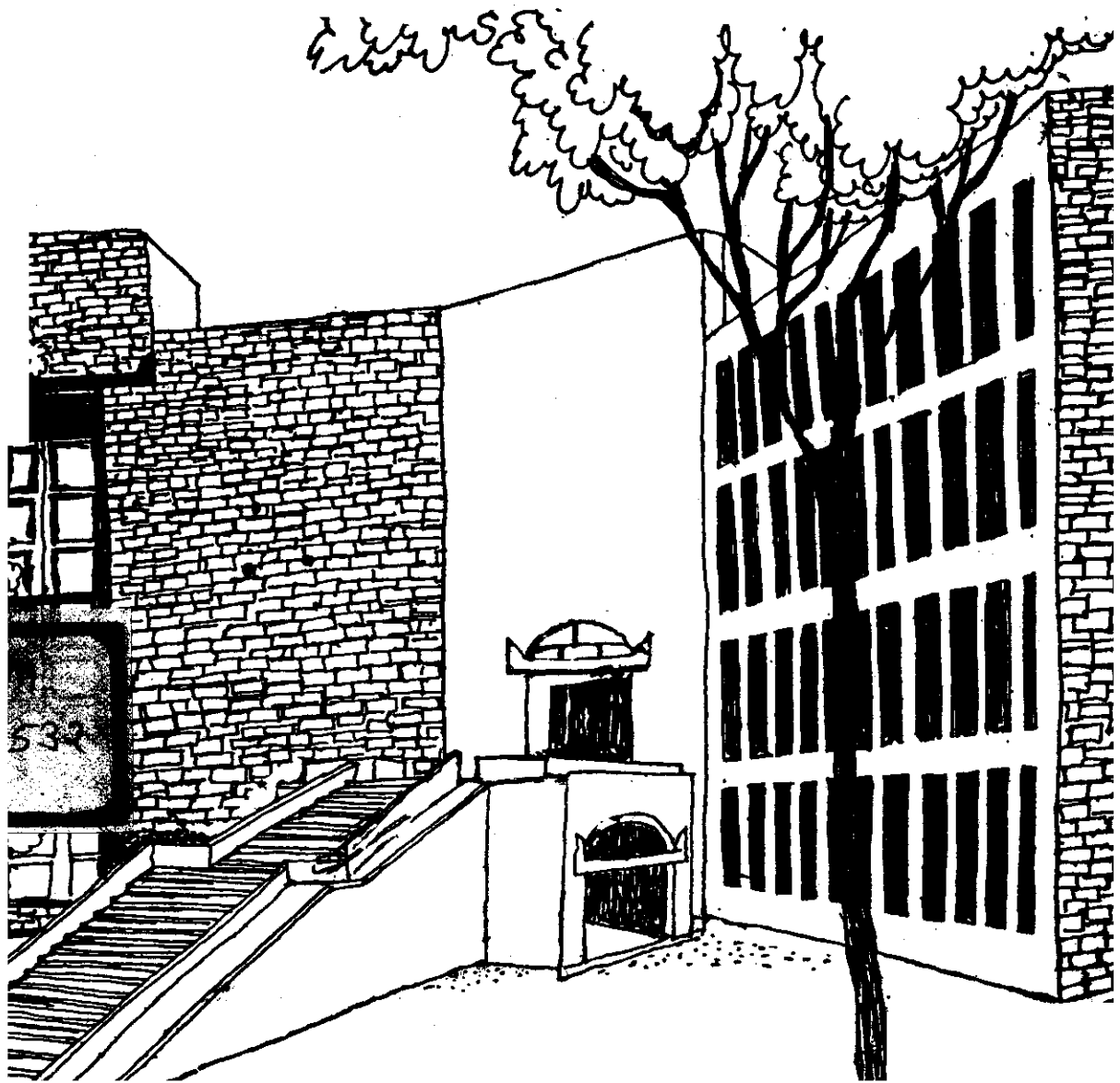


Working Paper



**INDIAN WORK ON ORGANIZATIONAL
EFFECTIVENESS**

By

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INDIAN WORK ON ORGANIZATIONAL EFFECTIVENESS

Abstract

Organizational effectiveness is a multi-dimensional construct. It may also be an important systemic variable which is both an outcome of organizational structures and processes and also their determinant. The multi-dimensionality of organizational effectiveness may reflect the multiple perspectives in organizations, of being purposive collectivities, human ecologies, living systems, and social entities. Of particular significance for the developing world is the view of strategic organizations as social entities that can make significant contributions to socio-economic transformation of poor societies. Several relatively recent papers have been briefly reviewed for their relevance to organizational effectiveness of strategic organizations in a developmental context. These papers illumine such diverse facets of organizational effectiveness as organizational diagnosis, OD interventions and work redesign for greater effectiveness, leadership of organizational work units, style of management of the organization, management of new strategic programmes/organizations, management of established strategic organizations, and institution building. Some tentative inferences for the developing world's strategic organizations are discussed.

*Introduction to the forthcoming special double issue of *International Studies of Management and Organization*, U.S., on recent Indian work on organizational effectiveness guest edited by the author.

INDIAN WORK ON ORGANIZATIONAL EFFECTIVENESS : A PERSPECTIVE

Pradip N. Khandwalla

Organizational Effectiveness as a Construct

Organizational effectiveness has been one of the central thrusts of contemporary organizational research. Economists have always been concerned about questions of efficiency. This concern was shared by early management and organization writers like Taylor (1947), Weber (1947), and Fayol (1949). In recent years, however, the concern has shifted from organizational efficiency to organizational effectiveness (Georgopoulos and Tannenbaum, 1957; Likert, 1961, 1967; Bennis, 1966, Yuchtman and Seashore, 1967; Friendlander and Pickle, 1966; Mahoney and Weitzel, 1969; Ghorpade, 1971; Price, 1972, 1976; Mott, 1972; Steers, 1975, 1977; Dubin, 1976; Spray, 1976; Evan, 1976; Campbell, 1976; Stewart, 1976; Goodman and Pennings, 1977; Cameron, 1978; Coulter, 1979; Angle and Perry, 1981; Cameron and Whetton, 1981, etc.). Organizational effectiveness encompasses a wider criteria set than organizational efficiency. Steers (1975 : 549) listed 15 criteria used by researchers in evaluating organizational effectiveness, while Campbell (1976 : 36-38) listed 30. Steers (1975) also provided a frequency count of the use of effectiveness criteria. Adaptability - flexibility, productivity, and satisfaction topped the list; absence of strain, control over environment, development, efficiency, employee retention, growth, integration, open communications, and survival were the least frequently used.

Organizational effectiveness may be an important systemic variable. That is, it may have rich linkages with a host of organizational variables (Khandwalla, 1977 : chapter 7). Organizational effectiveness may not only be an outcome of organizational strategic, structural, and process variables, but

it may also have significant impacts on these. For example, the slack theorists (Cyert and March, 1963; Williamson, 1963; Singh, 1983) have indicated that slack (arising in part from organizational effectiveness) may be used to build up staff, increase managerial remuneration, lead to corporate image building, risk taking in decision making, etc. Price (1976) has argued that staff turnover, an indicator of organizational ineffectiveness, may lead to such structural consequences as larger percentage of administrative to total staff, greater formalisation, and lower levels of participation in primary groups. The organizational consequences of high and low effectiveness may be asymmetrical (Khandwalla, 1977 : chapter 15). While a relatively strong organizational performance may induce the management to adopt more entrepreneurial and/or professional management stances, a poor showing could lead to any one of possibly three outcomes: a stricter management, a more passive, paralysed management, or a more proactive, enterprising, professional management. The research on turnaround management (Khandwalla, 1983b) indicates the rich variety of strategic and structural actions initiated by managements determined to revive their loss making organizations. The successful attempts seem to involve such strategic actions as reshuffling of the product mix, refocussing of the R and D effort, selective diversification as well as divestiture, temporary insulation of the organization from stakeholder pressure, and aggressive harnessing of opportunities in the environment. They also elicit such attempts at mobilising the managerial staff for turnaround as reemphasis on the unique mission of the organization, sharing with the staff members the problems besetting the organization and seeking their help in overcoming them, articulation of challenging, concrete goals that galvanise end-means analysis throughout the managerial rank-and-file, involvement of managers in various task forces aimed at immediate and innovative solutions to pressing problems, taking on hand of quick

pay off actions and projects that build up the credibility of the management and faith in the overall change strategy, the use of peer group pressure for excellence in performance review meetings, coupling of accountability with autonomy, etc.

As a construct, organizational effectiveness is beset with problems (Steers, 1975; Campbell, 1976; Cameron, 1978). There are too many criteria, with low convergent validity. As Cameron (1978 : 604) put it, " organizational effectiveness may be typified as being mutable (composed of different criteria at different life stages), comprehensive (including a multiplicity of dimensions), divergent (relating to different constituencies), transpositive (altering relevant criteria when different levels of analysis are used), and complex (having nonparsimonious relationships among dimensions). At the core of this discord and confusion about organizational effectiveness may be alternative Western models of the organization and what it should strive for (Steers, 1975; Dubin, 1976; Evan, 1976; Campbell, 1976; Goodman and Pennings, 1977; Cameron, 1976).

If organizations are seen as purposive collectivities (March and Simon, 1958), then effectiveness is likely to be assessed in terms of the degree of achievement of the goals they actually pursue or supposedly pursue (Pennings, 1975; Khandwalla, 1976-77; Stewart, 1976; Seashore and Yuchtman, 1967; Coulter, 1979; Angle and Parry, 1981). Such goals may be profits in the case of firms, patient care in the case of hospitals, electoral success in the case of parties, and law and order in the case of governments. If organizations are seen as living systems, then their assessments may be in terms of their survival capability, resource acquisition and use, and how effectively they carry out the input - through put - output functions (Yuchtman and Seashore, 1967; Evan, 1976).

If organizations are seen as human ecologies that need improvement, then indicators of organizational health may be considered as criteria of effectiveness. The indicators of organizational health may be participative decision making processes, high levels of organizational integration, and such other organizational processes that contribute to human growth (Bennis, 1966; Likert, 1967; Beckhard, 1969; Nadler and Tushman, 1980). It is likely, however, that organizational effectiveness has to do with all three - achievement of the primary goals of the organization; achievement of survival capability; and institutionalisation of processes that promote human growth. While trade-offs between these may be possible at the margin, a significant short fall on any of these may drastically reduce the effectiveness of the organization.

A Developmental Perspective on Organizational Effectiveness

A fourth perspective on organizational effectiveness, under-emphasised by Western organizational scholars, but critical to developing societies, is that of the organization as an agent of socio-economic change (Dube, 1971; Esman, 1972; Dvorin and Simmons, 1972; Levitt, 1973; Ackoff, 1974; Gant, 1979; Omer, 1980; Esman and Montgomery, 1980; D'Souza, 1984). Perhaps the cutting edge of poverty is sheathed in the developed countries. But in the 110-odd "developing" countries in which (including China) over 80% of humanity lives, with less than a tenth of the American per capita income, poverty is a blazing reality. India, with 700 million souls has, at the most, 3% of the U.S. per capita income. Even on the Physical Quality of Life Index (based just on infant mortality, life expectancy at age one, and basic literacy rate), India and other poor nations score around 40, versus 94 for the U.S. (Birla Institute of Scientific Research Economic Research Division, 1982 : 33-34). As Dopfer (1979 : 1) has put it, " the problem of development of the less developed countries (LDCs) is the most pressing problem of our time".

The concept of development itself has undergone transformation from the naive earlier concept of economic growth (increase in GNP). Besides growth, its components now are seen to be modernisation, distributive justice, and socio-economic transformation (Mabogunja, 1980 : chapter 2), culminating in the sustained upward movement of the whole social system involving levels of living, institutions, attitudes, and modes of production (Myrdal, 1973 : ch. 10; Sachs, 1979 : 9 - 29). The concept of integrated development is being emphasised. This involves a balanced change in environmental, technical, economic, and social dimensions. It is centered on the primacy of human growth, autonomy, and cultural distinctiveness (UNESCO, 1982). As a consequence, the desirability of endogenous development is being advocated over imitative, "show case", catch - up (with the West) or universal stages of growth models of development (UNESCO, 1982). The emphasis in development strategies may be shifting from one of maximising growth rates to meeting the basic needs of the human (Streeton, 1981). Increasingly the factors of management and institutional values seem to be perceived as crucial for development to take place (Schumpeter, 1934; Parsons, 1951; Smelser, 1959; Lerner, 1959; McClelland, 1961; Eisenstadt, 1964; Dutta, 1971; Gant, 1979; Esman and Montgomery 1980; Odagiri, 1981).

In the developing world, the relatively new institution of the formal organization seems to have Weberian, Fayoliet, and Schumpeterian anchorages. It may well be a beacon of hope for revitalising poor societies (Bennis and Peter, 1966). Especially critical may be the transformational role of strategic organizations. Strategic organizations are those organizations, such as the developmental agencies of the government, high technology or mass production public and private sector organizations, institutions of higher learning, research, and training, and so forth, whose outputs are critical to the process of development itself. Their organizational effectiveness cannot be

assessed only in terms of organization - centred goals or survival capacity or growth of organizational members. They need also to be assessed in terms of their socio-economic developmental impact, difficult though its measurement may often be. In other words, their effectiveness needs to be assessed in terms of such criteria as the capacity to strengthen (rather than merely exploit profitably) underdeveloped client systems, pioneer new (but appropriate) technologies of production as well as of management, create large positive externalities, collaborate with other significant institutions in furthering national priorities, promote social change and awareness about alternative, more science - based life styles, inculcate a culture of meritocracy, innovation, achievement drive, and social concern, etc. If these struggling societies are to modernise, that is, develop the institutions and capacities that permit decent and rising living standards to their impoverished millions, the strategic organizations of these societies must internalise certain social goals. These are wide diffusion of leadership, responsibility, and decision making authority, development of the infrastructure of economic growth, cooperative striving for national excellence, social justice, etc. (Omer, 1980). The assessment of organizations in terms of their contribution not just to profit or growth but also to the psychological health of their members may have reinforced managerial concern for psychological health in the West. Similarly, the assessment of the strategic organizations of the developing world in terms of how well they play their social change agent role may cue more and more of them to play this role effectively.

Indian Work on Organizational Effectiveness

Although serious Indian work on organizational effectiveness has a long way to go, it is growing (Dayal, 1967, 1972, 1977; Negandhi and Prasad, 1971; Jain, 1973; Roy, 1974; Agrawal, 1975; Chakraborty, 1976; Sinha and Sinha, 1977;

Chitnis, 1978; Maheshwari, 1978; Singh and Srivastava, 1979; Singh, Warrior, and Das, 1979; De, 1979; Sinha, 1979; Mohanty and Ahuja, 1979, Human Resources Development Unit, 1980; Anand Ram, 1980; Ganesh, 1980, Ahmad et al, 1980; Khandwala, 1981, 1982, 1983a, 1983b; Chattopadhyay and Parask, 1982; Paul, 1983, etc.). By and large, the robustness of this work lies less in methodological or conceptual rigour than in the variety of organizations covered, the diversity of research strategies employed, and the developmental context that the writers often employ. This last strength is in sharp contrast to Western writing on organizational effectiveness that by and large seems to ignore larger social concerns and priorities (see Rubin, 1976, for an exception).

I have surveyed the relatively recent (1979-1983) Indian work for this special issue. Since no more than a half dozen papers were to be selected, I had to employ a fairly tight screening procedure. I used the following criteria for selecting the papers for this issue.

1. The focus in the paper should be on the organization (or a sub-unit), not the individual. Thus, studies of motivation, attitudes, values, satisfaction, etc., where the focus was primarily on individuals were not considered.
2. The paper should be relevant to any or all of the effectiveness perspectives implied by the organization being a purposive collectivity, a living system, a human ecology, or a social change agent. In other words, the paper should have something important to say about goal attainment, survival capability, human growth within the organization, and/or contribution to socio-economic transformation. Studies pertinent to the transforming role of strategic organizations in a developing society were particularly favoured in selecting the papers.

3. As a collection the papers should highlight fresh approaches and diverse samples, research methods, types of organization, and research foci.

Table 1 shows, in summary form, the research site and sample, research method, and the focus and main findings of each selected paper. The table highlights the rich diversity of research sites: government departments, missionary organization, small groups, public and private sector enterprises, government sponsored development programmes, and management education institutions. It also indicates the diversity of research methods employed, ranging from laboratory experimentation and intensive case studies to surveys. The studies collectively provide insights into various facets of organizational effectiveness, such as diagnosis of factors that impede organizational effectiveness, the process of unfreezing the organization and initiating change towards greater effectiveness, leadership as an instrumentality of greater effectiveness, the strategic management of greater effectiveness, and institution building for organizational longevity and long term success.

(Table 1 about here)

"Towards organization development in government"

The first paper, "Towards organizational development in government" is a diagnostic study of India's most important strategic organization, the government of India. The government in India is believed to account for nearly 50% of non-farm, non-small scale sector employment. The lion's share of this 50% is accounted for by the Government of India and its undertakings and enterprises (the rest by the various state governments, district governments, city governments, etc.). Besides that, the Government of India has been the foremost entrepreneur in India, having, after independence from the British in 1947,

initiated a vast and comprehensive developmental effort that encompasses not only the development of basic amenities like health care and education, but also the development of economic infrastructure (energy, transport, and communications), agriculture, and industry. But it seems to have gone about this transformational job in a wooden manner, with low efficiency and enterprise. The paper throws light on some of the organizational obstacles to effectiveness. Drawing upon a prior pilot study of 154 respondents from different levels and departments, the study reports the findings for 500 respondents belonging to various levels and ministries in the Indian government. The findings relate to work climate, job satisfaction, perceived organizational processes, perceived administrative ideology, personality profile of the respondents, etc. The study indicates widespread malaise vis-a-vis personnel policy, style of management, goal direction, opportunities for growth, excessive power orientation, inefficient task orientation, and a mismatch between the personality orientation of respondents and the system's demands on them. The survey data were apparently intended to start a "cycle of organizational change aimed at raising efficiency, motivation and employee satisfaction" which would ultimately have an impact on the organizational culture and the overall quality of working life of government employees.

"Organization development in a voluntary organization"

While the first paper in this issue describes a way of diagnosing the malaise in large, complex systems, the second paper, by Chattopadhyay and Pareek, provides rich insights into the management technology for combatting the malaise.

Despite the allegedly authoritarian and dependency prone managerial culture of India (Kakar, 1971; Chattopadhyay, 1975; Sinha, 1976), organization

development (in its various manifestations) seems to have taken root (De, 1971, 1976; Dayal, 1971; Ahmed, 1973; Paroek, 1979; Chattopadhyay and Paroek, 1982).
 It, perhaps, it is because of the dysfunctionality of the traditional culture for contemporary Indian organizations that OD has found a footing. Large service organizations with monotonous jobs and elaborate hierarchies and relatively high technology enterprises in the public and the private sectors experiencing difficulties in achieving effective teamwork seem to be particularly receptive to OD (Chattopadhyay and Paroek, 1982).

In their paper Chattopadhyay and Paroek provide a detailed report of how an extended OD exercise was conducted to revitalise a missionary organization. As they point out, commitment to transcendental goals may lead to self-denial and psychological self-abuse. Also, a culture of service and dedication may, in the absence of an ethos of mutuality, lead to authoritarian manipulation by those that deem themselves the keepers of the faith. The problem vis-a-vis effectiveness is one of retaining the missionary ideals of the organization and the sense of dedication in the rank-and-file and at the same time reinforcing a culture of openness, mutuality, and self-actualisation. For such organizations, the weakness may not lie in their change agent roles or in their success as purposive collectivities or in their survival capability, but in their human ecology dimension.

Although missionary organizations may be thought to be marginal rather than strategic, the sense of mission so characteristic of these organizations is critically needed in the strategic organizations of a developing society. Thus, a better understanding of organizational processes that reinforce this sense of mission or fuse it with human growth within the organization has more than academic interest. In their paper, Chattopadhyay and Paroek provide tantalising glimpses of these processes at work - the internal debates, the

stately dissents, the mobilisation for the OD exercise, the sporadic but intense collaboration with external facilitators, the emergence of internal situational leadership, the internal diffusion of the process culture, etc.

"Participative redesign of work system"

OD may be one option for redeeming strategic organizations blighted by a bureaucracy dysfunctional to goal attainment, healthy human ecology, survival capability, or developmental mission. But it is an expensive option and a lengthy one. Culturally, too, its acceptability may be limited. Another promising option is that afforded by the socio-technical systems approach (Rice, 1958; Trist and Bamforth, 1951; Emery and Trist, 1960; Miller and Rice, 1967; Emery and Thorsrud 1976). In fact, one of the first applications was in India at the Calico Mills in Ahmedabad, where Rice and his associates introduced team management in the mills (Rice, 1958). In recent years Nitish De and his associates, using the socio-technical systems approach, have spearheaded a number of forays into industrial and service bureaucracies for participatively reorganising the work system (De, 1979; Diesh, 1979). Unlike OD, which usually is confined to the managerial ranks, these work re-design efforts are distinctly proletarian in locale. Besides, they are often local rather than global efforts. They often show fast results that build credibility in the approach and tend to generate a snow-balling effect. De describes two work re-design experiments, one in a post office that spread to many post offices, and the other in a high technology public enterprise that internally diffused rapidly. Both showed tangible as well as intangible benefits.

The basic approach is that of action research. The technical system in an organization is analysed and its members are interviewed to diagnose problem areas. The data are fed back to the rank-and-file for suggestions for

improvements. Work teams are formed to implement the changes, and an attempt is made to replace a system of fractionated tasks and hierarchical work relationships by team or group management. Instead of narrow work specialisation, team members learn to rotate their jobs, substitute for one another, support each other, do joint planning and target setting, etc.

The participative work redesign approach may have the potential not only for democratising centralised, procedure - bound, hierarchically controlled, and narrow specialisation oriented large strategic organizations, but also for freeing the vast creative potential chained at the foundational rungs of the organizational pyramid.

"The nurturant task leader"

Strategic organizations in developing societies need to pursue multiple tasks, for, superimposed upon the tasks of operating the organization and pursuing its primary goals is the immensely challenging but taxing goal of contributing to socio-economic development. This kind of operating diversity requires a high degree of organizational differentiation (Lawrence and Lorsch, 1967). The problem is compounded by the relatively low work ethic and dependency proneness of organizational members in some of the developing societies like India (Sinha and Sinha, 1974). Organizational integration (at the level of each work unit in the organization) becomes essential for organizational effectiveness (Lawrence and Lorsch, 1967). Although there may be many ways of achieving integration, the role of the work unit leader may be extremely important. Sinha's paper on the nurturant task leader provides conceptual clarity about a style of leadership that may be particularly appropriate in a phase of development during which tasks may outpace the work ethic or the skills of subordinates. What he calls the NT (nurturant - task) leader is essentially

the style of the benevolent task master. It may be closer perhaps to the Indian cultural ideal of leadership than the Western import of the participative style (e.g. Likert, 1961). Besides, it may satisfy the power, achievement, and affiliative needs of superiors. Hence NT leadership may be more acceptable to Indian managers (and possibly also to their subordinates) than participative or authoritarian leadership. Sinha suggests, however, that the NT style is desirable as a transitional style, and that once subordinates have matured, the participative may be the more desirable style. Sinha's paper suggests that OD as a participatory change strategy may require too quick a transition from dependency proneness and slackness, and that strategies of development for weak work ethic, high dependency systems may need to be built instead around a strong but paternal style of leadership that gradually shades into a participatory mode. This is precisely the kind of leadership displayed by a number of chief executives of Indian public sector corporations successfully turning around their sick, demoralised organizations (Khandwalla, 1983c).

"PI Management"

While Sinha's concept of the nurturant task leader is particularly relevant at the level of relatively small work units (where policy making is not a critical function of leadership but dealing with subordinates is), Khandwalla's paper on the pioneering innovative (PI) mode of management is relevant at the macro organizational level, for it discusses the choice between a pioneering innovative and a conservative policy stance of top management. Clearly, given the tasks of socio-economic development involving the pioneering into a traditional society of new products and services, new technologies, etc., a proactive, innovation and pioneering prone policy stance may be very desirable in that society's strategic organizations. On the basis of a policies survey of 75 Indian public and private sector organizations (mostly corporations),

Khandwalla has identified an indigenous mode that bears partial resemblance to Western conceptualisations like Schumpeter's entrepreneur (Schumpeter, 1934), Mintzberg's entrepreneurial mode of strategy making (Mintzberg, 1973), Khandwalla's risk taking top management (Khandwalla, 1976-77), and Peters and Waterman's "excellent" management (Peters and Waterman, 1982). Since Khandwalla sought "current" as well as "past" (i.e. 3 years prior) data on a number of strategic variables such as goals, policies, external environment, organizational performance, etc., he has been able to present evidence for the causes and organizational consequences of the PI orientation of top management. The paper indicates that a variety of causal agents may be shaping the organization's pioneering innovative orientation, such as an opportunity rich environment, top management ambitiousness, a top management work culture of professional teamwork, a policy of rapid growth and diversification, and a personnel orientation that builds commitment by coupling considerable autonomy and nurturance with a tough accountability for performance (analogous to the NT leadership orientation of Sinha). Equally diverse may be the organizational consequences of PI: growth for the organization, greater environmental complexity, stronger results orientation of top management, a stronger work ethic at lower management levels but some demoralisation at senior (that is, next to top) management levels. The identification of the PI mode may be a step towards identifying a management excellence that may be socially relevant not only to India but also to many other developing societies seeking rapid modernisation.

"The strategic management of development programmes"

Paul's paper deals with the effective management of government sponsored development programmes. These programmes, aimed at the socio-economic amelioration of hundreds of millions of the most disadvantaged in the developing world, encompass such areas as health and family planning, economic self-

reliance for rural folk through the formation of cooperatives, education, training for remunerative employment, diffusion of superior farming practices, creation of the production and marketing infrastructure for rural industries, etc. Failure of these programmes is common for a variety of reasons, notably, being embedded in wooden bureaucracies, subjected to political interference, manned by uninvolved, poorly paid, and poorly trained staff, frequent changes in programme leadership, indifference of the clientele, insufficient resources, staff's unfamiliarity with the tasks, and so forth. Based on a study of six successful programmes in India, China, and four other developing countries, Paul argues that besides political support, adequate resources, and inspiring, charismatic leadership, "strategic management" of these programmes is needed for the success of these oft-failing programmes. By strategic management Paul means the orchestration or congruence or "good fit" of strategic, structural, and process related choices. Paul develops sixteen propositions that seek to capture the essence of successful strategic management, such as the desirability of initially limited but concentrated efforts, sequential diversification, replication of programmes after conducting pilot projects, provision of integrated services to the clientele, demand mobilisation and credibility building, attempting a little at a time rather than too much (phasing), speedy development of network structures and multiple lateral influence mechanisms to secure inter-organizational cooperation, decentralisation conditional upon task requirements such as client characteristics and environmental complexity, the use of appropriate mix of incentives, and the use of simple but speedy monitoring mechanisms that draw on both formal and informal information sources. As important as strategic management of the programme may be the government's management of the interface with the programme, such as giving a broad rather than an excessively narrow mandate to the programme leadership, involving the programme leadership in planning the programme from its inception, providing stable leadership to the

programme and granting it sufficient autonomy, etc. Paul's work is an amplification of the concept of synergy in the policy and organization theory literature (Chandler, 1962; Ansoff 1965; Lawrence and Lorsch, 1967; Khandwalla, 1973, 1977, 1981; Child, 1977).

"Some lessons for the management of public enterprises"

Public enterprises (PEs), also called government owned enterprises (GOEs), are a major instrumentality of development in many of the poorer countries of the world. The PE organizational form affords some respite from a culture of bureaucracy that afflicts most governmental departments. This is because it is not only an instrumentality of the government and so has public accountability, but it is recognised to be also a commercial enterprise that must seek to make profits, often in competition with other enterprises (including other PEs). Thus, it often enjoys a degree of operating autonomy that most government departments and agencies do not. Half or more of the industrial output of several developing countries, including India, is produced by PEs. What is even more important is the character of this output. It consists in the main, in India at least, of the sinews of industrial development - steel, oil, coal, machinery and equipment, rare earths, ships, planes, railway engines and wagons, heavy chemicals, etc. The performance of these PEs is often a problem. Many make losses - in any year nearly 40% of the Indian PEs attached to the central government may report losses (Khandwalla, 1983c). In India their profitability is distinctly poorer than that of comparable private sector enterprises (Sri Ram et al, 1976). As strategic organizations, their effectiveness is a matter of national concern.

Based on intensive case studies of four Indian equipment manufacturing PEs, Khandwalla's paper on management lessons for PEs recounts several emergent

models of facets of PE management. The study suggests that a (calculated) risk taking, organic, professional, and participative style of management is the desirable one for PEs, especially for complex equipment manufacturing PEs. It suggests a model of turnaround for sick PEs. Its central features are management action to generate credibility, mobilisation of the managerial rank-and-file, consolidation of morale through a series of (usually modest) quick successes, effective management of the environment, effective use of mechanisms of integration and coordination, selective systems building, etc. The study also provides suggestions on how a PE should manage effectively its operating and regulatory environments and its diversification, and how the regulatory structure should effectively manage its interface with the PE. These various models represent different facets of effective strategic management of PEs. Quite possibly they may be at least partially relevant to other controlled but partially autonomous systems both in the public and the private sectors.

"Performance of management education institutions"

Institution building, that is, internalization of appropriate values, mechanisms, and processes in a new social change agent organization, and its social acceptance (Esman, 1972; Ganesh, 1980) is a critical task in developing societies because often these values and practices are at variance with traditional management values and practices. For organizations in these societies to be able to play a change agent role they need to internalise professionalism, client centeredness, openness, meritocracy, creativity, participative decision making, nurturance of staff, and results orientation, and keep at bay such traditional mores as authoritarianism, conformity, traditionalism, and an affiliative, kinship orientation. How are these relatively new values to be institutionalised, so that the organization continually upgrades its effectiveness? A growing literature, mainly centered around studies of Indian management educational institutions, provides some insights (Hill et al, 1973; Dayal, 1974, 1977; Matthal,

1976, 1977; Chowdhry, 1977; Matthai, Pareek, and Rao, 1977). These relatively new institutions, mostly sponsored by the government or by strategic institutions like nationalised banks, cooperative societies, or large public sector corporations, represent a determined thrust towards modernity in management. Ganesh's paper on the institutional processes that determine the performance of academic institutions, identifies a number of institution building mechanisms such as recruitment, enculturation, regeneration, identity building, boundary management, resource and support mobilization, choice of institutional model, evolution of decision making structure, integration, leadership, and dissemination. He links these to three sets of performance indicators, namely, indicators related to capability development, those related to innovative thrust (starting of new programmes), and those related to market penetration. He concludes with fourteen testable propositions of institutional process determinants of performance along capability development, innovative thrust, and penetration. Although Ganesh has dealt with just six management education organizations, the institution building processes he has identified may well be relevant to a wider class of strategic organizations struggling to remain effective in a hostile socio-cultural milieu. These processes also seem to enlarge the domain of organizational design by usefully supplementing such traditional design variables as goals, strategy, style, structure etc. (Khandwalla, 1977 : chapter 7) with a number of evolutionary process variables, of great long term importance for organizations playing difficult social change agent roles.

Some tentative inferences from Indian work

The Indian work on organizational effectiveness suggests the following tentative inferences:

Periodic organizational self-assessment exercises, with or without the aid of external consultants, may be a powerful homeostatic mechanism

of organizational effectiveness. This may be especially valuable for large, strategic organizations with complex, somewhat hazy goals and missions and a complex, often turbulent operating environment.

2. There may be rich strategic alternatives for responding to organizational effectiveness related diagnoses. These range from the improvisation, make shift, mobilisation, and quick success actions of a turnaround strategy to the step-by-step, planned, unfreezing, change stabilisation oriented actions of an OD intervention or the highly synchronised strategic, structural, and process actions of strategic management. That is, strategies for achieving greater organizational effectiveness range from entrepreneurial, intuitive, "muddling through", do-it-yourself strategies to technocratic and "synoptic" strategies (Braybrooke and Lindblom, 1963; Mintzberg 1973). They range widely in the dependence on outside expertise - quite high in OD; quite low in turnaround strategy.

3. There may be a rich repertoire of mechanisms available for the organization to design its own strategy for increasing organizational effectiveness. These range across diagnostic exercises, OD tools and techniques, nurturant but task oriented leadership of work units; selectivity and congruence in the choice of goals, domains, structures, and motivational processes; mechanisms for earning credibility, for mobilising the rank-and-file for organizational redemption; entrepreneurial and professional modes of management; effective management of the external environment; and a host of institution building mechanisms like identify building, resource mobilization, and enculturation. To become more effective organizations need not necessarily use all of these. The focus of organizational effectiveness - whether it is organizational redemption from a crisis, or organizational growth, or effectively actualising a vision in a relatively

hostile environment (such as successfully implementing a developmental programme that is anchored in a politicalised bureaucracy on the one hand and weak "client" systems on the other), or achieving social legitimacy for a distinctive value system (as in institution building) - may determine which mechanisms may have primacy in the management of effectiveness. The precise instrumentalities are as yet only quite tentative, and require far greater research. Large, strategic organizations may, however, need to master all or most of these mechanisms because of their operational complexity. Parts of these may be undergoing crises; other parts, at the same time, may be seeking to grow; some others may be implementing difficult missions; and still others may be seeking social legitimacy for "modern" values. Thus, strategic organizations need to match the complexity of their operations by the diversity of the organizational tools available for effectiveness.

4. In the context of developing societies, and the change agent function of strategic organizations, a prime determinant of organizational effectiveness may be the mechanisms for managing their policy, business, and clientele environments. The skills and orientations required differ greatly for managing these three environments. Most strategic organizations in the developing world are controlled organizations, either by virtue of being owned by the government (or a business group or a multinational corporation), or because of resource dependency on the government. For managing their controllers, the skills required are those of effective lobbying, familiarity with the intricacies of the control structure, effective networking, and politicking. For managing the business interface with suppliers and competitors, the skills required are those of aggressive marketing and public relations. For managing the often weak client

or beneficiary group, the needed skills are those of effecting cognitive and attitudinal change in the clients and eliciting their mass participation in changing their life styles. The orientations in the same organization need to range widely, from the manipulative and the dominance seeking to the achieving and the altruistic. Equally, the strategies of environmental management need to range from dignified but clever obsequiousness to conquest of the opposition and the mobilisation of the clients for more vocal demands on the organization. The sheer diversity of the environmental management tasks probably eliminates over-reliance on either the ethical (e.g. Gandhian) or the actualising (e.g. OD) modes of organizational functioning. A pragmatic but mission centered, professionalist but participative, risk taking but accountability conscious internal culture may more likely facilitate effective environmental management in the strategic, change agent organizations of the developing world.

TABLE 1
AN OVERVIEW OF THE PAPERS IN THE SPECIAL ISSUE

<u>Paper</u>	<u>Research Site and Sample</u>	<u>Research Method</u>	<u>Focus and Main Findings</u>
<u>Diagnosis of factors impeding organizational effectiveness</u>			
"Towards organizational development in government"	500 employees in various Government of India departments	Questionnaire survey	Reports a diagnostic survey type study of the attitudes and orientations of civil servants towards different aspects of their work, and identifies factors that impede organizational effectiveness. Indicates serious problems and mismatch between what the employees prefer and the reality.
<u>Change process for increasing effectiveness</u>			
"Organization development in a voluntary organization"	Missionary type of voluntary organization	Action research	Describes in detail the design and implementation of an O.D. intervention. Suggests OD as a means for reducing self-denial in missionary organizations without impairing the participants' sense of dedication to the cause. OD as an unfreezing, change, and refreezing mechanism for increasing organizational effectiveness.
"Participative re-design of work system"	Operatives and management of government bureaucracy and an industrial bureaucracy	Action research	Describes the dysfunctionality of a bureaucratic system, and based on socio-technical systems approach, outlines the principles that govern the design of a motivating work system. Describes participative work redesign experiments in post offices and an industrial organization, and discusses some preconditions for success as well as implications for socio-economic and cultural change.
<u>Work-unit leadership for effectiveness</u>			
	Small groups and managers in public and private sector organizations	Laboratory experiment and questionnaire survey	For work units in which subordinates have high dependency and affiliation needs and low work ethic, the task oriented but nurturant (NT) leader is desirable for unit effectiveness. The participative leader is desirable once subordinates have matured psychologically and in terms of skills.

Contd/....

dership for effecti-
veness

PI management

75 public and private
sector organizations

Questionnaire
survey of top
managements

The survey findings suggest that an opportunity rich environment, an ambitious top management, a professional teamwork culture at the top, an emphasis on growth and diversification, a nurturant but achievement oriented personnel policy, etc., reinforce the pioneering innovative (PI) policy orientation of top management. This PI orientation in turn promotes organizational growth, and raises environmental complexity, results orientation of top management, and work ethic at lower (but not senior) management levels.

Strategic manage-
ment for increas-
ing effectiveness

"The strategic mana-
gement of develop-
ment programmes"

Six government sponso-
red development progra-
mmes in six developing
countries

Field study

Besides resources, political commitment, and aggressive leadership, a proper orchestration by programme management of strategic choices (such as choice of programme goals and concept of service), structural choices (authority structure), and process choices (e.g. means employed to motivate employees and "clients"), in relation to environmental contingencies, promote programme success.

"Some lessons for
the management of
public enterprises"

Four equipment manufactu-
ring government owned,
that is, public, Indian
enterprises

Field study

(1) Appropriate management style for equipment manufactu-
ring PEs; (2) model for turning around sick PEs; (3)
effective environmental management by PEs; (4) effective
management of PE diversification; (5) effective manage-
ment by the regulatory structure of the interface with PE.

Institution building
(the design of long
term viability and
effectiveness)

"Performance of mana-
gement education in-
stitutions; an Indian
sample"

Six Indian management
education institutions

Field study

Various process mechanisms, like recruitment, encultura-
tion, identity building, boundary management, and resource
and support mobilization, determine institutional perfor-
mance on capability development. Other process mechanisms
like choice of model, structure, integration and decision
making determine performance vis-a-vis innovative thrust.
Process mechanisms like leadership style, change in leader-
ship, and dissemination determine performance along market
penetration.

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