Management as a Neglected Factor
In Indian Economic Development

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The important task is of encouraging organisations to face a new responsibility: that of developing people so that they may answer the needs of a growing economy.

Important in this is the development of respect for subordinates as human beings and the recognition of the value of initiative at the lowest level. This is much more than the limited framework that is normally assigned to human relations or personnel administration.

We have developed a deep and fundamental cleavage between the administrator or manager (or the chosen class which supply them) and the others within an organisation; the resultant frustration sharply hinders the achievement of our goals.

Our success in improving our organisational base for economic development must ultimately be judged on how well we improve entire systems, whether in industry, government or other areas, and not merely on the basis of how much high-powered talent we superimpose on a basically inadequate way of handling people.

IN writing this article, I have no pretensions of contributing an integrated theory of management in economic development. It is rather an attempt to fit together into a single framework several factors in Indian management which have repeatedly struck me as relevant and important for Indian economic development. Illustrative examples will be omitted to keep our focus on the main conceptual aspects. I hope its publication would stimulate comments and criticisms which would further our understanding of the role of management.

Let me first attempt to clarify the use of the term, management. As used in this article, management is not to be confused with entrepreneurship, which is somewhat more sharply defined by a particular environmental context of economic opportunity and social values. Management of resources plays a necessary economic role in all societies which have an economic problem of allocating scarce resources among competing wants. Thus defined, the management function is not merely the task of operating in a given framework by choosing among alternative production functions that which minimizes cost and maximizes production, but also of innovating both in the factor and product markets. Management would thus be a technical element attempting to realize goals already given.

However, it has also a significant role in influencing the choice of goals for development in several ways. Other things being equal, "efficient" management would attract additional investment funds as it would have a marginal advantage in the rate of return. In a wider context than the single firm, the more effective the "management" of the economy as a whole (and after all, India *is* a "managed" economy), the more resilient the base would be for more ambitious planning, as the economic "surplus" would be greater. Alternatively, lack of effective management skills would limit our choice of goals, if the activity indicated by these goals is not within the areas of available competence. This would be so, even were capital available. Management, like capital, labour, machinery. raw materials, etc is thus an input which is partly complementary, and partly a substitute for capital or other resources.

PRODUCTION FUNCTION RELATIONSHIP

For the sake of debate, we may make stringent assumptions in these respects. Firstly, that management stands almost in a fixed production function relationship to capital and other resources. Thus, capital, the most important and frequently cited variable, is not bv itself sufficient for economic development, Secondly, that Management, to some extent a competing claimant for our resources, is susceptible of development (i e, augmentation as an economic resource) at lesser economic cost in absolute terms than any other important input. In other words, the thesis is that we are deliberately operating below our production frontier when considerable improvement in the utilization of resources (as well as in generating resources for the future) is conceivable by an increased recognition of the importance of management. This is the principal reason for calling management a neglected factor in economic development,

Let me also recall that capital has been grouped together with all other inputs, including labour, raw material, etc. This is based on a conviction that a manager can achieve desired goals by various combinations, depending on the skill and ability he brings to play: not always do real conditions argue inevitably for substituting capital, for instance, for labour. Not only the capital intensity, but also the effective utilization of capital and other resources can vary considerably from individual manager to manager. Nearly always the most important reason for the variability is the quality of management.

COST OF DEVELOPING MANAGERIAL RESOURCES

It is of course true that we have few empirical studies on the cost of developing managerial resources. It is submitted, however, that there is independent evidence to support the statements already made. Such of the programmes and institutions as are designed to develop managerial resources are not particularly expensive or capital consuming. Often, they have called forth energies that would not otherwise have been active. The principal task has also been one of changing attitudes and creating a climate for dynamic management action. Such change is difficult, but decisive. Pecuniary costs are often subordinate, for the reform operates through the procedures of instruction, participation, examples and, above all, demonstrated success. Finally, where this sequence is not present, pecuniary investment is sterile. The important factors are time, and the overall ethic of the economic environment. To the extent that this ethic is informed by a sense of urgency and real awareness of the importance of management, and to the extent that our investment allocations reflect this feeling of the community, significant management development can be stimulated by relatively marginal alterations in our investment pattern.

We can now see why the field of management development is a neglected factor. It is not its *coat* that is forbidding, but rather its *difficulty*. Admittedly, it does present formidable problems in economic measurement. The real reason for the neglect of the problem is, however, that it appears to deal with a maze of intangible cultural factors which do no more than explain why our economy is underdeveloped. Yet it would be a mistake to dismiss the problem, as it too often is, as one whose solution must await economic growth. If we had fifty, thirty, or even twenty years of grace to await such developments, it would perhaps be right to relegate management to the role of such a dependent variable. But since time is of the essence, management becomes an exceedingly important and crucial factor in economic development.

THE THREE-FOLD CHALLENGE

The challenge of management development in the present context is basically three-fold:

(a) developing new skills adapted to an industrial society;

(b) developing new ways of dealing with people; and

(c) adapting to a changed ethical climate.

Careful reflection would make it clear that we have a long way to go in each of these respects.

The development of new skills is not to be confused with the imparting of new knowledge, although this is an important end in itself. Within India there are persons of great knowledge and sophistication about the modern world. We have also taken several steps to train personnel in industry, administration, the social sciences, social work and other fields where we will be requiring competent men in the future. But there is still some lag in what should be a concomitant development of the attitudinal or emotional responses appropriate to an industrial society. This is true whether we are speaking of the lowliest worker or the manager or non-business administrator or entrepreneur. For example, in far too many Indian enterprises, the role of the technical man is insufficiently recognized. Consequently, plant maintenance and renovation, to name only one important function, is often neglected.

Similarly, some of our non-business enterprises, such as universities or government departments, are negligent in developing an outlook which emphasizes getting things done, as opposed merely to formulating or interpreting rules. Of course, it must be admitted that the external economic incentives to improve practices may sometimes be lacking and further that existing practices may be devices (unfortunately only too necessary) to ration scarce opportunities or goods. Nevertheless, in far too many cases existing practices tend unnecessarily to frustrate the realization of national goals, and give evidence of having been misapplied. Obvious examples arc running a manufacturing or commercial enterprise as if it were a bureaucratic: extension, or fulfilling a research commitment as if it were only an *ad hoc* responsibility. The important task is of encouraging organizations to face a new responsibility: that of *developing* people so that they may answer the needs of a growing economy.

INITIATIVE AT THE LOWEST LEVEL

The second aspect is related to the above, and is basically an organizational challenge. Important in this is the development of respect for subordinates as human beings and the recognition of the value of initiative at the lowest level. This is much more than the limited framework that is normally assigned to human relations or personnel administration. What is needed is really a dynamic management environment that provides opportunities for growth within a firm or line of activity. Much of our present concern with easing the pains of transition, or of fitting people into an existing framework, is undoubtedly very necessary. But a changing economy also needs a new orientation, and this should be in the direction of providing vastly greater opportunities for growth within a firm or line of activity.

Unfortunately, we have inherited a system of dealing with people and of classifying them into neat little categories in a stratified structure, so that what normally prevails is anything but a dynamic system. Some are superior or inferior managerial or governmental personnel because of the basis on which they were classified at the time of recruitment; often the decisive factors in this scheme of pigeon-holing people are their examination record or family background; subsequent performance is either irrelevant or secondary. This is not only because of inbuilt interests which would perpetuate such hierarchies, but also because such a system conditions our whole conception of what are ideal standards of performance. Examples could be drawn from both industry and government. Although, several competent administrators have emerged, these are not many, as opportunities for growth are restricted to a favoured few. There is a vast distance between them and their subordinates in their status as well as in decision-making authority. We consider the people at the top efficient, but find it irksome and difficult to get things done through anybody else. I submit that what we really have is a mistaken and illusory concept of efficiency.

CLEAVAGE WITHIN ORGANISATION

Efficiency in I his mistaken use is not the art of getting things done, let alone through people, but the formal power to cut through the Gordian knot. We do not often consider why such complicated and amazing knots first emerged, hut are only impressed with a chosen elites power to cut through this tangled naaze when things come to a head. What is less readily realized is that we have developed a deep and fundamental cleavage between the administrator or manager (or the chosen class which supply them) and the others within fin organization; the resultant frustration sharply hinders the achievement of our goals, often making an order issued at the top of no more value than the paper ou which il is written. Any effort to 'establish new bases for organization, whether in business or non-business enterprise, must thus start with a first premise: our success in improving our organizational base for economic development must ultimately be judged on how well we improve entire systems, whether it) industry, government or other areas, and not merely on the basis of how much high-powered talent we superimpose on a basically inadequate way of handling people.

This is not to decry our present approaches entirely, they did their jobs well for the tasks to, which they were designed. and were o| value during the painful early years of economic growth. The immense new tasks of development need, however, a radically altered orientation. In addition, the old climate *in* which we have operated is no longer a valid criterion of progress.

The new climate within which authority has to operate in India makes overdue some of the recommended changes. It is no longer possible merely to rely on coercion, threat or punishment, particularly alter governmental inroads into various managerial prerogatives. New standards of justice have assumed importance. especially as there are political channels to exploit grievances and frustrations. Surely this is the time to develop new criteria for management. Strictly economic considerations also argue strongly for such changes. For. despite the prevalent unemployment picture in India, persons of any degree of skill or competence arc hard to find. Time after time, the Union Public Service Commission, for instance, has found itself unable to attract the best men for jobs of national importance. The task of attracting or retaining competent individuals. and what is equally important, of gelling the best from them while they are in service, are difficulties confronting government industry and other economic sectors also. Labour relations is a particularly striking area where old methods of handling people, even if they give temporary and limited success, are entirely outdated. Most persons in authority are, however, unfortunately in a state of a do-nothing helpless frame of mind. They are conscious of the futility of old weapons, but have yet to develop and integrate new approaches which would call forth effective teamwork.

CONCLUDING REMARKS

Management, as used in this article, has been employed in the broadest sense, as synonymous with organized effort to meet specific goals with the least possible cost. Such effort can work within given parameters of goals and restraints, but could also have its impact on these. Indeed, it would be difficult to conceive of successful management practice which does not have a forcible impact on these given, independent variables. This would be particularly so in a planned or modern economy, where a fair amount of innovation is group-directed (and is, one may add, borrowed) rather than manifested on a random basis.

In an attempt to stress the ubiquitous role of management, we have included comments on areas other than industrial enterprise, even at the risk of stretching to ambiguous limits the use of the term. Indeed, while this article has been based primarily on observations in the orgaui/ed. urban sectors of society, all evidence points to its value in rural society also. Thus Kuhshwant Singh, writing in the *Indian Listener* gave the following account of a rural encounter which is frightening in its implications of a capacity to dispose of what New Delhi proposes:

> "Sri Caste-wallah was the headman of the village and he v\as certainly dressed as leaders of today are, in spotless Khadi with a Gandhi cap worn at a rakish angle and a pair of sturdy, leather sandals on his feet. He welcomed me. . . . and led me to the base of the statue (of Gandhi) where the villagers had assembled....! asked them how they were faring and whether they were going to raise a second crop. . . . Sri Caste-wallah answered for all of them, he was their leader and had trained them not to open their mouths when he was present .... I asked them more about themselves. Again Sri Caste-wallah save the answers."' ("The Caste-wallah." in *Akashvani. November* 8, 1959.*)*

Everyone of us can recall similar experiences, and add up their staggering implications for the whole economy.

If at this stage, a reader *were* to get impatient and suggest that the points made so far are too sweeping to indicate a workable programme, I would agree. My interest has rather been to illustrate the total scope of the problem, rather than to advocate a particular, phased programme. Further and more intensive thinking must underlie any effort to develop detailed programmes, but one may state that a realistic programme must satisfy the following criteria:

(1) It must be directed to such of those rapid growth or prestige sectors, which arc crucial to future development or are likely to be important focii for a demonstration effect;

(2) It must recognize and attempt to reconcile three important dimensions that condition development efforts: the old and the staid that must yield, the eager and impatient urges of today that are often unrealistic, and the economic realities of a country desiring rapid economic growth:

(3) It must be sustained by continuous research and publicity, and be flexible enough to incorporate the results on a continuous basis.

While in the short run. recourse may be had to overseas texts, training and expertise, it must be recognised that they have only limited, direct applicability. The real aim should be to develop adequate internal skills and competence oriented towards conditions that are peculiarly Indian. *One* may even he so optimistic as to hope that such an approach would spark a drive, towards a greater amount of labour intensive projects whose absence i" industry economists have so frequently observed!

The Bihar Subordinate Engineers' Association has passed a resolution at its eighth annual session demands ing an inquiry into their pay-scales and conditions of service by a second pay revision committee headed by a High Court Judge.

The Minister for P W D Shri Maqbool Ahmad, said that the-Government had been considering the question of removing the disparity in the service conditions of State and Central Government employees.