GEARING STRATEGIC PUBLIC ENTERPRISES FOR INTERNATIONALISATION: THE INDIAN CASE

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GEARING STRATEGIC PUBLIC ENTERPRISES FOR INTERNATIONALISATION: THE INDIAN CASE

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Abstract

In the context of chronic balance of payments problems in most Third World countries, public enterprises (PEs) of the Third World are a major under-utilised source for stepping up exports. In many Third world countries PEs produce an impressive array of goods and services. But their domestic orientation tends to shackle them to domestic rather than global levels of efficiency, enterprise, and customer response. With the help of a successful Indian case of internationalisation, and questionnaire data gathered from 119 senior and top level PEs of nearly 50 Indian PEs, it is argued that Third World PEs can be internationalised provided they adopt certain kinds of goals, policies, and practices. Internationalisation would result not only in increased foreign exchange earnings, it would also raise the domestic level of efficiency and entrepreneurship of PEs. Several suggestions are made for enabling Indian PEs to get more internationalised.

Along with many uther Third World nations, India has been facing a chronic adverse balance of payments problem. During the past several years, the country has persistently been facing an adverse trade balance averging about five billion dollars a year and the country is in danger of falling into a debt trap (see Table 1). Successive currency devaluations have helped exports, but not sufficiently to offset mounting imports, A much stronger export effort is called for.

(Table 1 about here)

One major and hitherto under-used source of exports is the country's public sector. From about 1956 onwards, India embarked on a strong industrialisation drive, with the state playing a dominant role in forcing the pace. A large number of public enterprises (PEs) have been set up by the Government of India for this purpose (see Table 2), many of which are monopolies, or have dominant shares, in such industries as heavy chemicals, heavy engineering and machinery, steel and metals, oil and coal, etc. The Indian public sector has a formidable manufacturing capability. It can produce 10 million tons of steel a year, instal 4000 megawatts of power generating equipment, prospect for oil over thousands of square miles, produce a great variety of petrochemicals, pharmaceuticals, assemble rockets, and produce and launch space satellites. While the public sector has done an admirable job of pioneering into the country new products and industries or in increasingly substituting imports, it has done relatively poorly on the foreign exchange earning front.

(Table 2 about here)

Table 3 shows the foreign exchange earned and spent in recent years by PEs owned by the Government of India. It also shows the total sales of these PEs. It is clear that the foreign exchange earned is less than 10% of total sales, and that foreign exchange spent vastly exceeds foreign exchange earned. Indeed, the foreign exchange deficit for the public sector is over a third of the country's overall balance of trade deficit shown in Table 1.

(Table 3 about here)

Table 4 shows the exports of goods and services by major groups of Government of India owned PEs for recent years. These exports are non-canalised exports (canalised exports mean that the PE is the sole agency in the country permitted to export the relevant items, a monopoly status usually given to trading PEs for exporting relatively scarce goods to check private profiteering or reap economies of bulk purchase). Non-canalised exports are competitive exports. Barring trading and marketing services PEs and petroleum PEs, the record of exports is rather poor. Despite low labour costs in India, reasonably advanced technologies for a developing country, government backing and therefore loss bearing capacity, large size, etc., most groups of Indian PEs producing a vast array of goods have managed to export barely 5% or less of their total output.

(Table 4 about here)

The chief impediment to a much better export performance may be the domestic mind set of Indian PEs. Indian PEs, along with PEs elsewhere (Mazzolini, 1979), are geard to import substitution and meeting the needs of the domestic market. Barring technology and inputs which they often shop for globally (Pandya, 1982), their management orientation tends to be domestic. Table 5 presents the perceptions of a group of top level and senior managers of relatively well performing and progressive Indian PEs about how internationalised the various strategic, operations related, and management dimensions were at the time the ratings were obtained during the eighties, and their perceptions of the situation three years earlier (the averages of the various ratings were converted into percentages - see Note 1). The production area - production management practices, technology acquisition, acquisition of inputs, plant locations - seems to have got most highly internationalised, and there does seem to be an overall forward movement into internationalisation. But the crucial areas of finance, marketing and personnel management seem yet to be stuck largely in the domestic rut. Until these functional management areas get internationalised, the export performance of strategic Indian PEs will continue to be spotty, and India will have foregone substantial opportunities on the foreign exchange front.

(Table 5 about here)

Organizational Requirements for Internationalisation of Strategic Public Enterprises

Government owned or controlled strategic public enterprises in Third World countries need to satisfy many conflicting organizational requirements (Ahmed, 1978, Khandwalla, 1990). They have to respect government or government approved procedures because of their public accountability; but they must also retain the flexibility to seize opportunities and adapt rapidly to changes in their operating environment. They must take large risks because of their pioneering character but their ventures are often scrutinised by several governmental agencies that can slow down their initiatives. They need to be professionally managed because of the complexity of their tasks but they come under nearly irresistible pressures to accommodate their bureaucratic and political "masters". They wield considerable monopoly power but they are severely criticised if they try to make monopoly gains. Indeed, their role often is to bear the costs of pioneering, attract others to enter the field and share the benefits, and to withdraw from the field that they have opened up even if it still is a "cash cow". Because of their size and the complexity of their operations they need to have a formal, differentiated structure but they also need to have strong teamwork to make an impact. Finally, strategic public enterprises in Third World countries are set up mainly to pursue domestic missions of national self-sufficiency in a key product or service. Under these circumstances, can public enterprises internationalise successfully? That is, can they change their mental set so that while they retain national priorities, they reach for international management practices and an international rather than merely a national scan of markets and opportunities?

The conventional image of a government-owned or controlled organization - bureaucratic, ponderous, subject to political interference, inefficient - is hardly one to inspire confidence in the capacity of strategic PEs for securing breakthroughs in international markets. And yet, under the right sort of leadership, even a public enterprise can play a significant role.

An interesting case of the potential of strategic PEs for successfully achieving aspects of internationalisation is provided by Minerals and Metals Trading Corporation (MMTC), a public enterprise set up by the Government of India in 1963 to canalise the imports of metals, ores, raw materials, etc. into the country and also to export them (Singh and Bhandarkar, undated). Until 1983 it appears to have acted more like a government department rather than as a trading organization pursuing strategic missions, a centralised, bureaucratic, reactive organization, with a bad public image and low acceptance among its intended clientele. It had no concept of marketing nor a customer orientation, its information system was poor, and it had done little in the area of human resource development. It pursued business in conventional lines and as per government directives, emphasising canalised imports far more than the more difficult job of exporting.

Mr. S.V.S Raghavan, a seasoned public sector executive, joined as chairman in 1983 and galvanised the functioning of MMTC. The total turnover rose from Rs.12000 m. in 1982-3 to Rs.30000 m. in 1985-6. More important was the growth in exports. These rose from Rs.2900 m. in 1982-3 to Rs.6000 m. in 1985-6 and further to Rs. 7000 m. in 1986-7. Imports increased from Rs.9000 m. in 1982-3 to Rs.24000 m. in 1985-6 but then declined to Rs.20000 m. in 1986-7. Between 1982-3 and 1986-7 MMTC took up the export of a large number of non-canalised items. While in 1982-3 the only non - canalised item it exported was diamonds, by 1986-7 it was exporting 30 non-canalised items to 25 different countries. Profits increased from Rs.170 m. in 1982-3 to Rs.270 m. in 1986-7. The internal work climate appeared to have vastly improved.

How were these positive changes accomplished?

1. Mr. Raghavan got organizational mission and goals clarified by persistently asking "What business are we in?" A vision of excellence was announced: "We are no longer a mere canalising agency. We are a vibrant, dynamic trading house". Several challenging tasks were announced, including the opening up of new markets for Indian small scale entrepreneurs and making the world aware of the excellence and desirability of Indian manufactured goods as well as handicrafts. These would help generate much needed foreign exchange to bridge balance of trade deficits.

   MMTC developed the strategy of using bulk imports as leverage for exports, especially exports of several new items. It sought to develop new products and markets, and to develop an appropriate Indian supply base and infrastructure. Besides, MMTC sought information on the strategies of Japanese trading houses for developing competitive advantage, such as diversification and vertical integration involving manufacturing, transportation, and financing. MMTC changed its purchase strategy for canalised imports (such as of fertilizer and non-ferous metals). It avoided making announcements of how much it wanted to buy during a period in order to reduce the chances of foreign cartelisation against it. It sought greater autonomy from the government in planning its import procurement. It arrived at an arrangement with China, a major buyer of fertilizers, to buy fertilizers at the same price. To get a price advantage, MMTC entered into long term supply contracts with international firms for bulk imports.

Organizational-level relationsh.ps were developed with large foreign exporters. For promoting canalised exports, such as iron ore, MMTC entered into several innovative deals. It entered into long term contracts for guaranteed off-takes; into deals that required the importer to invest in infrastructural development in India that helped increase supply. It wrested the leadership role from Brazil and Australia in negotiating prices with Japanese steel mills, and persuaded the latter to increase India's share of iron ore. It strengthened coordination with other agencies in India, such as the Vizag and Madras port authorities. MMTC helped them improve port facilities. In embarked on the development of supply sources, for example by loaning funds to iron ore mininig companies in Goa for modernisation and by investing money in Andhra Pradesh Mining Corporation to modernise and develop their barytes mines.

Besides canalised imports and exports, MMTC also very aggressively sought to export non-canalysed goods like gems, jewellery and iron ore concentrate. MMTC was able to import rough diamonds for polishing in India more cheaply by buying them directly from foreign producers. It helped in the opening of a diamond bourse in Bombay. It promoted the setting up of several 100% export-oriented diamond cutting and polishing units in Western India. Similar 100% export-oriented emerald and jewellery making units were also promoted. MMTC worked hard to revive the Kudremukh iron ore concentrate making facilities (Kudremukh was an Indo-Iranian venture that went astray after the political change in iran and the Iran-Iraq war). It successfully pressed the Japanese to buy the concentrate from Kudremukh and thus avoided the latter's closure. A massive and campaign was initiated to develop a distinct MMTC identity in the minds of domestic and foreign customers.

MMTC also initiated several changes in its internal working. The structure was changed from an activity and function based structure to one that stressed product groupings. These later helped to promote specialisation in particular products and facilitate bulk buying leverage for exports. A corporate planning group was added, and a projects cell was added to each product group. Such other cells were as engineering and shipping and transport. Some changes were also brought about in the geographic structure to provide all needed facilities in a region to all the produt groups. The major thrust was on decentralisation and delegation. The chairman focussed on planning, personnel and public relations, while the full time directors concentrated on trade. In each region, the chief concentrated on planning, personnel, and public relations, while sub-regional managers concentrated on trading operations. The board concentrated on policy-level rather than routine or operational issues. The organization followed a policy of centralised policy-making and decentralised administration.

Management systems were streamlined. Hot lines via satellite channels, advanced telecommunications systems for internal communications within offices, electronic telex machines were pressed into service to provide instantaneous communications. Market research, statistics compilation and analysis, gathering of latest intelligence, information on competitors strategies, etc. were revamped.

Performance appraisal and promotion systems were redesigned to increase objectivity and make them more merit oriented. High fliers were rewarded. A performance incentive award scheme and profit sharing bonus were introduced that covered every employee. Teamwork was reinforced through group incentive schemes.

Accounting and budgetary control systems were altered to link authority with accountability and to provide immediate and continuous feedback on performance. A two-page statement highlighting the financial performance of the company was brought out and circulated every fortnight. Profit, cost, and service centres were introduced. The annual budgetary exercise was started 9 months before the beginning of the year, initiated by the sharing of broad objectives drafted by the planning group. Continuous dialogue was fostered between the corporate planning group and each trade group. After discussion by the board, the final budget was printed and distributed by the first day of the new year. Most operations were computerised.

Customer service was streamlined by creating customer service cells at the corporate and regional levels to respond fast to customer needs and complaints. Sales administration was decentralised. Longer duration price contracts with private sector mine owners were favoured. Closer monitoring of import requests for canalised items and better inventary planning reduced delays and increased the satisfaction of end users. A network of 30 regional and sub-regional offices and international offices was set up.

A major cultural change within MMTC was attempted: from pervasive role ambiguity to role clarity; from impersonality to the personal touch (more emphasis on interaction, on committees, on teamwork); from fault-finding to supporting initiative and experimentation; from a procedural orientation to a results orientation; from centralisation to decentralization; from blocked to open communications (through monthly open house sessions, communications meetings of managers, joint consultative councel meetings involving representatives of management and workers, an open door policy pursued by the chief executive, daily news bulletins, etc); from secrecy to openness (e.g. by displaying anonymous letters on the notice board, including critical letters about the chief executive, by publishing personnel policies, by openly publishing the "hifliers" list, by the chief executive freely sharing information with his staff, etc.); from obscurity to public identity for MMTC (through aggressive public relations); from a sense of isolation, among employees to a sense of belonging and identification with the organization; from in-breeding to a progressive outlook by injecting some fresh blood into the organization and by having a team go and study Japanese management practices. From considering employees as liabilities the change was to consider them as assets -the training budget for 1983-4 was equal to the amount spent on training in the previous 10 years; and a large number of persons were sent abroad to study trade practices. A culture of indifference towards employees was changed to a culture where good work was publicly praised. A commercial, trading orientation replaced a distribution-centered mentality. There was a change from stagnation to a flood of innovations.

All these cultural changes were achieved through mechanisms like participative and consultative decision making, empowering the powerless, by abstaining from threats, by stressing novelty without breaking continuity, by managers playing a catalytic role in helping employees to generate new ideas and perspectives, by fostering collective work, especially teamwork, by educating people, by a credible display of sincerity by the chief executive (practicing what he preached), and by effective boundary management by the chief executive that protected the organization and its managers from governmental interference.

The MMTC experience suggests some essential pre-requisites for the successful internationalisation of strategic organizations. First of all there must be a commitment to globalise operations and management practices. This commitment needs to be backed up by a host of goals and policies. Goals include a strong desire for growth, for effective contribution to national priorities, for efficiency, and for building up a competent organizational team to pursue these objectives. Policies include calculated risk taking, innovation, pioneering, a strategy for rapid growth and for beating competition. An appropriate management decision making process needs to the institutionalised that emphasises long-term considerations, participative, team-based decision making, and frequent performance stock-taking. There is great need for operating flexibility, decentralization, and a structure that facilitates quick field responses with accountability (e.g. through divisionalization). Market orientation and marketing capability, often weak areas in monopoloid organizations, need to be strengthened. Appropriate staff needs to be recruited, and existing staff needs to be trained and motivated.

<u>Internationalisation-Congruent Goals and Policies of Indian PEs</u>

How far are these pre-requisites met in Indian strategic PEs ? Over the 1983-88 period, data on corporate goals and policies were secured from 119 top and senior level executives of nearly 50 strategic public enterprises owned by the Government of India.

The participants were mostly general managers and executive directors. These executives were identified by the government as having the potential to become chief executives and were sent to the Indian Institute of Management, Ahmedabad for a month long advance management training programme. The data were gathered from the participants for feedback to the latter for analysis and discussion. Some of the data pertinent to assessing the organizational capability for actualising internationalisation are presented in Table 6.

(Table 6 about here)

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These public enterprises seem to have internationalisation - congruent goals, such as wanting faster growth, more skilled managers, greater efficiency and morale, and greater contribution to national priorities. These goals seem to be getting stronger. However, their policy frameworks seem to be significantly less internationalisation-congruent. The gap is especially notable vis-a-vis the globalisation congruence of their marketing policies, the needed operating and structural flexibility, the needed risk taking, and internationalisation appropriate personnel policies.

A welcome feature, however, is that in every policy area the shift is towards policies that are congenial to internationalisation. The implication is that given a strong enough internationalisation orientation, many strategic public enterprises may be able in fact to internationalise their operations and management practices if they fine tune their policy structure in favour of an internationalisation-congruent one. In particular they need to decentralise and divisionalise more, strengthen their market orientation, become more venturesome, develop novel products more aggressively, diversify their input sources more, and employ both ideological and pecuniary means of motivation more imaginatively.

Summary and Suggestions

Many Third World governments have established relatively sizeable public enterprises to spearhead industrial development. Their main missions have generally been national self-sufficiency in key products and services and import substitution. Over the past forty years the Government of India, too, set up over 200 PEs. These produce a vast array of fairly sophisticated goods and services. For those Third World countries, like India, that have achieved a reasonable measure of industrial development but are suffering from chronic balance of trade deficits resulting in an increasing foreign debt burden, the time has come to orient their PEs towards global markets by internationalising their operations. Such internationalisation should be aimed at, and lead to, a much stronger export performance. A stronger export performance is possible if PEs change their domestic orientation (Mazzaloni, 1979) and become more internationalised in their orientation. Internationalisation does not necessarily mean becoming a multi-national corporation with profit and growth as the only significant driving forces (Kumar and McLeod, 1981). In the context of PEs, internationalisation means going global to pursue domestic missions more effectively. It means international shopping for technology and know-how, international scan of business opportunities that also further national objectives and priorities, and internalising the best or most appropriate international management practices (Chaudhuri and Khandwalla, 1985). Internationalisation is a means to much higher levels of efficiency, professionalism, and enterpreneurship. Such internationalisation would help PEs export more, enter into joint ventures abroad, and as a very important by-product, raise the efficiency of domestic operations.

In India, possibly elsewhere in the Third World, such internationalisation is possible. Some 120 senior and top level managers indicated that there already is a good deal of internationalisation in some of the leading Indian PEs in the area of production (technology acquisition, production operations, plant location, etc). But they seem to lag vis-a-vis the internationalisation of the marketing, finance, and personnel functions. The case study of MMTC suggests that given the right kind of leadership internationalisation can not only be achieved but can yield good dividends including substantial increase in exports. The case study indicates that for successful internationalisation, besides a commitment to internationalise operations and management practices, the management must strongly desire corporate growth, and must desire to make an effective contribution to national priorities, achieve higher efficiency, and build up a competent organizational team. The management should pursue a policy of calculated risk taking, innovation, pioneering, and vigorously competing in the market place. A decision making process needs to be institutionalised that emphasises long term considerations, participative, team based decision making, and frequent performance reviews. The management process and structure should be marked by operating flexibility, decentralisation, and divisionalisation. Market orientation and marketing capability need to be strengthened. There must be a proper human resource development system to bring in the right kind of resourceful, committed staff, motivate the staff, and provide appropriate training to it. The data from the senior and top level managers of some 50 Indian PEs indicated that there is a fair degree of congruence of current goals, policies, and practices with the above requirements for successful internationalisation except in the areas of marketing, operating and structural flexibility, risk taking, and personnel practices. The data do suggest, however, that the tilt even in these areas is towards increasing internationalisation congruence. Inducing these PEs to move more vigorously towards a truly internationalisation-congruent management could greatly step up their exports and foreign exchange earnings.

Some suggestions are made below for achieving greater internationalisation by Indian PEs. With suitable modifications these may well be appropriate for the PEs of other Third World countries.

1. The chief executive of the PE must be committed to internationalisation and exports. It may be useful to do an ABC analysis of the country's PEs in terms of their export potential, and put at the helm of the A PEs (the ones with the greatest potential) persons with a strong internationalisation orientation and at least some background in managing exports, etc. There are enough "internationalised" Indian PEs, such as MMTC, STC, HMT,

BHEL, ONGC, etc. from whose senior management ranks the right kinds of chief executives for these identified corporations can be found. Others can be sought from the private sector.

2. A vigorous program of internationalisation related training should be launched for the managers, initially of the A category PEs, but later also of the B and C category PEs.

3. Indian PEs should be encouraged to team up to penetrate lucrative but difficult foreign markets. For example, a consortium consisting of National Thermal Power Corporation, Bharat Heavy Electricals, State Bank of India, and Industrial Development Bank of India, all heavyweights in their respective domains, could effectively break into West Asian, South East Asian or other Third World or even First and Second World power plant markets. Private sector enterprises could also participate in these consortia.

4. There may be great potential in Indian PEs teaming up with Western MNCs in penetrating Third World markets. The technology, familiarity with Third World conditions, and credibility of PEs may combine well with the financial clout and marketing capability of MNCs.

5. In India a very elaborate support infrastructure has been created for promoting private sector exports. A number of export promotion councils have been set up for specific commodities or groups of products. Similarly, commodity boards have been set up, with research facilities,

demonstration units, etc. There is also a board of trade, zonal export-import advisory committee, trade development authority, a federation of Indian export organizations, the Indian Institute of Foreign Trade, Trade Fair Authority of India, corporations to canalise exports, Export-Import Bank of India, Export Credit Guarantee Corporation, etc. etc. As of now the PEs do not seem to avail much of the facilities of this infrastructure. Greater representation on the management bodies of these infrastructural bodies and greater representation of these bodies in the management structures of PEs should help the latter push exports.

6. The Government of India has provided many tax incentives to private exporters. Similar incentives should be devised for the public sector. A powerful incentive would be to tie expansion or diversification of a PE with a compulsory export obligation. Subsidies for breaking into new markets may also be considered, although subsidies have a habit of becoming a permanent burden on the exchequer. Excise relief for PE exports may be even more powerful an incentive.

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Note 1

To facilitate interpretation ratings of scales were converted into the following percentage scores:

1 on the scale 0 ; 2 = 25%; 3 = 50%; 4 = 75%; 5 = 100%

TABLE 1

INDIA'S TRADE DEFICITS IN RECENT YEARS

In Billions of Rupees

	Exports	Imports	Balance of Trade
1981-2	78.1	136.1	-58.1
1982-3	88.0	142.9	-54.9
1983-4	97.7	158.3	-60.6
1984-5	117.4	171.3	-53.9
1985-6	108.9	196.6	-87.7
1986-7	124.5	201.0	-76.5
1987-8	157.4	224.0	-66.6
1988-9	202.9	281.9	-79.0

Source : Reserve Bank of India Bulletin, December 1989, p. s1134

TABLE 2
INDIAN PEs IN VARIOUS INDUSTRIES

	Number of PEs 1978-9	Number of PEs 1985-6	Investment Rs. in billions 1978-9	Investment Rs. in billions 1985-6
Steel	2	6	31	68
Minerals and metals	13	13	12	36
Coal	5	5	15	56
Power	NA	3	NA	55
Petroleum	10	12	9	51
Chemicals and pharmaceuticals	15	27	27	47
Heavy engineering	11	14	9	17
Medium and light engineering	18	20	3	10
Transportation equipment	9	13	5	18
Textiles	10	14	4	12
Consumer goods	9	16	1	12
Agro-based enterprises	4	10	Negligible	Negligible
Trading and marketing services	21	19	6	11
Transportation services	7	10	12	27
Financial services	3	4	7	25
Miscellaneous services	29	25	3	9
Companies being set up	10	8	11	48
	176	229	155	502

Source: Public Enterprises Survey 1985-86, Vol.1, p.126, and 1978-9, Vol.1, p.25, published by the Bureau of Public Enterprises, Ministry of Finance, Government of India, New Delhi.

TABLE 3

FOREIGN EXCHANGE EARNING AND SPENDING BY INDIAN PEs

	Total Sales of PEs Rs. billions	Foreign Exchange Earned Rs. billions	Foreign Exchange Spent Rs. billions	Deficit (-) or Surplus (+) Rs. billions
1980-1	286.3	22.2	48.6	-26.4
1981-2	364.4	27.5	56.7	-29.2
1982-3	419.9	46.9	63.1	-16.2
1983-4	472.7	54.2	67.7	-13.5
1984-5	547.8	58.3	59.2	- .9
1985-6	623.6	38.0	63.9	-25.9
1986-7	690.9	39.4	54.1	-14.7
1987-8	813.7	42.5	68.1	-25.6

Source: The annual Public Enterprise Survey, Vol.1, for the years 1981-2 to 1987-8, published by Bureau of Public Enterprises, Ministry of Finance, Government of India

TABLE 4

NON-CANALISED EXPORTS BY INDIAN PEs

In Millions of Rupees

	1980-1	1981-2	1982-3	1983-4	1984-5	1985-6	1986-7	1987
Steel PEs	6	47	44	0	12	3	9	41
Minerals and metals PEs other than coal PEs	24	23	110	295	145	145	196	583
Petroleum PEs	2279	5536	21077	25814	10604	1820	2231	1373
Chemical and pharmaceutical PEs	12	18	29	39	41	44	52	85
Heavy engineering PEs	484	447	314	388	286	289	301	245
Medium and light engineering PEs	128	268	384	256	319	344	399	472
Transportation equipment PEs	16	80	35	195	99	100	138	182
Consumer goods PEs	3	4	8	4	208	184	97	26
Agro-based industries PEs	28	67	22	19	27	3	0	2
Trading, marketing and services PEs *	3173	4498	5323	6471	7732	7161	9261	11008
Industrial development and technical consultancy services PEs	1104	0	-	-	-	-	1	3
Development of small industries PEs	8	21	18	19	36	18	15	29
Textiles PEs	4	16	10	7	41	30	122	189
Total	7270	11024	27374	33519	19559	10142	12824	14255

Mostly exporting goods produced in the private sector such as cotton, fabric leather, oils and fats, cashew, etc., and some goods produced in the publ sector, such as railway items)

TABLE 5

PERCEIVED INTERNATIONALISATION ORIENTATION OF STRATEGIC INDIAN PUBLIC ENTERPRISES

N = 119 Senior and Top Level Indian PE Executives

		Current Score (out of 100)	Score 3 Years Earlier (out of 100)
1	Policy of seeking out and adopting the best international operations or production management practices	80	70
2	Policy of shopping globally for know-how and technology	75	65
3	Policy of shopping globally for main inputs to operations or production activity	75	67
4	Policy of setting up plants or operations centers at the most advantageous locations on a global basis	70	60
5	Policy of marketing the company's products or services globally, that is, a strong export orientation	67	57
6	The company is trying to be a mutinational corporation	55	50
7	Policy of seeking out and adopting the best international financial management practices	52	45
8	Policy of gearing the company's marketing organization for global operations	50	47
9	Polcy of seeking out and adopting the best international personnel management practices	40	32
10	Policy of seeking out and adopting the best international marketing management practices	32	32
	Average for the above 10 items	[illegible]	52

TABLE 6

SCORES OF STRATEGIC INDIAN PUBLIC ENTERPRISES ON INTERNATIONALISATION - CONGRUENT GOALS AND POLICIES

N = 119 Top and Senior Public Enterprise Executives

		"Current" mean score (out of 100)	"Past" mean score (out of 100)
A.	**Internationalisation-congruent Goals**		
1.	Faster growth of the organization	87	75
2.	Rapid improvement in managerial skills	85	70
3.	Rapid improvement in operating efficiency	85	75
4.	Rapid improvement in staff morale and motivation	82	72
5.	Greater priority to national priorities	72	67
	Average	82	72
	Internationalisation - congruent Emphasis on Pioneering, Innovating, Risk-taking		
1.	Emphasis on pioneering	75	65
2.	Emphasis on innovation and experimentation	70	55
3.	Emphasis on offering non-traditional, novel products	52	45
4.	Emphasis on pursuing high return - high risk options	47	42
	Average	61	52

C. Internationalisation- congruent Growth and Competitive Strategies

1. Emphasis on growth through a pre-planned strategy	75	62
2. Diversification of suppliers of know-how and technology	72	67
3. Emphasis on entering competitive lines by seeking a competitive edge	62	55
4. Emphasis on utilising the latest technology	60	50
5. Emphasis on cultivating formal and informal contacts for advance intelligence on developments	60	52
6. Emphasis on pursuing high growth (even if risky) opportunities	60	47
7. Diversification of sources of inputs	52	50
Average	63	55

D. Internationalisation - congruent Decision Making Process

1. Emphasis on long term decisions and planning based on long range forecasting	77	57
2. Emphasis on collective decision making at the top	72	60
3. Emphasis on participative decision making	70	55
4. Emphasis on management by teams or committees	67	55
5. Emphasis on top management frequently reviewing corporate performance	65	52
Average	69	55

E. <u>Internationalisation – congruent Operating Flexibility and Structure</u>

1.	Emphasis on the organization freely adapting to changing situations	67	55
2.	Emphasis on getting results rather than mechanically following laid down procedures	60	52
3.	Emphasis on managerial autonomy in responding to problems or opportunities	57	55
4.	Emphasis on decentralisation	55	45
5.	Emphasis on divisionalisation	47	35
	Average	57	48

F. <u>Internationalisation-congruent Marketing Policies</u>

1.	Primacy to customer satisfaction	60	50
2.	Emphasis on formal market research	57	52
3.	Market orientation-identification of customer needs and then developing the means for satisfying them	55	52
4.	Policy of developing multiple distribution channels	47	42
	Average	55	49

G. <u>Internationalisation-congruent Personnel Policies</u>

1.	Stress on formal managerial and staff training	75	57
2.	Stress on family type relations with staff	67	60
3.	Stress on performance-based promotions	65	52
4.	Stress on challenge, autonomy and other intrinsic motivators	65	57

5.	Stress on recruiting resourceful, innovative youngsters	60	50
6.	Stress on corporate national mission as a motivator	50	45
7.	STress on giving immediate rewards for good performance	50	42
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		62	52

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