore differs, in some respects strikingly, from that of Western corporate organizations.

Strategic Behaviour of Strategic Developmental Organizations

Western strategic management has revolved mostly around diversification and vertical integration (Rumelt, 1974; Egelhoff, 1982; Daniels, Pitts, and Tretter, 1984; Palepu, 1985), and competitive product, niche, and cost advantage strategies (Hall,

1980; Porter, 1980; Scherer, 1980). While appropriate to corporate organizations, these strategic options are far less relevant to Third World strategic developmental organizations. Other strategic elements seem to be far more relevant to these latter organizations. Some of these are discussed below:

Domain compliance: Strategic developmental organizations in the Third World tend to pursue national priorities like greater output of essential goods and services, import substitution and greater national self-reliance, greater equity, etc. Since they are expected to play a pace-setter role, getting the compliance of the domain served to national priorities becomes an important goal of strategic developmental organizations. This is a particular concern of apex strategic organizations. The Indian Planning Commission for example develops national as well as sectoral growth targets and monitors their achievement by the various ministries, governmental agencies, state governments, etc. Since target setting is in part a gaming exercise, one commonplace strategy pursued by apex organizations appears to be one of pitching high targets in the hope that actual achievement may be close to the secret real targets. Another strategy appears to be one of rewarding the good performers through speedier sanctions and more munificent allocation of resources for their projects. Often domain compliance is sought through the participation of representatives of the domain, such as by sponsoring conferences of sub-strategic organizations to evolve criteria for evaluating the latter's performance, coopting

prominent beneficiary organizations into the governing boards of strategic developmental organizations, etc. Deputing representatives of the strategic organization on the governing boards of sub-strategic organizations, developing a cadre of professional managers for the sector through a central training institute set up by the strategic organization, periodic performance reviews of sub-strategic organizations by desk officers of the strategic organization, etc., are other means of control commonly used by strategic developmental organizations. In India, these options are known to be employed by the government monitors of public enterprises (Khandwalla, 1986). These domain compliance alternatives may be usefully contrasted with the price leadership, collusion, etc. means employed by dominant corporations for securing compliance of rivals (Scherer, 1980).

Learning strategy: Strategic developmental organizations often operate in relatively unfamiliar terrains. They therefore face a real danger of initiating long term projects or actions that are ill-conceived in hind sight. Because of the power over domain of these organizations (especially the power of the apex and spearhead ones), these ill-conceived actions may result in vast waste of resources or suffering. The Indian public sector abounds in stories of expensive projects that turned out to be duds (Khandwalla, 1986; Ramamurti, 1986). Unfamiliarity with technology and the needs of the clientele can aggravate flawed initial choices. Studies of successful Third World public programmes and public sector enterprises (Paul, 1982; Khandwalla,

1986) indicate that they tend to pursue vigorous learning strategies, such as starting small and growing fast only after mastering technological and marketing intricacies; starting with only one goal and only later adding other goals; starting with one product and diversifying only later; starting with a pilot project and only later scaling up; entering in a small way the most difficult market segment and then going in a big way in the easier markets (Patil, 1982); phasing expansions, etc. Another learning strategy commonly followed is to team up with one or more enterprises or institutions in the developed countries for technology transfer. Thus, in the fifties HMT, an Indian public enterprise, teamed up with Oerlikon of Switzerland to transfer machine tool technology to India (Patil, 1982); BHEL, another public enterprise, later teamed up with Siemens; and two Indian management institutes secured management technology from Harvard and MIT.

Innovation diffusion: Given the responsibility for the growth and development of the domain, the strategic organization is particularly concerned that an innovation or an improved practice is diffused throughout the domain served as quickly as possible. This is in sharp contrast with the corporate practice of protecting an innovation by defensive patenting or other means (Scherer, 1980). The strategic organization tries to diffuse innovation by publicising it, by deputing teams to organizations served to try and institutionalise it in them (Gangjee, 1978), by training change agents working in these institutions (Hill,

Haynes, and Baumgartel, 1973); by codifying "good" management practices in a sector in the form of guidelines (BPE and BHEL, 1976), etc.

Autonomy seeking strategy: Many strategic developmental organizations seek respite from bureaucratic pressures and political pressures in order to pursue their missions more forcefully. Their bureaucratic and political masters also seem to have begun to realise that operating autonomy to pursue public policy objectives is essential for mission accomplishment. Thus, a number of strategic options have begun to emerge for increasing their autonomy without decreasing their accountability for mission accomplishment. One idea is the holding company device, in which several strategic developmental organizations report to a holding company (or equivalent) rather than directly to the government (Murthy and Nath, 1988). This way direct political and bureaucratic interference may be minimised. A second idea is the memorandum of understanding device (Sreedhar Sharma, 1982), under which the government and the strategic development organization sign a formal document setting forth their respective obligations towards one another. A third idea is to bring the culture of the well-managed strategic development organization into the governmental bureaucracy, by seconding its chief executive to a monitoring role in the government (Khandwalla, 1986). Several Indian public enterprises have learnt to increase their autonomy by building up their credibility with government monitors. They seek this by

involving government monitors in their problems, by keeping them regularly posted on their actions, by networking with important officials and politicians within the government structure, and by showing good performance vis-a-vis strategic goals of the government (Khandwalla, 1986). Some have sought to decrease their financial dependence on the government by resorting to national and even international capital markets or funding agencies.

Domain development strategy: Since domain development (rather than market exploitation) is a major objective of strategic developmental organizations, they need to develop a number of options for this. One option is networking with a number of institutions in the domain in order to develop a domain development strategy (Paul, 1982; Ganesh and Joshi, 1985). As an example, Indian term lending institutions, mostly government owned, have created an inter-institutional meeting forum to coordinate their activities with a view to channeling capital to the private manufacturing sector. Public enterprises in India have created an institution called Standing Committee for Public Enterprises (SCOPE) for sharing problems and concerns.

A second option is one of institution building, that is, of helping existing sub - strategic organizations with training, resources, etc. to build up their capacity for developmental action (Gangjee, 1978; Ganesh, 1980). As an example, the Indian Institute of Management at Ahmedabad has helped a number of other MBA programs in India and other Third World countries to get

going; the Ahmedabad Textile Industry's Research Association (Gangjee, 1978) conducts a variety of technical and operations - related studies in textile mills with a view to improving their efficiency, productivity, etc.

A third option is of strategic developmental organizations starting one or more special purpose organizations, each one playing a specialised role in the overall developmental strategy for the sector. For example, the Industrial Development Bank of India, the apex term lending institution in India, has helped set up the Management Development Institute for training managers in the term lending sector; in association with governments of various Indian states, it has also formed state-level subsidiaries for channeling term finance to small and medium scale enterprises. Major nationalised Indian banks have collaborated in setting up the National Institute of Bank Management to train bankers and conduct banking related research. Several large Indian public enterprises such as BHEL and the State Bank of India have set up staff colleges for training purposes. HMT, a well-known Indian public enterprise, took the lead in the setting up of the Central Machine Tool Research Institute. The Behavioural Research Centre has been setting up village cooperatives of low caste persons in Gujarat, India, to increase their self-reliance; the National Dairy Development Board has been playing a major role in setting up "Anand pattern" cooperative dairies in other parts of India. A number of voluntary organizations such as Self-employed Women's Association

and Tilonia (Roy, 1986-87) have assisted in their replication in other parts of India.

These domain development strategies may be usefully contrasted with the secure-market-domination-to-cream-the-market strategies pursued by corporate organizations (Porter, 1980).

General Management Mode of Strategic Developmental Organizations

The distinctive peculiarity of many strategic developmental organizations, particularly the apex and spearhead ones, is that they have to practice apparently contradictory modes of management. As organizations embedded in bureaucratic governmental systems or dependent upon them, they are forced to be conservative and mechanistic. As mission - charged ventures in often unfamiliar terrain they have to be entrepreneurial and organic. As instruments for achieving national priorities they are often subject to pressures from the government to adopt high targets. This in turn often leads to participative posturing but authoritarian goal setting at lower management levels.

The State Bank of India, a spearhead bank formed by nationalising in the fifties the privately owned Imperial Bank of India, illustrates these contrary pulls. The State Bank's mission was to break the stranglehold of big business houses on Indian banks and make credit available to smaller industrialists and businessmen; and to break the stranglehold of money-lenders in

the Indian countryside and make banking facilities available to millions of farmers and rural craftsmen. The State Bank to-day is a vast organization of some 10000 branches and 280000 employees (Sarkar, 1988). By one count the bank's operations are subject to 20000 externally or internally mandated regulations and the bank must abide by the guidelines about how much credit to give at what interest rates to which sectors, issued from time to time by the Reserve Bank of India and the Indian Ministry of Finance to which it administratively reports. Operating targets for the year are evolved in meetings between executives and their subordinates; but, reportedly, the process is more authoritarian than participative, with the targets being announced by the boss rather than evolved after a full and frank discussion. The bank is a huge bureaucracy, with many levels and specialist departments. And yet the bank is widely considered to be one of the more dynamic, better managed, and innovative of Indian banks. For instances, it has ventured into merchant banking and leasing, mutual fund, housing finance, export promotion, and dissemination of technology-related information; it has currently a very high Moody's rating; its reorganization in the seventies was highly participative and effective (Goyal, 1982); from 500 offices in 1955 the number has grown to 8000 in 1987 (Sarkar, 1988); it has achieved a spectacular penetration of the Indian rural areas; and it has set up a large number of branches overseas.

How do these organizations manage to institutionalise opposing practices? One way is to oscillate between opposing stances over

a period of time - turn conservative for a while if too many new initiatives have been taken, and vice versa; turn bureaucratic if too much looseness is felt in structure and processes, and vice versa. Another is to present a different face for each significant stakeholder. For instance, appear to abide by rules and regulations to government monitors; appear to be dynamic to politicians and social pressure groups that want the organization to respond to social needs; appear participative in internal pronouncements; turn authoritarian when targets have to be achieved, etc. A third strategy seems to be to develop distinctive managerial structures to play different modes of management - e.g. the personnel chief plays the participation and human resource development card; the operations chief plays the hit-targets-at-any-cost card; the corporate planning chief plays the entrepreneurial card; the organisation and methods chief, the internal auditor, and the financial controller play the efficiency, systems, standardisation card. Frequent re-organizations is another way glaring internal contradictions are partially straightened out (for the time being) (e.g. Goyal, 1982). In-house training is a major device for institutionalising the meet-all-contingencies, Janus - faced culture. What emerges is a schizoid organization that meets at least minimally the contrary pressures upon it. It is often impressive in its numerical achievements but poor in the quality of its work and deficient in its true social impact. Many spearhead Indian industrial finance corporations, set up to provide industrial capital to small and medium scale units in different Indian states, have done an impressive job in terms of

the number of firms funded. But their portfolios are full of irrecoverable loans, and in the case of several of these corporations the true bad and doubtful debts reportedly exceed by several times the paid up capital and reserves. A strength of the schizoid organization is that multiple operating cultures create variegated experiences, thereby enriching the repertory of action alternatives available to management. This enhances the coping capability and the survivability of the organization.

Research on the way successful Third World public enterprises, development programmes, and academic institutions are managed (Ganesh, 1980; Paul, 1982; K. Bhatt 1985; Ramamurti, 1986; Khandwalla, 1986), and the way sick strategic organizations are revived (A. Bhatt, 1984; Khandwalla, 1986, 1988b) indicates that a participatory but proactive form of professional management at the top is highly suitable for strategic developmental organizations (Khandwalla, 1987b). The key elements of this sort of management are structures for workers' as well as managers' participation in decision making (through such devices as works councils and performance review meetings of departmental heads) and their effective use; calculated risk taking; accent on rapid, often opportunistic organizational growth; emphasis on innovation, experimentation, and pioneering; and the setting up of tailor-made "professional" planning, financial control, personnel, and operations management systems. It would appear that these intrinsically schizoid organizations,

tossing between the Scylla of bureaucracy and the Charybdis of mission-oriented development, need to resort to further anomalies to perform well, namely, a combination of creative entrepreneurship and hard-nosed, systems oriented professional management. The trick is apparently to convert the pressure for bureaucratic satisficing on conflicting goals by minimum acceptable level performance on each, into an adaptive sort of professional, systems oriented management. The latter seeks optimisation across several conflicting objectives and generates the slack to pursue conflicting objectives through entrepreneurship. Where the management fails to make this sort of a creative response to the intrinsic contradictions in the working of strategic developmental organizations, the performance tends to be poor.

OB Issues in Strategic Developmental Organizations

The resource dependency of strategic developmental organizations on the government and governmental agencies, and their developmental missions generate some interesting organizational behaviour issues (Khandwalla, 1988a). Resource dependency on the government predisposes them to a bureaucratic mode of functioning which in turn breeds rigidity, alienation, inter-departmental conflicts, etc. (Crozier, 1964). The application of government pay norms makes it difficult for strategic developmental organizations to get the best professional managers in the market (Vathsala and Kumar, 1979). On the other hand, their missionary goals can potentially attract committed

managers, technologists and other staff, and the superordination of these goals can potentially foster collaboration (Sherif, 1963). The apex and the spearhead strategic developmental organizations especially function as mission-oriented bureaucracies. Their schizoid character may well nurture schizoid personality traits in their staff members. An added complication in pluralistic societies like India is the commonplace insistence on representation of different regions, religious groups, and economic classes in the staff, either on the basis of explicit quotas or on the basis of unwritten norms. This tends to create a checkerboard of small cliques and impedes collaboration and team work.

A special kind of leadership is needed in strategic developmental organizations to overcome the intra-personal paralysis caused by contrary orientations and the interpersonal barriers caused by sub-cultural cliques. Besides the usual task oriented and people oriented leadership recommended by Western human relations experts (Blake and Mouton, 1964; Bowers and Seashore, 1966), the leader must accentuate superordinate goals including patriotism to overcome his subordinates' intrapersonal contradictions and interpersonal blocks. Credible and persistent articulation of the organization's (or department's) mission, vision of excellence and core values (Burns, 1978; Peters and Waterman, 1982; Bennis and Nanus, 1985) is needed for this purpose. This has to be supplemented by an enormous communications effort involving communications both with external and internal

stakeholders. As an example, during a recent attempt at turning around SAIL, India's massive public sector steel giant with a staff of 250000, Mr. Krishnamurthy, the new chief executive spent the first four or five months talking to an estimated 25000 officials, managers, union leaders, workers, etc. (Khandwalla, 1988b). A third feature of leadership not commonly encountered in Western prescriptions is the need for the leader to build up credibility. Strategic developmental organizations, partly because of their bureaucratic anchors, partly because of their daunting tasks, tend to fail (40% of India's public sector enterprises are loss making - see Khandwalla, 1988b). Thus leaders are often held in some scorn by their followers. Turnaround research on public sector enterprises (Khandwalla, 1986) indicates that leaders that are able to generate a stream of modest but quick payoff actions tend to earn credibility. This calls for opportunism and dynamic action. Thus, the model of top management leadership that seems relevant for strategic developmental organizations seems to differ in significant respects from popular Western models such as the human relations one (Likert, 1961; Bowers and Seashore, 1966), the Fiedler model (1971), or the contingency model of Vroom (Vroom and Yetton, 1973).

Organizational leaders have also to contend with another fact of life. Strategic developmental organizations in the Third World tend to be staffed by "Westernised" managers and technocrats at the higher echelons and by people from the ranks of the far more traditional lower middle class and the poor at the lower, non-

managerial echelons. These organizations also tend to have as their "clients" the poor and the disadvantaged. The gulf in identities and world views between the organizational rank on the one hand and the organizational file and the organizational clientele on the other tends to be vast. Indian studies of the psychology of the poor suggest that the poor tend to have short time orientation, low achievement ethic, high distrust of others, fatalism, low capacity to collaborate for common interests, high dependency on the powerful etc. (Moulik, 1981). Industrial relations problems tend to be commonplace in these organizations as do adversary relations between the organization and its intended beneficiaries. A result is frequent time and cost overruns of development projects, under achievement of targetted benefits, and benefits not reaching the target clientele but instead being pre-empted by the better off (A. Bhatt, 1986; Subramanian, 1986). A nurturant, paternalistic but task oriented leadership has been suggested as a necessary transitional form to a participative leadership in Third World societies (Sinha, 1984; Ahiauzu, 1986-87). Such a leadership style could be used also for attracting the poor among the intended beneficiaries of these organizations.

Another idea is for the organizational elites to drop their "Western", alien manners and mores and go native, that is, adopt indigenous mores, without, of course, giving up developmental objectives (Roy, 1986-87). A variant is to search for vital indigenous institutions of conflict resolution, community

participation, psycho-social support in times of grief,celebration, etc. to institutionalise them after suitable modifications in strategic developmental organizations (Garg and Parikh, 1986-87). A third variant is for the organizational elites to draw upon indigenous spiritual orientations and to spiritualise the staff, especially the decision makers, so that their purity and nobility could transform the character of human relations within the organization (Chakraborty, 1985).

Concluding Comments

Strategic developmental organizations are amongst the most important ones in the Third World. They are intended to be megaton weapons in the battle against poverty, backwardness and inequity. They often fail to perform well because of their inherent contradictions - their stifling bureaucratic anchorages versus their missionary transformational social objectives. In their global importance for human growth they far outrank multinational corporations. Yet they have been ignored by Western OB scholars and neglected by Third World OB scholars. They offer exceptional sites for socially relevant OB research, and indeed, given their complexity and distinctiveness, especially vis-a-vis the Western corporate organization, they also offer rich sites for research that can lead to paradigm shifts in OB. In this paper some of their more interesting and distinctive strategic and operational behaviours, as well as some of their behavioural problems and leadership implications have been briefly outlined. Several hypotheses on mission performance by strategic development organizations have already been developed (Khandwalla, 1988a); a lot more theoretical work needs to be done vis-a-vis their birth and death rates (Starbuck and Nystrom, 1981), their life cycles (Cameron and Whetten, 1981), their domain compliance, learning, innovation diffusion, domain development, and autonomy seeking strategies, their modes of management, their structures, and their leadership, conflict resolution, internal change, and motivational modes. Research on strategic development organizations could become a treasure trove for all of OB.

R E F E R E N C E S

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