

It would be unfair to blame the author alone for some of the pitfalls of the book. The entire neo-classical school with its orientation towards empiricism has resulted in theories of dubious value. The author only attempts to 'apply' such theories to problems of firms.

Each chapter cites some examples or discusses a few studies in the field. The references cited are the better known works in the field of management, other than the numerous references to the other works by the author. The exercises given are good, with hints to solve them.

The book is cheap and well printed. It could be of use to students and teachers who think management is a 'technique'. For managers it will have limited use.

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Towards a New Managerial Order in Asia. ed. by P. K. Basu. Kuala Lumpur, 1977, U. N. Asian & Pacific Development Administration Centre.

1. The Projects

The U. N. Asian Centre for a Development Administration now re-named Asian & Pacific Development Administration Centre, has undertaken, among its other activities, a project called a 'Managerial Civil Service in Asia'.

This has been done in the context of the rapid increase in the number of public enterprises in Asian countries and the difficulties that the national Governments are facing in organising suitable managerial cadres for these enterprises.

Since this U. N. Body has been established to assist member countries in Asia and in the Pacific region in improving their administrative and managerial capability for national development, public enterprise management has come to be one of the important areas of its activities.

As a first step, several months of research were devoted to preparing a theme paper on this project as the basis for discussion at an intergovernmental forum. Then an Asian colloquium on Managerial Civil Services was held at Kuala Lumpur in November/December, 1976. Nine Asian countries participated in the colloquium. These were Malaysia, India, Indonesia, Iran, Japan, Nepal, Pakistan, Philippines and Sri Lanka. Bangladesh sent an observer to the colloquium. Two papers were presented for India—one by Dr. A. R. Kidwai, Chairman, Union Public Service Commission entitled 'Managerial Civil Service in India', and the other by Mr. R. K. Trivedi, then Secretary, Department of Personnel and Administrative Reforms, entitled, 'Managerial Cadres for Public Enterprises in India'.

The discussions at the colloquium brought out various gaps in policy issues which, it was felt, needed indepth study. So a series of country studies have been commissioned¹.

1. For India, one study is being prepared by the Director of the Bureau of Public Enterprises, Shri Bazle Karim, and the Dean of the Faculty of Management Studies, Delhi University, Dr. S. Neelamagham; and another by the author.

These studies are now mostly complete. These will be considered at an international seminar to be held towards the end of this year.

II. The Publication

The above publication consists of the proceedings of and papers presented at the colloquium held in November / December, 1976, very ably edited by Mr. P. K. Basu, Directing Staff Member and Project Coordinator. Mr. Basu, a member of the Industrial Managerial Pool, was a Joint Secretary in the Ministry of Finance before his current U. N. assignment. He is a person who brings to bear on his examination and presentation of the issues raised a rich experience of management of public enterprises in India, a deep sense of involvement, and an analytical ability of a high order. Among his other activities, he was also, along with Dr. M. Athreya of I. I. M. C., on a Committee on State Enterprises set up by the Government of Jammu and Kashmir, and had advised the Government of West Bengal on structuring an effective supervisory system for its public enterprises (which eventually led to the establishment of a separate Government Department of Public Enterprises). Mr. Basu's long association with the Indian Institute of Management Calcutta as a member of the Board of Governors will be remembered by many of the readers of the I. I. M. C. community.

While the competence and earnestness of the coordinator of the Project and of the participants from various Asian countries are obvious, the basic issues are formidable.

First of all, is it at all possible to conceptualise an Asian Managerial order for public enterprises? We are only now beginning to speak in India of the country developing an Asian personality in a limited political and economic sense, (culturally, the wish harks back to the early Nehru era). But is there a common 'Asian' managerial problem in public enterprises and is it possible to formulate a common approach to it? After all, what is common between the managerial problems of the highly developed, industrialised economy of Japan and that of the semi-primitive economies of Nepal and Afghanistan or of the ex-colonial economies of India and Sri Lanka? Not much is common, except superficially, between the in-built managerial civil service in Japan before the Second World War (in the post-war period Japan has denationalised a sizeable part of its public sector), the Industrial Management Pool in India (which has had such a tragic history—a splendid beginning, followed by systematic neglect and inter-service intrigues, and almost ending with a whimper), the Career Executive Service in the Philippines, (a fairly recent effort which has been adequately publicised), the Industrial Management Service in Bangladesh or experiments that are going on in Pakistan to integrate all civil services and posts into 22 common grades of one integrated civil service?

III. The Indian Situation—Its Paradoxes

Today Indian efforts to build up public sector enterprises are accompanied by pauses, after thoughts and enthusiasms which are not easily explainable. For, these are not consistent with any clearly enunciated public sector

policy. Unlike U.K's public sector, India's public sector (the correct description should be 'central sector and State sectors', for every State has now a sizeable public sector) has no white paper, no clear guidelines². At the Centre, each employing ministry looks after a group of industries where the safest course for the bureaucrat and politician who supervise them is to cite the vague principle of uniformity of approach (a counsel of inaction). When the undertakings themselves are not uniform—neither in size, nor in investment, operations, objectives, forms, management or performance. Yet there is a lot of experimentation, learning by trial and error, and at long last, the emergence of executives in large numbers and in various disciplines, who have begun to deliver the goods.

With the unbelievable growth, sophistication, range and scale of production of goods and services in the public sector³ a much desired commensurate development has not, unfortunately, taken place yet viz., the modernisation of the supervisory system. 'Modernisation' here is another word for

'management orientation'. Naivete, which perpetuates the colonial heritage, flourishes in an extreme form. Examples are: to the controlling Ministry, the enterprises are a kind a Zamindari where patronage (as in the award of contracts), interference in day to day operations (particularly untimely and expensive intervention in industrial disputes and in appointments of personnel, even low level personnel) etc. are to be regarded as an informal fringe benefit or prerogative of the politicians and senior bureaucrats. Secondly, for the two top level appointments—as the shareholder (the President) has to appoint the directors and above—the 'spoils system' would be legitimate. With the change of the Minister, the top men in the enterprises acquires what the P. L. Tandon Committee⁴ has described as 'political vulnerability'. This has been institutionalised by contract appointments terminable with a few months' notice on either side), annual assessment of the work etc. even though persons appointed have to come through an elaborate selection process. Some of them may reach the top level at the age of 45 or less, and are

2. The reader will recall the recent threat of a general strike in public enterprises as the trade unions were not being allowed to negotiate effectively, and the Bureau of Public Enterprises was allegedly awaiting Government's decision on the Bhoothalingam Panel's recommendations.
3. From a recent survey of the Economic Times Research Bureau we get the following data :
Today out of 101 large corporations in the country, 52 are public sector enterprises. They account for 79.3% of the total assets and 74.4% of the total sales. If we take the 50 largest enterprises in the country, two-thirds of them are today in the public sector. Again the first ten places in the joint list of public and private sector giants are held by public sector enterprises. The Tata group of industries, the biggest private sector complex, rank only 11th in the joint list.
Bokaro Steel Ltd. with a total investment of Rs. 1,314 crore is the largest single project in terms of investment not only in the public sector but in the country as a whole. Of course the Steel Authority of India, a holding company, has a total investment of Rs. 2717 crore while the large investment in buffer stock of foodgrains made by the Food Corporation of India with assets of 2410.9 crore makes it the largest corporate giant in the country.
As for range of production, public sector enterprises produce from Janata soap and bread to aero engines and huge power generators.
4. The Public Enterprises Cadre Committee, 1970.

yet to be appointed only on a five-year contract !

It is true that gradually a lot of autonomy has been conceded. But the autonomy exercised by the Managing Director or Chairman-cum-Managing Director can hardly stand up to political pressure when the person concerned is not a civil servant who has some measure of inbuilt job-security. Recent events have only reinforced that sense of insecurity at the top—quite a few heads rolled (not necessarily because of any charge of inefficiency) during the Emergency and, naturally, as a counter-measure, some more heads had to roll after the Emergency. Any student of management science can confidently predict the state of morale or efficiency of an organization where the Head does not feel secure even during a contract period of 5 years⁵. The turnover at the top-level and the vacancies that remain unfilled month after month, tell their own tale.

Here then is paradox No. 1. In India the civil services—except during such abnormal periods as an Emergency—have security of tenure, a right to be heard before they can be condemned, and not only that, the safeguard that several independent agencies will have to be satisfied (e, g., the Vigilance Commission, the Union Public Service Commission, in case of All India and Central Class I Services, etc.) regarding the lapses alleged before disciplinary action can be taken against them. But for the Chairman-

cum-Managing Director of a huge public sector enterprise, just a scrap of paper giving him the contractual notice or in lieu of it, a few months' pay, is enough⁶. Yet, here is a further paradox. All executives employed in the enterprise, as they are appointed by the enterprise, and not by the Government, are much safer than he is. Stranger than this, all the employees who are 'workmen' under our laws in the same organization are so safe that literally they can get away with almost any thing when there are organised unions to look after them, and the labour laws to protect them.

It is no wonder that in India, any kind of probe among the top-ranking executives in the public sector would reveal that they would very much like to be members of an organised civil service holding tenure posts rather than be employees on contracts which may or may not be renewed.

But our politicians and senior civil servants have gone by the naive notion that there can be no efficiency without perpetual insecurity. It is supposed to be an American notion worthy of emulation (not applying it, of course, to the civil servants themselves), when the Americans themselves are having second thoughts about it. It is not realised that 'hire and fire' is the philosophy of the developed, affluent societies where unemployment among qualified professionals is not a great problem. A competitor would gladly offer the executive discarded by another organization an equally

5. We may compare with this the predicament of Chairman, Henry Ford II who for the last 2 years has been trying to get rid of Lee Iacocca, President of Ford Motor Co. without quite succeeding. The American free enterprise can take a lesson in 'hire and fire', from us, i.e. from the supervisory system of our public enterprises.

6. Two of the latest casualties are those of Chairman-cum-Managing Director of B.H.E.L., and of S.A.I.L.—two of our largest enterprises.

good job, at times a better job. Here, even our best managers cannot find alternative jobs and often have to seek them abroad.

Yet another paradox is that, for the last 20 years almost, a number of committees and commissions have pleaded for the setting up of a managerial civil service in India and yet, the Government (the previous Government) had decided to disband the attenuated managerial service the country had⁷).

It is not from the angle of job-security only that so many committees and agencies have pleaded for a managerial civil service. The arguments generally advanced are : need for mobility and variety of experience for managerial growth and development ; need for a trained cadre of men for taking over the management of sick industries and new industries and enterprises which cannot offer scope for growth to their managers because of their smallness of size, need for providing consultancy services to the public sector, for helping the State public sector by deputing managerial personnel to them, for manning the policy-making posts in the employing ministries with persons with intimate experience

of the requirements of public enterprises, etc.

As for the mechanics of setting up such a service, one visualises no formidable difficulty. Obviously, as the 1976 colloquium at Kuala Lumpur visualised, it will have to be a core service. No one can think in terms of a common cadre of 60,000 managers (with a 10% increase every year)⁸ manning nearly 150 enterprises in the Central public sector. (We are referring only to the companies and corporations in the public sector — not to the departmental undertakings, nationalised banks or river valley projects — the nationalised banks alone employ 65,000 officers). Such a service would be unmanageable. Even the much-maligned and much-envied I.A.S. has a total strength of only 3,400 ! A core service consisting of the two top-level personnel, selection of middle-level personnel from the various enterprises, and recruitment of management trainees of a limited number by open competition, can be built up over a period of time without any bones being broken. Since the service should be open to all, and should allow a limited lateral entry from the open market ; it will not be another exclusive, elitist group.

7. Among these we may mention the 9th Report of the Estimates Committee of Parliament on Indian Commercial and Industrial Service, the 16th Report of the Estimates Committee again reiterating the proposal, the R.C. Dutt Committee's recommendation of a systematic selection of suitable personnel for manning a proportion of middle level and higher posts in public enterprises as members of a pool (on the model of the old Finance-Commerce Pool of Civil Servants), the Administrative Reform Commission's recommendation for common managerial cadres for sectorwise corporations, the recommendation of the Committee of Secretaries in 1970, the views of the P.L. Tandon Committee (The Public Enterprises Cadre Committee, 1970), the recommendation of the Union Public Service Commission for setting up a core managerial service for the public enterprises (in 1976), the unanimous views expressed for the need of such a service at the national seminar on public enterprises organised by SCOPE in April, 1976, the views of the Committee on the Mobility of Managerial Personnel in Public Enterprises set up by SCOPE in 1977.

8. Annual Report on the Working of Industrial and Commercial Undertaking of the Central Government 1976-77, Vol. I, p. 170.

Now 'open to all' needs a little comment. Even the members of the existing civil services could opt for the managerial civil service if they had the necessary specialisation. It is Government's policy now, consequent upon the recommendation of the Administrative Reforms Commission, to encourage such specialisation. The management orientation of senior civil servants is being provided by the courses organised by the National Academy at Mussoorie, the Department of Personnel, the Institute of Public Administration as also by increasing participation of such officers in the prestigious executive development programmes of the management institutes. It would be an error not to draw upon this resource for building up a managerial civil service, although during the last few years every attempt has been made to keep the members of the organised services out of the public sector undertakings. It is not realised that the organised civil services have certain important values which can be of benefit to public undertakings. Professionalism, identification with the task in hand, a high standard of personal integrity, a wider consciousness of national aims and objectives of growth, a concern for members of the team and loyalty to them, providing leadership when morale is low, a service-minded approach to the client system, values which make a civil servant a 'public servant', must be inculcated among the managers in the public sector.⁹

The last paradox one would like to men-

tion is the fact that with so much prejudice against civil servants managing public enterprises the country has all along allowed its largest undertaking (the largest single undertaking in the whole of Asia) the Indian Railways to be managed by civil servants fully trained for their technical and other jobs! So are the Defence and P & T industries managed by them. Between them they employ more men than all the companies and corporations in the public sector put together! Most of the major engineering industries in the public sector were built up and managed initially by officers from the Railways.¹⁰

It is not as if the public sector enterprises i.e. companies and corporations, can be kept out of any contact with civil servants. The latter perform important promotional, entrepreneurial and, (as long as our political system continues to be what it is) controlling roles vis-a-vis the public sector. In the State Sector, most of the public enterprises and joint sector enterprises are manned, at the higher managerial levels, by deputationists from the civil services.

With progressive management orientation and urge for specialisation one notices among the younger members of the civil services and with increasing induction of managers from public sector undertakings into the policy-making levels of Government, a two-way traffic should be planned for the benefit of the total system. Such a copy book maxim

9. Even academic administration now needs civil servants. It is no wonder that in recent weeks I.A.S. officers have been deputed to act as Vice-Chancellor in three most troubled universities — two in Bihar and one in Uttar Pradesh.

10. It is interesting to note that the chairmanship of BHEL, one of the country's largest industrial undertakings, which has been lying vacant for several months will now be held by Mr. Q.P. Warriar, former Chairman of the Railway Board (UNI message, July 29, 1978).

that all civil servants are hopelessly bureaucratic agains betrays a naivete such as can survive only among those who refuse to open their eyes.

Japan's experience in this respect has been interesting. In Japan there is now a feeling that public enterprises were perhaps managed better when they were run by the civil servants, known as 'managerial administrators' (i.e., before the Second World War and before many of these undertakings were de-nationalised). Even now when the top civil servants who are allowed to retire early for the purpose of managing the public enterprises the practice is jokingly described as "Amakadura" or "descent from heaven." In Japan it is realised that when the so called bureaucracy has so much to do with the development and control of public enterprises, it is an advantage for their managers and civil servants to collaborate in their running.¹¹

This relationship of collaboration in a common endeavour is likely to grow in India. Nor many of us realise that the most innovative experiments in management are taking place in the public sector rather¹² than in the family owned private sector enterprises. The public sector enterprises which now do occupy 'the commanding heights of the economy', have built up a potential for growth which no one can ignore, not even the so-called 'national dailies' (mostly family owned) — not any more. It is in the public sector in India that Peter Drucker's observation regarding the

emergence of the professional managers in modern 'multi-institutional' societies will come out to be true first — ... "The managers of business have emerged as a group which in origin, education, background and values closely resembles the civil servant. (The only exception to this-changing fast enough — is still Great Britain). At the same time the civil servant (as well as leadership groups in other institutions) are in the process of becoming managers."¹³

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'Inventory Management (Text and Cases)
P. Gopalakrishnan and M. S. Sandilya.
Delhi, Macmillan, 1978, pp. 346. Rs. 34.00.

The book is written in two parts. Part I consists of 17 chapters dealing with a variety of theoretical aspects of Inventory Management. In Part II, 11 Indian cases have been discussed. The publication of such a text has indeed been long overdue and certainly fills up a large gap in the literature of Management Science especially pertaining to the Indian environment. The authors have been largely successful in clearly projecting the situation in regard to Inventory Management as obtains in this country. They have taken particular care to bring the focus on the Indian situation not only in the textual part but also, to a much sharper degree in part II — containing actual cases of Indian origin. This book can be recommended as a useful refer-

11. *Towards a New Managerial Order in Asia*. APDAC. pp. 112-115.

12. A cynic may observe that partly the reason is the politician's and bureaucrats' unwillingness to appear to be ignorant of the claims and skills of modern management. However, their acquiescence does provide an opportunity for such productive (and expensive) experiments to be carried out.

13. *Management : Tasks, Responsibilities, Practices*, Allied Publishers (Indian edition), p. 361.