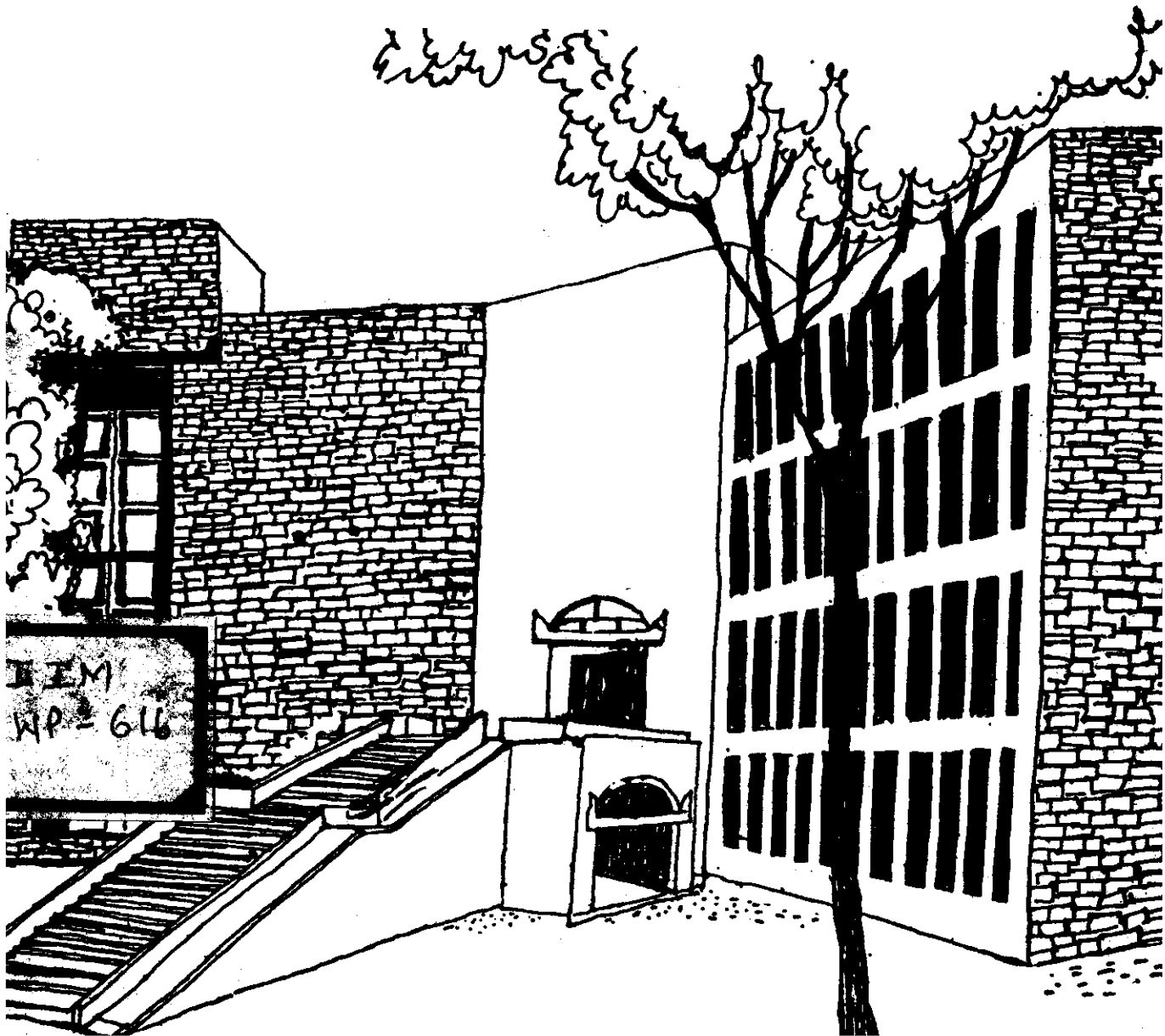




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A STUDY OF ORGANIZATIONAL POLICIES

By

Pradip N. Khandwalla

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A STUDY OF ORGANIZATIONAL POLICIES*

Pradip N. Khandwalla
Larsen and Toubro Professor
Indian Institute of Management, Ahmedabad

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A STUDY OF ORGANIZATIONAL POLICIESAbstract

Two period data on 51 items of management policy were obtained from the top managements of 75 Indian organizations (mostly private and public sector corporations). The policy items were classified into those relating to the business strategy of the organization (sub-divided further into growth strategy related and competitive strategy related policies), structural policies (sub-divided into administrative and decision process, control, and personnel policies), and ethics and altruism related policies. The data analysis was done in the context of several organization theory issues. The administrative and decision process policies were the least stable while the ethics - altruism related policies were the most stable. The policies varied widely in their "causal power" and "causal sensitivity", and suggested four policy archetypes : foundational policies with high causal power but low sensitivity; nodal, with high causal power and sensitivity; instrumental, with low causal power but high sensitivity; and isolated, with low causal power and sensitivity. Each major group of policies had the greatest causal influence within itself but there were exceptions to this among the sub-groups. The structural policies had greater causal power over the strategic policies than the strategic policies had over the structural policies. The nature of the couplings between policies suggested two basic processes in the formation of management ideologies, those of nucleation and metamorphosis. Successive factor analysis led to the identification of 6 pairs of contrasting "ideal type" management ideologies, namely, entrepreneurial and conservative, professionalist and traditionalist, corporate citizenship and "bottom line", Theory Y

and Theory X, altruistic and self-centered, results oriented and tender minded. The implications of the data were discussed, especially the possibility that social information processing by managers outside the organization may explain some of the findings, the implications of the data for models of invariant organizational evolution or development, the implications for strategies of organizational changing, and for contingency organization theory.

Introduction

"Policy" is any general rule promulgated by management that limits the discretion of decision makers (Simon, 1957 : 59) and guides organizational decision making (Glueck, 1976 : 233). Policies are part of the means by which organizational goals are sought to be achieved (Simon, 1964) or strategic decisions such as a major diversification implemented (Glueck, 1976). Policies commonly seem to be learnt decision rules (Cyert and March, 1963). That is, the organization, in attempting to cope with its external and internal situations, tries to make sense of its experience, and formulates (or borrows) suitable heuristics or decision rules. If these decision rules lead to preferred organizational outcomes, they tend to get institutionalised into policies (Cyert and March, 1963 : 99). Indeed, the essence of adaptive organizational rationality may be the proliferation of policies and their modification over time in response to problems faced by the organization (Cyert and March, 1963 : 99). In this view, the network of organizational policies constitutes an important aspect of the structure of organizational action, including decision making.

Policies may also be the concretisation of organizational values and ideologies (McGregor, 1960; Likert 1961; Child, 1972; Khandwalla, 1977 : Ch.11, 1985; Bayer, 1981; Duchi, 1981; Peters and Waterman, 1982; Brown, 1984). Thus, abstract values such as human growth, contribution to society, serving customers, trailblazing, work-is-worship, and so forth may be concretised into such policies as participative decision making, making investments in the priority sectors of the economy, extensive market research and testing, a strong "high tech" and R and D commitment, Taylorism, etc. Since generally there may be a

tendency to eliminate dissonant values or stances (Heider, 1958; Beyer, 1981 : 167), organizationally there may be a tendency towards the evolution of a value-consistent network of policies, and this may be a powerful integrative mechanism for offsetting structural differentiation (Lawrence and Lorsch, 1967). As management decision rules, therefore, organizational policies often play useful directive, instrumental, as well as integrative roles in organizational decision making.

There are various types of policies (Foster, 1985). Policies of growth and diversification have been extensively studied (Chandler, 1962; Starbuck 1965; Rumelt, 1974; Chaudhuri, Kumar, Prahlad and Vathsala, 1982; Egelhoff 1982; Daniels, Pitts, and Tretter, 1984; George, 1984; Palepu, 1985). Acquisition policies (Stahl and Zimmerer, 1984), competitive policies (Hall, 1980; Porter, 1980; Scherer, 1980; Khandwalla, 1981), ethics and social responsibility related policies (Cochran and Wood, 1984; Filios, 1984; Lewis, 1985), institution building policies (Janesh, 1980), aesthetic policies (Blau and McKinley, 1979), work policies related to alcoholism (Beyer and Trice, 1978), marketing and technology related policies (Pandya, 1982; Ettlief, 1983), transition management policies (Miller and Friesen, 1984), decline management policies (Harrigan, 1980; Jick and Murray, 1982), turnaround policies (Schondel, Patton, and Riggs, 1976; Grinyer and Spender, 1979; Refor, 1980; Hegde, 1982; Khandwalla, 1983-84; Hambrick and Schechter, 1983; Slatter, 1984; Finkin, 1985); structural and decision making process related policies (Lindblom, 1959; Chandler, 1962; Cyert and March, 1963; Khandwalla, 1973 1976-77; Hah and Lindquist, 1975; Mintzberg, Raisinghami, Théorêt, 1976; Peters and Waterman, 1982; MacMillan and Jones, 1984) have also been studied.

Theoretical and empirical enquiries into the properties of policies, such as their stability, their causal inter-relationships, the way policy networks evolve, etc., seem conspicuous by their absence. This paper is a modest attempt at a phenomenological study of policies. Fifty-one policies, sampling the areas of growth and diversification, marketing and operations, decision process, administration, control, personnel management, and ethics and social responsibility, and measured for two time periods, were examined as to their temporal stability, direction of change, causal power and sensitivity, dyadic and other linkages, process of agglomeration into management ideologies, etc. The data base was provided by a sample of 75 assorted Indian organizations.

Some Theoretical Issues

Although this is an exploratory paper, the data analysis was done in the context of several significant issues in organization theory. These are briefly described below:

1. Stability of policies: As decision rules, policies affect organizational decision making in two ways. In areas directly related to a policy in question, the policy will have directive force. In auxiliary but related areas, the policy will be a constraint subject to which decisions in those areas will be taken. A policy of being first in the field with sophisticated products will have directive force in the area of product planning; but in the area of advertising and promotion decisions, this policy will be treated as a constraint for taking product promotion decisions. Therefore, some policy stability may be essential for keeping operations smoothly integrated.

Cyert and March (1963 : 100-102) argued, however, that decision rules and procedures change over time at varying rates. The bounded rationality of decisions makers (March and Simon, 1958) implies that in response to organizational problems, decision makers will attend sequentially to elements of the problem structure, beginning with the least complicated or most easily manipulated elements and progressively attending to more complex, basic, or more difficult-to-manipulate elements. Special purpose procedures or rules, thus, tend to be less stable than general purpose procedures or rules for making decisions (such as the way to search for alternatives, make choice, etc.). To the extent that organizational policies are decision rules, there may, thus, be interpolicy differences in temporal stability. More general policies—those that define the process of management decision making-itself—should be more stable than function-related policies — such as those that define the content of decision making. Thus, the prediction based on the Cyert and March argument would be that policies defining such management decision making processes as participation, reliance on expertise, emphasis on common sense and judgement, search for strategic information, etc., should be temporally stable, more so than policies that define content areas like the form of diversification, product choice, the organization's competitive response, staffing, product promotion, etc. On the other hand, broad social change can imply notable changes in the general orientation of management (Brown, 1984). The developing world, includingly India, seems to be witnessing a significant social revolution, and there is evidence that basic management decision making processes are also changing from traditionalism, conservatism, and authoritarianism to professionalism, dynamism, and participative decision making (Ganguly, 1977; Khandwalla, 1980, 1983, 1985; Pandya, 1982; Kiggundu, Jorgensen, Hafsi, 1983; FORE, 1984; etc.). Instability in policies

encapsulating general decisional processes in the organizations of a developing country could mean significant extra-organizational social information processing that swamps the compulsions of bounded rationality.

2. Tight coupling: Simon (1962) advanced the view that complex systems are relatively loosely coupled, hierarchical aggregates of more tightly integrated subsystems. Weick (1976) has also conceptualised organizational systems as being loosely coupled, and some theorists have gone so far as to suggest that organizations are (or can be) so differentiated and poorly integrated as to resemble organised anarchies or garbage cans (Cohen, March and Olsen, 1972). This view of organizations as being loosely knit together contrasts sharply with the classical view of organizations as purposively designed and tightly integrated (Fayol, 1949; Koontz and O'Donnell, 1959; Learned, Christensen, Andrews, and Guth, 1965; Lutz, 1982). If organizations are purposively designed and tightly integrated, organizational policies would be strongly interlinked; they would tend to be weakly interlinked if organizations are highly differentiated, weakly integrated systems^{of} /subsystems. The extent and type of coupling between organizational policies may be good indicators of the nature of organizations, whether they are tightly or loosely coupled systems.

3. Strategy-structure linkages: Chandler (1962), based on a longitudinal study of large U.S. corporations, suggested that major structural changes follow strategic choices. A number of other studies have apparently supported the strategy-shapes-structure proposition (Channon, 1973; Rumelt, 1974; Egelhoff, 1982). As Egelhoff wrote (1982 : 435), "Organizations that fail to structure properly to implement their strategies should find themselves at a relative disadvantage in

exploiting their environments". There is an equally persuasive argument in favour of a structure-shapes-strategy proposition. Cognitive organization theorists like Simon and March (Simon, 1957; March and Simon, 1958) have argued that organizational decisions (including strategic decisions) are shaped by the bounded rationality and selective perception of decision makers, which in turn are influenced by such structural factors as functional and role specialization, established rules, programs, and standard operating procedures, extent of decentralization, the way decision makers are socialised, etc. Bower (1970 : 287) basing his conclusions on four case studies of capital investment decisions, summarized his views: "In brief, the choice of organization, measurement, and reward plays a role of central importance in the development of corporate strategy by shaping both the allocation of corporate resources-through their influence on definition and impetus-and the future perceptions of those who initiate new business plans and projects." The studies of decision making and organizational strategy formulation of Mintzberg and his associates (Mintzberg, Raisinani, and Théorêt, 1976; Mintzberg and Waters, 1985; Mintzberg and McHugh, 1985), buttress the view of strategies and strategic decisions as emerging from administrative processes and shaped by structural complexity. Galbraith and Nathanson (1978), Ansoff (1979), Grinyer and Spender (1979), and Murray (1984) have also highlighted the structural forces shaping strategy. As Murray (1984 : 10) put it "a given structure is likely to produce predictable classes of strategic behaviours: strategy can follow structure."

If structure follows strategy, then, as between business strategy related and structural (that is, administrative, decision process, control, personnel, etc.) policies, the former should have a relatively

strong causal influence on the latter. If strategy follows structure, then structural policies should have a relatively strong influence on the business strategy related policies. At heart is the issue of what class of policies is principally causative in organizational functioning and what class relatively peripheral. A better understanding of this could have implications for more realistic organizational change strategies.

4. Organizational change and evolution: There has been much writing on stages of corporate growth (Thain, 1969; Salter, 1970; Scott, 1971; Greiner, 1972) and on organizational life cycles (Adizes, 1979; Kimberly and Miles, 1980; Quinn and Cameron, 1981). The argument of the former is that corporate organizations tend to evolve in an orderly, predictable fashion, generally moving from an informal structure geared to marketing a relatively simple product through related growth and a functional structure, to unrelated diversification and ^adivisional structure, and occasionally for "high tech" organizations, to ^amatrix structure. The life cycle theorists have generally argued that organizations start entrepreneurial (Peterson, 1981) and "organic" (Burns and Stalker, 1961; Aiken and Hage 1971), but mature into structurally complex, professionalised, somewhat "mechanistic" (Burns and Stalker, 1961) organizations. As against these fixed evolutionary paths, students of organizational transition, most notably Miller and Friesen (1980, 1984) have suggested multiple evolutionary sequences. As they put it (1984 : 128) : "... different organizations not only differ in their current stages of development, but may in fact follow rather different developmental sequences..... These will vary as a function of leadership, strategy, industry, and so on". A point of interest, therefore, is whether or not there are contrasting paths of organizational evolution, as evidenced by multiple and differing paths by which policy gestalts evolve.

Method, Epistemology, and Sample

The research on policies reported in this paper was part of a large project for studying Indian indigenous management structures and practices (Khandwalla, 1980, 1985). This project involved an attempt at studying these practices and structures through a variety of methods: interviews with managers, management consultants, stock brokers, officers of trade and industry bodies, etc; analysis of the published annual reports of companies; a few intensive case studies; and a questionnaires-based survey of policies, goals, business environment, middle management culture, managerial job satisfaction, functional management practices, organizational performance, etc. Both privately owned as well as government owned organisations, mostly corporations but also a few government agencies, were studied.

The preliminary interviews with assorted knowledgeable persons indicated a variety of interesting management practices in some organizations, such as daily reporting of corporate performance indicators, called padta, to the business house headquarters; the cultivation of extensive governmental and business contacts to anticipate future developments in a capricious political economy; the use of contact networks for informal recruitment of key personnel, gathering of a variety of business-related information, and informal market assessment of new products; prevalence of a mercenary as well as an altruistic orientation; and the grooming of confidants as well as successors over many years to maintain family control over the business and to minimise dependency on "experts" not connected with the family (Khandwalla, 1980). The analysis of the annual reports of 228 companies yielded fascinating information on inter-corporate, inter-industry, and inter-business group differences on such indicators of management style as reliance on technocrats,

fresh blood orientation, reliance on experienced managers, leverage, reliance on highly paid managers, etc. (Khandwalla, 1980).

These insights, as well as Western studies of management styles, strategies, and practices (Burns and Stalker, 1961; Likert, 1961; Mintzberg, 1973; Khandwalla, 1976-77) were utilized to develop a pre-tested questionnaire (available on request) to assess the top management's policy stances. The data were most complete for a set of 51 policies. These policy scales were anchored at both ends by polar opposite statements, and the rating for each item was sought for the current management stance and the stance 3 years prior. The respondents were top level managers (chief executives and those reporting to them), and multiple responses from the same organization were averaged to secure the organization's scores for each current period policy and earlier period policy. The respondents were asked to indicate the operating management policy of the organization's top management, in other words, "the management philosophy that actually gets used in, or guides, top management decision making" (the respondents were not asked to indicate their personal orientations or preferences, but rather, their perceptions of the top management's policy preferences). An example of a policy item is given below:

Highly <u>formal</u> control of	1	2	3	4	5	Highly <u>informal</u> control;
operations by means of						heavy emphasis on informal
elaborate <u>formal</u> controls,						relationships and <u>cooperation</u>
budgets, and procedures						between executives and dislike
						of tight controls and procedures.

Your rating for policy 3 years back -----

In the questionnaire the policy items were randomly sequenced to minimise set biases. The 51 items, in abbreviated form and with codes, are listed in the Appendix under convenient heads like growth related policies, competitive strategy and marketing related policies, administrative policies, personnel management related policies, ethics and social responsibility related or altruistic policies, etc.

The availability of scores on present as well as "past" (i.e. 3 years prior) policy stances made possible 3 sets of correlations: between pairs of "past" policies, pairs of "present" policies, and pairs of "past" and "present" policies. Of the three, a statistically significant "cross-legged" correlation between a "past" and a "present" policy item should have the most potential for causal inference on grounds of antecedence of the former policy. Certainly, no claim is being made that such a correlation satisfies the relatively rigorous conditions for a causal inference (Blalock, 1964) - only that a causal relationship is likelier with such a correlation than with a significant correlation between same period measurements of a pair of variables. Statements in this paper about the causal power or sensitivity of policies should be interpreted in this tentative manner. As a further precaution, only those cross legged correlations are reported and discussed that were significant at the .01 level (2 tails).

If the cross-legged correlations are no different from the same period (i.e. cross-sectional) correlations, the latter could be used as surrogates for estimating potentially causal relationships between pairs of variables (the direction of causality may, however, remain obscure). But notable differences in the magnitude of correlations should strengthen the case for the use of cross-legged correlations for estimating causal relationships. There were 242 statistically significant cross-legged correlations; only about a third of the corresponding

242 cross-sectional (i.e. current period - current period) correlations reached significance level, and a sixth were statistically significantly different (at the 5% level) from the corresponding cross-legged correlations. Clearly, therefore, reliance on cross-sectional ("present-present") correlations may grossly distort the causal picture. For instance, the correlations of "past" policy S19 with "present" S1, S2, S5, S8, S16, S28, and S31 were respectively .38, .29, .37, .29, .32, -.37, and .32, those of "present" S19 with these were, respectively, .26, -.09, .42, -.03, .10, -.34, and .12. Only two of the second set of correlations were significant at the .01 level (2 tails), and the correlations of past S19 with present S2 and S8 were significantly different (at the .05 level) from those of present S19 with present S2 and S8.

Concentration on cross-legged correlations does, however create difficulties in data analysis. Since the matrix of such correlations is not symmetric (r_{ij} is not necessarily equal to r_{ji}), the usual methods of data reduction, such as factor analysis, cannot be employed. Therefore, an intensive examination of patterns in cross-legged correlations, and the use of influence diagrams (Roos and Hall, 1980) was resorted to, to capture potentially significant causal networks. The influence diagrams illustrated, for example, reciprocally causal relations between policies (e.g. $A \rightarrow B$, $B \rightarrow A$), the role played by policies in generating management ideologies, the different processes of ideology formation, etc. Since the study was exploratory, it seemed to make more sense to undertake this sort of an intensive examination of the data. The discoveries from such an examination, some quite surprising, should hopefully spur further cross-national and comparative research on policies.

The paper reports data from 75 quite varied organizations. The sample consisted of 76% privately owned and 24% government owned organizations. About 84% were manufacturing organizations while the remainder were service organisations. The mean size was over a billion rupees in annual revenues (about 120 million dollars at the then exchange rate); the dispersion was very large (standard deviation of over two billion rupees). The organizations operated in a wide variety of capital goods, engineering, chemical, consumer goods, and producer goods industries (see Khondwalla, 1985, pp.164-166 for details on the sample).

Temporal Stability of Policies

Policies are likely to change at differential rates. As Cyert and March (1963) have pointed out, special purpose, activity related decision rules and operating procedures are likely to be less stable than those relating to the more general processes of decision making. It is also possible that policies related to the organization's core values—such as business honesty, staff welfare, serving customers, etc.—may be more stable than other operating policies (Peters and Waterman, 1982).

Table 1 presents a two-way classification of policies: by their temporal stability (high, medium, low); and by their type (business strategy related, structure and administrative process related, and ethics and social responsibility related). In Table 1, the policies are presented in their short forms and codes. The short forms were right justified to capture the underlying policy dimensions (the 51 policy polarities, in abbreviated forms, and with their codes, are shown in the Appendix). Those policies were deemed to be highly stable whose inter-period correlations were .70 or higher, while

policies with such correlations equal to or below .50 were considered low in stability.

Around 60% of the ethical, and 40% of the business strategy related policies turned out to be highly stable, versus only 21% of the structural policies. All three pair of differences in proportions were significant at the .05 level. Zero percent of the ethical and 23% of the business strategy related policies, versus 39% of the structural policies, were low in stability, and these differences were also significant. Thus, the ethical policies were the most stable, followed by the business strategy related policies, followed by the structural policies. Within the group of structural policies the administrative policies were highly unstable. Only two (12%) were highly stable, while 56% were low in stability. Many of the administrative policies relate to the general process of management decision making such as expertise-based versus line of authority based decision making (S 16), emphasis on personal versus collective accountability in decision making (S 15), intuitive versus technocratic decision making (S 14), decentralization in decision making (S 13), getting results versus procedural emphasis (S 1), adaptability versus being traditions bound (S 2), stress on operating uniformity versus managerial autonomy (S 4), preference for innovations and experimentation versus for time tested practices (S 8), etc.

(Table 1 about here)

Contrary to the Cyert and March adaptive rationality argument, the general administrative, decision making related policies seem to be the fastest changing, certainly compared to growth-related, marketing-related, personnel, and other "content" policies. An explanation may be that in a developing country like India, modernisation and development

imply rapid change in modes of decision making and administration - from authoritarian, traditions and procedures bound modes to participative, professional, getting results oriented, innovation - centered modes (Ganguly, 1977; FORE, 1984; Khandwalla, 1985). There was some support for this rationale. Compared to the earlier period there was statistically significantly greater adaptability (S 2), reliance on task forces for executing new projects (S 3), participative implementation of changes (S 12), decentralization in decision making (S 13), technocratic decision making (S 14), emphasis on collective accountability or teamwork (S 15) etc., all decision process policies - see Table 2. A management cultural revolution may be swamping the bounded rationality argument of Cyert and March. The relatively high stability of value-laden policies, such as risk taking (BS 3), family control of management (S 9), management as a trustee for stakeholders (SR 2), and business pragmatism (SR 3 and SR 4) buttress the Peters and Waterman (1982) idea of the durability of "core" policies.

(Table 2 about here)

It is interesting to note that none of the five growth related policies, only two of the eight competitive and marketing strategy related policies, none of the social desirability loaded five ethics and social responsibility related policies, only one out of the five control related policies, and only two out of the twelve personnel management related policies had significantly changed. As against that as many as six out of the sixteen administrative and decision process related policies had changed (see Table 2). The data suggest that the process of organizational decision making may be a most important agent of general organizational change, at least in developing societies like India's. If the structure-shapes-strategy proposition is right,

then this flux in administrative and decision making modes bodes not only flux in the business strategic postures of organizations, but also for these postures to reflect flexibility, professionalism, and innovation. Some confirmation was provided by policy items BS 9 and BS 13. While neither was particularly unstable (see Table 1), there was change towards greater entrepreneurship and professionalism (see Table 2).

Causal Power and Sensitivity of Policies

Table 3 presents the significant policy correlates of each of the fifty-one policies. Only those correlates significant at the .01 level are shown. The magnitudes of the correlations are also shown. Each policy is identified by a code and short form (see the Appendix for a fuller description of each polarity). In its left half Table 3 shows, for each "past" policy, those "present" policies that significantly correlate with the "past" policy. The table also shows in the right half, those "present" policies correlating with each "past" policy. Thus, in the left half the table shows the "causal power" of each policy as indicated by the number of significant correlations of the "past" policy with other "present" policies; and in the right half the "causal sensitivity" of each policy, as indicated by the number of correlations of the "present" policy with other "past" policies. The correlates have been classified into business strategy related policies, structural policies, and ethical and social responsibility related policies. The number of correlates in each group are shown in two columns, one in the left half of Table 3 to indicate the causal power of each policy over each of the three policy groups, and the other in the right half to show its causal sensitivity to the three policy groups. There were in all 242 statistically significant correlations between "past" and "present" policies, an average of 4.7 per policy, or 9.4% of all past - present correlations, over 9 times what one would expect from mere chance

occurrence. This score of 4.7 per policy (9.4%) is the base against which the causal power and sensitivity of the various policies and policy groups can be evaluated.

(Table 3 about here)

Table 3 discloses large variations in causal power and sensitivity. Causal power - the number of statistically significant correlations of a "past" policy with the rest of the "present" policies - ranged from 0 for SR5 (soft pedalling of business honesty) to 15 for S9 (family run management). Causal sensitivity - the number of significant correlations of a "present" policy with the remaining "past" policies - ranged from 0 for SR 5 to 11 for BS 12 (low key sales promotion). However, there were striking differences between the causal power and sensitivity of several policies. For example, BS2 (preference for familiar technology) had a causal power of 2 but a causal sensitivity of 8. Similarly, S2 (adaptation emphasis) had a causal power of 1 but a causal sensitivity of 6. On the other hand, S11 (close supervision) had a causal power of 9 and a causal sensitivity of 4; and S12 (authoritarian change implementation) had a causal power of 6 and sensitivity of 1. The absolute difference between causal power and sensitivity averaged 2.6, over 55% of the average causal power or sensitivity. The greatest discrepancy was for business strategy related policies (2.9 per policy) and least for ethical policies (1.8 per policy). Symmetrical causal power ($A \rightarrow B, B \rightarrow A$) accounted for less than a quarter of all significant correlations, while non-symmetrical causal power ($A \rightarrow B$ but B does not cause A) accounted for over three quarters of the correlations.

A Causal Power - Sensitivity Based Typology of Policies

Asymmetry in the causal power and causal sensitivity of policies suggests that individual policies may fall into four classes: those that have high causal power and sensitivity, which may be called "nodal" policies; those that have low causal power and sensitivity, called "isolated" policies; those that have high causal power but relatively low sensitivity, that is, "foundational" policies; and finally, those with relatively low causal power but high sensitivity, which may be labelled "instrumental" policies. Such a classification of policies may be helpful in identifying major causative influences in policy formation, and thus may be helpful in building models of corporate policy evolution.

An attempt was made to identify nodal, foundational, isolated, and instrumental policies from the data presented in Table 3. Since the average causal power and sensitivity per policy was 4.7, those policies with 6 or more causal power scores were considered high on causal power while those with 3 or less were considered low on causal power. Similarly, policies with causal sensitivity scores of 6 or more were considered high on sensitivity and those with 3 or less were considered low on sensitivity. Table 4 lists nodal, foundational, isolated, and instrumental policies, together with their causal power and sensitivity scores.

(Table 4 about here)

Table 4 is revealing. All seven nodal policies and three out of five foundational policies were structural, while only 3 out of 6 instrumental policies and 1 out of 5 isolated policies were structural. On

the other hand, while none of the business strategy related policies was nodal, and only 1 out of 5 foundational, they constituted five of the 12 instrumental and isolated policies. It would, therefore, appear that, in India at any rate, structural policies are the prime shapers of policy networks, with business strategy related policies playing a distinctly secondary role.

Connectivity of Policies

An issue of interest is how widely connected are organisational policies. The more well connected the policies, the greater the likelihood of the emergence of complex and integrated management ideologies. On the face of it, a causal power of 4.7 per policy (out of a possible score of 50) suggests a relatively sparsely coupled system of policies. But this may underestimate the extent of connectivity because it is a score of only first order linkages ($A \rightarrow B$). If the second and third order connections are taken into consideration, the extent of connectivity may be far higher (a second order connection $A \leftrightarrow C$ is one mediated by two primary links $A \rightarrow B$ and $B \rightarrow C$; a third order link $A \leftrightarrow D$ is mediated by three primary links $A \rightarrow B$, $B \rightarrow C$, $C \rightarrow D$). As an illustration, BS 7 (operating efficiency rather than customer satisfaction orientation), an "isolated" policy with low causal power and sensitivity, had only 3 primary causal connections (to BS 11, S3, and S27). But as the influence diagram for BS 7 shows (see Diagram 1), BS 7 had 12 second order linkages and 64 third order linkages! Given enough time, a richly connected (but not necessarily tightly connected) policy network could emerge from adopting BS 7. Thus, changes in just one or two policies can eventually impact, even if only modestly, a wide range of organisational policies.

(Diagram 1 about here)

Causal Power of Policy Groups

From Table 3 it was possible to estimate the causal power of various groupings of policies. This was done by adding up, for each group of policies, the number of statistically significant (at .01 level) correlations shown in the left half of Table 3, and by dividing the aggregate by the number of policies in the group. Indexing these scores to the average for all the 51 policies of 4.7 facilitated comparison. Table 5 provides these causal power index scores for each major group and its sub-groups. Thus, on the average, each of the "past" thirteen business strategy related policies had 3.4 significant correlations with "present" policies (the correlation of a "past" policy with its "present" score was ignored), that is, 76.6% of the average for all the 51 policies. On the other hand, the 33 "past" structural policies averaged 5.4 correlates, that is, 114.9% of the base, so that their causal power seemed to be appreciably higher than that of the group of business strategy related policies. The five ethical policies apparently had the least causal power-on the average an index score of just 68.1%. The more modest causal power of the business strategy related policies compared to the structural policies is inconsistent with the view of a number of researchers who have attested to the primacy of strategy over structure. The work of Chandler (1962), Channon (1973), and Rumelt (1974) suggests that changes in strategy lead to changes in organizational structure, so that at the level of policies, business strategy related policies should have greater causal power than structural policies. Apparently, however, they do not.

(Table 5 about here)

Table 5 also shows the causal sensitivity indices of each group of policies, derived from the right hand side of Table 3. The difference in causal sensitivity between the strategic and the structural groups of policies was much less pronounced than the difference in their causal power. The ethical policies had the least causal sensitivity. The sub-groups showed, however, more pronounced variation in causal sensitivity than in their causal power. The growth related policies scored 114.9% versus 83% for the competitive policies; and the personnel policies scored 127.7% versus 100% for the administrative policies. Within the sub-groups, there were some notable differences in causal power and causal sensitivity. The causal power of the growth related policies was 72.3%; their causal sensitivity was 114.9%. The causal power of the administrative policies was 129.8%; the causal sensitivity was 100%. While the lowest rank for causal power and for causal sensitivity belonged to the ethical policies, the highest rank in causal power went to the administrative policies while the highest rank in causal sensitivity belonged to the personnel policies.

Intragroup and Intergroup Causal Power of Policy Groups

An interesting question is whether the causal power of different groups of policies is largely mostly within the group or extends beyond the group. For instance, do business strategy related policies principally influence themselves; or do they, as implicitly predicted by the structure-follows-strategy argument, also influence structural policies? Similarly, do structural policies mainly influence themselves, or do they, following the structure-shapes-strategy argument, also influence business strategy related policies? To estimate "within group" causal power of each major group and its sub groups, the number of statistically significant correlations of "past" policies in the group with

"present" policies in the group were divided by the number of possible such correlations. Similarly, to estimate "beyond group" causal power of each group of policies, the number of statistically significant correlations of "past" policies in the group with "present" policies in each of the other groups were divided by the number of possible such correlations. For example, the five growth related policies numbered BS 1 to BS 5, had, as shown in Table 3, left half, a total of 4 significant correlations within this sub-group. Since the total number of correlations within the sub-group was 20 (i.e. 5 policies X 4 remaining policies), the percentage of statistically significant correlations was $4/20$ or 20%. Similarly, the number of significant correlations of this sub-group with the 16 policies numbered AS 1 to AS 16 in the administrative sub-group was 6, and since there were in all 80 correlations between the 5 "past" growth related policies and the 16 "present" administrative policies, the causal power of the growth related policies sub-group over the administrative policies sub-group was $6/80$ or 7.5%. These percentages were indexed to the percentage score of 9.4% for all 51 policies. Table 6 shows the causal power index scores of each group and sub-group "within the group" and over each of the other groups and sub-groups.

(Table 6 about here)

If the causal influence is mostly local, the diagonal elements of Table 6 indicating "within group" causal power should be largest in each row. If we look at the index scores of the major groups vis-a-vis major groups, the largest scores are indeed the diagonal elements. For example, the diagonal score for the business strategy group is 129.8%, versus 67.0% for the causal power of this group over the structural group and 16% for its power over the ethical group. The structural group's diagonal score is 137.2%, versus a score of 89.4% for its causal

power over the business strategy group, and a score of 44.7% for its causal power over the ethical group. The internal causal power of the ethical group is 266%, versus 58.5% for its causal power over the structural group and 33% for its causal power over the strategic group. Thus, at the level of the major groups of policies, the data suggest mainly (but not exclusively) local causal power. It would therefore seem that broad management ideologies grow by incorporating mainly "within group" policy elements.

As far as the sub-groups are concerned, and their causal power over the different sub-groups, the picture is more complex. If we use a "significant power" cut-off of 120%, the causal power of the growth related policies is predominantly internal (212.8% versus the next highest power, over competitive policies, of 106.4%). The causal power of the competitive policies, too, is mostly internal. But the administrative policies sub-group seems to shape a wide band of policy sub-groups: the personnel, the control-related, and the growth-related policies. The control and information related policies have lesser causal power internally than over the personnel and the administrative policies. The personnel policies shape each other, and also the control related and administrative policies. The ethical policies predominantly influence each other, but also personnel policies. Diagram 2 shows the **loci** of causal influence (the curved arrow implies significant causal influence within a subgroup of policies). As the diagram shows, the administrative, control-related, and personnel policies are tightly coupled, and though relatively isolated, the ethical policies may /have an important catalytic role by virtue of their influence on personnel policies. The administrative policies not only seem to contribute to the tight coupling within the structural policies, their influence spills over into the growth related policies.

(Diagram 2 about here)

As far as the strategy-shapes-structure hypothesis is concerned, the evidence seems to be contrary to it. Some sharp differences are noticeable. The business strategy related policies have a causal power index score vis-a-vis the structural policies of 67%; the causal power score of the structural policies vis-a-vis the business strategy related policies is 89%, that is, about a third higher.

As between the sub-groups of these major groups, the scores are starker. The growth related policies have causal power index scores vis-a-vis the administrative, control, and personnel policies of respectively 80%, 0%, and 35%, they are 133%, 85% and 106% (all significantly higher proportions) the other way around. The causal power index score of the competitive policies vis-a-vis the administrative policies is 75%; that of the administrative policies vis-a-vis the competitive policies is 88%. Only in the case of the causal power of the competitive policies vis-a-vis the personnel policies and vice versa are the power index scores compatible with the strategy-causes-structure hypothesis: 88% versus 53%.

The data are consistent with the view that administrative decision rules not only shape the organization's strategic postures (Cyert and March, 1963; Bower, 1970; Mintzberg et al, 1976; Child and Kieser, 1981; Murray, 1984) but also with the view that they shape these strategic postures more than strategic postures shape administrative decision rules.

Notable Strategic Determinants of Structural and Structural Determinants of Strategic Policies

Given the salience of the strategy-structure linkage issue, Table 7 identifies some notable business strategic policy determinants

of structural policies and structural policy determinants of business strategic policies. Only unidirectional causal power of each policy has been taken into account. That is, significant causal correlates of a policy that in turn had causal power over the policy ($A \leftrightarrow B$ and $B \rightarrow A$) have been ignored. Only those strategic and structural policies are listed in Table 7 whose "net" causal power was 3 or higher. Three business strategic policies had significant causal power over structural policies, and four structural policies had significant causal power over business strategic policies.

(Table 7 about here)

The table reveals some quite unexpected causal influences. For example, whether the appraisal of the market potential of new products (BS 13) is informal or formal seems to shape such decision rules as whether departmentalization (S7) would be functional or divisional, whether management training (S 23) and recruitment for key posts (S26) would be informal or formal, and whether the organization would not or would actively search through various contacts for information pertaining to future developments (S 17). Presumably, formal market research for new products throws up so much information that it may make possible a fairly comprehensive market segmentation strategy, which in turn may impel management to set up profit centres, actively seek information on future developments from informed sources, and go in for formal recruitment and training of managers to harvest growth opportunities. A policy of related diversification (BS1) may spur traditionalism, but also a "soft" personnel policy, while unrelated diversification seems, instead, to push the organization towards management and other innovations, and also towards a hard-nosed staff policy. Neither divisionalisation (S7) nor decentralization (S 13), commonly ascribed concomitants of unrelated

diversification (Chandler, 1962; Wrigley, 1970; Borg, 1973; Rumelt, 1974), were significantly spurred by a policy of unrelated diversification. A policy of tough competition with rival organizations, versus cooperation, even collusion (BS 6), is of much interest to students of industrial organization (Scherer, 1980). Table 7 indicates that a cooperative - collusive policy tends to make the management mechanistic (reliance on line authority for executing new projects, and delayed rewarding of good performance) but paradoxically, also results oriented and flexible. On the other hand, a predatory, combative stance towards rivals tends to stimulate some "organic" management (use of task forces, immediate reward for good performance) but also some mechanistic practice (emphasis on following traditions and laid down procedures). Orientation to rival organizations may, therefore, generate somewhat contradictory management impulses, resulting in the organization having "loose-tight" properties (Peters and Waterman, 1982).

Turning to the structural determinants of strategic policies, a policy of experimenting and innovating in different areas of management (S 8), as well as a policy of actively anticipating future developments through cultivating contacts (S 17) both seem to have fascinating implications for business strategy related policies. These two structural policies seem to spur a pioneering sort of entrepreneurship: acquisition of sophisticated technology; preference for marketing high quality products; pioneering of novel and sophisticated products. They also seem to stimulate formal market research. Presumably, the administrative innovations orientation of management unfreezes the organization, stimulates organization-wide creativity, and attracts innovators to the organization. These, in turn, promote entrepreneurial business policies. Equally fascinating may be the strategic policies implications of a policy of "open" communications (S 6), and emphasis on strict

staff discipline (S 31). These together represent loose-tight stances, and they seem to promote business entrepreneurship, "high tech", and a strong marketing orientation. Thus, policies that promote administrative experimentation, proactive search for information relating to future developments, widespread information dissemination within the organization and open communications, **but** also staff discipline, seem to promote entrepreneurial business policies of the Schumpeterian kind (Schumpeter, 1950), of vital importance to developing societies with mixed economies. Together, these policies not only constitute a vigorous, dynamic mode of management, but as a group combine powerful differentiation and integration mechanisms (Lawrence and Lorsch, 1967). These structural policies could well be the shapers also of the entrepreneurial mode of strategy formulation (Mintzberg, 1973), the "excellence management" mode of Peters and Waterman (1982), and the prospector business strategy (Miles and Snow, 1978; Snow and Hrebaniak, 1980). Equally, of course, the reverse of these structural policies - emphasis on traditional management practices, avoidance of networking to anticipate the future, structured communication channels and information flows, and indulgence towards staff - may shape a highly conservative business strategy.

Policies as Organizational Integrators : Tight Couplings Among Policies

To the extent that policies are decision rules, tight couplings between policies may create internally consistent or coherent policy frameworks that provide a sense of overall direction for organizational functioning. Such policy frameworks may be powerful integrators for counterbalancing structural and cultural differentiation within the organization (Lawrence and Lorsch, 1967). Examples of such integrative frameworks are those described by Likert (1961), Mintzberg (1973),

Khandwalla (1976-77, 1985), Duchi (1981), Peters and Waterman (1982), and Miller and Friesen (1984).

A tight coupling between two policies may be presumed when the two evoke each other. An attempt was made to identify tight couplings among policies. Operationally, a tight coupling was presumed when a "past" policy X was statistically significantly correlated (at the .01 level) with a "present" policy Y, and "past" Y was significantly correlated with "present" X. The information is readily available in Table 3. Twenty-nine tightly coupled pairs of policies were identified (see Table 8). The 58 correlations involved accounted for a fourth of all the statistically significant correlations between "past" policies and "present" policies (excluding those between "past" and "present" scores of the same policy). Tight coupling may not be a predominant feature of the organizational policy universe, but it seems to be a significant aspect.

(Table 8 about here)

Some policies seem to have a strong propensity to enter into tight couplings. These were defined to be those policies that entered into at least three separate tight couplings. Emphasis on managers getting results (vs. procedural emphasis), S1, was tightly coupled with each of BS1 (related diversification), S19 (loose, collegial control of operations), and S 25 (recruitment of creative junior executives). Family run management (S 9) was tightly coupled with 8 other policies; emphasis on management innovations (S 8) was tightly coupled with 3 other policies; informal recruitment for key posts (S 26) was tightly coupled with 4 policies; and so was filling of sensitive posts on the basis of qualifications (S 30). These high tight coupling propensity

policies all belonged to the structural group. Further inspection revealed five triads in each of which three policies were tightly coupled, all consisting of structural policies. (see Table 8). These dyads and triads may be thought of as policy modules, or core building blocks of management ideologies. Of the 29 dyads shown in Table 8, only 2 were mixed modules, that is, modules in which each policy item came from a different policy group, and 24 consisted of structural policies. This minority of mixed modules and the predominance of "pure", mostly structural modules may well be a significant point for modelling the creation of well-entrenched policy frameworks in organizations.

Many of these dyads and triads were linked, that is, shared at least one policy item. Thus, management ideologies may grow from these dyads, etc., by incorporating, albeit through relatively weaker bonds, other policies. The emerging management ideologies would tend to resemble a loosely coupled system of tightly coupled policy modules. Changes in policy frameworks are likely to take place, under the press of environmental, performance, goal, or other changes, at these linking points. Management policy frameworks or ideologies growing from policy modules, therefore, tend to build in temporal decisional flexibility, and thus may facilitate organizational transitions (Miller and Friesen, 1984). The larger the policy modules incorporated into a loosely coupled policy framework, the more radical would the change have to be. This is because changes within policy modules are much less possible (since each policy module is a tightly coupled subsystem) compared to changes in the linkages between policy modules. If a policy module is large (that is, it consists of a number of mutually reinforcing policies), it would be difficult to discard it because such discarding would imply junking or reversal of many policies.

Hence, considerable pressure for change would have to be built up before policy frameworks with large policy modules can undergo change. Since bigger and older organizations, as well as organizations operating in diverse environments, may have loosely coupled policy frameworks in which large policy modules are embedded, the prediction is that such organizations will exhibit resistance to policy change for long periods and sudden major changes during crisis (Crozier, 1964; Starbuck, Greve, Hedberg, 1978; Khandwalla, 1983-84; Miller and Friesen, 1984).

Evolution of Ideologies

Management ideologies may well grow up around core values, beliefs, policies, or decision rules (Peters and Waterman, 1982). A core concern, belief, or policy, such as serving society, or serving customers, or developing employees, or efficiency, or growth, may well generate a number of related policies over a period of time. These networks of related policies may be called management ideologies.

There may be interesting differences in the evolution of ideologies, depending upon the nature of the initiating core belief or policy. Where the policies generated by a core policy reinforce the latter ($A \leftrightarrow B$, $A \leftrightarrow C$), the emerging ideology will tend to retain the originating core value, belief, or policy. That is, the ideology may grow by incorporating other beliefs or policies into its nucleus, but without significantly changing the character of the ideology. Such a process may be called nucleation. Where, however, a core belief or policy is not reinforced by the policies it generates, the emerging ideology will tend to undergo a metamorphosis. For, in such an ideology, the causal connections are $A \rightarrow B \rightarrow C$, etc., rather than $A \leftrightarrow B$, $A \leftrightarrow C$, etc. As ideal types, therefore, nucleation and metamorphosis may be

two basic processes of ideology creation, giving rise respectively to fusion-oriented and fission-oriented ideologies.

In terms of the classification of policies into foundational, nodal, instrumental, and isolated (see Table 4), one would predict that the purely foundational policies (causally affecting other policies but not affected by other policies) will tend to generate metamorphosing ideologies (since the policies they generate do not reinforce the originating policies), while the nodal policies (causally affected by others and affecting others in turn), especially those with a propensity for tight couplings, will tend to generate nucleating ideologies that retain as their nucleus the originating policy (because of the presence of several causal dyads with it). The purely isolated and instrumental policies, with low causal power, may not generate ideologies at all. Thus, whether a "core" policy is a nodal or a foundational policy may significantly shape the way a related ideology emerges, and the content of that ideology.

Diagram 3 shows the influence diagrams of emphasis on innovation and experimentation (S8), formal budgetary control of operations (S19), and professionals-run organization (S9). All three are nodal policies (see Table 4), of considerable strategic importance for developing societies. In each of these, nucleation is illustrated by incorporating dyadic relations with the core policy, and other dyadic relations with the dyadic partners of the core policy (unidirectional influences have been ignored). Thus, nucleation of innovation and experimentation orientation (S8) would proceed by incorporating into the "core" such policy stances as marketing of novel products, operating autonomy for managers, general supervision, performance based promotion for managers, preference

for high growth but risky investments, and participative implementation of changes and innovations. This nucleation would result in a full-fledged entrepreneurial management (Peterson, 1981). Similarly, a core policy like formal budgetary control may nucleate into a more fully bureaucratic orientation, with procedural and adhering-to-job-descriptions emphasis, task-based, formal relationships at work, aversion to staff welfarism, and interestingly, unrelated diversification. The "core" decision to replace family members by professionals to run the organization may nucleate into an ideology of professional management, strongly committed to long range planning, staff welfarism, technocratic decision making, emphasis on formal recruitment, qualifications, formal training, adherence to line of command, collective decision making, etc. Similarly, traditionalism, collegial control, and family control of organizations may nucleate respectively into highly conservative, organic, and paternalistic ideologies.

Diagram 4 illustrates a metamorphosing ideology, with its initial core orientation of the foundational policy of unrelated diversification (BS 1). For illustrative purposes, the dyadic relations of BS 1 and policies causally related to it have been ignored and only unidirectional relations of BS 1 and of policies unidirectionally linked with BS 1 are shown. The diagram shows the fascinating ideological transformations wrought - for example, from unrelated diversification to high growth orientation to preference for sophisticated technology on the one hand, and to aversion to staff welfarism, to recruitment of compliant junior executives, to adherence to traditions, to procedural adherence, etc. These nearly contradictory changes (preferences for growth and "high tech" and also conservatism and bureaucratisation) may be one reason for the generally poorer performance of companies pursuing unrelated diversification compared to those

pursuing related diversification (Kitching, 1967; Rumelt, 1974; George, 1984; Palepu, 1985).

Emergent Indian Management Ideologies

In order to identify some current major policies-centered management orientations, the data on 51 "present" policy items was subjected to a principal components analysis. No dominant orientations emerged: there were as many as 18 factors with eigen values of 1.0 and over, explaining about 80% of the variance and the largest factor explained only 12% of the variance. In order to "boil down" such a large number to a manageable number of non-overlapping and relatively independent management orientations, a heuristic was evolved (Khandwalla, 1985: 168) involving varimax rotation, formation of composite variables based on the largest loadings of policy items, fresh principal components analysis of these composites and varimax rotation, and formation of fresh composites based on the largest loadings of the earlier composites. Ten scales that failed to load at least .4 on any factor were eliminated. The end result was the creation of seven variables, each one indicative of a management orientation.

The definitions of the seven management orientations were:

1. Pioneering innovative orientation : BS2 (R) + BS3 (R) + BS4 (R) + BS9 (R) + BS11 (R) + S2 + S8 + S25 (R)
2. Professionalism = BS13 (R) + S9 (R) + S14 (R) + S23 (R) + S26 (R) + S30
3. Stakeholder orientation = BS6 + BS7 (R) + BS8 + S27 + S28 (R) + S29 (R) + SR5 (R)
4. Institutional orientation = S3 + S5 + S11 (R) + S12 (R) + S13 + S19 + S31

5. Sociocentrism = S13 (R) + S17 + SR1 (R) + SR2 + SR4 (R)
6. Toughness orientation = BS 5 + BS10 (R) + S22 + S24 + S33 (R) + SR3
7. Insulative controlling orientation = S21 (R) + S32 (R)

In the above definitions (R) means scale reversed.

Table 9 shows the inter-correlations of these seven variables. Not one correlation out of 21 was significant at the .01 level. The heuristic employed to partition the 51 policy items into non-overlapping policy orientations did, therefore, yield relatively independent variables. Of the seven, the last one, insulative controlling, had only two policy items, and its reliability (Cronbach's alpha) was below .5, and hence it was dropped from further analysis. The rest consisted of at least 5 scales each, and their reliabilities were above 0.5, the minimum recommended for exploratory studies (Nunnally, 1967 : 226).

(Table 9 about here)

Utilising the polar anchorages of their constituent policy scales (see Appendix), the six orientations were converted into six contrasting pairs of management ideal types - see Table 10. There were some similarities with Western ideal types. For example, the ideal type "entrepreneurial management" resembled Khandwalla's (1977) risk taking management, Peterson's (1981) entrepreneurial organization and also Miles and Snow's (1978) prospector strategy. The two ideal types derived from the "institutional orientation" obviously resembled McGregor's (1960) well known Theory Y and Theory X ideal types. Elements of Duchi's Theory Z management (1981) were identifiable in "corporate citizenship management". To some extent "professional management"

resembled Mintzberg's (1973) planning mode of strategy making. There were echoes of Harrison's (1972) power, role, task and person oriented managements in respectively "bottom line", "Theory X", "results oriented", and "Theory Y" management. "Conservative management" seemed to have much in common with Khandwalla's (1977) conservative management and "traditional management" resembled Khandwalla's (1977) seat-of-the-pants management. On the other hand no one ideology clearly resembled the mechanistic and organic managements of Burns and Stalker (1961). Many of the ideal types in Table 10, like Peterson's entrepreneurial organization (1981) or Mintzberg's three modes of strategy formulation (1973) or Peters and Waterman's "excellent" management (1982) encompassed both business and administrative strategies, rather than only purely business strategic stances (Miles and Snow, 1978) or administrative and decision process stances (McGregor, 1960; Likert, 1961; Duchi, 1981). They probably reflect major choice points in contemporary Indian management. On the one side are arrayed management ideologies like "conservative", "traditional", "tender minded", and control centered ("Theory X") managements that seem to be a legacy of Indian social traditionalism, conservatism, affiliation proneness, and authoritarianism (Kakar, 1971; Sinha, 1973; Dayal, 1977; Parikh, 1979). On the other are arrayed distinctly modernistic, possibly West-influenced management ideologies like "entrepreneurial", "professional", "corporate citizenship" and "Theory Y" management. Each of these, however, may be rational ideologies, in the sense that their elements cohere around critical value premises or nature-of-the-world assumptions that are likely to be viable in some niche or the other of a vast, variegated, and changing society. They may be rational in an adaptive sense, too,

(Cyert and March, 1963), being culminations of trial and error learning and adaptation processes initiated by the first halting policy stances in some dim organizational past.

(Table 10 about here)

Summary and Extensions

Two period data on 51 management policies were provided by the top level executives of 75 public and private sector Indian organizations (mostly corporations). Policies were defined as management decision rules, with important instrumental, value expressive, and integrative functions. The policy items are listed in the Appendix under three major heads and a number of sub-classifications. The categories were: business strategy related policies, with two sub-groups, growth related policies and competitive strategy and marketing related policies; structural policies, with three subgroups, administrative and decision process policies, information acquisition, planning, and control related policies, and personnel management related policies; and ethics and social responsibility related or altruistic policies. The analysis was performed in the context of four theoretical issues: the differential stability of decision rules; loose versus tight coupling in organizations; strategy - structure linkages, and variability in organizational evolution. The main findings were:

1. The inter-period correlations of policies indicated that the structural policies were the least stable and the altruistic policies were the most stable. Within the structural group, the administrative and decision process policies were the least stable. Also, several policies exhibited temporal change in the direction of greater decentralization, participation, flexibility, entrepreneurship, and professionalism, but not in the direction of greater social responsibility or business ethics

2. Causal power of a policy was estimated by counting the number of statistically significant correlations (at the .01 level) of the "past" policy with other "present" policies. Causal sensitivity was estimated by counting the significant correlations of the "present" policy with other "past" policies. Across policies there was large variation in both causal power and sensitivity, the average for both being 4.7 (i.e. 9.4%). Policies also varied considerably vis-a-vis the gap between their causal power and sensitivity, the average gap, ignoring signs, being 2.6. This gap was the largest for the business strategy related policies and the least for the altruistic policies.

3. A causal power and sensitivity based typology of policies was created. Nodal policies had high power and sensitivity, foundational policies had high power but low sensitivity, instrumental policies had low power but high sensitivity, and isolated policies had low power and sensitivity. A disproportionate number of nodal and foundational policies were structural while the isolated and instrumental policies were mostly ethical-altruistic or business strategy related. Nevertheless, if secondary and tertiary causal linkages are taken into account, even isolated policies seemed well connected with the other policies.

4. The causal power of the structural policies seemed to be substantially greater than that of the business strategy related and ethical-altruistic policies. The growth-related and personnel policies exhibited relatively high causal sensitivity while the ethical - altruistic policies showed the least causal sensitivity.

5. It was possible to estimate the intragroup and intergroup causal power of the different groups of policies. The major groups had more within-group causal influence than inter-group influence, but this did not hold for many of their sub-groups. The administrative, control-related, and personnel policies influenced one another, and the influence of all three on the growth-related policies was substantially more than the influence of the growth-related policies on them. However, the competitive strategy related policies influenced the personnel policies more than the other way around.

6. Several business strategic policies had substantial unidirectional causal power vis-a-vis structural policies, and several structural policies had such causal power over business strategic policies. Formal market research for identifying the potential of new products (vs. informal assessment), related (vs. unrelated) diversification, and predatory (vs. collusive) marketing were three such business strategy related policies, while the policy of experimenting and innovating in different areas of management (vs. adherence to time-tested practices), networking to anticipate future developments (vs. relying on only credible published sources for such information), emphasis on open communications and free dissemination of operating information (vs. restricted communications and information dissemination), and emphasis on staff discipline and compliance with management orders (vs. norm of cooperation, persuasion, and collegial relationships) were the structural policies with significant unidirectional causal power over business strategic policies.

7. Tight causal couplings between policies ($A \leftrightarrow B$) may be called policy modules. They may be the starting points for the evolution of integrated, internally coherent policy frameworks. Tight couplings

accounted for about a fourth of all the statistically significant causal correlations. Several policies, all of them structural, had a propensity to enter into a number of tight causal couplings, such as family run (vs. professionals run) organization, getting results (vs following procedures) orientation, emphasis on management innovations, and experimentation (vs adherence to time tested practices), informal (vs formal) recruitment for key posts, qualifications - based (vs. nepotistic) filling of sensitive posts, etc. Since many of the tight couplings were linked, the chances are of larger policy frameworks emerging, each consisting of internally strongly integrated policy modules linked relatively weakly to each other. These relatively weak linkages between modules may be the stress bearing points taking the brunt of the pressure for change from changing operating contexts, and this may facilitate organizational transitions. Large policy modules embedded in policy frameworks may impede organizational adaptation, and this may build up pressure for relatively cataclysmic changes (Crozier, 1964; Greiner, 1972; Starbuck et al, 1978; Khandwalla, 1983-84; Miller and Friesen, 1984).

8. Policy frameworks growing around core values, beliefs, policies, or decision rules may be called management ideologies. Two distinct "ideal type" processes of ideology formation were identified. In the nucleation process, the core policy was reinforced by dyadic causal linkages ($A \leftrightarrow B$, $A \leftrightarrow C$, $A \leftrightarrow D$), so that the "core" tended to enlarge by incorporating other policy components that were tightly linked to the original core policy. In the metamorphosing process, the core policy mostly had unidirectional causal influences, so that it did not get reinforced as the policy framework or management ideology got built up. As a consequence, the emergent policy framework could differ radically from the initial policy framework, and might even exhibit

contradictory elements. Diagrams 3 and 4 illustrate the two types of ideology formation processes.

9. Six pairs of contrasting ideal type management ideologies were derived from 6 relatively independent management orientations identified through successive factor analyses of "present" policies and of composite variables formed from these policies. These ideologies were: entrepreneurial versus conservative, professionalist versus traditionalist, corporate citizenship versus "bottom line", Theory Y versus Theory X, altruistic versus self-centered, and results oriented versus tender minded. While some, such as Theory X and Theory Y ideologies closely resembled Western ideal types, others differed, some quite sharply, from these ideal types.

Some cherished theoretical positions got no support from the findings. The notion, propounded by cognitive organization theorists like Simon, March, and Cyert (Simon, 1957; March and Simon, 1958; Cyert and March, 1963), that the bounded rationality of decision makers implies slower change in basic general decision making process rules as compared to more content-based, function-related, specific decision rules, got no support. Administrative and general decision processes related policies tended to change much more than functions-related or business strategy related or ethical values - related policies. This may be a fall out of socio-economic development involving radical departures from traditionalism and conservatism to modernity and entrepreneurship, a widely noted phenomenon in the resurgent Third World (Hoselitz, 1960; Singer, 1975; Sheth, 1982). From the organization theory viewpoint, however, the interesting question is : how may changes in social values translate into changes in management

ideologies. Social information processing (Balancik and Pfeffer, 1978) among executives outside the organization may well be as potent a mechanism for consensus building about decisional process changes as such information processing within the organization. That is, this may be a managerial class phenomenon (Ussem, 1982). The rapid growth of professional management education in India (Baumgartel, 1971), the middle class origin of most Indian executives (Subramaniam, 1971), the extensive technical and financial linkages between Indian managements and foreign organizations (annually, Indian organizations currently enter into about a thousand technical and/or financial collaboration agreements with foreign organizations, mostly based in the West), the insistence by the state-owned financial institutions that client organizations submit a great variety of operating information to them (indirectly a powerful stimulus to professionalization), the existence of many journals and magazines disseminating information on "effective" ways of decision making, etc., may be mechanisms facilitating social information processing among managers leading to significant policy changes in the general process of decision making.

Another cherished theoretical position not supported was that structure follows strategy (Chandler, 1962; Egelhoff, 1982; Murray, 1984). The structural policies, especially the control and administrative and decision process policies, seemed to have a distinctly stronger causal influence over the growth-related policies than vice versa. The explanation from the cognitive organization theory standpoint (March and Simon, 1958; Cyert and March, 1963; Bower, 1970; Mintzberg, Raisinghani, and Théorêt, 1976) would be that organizational structure shapes the information available to decision makers, their rewards, their perception of what is significant and what is not, and therefore shapes strategic

choices and stances. But there can be an equally persuasive argument that general managerial shifts in values, perceptions, and orientations, emerging through social information processing outside the organization, may modify structural policies, especially those related to operations control, administration, and decision making processes, and these, in turn, may modify business strategy related policies. What is being suggested is a shift from the conventional business policy (Glueck, 1976) and strategic choice (Child, 1972) paradigm of operating environment \rightarrow strategy \rightarrow structure to one including social environment and external social information processing \rightarrow structural and decision process organizational policies \rightarrow strategic organizational policies. This shift may be especially relevant to rapidly changing societies.

Another notion worth questioning is that of relatively invariant phases of corporate growth and organizational life cycles (Scott, 1971; Adizes, 1979; Kimberly and Miles, 1980; Quinn and Cameron, 1981). Even a cursory glance at the data in Table 3, the various influence diagrams (especially Diagrams 3 and 4), and the variety of emergent management ideologies (Table 10) suggest much diversity in organizational evolution. Initial policy commitments and their causal linkages, rather than any quasi-biological metamorphic imperative, may be important shapers of organizational evolution. Does the organization initially choose family or professional management, experimentation and innovation or holding fast to established management practices, formal budgetary control or collegial control (as in an organization of professionals), related or unrelated diversification, etc., may be highly important shapers of how the organization evolves subsequently. The data certainly seem closer to the equifinality notion of systems

theorists (Katz and Kahn, 1966) and the multiple transitional paths models of Miller and Friesen (1980, 1984). Also, the effusion of contrasting organizational forms of management ideology (see Table 10) practiced by on going, mostly mature organizations in a developing country like India, and that, too, in a difficult operating environment ridden by governmental controls, corruption, industrial strife, infrastructural problems, unpredictable shifts in government policies, large business fluctuations, etc., is inconsistent with the population ecology model (Hannan and Freeman, 1977) that presupposes much nonadaptability in organizational forms, resulting in the survival of only a few dominant forms. Instead, the data support the view of the organizations of developing societies as richly diverse, learning, adapting, choice making mechanisms (Child and Kieser, 1981).

Although the thrust of the paper is not prescriptive, the data may have some implications for managing organizational change and development. First, nodal policies (see Table 4) may be difficult to change because of their rich upstream and downstream causal linkages; but foundational policies and isolated policies may not be. Changes made in such foundational policies as type of diversification, authoritarian change making, unconcern for the welfare of local communities, and intuitive strategic decision making may result in major and relatively quick organizational changes because of their large downstream causal linkages. Changes in such isolated policies as precedence to efficiency over customer satisfaction, product customisation, centralization, and management's self-centered orientation also may lead to significant organizational changes through their secondary and tertiary downstream linkages, but the process may be slower and less certain. By choosing to change the right foundational and/or isolated policies, much smoother and faster change towards desired organizational end-states could be engineered.

Secondly, in older and larger organizations, or those operating in relatively stable environments, powerful policy modules may get institutionalised; some examples are the triads shown in Table 8. Instead of frontally attacking these policy modules, a more realistic strategy may be to alter policies feeding these modules. As an example, consider triad 4 in Table 8 consisting of family run management (S9), business contacts based, informal recruitment for key posts (S26), and stress on familial relations with staff (S27). This powerful policy gestalt can effectively block most attempts at professionalising management. But if the unidirectional shapers of these three are reversed, for example, by changing from a policy of seniority-based promotions to merit-based promotions (S22), moving from intuitive, individualistic to technocratic, participative, collective decision making (S14, S15), more frequent reporting of operating results to the chief executive (S21), a short run to a long-run orientation while making strategic decisions (S18), then over time the strength of the gestalt may decline, and a powerful effort at professionalisation may succeed.

Finally, while policies have been widely seen as strategic choices (Chandler, 1962; Child, 1972; Khandwalla, 1976-77, 1985; Blau and McKinley, 1979; Peters and Waterman, 1982; Slatter, 1984), they have not been recognised as major contingencies, in the same class as organizational size (Pugh, Hickson, Hinings, and Turner, 1969), technology (Woodward, 1966; Gerwin 1981); or operating environment (Thompson, 1967; Khandwalla, 1972; Pfeffer and Salancik, 1978). The data reported in this paper suggest, however, that prior commitment to certain policies, such as the foundational policies shown in Table 4, and, indeed, to certain groups of policies, such as the administrative and decision process policies, may be as powerful organization-shaping contingencies

as size, technology, or environment. Indeed, size, technology, and possibly even environment may actually be policy choices. For example, the size of an organization is, or can be, an outcome of management choices relating to the market served, "optimal" plant scale, marketing and distribution strategies, tolerance for organizational complexity, etc. The use of policies shaping size, technology, and environment rather than size, technology and environment themselves as contingency variables in organizational theories, should lead to richer hypotheses and more precise understanding of the causal forces shaping organizations. This may be an important paradigm shift, for instead of seeking explanations for organizational differences in differences in seemingly "external", beyond control, contextual variables, the search would be directed inwards, to the organization's own prior policy choices, choices that could be reversed. The shift, therefore, may be from looking for **fate**-ordained, externally induced organization designs to historical, inner choices shaped designs (Chandler, 1962; Verma, 1981; Miller and Friesen, 1984) that could be reversed (Khundwala, 1983-84; Slatter, 1984).

TABLE 1

INTER-PERIOD CORRELATIONS OF POLICIES

<u>HIGHLY STABLE POLICIES</u> ($r \geq .70$)	<u>MODERATELY STABLE POLICIES</u> ($0.50 < r < 0.70$)	<u>RELATIVELY UNSTABLE POLICIES</u> ($r \leq .50$)
<u>Business Strategy Related Policies</u> <u>Growth related policies:</u>	<u>Business Strategy Related Policies</u> <u>Growth related policies:</u>	<u>Business Strategy Related Policies</u> <u>Growth related policies:</u>
BS3 Low risk investments preference .70	BS2 Preference for familiar technology .69	BS1 Related diversification .49
BS5 Preference for established industries .91	BS4 Avoidance of pioneering sophisticated products .69	<u>Competitive strategy and marketing related policies:</u>
<u>Competitive strategy and marketing related policies:</u>	<u>Competitive strategy and marketing related policies:</u>	BS6 Coexistence with rivals marketing stance .41
BS10 Product customization .74	BS8 Customer orientation in marketing .63	BS7 Efficiency precedence over customer satisfaction .33
BS11 Modest price, quality emphasis .81	BS9 Keeping to established products .58	<u>Structural Policies</u>
BS12 Non-formal market assessment of new products .71	BS12 Low key sales promotion .66	S1 Getting results emphasis .40
<u>Structural Policies</u> <u>Administrative policies:</u>	<u>Structural Policies</u> <u>Administrative policies:</u>	S2 Adaptation emphasis .30
S6 Restricted communication channels .71	S5 Role freedom to managers .60	S3 Project implementation through line .48
S9 Family run management .95	S7 Functional departmentalization tendency .57	S4 Stress on mandated uniform managerial style .34
	S10 Line of command adherence .57	S8 Innovations preference .35
	S11 Close supervision .61	S13 Decentralization in decision making .42
	S12 Authoritarian change implementation .54	S14 Intuitive decision making .43
		S15 Emphasis on personal accountability .32
		S16 Situational expertise based decision making .38

TABLE 1 (contd..)

<u>Highly Stable Policies</u>	<u>Moderately Stable Policies</u>	<u>Relatively Unstable Policies</u>
<u>Information acquisition, planning, control related policies:</u>	<u>Information acquisition, planning control related policies:</u>	<u>Information acquisition, planning, control related policies:</u>
S20 Reliance on external expert's investment assessment .77	S17 Reliance on published information for assessing future .56	S18 Long-run planning emphasis in strategic decisions .40
S21 Infrequent reporting of operating results to chief executive .77	S19 Collegial, nonformal control .61	
<u>Personnel management related policies:</u>	<u>Personnel management related policies:</u>	<u>Personnel management related policies:</u>
S25 Preference for compliant junior executives .76	S22 Performance based promotions .64	S23 Apprenticeship for junior managers .49
S26 Informal recruiting for key posts .84	S24 "Open" filling of vacancies .69	S31 Staff commitment through persuasion .45
S30 Qualifications emphasis for filling sensitive posts .83	S27 Familial relations with staff .57	S32 Toughness with unions .07
	S28 Task-based relationships with staff .68	
	S29 Aversion to staff welfare-risk .60	
	S33 Delayed rewarding of excellent performance .54	
<u>Ethics and Corporate Social Responsibility Related Policies</u>	<u>Ethics and Corporate Social Responsibility Related Policies</u>	<u>Ethics and Corporate Social Responsibility Related Policies</u>
SR2 Management as trustee .83	SR1 Low concern for local community welfare .59	
SR3 Pragmatism in business .74	SR4 Avoidance of executives' involvement in social welfare activities .69	
SR5 Situationally determined business honesty .87		

TABLE 2

DIRECTION OF SIGNIFICANT CHANGE* IN POLICIES

N = 75 Indian Organizations

<u>Business Strategy Related Policies</u>		<u>Direction of change</u>
1.	BS9 Marketing of established (vs. novel) products	-
2.	BS13 Non-formal (vs. market research based) market assessment of new products	-
<u>Structural Policies</u>		
3.	S2 Adaptation (vs. adherence to traditions) emphasis	+
4.	S3 Project/innovation implementation through the line (vs. through special task forces)	-
5.	S12 Authoritarian (vs. participative) implementation of changes/innovations	-
6.	S13 Decentralized (vs. centralized) decision making	+
7.	S14 Intuitive (vs. technocratic) strategic decision making	-
8.	S15 Individual accountability in decision making (vs. emphasis on participation, consensus, and collective accountability)	-
9.	S18 Long-run planning (vs. short-run bird-in-the-hand) emphasis in making strategic decisions	+
10.	S22 Performance-based (vs. seniority and loyalty based) promotion for managers	+
11.	S23 Apprenticeship (vs. formal training) for junior managers	-

* "Present" mean of policy - "past" mean, significant at the .05 level.

TABLE 3
CAUSAL POWER AND SENSITIVITY OF POLICIES
 Sample : 75 Indian organizations

	Business Strategy Related Policies	Causal Power Vis-a-vis			Causal Sensitivity to				
		No. of Signi- ficant co relations	Business strategy related policies	Structural policies	Altrui- stic po- licies	No. of Signi- ficant Corre- lations	Business strategy related policies	Structural policies	Altrui- stic policies
BS1	Related (vs. un- related) diversi- fication	3 4 <u>0</u> 7	BS3(.36) BS5(.32) BS9(.55)	S1(.36) S8(-.35) S29(-.29) S32(-.29)		0 2 <u>0</u> 2		S1(.32) S12(.30)	
BS2	Preference for fa- miliar (vs. for latest, sophistica- ted) technology	0 2 <u>0</u> 2		S3(-.40) S5(-.30)		2 6 <u>0</u> 8	BS3(.40) BS11(.34)	S4(.36) S8(-.45) S17(.32) S22(-.35) S31(.30) S33(.35)	
BS3	Low risk preference vis-a-vis investmen- ts (vs. preference for high yield, high risk ones)	2 1 <u>1</u> 4	BS2(.40) BS9(.33)	S16(-.30)	SR3(-.30)	3 3 <u>0</u> 6	BS1(.36) BS5(.36) BS9(.33)	S4(.40) S15(-.38) S28(.33)	
BS4	Avoidance of pioneer- ing sophisticated products (vs. stre- ss on pioneering such products)	0 0 <u>0</u> 0				2 4 <u>1</u> 7	BS9(.33) BS11(.29)	S12(-.32) S17(.29) S25(.39) S31(.30)	SR3(-.30)
BS5	Preference for ad- vantageous establi- shed industries (vs. for entry into mono- poly lines)	3 1 <u>0</u> 4	BS3(.36) BS6(.29) BS13(.32)	S16(-.29)		1 3 <u>0</u> 4	BS1(.32)	S3(-.29) S7(.29) S13(.41)	

Causal Power Vis-a-vis

Strategic policies Structural policies Altruistic policies

Competitive strategy and marketing related policies

BS6	Coexistence oriented (vs. predatory) market-stance	0 4 0 4	S1 (.46) S2 (.29) S3 (.36) S33 (.30)
BS7	Operating efficiency precedence over customer satisfaction	1 2 0 3	BS11 (.34) S3 (.48) S27 (-.32)
BS8	Customer orientation in marketing (vs. emphasis on capacity utilization and high pressure selling)	3 2 0 5	BS7 (-.35) BS10 (.31) BS11 (-.37) S25 (-.30) S29 (-.39)
BS9	Marketing established (vs. novel) products	2 2 0 4	BS3 (.33) BS4 (.33) S8 (-.32) S20 (.30)
BS10	Product customisation (vs. standardisation)	1 1 0 2	BS11 (-.32) S6 (-.30)
BS11	Modest (vs. premium) price and quality emphasis	3 1 0 4	BS2 (.34) BS4 (.29) BS5 (-.30) S29 (.29)
BS12	Low key (vs. heavy) sales promotion	0 3 0 3	S4 (-.43) S16 (.29) S26 (.33)

Causal Sensitivity

Strategic policies Structural policies Altruistic policies

1	BS5 (.29)	BS55 (.29)	S6 (.31) S8 (-.29) S11 (.30) S17 (.33)
0			
0			
1			
1	BS8 (-.35)	BS8 (-.35)	S31 (-.32) S31 (-.32)
1			
1	BS11 (-.30)	BS11 (-.30)	S31 (-.32) S31 (-.32)
0			
0			
1			
2			
4			
0			
6			
1			
1			
1			
3			
3			
1			
0			
4			
1			
10			
0			
11			

				<u>Causal Power Vis-a-vis</u>			<u>Causal Sensitivity To</u>		
				Strategic policies	Structural policies	Altruistic policies	Strategic policies	Structural policies	Altruistic policies
3	Non-formal market assessment of new products (vs. based on formal market research)	1 4 0 <u>5</u>		BS12(.30)	S7(.33) S17(.36) S23(.30) S26(.29)	1 1 0 <u>2</u>	BS5(.32)	S8(-.29)	

Structural Policies

Administrative policies:

Getting results (vs. procedural) emphasis	1 4 0 <u>5</u>	BS1(.32)	S18(.29) S19(.30) S25(-.31) S32(-.30)	2 4 0 <u>6</u>	BS1(.34) BS6(.46)	S14(.29) S19(.38) S25(-.36) S29(-.33)		
Adaptation emphasis (vs. stress on adhering to traditions)	0 1 0 <u>1</u>		S32(-.33)	1 4 1 <u>6</u>	BS6(.29)	S6(-.44) S12(.37) S19(.29) S29(-.51)	SR2(.29)	
Projects/innovations implementations through line (vs. by setting up special task forces)	1 2 0 <u>3</u>	BS5(-.29)	S31(.37) S33(.34)	3 2 0 <u>5</u>	BS2(-.40) BS6(.36) BS7(.48)	S5(.32) S20(-.41)		
Stress on mandated uniform managerial style (vs. autonomy to manager)	2 3 0 <u>5</u>	BS2(.36) BS3(.40)	S8(-.36) S19(-.30) S20(.33)	1 2 0 <u>3</u>	BS12(-.43)	S8(-.39) S16(-.36)		
Role freedom to managers (vs. stress on sticking to job descriptions)	1 6 1 <u>8</u>	BS12(.33)	S3(.32) S10(-.32) S17(.35) S19(.51) S28(-.35) S31(.40)	1 6 0 0 7 <u>7</u>	BS2(-.30)	S11(-.41) S14(-.31) S19(.37) S20(-.42) S27(.30) S28(-.34)		
Restricted (vs. open) communication channels and information flows	3 1 1 <u>5</u>	BS7(.29) BS9(.31) BS12(.33)	S2(-.44)	1 2 0 <u>3</u>	SR2(-.33)	BS10(-.30)	S9(.34) S22(-.38)	

Causal Power Vis-a-vis

Strategic policies BS5(.29) S33(-.39) SR 1(.36) SR 3(.35) 1 0 0
 Structural policies S33(-.39) SR 1(.36) SR 3(.35) 1 0 0
 Altruistic policies SR 1(.36) SR 3(.35) 1 0 0
4

S7 Functional/departmental-
 lization (vs. divisional
 structure) emphasis 1 1 2
4

S8 Innovations preference
 (vs. adherence to esta-
 blished practices) 4 4 0
8

S9 Family run (vs. profe-
 sionals run) management 1 14 0
15

S10 Adherence to line of
 command (vs. ignoring
 it by the boss) 1 5 0
6

S11 Close (vs. general
 supervision) 1 8 0
9

Causal Sensitivity To

Strategic policies BS13(.33) 1
 Structural policies 0
 Altruistic policies 0
1

BS1(-.35) 2
 BS9(-.32) 7
 0
9

0
 10
 10
10

0
 3
 0
3

0
 4
 0
4

S4(-.36)
 S9(-.34)
 S11(-.31)
 S14(-.31)
 S19(.29)
 S22(.39)
 S24(.31)

S10(.44)
 S14(.42)
 S18(-.36)
 S20(.30)
 S22(-.36)
 S23(.40)
 S26(.45)
 S27(.30)
 S29(.47)
 S30(-.59)

S5(-.32)
 S9(-.30)
 S30(.46)

S8(-.37)
 S12(.31)
 S28(.33)
 S33(.31)

		<u>Causal Power Vis-a-vis</u>			<u>Causal Sensitivity To</u>		
		<u>Strategic policies</u>	<u>Structural policies</u>	<u>Altruistic policies</u>	<u>Strategic policies</u>	<u>Structural policies</u>	<u>Altruistic policies</u>
S12	Authoritarian (vs. participative) implementation of organizational changes	2 4 0 <u>6</u>	BS1 (.30) BS4 (-.32)	S2 (.37) S11 (.31) S19 (-.29) S23 (.39)	0 1 0 <u>1</u>		S11 (.29)
S13	Decentralization (vs. centralised decision making) policy	1 2 0 <u>3</u>	BS5 (.41)	S28 (.35) S32 (-.32)	0 3 0 <u>3</u>		S9 (-.35) S11 (-.29) S21 (-.32)
S14	Intuitive (vs. technocratic) strategic decision making	1 8 0 <u>9</u>	BS12 (.33)	S1 (.29) S5 (-.31) S8 (-.31) S9 (.42) S20 (.41) S26 (.30) S27 (.35) S30 (-.31)	0 3 3 0 <u>3</u>		S9 (.37) S15 (.37) S30 (-.34)
S15	Emphasis on personal accountability (vs. on consensus based, collective decision making and accountability)	1 4 0 <u>5</u>	BS3 (-.38)	S14 (.37) S16 (.30) S17 (.32) S25 (.31)	0 5 0 <u>5</u>		S9 (.44) S11 (.29) S22 (-.35) S23 (.30) S26 (.35)
S16	Situational expertise based decision making (vs. primacy of line authority)	1 4 0 <u>5</u>	BS12 (.43)	S4 (-.36) S27 (.35) S30 (-.33) S31 (-.30)	3 3 0 <u>6</u>	BS3 (-.30) BS5 (-.29) BS12 (.29)	S15 (.30) S19 (.32) S30 (-.37)
<u>Information, planning, control related policies</u>							
S17	Reliance on published information (vs. cultivation of contacts for anticipating future developments)	3 0 0 <u>3</u>	BS2 (.32) BS4 (.29) BS9 (.33)		1 3 1 <u>5</u>	BS13 (.36)	S5 (.35) S15 (.32) S25 (-.41) SR2 (.32)
S18	Long-run (rather than bird-in-hand) planning emphasis in making strategic decisions	1 5 0 <u>6</u>	BS12 (-.43)	S9 (-.36) S20 (-.36) S23 (-.30) S26 (-.53) S29 (-.35)	0 6 0 <u>6</u>		S1 (.29) S9 (-.44) S11 (-.30) S22 (.38) S29 (-.49) S30 (.30)

Causal Power Vis-a-vis
Strategic Structural policies

Altruistic policies

Causal Sensitivity To
Strategic Structural policies

S19 Colleagueial, non-formal (vs. formal, budgetary) control
0
7
7

S1 (.36)
S2 (.29)
S5 (.37)
S8 (.29)
S16 (.32)
S28 (-.37)
S31 (.32)

0
7
7

S1 (.30)
S4 (-.30)
S5 (.51)
S10 (-.41)
S12 (-.29)
S27 (.36)
S28 (-.37)

S20 Dependence on analysts for assessing investments (vs. managements own assessment)
0
4
4

S5 (-.41)
S5 (-.42)
S9 (.30)
S31 (-.39)

1
5
6

BS9 (.30)
S4 (.33)
S9 (.42)
S14 (.41)
S18 (-.36)
S23 (.34)

S21 Infrequent reporting of operating results to the top (vs. frequent reporting)
0
4
4

S13 (-.32)
S24 (.32)
S25 (.30)
S27 (.37)

0
1
1

S29 (.30)

Personnel policies

S22 Performance based promotions
1
6
7

S6 (-.38)
S8 (.39)
S9 (-.36)
S15 (-.35)
S18 (.38)
S31 (.31)

0
2
2
4

S8 (.33)
S24 (.31)
SR1 (.37)
SR4 (.48)

S23 Stress on apprenticeship (vs. on formal training) for junior managers
1
5
6

S9 (.40)
S15 (.30)
S20 (.34)
S26 (.58)
S27 (.44)

1
3
4

BS13 (.30)
S12 (.39)
S18 (-.30)
S26 (.50)

S24 "Open" filling of vacancies (vs. "only from within" promotions)
0
2
3

S8 (.31)
S22 (.31)

0
5
6

S9 (.32)
S10 (-.29)
S11 (.32)
S21 (.32)
S29 (.43)
SR4 (.33)

		Causal Power Vis-a-vis			Causal Sensitivity To			
		Strategic policies	Structural policies	Altruistic policies	Strategic policies	Structural policies	Altruistic policies	
S30	Qualifications emphasis for filling sensitive posts (vs. preference for confidants of the bosses)	1 7 0 <u>8</u>	BS12(-.33)	S9(-.59) S10(.46) S14(-.34) S16(-.37) S18(.30) S26(-.46) S27(-.29)		0 5 <u>2</u> 7	S9(-.37) S10(.30) S14(-.31) S16(-.33) S26(-.42)	SR3(.29) SR4(.31)
S31	Staff commitment through persuasion (vs. emphasis on strict discipline and compliance)	3 0 1 <u>4</u>	BS2(.30) BS4(.30) BS10(-.32)		SR4(.31)	0 8 0 <u>8</u>	S3(.37) S5(.40) S9(-.42) S11(-.34) S15(-.30) S19(.32) S20(-.39) S22(.31)	
S32	Toughness with unions (vs. friendly accommodation)	0 0 1 <u>1</u>			SR2(-.31)	1 3 0 <u>4</u>	BS1(-.29) S1(.30) S2(-.32) S15(-.32)	
S33	Delayed (vs. immediate) rewarding of excellent performance	1 1 0 <u>2</u>	BS2(.35)	S11(.31)		1 3 0 <u>4</u>	BS6(.30) S3(.34) S7(-.39) S8(-.42)	
<u>Ethics and Social Responsibility Related, Altruistic Policies</u>								
SR1	Mind-own-business (vs. local community welfare) emphasis	1 2 1 <u>4</u>	BS10(-.30)	S22(.37) S25(.34)	SR3(.36)	0 2 1 <u>3</u>	S7(.36) S24(.33)	SR4(.35)
SR2	Management as trustee (vs. management's concern for own welfare)	0 2 1 <u>3</u>		S2(.29) S17(.32)	SR3(-.36)	0 2 1 <u>3</u>	S6(-.33) S32(-.31)	SR3(-.35)
SR3	Pragmatism in business (vs. idealistic service mindedness)	1 1 1	BS4(-.30)	S30(.29)	SR2(-.36)	1 2 -	BS3(-.30) S5(-.33) S7(.35)	SR1(.36) SR2(-.36) SR4(.31)

Avoidance of executives' involvement in social welfare (vs. stress on their involvement) $\frac{0}{4} \frac{2}{6}$

SR5 Situationally determined business honesty (vs. total business honesty) $\frac{0}{0} \frac{0}{0}$

Causal Power Vis-a-vis
 Strategic policies Structural policies Altruistic policies

S22(.48) SR1(.35)
 S24(.38) SR3(.43)
 S25(.38)
 S30(.31)

0
 1
 0
 1

Causal Sensitivity To
 Strategic policies Structural policies Altruistic policies

S31(.31)

0
 0
 0
 0

TABLE 4

FOUNDATIONAL, NODAL, INSTRUMENTAL, AND ISOLATED POLICIES

	<u>Foundational Policies</u> (high on power, low on sensitivity)	Causal Power	Causal Sensitivity
BS1	Related (vs. unrelated) diversification	7	2
S10	Line of command adherence (vs. ignoring by the boss) in issuing instructions	6	3
S12	Authoritarian (vs. participative) implementation of organizational changes	6	1
S14	Experience and judgement based (vs. technocratic) decision making	9	3
SR4	Avoidance (vs. involvement) of executives in community welfare activities	6	1
<u>Nodal Policies</u> (high on power and sensitivity)			
S5	Role freedom to managers (vs. emphasis on adhering to job descriptions)	8	7
S8	Innovations and experimentation preference (vs. adherence to time tested practices)	8	9
S9	Family run management (vs. professionals run management)	15	10
S18	Long-run (vs. short-run) emphasis in planning investments	6	6
S19	Collegial, non-formal control of operations (vs. formal budgetary control)	7	7
S29	Aversion to staff welfarism (vs. strong employee welfare emphasis)	9	6
S30	Sensitive posts filled on the basis of qualifications (vs. by confidants of bosses)	8	7
<u>Instrumental Policies</u> (low on power, high on sensitivity)			
BS2	Preference for familiar technology (vs. for new, sophisticated technology)	2	8
BS4	Avoidance of pioneering sophisticated products (vs. preference for pioneering such products)	0	7
BS12	Low key (vs. high pressure) sales promotion	3	12
S2	Adaptation emphasis (vs. adherence to traditions)	1	6
S24	"Open" (vs. "from within") filling of managerial vacancies	3	6
S25	Recruitment of compliant (vs. creative) junior executives	3	7
SR3	Pragmatism in business (vs. idealistic service mindedness)	3	6

Isolated Policies (low on causal power and sensitivity)

BS7	Efficiency preference over customer satisfaction	3	2
BS10	Product customisation (vs. standardisation)	2	3
S13	Decentralization (vs. centralization) in decision making	3	3
SR2	Management as trustee (vs. self-centred management)	3	3
SR5	Soft-peddalling of business honesty (vs. insistence on total honesty)	0	0

TABLE 5

INDEXED AVERAGE CAUSAL POWER AND CAUSAL SENSITIVITY OF VARIOUS
GROUPS OF POLICIES

	Average Causal Power%*	Average Causal Sensiti- vity%*
Growth related policies	72.3%	114.9%
Competitive strategy and marketing related policies	78.7%	83.0%
BUSINESS STRATEGY RELATED POLICIES	76.6%	95.7%
Administrative and decision process policies	129.8%	100.0%
Information, planning, and control related policies	102.1%	106.4%
Personnel policies	102.1%	127.7%
STRUCTURAL POLICIES	114.9%	110.6%
ETHICS AND SOCIAL RESPONSIBILITY RELATED OR ALTRUISTIC POLICIES	68.1%	55.3%
ALL 51 POLICIES	100.0%	100.0%

The percentages are causal powers/sensitivities indexed to the average causal power and sensitivity (of 4.7) of all 51 policies.

TABLE 6

CAUSAL POWER INDEX SCORES OF GROUPS OF POLICIES OVER DIFFERENT GROUPS

Causal Influence On

	Growth- related Policies	Competitive Policies	BUSINESS STRATEGY POLICIES	Admini- strative Policies	Control- related Policies	Personnel Policies	STRUCTU- RAL POLICIES	ALTRUISTIC POLICIES
1. 5 Growth rela- ted policies	212.8%*	106.4%	141.5%	79.8%	0.0%*	35.1%*	51.1%	42.6%*
2. 8 Competitive and market- ing related policies	106.4%	133.0%	122.3%	74.5%	53.2%	88.3%	76.6%	0.0%*
3. 13 BUSINESS STRATEGY RELATED POLICIES	141.5%	122.3%	129.8%	76.6%	33.0%*	68.1%	67.0%	16.0%*
4. 16 Administra- tive policies	133.0%	88.3%	112.8%	119.1%	172.3%*	171.3%*	147.9%	53.2%
5. 5 Information, planning, con- trol related policies	85.1%	53.2%	66.0%	133.0%	53.2%	159.6%*	133.0%	0.0%*
6. 12 Personal po- licies	106.4%	53.2%	68.1%	122.3%	141.5%	121.3%	124.5%	53.2%
7. 33 STRUCTURAL POLICIES	116.0%	72.3%	89.4%	122.3%	145.7%	150.0%	137.2%	44.7%*
8. 5 ALTRUISTIC OR ETHICS AND SO- CIAL RESPONSI- BILITY RELATED POLICIES	42.6%*	26.6%*	33.0%*	12.8%*	42.6%*	124.5%	58.5%	266.0%*
9. 51 CORPORATE POLICIES	114.9%	79.8%	93.6%	100.0%	106.4%	122.3%	108.5%	55.3%

* Causal power significantly different (at the .05 level) from the average causal power for all policies.

TABLE 7

NOTABLE UNIDIRECTIONAL STRATEGIC DETERMINANTS OF STRUCTURAL
AND STRUCTURAL DETERMINANTS OF STRATEGIC POLICIES

Notable Strategic Unidirectional

Determinants of Structural Policies

1. BS1 Related (vs. unrelated)
diversification

2. BS6 Cooperation with rivals (vs.
predatorily competitive in
marketing)

3. BS13 Non-formal (vs. formal
market research based)
market assessment of new
products

Affected Structural Policies

1. S8 Emphasis on experimenta-
tion (vs. emphasis on tra-
ditional practices) (-)

2. S29 Aversion to welfarism
(vs. employee benefits
and welfare orientation)
(-)

3. S32 Tough bargaining (vs.
friendly accommodation)
with unions (-)

1. S1 Getting results (vs. pro-
cedural) emphasis (+)

2. S2 Free adaptation (vs. ad-
hering to traditions) (+)

3. S3 For executing new proje-
cts, reliance on line
authority (vs. on special
task forces) (+)

4. S33 Delayed (vs. immediate)
rewarding of outstanding
performance (+)

1. S7 Functional (vs. divisional)
departmentalisation em-
phasis (+)

2. S17 Reliable publications
based (vs. information
network based) anticipa-
tion of future develop-
ments (+)

3. S23 Apprenticeship (vs. for-
mal training) for junior
managers (+)

4. S26 Informal (vs. formalised)
recruitment for key posts
(+)

Notable Undirectional Structural

Affected Strategic Policies

Determinants of Strategic Policies

- | | |
|---|---|
| 1. S6 Structured (vs. "open") communication channels and information flows | 1. BS7 Operating efficiency (vs. customer satisfaction) orientation (+) |
| 2. S8 Emphasis on innovations (vs. on time-tested practices) | 2. BS9 Marketing of established (vs. of novel) products (+) |
| 3. S17 Published information based (vs. informative contacts based) anticipation of future developments | 3. BS12 Low key (vs. heavy) sales promotion (+) |
| 4. S31 Staff compliance through persuasion (vs. emphasis on strict discipline) | 1. BS2 Acquisition of familiar (vs. new, sophisticated) plant and technology (-) |
| | 2. BS11 Low price, average quality (vs. high quality, price) emphasis (-) |
| | 3. BS13 Non-formal (vs. formal market research based) assessment of new products (-) |
| | 1. BS2 Acquisition of familiar (vs. new, sophisticated) plant and technology (+) |
| | 2. BS4 Avoidance of pioneering (vs. emphasis on pioneering) of sophisticated products (+) |
| | 3. BS9 Marketing of established (vs. of novel) products (+) |
| | 1. BS2 Acquisition of familiar (vs. new, sophisticated) plant and technology (+) |
| | 2. BS4 Avoidance of pioneering (vs. emphasis on pioneering) of sophisticated products (+) |
| | 3. BS10 Offering of custom tailored (vs. standardised) products (-) |

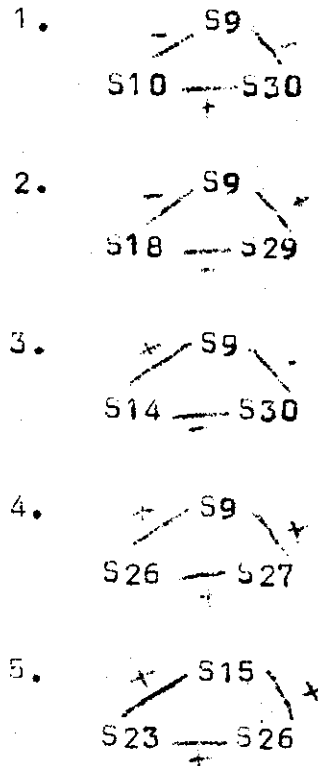
Note: The signs within brackets are those of the respective causal correlations.

TABLE 8

DYADS OF RECIPROCAL CAUSALITY

<u>Dyads</u>					
1. BS1	<u>+</u>	S1	22.	S15	<u>+</u> S23
2. BS3	<u>+</u>	BS9	23.	S15	<u>+</u> S26
3. BS8	<u>-</u>	BS11	24.	S16	<u>-</u> S30
4. BS12	<u>+</u>	S16	25.	S18	<u>-</u> S29
5. S1	<u>+</u>	S19	26.	S19	<u>+</u> S28
6. S1	<u>-</u>	S25	27.	S23	<u>+</u> S26
7. S4	<u>-</u>	S8	28.	S26	<u>+</u> S27
8. S5	<u>-</u>	S28	29.	SR2	<u>-</u> SR3
9. S8	<u>-</u>	S11			
10. S8	<u>+</u>	S22			
11. S9	<u>-</u>	S10			
12. S9	<u>+</u>	S14			
13. S9	<u>-</u>	S18			
14. S9	<u>+</u>	S20			
15. S9	<u>+</u>	S26			
16. S9	<u>+</u>	S27			
17. S9	<u>+</u>	S29			
18. S9	<u>-</u>	S30			
19. S10	<u>+</u>	S30			
20. S11	<u>+</u>	S12			
21. S14	<u>-</u>	S30			

Triads Based on Dyads



The signs show the direction of relationship.

TABLE 9

INTER-CORRELATIONS OF SEVEN IDEOLOGICAL VARIABLES

N = 75 Indian organizations

	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
1. Pioneering innovative orientation	.15	.08	.27	.12	.07	.11
2. Professionalism		.06	.09	.00	.15	.07
3. Stakeholder orientation			-.05	-.11	.10	-.04
4. Institutional orientation				.11	.03	-.01
5. Sociocentrism					-.21	.10
6. Toughness orientation						-.01
7. Insulative controlling orientation						

TABLE 10

"IDEAL TYPE" INDIAN MANAGEMENT IDEOLOGIES

<u>Management Orientation</u>	<u>Left-centered Ideal Type</u>	<u>Right-centered Ideal Type</u>
1. <u>Pioneering innovative orientation</u>	<p><u>Conservative management:</u></p> <p>Avoidance of sophisticated, novel products and technologies; preference for low risk investments; emphasis on adhering to traditions and time-tested principles and practices and on hiring compliant personnel; emphasis on marketing standard quality, moderate price products</p>	<p><u>Entrepreneurial management:</u></p> <p>Emphasis on pioneering into the country sophisticated, novel products and technologies; preference for high return, high risk investments; preference for flexibility, experimentation, and innovation and for creative personnel; emphasis on marketing high quality, premium price products</p>
2. <u>Professionalism</u>	<p><u>Traditionalist management:</u></p> <p>Experience and judgement based decision making; family run organisation; emphasis on apprenticeship as a training method for managers; informal, contact-based recruitment for key posts and filling of "sensitive" posts by confident of the bosses; non-formal assessment of the market potential of new products</p>	<p><u>Professionalist management:</u></p> <p>Reliance on qualified experts while making strategic decisions; a professional-run organization; emphasis on formal managerial training; formalized recruitment for key posts and filling of "sensitive" posts strictly on the basis of job qualifications; formal market research for assessing the potential of new products</p>
3. <u>Stakeholder orientation</u>	<p><u>"Bottom line" management:</u></p> <p>Emphasis on operating efficiency and full utilization of production capacity; contractual, task-based relationships with staff and aversion to a philosophy of staff welfareism; pragmatism vis-a-vis business honesty and predatory stance towards rival organizations in marketing</p>	<p><u>Corporate citizenship management:</u></p> <p>Emphasis on satisfying the customer and identifying and meeting his needs while marketing products; stress on family type relations with staff, including involvement in employees' personal problems, and a philosophy of welfareism and high benefits to staff; insistence on business honesty and a cooperative coexistence stance vis-a-vis rival organizations.</p>

3. Institutional orientation

Theory X management:

Centralized decision making; close supervision; authoritarian implementation of organizational changes; emphasis on managers adhering to their job descriptions; tight, formal budgetary control of operations and emphasis on strict staff discipline; circumventing of line of command by special task forces for executing new projects

Theory Y management:

Decentralized decision making; general supervision; participative implementation of organizational changes; role autonomy for managers; loose, collegial control and norm of commitment through persuasion; keeping strictly to line of authority in executing new projects

4. Sociocentrism

Self-centered management:

Aversion to getting involved in community welfare activities; emphasis on management benefitting itself; emphasis on managers' individual accountability; stress on cultivating important business and governmental contacts to anticipate future developments

Altruistic management:

Strong community welfare emphasis, including involvement of executives in welfare activities; management as a trusteeship; emphasis on group consensus and collective responsibility of managers; reliance on published materials bearing on future developments

5. Toughness orientation

Tender minded management:

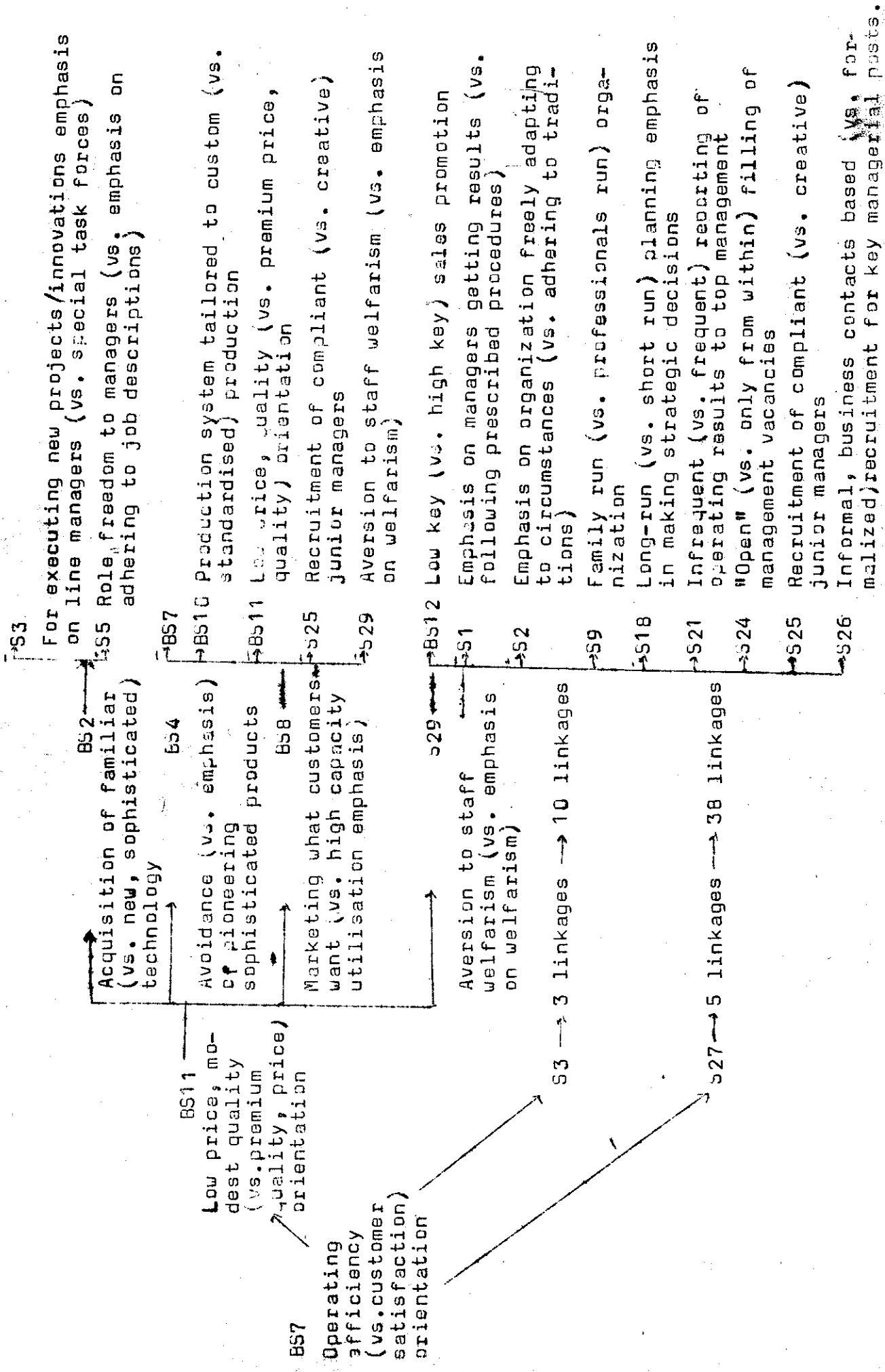
Promotions of managers based on seniority and loyalty; "only from within" promotions; rewarding of good performance only after several repetitions; service mindedness in business dealings; entry only in monopoly lines; custom-tailoring of products offered to customers

Results oriented management:

Performance based promotions for managers; "open" filling of managerial vacancies; immediate rewarding of good performance; pragmatism in business dealings; entry even in competitive lines where organization has competitive advantage; offering of more or less standardized products to customers.

DIAGRAM

PRIMARY, SECONDARY, AND TERTIARY LINKAGES OF AN "ISOLATED" POLICY



Note: For the sake of simplicity, only those second and third causal linkages of BS7 are shown that are mediated by BS 11.

DIAGRAM 2

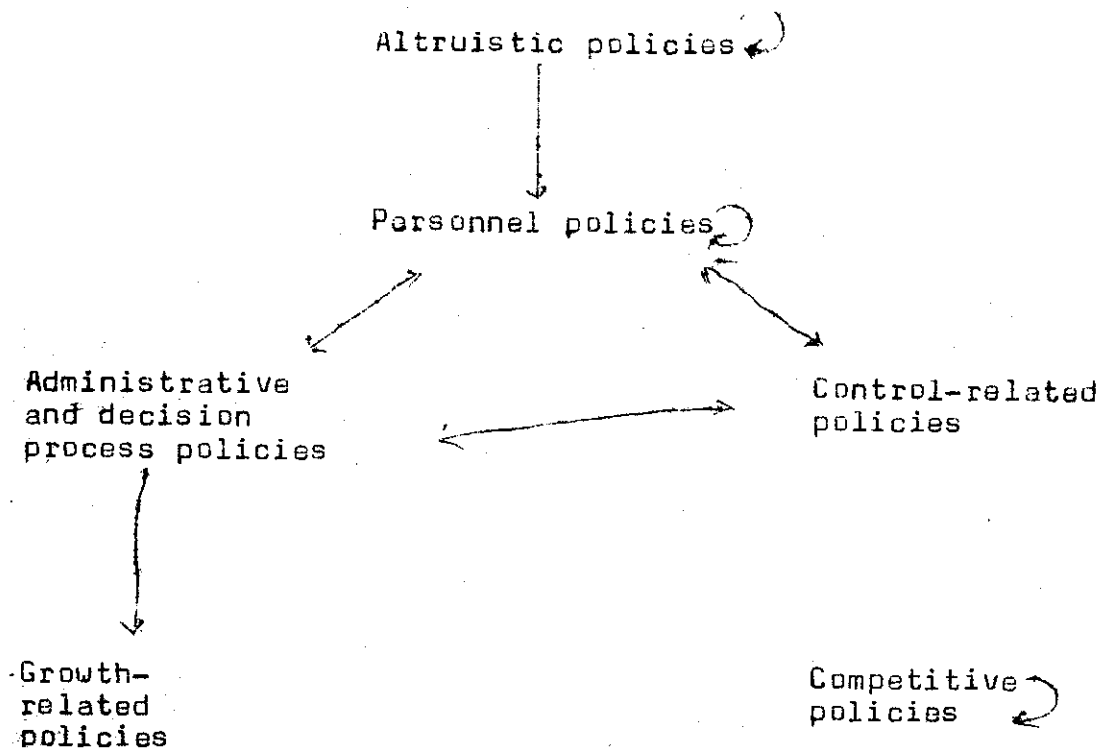
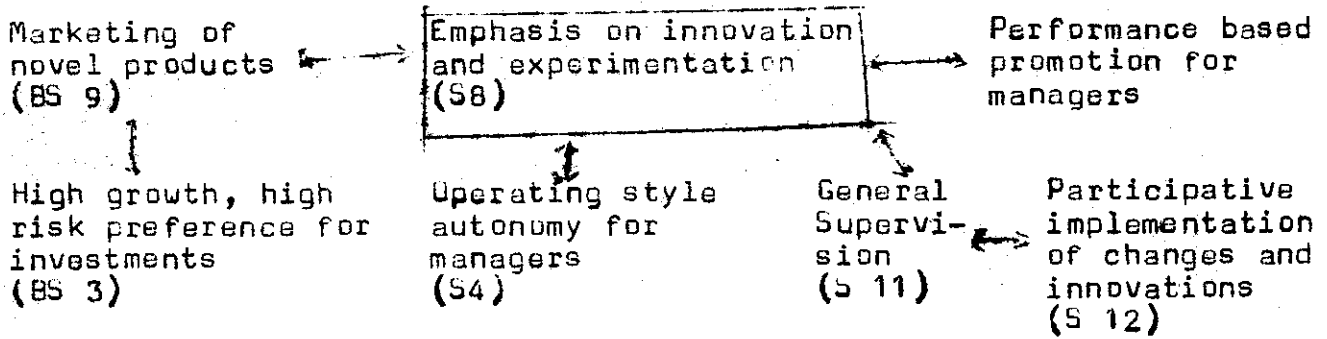


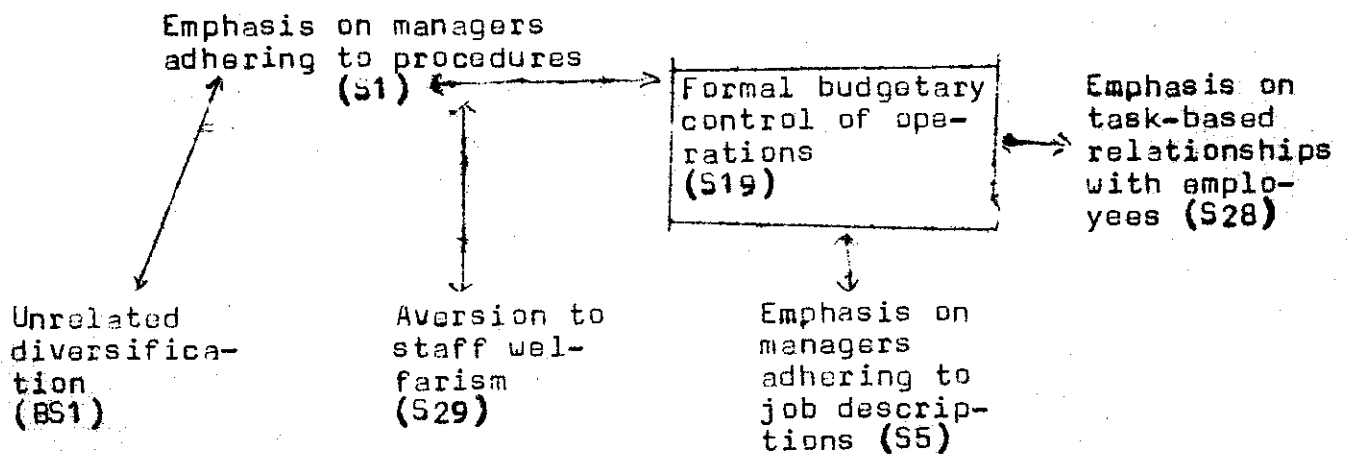
DIAGRAM 3

SOME NUCLEATING MANAGEMENT IDEOLOGIES

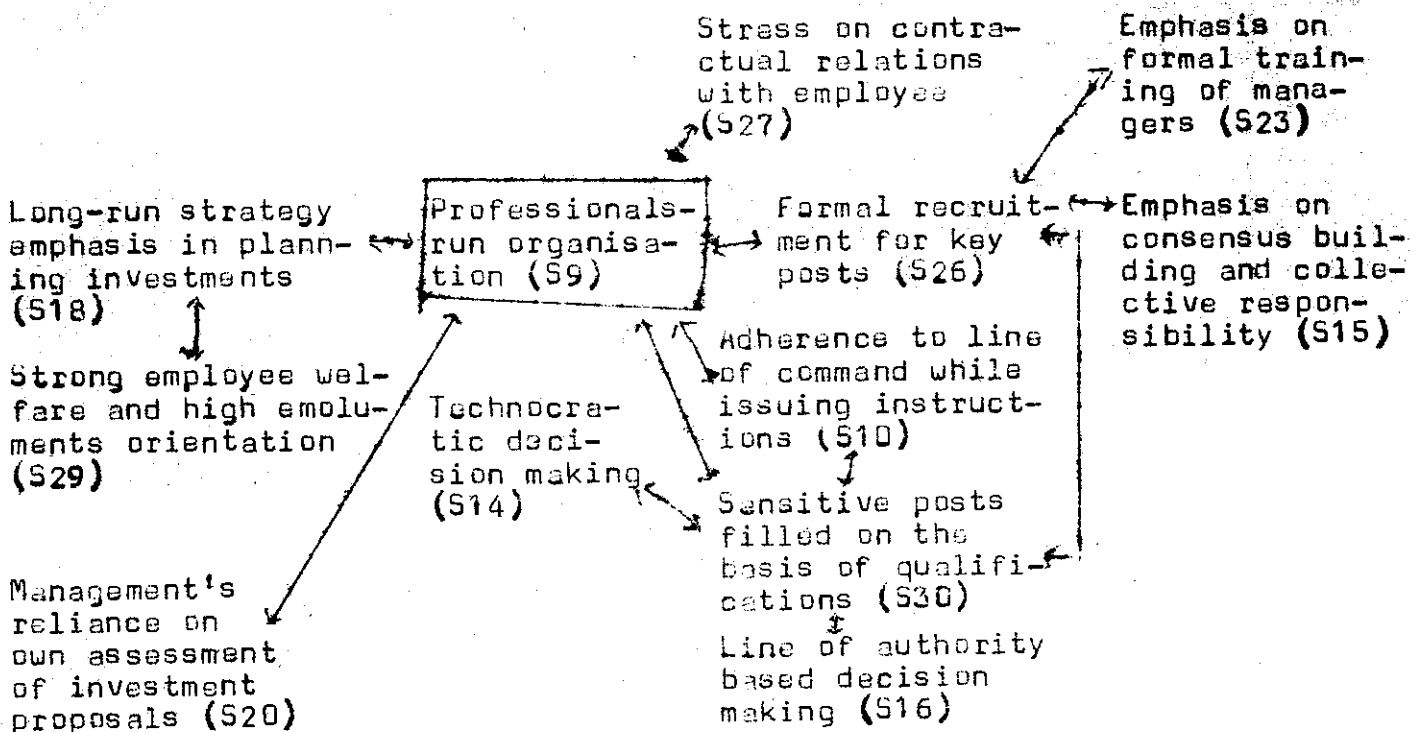
A. Nucleation of a Creative Management Ideology



B. Nucleation of a Control-oriented Management Ideology



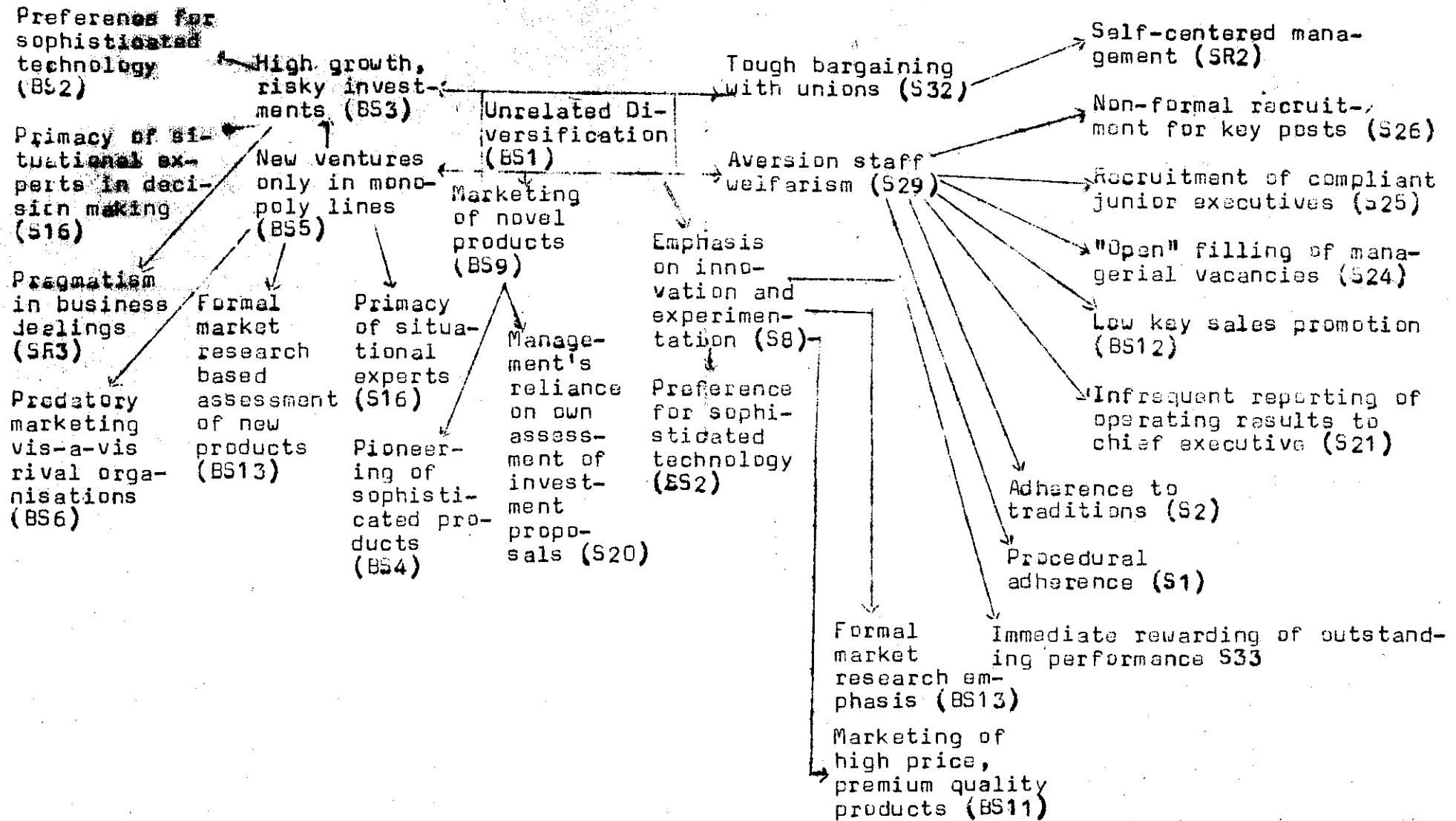
C. Nucleation of Professional Management Ideology



Note: Unidirectional relationships have been omitted in the above diagrams.

DIAGRAM 4

A METAMORPHOSING MANAGEMENT IDEOLOGY



Note: A related diversification triggered management ideology will metamorphose in an opposite way. Dyadic (that is, mutual causation) relationships have been omitted in the above diagram.

THE APPENDIX

A.	<u>Business Strategy Related Policies</u>	<u>Later</u> <u>Mean</u>	<u>Period</u> <u>Std.Dev</u>	<u>Earlier</u> <u>Mean</u>	<u>Period</u> <u>Std.</u> <u>Dev.</u>
	Growth-related policies:				
<u>Code</u>					
BS1	Unrelated vs. related diversification	3.52	1.03	3.90	1.05
BS2	Preference for latest sophisticated vs. caution in acquiring unfamiliar plant and technology	2.71	1.17	3.24	1.17
BS3	High-risk, high-return vs. low-risk, moderate-return investments policy	3.65	0.96	3.76	0.90
BS4	Pioneering sophisticated products vs. avoiding being first in the field in sophisticated products	2.33	1.13	2.63	1.23
BS5	For new ventures, entry only into monopoly lines vs. entry into competitive lines where the organization has edge	3.04	1.13	3.11	1.17
	Competitive strategy and marketing related policies:				
BS6	Predatorily competitive vs. cooperative, "coexistence" marketing stance vis-a-vis rival organizations	3.69	0.97	3.58	0.90
BS7	Marketing, customer or client satisfaction vs. operating efficiency orientation	2.83	0.76	2.65	0.93
BS8	Capacity utilisation emphasis vs. producing and selling what the customers want	2.99	1.00	3.03	0.90
BS9*	Marketing of novel vs. established products	3.09	1.20	3.64	0.97
BS10	Production system geared to standardized vs. custom-tailored products	2.72	1.06	2.99	1.15
BS11	High product quality and price vs. low-price modest quality emphasis in marketing	2.34	1.14	2.61	1.17
BS12	Heavy - vs. low-key sales promotion	2.96	1.06	3.21	1.13
BS13*	Formal market research based vs. informal market assessment of new products	3.13	1.21	3.75	1.04

B. Structural (Administration, Decision-Making Style, Control, Personnel Management Related Policies)

Administrative and Decision Process Policies:

S1	Procedural adherence vs. get results emphasis for managers	3.04	0.91	3.08	1.07
S2*	Adherence to traditions vs. free adaptation to circumstances	3.68	0.91	3.10	1.12
S3*	Emphasis on special task forces vs. on line of command in executing new projects/innovations	2.79	1.09	3.52	1.03
S4	Autonomy to manager vs. boss imposed uniformity of style of operating	3.10	0.97	3.12	1.08
S5	Adherence to job description vs. freedom to managers to tailor role to situation	3.06	0.88	3.03	1.05
S6	Open vs. structured and restricted communication channels and information flows	2.85	1.13	3.17	1.09
S7	Divisional vs. functional specialization emphasis in departmentalization	3.14	1.18	3.29	1.22
S8	Adherence to time-tested management practices vs. emphasis on innovation and experimentation	3.15	1.16	2.72	1.03
S9	Professionally-run vs. family-run management	1.91	1.12	2.17	1.35
S10	Ignoring of line of authority vs. adhering to it by the boss while issuing instructions	3.23	0.91	2.91	1.05
S11	General vs. close supervision	2.47	0.90	2.70	0.93
S12*	Participative vs. authoritarian implementation of substantial administrative changes/innovations	2.58	1.01	3.16	1.05
S13*	Centralized vs. decentralized decision-making	2.86	0.97	2.40	0.82
S14*	Technocratic vs. experience and judgment-based strategic decision-making	3.09	0.94	3.62	0.91

S15*	Emphasis in decision-making on participation, consensus and collective vs. individual accountability	2.71	1.03	3.32	0.96
S16	Primacy of line authority vs. primacy of situational expert in decision-making	2.25	0.73	2.66	0.96

Information acquisition, planning, control related policies:

S17	Active cultivation of informative contacts for anticipating future developments vs. reliance only on published information	2.59	0.87	3.04	0.96
S18*	Short-run bird-in-the-hand vs. long-run planning emphasis in making strategic decisions	3.52	0.94	2.77	0.92
S19	Formal budgetary vs. loose collegial control of operations	2.95	0.91	3.26	1.11
S20	Own vs. expert analysts based assessment of investment proposals	2.12	0.86	2.11	0.90
S21	Frequent vs. infrequent reporting of operating results to chief executive	2.95	.64	3.18	0.77

Personnel management related policies:

S22*	Seniority and loyalty vs. performance-based promotion for managers	3.57	1.12	2.88	1.20
S23*	Formal training vs. apprenticeship for junior managers	2.89	0.97	3.42	0.86
S24	'Only from within' promotion vs. 'open' filling of managerial vacancies	2.63	1.18	2.72	1.18
S25	Recruitment of creative vs. compliant junior executives	3.18	0.90	3.55	0.85
S26	Formalized vs. informal, business contacts based recruitment for key managerial posts	2.67	1.27	2.74	1.28
S27	Management's stress on contractual vs. family-type relations with employees	3.27	1.02	3.15	1.10
S28	Involvement of management in employees' personal problems vs. task-based relationships with staff	3.03	0.80	3.13	0.91

S29	Strong employee welfare and high emotions emphasis vs. aversion to welfareism	2.53	0.98	2.97	0.98
S30	Sensitive posts filled by confidants of bosses vs. purely on basis of qualifications	4.17	0.96	3.93	1.07
S31	Emphasis on strict staff discipline and compliance vs. emphasis on staff cooperation through trust and persuasion	3.41	0.91	3.24	1.03
S32	Friendly accommodation vs. tough bargaining with unions	2.38	0.93	2.54	1.02
S33	Immediate vs. delayed rewarding of outstanding performance	3.04	0.97	3.27	0.80
<u>C. Ethics and Social Responsibility Related Policies</u>					
SR1	Local community welfare vs. concentrate-on-own-business emphasis	2.76	0.86	3.18	0.89
SR2	Self-centred management vs. management acting as a trustee for stakeholders	3.13	1.07	3.16	0.98
SR3	Idealistic service mindedness vs. pragmatism in business dealings	3.89	0.87	3.63	0.99
SR4	Involvement of executives in public and welfare activities vs. avoidance of this	2.93	0.93	3.16	0.90
SR5	Emphasis on complete honesty in business vs. social circumstances related honesty	2.15	1.01	2.21	0.96

* Difference between means significant at the 5% level.

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