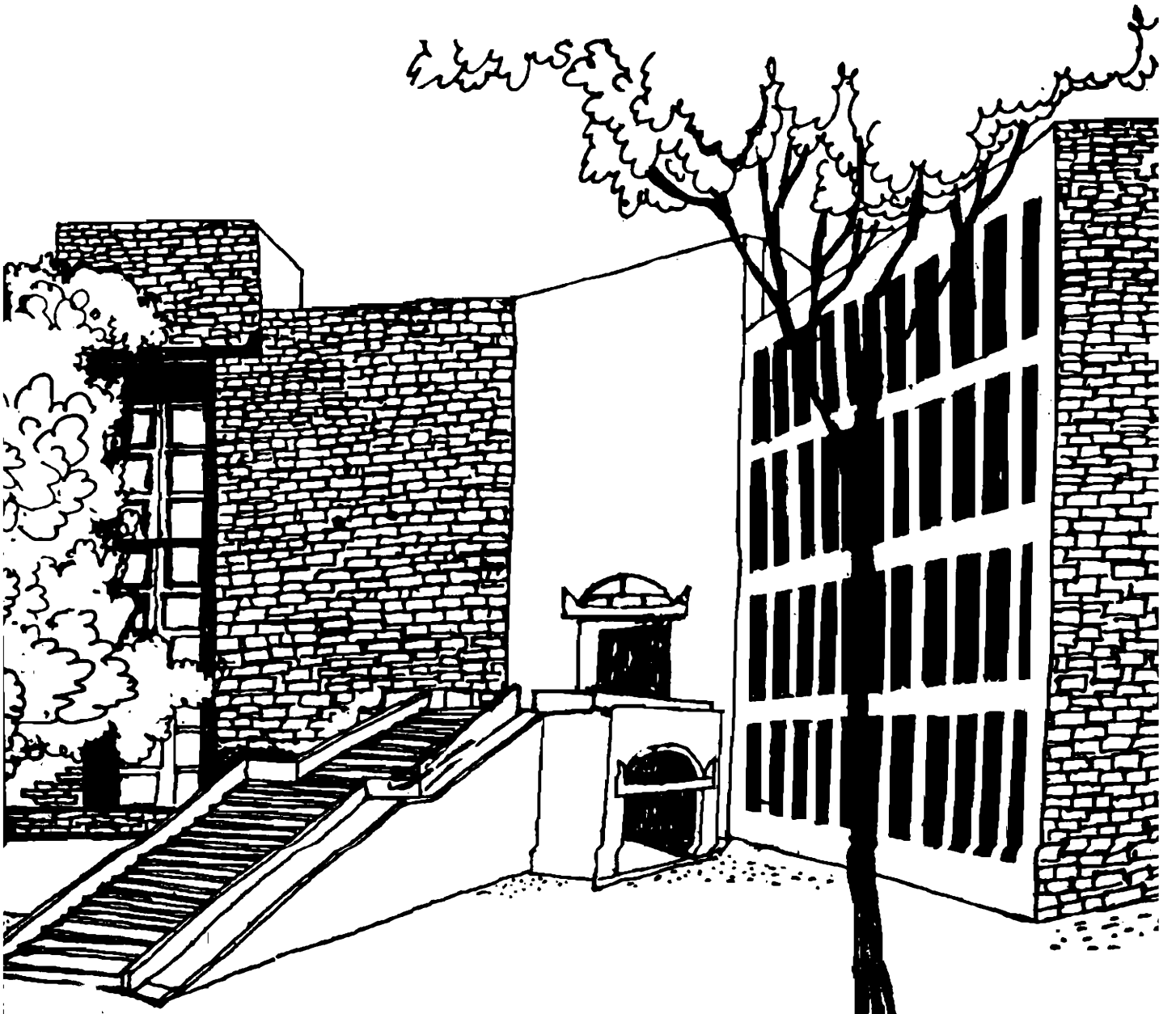




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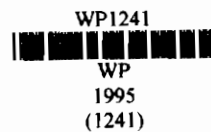


**EFFECTIVE MANAGEMENT STYLES:
AN INDIAN STUDY**

By

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Pradip N. Khandwalla

Abstract

Management style is defined to be the distinctive way the management of an organization carries out its various functions. In this exploratory study, ten archetypal styles of top management are described, operationally defined, and measured vis-a-vis a sample of 90 Indian corporate organizations. The ten styles are the conservative, entrepreneurial, professional, bureaucratic, organic, authoritarian, participative, intuitive, familial, and altruistic. The data on the relationship between these ten styles and ten indicators of perceived organizational effectiveness are presented and discussed. The participative, professional, and altruistic management styles had the most correlations with the indicators of effectiveness. Implications for management excellence are drawn.

Introduction

In Europe as well as Asia, management faces unprecedented challenges. With European unification, regional barriers to the movement of goods, people, and resources have got lowered. While opportunities have increased, competition has intensified. In Asian countries, the management challenges are even more profound. There is first of all the overriding need to increase industrial output rapidly to raise the low living standards. Then there is the challenge posed by increasing domestic competition consequent upon the development of indigenous markets and industrial base. Next is the challenge posed by foreign competition as Asian economies get integrated with the world economy. These tasks have often to be accomplished in regions where the infrastructure available - stable and adequate power, communications, transportation etc - is not yet comparable to world standards, political systems are still evolving, punctuated sometimes by violent upheavals, and in several countries there is not only state control of economic activity but the governance structures are corrupt and inefficient. Modes of management that enable organizations to face these challenges effectively need to be identified and widely adopted so as to raise the level of performance not only at the enterprise level but also at the level of industries and societies. Both in Europe and Asia, crises and social trauma tend to increase the attraction for authoritarian regimes. Excellent management may weaken this tendency and help in the institutionalization of relatively free, democratic, pluralistic, and liberal societies that are friendly to human development and quality of life.

Concept of Management Style

Management style is the distinctive way the management of an organisation - be it state, enterprise, institution, NGO etc - makes decisions and discharges various functions.¹ Writers from Fayol on have identified several functions in any organised collectivity that are uniquely managerial'. These include the setting of organizational goals, the development and implementation of a strategy for achieving these goals, developing an organizational structure to implement this strategy, staffing the organization and motivating its members, control of operations, coordination of interdependent activities, building up the image of the organization, managing the loyalty of stakeholders in the organization, playing a corporate citizen role, etc. There are wide choices in the way these functions can be performed. For example, entrepreneurial managements emphasise bold, risky goals and strategies while conservative managements tend to adopt moderate goals and familiar, low risk strategies. Control and coordination may be participatively done or in an authoritarian, hierarchical manner, bureaucratically with the help of rules and regulations and hierarchy or in an interactive, organic fashion. In recruiting staff, formal expertise based on qualifications may be emphasised, or experience, common sense, and good intuitive judgement. Management may be very aware of its societal obligations or take a very self-centered view. Staff may be treated as if they are members of the organizational family or as if they are commodities procured for a price. And so on. Each organization develops a distinctive style and many forces shape it, such as some critical choices in its formative years, transitions and crises, opportunities, interactions of managers at work, pressure of stakeholders, legal, business, and other environmental pressures, the personalities of key players in the organization, etc.³

Management style should not be confused with managerial style. The latter relates to how an individual manager makes decisions and performs his/her various roles. Management style relates to the distinctive, institutionalised mode by which the management system of the organization performs its various functions. If the management is entrepreneurial it need not mean that every manager operates in an entrepreneurial mode. An entrepreneurial management simply means that the organization's processes, norms and systems of decision making are such as to result in big, bold, risky, vision driven decisions.

Archetypal Management Styles

While no two organizations may have exactly the same management style, a comparative study of organizations becomes possible by identifying some "ideal" or archetypal styles, and then assessing how far different organizations practise them⁴. Over the years a number of such archetypal styles have been described. In the fifties, Rensis Likert and his associates defined four styles that constituted a continuum from the authoritarian to the participative.⁵ In 1961 Burns and Stalker defined the organic and the mechanistic styles of management⁶. Braybrooke and Lindblom distinguished between the rational-comprehensive and a conservative-intuitive, incrementalist, "muddling through" mode of strategic decision making.⁷ Mintzberg in the early seventies described the entrepreneurial, the planning, and the adaptive modes of strategy making⁶. In the mid-seventies, Khandwalla conceptualised five dimensions of management style, namely risk taking, optimization, flexibility, participative, and coercion that he suggested were the building blocks of most styles⁵. Following the economic success of Japan, scholars studied the "Japanese" style of management, which emphasised paternalism, life time employment, seniority, life long learning,

collective decision making, strong work and cooperation ethic, continuous adaptation and improvement, etc.¹⁰ In the early eighties Peters and Waterman came up with a management style that was "excellent" in the American context, with some traits that differed sharply from those of the idealised Japanese style". They identified excellent management to be one which sticks to the knitting (conservatism in growth and diversification strategy), fanatical commitment to one or more "core" values (like quality or customer service, suggestive of a focussed sort of altruism), operating a big organization as if it consists of many small, autonomous responsibility centers, highly flexible structure, emphasis on "hands on", results oriented, interactive, organic mode of managing, encouragement to innovation and initiative taking, treating employees as responsible adults and giving them respect and autonomy, bias for action and learning by doing rather than armchair analysis and stress on simple structures and systems. In the early eighties Chakraborty developed his "giving" model of management whose core values were spirituality and altruism.¹² In the early nineties Virmani and Guptan conceptualised the "Indian management style".¹³ They argued that it was based on traits like sharing the organizational spoils with relatives and kinsmen (patronage), paternalism and creating in employees a sense of belonging to a family, obedience to authority, personality cult, accent on the short run, personalised and ad hoc personnel practices, and ad hocism in marketing and strategic management.

Ten Archetypal Styles

In the present study ten archetypal management styles of particular importance to a developing country like India were defined and studied.¹⁴ The first was the conservative type with its bias for preserving and extending whatever has worked

and caution in innovating or changing the status quo, anchored in the traditionalism of Indian culture. Such a style predisposes the organization to related diversification and growth in familiar directions and the use of traditions, conventions, and precedents in decision making. It helps the organization and the society in which it operates to preserve the strengths of the past. It is therefore conservationist in character, but not necessarily opposed to change. The second was the entrepreneurial style with its ideology of calculated risk taking, pioneering, innovating, and rapid growth, so necessary for a developing society to diversify its industrial base and expand its output rapidly. The third was the professional style with its ideology of a scientific, optimization oriented approach to management, use of tools and techniques of professional management, comprehensive analysis preceding decisions, long range planning, etc., especially useful for managing new and complicated technology-intensive industries operating in complex, globalising environments. The fourth was the bureaucratic style with its emphasis on orderly management, accountability, formalization of rules, regulations, procedures, etc. used widely in large organizations and the public sector to ensure accountability, equity, orderliness, and operating efficiency. The fifth was the organic style with its commitment to flexibility, innovation, responsiveness to change, teamwork and interactive, feedback based decision making useful for operating in fast changing environments. The sixth was the authoritarian style, with its emphasis on discipline and obedience, an archetypal style of great antiquity, often perceived to be useful in situations of weak work ethic and a hostile task environment. The seventh was the participative style with its ideology of collective, consensus-based decision making, useful in ensuring that diverse perspectives are voiced and diverse information is shared by all those affected by a decision

before the taking of the decision, and known to foster motivation and cooperation. The eighth was the intuitive style of management with its faith in experience, common sense, and intuitive judgement based on good thumb rules or heuristics learned from experience, a style that is as old as human collective living. The ninth was the familial style anchored in the notion that for cohesiveness and loyalty the organization must treat its employees like members of the family and look after their needs. The last was the altruistic style with its philosophy of the organization being an instrumentality of some larger social good, not just profit maximisation, of particular relevance in developing societies that have embarked on major nation building and poverty alleviation goals.

Each of these archetypal styles is an abstraction but one that has real life, empirical referents. Each style represents a managerial world view anchored in an ideology and a core commitment that lend a coherence to the various practices subsumed under the style. Thus, the core commitment of the professional management style is to a scientific, rational, analytical (as opposed to an intuitive or mystical) approach to managing, and this translates into various practices like long range planning, MIS, other tools and techniques of management, comprehensive research before making major decisions, etc. The core commitment of the bureaucratic style is to accountability and orderliness, and this implies concern for clear rules and procedures, allocation of authority and responsibility, reporting relationships, and job descriptions, etc. In societies in transition that are fusions of traditionalism and modernity and in addition are culturally diverse, as India is, there can be heterogenous core commitments, and therefore a plurality of management styles. The distinctive ideology of each

style and the particular practices that cohere with the ideology may predispose the organization to achieve the kind of performance that is compatible with the direction of management effort implied by the style. It is therefore unlikely that any style would be best on all indicators of effectiveness. More likely, each style may have its zone of excellence in terms of the indicators of effectiveness. Some real life examples of these styles may be helpful in appreciating their distinctiveness in terms of core commitments and practices.

Illustrative Examples of Management Styles

The archetypal styles, like "ideal types", are abstractions, but they are abstractions with empirical referents. Illustrative Indian examples of several styles are provided below:

Conservative style: In the early nineties, Punjab National Bank owned by the Government of India was one of best performers in its size class.¹⁵ It had a policy of sticking-to-the-knitting. It concentrated on lending to the booming agricultural and small-scale sector business in North-Western India which it had traditionally catered to, and stayed away from the risky foreign business in which a number of other Indian banks had entered. It sought out low-risk niches and pursued a lower credit-deposit ratio compared to its competitors, so that it was cash rich, and could invest its funds in high yield securities. It also followed conservative accounting practices. Though not a pioneer, it was, however, quite aggressive in the lucrative merchant banking business and supported many capital issues in the booming Western India market. Its diversification was mainly in non-banking financial services such as factoring and venture capital business in which it had acquired considerable experience.

Entrepreneurial Style: Reliance Industries Limited was founded by a former grocer, trader, and commission agent.¹⁶ Starting in the early seventies as a corporate, it had become by the mid-nineties the largest (in terms of sales) single private sector company in India. This position it had achieved by a succession of bold diversifications, speedy implementation, innovative financing and commercial practices, and developing the vision of a global rather than a regional player. Originally set up to produce textile goods, Reliance diversified successively into polyester filament yarn, petrochemicals, oil refining, power projects, etc. It pioneered the convertible debenture (convertible into equity after some period) mode of raising finance. It was one of the first to hit upon the idea of getting its weaving done in low cost small-scale units as well as other textile mills and then selling the cloth under its brand name. It commissioned a Du Pont plant faster than Du Pont. At a time when most companies in India opted for relatively small, sub-optimal plants, it opted for larger, world-scale plants so that it could globalise its operations.

Professional management style: During the sixties and seventies HMT was acclaimed as a highly professionally managed Indian public sector company¹⁷. Its corporate objectives were formally stated and it evolved a conscious long term strategy of growth and diversification. For this purpose it got long term business and technology forecasts made. It was one of the first to set up an organization development department to train manpower and make the internal climate more conducive to growth and development. It decentralised its operations and set up a large number of profit centers. It developed a comprehensive management information and control system, and institutionalised sophisticated systems of financial control, planning, and industrial and

personnel relations involving a variety of participative decision making mechanisms and group and individual incentives. During the period 1960-1980 it was profitable in all but three recession - plagued years, increased its sales 12% per annum in real terms, and its productivity increased by 3.6% per annum, way above the figure for Indian industry as a whole.

Bureaucratic style: The Central Board of Secondary Education operated a variety of schools in India and also abroad for Indians working abroad¹⁸. It catered mainly to children of Indian government servants. In the eighties it was plagued by traditionalism, centralization, groupism, line-staff conflicts, over-manning, and staff demoralisation. A new head was appointed, who got the help of a consulting organization to streamline and decentralize the structure. The work of the secretary of the Board was entrusted to four heads of department and the secretary only retained administration and finance. Each department formally stated the job descriptions of its staff, developed a calendar of tasks and deadlines, and designed a departmental and inter-departmental work flow chart. For greater accountability and operating efficiency a handbook was prepared consisting of various tasks and responsibilities. A performance based appraisal system was developed to replace the system of confidential reports of superiors for subordinates and to reward high achievers and penalise laggards. Meetings to review performance were stepped up and were minuted. An opinion survey of the supervisory staff after these and other changes indicated a widespread perception of increased efficiency.

Organic style: In the eighties, CMC, owned by the Government of India and one of the largest and fastest growing information technology companies in India, had a highly organic style of management¹⁹. It had an open appraisal system in which

the boss shared his/her appraisal of the subordinate with the latter. Roles were broadly defined and rigid job specifications were avoided. Staff members were expected to respond freely to situations rather than be bound by job descriptions. Management was by committees and task forces, and a matrix structure was in place. Staff worked not only in their areas of specialization but also on multi-functional, inter-disciplinary projects. There was an absence of a rule book, and there was no limit to the days a staff member could be on leave for a genuine need such as an illness. There were no cabins, not even for the chief executive, and any one could write directly to the latter. There were common cafeteria and toilets for all staff including top level executives. There was no overtime. The main criteria for promotion were aptitude, ability, potential, and achievement. Appointments and promotions were not determined by vacancies but by merit and potential. Technical and professional personnel, not just managers, could rise to the highest levels. It was not uncommon for people reporting to a manager being paid more than the latter. Authority stemmed more from competence than from formal position in the hierarchy. Staff members generally chose their career paths within their respective functions. Training and learning were greatly emphasised, and a suggestion scheme had been instituted. CMC spent a lot on R and D and took up many innovative projects.

Authoritarian style : In the late eighties there was a change of top management at Karnataka Land Army Construction Limited, involved in the construction business and owned by the Indian state of Karnataka²⁶. The new top management created a reputation for delivery on its contracts on time and more cheaply than its private sector competitors. If an engineer in charge of a contract produced shoddy work, the defective structure was pulled down and rebuilt at the company's

cost and recovered subsequently from the erring engineer. Repeated delinquency earned a dismissal. Discipline was strictly enforced and all employees wore uniforms. The company was profitable, and its sales rose ten times in the six years of the new management.

Participative management: Sylvania Laxman, a private sector company producing lamps, fluorescent tubes, light fittings, etc. was founded by an Indian entrepreneur with an American collaboration²¹. In the mid-seventies it fell sick following an ill-timed expansion. The management was taken over by lending institutions, who proceeded to instal a highly participative management structure. The Executive Committee of directors was formed to control and coordinate operations. Four committees of top and senior level executives were formed to oversee production, commercial matters, personnel, and finance. These four committees together constituted the Internal Operations Committee chaired by the Board chairman. Most decisions were taken and implemented participatively. This change in management style gave positive results. As compared to a loss of 25% on sales in 1976-7, the profits were 3% on sales in 1977-8, 12% in 1978-9, and 16% in 1979-80, well above the average profitability of Indian lamp producers.

Intuitive style : In the early seventies some idealistic urban professionals founded in the village of Tilonia, Rajasthan State, an NGO which later came to be known as Tilonia.²² The management of Tilonia exhibited a trial-and-error, intuitive style of management that emerged from hands-on experience as its members lived and worked with the poor. Initially it tried to work in a conventional fashion by serving everyone in the village and its surrounding area,

but soon learnt that the benefits were pre-empted by the relatively better off. Over the years, through painful trials it developed a number of management thumb rules such as what the poor need is not charity but empowerment for self-reliance through training, and for this to happen professionals must live with the poor and learn from them; an NGO must identify the "client" segment that it wants to help (the poorest, in the case of Tilonia); the NGO must have credibility with those it wishes to assist, such as by backing its "clientele" during crises and helping them to meet their urgent needs; an NGO trying to operate in a rural area must blend urban expertise with rural skills and wisdom; if the poor are to become self-reliant, developmental programmes must be run by the poor, not by the professionals; a wide range of expertise - financial, technical, and managerial - is needed under one roof to make a developmental impact; social conflict under conditions of scarcity is inevitable and the NGO must choose sides; jobs in an NGO must be linked to experience and skills rather than to degrees. By the mid-eighties the Tilonia model was replicated in eleven other states besides Rajasthan, and had attracted international attention.

Familial style : Hansa Overseas Enterprise was started as a family-managed business in the late seventies²³. In the early nineties the Hansa Group consisted of an export unit, a garments designing unit, a tannery, a stitching-cum-export unit, and domestic and exports oriented shoe units. The founder and his four brothers managed the group, each looking after a different aspect of business or unit. Their mother and wives also worked with them. To pick up ideas on fashion the founder and his German wife periodically visited Europe and watched trendy youngsters in cafes. The close-knit management paid a lot of attention to quality, purchases, computerisation, payments on time, better relations with

customers, new designs and diversification. Starting with sales of less than one million rupees in 1978, the group turnover exceeded Rs.200 millions in 1990, and the group won several national and international awards for fashion leather garments and exports. Hansa's exports doubled every year.

Altruistic style : Tata Steel, one of the largest, best performing, and most respected of Indian private sector companies, offers a good example of corporate altruism²⁴. In the early nineties it provided through its agencies medical aid to hundreds of thousands of the rural poor living around its plant. It managed the city of Jamshedpur (where its plant is located) as a model city. It was making a significant contribution to the development of sports in India. It was a pioneer in employing many model personnel practices. For example it introduced the 8-hour working day decades before it became the law of the land, and before World War II it introduced such welfare measures as free medical aid, workers' provident fund, workmen's accident compensation scheme, and retirement gratuity. During years of steel scarcity, Tata Steel operated a clean quota system rather than succumb to the temptations of making quick money. In recent years, the company took over several sick units to revive them, and sought to increase exports rapidly to help in the balance payments situation.

Organizational Effectiveness

There is growing evidence that management style is associated with the level and composition of organizational effectiveness²⁵. Sometimes the causal arrow may not be clear. For example, the managements of well performing organizations flush with money may strike certain socially desirable postures such as of altruism, professionalism, and democratic management²⁶. But the weight of evidence suggests

that the style of management may have more of a causative influence on organizational effectiveness than vice versa. For example, there is fairly widespread evidence that a participative mode of management is associated with high productivity as well as employee morale.²⁷ In small group experiments in which contrasting styles of leadership (e.g. participative versus authoritarian) were used, group productivity, cohesiveness, and members' morale tended to be higher in participative leadership groups, thus suggesting that participative modes cause higher performance of collectivities²⁸. Similarly, there is evidence that organizations committed to long range planning, suggestive of a professional mode of management, tend to out-perform those without such a commitment, and what is more, tend to perform better than before becoming committed to long term planning.²⁹ Finally, research on turnaround from organizational sickness strongly suggests that if a dynamic sort of professional management replaces the existing top management, the performance of the organization often improves strikingly³⁰.

The paper explores the relationship between management style and different dimensions of perceived organizational effectiveness. Organizational effectiveness is a multi-dimensional phenomenon.³¹ Its core assumption is that an organization has many stakeholders, not just owners, and therefore an enterprise is effective not just when it is highly profitable, but when it does well on a number of fronts such as financial performance, employee morale, customer satisfaction, social contribution, contribution to its industry through innovation, etc. Since the performance of industries varies a great deal across different dimensions of effectiveness, in a multi-industry sample it makes sense to use measures of relative performance rather than absolute performance. For example, if an enterprise earns 8% on its capital employed in an industry in

which the average profitability is 5%, it is certainly very good performance. But if the industry average is 10%, 8% return does not look good. Thus, in the study reported in this paper, the attempt was to see how well a management had performed, not in absolute terms, but in relation to the norm in the enterprise's industry, especially vis-a-vis the performance of rival organizations in the industry. Ideally, objective indicators of various dimensions of organizational effectiveness should be used. But data of this kind were not available. Hence subjectively rated perceptions of how well the organization was performing relative to its rivals on each of ten indicators of effectiveness were obtained from its top and senior level executives. The indicators of effectiveness for which data were obtained were relative profitability, growth rate, financial strength, stability of earnings, operating efficiency, employee morale, corporate public image, social impact through pioneering products, adaptability, and innovation. These indicators reflect the stakes of owners, industry, lending institutions, staff, customers and suppliers, and society as a whole. Perceived relative effectiveness is not only a surrogate for actual relative performance (for which reliable information is often not available) but is a significant variable in its own right because it is performance relative to rivals or role models as perceived by managers that generally triggers corrective management action. If, therefore, in a sample of organizations there is a relationship between a style of management and a relative measure of perceived effectiveness, it may point to the direction of management effort. As an example, if there is a strong positive correlation between the usage of the professional management style and perceived relative profitability, and if relative profitability is prized by managements, then there will be a tendency for the greater use of the professional management style in the organizational population represented by the

organizational sample. A negative correlation may generate an aversion to the style.

Operational Details of the Study

The ten archetypal styles and the ten indicators of organizational effectiveness were operationally defined and measured in a study of 90 Indian corporate organizations. The study was done in the late eighties and early nineties³². For measuring the extent of usage of these styles and the relative performance of the organization a questionnaire was developed, pre-tested, and then employed. Data were anonymously secured from an average of 7 top and senior level executives of each organization, and the responses of the respondents were averaged to secure the score of the management on each style and each indicator of relative effectiveness. For each of the ten styles ratings were obtained on a 6-point Likert-type scale, in which 1 was specified to mean "Disagree very strongly that the statement describes the top management's style of running the organization" while 6 meant "Very strongly agree that the top management's style in fact is as described in the statement". Similarly, ratings were obtained for the effectiveness measures using a 5-point scale developed and used in prior research in which 1 meant very low performance of the organization relative to the industry's level and 5 meant very high relative performance. Eighty percent of the sample of organizations consisted of private sector organizations and the rest of public sector organizations. Of the private sector organizations 85% were indigenously owned (mostly by large business houses) while the rest were owned by MNCs. Various industries were represented in the sample. The major manufacturing ones were chemicals and petrochemicals, automotive, equipment and tools, textiles, pharmaceuticals, fertilizers, miscellaneous consumer non-durable

goods, glass products, tyres, luggage, cement, etc., while the service industries included financial services, R and D, trade, engineering consultancy, publishing, training, hoteliering, data processing, advertising etc. In size the organizations ranged widely, with annual sales of less than Rs.100 million to over Rs. 10000/- million. The sample consisted of organizations whose chief executives were participating in a short duration workshop on excellent management at a leading Indian management teaching and training institute.

The following operational definitions of the ten styles were provided to the respondents (labels of the styles were not provided to the respondents to minimise any biasing that such labels may create):

Conservative style: "A cautious one-step-at-a-time approach to problems. Decisions are generally compromises between the conflicting demands of board, unions, government, managers, customers, etc. Precedents and traditions are given importance. The primary concern is with stability and steady growth".

Entrepreneurial style: "Active search for big new opportunities; large, bold decisions despite the uncertainty of their outcome; a forceful leader at the top wielding great power; and rapid growth as the major organization goal".

Professional style: "Systematic research for growth opportunities and systematic anticipation of problems through formal forecasts; a systematic consideration of costs and benefits of alternatives and a carefully coordinated formalized top management strategy. The emphasis is on long-term planning, professional management, a sophisticated control and information system and the extensive use

of expertise and all-pervasive research before making decisions".

Bureaucratic style: "A strong emphasis on smooth functioning by prescribing in writing objectives, procedures, rules, and the powers, duties and responsibilities of managers and other staff. The emphasis is on clear reporting relationships, precise job descriptions, formal communications, strict control and above all, correctness of procedures and accountability".

Organic style: "A strong emphasis on the free flow of information and communication within the organization. Widespread awareness of the organization's goals, problems, and business plan of action among managers at all levels. Dislike for paperwork and formalized procedures and job descriptions. The emphasis is on administrative flexibility, openness, innovation, the importance of the effective problem solver, and above all on resourcefulness and getting things done".

Authoritarian style: "A clear division of all staff into those that give orders and those that take orders. Much centralization of power at the top. Punishment of subordinates for disobedience or incompetence. The emphasis is on unquestioning obedience and strict discipline."

Participative style: "A strong emphasis on seeking the participation of subordinates in decision-making, on sharing power with them, on trying to reach consensus decisions through free and frank discussions, sharing of ideas and information, and democratic procedures. The emphasis is on involving staff in decisions, on mutual trust, on creating a climate of collaboration and on team

building and team management."

Intuitive style: "A strong emphasis on having experienced executives with a lot of common sense and good judgement make the decisions even when they do not have necessary paper or academic qualifications. The emphasis is on using good rules of thumb and sound judgement, rather than on a lot of formal analysis by experts. Fear of 'analysis' and distrust of 'academic' prescriptions".

Familial style: "There is a strong emphasis on family-like relations in the organization and many important decision-makers are actually related or belong to the same community. The emphasis is on a close working relationship between managers, on senior managers showing a parental concern for their juniors and on the juniors giving to their seniors much loyalty and respect. Responsibility and duty towards the organization is strongly emphasised as also the organization's duty to look after its employees".

Altruistic style: "Management feels that it is a trustee for the interests of society, owners, customers, and employees. In making decisions the purity of means is emphasized as much as the securing of business goals. The emphasis is on honesty, a spirit of sacrifice, commitment to the welfare of others, and dedication to great ideals".

Validity of Measures of Management Styles

The measures of management styles appeared to have a fair degree of validity for an exploratory study. Several correlations between the styles (see Table 2) were consistent with prior research. For example, the authoritarian and the

participative styles have been regarded as polar opposites.³³ They were strongly negatively correlated in this study. The entrepreneurial and the conservative modes of management have similarly been seen to be opposite in prior research.³⁴ They were strongly negatively correlated in this study. The entrepreneurial and the organic styles were found to be complementary in prior research.³⁵ They were strongly positively correlated in this study. Several correlations between the styles and indicators of effectiveness (see Table 3) were consistent with prior research. In prior research the participative style has been found to be positively related to staff job satisfaction while the authoritarian style has been found to be negatively related to employee satisfaction.³⁶ In this study the participative style was strongly positively correlated with staff morale while the authoritarian style was negatively correlated. In previous research the long term planning orientation of firms has been found to be positively correlated with the firm's financial performance.³⁷ In this study the professional style (defined to include an emphasis on long term planning) was positively correlated with profitability and financial strength. In prior research the organic style has been hypothesized to be congenial for innovation.³⁸ In this study the organic style was correlated with the organization's innovativeness. The work on Japanese style suggests that a paternalistic mode that treats employees as if they are family members strengthens loyalty to the organization.³⁹ In the present study the familial style was positively correlated with staff morale. Management commitment to values and superordination have been suggested by some management writers to be significant inspirers of high staff morale, public image, and organizational performance.⁴⁰ In the present study the altruistic style was positively correlated with staff morale and public image as also financial strength and performance stability. In addition, some contextual data that were

available also indicated consistency with prior research. For example, prior research has indicated that size and a bureaucratic structure are correlated.⁴¹ In the present study, two-thirds of the large organizations practised the bureaucratic style while only half of the small organizations practised it. Researchers on public enterprises have noted a tendency for public sector enterprises to be more concerned with altruistic goals than private sector enterprises.⁴² In the present study over 90% of public sector managements practised the altruistic style versus less than 70% of private sector managements.⁴³

Findings and Discussion

Table 1 shows the means and standard deviations of the ten styles. Interestingly, the conservative was the most widely used style with a score of 4.32 (on a 6-point scale) while the authoritarian was the least, with a score of 3.21. Thus, conservatism and stability were most highly prized in the sample; coercion and discipline were least prized. The professional, organic, participative, and altruistic styles were also relatively widely used, ranking respectively second, third, fourth, and fifth, with mean scores ranging from 3.91 to 3.70. The bureaucratic, familial, intuitive and entrepreneurial styles seemed to be relatively less used, being respectively ranked 9th to 6th, with mean scores ranging from 3.41 to 3.52. Since the data pertained to corporate organizations whose chief executives were participating in a training programme at a premier institute of professional management, the sample seemed to be mostly representative of professionalising Indian corporates. For this segment, the ideological preferences seemed to be weighted in favour of sticking to the knitting and steady growth, professionalism and analytical approach to

management, flexibility, consensus decision making, and ethics and idealism. Discipline and obedience, orderliness and accountability, paternalism, faith in experience-based intuitive decision making, and bold risk taking seemed to be ideologically less valued. However, this conclusion should not be over-emphasised. Even the lowest score - of 3.21 for the authoritarian style - represents at least moderate usage of the style. Thus, professionalising Indian corporates seemed not to be dominated by any single ideological preference but rather chose their stances - and practices - from a wide assortment. The finding contrasts sharply with that of Virmani and Guptan, who, based on a review of literature and a study of four "typical" Indian organizations, concluded that the dominant mode of Indian management was paternalistic, ad hocish, non-professional, nepotistic, authoritarian, hypocritical, etc.⁴⁵

(Table 1 about here)

Table 2 shows the inter-correlations of the ten styles. To keep the focus on only the significant results of a study based on subjectively rated data, only those correlations are shown that were significant at a high level of confidence (at p less than or equal to .01, two tails). The data confirm some prior suppositions about the relationships between management styles but also question some, and point also at some unsuspected relationships.

(Table 2 about here)

The conservative and the entrepreneurial, the authoritarian and the participative, the bureaucratic and the organic, the professional and the intuitive, and the professional and the familial prima facie have been considered by some authors as polar opposites.⁴⁵ The ideological stances and

associated practices have been considered almost mutually exclusive. As expected, there were strong negative correlations between the entrepreneurial and the conservative, and the authoritarian and the participative styles. But contrary to expectations, the correlation between the bureaucratic and the organic was positive, suggesting that clear accountability and flexibility at least at top management levels, are not only not mutually exclusive but may in fact be somewhat complementary. Interestingly, there was no significant relationship, positive or negative, between the professional and familial and the professional and intuitive styles of management. Thus, professionalism and paternalism and professionalism and intuitive, experience-based decision making at top levels of management may not necessarily be mutually exclusive. This opens up possibilities of adopting styles that blend professional expertise, wisdom born of experience, and close, family-type relations at work. Indeed, the top managements of some of the business houses in India exhibit such a combination.⁴⁶

Prior research has indicated a synergy between the entrepreneurial and organic styles.⁴⁷ In the present study, there was a strong positive correlation between the entrepreneurial and organic styles. The use of the entrepreneurial style may induce the management to adopt an organic style because an entrepreneurial style prompts the organization to go for bold, risky ventures in relatively unfamiliar areas, often requiring a lot of speedy adaptations, innovations, changes, and learnings which are infeasible without a highly interactive decision making oriented, flexible, organic mode of management. It is also possible that an organic mode of management throws up many innovative ideas which stimulate entrepreneurial moves by the management.

There was considerable variation among the styles regarding their relationships with other styles. On one extreme was the professional management style without a significant correlation with any of the other nine styles; on the other extreme were the participative, bureaucratic, and organic styles with respectively 5, 4, and 4 significant correlations. Interestingly, these three were inter-correlated, suggesting that they are probably symbiotic. The bureaucratic style tends to differentiate the decision structure of the organization through a strong emphasis on functional and role specialisation, division of labour, extensive departmentalisation, and so forth, and the participative and organic styles provide powerful ways of integrating decision making through widespread communication and interaction and consensus decision making⁴⁶. The obverse may also be true. Widespread interactions and consultations in decision making may uncover areas of confusion about who has to perform what tasks and the manner in which the tasks are to be performed, and this may induce management to clarify and refine the structure of decision making by pursuing a bureaucratic style of management. This symbiotic relationship may be especially potent in the corporate managements of modernising societies in a state of transition that impose such seemingly contradictory demands on enterprise management as orderliness as well as flexibility.

The relatively strong correlations of the altruistic style with the bureaucratic and the participative styles are interesting. A bureaucratic decision structure aims at not only efficiency and accountability but also equity - only when decision tasks are clearly defined and allocated can the managers be fairly held accountable. Justice is therefore an underpinning of the bureaucratic style, and this is compatible with the core values of the altruistic style. The

participative style is committed to giving voice to the relatively voiceless so that decisions are taken in the interests of many rather than a few, and this ethic is also compatible with the altruistic style. In other words, the altruistic impulse may stimulate the search for equity and thus stimulate the adoption of the bureaucratic and the participative styles. This may be particularly true for public enterprises and those private enterprises that have a strong commitment to ethics.

To sum up: The correlational data shown in Table 2 confirm some expected relationships between management styles but also open up intriguing, previously unsuspected relationships that may be important in a modernising society in its segment of professionalising corporates.

Table 3 shows the statistically significant correlations (at p less than or equal to .01) between the ten management styles and the ten criteria of perceived organizational effectiveness relative to rival organizations. Several findings are worth highlighting:

(Table 3 about here)

1. Out of 100 correlations between styles and effectiveness criteria, as many as 28 were statistically significant at the 99% confidence level. By chance only 1 correlation would have been significant at this level. Thus, in conformity with prior research there appeared to be overall a strong relationship between management styles and effectiveness criteria.

2. As many as 27 out of the 28 significant correlations were positive. Thus an overwhelming portion of the impact of the ten styles was perceived to be positive, that is perceived to confer a comparative advantage to those organizations practising the styles.
3. There was considerable variation in the association of the style with effectiveness criteria. At one extreme was the intuitive style without any significant correlations with effectiveness criteria and the authoritarian style with a negative correlation. At the other extreme were the professional and altruistic styles with 6 correlations apiece with effectiveness criteria. The five styles with at least 3 correlations with effectiveness criteria accounted for 21 out of the 28 correlations, while the remaining five accounted for only 7 (including the sole negative correlation). For increasing organizational effectiveness, it may be prudent to be somewhat selective in the choice of the management style.
4. There was much variation among the effectiveness indicators vis-a-vis association with management styles. Relative growth rate and operating efficiency were not significantly correlated with any of the styles, while staff morale was correlated significantly with seven styles and innovation and performance stability with five and four styles respectively. Thus, the styles seemed to have a somewhat selective impact on indicators of effectiveness.
5. Some of the significant correlations between styles and effectiveness criteria were as per expectations; but there were several that were

surprising. The many style correlates of staff morale was an interesting finding. As expected, the authoritarian style had a negative correlation with staff morale, and the participative and the familial had positive correlations. But interestingly, the largest correlation was with the altruist style, and the professional, organic, and bureaucratic styles were also positively correlated with staff morale. The literature on job satisfaction has focussed on work-related and "hygiene" factors that affect job satisfaction⁹. The present study suggests that a sense of mission for the organization and an image of being an ethical, caring organization in a developing country setting, may be a powerful motivator, and this can be buttressed by participative decision making, professionalism, proper accountability and structural clarity, interactive decision making, etc. As expected, the organic was correlated with innovativeness, but so were the entrepreneurial, participative, familial, and altruistic styles, suggesting that a vision of organizational greatness and internal cohesion both promote a climate of innovation. Performance stability is a negative measure of corporate risk. As expected, the professional and bureaucratic styles were correlated with performance stability, but so also surprisingly were the altruistic and participative, suggestive of the steady hand of idealism and management consensus on organizational performance.

6. Individual styles had somewhat differing patterns of association with criteria of effectiveness. For example, the conservative and the professional were correlated with profitability as well as financial strength but not with innovation and adaptability. On the other hand the

entrepreneurial style was correlated with innovativeness and adaptability, but not with profitability and financial strength. The bureaucratic style was correlated with performance stability but not corporate image and innovativeness while the organic style was correlated with corporate image and innovativeness but not performance stability. Although both the participative and the altruistic styles were correlated with staff morale, performance stability and innovativeness, the participative style was correlated with adaptability but not public image and social impact through pioneering new products, while the altruistic style was correlated with the latter two but not with adaptability. In choosing styles, therefore, managements may have to make significant trade offs in terms of performance vis-a-vis effectiveness criteria.

7. Combinations of styles may increase the performance versatility of management. For example, a management practising a professional, altruistic and participative style of management may show a positive performance (relative to rivals) on all but two indicators of effectiveness, the exceptions being growth rate and operating efficiency. Indeed, if on the basic management style of an organization one or more of the participative, professional, and altruistic styles is/are grafted, the organization's performance may improve vis-a-vis several indicators of effectiveness. This may be particularly feasible where the basic style is well-correlated with any of these three styles (on the assumption that a significant positive correlation is an evidence of compatibility). For example the bureaucratic style was significantly correlated with both the altruistic and the participative styles. Hence, bureaucratic managements

may be able to improve organizational effectiveness substantially by also adopting the relatively compatible participative and altruistic styles. The entrepreneurial and the organic styles correlated with the participative style and the intuitive style was correlated with the altruistic style, so that the entrepreneurial, organic or intuitive managements may be able to improve their effectiveness by adopting the participative or the altruistic styles, whichever is more compatible. The possibility exists therefore that starting with almost any management style, significantly higher organizational effectiveness could be achieved by adopting any or all of participative, altruistic, and professional styles, compatibility being the major criterion for deciding which of these three styles to institutionalise in the management. The hardest style to modify may be the authoritarian style because its negative correlation with the participative style indicates a severe lack of compatibility with the latter style, although lack of correlation with the altruistic and the professional styles opens up the possibility of improving effectiveness by adopting one of these two styles.

8. Organizational effectiveness implies high performance on not just one or two but several indicators of performance. But there may often be situations of dire need to improve performance on specific criteria of performance. The data suggest that different styles or their combinations may be effective for different indicators of effectiveness. The strongest associate of profitability was the professional style, closely followed by the conservative style. Thus, a combination of the two may rapidly improve the relative profitability of the organization. The strongest

associate of financial strength was the altruistic style, followed closely by the conservative and the professional styles. Thus a combination of these three may rapidly improve financial strength. The strongest associate of performance stability was the professional style, followed at some distance by the altruistic and participative styles. Thus a combination of these three may be beneficial in improving performance stability (especially in turbulent industries). The strongest correlates of staff morale were the altruistic and participative styles, followed at some distance by the professional and familial styles. Thus, a combination of these four may quickly improve staff morale. The altruistic was the strongest predictor of public image, followed by the organic and professional styles at some distance, so that a combination of these three may be particularly useful in improving public image. Social impact through pioneering products etc., was most strongly correlated with the altruistic style, with the professional style also having a sizeable correlation. These two could be harnessed for increasing the organization's social impact. The participative and the entrepreneurial were correlated with adaptability, so these two could be harnessed to reduce organizational rigidities and increase responsiveness to new developments, that is, to increase the organization's learning ability. Finally, the participative, entrepreneurial, organic, altruistic, and familial were correlated with innovativeness. To increase the latter quickly, combinations of these, especially of the first three, could be tried.

Concluding Comments

In this exploratory study, an attempt has been made to study the usage of ten archetypal styles of corporate management in 90 Indian corporate organizations, their inter-linkages, and their association with ten indicators of perceived organizational effectiveness relative to competitors. The data were obtained through a questionnaire administered to, on an average, seven top and senior level managers of each organization, whose responses were averaged to secure organizational scores for styles and performance indicators. Since the data obtained were of a subjective nature, the usual caveats that apply to such studies should be borne in mind. Also, the sample seems to be representative largely of professionalising Indian corporates rather than the entire spectrum of corporates in India. The data support some expectations but also hold several surprises. Some concluding comments are called for.

First of all, the data are not consistent with the notion of a single Indian management style or even of a single best management style. Rather, the data suggest that a number of management styles may be in use in a large country like India with substantial cultural diversity, and several of these may yield beneficial results to the organization. As many as eight styles had at least one positive correlation with indicators of effectiveness. This calls into question such notions as the Japanese or the British or American or French or Indian style of management. This does not necessarily mean that national cultures do not affect modes of management; simply that complex, multi-dimensional cultures and economic systems offer multiple niches and these enable many styles rather than a single style to flourish⁵⁰. These styles may well include some that seem to be

dramatically opposite, such as the conservative and the entrepreneurial, the professional and the intuitive.

Styles with several significant correlations with indicators of effectiveness - in this study the participative, professional, and altruistic - may be especially important in a developing country context. In many developing countries aiming at rapid industrialization, even private enterprises have strong public stakes due to public subsidies and lending by government owned financial institutions. Thus sizeable organizations in developing countries often have multiple stakeholders and satisfying their expectations implies decent performance on a number of indicators. Besides, enterprises are often expected to spearhead nation building efforts, such as the development of new industries and of basic or essential products, and the development of backward regions. The altruistic, professional, and participative styles in combination reflect the ethic of social contribution, a scientific, analytical approach to management problems, and a consensual process for decision making. Their multiple correlations with effectiveness indicators suggests that managements in India are increasingly likely to institutionalise these styles. If this happens it should bode well for India's industrial development in a globalisation context. Fusions of these styles may well be useful in other developing countries, and may well represent a distinctive and effective response to the challenges of nation-building, modernity, and intensifying domestic and foreign competition.

An exploratory study like this one raises more questions than it answers. A correlation computed out of cross-sectional data does not establish the direction of causality, nor does it indicate the sequence of events by which the

relationship is established. A significant correlation between a management style and an indicator of effectiveness suggests a relationship, but it leaves open the question of whether the management style affects the indicator of effectiveness, or vice versa, or there is a mutual effect, or there is a relationship because both covary with a third unmeasured variable. Even if suppose on the basis of prior research or theory it is possible to infer the direction of causality, the precise way say the professional management style causes greater performance stability, is not known. In-depth case studies, longitudinal studies, or field or laboratory experiments are needed to gain insight in the process of influence. A study such as the one reported in this paper is rich in suggestion but weak in affirmation.

There are other questions, too, that are worth raising. What are the specific operating contexts in which particular styles are specially effective or ineffective? For example, the authoritarian style was correlated negatively in this study with staff morale. Would there, however, be operating circumstances in which it might improve staff morale? What are the policy and structural implications of adopting a particular style? How correlated are subjective measures of effectiveness with objective measures?⁵⁷ Would the styles that correlate significantly with subjective measures also correlate with objective measures of performance? Are there variants of a style, some for example that are very useful and some that may even be harmful?⁵⁷ What are especially strong positive synergies between styles and what are especially strong negative synergies between them?⁵³ In this study the operating assumption has been that management style affects organizational performance, but there is evidence that low performance can catalyse major management changes as in turnaround

situations⁵⁴, and the so-called slack theorists have argued that well performing organizations may predispose their managements to strike socially desirable postures like altruism, professionalism, and participative management.⁵⁵ A lot more research, hopefully in several cultural settings, is needed to unravel these mysteries.

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Table 1

Means and Standard Deviation of Usage of Management Styles

Sample : 90 Indian Corporates

	<u>Mean</u>	<u>Standard Deviation</u>
Conservative Style	4.32	0.91
Professional managment style	3.91	0.82
Organic style	3.87	0.70
Participative style	3.76	0.75
Altruistic style	3.70	0.76
Entrepreneurial style	3.52	0.86
Intuitive style	3.50	0.74
Familial style	3.49	0.73
Bureaucratic style	3.41	0.87
Authoritarian style	3.21	0.80

Table 2

Inter-correlations of Management Styles

Sample : 90 Indian corporates

	1	2	3	4	5	6	7	8	9	10
	Con. style	Entr. style	Prof. style	Bur. style	Org. style	Auth. style	Part. style	Intu. style	Fam. style	Altr. style
1. Conservative style		-.50								
2. Entrepreneurial style					.46		.32			
3. Professional style										
4. Bureaucratic style					.26		.35	.25		.46
5. Organic style							.46		.28	
6. Authoritarian style							-.38			
7. Participative style										.43
8. Intuitive style										.28
9. Familial style										
10. Altruistic style										

Note: Only those product moment correlations significant at p less than or equal to .01 (2 tails) have been shown

Table 3

Correlations of Management Styles with Indicators of Perceived Relative Effectiveness

Sample : 90 Indian Corporates

Style	Profit-ability	Growth Rate	Finan- cial strength	Perf. stabi- lity	Oper- ting Effi- ciency	Staff Morale	Corp. Image	Soc. Impact	Adapt- ability	Inno- vativeness
Conservative	.26		.28							
Entrepreneurial									.29	.36
Professional	.28		.26	.44		.32	.24	.37		
Bureaucratic				.26		.24				
Organic						.26	.28			.32
Authoritarian						-.24				
Participative				.31		.46			.32	.43
Intuitive										
Familial						.33				.25
Altruistic			.29	.37		.51	.41	.51		.27

Note: Only those product moment correlations significant at p less than or equal to .01 (2 tails) have been shown.

