

**CRAFTING CONSENSUS IN THE THIRD WORLD
STRATEGY FORMATION IN THE THIRD SECTOR**

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...I can't help but look back

when I return from those alleys—what should one do?

— Faiz Ahmed Faiz

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ABSTRACT

There has been a rapid growth of third sector organizations (TSOs) in the third world during the 1990s. Such growth has occurred during a period of severe cutbacks in state investment as well as rapid globalization of trade. Social activists have often organized TSOs in these countries as an alternative to private and public organizations. However the question of how leaders and managers of these TSOs sustain their activities remains important. Their dilemma of help is the focus of this study.

Through a study of strategy formation in three third sector organizations in the third world, this study focuses on how TSOs can be sustainable yet effective change agents. It develops a typology of TSOs with particular attention to type of third sector activity (operating, support, community), type of organizational form (Grassroots initiatives, Grassroots Organizations, Grassroots Federations, Development Support Organizations and International Development Support Organizations) and dominant strategy approach (domain, distinctiveness, and design). This study argues that attention to these three aspects needs to be complemented by exploring the processes through which strategies form in these organizations.

Accordingly the strategy process in three TSOs in South India was examined, in particular the origin of the strategy, tactics of consensus, and interests of

participants. Examining the strategy process in TSOs revealed that strategies originated in intent or event, promoters' consensus-tactics were conceived or improvised and participant's interests were fixed or shifting.

These findings on strategy process show varied origins, interests and consensus tactics in TSOs. They also seem to be associated with particular capacities in these organizations to perform their chosen activities, as well as with changes in mission. The study concludes with a discussion of the significance of these findings and a call for bridging the literatures on good management and effective social change, for further researching capacity building in TSOs, and encouraging initiatives for cross sector learning.

RÉSUMÉ

Les organisations à but non-lucratif ont connu une croissance rapide dans les pays du Tiers Monde depuis les années 90. Une telle croissance est survenue pendant une période de coupures sévères d'investissement gouvernemental ainsi qu'une rapide globalisation du commerce. Les activistes sociaux ont souvent établi des organisations à but non lucratif dans ces pays comme alternative aux organisations privées et publiques. Toutefois la question de la gestion de ces activités par leurs dirigeants et gérants reste importante. Comment aider ces organisations est le sujet de cette étude.

A travers une étude de la stratégie de formation de trois organisations à but non lucratif du Tiers Monde, cette enquête traite de la manière dont les organisations à but non lucratif peuvent être des agents de changement à la fois durables et efficaces. Une typologie des organisations à but non lucratif est développée, avec une attention particulière au type d'activité (fonctionnement, sustenance, communauté), type d'organisation (initiative populaire, organisations populaires, fédérations populaires, organisations de support du développement, et organisations internationales de support du développement) et l'approche stratégique dominante (domaine, caractère distinctif, et conception). Cette étude soutient que l'attention à ces trois éléments doit être complétée par l'exploration du processus de formation des stratégies de ces organisations.

Ainsi la stratégie de processus de trois organisations à but non lucratif en Inde méridionale a été examinée, en particulier l'origine de la stratégie, les tactiques de consensus, et les intérêts des participants. L'examen des stratégies des organisations à but non lucratif révèle que les stratégies émanent des intentions ou des événements, que les tactiques de consensus étaient conçues ou improvisées, et que les intérêts des participants étaient fixes ou changeants.

Ces découvertes concernant le processus des stratégies montre des origines, intérêts, et tactiques de consensus variées. Elles semblent également être associées avec des capacités particulières de ces organisations à accomplir leurs activités choisies, ainsi que des changements dans leur mission. L'étude se termine par une discussion sur la signification de ces découvertes et un appel à relier les littératures sur le bon gestion et l'action social efficace, à examiner plus profondément l'augmentation de capacité dans les organisations à but non lucratif, et à encourager les initiatives d'apprentissage et échange dans divers domaines.

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ABBREVIATIONS

ABBREVIATIONS AND ACRONYMS USED IN THIS STUDY

AMUL	Anand Milk Union Limited
A.P.	The State of Andhra Pradesh
APCO	Andhra Pradesh State Handloom Weavers' Co-op Society
CDF	Cooperative Development Foundation
CDS	Centre for Development Studies
DSO	Development Support Organization
FAO	Food and Agriculture Organization
FCDP	Fishermen's Cooperative Development Programme
GOI	Government of India
GRI	Grassroots Initiative
IDSO	International Development Support Organization
IRMA	Institute of Rural Management, Anand
ITDG	Intermediate Technology Development Group
Koy's Ikat	Alternate name for Koyillagudam Weaving Cooperative
KSMTF	Kerala Swatantra Malsya Thozhilali Federation (translated as Kerala Independent Fishworkers Federation)
KSSS	Kottar Social Service Sanghams
MCA	Multi-users Cooperative Association
MD	Managing Director
MOH	Ministry of Handlooms

MOC	Ministry of Cooperatives
NCDC	National Cooperative Development Cooperation
NDDB	National Dairy Development Board
NGO	Non-Governmental Organizations
NTR	N.T. Rama Rao (former Chief Minister of Andhra Pradesh, leader of TDP)
OBM's	Outboard Motors
PCO	Programme for Cooperative Organization
PIC	Persons-in-charge
SIFFS	South Indian Federation of Fishermen's Societies
TDP	Telugu Desam Party
TDFF	Trivandrum District Federation of Fishermen's Societies
TSO	Third-sector organization
TSSS	Trivandrum Social Service Society
WTO	World Trade Organization

CHAPTER I: INTRODUCTION: THIRD SECTOR SOLITUDES

*...This too deserves attention. I can't help but look back
when I return from those alleys—what should one do?*¹

*...One must travel through many tens of thousands of words of
parched a-historical abstraction between each oasis of human
actuality.*²

In the first epigraph to this chapter the poet Faiz declares “this too deserves attention”. *This* is the degradation of poverty. Rather than echoing litanies of love and abstractions of longing, Faiz affirms that the time is nigh to address the world *around* the poet, especially the economic and social relationships in which his people live. At the time Faiz Ahmed Faiz wrote his poem the Indian subcontinent was in the throes of the most painful of many dynastic shifts, the transition from a British administered colony to two modern nation-states, India and Pakistan. Since Faiz’s poem, despite four decades of independence and democratic government, poverty remains acute in South Asia. However responses to poverty have changed dramatically.

¹ Faiz Ahmed Faiz: Do not ask me for that love again. English Translation from Ali (1995: 5).

Starting from the 1990s, in a significant policy shift, the government of India has moved away from state planning, lifting tariff barriers, reducing legislative hurdles, and cutting public investment. The rapid privatization of state services, lifting of import restrictions and rapid growth of multinational capital soon followed. With these changes India's planners seemed to have conceded defeat after forty years of trying to coordinate the economy for its citizens, for their economic and social development.

This shift from the state to the market did not occur without resistance. Growing protests of privatization were echoed in different parts of the world, culminating in a remarkable series of demonstrations at Seattle during the WTO meeting of 1999. People in many parts of the world were taking action, protesting the 'new global order'. But what exactly were they criticizing? And what alternative did they have in mind?

What should one do? In the second epigraph, the historian E. P. Thompson is noting the drama and violence of industrial society, though its history is often described deterministically, as a remorseless tide of affairs not under the control of those within them. Thompson's comments about human agency are quite apt now at a time of another revolutionary social change. Disparate groups from the far right (ultra nationalists) to the far left (anarchic-socialists) have banded together to protest globalization. They have frequently attacked symbols of

² E. P. Thompson: Time, work-discipline, and industrial capitalism (1993: 399).

corporate power, global brand names like McDonalds and Starbucks, often in coordinated protests across the world such as the now ritualized May Day protests in London, Istanbul, Sydney and Bonn (to cite just a few).

An important focus of these protests has been the lack of accountability in global economic trade. The International Monetary Fund, the World Bank, and the WTO are dramatically changing the nature of the global economy. But these institutions are accused of being unaccountable to those adversely affected by global change. Instead they seem more attuned to the interests of global corporations. Monsanto's seed development, Pfizer's pharmaceutical research are supported by controversial intellectual-rights provisions that ensure the uniformity of patent laws across the world. Such provisions, negotiated by the G7 and WTO, ensure the knowledge underlying genetically modified seeds and new AIDS drugs is protected, so that corporations can charge for it. Shareholders of these global corporations benefit from such alliances. But do the farmers using the seeds or the patients paying for the drugs benefit from them equally? Some believe global trade regimes are geared to protect corporations not nations, for increased consumer access not enhanced citizenship, that the standardization of economic systems entailed by free-trade regimes is at the expense of ecology, human rights and sovereignty³

³ Useful critiques of corporate globalization, with some relevance to third-sector studies, include Korten (1995), Sassen (1998), Scholte (2000) and Waters (2001). Also see <http://www.corpwatch.org/>

The dilemma of help

Even severe critics of globalization recognize the necessity for practical and sustainable solutions to the severe problems of income inequality and impoverishment in the developing and developed world. But while the need for organized action is clear, the precise direction and nature of 'human actuality' is not. Some say the 'associational society' or the 'network society' (Salamon, 1993; Castells, 1996), 'civil society' and 'social capital' (Calhoun, 1995; Gellner, 1994; Najam, 1996; Portes, 1998), 'Non-Governmental Organizations (NGOs)' and 'peoples organizations' (Edwards & Hulme, 1995; Fisher, 1994; Esteva & Prakash, 1998) are the answer. Indeed the most dominant, prevalent organization of the 21st century may well be the NGO (Fisher, 1994). Can these organizations fulfil the developmental role once held by the state? How precisely can these organizations help?

This study describes strategy formation in third-sector organizations. These are organizations that are neither private-owned nor public-owned. They deal simultaneously with agricultural and industrial life, accountable to members or clients that include fishermen, weavers, paddy farmers, village women, and whose managers include professional staff, politicians, academics and bureaucrats. These managers have acted on the world, allying with others to challenge aspects of industrialization and globalization they perceive as inimical to constituent interests. They have eschewed the limited choice of market liberalization and statism

showing an eagerness to locate alternative ‘oases of actuality’. The challenge involves helping them manage their organizations.

Using management theory

But what should one do? The dilemma of help in Faiz’s cry of stricken conscience is quite apt to the third sector in the third world.

In many ways the field of knowledge best equipped to assist the third sector is that of management theory. Even at its point of origin in 19th century factories and 20th century work techniques, the management discipline was imagined as a helpful set of techniques profoundly committed to better practice for *all* organizations. Management theory was to study general work behavior, to identify and share best practices with other employees. An influential proponent of scientific management like Frederick Taylor had utopian visions of management’s role in creating a harmonious society, where managers and capitalists, supervisors and laborers would cooperate for a mutually beneficial end, a thriving and munificent enterprise (Kanigel, 1997; Perrow, 1986). The influential Hawthorne experiments of the 1920s seemed to point to an organizational community, where workers and managers could cooperate by understanding social norms and mobilizing informal organization (Guillen, 1994; Kunda, 1992).

But in other ways management theory seems a less apt discipline for helping the third sector in the third world. Since the 1960s at its site of most influence, North America, the discipline has separated into two distinct domains, those of non-

profit management and business-management⁴. The latter has become dominated by the concerns of big business, profitability, competition, diversification and restructuring. A consequence has been the effort to ensure consent that will enable and legitimize managerial control (Alvesson & Willmott, 1996). It could well be argued that the latter trends in management theory serve those the third sector actively resists.

The question of how management theory could help the third world has been taken up quite seriously in the past two decades (Blunt, 1992; Cooke & Kothari, 2001; Smillie & Hailey, 2001; Korten, 1987; Bryant, 1982; Kanungo & Jaeger, 1990). However only gradually has the question of how management theory could help the *third sector in the third world* received serious attention.

Strategic management

The crucial question is how organizations in the third sector should be run, so that they achieve their goals. Within business management, the sub-discipline of strategic management has become crucial in understanding how organizations thrive and survive, particularly in terms of their important decisions. However the literature of strategic management has been overwhelmed by the concerns of American corporations. A decade back, in an editorial essay for the journal *Organization Science*, Richard Bettis (1991: 315) noted the “enormous growth over

⁴ Such a separation is not that clearly marked in European and British management studies. As a consequence their literature on strategic management tends to be more generally applicable, in comparison to the American strategy literature which is dominated by the concerns of private corporations.

the last two decades” in strategic management research. But he went on to criticize the lack of relevance of such research to practicing managers. He also believed that the research was ethnocentric. “It seemingly ignores the facts that the world does not stop at the U.S. border and that most industries are involved in some form of global competition” (316). Bettis suggested that strategic management researchers be more methodologically diverse, establish “realistic prescriptive implications”, and a “strong, logical and interesting theory discussion” (319).

However ironically enough, when emphasizing the need to loosen the “premature normal science straightjacket” Bettis was considering largely private organizations. While encouraging researchers to undertake comparative studies of organizations outside North America, there was no discussion of the types of organizations that could be studied (for instance of voluntary or non-profit organizations) nor was the call for methodological diversity complemented by a call for organizational diversity. Thus while the essay called for a field of study relevant to practice, it conceived practitioners as based mostly in private or public organizations: “research should *ultimately* find important application in both industry and government” (315; original emphasis). A decade later, another exhortation (literally, titled “Seize the day”) also urges researchers to work more closely with their subjects to produce useful concepts. “The appropriate role of social science is not advocacy of particular solutions or particular stakeholder interests; rather social scientists must assume an explicit role in generating knowledge useful to practitioners as they make choices that shape the new social systems” (Mohrman, 2001: 58). But again the exhortation is restricted to the private sector, as if the organizational sciences

have only one locus of relevance. The reluctance to consider multiple audiences for organizational research and thus multiple criteria of relevance, is particularly startling given the author's concern with "broader societal and human purpose" (63) and her desire to "bridge academic islands" (62).

Strategic management researchers frequently study only private for-profit organizations in developing their theories, and thus focus on matters affecting financial performance. There can be a striking silence regarding the society outside the private for-profit organization. Discussions of adapting to the "external environment" may be in terms of product, technology and resource choices rather than social and political ones. In an important critique Shrivastava (1986: 370) noted that in the literature organizational goals "are usually described in and measured in narrow economic terms, involving market and financial performance measures...not... broader community, social or human concerns of enhancing the quality of life of stakeholders". The idealization of financial goals was also associated with a denial of conflict within the organization and the universalization of sectional interests. The interests of top management were emphasized at the expense of other parties such as workers, labor unions and consumers. The ensuing consequence, Shrivastava argued, was an assumption that conflicting interests did not matter or should be controlled "in order to get on with the task of strategic management" (370).

Shrivastava's observations led him to conclude that strategic management was ideological, and that it represented the interests of senior managers in private

corporations. These observations have been supported by other researchers such as Thomas (1998), Alvesson & Willmott (1996), Knights & Morgan (1991) and Mir & Watson (2000). But the implication of such critique is troubling. The responsibility for effective strategic management in the third-sector lies with those researching strategy within influential disciplinary centers, such as in North America. “Shrivastava’s critique recognizes that academic ideas need to be scrutinized every bit as much as strategic practices, and to this end he exposes the ideological basis of many mainstream contributions to the strategy field” (Thomas, 1998: 3). How then can we develop ideas or concepts of strategy that help the third-sector?

The challenge of using strategy concepts in the third sector in the third world can be illustrated with a short example.

An illustration: Strategy in Timbaktu

In a barren corner of the state of Andhra Pradesh in Southern India, lies the small village of Chennakothapalli. One summer morning I was in this village to visit the alternative schools run by the Timbaktu Collective. The Collective had established residential and day schools for children in the pre-teens. The education offered was not only in literature, science and mathematics, all in the local language Telugu, but also in local crafts and dances⁵.

⁵ For more information on the Timbaktu collective see <http://www.ashanet.org/nycnj/projects/tim.html>

During my visit I was invited to a meeting that, to those schooled in Management, would have been termed a strategy-planning session. We sat in a round-walled, straw-thatched room, with open doors and windows. The agenda was to assess the collective's strengths and weaknesses, and consider options for its future. The collective's history was the basic theme of the meeting. Discussion revolved around the mission. Had it strayed away from its original goals?

The Collective had been started to promote ecological farming and reforestation. But rapidly it had also taken up alternative education, micro-credit and advocacy of land-rights. It was now sharing its farming methods with villages over fifty miles away. It had moved quite far from its initial goals of reclaiming arid land. In contrast their activities were now focused on empowerment not ecology: women's credit, alternative education, land-rights. In all its activities the collective had been relatively fortunate in receiving international assistance. But was there a danger in seeking funding from interested donors? There was some fear that Timbaktu's original mission was being diluted. What did the Collective stand for now?

To better discuss its strategy, the facilitator handed out cards and invited the participants to perform a SWOT analysis of the Collective, that is, to list its strengths, weaknesses, opportunities and threats⁶. The concept of a SWOT was incomprehensible to many participants and had to be explained. This stage of the

⁶ The SWOT analysis is arguably the most influential concept in strategic management, and certainly one of the earliest such. For a celebrated textbook on the SWOT analysis, see Andrews (1987). For a trenchant critique of the SWOT analysis see Mintzberg (1990).

meeting was remarkable and unsettling. It was remarkable because management terms common to business schools and corporations, terms like strategy, mission, performance, goals, were being used by people working in the third-sector without training in management, often without secondary education. Such usage was in part, an acknowledgement of the wide-ranging influence management concepts enjoy today, thanks to notable proponents in aid agencies and donors. Besides in the vacuum of a withdrawing state, the vocabulary of the resurgent market attains further influence. But the meeting was unsettling as well, since half the participants spoke no English, and thus had reduced access to a discussion of Timbaktu's strategy. They spoke only Telugu. All the management terms used in the meeting were English words. Considerable time was spent in translating these terms from English to Telugu. Consider this irony: participants were strategizing, yet struggling to describe their activities through the vocabulary of Strategic Management.

Interestingly strategy was a term that seemed to particularly defy translation. At first the translation tried was 'goal', then one that meant 'intent', then another that meant 'tactics'. At the same time the term 'strategy' had to be distinguished from the term 'mission' which also had to be translated⁷. Unlike the Collective's founders who had started these activities for stated values, the staff had joined to work on specific projects. They possibly saw themselves as employees not just members of the collective. But their lack of a fixed motive made the staff more

⁷ Ironically the different translations were all valid: the term strategy has been understood in quite distinct ways. Indeed Mintzberg (1987) has argued for opening up the term strategy to diverse interpretations. Also see Mintzberg, Ahlstrand & Lampel (1998).

pragmatic, willing to explore alternatives. While the founders of the Collective were bilingual the staff spoke only Telugu.

Participants, especially those understanding only Telugu, questioned whether the Collective should really focus on its past activities? Why not shift to a new mission? Such questions raised further questions of legitimacy: how could a change in mission be made acceptable. For instance if the Collective's past and present activities were described by their content (for instance organic farming, alternative schooling) they were certainly different; but if described by process (ecological awareness, children's empowerment) the activities appeared similar. Such a description could enable the Collective to redefine its mission.

Here were insiders, staff and leaders who had grown with the Collective, struggling to establish a conceptual vocabulary in which to discuss its strategic management. Their struggle was in part due to their use of specialized terms and vocabulary that were not fully appropriate to their circumstance. Could a SWOT help them understand their changing activities and drift in mission? Despite its apparent simplicity a SWOT analysis could be problematic to some participants, conceptually (what are strengths? when?), politically (which weaknesses could be mentioned in public?), even philosophically (is it possible to detach oneself from the Collective sufficiently to analyze it?).

Third-sector solitudes

Is there a way to resolve the gap between the context within which these organizations existed and the vocabulary used to describe them? The varied gaps apparent at the Timbaktu collective's meeting showed a certain solitariness or solitude in the way the third-sector has been traditionally understood.

'Third-sector' is itself an isolating term—after all it was coined to separate the sector from the first and second (the private sector and public sector respectively). As Wuthnow (1991: 3-5) explained, the sectoral separation is venerable, originating as early as Alexis de Tocqueville's visit to the United States in the 1830s. Tocqueville, noticing the tremendous interest Americans had in voluntary associations, argued that such interest was associated with the rise of democracy and with limiting the power of the state. Implicit in Tocqueville's discussion was "the idea that society can be divided into various zones or regions of activity...the state can be defined as the range of activities organized and legitimated by formalized (and in modern societies, centrally coordinated) coercive powers; and the market, as the range of activities involved in the exchange of goods and services for profit" (5).

The third-sector's solitude is particularly apparent in the disciplinary barriers erected by those who study it. The biggest problem in studying the third sector could be that its researchers fall into two camps that do not talk to one another. A disciplinary 'fire wall' insulates the spark of ideas from spreading across "parallel research universes" (Lewis, 1999: 2). One of these research universes studies the

‘third sector’— mostly non-profits in the United States and Canada⁸. In this universe the main concern is how these organizations should be managed. The term third-sector tends to be taken for granted, treated as a legitimate and stable sectoral identity. Then there is the research universe that studies ‘NGOs’ usually in the third world. In this universe the main concern is assessing these organizations’ goals of social justice and development. The term NGO tends to be taken for granted as well, treated as having a stable and consistent meaning.

—Insert Table I.1—

Comparing the two research universes is revealing (see Table I.1 and Lewis, 1999: 2-6). The theoretical justifications and differentiated research audiences intertwine, making it hard to integrate the two universes. The non-profits research literature is interested in theoretical questions to do with explaining the role of the third-sector. Why does such a sector exist in the first place? Since its priority is managing the sector it is also interested in issues of structure and performance. American non-profits are a vast sector in themselves and the research literature is especially interested in improving their performance. As a sizeable number of these non profits are service-delivery organizations (as opposed to political advocacy organizations) the interest is in improving service delivery and understanding why government agencies contract-out certain services to non profits.

⁸ As Lewis (1999) would surely agree this ‘research universe’ now also includes the copious literature on the

In contrast the NGO literature is interested in theoretical questions to do with the possible roles for NGOs in community development, particularly in crisis relief, social advocacy, human rights, income generation and poverty alleviation. Since NGOs seek donor funding and promote developmental goals, much of the literature is interested especially in assessing the extent they live up to the promise. Do they promote participative methods? Are they contributing to a process of social change in their locality? Are they accountable to their clients?

The distinct foci of these literatures is starkly apparent in their different justifications. Often the two literatures are differentiated by pointing to the former as dealing with social discomfort, the latter more with severe situations of social breakdown. Accompanying such a justification is some condescension, that the first and third worlds can be well separated by their respective levels of poverty and crisis. Naturally enough in settings of relative stability there is more attention on the organization itself as is the case with the non profit literature. In contrast the NGO literature focuses more on the networks around the organization, particularly its relationships with the state, local community, and donors.

Such distinct foci lead to different audiences, each with its own specialized journals published in Western metropolitan, special language and disciplinary circles. The non profit literature commonly uses the term 'third-sector' while the NGO literature commonly uses the term 'peoples organization' and 'grassroots'. While non-profit

literature is increasingly housed in American schools of public policy, public management or management, the NGO literature remains largely dispersed across faculties in the humanities and social sciences with international focus.

Two parallel universes in one sector! No wonder Najam (1999: 143) describes the third sector literature as sectarian and parochial, with studies that tend “to concentrate on restricted bands of activities” or “focus exclusively on narrow segments of the sector...with little effort to establish connections with other segments.” The lack of bridges across these gaps, the unwillingness to break the fire-wall ultimately leads to concepts of organization and management with inbred uniformity, lacking the hybrid vigor of wider experience, especially of the third world. It also leads to TSOs in the third-world that lack a vocabulary of their own, using concepts and terms inadequately transferred from Western locales and profit oriented concerns, unable to pose important questions of mission and strategy.

Such discussions of strategy can entail intention (defining what the strategy should be). A SWOT analysis may help generate an intentional process of strategy. Participants used the Timbaktu meeting to promote their particular interpretations of the strategy, whether through their questions, comments or use of index cards. But the process of strategy-formation need not be always intentional. Less obvious but equally important aspects of strategy may not be expressed in a meeting. Participants may not be fully aware of why certain strategic choices are more appealing to them. Dramatic changes can require sudden responses that cannot be properly anticipated.

Studying the third-sector in the third world

This study tracks the strategy process in three TSOs in the third-world, understanding the key activities, events and strategy that marked their history. Each of these organizations found a set of activities that it could sustain over time. One organization reformed laws, wresting power away from government regulators to local farmers. Another innovated technical solutions for fishermen, competing against mechanized technology for a scarce catch. A third preserved traditional methods of handloom weaving, while seeking a steady market for its products. Each organization sought to transform surrounding social relationships for certain social and economic benefits.

TSOs cannot usually afford trained managers. Nor is professional management all that helpful for their resource-uncertain and politically nuanced activities. When hired, professionals may swiftly realize the limits of their education for (say) managing activities like distributing fishermen's catch, financing micro-credit groups, or producing handicrafts. But despite the cost and limitations of professional management these three organizations sought professionals. Experienced managers, often professionally trained, often working closely with political representatives, ran the three organizations. How did these managers respond to the dilemma of help?

Thesis Structure

This study is divided into three parts. The first part sets out the conceptual framework and methodology of this study. Chapter II reviews the literature on the third sector in the third world and proposes an organizational typology; Chapter III describes the methodology of this study. The second part of the thesis comprises three empirical chapters, describing the strategy process in a fishermen's apex federation (Chapter IV), a weaver's organization (Chapter V), and a farmers' advocacy organization (Chapter VI). The concluding part of this study discusses the study's findings (Chapter VII) and their significance for theory and practice (Chapter VIII).

APPENDICES

Table I.1: The parallel research-universes

(elaborated from Lewis 1999: 2-6)

The universes:	Non-profits	Non-governmentals
Justification	these are organizations dealing with social <i>discomfort</i>	these are organizations dealing with social <i>breakdown</i>
Role	Service delivery	Participation
Theoretical questions	<ul style="list-style-type: none"> • Why the third sector? • Growth of contracting • Improving service delivery 	<ul style="list-style-type: none"> • NGO role in relief • Community development • Social change
Theoretical priority	Organization, structure, management	Advocacy, social change, justice
Attention on	The organization itself	The network: state, local, donor and private actors
Audience	Specialized non-profit journals: Voluntas, NVSQ	General development: World Development, JID
Readership	American metropolitan centers	North and South metropolitan centers
Specialized language	<ul style="list-style-type: none"> • “Non profit” • “third sector” 	<ul style="list-style-type: none"> • “People’s organization” • “grassroots support”
Disciplinary circles	Within schools of Public policy and management	Within the humanities and social sciences: but international

CHAPTER II: THE THIRD SECTOR IN THE THIRD WORLD: ORGANIZATIONS, STRATEGIES, PROCESS

This thesis studies the third sector in the third world. The third sector is one of many terms used to describe organizations distinct from private and public organizations⁹. Third-sector organizations (TSOs) in the third world have become prominent channels for aid relief, rural entrepreneurship and advocacy.

Both 'third sector' and 'third world' mark an intermediary space. We understand these terms through recourse to existing binaries: public, private sectors; first, second worlds. As these binaries grow outmoded these terms become problematic. The 'second world' (the communist bloc) has dramatically shrunk (now represented mostly by Cuba, North Korea, possibly China). And as the State 'down-sizes', the public sector continues to lose significance. But these terms retain an important status in the development, public policy and management literature. The term 'third sector' in particular emphasizes an alternative status; its generality also encourages conceptual openness, the inclusion of organizations that may on the surface seem unrelated. The term is most common to American non-profits, with 'Non Governmental Organizations' (NGOs) an apt analog for

⁹Other terms include Non-Governmental Organizations (NGOs), Grassroots Organizations, Community Organizations, and Private Voluntary Organizations. One of the purposes of this chapter is to specify the characteristics of TSOs.

the third world. By linking the third sector to the third world, we can potentially dialog between related literatures on American non-profits and the third world, complementing their contributions.

This chapter studies the third sector in the third world in terms of its organizations and strategies. The first section describes TSOs and their organizational features. The section argues for a study of third sector activities. The second section presents the literature on TSO strategies, in terms of three dominant approaches, domain, distinctiveness and design. The section argues for a study of the process through which a strategy forms in TSOs, a topic downplayed by the dominant approaches. The final section explains how such a processual study could be undertaken, focusing on three interrelated processual features of TSO strategies, origins, consensus and interests.

What is a TSO?

An organizational alternative

TSOs defy conventional categorization of private and public organizations. Not being privately owned they lack the well-defined shareholder relationship found in private organizations. At the same time they are not owned by the government or its departments. They lack the bureaucratic structure and hierarchy of public organizations. TSOs are then alternatives to private and public organizations.

Various TSO definitions reflect their alternative status. They are non-profit peoples' organizations (Cousins, 1991), flourishing in "the 'free spaces' left by state and market failure" (Carroll, 1992: 174). They are neither statutory nor profit maximizing (Morris, 2000); Najam (1996) places them within a triad, citizenship organizations in between the merchant (private capital) and the prince (the state). Indeed they do what governments cannot. "Government norms are too rigid and hierarchical to build the kind of village-centered, field oriented organizations required" (Todd, 1996: 12).

Their prevalence in society displays a capacity for social organization autonomous of the state (Calhoun, 1995). Due to their autonomy TSOs are expected to overcome the flaws of private corporations and public bureaucracies. They are ascribed a range of virtues while avoiding the vices of the state (Wils, 1995). Primarily they are expected to be more effective in meeting needs of the underprivileged, "to reach and serve the interests of the poor" (Carroll, 1992: 174). Maslyukivska (1999) believes TSOs are better placed to direct social change, while Putnam (1993) believes TSOs can foster thick social networks and norms of mutuality and trust.

Their effectiveness is also related to their alternative structures, which eschew the giantism and formal bureaucratic systems of private and public organizations (Brown, 1993; Mintzberg, 1996. TSOs are organized autonomously by their beneficiaries themselves (Esteva & Prakash, 1998). Due to member participation

TSOs may be more effective in delivering certain services, such as collective goods (Weisbrod, 1988) or in certain settings, such as ones with market failures (Hansmann, 1987).

Social impact

Most observers are in agreement about the social impact of TSOs. In the third world these organizations are now at the forefront of social change-- promoting the protection of global commons, empowering indigenous peoples, diversifying income sources for the poor, and networking urban and rural localities. To make such a social impact requires linking quite different actors to one another. TSOs span social gaps, arranging the cooperation of stakeholders, assisting those who cannot solve their problems on their own (Brown, 1993). They necessarily serve a bridging function, bringing together very different interests and agendas.

This bridging function involves not only linking different actors but also transmitting innovations. TSOs can offer new solutions in times of crisis, solutions that may be later institutionalized by the state (Bebbington & Farrington, 1993; Carroll, 1992). The unusual group lending concept of the Grameen Bank has been widely admired and imitated by governmental and peoples' organizations. The AMUL federation's dairy marketing success in Western India led to a government venture of similar ventures elsewhere in India. TSOs are uniquely attuned to innovate, simply by communicating across severe social gaps. The very function of bridging such distinct and different actors as (say) the Rockefeller Foundation in

New York city and activists in the Indian Himalayas, enables a TSO to transmit ideas unique to metropolitan centers but common in rural areas, and vice versa.

TSOs are increasingly common as policy advocates, championing radical change (Fowler, 1999). They are expected to have a well-thought out agenda for social change, complete with rationales and modes of change. Fundamental to such an agenda is their commitment to democratic values. The mission of a TSO could be philanthropic, religious or express social and political ideals (of ecological, human, labor, gender or animal rights) (Paton, 1999). But the bridging function of TSOs, through which they transmit their radical agenda of change, requires a radical process of change within the TSO itself.

Participative Governance

The entwining of the TSO's radical agenda of change with a radical process of change is old and illustrious. As early as the 19th century the Rochdale pioneers, Robert Owen in Britain and F.W. Raiffeinsen in Germany promoted cooperative organizations as an alternative to capitalist organizations. Karl Marx declared their political importance as early as 1866, particularly enthusiastic of their commitment to "an association of free and equal producers" (quoted in Bhowmik, 1995: 208; Rothschild & Whitt, 1986; Shah, 1996).

TSOs are expected to engender a radical and transformative process in their staff and members, encouraging them to be less hierarchical in task performance,

monitoring and leadership. No less a body than the World Bank defines such organizations as inherently democratic in functioning (Maslyukivska, 1999: 7), while Edwards & Hulme (1995a) describe them as vehicles of democratization. Participation is crucial to such a democratic process, “the direct face to face involvement” in decision-making by those affected (Carroll, 1992: 78).

Participation can be functional. In general employees are more committed in high-participation organizations and make higher-quality decisions (McCaffrey et al, 1995). Participation is also essential for some services, for example sharing common property resources (Ostrom, 1990; Singh, Ballabh & Palakudiyil, 1994). Water users must freely communicate with each other in maintaining irrigation canals (Bolin, 1990).

Problematic organizations

Despite great expectations TSOs are ‘problematic organisations’ (Edwards & Hulme, 1995b: 224) for several reasons.

Capacity problems

First they are complex organizations to manage. They have to be accountable to multiple actors who can seek both short-term economic results and long-term social goals. Dissatisfaction is inevitable. On one hand they are expected to be low cost service-providers with better access to poor clients; at the same time they are also

meant to be agents of social change serving multiple grassroots groups. As responsibilities and expectations of TSOs grow, it is natural to ask if they can deliver (Najam, 1999: 143). How can they build the long-term capacities and skills needed to meet their challenging goals (Carroll, 1992: 181)?

In general TSOs are expected to deliver efficient services and promote effective social change. Both are enormous tasks. Some have advocated integrating these goals, an 'onion skin approach' (Fowler (1993: 334) where a mission of social welfare envelops the TSO's services. Some have argued these tasks cannot be combined satisfactorily. Uphoff (1995) sees these tasks as incompatible because they require contradictory evaluations. Service-delivery can be evaluated for a short-term impact, treating cost efficiency as the important criterion. But social change requires evaluation for long-term sustainability, affordable, accessible, timely services and a single criterion will not do. The criterion of cost efficiency is best met by standardizing service delivery; but attaining multiple benefits entails customizing interventions closer to client needs (Edwards & Hulme, 1995a). Skills for satisfying these different criteria are difficult to envisage within one organization.

Conceptual problems

TSOs inhabit a messy and complex world (Edwards & Hulme, 1995a: 11) where it is difficult to establish what crucial features are necessary for effective performance. Partly this is because TSO features change rapidly, as they adapt to

changing demands of constituents. But if these organizations are alternatives to the public and private sectors, no universal case can be made for them. The particular context in which they function will be crucial to defining them.

Another conceptual problem is parochialism. Najam (1999) describes the TSO literature as sectarian and parochial. By sectarian he means that researchers tend to study only a few organizational activities rather than their interconnections. By parochial he means that researchers tend to study exclusive regions or segments, rarely their connections. Indeed as mentioned earlier, in the introductory chapter, there are two parallel research universes in the third sector (Lewis, 1999: 1-3). In the industrialized world of North America and Western Europe such organizations are also termed non-profit or voluntary organizations. Theoretical questions focus on the organization, posed in terms of better management. But in the developing world, sub-Saharan and North Africa, South Asia Southeast Asia such organizations are usually termed Non-governmental organizations (NGOs). Theoretical questions focus on the political and social networks around the organization, posed in terms of aid and relief effectiveness. The incommensurability of these two universes has often been treated as a given: the strategic problem of social discomfort in the former has its analogue of social breakdown in the latter.

The overwhelming consequence of parochialism is that it impairs learning within the TSO community, impair addressing organizational questions of governance, values, criteria of evaluation in *both* universes.

Problems of ‘helping’

To promote radical change through democratic governance necessarily entails directing and coordinating many people in different roles, with varying interests (Biggs & Neame, 1995). Such coordination may not encourage democracy. Despite their claims of voluntarism TSOs can be inconsistent democratic vehicles. Instead the need for swift decisive actions can encourage oligarchy, centered around founders or professional staff..

Indeed some observers have noted the prevalence of strong leadership in TSOs, even encouraged it as a necessary basis for participation (Selbin, 1997; Shah, 1996). Some researchers have also urged the professionalization of TSOs (Singh, Ballabh & Palakudiyil, 1996; Nair & Singh, 1996; Rahim & Singh, 1996; Shah, 1996). In both instances there is at best modest discussion of how a leader or professional will sustain member/client participation. This is a variant of the ‘dilemma of help’: *what should one do?* How are TSOs to help their members and clientele? Should they concentrate on efficient swift and affordable services? In such a case they could establish a working relationship with appropriate donors. Staff could treat clientele as private customers, within a market relationship. Or should they concentrate on fostering a genuine commitment for social change? In such a case they would have

to establish multiple links to clientele, treating them more as constituents than customers.

Problems of helping are shaped by theorizations of help. Cooke (1997) urges the close involvement of professionals with individuals, groups and communities. But others ask 'who will help the helpers?' TSOs are apt to monitor clients more than themselves, even defensive at demands of accountability (Shah & Shah, 1995). They can perpetuate an administrative elite that restricts the client's growth and autonomy (Carroll, 1992: 172).

Despite these limitations, there have been significant attempts to conceptualize the organizational features of TSOs. These typologies are valiant attempts to classify our existing knowledge of these organizations. The next section briefly reviews these typologies.

Existing typologies of TSOs

Existing typologies of TSOs can be classified on two dimensions: core features and stability.

-- Insert Figure II.1--

Core values

What makes a TSO unique, different from private and public organizations? The most common typology focuses on values as the source of TSO uniqueness. Their social, political and religious values are presented as prototypical, unique to these organizations. The most significant value usually identified is voluntarism. The World Bank identifies TSOs as organizations autonomous of external control or political affiliation, with voluntarist values and democratic processes (Maslyukivska, 1999: 7). Uphoff (1993) distinguishes TSOs from public and private organizations in terms of voluntarist incentives for cooperation. As he states it the “main thing distinguishing the three sectors is the incentives used to get cooperation or compliance.” The public sector “relies on bureaucratic mechanisms and seeks enforced compliance with government decisions” while the private sector “uses market mechanisms to promote desired behavior, such as investment or increased labor effort, using price incentives.” In contrast “the third sector depends more on voluntaristic mechanisms, involving processes of bargaining, discussion, accommodation and persuasion” (610).

Core Tasks

Another typology of TSOs focuses on their core tasks as the source of uniqueness. Cousins (1991) identifies four work orientations in TSOs, charity, service, participation, and empowerment. Charity TSOs are paternalistic and operate

through a top-down hierarchy, providing relief to those in distress. Service TSOs provide health and education, requiring client participation for effective delivery. TSOs involved in participation assist grassroots groups. Empowerment TSOs also champion groups but ones started spontaneously, to solve immediate developmental problems.

Clark (1995) identifies six tasks TSOs perform in relief, technical innovations, service contracting, advocacy, grassroots development, and popular development. This expands Cousin's four orientations by adding 'technical innovations' and 'advocacy'. TSOs can achieve significant successes in adapting different technologies, and set innovative research agendas. They can also act as advocates for grassroots groups, mobilizing for policy change.

Najam (1999) expands the advocacy task noted by Clark, into two distinct roles of 'monitoring' and 'advocating'. At the same time he subsumes grassroots and popular development within 'service providing' and 'innovating'. In monitoring, TSOs assess the honesty of public policies, collecting and publicizing information on policy effects. Advocating involves using media and public information effectively for lobbying. Innovators discover new techniques for accomplishing policy ends, often demonstrating them on a small scale. Finally there are the service providers who focus on basic needs of food, shelter, employment, health and education.

Growth patterns

A third typology classifies TSO tasks and values within patterns of growth. Korten (1980) discussed third sector management as requiring sequential priorities. The initial priority for TSOs is to simply perform their chosen activities well, what Korten termed 'effectiveness'. Only gradually, after effectiveness, can they consider 'efficiency' skills, performing these activities optimally with minimal resources. Eventually, after assimilating efficiency and effectiveness, the TSO can acquire skills in 'expansion', in operating across multiple locales. Later Korten (1987) famously argued that a 'third generation' of NGOs had emerged, moving away from priorities of community relief, towards organization sustainability. He believed the emphasis had now shifted toward strategic management, particularly the enhancement of organizational skills.

Such research has led policy makers to focus on the TSO's long-term survival, particularly in terms of acquiring different skills. In noting different generations of NGOs, Korten was also pointing to how the TSO's tasks and structures will have to adapt to changing environments. A TSO geared toward relief will have to create a new work structure for attaining sustainability.

Internal difference

The final and most recent typology of TSOs classifies their activities and values in terms of differences internal to the third sector. Uphoff (1995) and Padron (1989) make a basic distinction between those TSOs *representing* the grassroots and those

TSOs *helping* the grassroots. Through this distinction these authors cluster tasks and values into ideal types, identifying particular organizations for particular tasks. The differentiation of representation and help is played out at grassroots and national levels respectively, through grassroots organizations and NGOs (Uphoff, 1995). These are two distinct arenas of activity, of internal representation and external assistance, that are mutually dependent. Grassroots organizations will rely on NGOs for technical support. NGOs will rely on them for local delivery.

To Avina (1993) TSOs active in community-development can be classified into externally-assisted intermediary organizations and self-generating startups. Intermediaries are “usually based upon a model pretested elsewhere and ideally pilot tested in situ...they are more likely to use a formalized administrative and managerial approach than are unassisted grassroots organizations. In some instances an institutional model complete with prefabricated administrative and managerial procedures may have been imported to reflect a funder’s requirements” (457-458). In contrast startups “are generally small in nature and the breadth of their impact is very localized. They are often born from the initiative of a ‘catalytic agent’, either a single motivated leader or a small cadre”. Their membership “will closely reflect the organization’s interest and resource capacity” (456).

To Najam (1996) the sector faces three different accountability pressures, those of patrons, clients and the governing core. Patrons (such as aid donors and government agencies) expect their funds to be spent for a designated purpose. But clients (the

base groups served by the TSO) expect accountability to the local community's needs. Within the TSO, its governing core (of staff and constituents) expects the mission to be fulfilled.

Let us now step back from these typologies. The predominant discussion in the literature is in terms of either static tasks, values or ideal combinations of tasks and values. Few studies (with the exceptions Korten, 1980, 1987; and Avina, 1993) discuss TSO growth, particularly their capacity for expanding activities and changing values. We are confronted with a space: what can we say about the *changing* tasks and values of TSOs? What is entailed in 'filling' this space?

Typology of third sector activities, actors and growth

Our approach¹⁰ is to integrate three of the four typologies just presented, blending 'core tasks' and 'internal difference' with an emphasis on change. To do so we present a typology of TSOs in terms of activities, organizational forms, and change. Three TSO activities are described, operations, support and community; and five distinct organizational forms identified, Grassroots Initiatives (GRIs), Grassroots Organizations (GROs), Grassroots Federations (GRFs), Development Support Organizations (DSOs) and International Development Support Organizations (IDSOs).

-- Insert Figure II.2--

“Push and pull” and “No organization’s land”

Following Uphoff (1993; 1995) and Padron (1987) we make a basic distinction between those TSOs representing the grassroots and those helping the grassroots. These distinct spheres of representation and expertise are depicted in Figure 2 as the ‘pull of need’ and ‘push of help’ respectively. The ‘pull of need’ is shown at the bottom left, closest to grassroots groups. The ‘push of help’ is shown at the far right, furthest from the grassroots but closest to external resource holders. These are distinct spheres and could be incommensurate. For a GRF to take up the activities of DSOs may erode its grassroots focus; for a DSO to take up the activities of GRFs may erode its expert focus. This challenge of moving between these spheres of need and help, is shown in the figure as a borderland, a ‘no organization’s land’.

Third sector activities

TSOs can range widely in their scope of activities. Some perform only a single activity, others multiple activities. But in general expanding activities is challenging since the TSO must master a larger set of activities. A fishermen’s TSO in West Bengal diversified from marine fishing. It started fish and poultry farming, even a

¹⁰ An earlier version of this typology was developed with Henry Mintzberg.

consumer store. But the TSO required new skills for these expanded services (Singh & Choudhury, 1996).

Operations

TSO operational activities involve the material transformation of local produce through pooling, processing and distributing. Each of these operational activities adds value to the raw produce. Pooling, collecting produce of members/clients, involves bargaining for better prices by controlling local supply. Processing, preserving the produce from deterioration, or transforming it into a product, can involve freezing or drying produce or making a new product altogether. Distributing, the movement of goods to the market, involves controlling the channels available to retailers.

Often these activities occur together. For instance a TSO of groundnut farmers can simultaneously collect and roast groundnuts for wholesale and retail outlets. But the activities are distinct from each other in that each requires specific skills. Pooling produce requires the TSO to maximize capacity utilization and minimize transport cost (Attwood, 1992). Processing requires familiarity with available technology, such as for freezing, canning, drying. Distribution requires the TSO to negotiate with retailers, ensure reliable and swift access to markets (Singh & Nair, 1996). In general all operational activities require technical acumen and the ability to exploit new income opportunities.

Operational activities constitute some of the most visible roles that a TSO can take up in the locality. It is through such activities that TSOs contribute to service provision, offering impoverished clientele services that are more affordable than private alternatives (Carroll, 1992). Service provision was a traditional responsibility of the State, which was the preferred channel in providing basic necessities of food, shelter and employment (Najam, 1999). But increasingly TSOs substitute for the State (Edwards & Hulme, 1995a; Najam, 1999). TSOs with an agricultural focus improve the ability of households to achieve a secure subsistence, by encouraging traditional farming and promoting resource conservation (Carroll, 1992). Other TSOs offer better marketing and credit facilities (Singh, Ballabh & Palakudiyil, 1996) or procure raw materials (Moorti & Chauhan, 1996). The Grameen Bank in Bangladesh rivals the government-controlled banking sector in reaching the impoverished with innovative micro-credit schemes (Hossain, 1993; Jain, 1996). In all these instances TSOs have taken up roles previously held by state ministries alone.

The popularity of service provision has worried some observers who fear that it detracts from social mobilization (Edwards & Hulme, 1995a). But it can be misleading to juxtapose services and mobilization in this manner, since both have political aspects (Najam, 1999). The important motivations for starting services are political: removing private exploitation, empowering clients and members (Singh, Ballabh & Palakudiyil, 1996). The services of an irrigation TSO in the rural Andes can seem quite apolitical. It is responsible for distributing local water resources

fairly. But negotiating water distribution with local users remains a political task (Bolin, 1990).

Support

As stated earlier it would be misleading to assume TSOs have all embraced service provision. Indeed they perform other activities besides operational ones. Notably they perform activities that indirectly assist operations, by educating and inspiring their clients/members (Carroll, 1992). Where operational activities are concerned with service provision, support activities are concerned with educating service recipients and providers. Through support activities TSOs create enduring groups of clients and members (Montgomery, 1995). The most common support activities are training, research and finance. TSOs provide basic literacy and numeracy training to strengthen services. To return to the earlier example, a TSO offering credit services may use a “motivation folder” with cartoons, photographs and diagrams that summarize and illustrate its services to prospective borrowers (Gibbons, 1996). It may ensure clients understand credit terms, that staff work with them properly, by undertaking training programs (Hossain, 1993). Such support activities assist service provision by educating clients in their merits.

TSOs also diffuse new technologies through local research (Carroll, 1992: 46, 53; Najam, 1999: 161). El Ceibo, a Bolivian TSO producing cocoa butter and chocolate for member-growers, promotes extension training to expand membership (Carroll, 1992: 59). A Columbian TSO (56) assists indigenous people through research on

their legal rights in land claims. Support activities can also involve financing clients and members. A TSO could buy off members' external debts (Singh & Nair, 1996). Seemingly remote from group-creation, financing actually frees members from outside moneylenders, insulating them from external threats, and strengthening their loyalty to the TSO and its services.

Community

If service provision is largely an operational activity for TSOs, social mobilization is largely a community activity. Where service provision can require standardized delivery mechanisms, social mobilization entails credibility with clients as an autonomous grassroots advocate (Edwards & Hulme, 1995a). Where the former involves responding to exploitation the latter frequently involves defining local entitlements (Singh, Ballabh & Palakuyudil, 1996). Where the former focuses on income generation, the latter is concerned with access (Avina, 1993).

Two important community activities are organizing and advocating. In the case of the commons, organizing is particularly important. It involves establishing rules for access to the common resource and for excluding non-users (Rahim & Singh, 1996). A village well maintained by a water users group in Magu district, Tanzania serves 120 households (Cleaver, 2001). An important activity of the user group is defining exclusion and inclusion to this common resource. Such definitions in the village are shaped by custom; in the past access to the well was universal. However

the user group now does enforce a rule that well-users should participate in its maintenance.

The TSO Unidad is illustrative of advocating. It promotes community development through cultural consciousness in Quechua Indians. Through musical and dramatic presentations it exhorts the Quechua to take pride in their identity. It also mobilizes their participation in health and literacy campaigns (Carroll, 1992: 61). Such community activities focus on entitlements and access. They mobilize and channel grassroots actors in visible and public demonstrations of their demands. They require the effective use of media and legal systems (Bratton, 1990; Najam, 1999).

Third sector organization forms

A comprehensive account of the third sector must also describe the organizations executing these operational, support and community activities. Five organization forms are particularly prominent: grassroots initiatives (GRIs), grassroots organizations (GROs), grassroots federations (GRFs), development support organizations (DSOs) and international development-support organizations (IDSOs). The first three organization forms (GRIs, GROs, and GRFs) represent localities and their needs. The remaining two (DSOs and IDSOs) assist these localities, raising funds and offering technical assistance to the grassroots. Each of these organizations promotes means of improving locales-- but the means differ significantly, shaping that TSO's particular blend of operational, community and support activities.

The Grassroots: GROs, GRIs and GRFs

Perhaps the oldest TSO form, GROs were traditionally considered the organization form most representative of the third sector (Uphoff, 1995). Though popularly known as cooperatives, in this study we prefer to use the term GRO to describe these organizations.

The term cooperative is legally recognized in many countries, and usually accorded to only those organizations legally registered as such. But what is legally defined as a cooperative differs between countries. Also the implementation of laws can vary between countries. These laws can entail government participation in these organizations, even at the expense of members' rights. Thus a registered cooperative can be so coopted that it acts as an arm of the government rather than as a representative organization (Attwood, 1992; Hyden, 1988; Korten, 1980). On the other hand many member organizations may not register to avoid such government interference, and lack legal recognition as a cooperative. For these reasons the term GRO seems more apt to describe grassroots level organizations. It labels such organizations on the basis of member governance, regardless of their legal registration.

These are member-governed organizations with formal procedures for membership and electing representatives. GROs establish membership guidelines, obligations and rights. The most significant obligation is payment of a membership fee. The

most significant right is the 'one member one vote' entitlement. Every member is entitled to one vote in elections for the GRO governing board. Day to day management is through committees established by the board, staffed with elected as well as internal appointees. Member shares can be sold in some instances, through organized markets. But the significant difference between a shareholder owned firm and a GRO is that the latter's shares are restricted to those people satisfying membership criteria. Also members are entitled to only one vote, regardless of their extent of share ownership (Attwood, 1992; Baviskar & Attwood, 1996; Rothschild & Whitt, 1986).

The GRO's principles of membership are closely tied to an ideology of cooperation. As an alternative to extremes of capitalism and communism, the GRO has often been portrayed as an apotheosis of democracy and equality (Bhowmik, 1995; Rothschild & Whitt, 1988; Shah, 1996). Because of formalized member governance, the GRO is accountable to base membership. Indeed Carroll (1992) argues these organizations are extensions of base groups themselves. Their leaders come from the same social location; and their governing coalitions are often scrupulously representative of the ethnic balance within the local community (Baviskar, 1995; Bunker, 1988). GROs also promote equality: once deemed a member, everyone is to have equal influence in a GRO.

Related to GROs are two other organizations, Grassroots Initiatives (GRIs) and Grassroots Federations (GRFs). GRIs are the smallest possible aggregation of

individuals engaged in a joint development activity (Carroll, 1992). Avina (1993) describes them as “self generating start ups”. These are spontaneous groups started swiftly in recognition of a mutual need or shared crisis. Their membership directly reflects the interests and capacity of the group. A group offering education services will attract different people than one in income generation.

GRI tend to be highly homogenous. Micro-credit GRIs cohere around a shared occupation, income group, and residential area (Bouman, 1995). Homogeneity could be functional to GRI success; it encourages small-scale informal activities that sustain trust. Monitoring is also made easier by member proximity (Cleaver, 2001; Levin, 1988) since the scale restricts spatial range of membership. Uphoff (1993: 608) describes these groups as operating at the level closest to the client, which he terms as the locality, community and group levels. Similarly Carroll (1992) describes GRIs as primary level groups. They tend to be rudimentary in work structures, formal accountability is low (Avina, 1993: 457). Their informality and scale do not encourage administrative sophistication. Informal communication, face to face interaction and strong local involvement sustain mutual accountability.

Increasingly GRIs have become popular targets of development aid. Policy makers like the GRI's proximity to local clients. Its homogeneous membership also offers a potent channel for raising local awareness and mobilizing support. But thanks to such popularity, GRIs are now also being established ‘from above’, through the efforts of other TSOs. Such GRIs may not be organic at all, since the GRI's

rationale for existence can come not from the needs of the locality but the lure of monetary and technical support. The groups may also be based on interactional models pretested elsewhere. Such GRIs face a particularly strong push to formalize activities and governance (Avina, 1993).

GRFs on the other hand are secondary level organizations that merge existing GROs. They follow a similar system of representation as GROs. But now the governing board of each individual organization elects the governing board of the GRF. GRFs require an ability to coordinate resource flows (whether material, financial, or human) between primary and secondary levels. They are very different organizations to found and sustain. As a result TSO studies of GRFs are often accompanied by ‘advisory warnings’ that such mergers should be restricted to only rare propitious combinations of commodity and market. For instance milk is a commodity which when pasteurized, enjoys a unique brand identity in India. Therefore merging dairy GROs into a federation can offer economies of scale and an improved marketing system. However GROs in other commodity domains may find it unnecessary and indeed perilous to merge. Mergers can pose intense problems of coordinating diverse activities, and require investment in increased staff (Shah, 1996).

Where Uphoff (1993) describes the voluntarist and altruist values of GROs, Baviskar & Attwood (1996) point to the commercial interests of their members. All these authors are discussing the same organization form, but pointing to two very

different impulses for formation. Are GRFs politically significant, or simply convenient for economic consolidation? Uphoff (1995) insisted that GROs are different from private firms (and thus the genuine third sector), since they emphasize political representation. But other studies describe these organizations as “schizophrenic”, seeking both profits as well as political representation (Carroll, 1992: 138). In fact Tandler (1983) maintains that GRFs are really businesses with exclusive membership. Baviskar & Attwood (1996), Attwood (1992) and Shah (1996) concur and their research shows that GRO leaders can act as sophisticated entrepreneurs, able to bond the commercial interests of their members to ethnic loyalties. To these researchers, *pace* Uphoff, GRIs, GROs and GRFs are motivated by profit and regulated (to some extent) by the market, quite similar in that sense to private organizations.

The important difference remains of course that they are member-governed, representing people organized into local groups. They also attract members by touting their attractiveness in terms of financial rewards, communal strength, political assertiveness. Being representational organizations, they are eminently suited for fulfilling group aspirations, for heeding the pull of need (Avina, 1993; Edwards & Hulme, 1995a). A variant of the GRF is the apex GRF. It is a GRF that establishes an internal autonomous unit accountable to its Board, to oversee the general running of the federation. This super-ordinate segment of the board can plan strategies for example. AMUL is commonly considered an apex GRF. However

little is known on how such a organizations is structured especially the relationship of the apex unit to the GRF board.

The helpers: DSOs

GROs have a venerable ancestry but DSOs are the new kids on the block. Despite their rapid prominence these organizations were virtually unknown three decades back. They are popularly known as NGOs. In the 1980s “NGOs were discovered as a new institutional form of development resource” (Carroll, 1992: 1). As Avina (1993: 453) remarks there are “thousands of NGOs in addition to the 2200 represented from the Development Assistance Committee member countries”, a “global associational revolution” (Salamon, 1993).

Where the bureaucracy was the dominant organization form of the mid-twentieth century (as private corporations and government departments) the NGO could well be the dominant form of the mid-twenty first. But despite its prominence, there is precious little clarity on what an NGO actually is. The term itself refers to what the organization is not, rather than what it is. As such it is best understood only by comparison with government organizations. Not surprisingly then terminologies of NGOs vary considerably (Maslyukivska, 1999: 7). Just compare Padron’s (1987) label (Non Governmental Development Organizations) with Brown’s (1993) (Development Bridging Organizations), for the same organization form. Given this imprecision it is not surprising that some authors describe NGOs as genuine and effective parts of the third sector (Bebbington & Farrington, 1993; Carroll, 1992;

Fisher, 1994; Padron, 1987), while others question their authenticity as a TSO (Shah & Shah, 1995; Uphoff, 1995; Wiggins & Cromwell, 1995).

This study eschews the term NGO¹¹. We prefer Carroll's (1992) term, Development Support Organizations (DSOs) to describe these organizations. (Unlike Carroll we restrict the term DSO to only helpers, and not the grassroots). Labeling these organizations as DSOs offers some advantages: it describes what these organizations do, supporting grassroots actors in developmental activities. Specifically it points to 'support': "a sympathetic form of assistance... not simply giving but a mutually respectful reciprocity between the supporter and the supported" (Carroll, 1992: 12). Such assistance involves promoting development change by mediating between grassroots actors, governments and aid agencies (Avina, 1993). It can also require protecting grassroots groups and advocating their demands (Carroll, 1992).

DSOs are believed to enjoy the advantages of flexibility, informality, high commitment and participatory styles. They seem particularly suited to rural development, able to combine physical capital with organizational resources. The Inter American Foundation (itself an IDSO, see below) granted 75% of its

¹¹ While NGO is an internationally understood term, some use the term to describe grassroots-level organizations as well (Carroll, 1992), while others use it specifically to describe organizations that are not grassroots organization (Uphoff, 1995). To avoid such confusion we do not use the term in this study.

assistance, between 1972 and 1986, to such organizations-- the sizeable amount of \$150 million distributed to about 600 organizations (Carroll, 1992: 2).

At the same time there is skepticism and impatience with these organizations. To Edwards & Hulme (1995: 5) NGOs are a “magic bullet” fired at every available developmental problem, with little thought on the strength and limitations of this organization form. As a favored child of development aid, these organizations have benefited from the trend toward market liberalization, by representing enlightened private initiative. But precisely because they are independent organizations, DSOs are also quite vulnerable to cooptation by international donors and national governments. Treating them solely as cost effective instruments can erode their political significance, shifting their function from empowerment (‘acompanamiento’ in Latin America) to relief and welfare (‘asistencialismo’) (Biggs & Neame, 1995; Carroll, 1992).

Unlike GROs, DSOs are not formally accountable. They lack the GRO’s members, elected leaders, and managing committees. The equivalent analogs are clients, self-declared leaders, and governing boards. But ironically, though they are independent organizations, DSOs seek legitimacy as public representatives. Therefore though not formally accountable to base groups, DSOs are extremely dependent on GRIs, GROs and GRFs. Just as these grassroots forms rely on DSOs for technical and financial support, DSOs rely on them for access to the grassroots (Maslyukivska, 1999; Wils, 1995).

Ultimately DSOs distinguish themselves as specialized intermediaries, linking communities to national and international development institutions. Intermediation requires building bridges between beneficiaries and resource-abundant institutions (Carroll, 1992), spanning social divides to bring differing interests together (Brown, 1993). Intermediation involves voicing local needs at influential forums; channeling external resources to suitable grassroots groups (Maslyukivska, 1999); testing project ideas in field conditions (Najam, 1999); and supplying technical knowledge to localities (World Bank, 1995).

As specialized intermediaries DSOs gain a substantial share of their credibility by claiming expertise. This is a crucial difference between these organizations and their grassroots counterparts; whether staffed with experts or not, GROs and GRFs are not particularly interested in claiming expertise. Instead they emphasize representation. But the DSO must demonstrate its value as a credible expert to grassroots and metropolitan constituents. If GROs are quintessential insiders, DSOs are quintessential outsiders. In Carroll's (1992: 12) view DSO managers in Latin America at least, often emerge from metropolitan centers, and from the professional upper or middle class. Their social status is quite different from that of their predominantly uneducated poor and rural clients.

A crucial contribution of DSOs is their dissemination of professional standards, helping to establish procedures of supervision, authority, cash control and work

targets at the grassroots level (Gibbons, 1996; Maslyukivska, 1999). But such professionalism can also become associated with formalization, a shift from egalitarianism to hierarchy, and the rising power of staff over clients (Montgomery, 1995: 10).

Up to now our attention has been on DSOs operating within the boundaries of a nation state, in a range of locales, from the micro-credit agency in three South Indian villages (Gibbons, 1996) to the Grameen Bank's substantial coverage of Bangladesh (Holcombe, 1995). But the most influential actors in the third sector are international DSOs, those autonomous professional groups spearheading development by distributing the developmental aid of Western governments, advocating policy reforms and mobilizing global-level protests (Padron (1987).

DSOs and International DSOs are expert organizations. They do not represent needs but promote forms of assistance. Often their involvement in the third sector entails brokering and channeling financial, technical and conceptual support. They may impose solutions stemming from experience in other locales, "based upon a model pretested elsewhere" (Avina, 1993: 457). They may appear heavy handed in their enthusiasm to promote existing knowledge. For instance they may institute GRIs without first waiting for local initiative (Montgomery, 1995: 7). Being expert organizations they are eminently suited to span the locale and the metropole, to champion solutions and propel the push of help.

TSO growth

The most significant aspects of TSO growth are the pattern through which the organization acquires new activities, and the cooperative relationship between the organizations themselves. What particular activities are pursued by each organization? Are there stereotypical relationships between one organization form and another? And how do these activities and relationships change over the TSO's lifetime?

Diversification

TSOs can diversify their activities. The example of the Guatemalan Centro de Autoformacion Para Promotores Sociales (CAPS) is salutary. Starting as a TSO promoting community development it gradually moved toward a financial role, offering credit and technical assistance. It thus diversified from community activities to support activities. But the TSO's expansion was successful because it managed to integrate these multiple activities. Credit packages complemented CAPS' education programs, strengthening them. "By taking up credit, CAPS did not diminish its educational and organizational efforts. In fact the credit program complemented and strengthened the educational program." Credit is a means to community development. "In sequencing its promotional approach CAPS liked to place credit last, that is at the culmination of intensive awareness training, group formation and the accomplishment of tasks that are not dependant on external inputs" (Carroll, 1992: 148).

How did this TSO manage its expansion? It did so through the high quality of its field staff, all from the client localities. The TSO's management was also highly decentralized. Field staff had considerable authority in decision-making. But they had to follow a set of rigorous lending procedures unique in their "detail and stringency" for the "application, approval and disbursement and monitoring of credit funds" (149).

A significant factor in diversification is the relationship between the DSO and GRO. If the DSO is serious about enhancing grassroots capacity, it will strengthen base groups' skills. Strong base groups can be robust enough to diversify activities. But high dependence on the DSO can impair GRO capacity. External dependence can lead GROs to focus on operational activities alone, neglecting support and community activities (Singh & Choudhry, 1996).

Diversification is also enabled by a division of labor. Singh & Nair (1996) suggest that government-run departments could assist GROs in taking up community activities. The Grameen Bank's expansion was aided by gradual decentralization of its operations activities, while support and community activities (staff training, group formation procedures, respectively) were centralized (Hossain, 1993). Shah (1996) recommends support and community activities in GRFs be centralized, leaving member GROs to handle operational activities alone.

Expansion

Another factor is the TSO's historical pattern of expansion. A GRI that formalizes into a GRO and eventually merges into a GRF, already enjoys a substantial track record. Its experience will offer useful skills in executing different activities. Various observers have in fact counseled TSOs to follow such a path, to begin as a small group specialized in a single activity, and to only gradually expand activities (Esman & Uphoff, 1984; Korten, 1980; Paul, 1986). GRFs created by assembling disparate GROs, lacking experience or resources, can find it difficult to sustain their activities. Such mergers can occur due to donors' preference for large projects (Montgomery, 1995).

Crossing "No-organization's land"

GRFs seem to rarely spawn DSOs; at best they fund such organizations, or maintain a small department that mimics some DSO functions. Similarly DSOs seem to rarely spawn GROs and GRFs. At best they promote small-scale groups, to recreate the GRI's informal energy. The Grameen Bank's well known user-groups are an example of such mimicry, emulating the small size and homogeneity of informal credit associations (Bouman, 1995). Such emulations seem the nearest attempt to crossing the NOL.

What are TSO strategies?

Let us now turn to the strategies of TSOs, their long-term choices of activities and collaborators in serving their locale, including “their concept of service, policies and action plans” (Eisenhardt & Zbaracki, 1992; Mintzberg, 1987; Paul, 1986: 11). TSOs face unusual challenges to their survival, making their strategic management particularly difficult. Padron (1987: 75-76) states the strategic challenge well. TSOs “seek to combine a number of elements which are often not so easy to integrate harmoniously: a commitment to marginal sectors and the need for efficiency; the search for alternative development strategies, often in opposition to established groups and institutions, when simultaneously a need exists to work together with them; ideological, political, and institutional autonomy and links with supporting local or foreign institutions which frequently entail dependency relationships; and internally, a need for clear lines of authority but also a profound commitment to the participation of all personnel in the life of the institution.”

In general TSOs must simultaneously achieve two outcomes that are not always compatible. They must pursue their mission, their basic function in society, their reason for existence in “the eyes of the world at large” (Mintzberg, 1983: 278). But they must also adapt their services to the changing needs of their locale. These emphases of consistency and adaptability play out in the dominant approaches to TSO strategy. *Domain* points to features of the TSO’s physical and social setting. *Distinctiveness* points to the TSO’s mission and values. *Design* points to the

structural models available for TSO adoption. Domain and design approaches exhort adaptation while distinctiveness emphasizes mission consistency.

The following section describes these approaches, with a short commentary on each approach. “Strategy is about action” (Huff, 2001: 224) and these approaches focus on the particular task-related actions in TSOs. They emphasize which activities a TSO should pursue.

Domain

In domain explanations TSO strategies match the organization to its environment. A successful TSO will constantly adapt its strategy to fit its changing setting, in terms of product, market and social domains.

Product domains

Product domains comprise the goods and services in which the TSO transacts. Domains of perishable bulk commodities are considered quite apt for operational activities (Attwood, 1992; Baviskar & Attwood, 1996). This is because once pooled, bulk products offer scale economies and cost savings. At the same time because they are perishable, their rapid processing is imperative. Processing in turn enhances product value, so that it commands a higher market price. So belonging to a GRO offers producers of these goods benefits of affordable processing and scale

economy. Such a combination of commodity features and processing technology is evident in Indian dairy and sugarcane GROs (Shah, 1996).

Domains of public goods are considered apt for support and community activities. Public goods are goods whose consumption cannot be restricted to those paying for them (Hansmann, 1987: 29). Pollution control is a public good: it benefits us all regardless of what financial contributions we make toward it. Similarly common property resources are used by a large number of people interdependently. It is difficult and costly to exclude these users “making collective management vitally important” (Singh, Ballabh & Palakudiyil, 1996: 14). Through training or organizing, TSOs can nurture stable and reciprocal ties, reducing opportunism and shirking in the provision of public goods (Navarro, 1994; Nugent, 1993; Ostrom, 1990; Rothschild & Whitt, 1986).

Market domains

Market domains of concentrated buyers or dispersed sellers generate monopsony profits, and can be a direct cause for starting GRIs and GROs (Bhatta, 1996). Such imperfect markets create an enduring need for organized intervention. Uncertainty in supply and demand, poor support infrastructure, inadequate market information, encourage organized actors to absorb these risks for a charge (Baviskar & Attwood, 1996; Jørgensen, Hafsi & Kiggundu, 1986). But when these actors are private middlemen, there is high temptation to exploit the information advantage. When

TSOs intervene in imperfect markets, opportunism is moderated by their voluntarist values.

The seeds market in Southern Africa is markedly imperfect (Wiggins & Cromwell, 1995). Farmers fear they will be sold poor quality seed and incur high costs monitoring their purchase. Suppliers incur high costs in discovering farmer preferences. Private middlemen are reluctant to enter this market due to these costs. The State has been unsuccessful with the Tanzania Seed Company providing less than 15 per cent of Tanzania's certified seed needs, at roughly twice the price charged by competitors" (Wiggins & Cromwell, 1995: 421). TSOs may be the only suitable organization form for such settings. By organizing farmers they can negotiate better prices from seed suppliers.

Social domain

TSOs seem apt in social domains of moderate inequality. Extreme social inequality can prevent the necessary cooperation for starting a TSO (Baviskar & Attwood, 1996; Bandyopadhyay & Eschen, 1992). Severe ethnic tensions, for example, render activities like pooling and research impossible. The Bugisu cooperative union in Uganda stopped functioning because of ethnic tensions among its member cooperatives, tension caused in part by their growing inequality (Bunker, 1988). Social domains where a commercial peasantry prevails can be particularly conducive to GRO formation. Attwood (1992) found that Maharashtrian sugar cooperatives flourished in a setting of 'middle castes' of moderate equality between

ethnic communities. At the same time farmers familiar with commercial agriculture led these organizations. Interestingly as Tandler (1983) argued, social domains are themselves affected by TSO actions. The GRO's activities can increase the overall level of social tension while empowering select communities.

Comments

Domain explanations can be termed “greenhouse approaches”. Their underlying message seems to be “create a greenhouse and flowers will bloom” (Shah, 1996: 214). The implicit policy message is to investigate what conditions can assist TSO activities. But domains are not easy to change. Socio-economic structures are especially enduring. Therefore despite exhorting policy intervention, domain explanations can seem quietist. When policies cannot change existing domains, strategists must make do with existing conditions, or embark on new activities.

But strategists can also develop the ability to ‘spot the right domain’, to establish criteria on apt contexts for starting a TSO. For instance, such criteria could include product perishability, excludability, market certainty, stratification, and so on. The strategist not only matches the services and domain but also decides the service mix. Dairy TSOs may combine veterinary services, agriculture distribution and credit (Paul, 1986), for a well-rounded developmental package. An underlying social message will enhance a TSO's activities (Burkey, 1993; Navarro, 1994). Tightly focused services and well-defined target groups further customize TSO

services. Other TSOs may specialize in one TSO activity, making it their core contribution (MacIsaac & Wahid, 1993).

By encouraging strategists to set criteria for choosing activities and domains, these theorists do presume the ability of strategists to know precisely what services the TSO will offer and the potential of the considered domain. Writers often exhort foresight, developing handy methods and heuristics to assess services and domain. In this context Avina's (1993: 454) description of strategy as "a systematic vision as to how resources will be used to address the problem at hand" is quite apt. Note the term 'systematic' which urges a reasoned method for assessing domains and fitting the TSO to them.

Distinctiveness

Historically the most common approach to TSO strategies was based in organizational values. The strategy emanated from the closely held values of TSO members and clients. As discussed earlier these organizations are frequently described in terms of voluntarism, of a social mission and democratic governance (Edwards & Hulme, 1995b). They are a "distinct institutional sector...concerned with articulating a social vision" through "shared normative values of patrons" (Najam, 1999: 146). Since TSOs are described as uniquely voluntarist and democratic it naturally follows that their strategies emanate from these values.

If domain explanations direct our gaze outward, distinctiveness moves the focus inward, to the organization's mission. TSOs are treated as clusters of cohesive values framed by leaders, who guide the desires and aspirations of members. These values are encapsulated in the mission, the formal declared purpose. A focus on values is particularly popular in the practitioner-oriented literature. Managers are advised to choose apt values and missions that inspire staff and clients (Paton, 1999). Theoretical treatments also note that social values influence individual disposition to cooperate (McCaffrey, Faerman & Hart, 1995).

Oppositional mission

The TSO's mission is described as oppositional, opposed to market forces and the State (Najam, 1999). It is described as concerned with the 'common good', empowering autonomous grassroots groups, and promoting cultural tolerance (Esteva & Prakash, 1998: 13). TSOs are also described as the 'good insider', pure, untainted and united (Mohan, 2001), with a high moral commitment to local inhabitants (Biggs & Neame, 1995; Fowler, 1990). Their staff are described as socially homogenous, sharing family, tribe and caste affiliations that enhance mutuality (Prakash, 1998), smoothe internal conflicts (Jain, 1996; Khandwalla, 1990) and share an ethos of collaboration (Hailey, 2001; Uphoff et al 1998).

Accordingly value consistency is taken very seriously. Employee and client training (Paul, 1986), strict membership criteria are encouraged as a means of increasing homogeneity of values (Levin, 1988; Rothschild & Whitt, 1986). Value

inconsistencies should be recognized through special procedures (Edwards, 1999). Minimizing value inconsistency is partly ideological, to justify the TSO's unique political goals (Drabek, 1987; Navarro, 1994). Such goals evoke different political values. Social democratic values urge decentralization and local participation, neoliberal values urge private responsibility. Combined they provide a powerful justification to take up previously state controlled services (Wils, 1995).

TSOs are frequently arenas for battling ideologies, for "a value driven holy war" (Brown, 1993: 388). In the case of GROs some believe they should be competitive and efficient, like private enterprise (Böök, 1992). Others affirm that they are agents of political change not market entities. "Why struggle to exist if we can only exist as a capitalist business?" (Bedford, Ford & Pobihushchy, 1993: 9). Or they describe GROs as politically moderate, promoting a "middle way", emphasizing religious and rural values of justice and democracy (L. Brown, 1993: 20).

Distinctiveness theorists urge TSO's to remain consistent to an oppositional mission, particularly with respect to the State (Bedford, Ford & Pobihushchy, 1993; Sanyal, 1991; Kumar, 1988; MacIsaac & Wahid, 1993). Tapping the disenchantment with markets and the State can inspire TSO leaders to develop alternative visions with their disaffected constituents (Garilao, 1987). Najam (1999: 148) believes the opposition is to be explicitly 'not governmental'.

Stakeholder pressures

A value consistent mission is also associated with satisfying the demands of key stakeholders (Bratton, 1989; Wiggins, 1991). TSOs are dependent on surrounding social systems for their legitimacy. Such systems include kinship and authority relations, industries, technology and distribution processes, expertise, government regulations and political parties. Social conformity is a particularly tempting option in such circumstances.

But conformity could compromise the TSO mission, alienating it from members and clients (Bratton, 1989; Navarro, 1994). For instance TSOs are very dependent on governments and donors. These stakeholders can impose organizational requirements ranging from formal financial reports and budgets to mandatory work plans (Bratton, 1989; Wiggins, 1991). Such requirements could formalize the TSO structure and possibly alienate it from base groups. Another influential though less recognized actor are the academic and professional communities (Rothschild & Whitt, 1986; Uphoff (1993). The professional management of these organizations is increasingly common in the third world (Carroll, 1992; Shah, 1996; Singh & Choudhry, 1996; Ostrom, 1990: 164-165; Uphoff, Wickramasinghe & Wijayaratna, 1990). But such managers may identify with their profession over the TSO's members and clients. They may lack interest in public service and lead the TSO away from its clients (Doornbos & Gertsch, 1994; Wiggins & Rogaly, 1989).

TSOs develop various tactics to protect their mission from external pressure. The Grameen Bank distances itself from educational institutions, creating its own staff cadre through internal promotions and extensive training (MacIsaac & Wahid, 1993). TSOs may play stakeholders against each other, with controversial actions that challenge one but satisfying another (Elsbach & Sutton, 1992). Enhancing expertise and external contacts are an obvious form of protection from government officials (Garilao, 1987; Sanyal, 1991).

Comments

Distinctiveness theorists treat strategy as a normative process based on the prevailing norms in the organization or community. Members and clients are considered to be value-driven individuals, impelled to choose and cooperate by their shared ideals. Often they follow a charismatic leader who can inspire them, remind them of what they hold in common. Carroll (1992: 141) has described this view acutely as a ‘Lawrence of Arabia syndrome’: a reliance on heroic ideologues.

This normative approach can downplay the relationships through which values and missions are understood. Individual beliefs, aspirations and values seem akin to an invisible and mysterious energy source, a latent capacity waiting to be unleashed. “All that is required is sufficient mobilization (through institutions) and the latent capacities of the community will be unleashed in the interests of development” (Cleaver, 2001: 46). The message is that strategists can choose a mission that harnesses organizational values. But it could be argued that missions are not

chosen, nor are shared values a given. Missions are promoted by the dominant coalition, by groups with enough power to speak for the entire organization (Paton, 1999: 136). Such declared purposes should be treated as strategic presentations to audiences, to retain legitimacy with external stakeholders.

For instance internal group rivalries can influence the mission declared by the TSO (Baviskar, 1995). Depiction of individuals as value-impelled does downplay their ability to interpret and redefine these values, and to accommodate others in their ideological agendas. The normative process is also deterministic, treating individual actions as dependant on overarching social values. The sociologist Arthur Garfinkel famously criticized such depictions as rendering human beings 'judgemental dopes', robots unable to act or choose on their own (DiMaggio & Powell, 1991; Granovetter, 1985; Wrong, 1961).

Therefore distinctiveness theorists can assume that values are fully shared within the TSO, without investigating how they are constructed, tested and broken. Ignoring the TSO's political and social relationships, focusing on its declared mission alone, leads to a presumption that its clients and members are inherently prone to solidarity and that these values are static, the mission consistent (Cleaver, 2001).

Design

Design, the most recent approach to TSO strategy, is an extension of the domain approach. Where domain counsels analysis of the organization's external environment, design propounds organization forms for these settings. Design theorists believe TSOs should not simply choose an apt domain, but also an apt organization design.

The task of design can have three particular meanings. Design can involve the import of a prominent organizational model; the deliberate invention of a new organizational structure; or the incremental development of organization structure. The 'design approach' to TSO strategy tends to focus on the first of these three meanings, that of design as the import of generic organizational models. The meaning is akin to Korten's (1980: 497) "blueprint approach", to the adoption of a cost effective generic design.

Such designs could be generic to all domains, features or specific to a particular domain. All GROs for instance are expected to ensure regular membership contributions, transparent systems of payment, timely supply schedules, and restrictive membership. TSOs receiving sizeable external funds are particularly pressured to adopt accounting systems and allow external audits (Avina, 1993).

But designs can be specific to a particular domain. An important design theorist in the Indian context, Tushaar Shah (1996), argues that there is an underlying logic to

a successful TSO, a 'design purpose'. Such TSOs develop designs that are suitable for both their mission and domain (Shah, 1996: 114). Thus sugar cooperatives in Western India enjoy "an admirable concordance" between membership criteria, central purpose, operating system, and political structures (Shah, 1996: 40).

Prominent designs

To design theorists, certain TSOs are themselves a model for emulation. By imitating its mission and structures, and by seeking similar domains, the nascent organization can swiftly establish itself. Existing designs offer valuable guidelines to simplify the organizing process. Indeed many writers have urged GROs to adopt prominent designs, and use them as a 'formula' for achieving success. Shah (1996: 198) even compares designs to formulas for engine assembly.

In the 1990s two designs have become particularly prominent in TSO policy circles, the 'Anand pattern' and the Grameen model. The 'Anand pattern' was based on the Anand Milk Union Limited (AMUL), a Dairy GRF in Gujarat (Doornbos & Nair, 1990; Shah, 1996). It involved creating three distinct organizations that were closely connected to one another. The 'first tier' would be of dairy farmer GROs and would concentrate only on pooling milk. The 'second tier' would be of regional GRFs, whose leaders were elected from the preceding tier's members. The GRFs were involved only in processing milk. The 'third tier' or 'apex' would be a board comprising elected representatives of these GRFs as well as senior managers. The

apex would concentrate only on distributing the milk (as well as on related branding and marketing activities).

‘Cloning’ of the Grameen Bank, a Bangladesh DSO (Mondal & Tune, 1993; Todd, 1996) involved imitating three distinct organizational features for which the Bank was famous. Its senior managers ensured a well-trained and committed staff through scrupulous recruitment and rigorous training. They also created a decentralized structure to allow staff a significant level of autonomy. Finally staff interactions with clients were marked by two distinct but complementary tactics; on one hand they sought prompt repayment of loans and transparent book-keeping through strict procedures; on the other hand they released funds only to groups, on the principle that group pressure would discipline lender behavior.

To Singh, Ballabh & Palakuyidil (1996) the Anand pattern protects resources and ensures social justice. This particular design, also known as the ‘AMUL model’ or ‘3 tier model’ has been extremely influential with Indian policy makers. In fact legislation has frequently mandated similar GRFs, compulsorily organized at village levels, following a hierarchy of district and state levels (Singh & Choudhury, 1996). Similarly Todd’s (1996) edited volume tracks the experiences of different DSOs imitating the Grameen Bank. Micro-credit policies are now profoundly influenced by the Bank’s success. Many GROs and DSOs have adopted its lending and supervisory procedures.

Some organizational aspects may be easier to model than other aspects. For ‘Grameen Bank clones’ the “formation of small homogenous groups for group guarantee of loans and supervision of loan utilization, recovery of loans in small regular installments, and institutions for collective savings, could work well across different environments”. However “elements like taking the bank to the people and intensive interaction of bank staff with borrowers may not be appropriate and could become too costly” (Hossain, 1988: 81).

Local designs

Small-scale community approaches can evolve into established designs. Shah (1996: 40) argues that once a particular design is established it will “spread like wildfire” as TSO leaders recognize its superiority. Rural tontines and informal credit groups can inspire a wider use of small scale credit groups (Bouman, 1995), in a deliberate modeling of local institutions to ensure delivery and participation (Cleaver, 2001).

Traditional technology and community management can inspire novel TSO designs. Commons’ inhabitants have historically evolved their own local designs to restrict local access and curb free riding. Indeed Elinor Ostrom’s (1990) work represents an influential design approach in the TSO literature. She shows how communities evolve successful and resilient ‘design principles’ in managing common property. Such principles include close monitoring, graduated sanctions, and mechanisms to resolve conflict.

Comments

If domain theorists locate and create greenhouses where TSOs can bloom, design theorists locate and maintain blueprints. Successful TSOs are clever solutions to recurring problems of trust and opportunism and can be blueprinted (Clever, 2001). Indeed by following apt designs organizations “operate as if they are *programmed* to try their best to succeed” (Shah, 1996: 224; my emphasis). Evaluating and choosing an apt design with its requisite structures, mechanisms, procedures and policies will tackle repetitive problems “once and for all” (226).

Design explanations treat strategy as a cognitive process, based in routinized systems. Members and clients are treated as cognitively-challenged decision makers. Due to their limitations in processing information and making choices (Simon, 1976; Cyert & March, 1963), decision makers classify problems by selecting the first available solution to it. They aim to ‘satisfice’ not ‘optimize’ decision making (Duhaime & Schwenk, 1985; Dutton & Jackson, 1997). And prevailing designs are powerful solutions to decision makers. They offer quick reliable choice, avoiding an expensive and extensive quest for perfect information.

There are two distinct ‘routes’ to this cognitive process in design approaches, transaction costs and institutional pressures. Cognitive limits translate into organizing costs. Clients and staff could take advantage of organizational uncertainty to appropriate resources for personal use, rather than the TSO’s.

Decision-makers must thus anticipate and effectively prevent the opportunism of clients and staff. Accordingly strategists prefer to model their organizations, minimizing cognitive search and organizing costs (Williamson, 1991).

TSOs are particularly vulnerable to such organizing costs. Public goods domains are non-excludable, and thus very prone to opportunism. Inhabitants can freely enjoy a public good without contributing to its acquisition (Jain, 1996; Nugent, 1993; Sarap, 1990). Such ‘free riders’ are not easily excludable. Since the resource user does not contribute to the good’s maintenance, it is in his rational interest (since it is free) to overuse the good, an observation of some poignancy in the case of common property resources (Hardin, 1968; Olson, 1965).

The second route to the cognitive process is social pressure. Cognitive limits translate also into a vulnerability to social pressure. Decision-makers are uncertain of how to evaluate information, and use social rules to aid choice. Such social rules encourage TSOs to choose prevalent designs which can be ubiquitous, acquiring “a rule like status in social thought and action” (Meyer & Rowan (1977: 340-341). Adopting accepted organizational decisions also increases legitimacy for the TSO’s activities (DiMaggio & Powell, 1991). A prominent indication of such legitimacy is the particular design a donor proposes. For instance Gill (1985: 247) described how a Bolivian GRF faced pressures in the 1980s to emphasize “the technological skills of farming and the administrative aspects of cooperative management”.

Regardless of the 'route' taken, design theorists discuss models with approbation, and thus downplay local agency. They prefer to formalize organizations by specifying user groups, laying out precise and explicit rules and sanctions (Ostrom, 1990). Theorists also assume an evolutionary pattern, a forward one-way progression from informal associations to formal organization (Cleaver, 2001). Such bias draws attention away from local needs, towards donor needs (Gibbons, 1996). Donors can encourage adoption of stated designs, even tie funding to more visible and formal procedures associated with that design. Such procedures emphasize technique and encourage TSOs to rely on professionally trained managers.

Shah (1996: 40) defines designing as "creative problem solving". But creativity seems tethered to a given design concept, apparent more in fine-tuning existing designs than creating new models. Indeed Shah admits a presumption of "clairvoyant expectation", that leaders can know their goals clearly enough to specify, locate, and adapt the correct design. In a revealing defense of the 3 tier model for fishermen's cooperatives, Singh & Choudhury (1996: 205) argued the "overwhelming" rationale for external intervention is that fishermen are "poor, mostly illiterate". But their own account of the government merging these cooperatives forcibly (into a mandated 3 tier federation) shows the merger was unsuccessful in terms of both social and economic outcomes.

Design approaches are especially attuned to the push of help. They offer useful and concise organizational solutions to enduring developmental problems. But they can ignore local needs in doing so. The emphasis on design can ignore the informal political and social processes through which a community establishes its developmental needs (Cleaver, 2001). A design emphasis can encourage the crude application of techniques to new settings (Hailey, 2001), a push of help alone.

Relationships between domain, distinctiveness and design

These three approaches, domain, distinctiveness and design are quite different from each other, and emphasize different aspects of strategic management: propitious conditions, mission and models respectively. But they are also related to one another. Domain and design are complementary, with domain identifying apt conditions, design matching conditions to organizational structures. Design and distinctiveness are opposites. Design emphasizes similarity, what a TSO must do to be like another. But distinctiveness emphasizes difference, how a TSO must remain unique. Both stances remain dominant in the literature: TSOs are exhorted to remain close to their traditions; yet follow influential solutions for success.

The approaches evoke the “push” and “pull” discussed earlier. Design is illustrative of the “push of help”, a search for successful models of assistance. Distinctiveness well represents the “pull of need”, heeding local demands as represented in organizational missions and culture. Domain also represents the “pull of need”

since it shows in which locales TSOs could flourish. It enables policy makers and leaders to identify those needs best suited for TSO intervention.

We noted the affinity between domain and design approaches, what they had in common. But they still occupy different spaces of the third-sector because they differ in a crucial aspect. Domain is about the external setting, while design is about structures. Since domain is concerned with propitious settings, it can identify local needs. But since design is concerned with structural solutions, it may ignore existing needs in the locality. Shah (1996) describes designs as formula awaiting assembly—yet they may not be attuned to those who assemble them.

The crucial issue for the third sector in the future may be to balance direct action and supporting action, the forces of need and help, between pursuing “direct action and devoting NGO resources to supporting action by others.” This is one of the “major fault-lines which will define the evolution of the NGO sector over the next ten years” (Edwards, 1999: 263).

The dynamics of TSO strategic choice

What are the dynamics of strategic choice in TSOs? *How* do their activities come about, why are these activities chosen?

The ‘three Ds’ reviewed here identify the ‘right’ strategy for the TSO to follow. In domain approaches strategic choice results from applying available tools and concepts. In distinctiveness approaches strategies seem impelled by values. In design approaches strategic choice is based on well-tried models. Therefore these approaches are interested in identifying the apt activities for the TSO. They are *content* explanations (Mintzberg, 1987) in that they identify the content of the TSO’s strategy, the activities it *should* follow. Content explanations have prescriptive value. Policy makers could encourage GROs and DSOs to choose apt activities and sequences of expansion on the basis of domain, distinctiveness, and design approaches.

However another explanation is possible that describes *how* TSOs create a particular combination of activities. On what basis did the TSO choose these activities? How was their suitability established? Rather than prescriptive value, such process explanations would have reflective value. Leaders could make better choices in the future by understanding past patterns of decision-making. While claims of efficiency and effectiveness justify content explanation, claims of authenticity and practicality justify process explanations.

To understand the dynamics of TSO strategy three aspects seem particularly important: origin, interests and consensus. These aspects are brought out in previous reviews of strategy formation and decision making (Brunsson, 1982; Eisenhardt & Zbaracki, 1992; Mintzberg & Waters, 1985), as well as in relevant reviews of

public choice (Najam, 1999) and social movement literature (Davis & Thompson, 1994; McAdam, McCarthy & Zald, 1996; Soeters, 1986). These different literature converge on three sets of questions: What is the catalyst for the TSO's choice of activity? Why do participants seek these activities? How is support for these activities ensured?

The rest of this chapter explores strategy formation in terms of these questions of origin, interests and consensus. First we review the three Ds— how do they respond to these questions? We argue that answers to these questions have presumed deliberation, agreement and personal benefits respectively. We then propose alternative responses to these questions, to 'open up' strategy formation.

Origins

From where does a strategy originate?

Presuming Deliberation

Domain, distinctiveness and design approaches presume that the strategy originates in deliberation. The initial catalyst of choice is the intention of leaders or senior managers. Strategies are chosen to achieve their goals. Consider Gibbons' (1996) explanation of the DSO SHARE's micro-credit strategy. The founder knows what he wants: to start a DSO modeled on the Grameen Bank. He knows how to do it: by acquiring the knowledge and skills of the Bank. The strategy originates in the

founder's conscious goals. "The SHARE replication was meticulously planned and organized, well before it started work on the ground" (35).

Such deliberation is common to the TSO literature. The literature encourages leaders to think about their intentions. Leaders are urged to be proactive about their strategic options, to detail them methodically: what will be their relationship with donors? Should they collaborate with other TSOs (Avina, 1993; Paton, 1995)?

Adapt

But do strategies always originate in deliberation? Can the intent underlying deliberation be entirely presumed?

There is a certain contradiction in the TSO and public policy literature. On one hand the literature suggests strategies must be coherent and consistent, which means the strategist must be faithful to the initial deliberative intent. But on the other hand strategists must negotiate the support of stakeholders, which means the strategist may move away from initial intent, making a shift that is unpredictable, not deliberate (Colebatch, 1997: 82). Therefore the literature seems to exhort contradictory advice, noting the importance of deliberation as well as of adaptation.

Even in the Design approach, the TSO must adapt models to local demands and conditions (Shah, 1996). Indeed imitation must be complemented by adaptation. TSOs must "learn to adapt" (Gibbons, 1996: 47). SHARE began with an

elaborately laid out structure with a centralized head office. The structure imitated the Grameen Bank but presumed a high pace of expansion. As many branches were started, they would require extensive coordination by a central head office. In reality SHARE's expansion was quite modest. Centralization only got in the way, raising operating costs.

In such a 'soft' shift, TSO writers note that intent does not presume consistency. Strategies may modify even abandon the stated intent, to adapt to a rapidly changing world (Uphoff, 1993: 618). Carroll (1992: 100) accepts that a TSO's long term direction is "seldom linear". Canny leaders know when to honor declared intent but also when to change it. These are literally opportunistic changes, responding to unexpected opportunities to satisfy constituents. They are also adaptive actions, part of the organization's learning process. Leaders must know "when to be loose and permissive" (102) in strategic intent and when to be consistent to it. Writers recognize intents will change and TSOs can be inconsistent in what they declare as their goal and what they actually pursue. Such inconsistency allows the TSO gradual piecemeal adaptation to its dynamic environment. In short: nothing remains the same, so why should the TSO?

Mintzberg & Waters (1985; 1990:4) have argued that "organizational actions do not always correspond directly to leadership intentions" (Mintzberg & Waters, 1990: 4). Indeed focusing on intentional decisions alone can "mask the ways in which general commitments are reshaped, elaborated, and defined over time through

complex processes within and without organizations” thus subverting the initial intent. In the context of common property resources and their allocation through TSOs, Prakash (1998: 187) makes a similar comment, that “various allocatory issues are not determined in advance”. Rather “the process of collective decision making unfold and evolves as parties relentlessly invoke different principles and strategies in order to arrive at some favorable equilibrium”.

Consensus

Although discussed separately, the following sections on consensus and interest are closely related. In this section the consensual tactics of strategy promoters are discussed. The next section describes the particular interests of those committing to a strategy. These questions represent distinct perspectives respectively, of the strategist (how to gather support for the strategy?) and the participant (why support the strategy?).

How do strategists ensure agreement for the strategy?

Presuming agreement

Domain and design explanations have a lot to say about matching the organization to its environment. But they are less explicit about how members agree on a strategy. Indeed the question can seem a strange one to pose. The approaches assume the strategy has internal support, so asking how it is made acceptable seems redundant.

Domain points to a strategy's suitability in contextual terms. It has less to say on how such suitability is interpreted by clients and members. In a sense there is no need to persuade the organization; the strategy will succeed where others have failed.

Design approaches do comment on the necessity of bringing organization members into line with a strategy by creating sanctions and penalties. The assumption is that commitment to the strategy occurs at the individual level, in a rational response to incentives. Participants commit when there are clear incentives in doing so. Once participants know the incentives and benefits of commitment, they will choose for their own benefit (McCaffrey, Faerman & Hart, 1995; Tsoukas, 1996). Again questions of consensus become redundant.

Similarly in the distinctiveness approach, strategies are accepted because of the values members and clients hold in common. Their shared values help organizational participants recognize their mutual benefits in supporting the strategy.

In these approaches ensuring agreement for the strategy seems almost unnecessary. Participants possess an inherent ability to distinguish the strategy's superiority, and so the leader need not persuade them. Or participants' shared values bring them together, in which case the leader need not persuade them either. To Calhoun

(1995: 315) such descriptions of consensus treat human beings as “self sufficient, self contained and self organized”. They ignore the dynamic relations between ruling coalitions, clients and members. A priori assumptions of “categorical identities” in consensus (317) (based in either overarching rationality or values) prevent us from exploring the practical question of how acceptance for strategies is created in the first place.

In Wrong’s (1961) and Granovetter’s (1985) well known terms, domain and design are under-socialized explanations. They downplay the influence of social relationships and political agency on strategic decisions, while emphasizing the rational choice. Distinctiveness is an over-socialized explanation, which also downplays the influence of social relationships and political agency on strategic decisions, while emphasizing overarching norms. As a consequence all three approaches are averse to studying the direct face to face social relationships that contribute to strategy formation.

Tactics of support

But is the strategy’s support guaranteed? Should we presume agreement?

Some research on TSOs has identified the tactics used to ensure support for a strategy, where promoters maneuver and influence local constituents to commit to the strategy. A notable support tactic is staking claims.

A common tactic used by strategy promoters is to stake out a claim, identifying its importance to the organization, or delineating its relevance to stakeholders (Fortmann, 1995; Hannigan, 1995). TSO claims influence evaluation criteria for project funds (Edwards & Hulme, 1995b; Shah & Shah, 1995). They also serve as the basis for political support, part of an “explicit strategy to influence key targets on the basis of alternative models (policies and methods)” whose “adoption and diffusion” TSOs promote (Wils, 1995: 57). To stake a claim is not to manipulate perceptions, but improvise responses on an ongoing basis. Central to such claims are “people’s cognizance and interpretation of their own history and the stories they tell themselves and each other about that history” (Selbin, 1997: 132). Leaders cultivate local support for their claims through close contact, ‘walking and talking’ with clients (Hailey, 2001: 137).

Claim-staking involves a variety of political games such as representation (criteria on who is entitled to represent a claim) and espionage (acquiring prior information on rival claims) (Baviskar, 1995). The ensuing agreement is a negotiation of different claims. For example a GRI of weavers was assisted by a DSO in marketing its textiles. The DSO bought the textiles and retailed them in urban centers. This strategy involved negotiating rival claims of product quality, so that a fair price could be set. Each organization staked its claim: the GRI wanted a particularly high sale price but the DSO demanded better quality for that price (Mathai, 1995).

These tactics involved making retrospective sense of what was occurring, of taking a second look at the past in relation to the event, re-appraising it in terms of patterns of meaning. As Weick (1993: 636) notes sensemaking is about constructing order from “vague questions, muddy answers and negotiated agreements” in order to “reduce confusion”. Such order is constructed on an ongoing basis, and can require abandoning intent, and improvising with the cultural materials at hand. Clemens (1996: 206) describes movement activists as “tinkering in the face of ambiguity” reassembling “familiar forms of organization in order to mobilize challenges to existing institutions”. Similarly Cleaver (2000: 379-380) states that “the construction of institutions is rarely made on the basis of rational choice. Instead...institutions are constructed through a process of bricolage—gathering and applying analogies and styles of thought already part of existing institutions”¹². Activists “adopt and adapt models of organization that both resonated with existing repertoires of social organization and articulated with established political institutions” (214).

The concept of framing as used by social movement theorists discusses how groups of people unite on the basis of a shared grievance. By the early 1980s research on social movements had moved away from questions of how social movements acquire resources (McCarthy & Zald, 1976) towards questions “of *how* grievances

¹² Interestingly enough, although they do not cite each other, or their respective research areas, Weick, Clemens and Cleaver describe such activity as *bricolage*, inspired by the anthropologist Claude Levi-Strauss. (Though in the case of Cleaver it is more properly the work of Mary Douglas that is the inspiration).

were constructed” by participants (Kelly & Breinlinger, 1996: 14; original emphasis). Research showed that social movement participants negotiated their understanding, that everyday problems were “reformulated in terms of central values” (Soeters, 1986: 303). People’s grievances were not sufficiently clear to motivate action; rather through their actions people constructed their understanding of grievance.

Such reformulation or framing of problems involved intense communication, negotiating the commitment of diverse actors. It also involves drawing upon culturally-specific materials in interpreting grievances (Hannigan, 1995; Kelly & Breinlinger, 1996: 15; Selbin, 1997). For instance disruptive tactics can be quite effective, shedding greater visibility on the movement. Such visibility depends on how movement leaders enhance the perception of victimization, and justify the aptness of their demands (McAdam, McCarthy & Zald, 1996: 13). If the tactics are too disruptive they can be perceived as illegal, and backfire.

Interests

What is the participant’s interest in committing to the TSO’s strategy? Is there some established benefit, a gain that impels her participation in organizational activities and commitment to the strategy? Or does she commit for no particular benefit but a larger ideal or benefit that is often nebulous and uncertain? Interestingly enough the term ‘interest’ has both these meanings in third-sector literature. On one hand it

connotes a state, concrete and stable benefits sought by participants. In this case interests are relatively objective, apparent to all participants, and chosen deliberately. But on the other hand the term 'interest' connotes a process, where participants establish ideals they share, committing for a collective benefit. In this case interests are less apparent to all. In fact they can be elusive and imprecise, requiring much debate before being clearly identified (Cooke, 1997; Najam, 1999: 147).

Presuming personal benefits

Interests are “predispositions embracing goals, values, desires, expectations, and other orientations and inclinations that lead a person to act in one way rather than another” (Morgan, 1997: 161). Interests translate into benefits. Participants commit to certain actions because they find benefits in doing so. “To say that a policy, practice or state of affairs is in the interests of an individual or group is to suggest that the individual or group would somehow benefit from it” (Hindess, 1981: 112). Interests are then fundamental benefits sought by individuals and groups. In seeking these benefits actors mobilize support by negotiating within coalitions (Brown, 1993; Shah & Shah, 1995).

Actors seek consistent and individual benefits in participating in a TSO's activities (Singer, 1994). Such benefits are clearly evident. Those seeking benefits are aware of the benefits, know they are attainable through participation in the TSO's activities (Singh & Choudhury, 1996). This is the dominant view of interests. Such

benefits are shaped by the existing social structure of benefits and penalties (Hindess, 1981: 113; 1996) as well as organizational expectations, for example of peers, subordinates and supervisors (Tsoukas, 1996).

Since interests are apparent to those pursuing them, it is imperative that the TSO be accountable to the benefits sought. Accordingly the important question is “who does the TSO serve”? Interests of TSO constituents must be transparent, visible to all. Publicly stated goals, the honest reporting of resource use, and frank discussions of the TSO’s mission (Paton, 1999: 139), all ensure such transparency (Edwards & Hulme, 1995a).

Maintaining accountability is made complex by the different accountability pressures TSOs face. While DSOs are sensitive to grassroots pressure, IDSOs are more sensitive to international bodies (Maslyukivska, 1999; Padron, 1987). Consequently they can be less interested in political accountability (to the grassroots) and become more focused on financial accountability (to resource donors) (Gasper, 1999). The appraisal proforma and budget checklists that proliferate in IDSOs-- ‘pseudoscientific tools’ according to Mohan (2001)—help these organizations pursue financial accountability but may hinder political accountability. Their proffered benefits can be attuned to the needs of international agencies and less those of grassroots organizations.

In their quest for political accountability, DSOs can claim to serve the grassroots, when actually serving their own interests. In their own behavior such organizations will see “some of the actions of those in governments and the private sector that they often condemn (self promotion, a failure to learn etc.)” (Biggs & Neame, 1995: 38). The public recognition that these organizations enjoy from international donors pushes them “into the foreground as important actors in the field of poverty alleviation (and gender, human rights, ethnic minorities and ecology). But such public recognition rarely extends to the popular organizations with whom the NGOs are working. Should the NGOs therefore speak on behalf of such organizations or do so only via and/or together with them?” (Wils, 1995: 58).

As professional outsiders serving the grassroots they can be very influential in the grassroots arena— consider the Grameen Bank’s influence in rural Bangladesh. But do DSOs face countervailing influence, to moderate their impact? Where the DSO becomes a powerful actor in that locale, it can become overbearing and heavy handed in its ways of assisting GRIs and GROs. Since the DSO bridges IDSOs and GROs it translates metropolitan interests into terms acceptable in the grassroots arena. But such a process can encourage adaptation to powerful metropolitan demands.

Collective interests

This prevailing view of interests presumes benefits are well apparent to clients and members. But are participant interests always well specified? And do they remain stable?

Some of the more influential development studies have described actors as rational and self-interested. Early studies of common property resources (CPRs) such as Olson (1965) and Hardin (1968) treated self-interest as a driving force in resource-use. To Hardin (1968) such pursuit of individual self-interest led to destructive group consequences. A herder would find it in his interest to allow his cattle to graze on the common range unimpeded. But over time his behavior, when practiced by all the herders, led to a barren range unusable by any herder. Only collective coercion could restrain such individual interest. “The pessimism surrounding collective management of a CPR has led to policy recommendations which suggest that the tragedy of the commons can be averted only by either establishing private property rights over the CPRs or giving the entire control of the CPRs to the state” (Singh, Ballabh & Palakudiyil, 1996: 15).

Such pessimism stems from the expectation that TSOs can at best only attain individual short-term benefits. But these short-term benefits have long term costs, concerning which there seems little the TSO can do. Members’ interests will remain short-term and individual, regardless of consequences. This ‘tragedy of the commons’ translates into assumptions of self-interest and a managerial style of

mutual suspicion. It is well illustrated in Mathai's (1995: 195) case of the Jaweja Weavers Association, where the GRI's seek short-term benefits of liquidity regardless of their long-term indebtedness to moneylenders.

Commenting on Mancur Olson's (1965) important work, Kelley & Breinlinger (1996: 11) say "it was conventional wisdom at the time that if a set of individuals have interests in common they will form themselves into a group". That is, interests impelled group formation, and in fact preceded them. Olson believed it was collective interests and the use of selective incentives, rewards for membership and penalties for not committing to the group that brought about collective action. But Olson's approach had the premise that "people are aware of having interest in common with others" (13). Another premise was that individuals would participate in collective action "if the personal costs of doing so could be minimized and the personal benefits enhanced" (14). Such premises have received wide attention, notably in accounts of how TSOs should design both moral and material incentives for participation (Uphoff, Esman & Krishna, 1998)

Indeed TSO success in some accounts is due to economic and technological benefits. The underlying assumption is that participants were both aware of these benefits from the start, and that these benefits remained stable through the organization's growth. Thus one account of AMUL (Krishna, Uphoff & Esman,

1997: 105-119) describes how the GRF's well-planned insemination and transport procedures appealed to farmers¹³.

In such formulations, the individual is motivated to commit to collective action out of self-interest. Ostrom (1990: 185) does strive to step back from assumptions of self interest. She notes that individual can seek long-term benefit, through "I will if you will" strategies that are backed by monitoring. However her "framework for analyzing institutional choice" (192) assumes collective interests represent stable benefits. For instance in her framework, individuals choose to pursue collective action when expected benefits exceed expected costs. But how do they know these benefits and costs? Such instrumental views "assume individual actors are political and social entrepreneurs who knowingly and rationally utilize social capital to craft institutions in pursuit of optimal resource management" (Cleaver, 2001: 365).

Participants make sophisticated choices in joining a TSO, choices that may not be all that apparent. For instance women irrigators in Nepal preferred the informality of GRIs to formal GROs. In their gendered setting joining the GRO would have meant being "bound by rules that did not favor them" (Cleaver, 2001: 52; Zwarteveen & Neupane, 1996). Articulating their interests was delicate in a village dominated by men. By joining the GRI the women found a politic compromise,

¹³ However the same account proceeds to describe how the use of the AMUL model in Indian oil-seeds led to widespread resistance from merchants, even political challenges. Clearly even in such an account, not all benefits are immediately apparent nor do they always materialize in the ways initially expected.

which did not upset the village customs but allowed them autonomy. Their interest seems clear enough in such a description. But to the village inhabitants their actions were routine, part of their accommodation to a structure they took for granted. In settings of severe inequality or repression, participants may not agree or may express their interests unclearly. Nor may the benefits of committing to a strategy be easily apparent to participants.

Interests can change. “Age, gender, class and individual agency may all shape people’s willingness and ability to participate” (Cleaver, 2001: 49), and obviously these influences rarely remain stable. Particularly relevant is the changing social position of participants over their life course (49). Starting a TSO is difficult and its participants take a big chance in joining it. There are severe risks of failure-- hostile stakeholders can retaliate. Participants’ actions in such a case could stem less from individual self-interest, from the desire for an apparent and stable benefit. A reasoned assessment may find such benefits simply not worth the risk of commitment. Commitment may stem instead from collective affiliations, the participant’s affiliations and loyalties. However as the TSO stabilizes its activities over time, it may attract people more immediate and individual benefits.

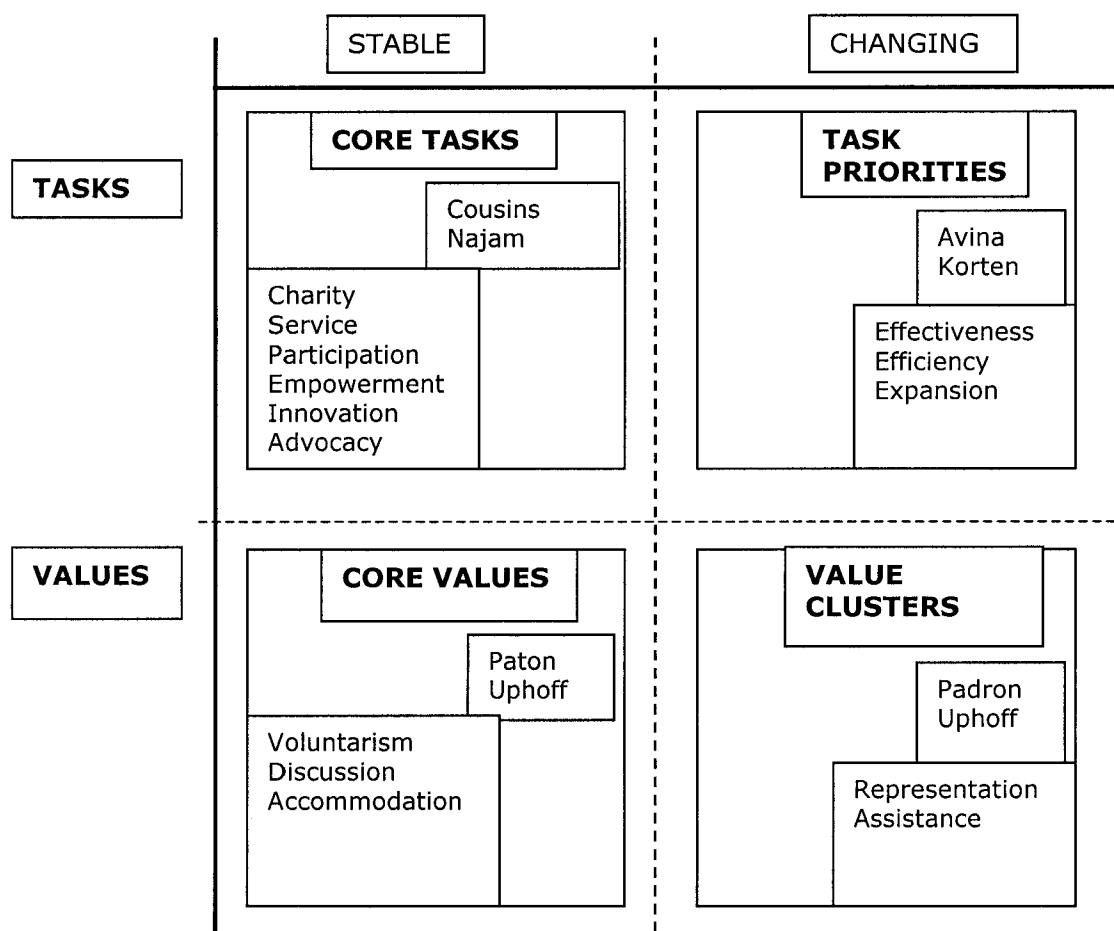
But how then do TSOs pursue collective interests? Diffuse obligations, spontaneous support and unimpeded communication may encourage the organization to forge collective interests (Carroll, 1992). Common interests may not be stable long, and constructing them is an ongoing process, shaped by local customs, political

pressures and surrounding changes. However such interests seem important aspects of the participants' commitment to the TSO's strategy.

This discussion of origins, consensus and interests sets the stage for a presentation of the strategy process in three TSOs in South India. However, before presenting the first of these case studies, the following chapter describes the methodology for this study.

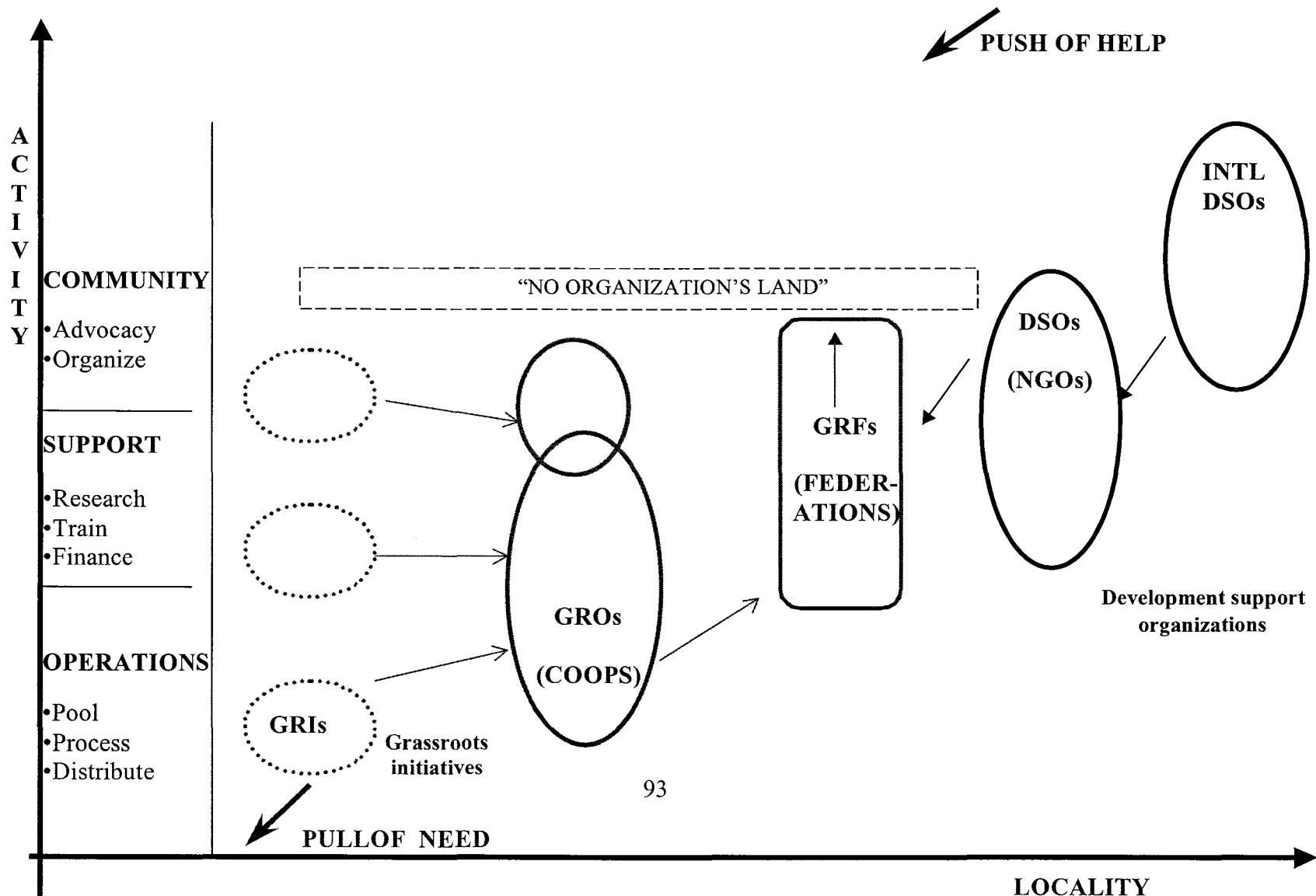
APPENDICES

Figure II.1: Existing typologies of TSOs¹⁴



¹⁴ I thank A.V. Srinivasan for help with this figure.

Figure II.2: Third sector in the third world



CHAPTER III: RESEARCH METHODOLOGY

Now that we have a classification of TSOs let us turn to the methodology for studying them. This chapter serves two broad purposes, offering a rationale for an inductive case-study approach to studying TSO strategy, and offering an inside account of how the data for this study was collected.

Inductive case-study

This study was based on inductive case studies of three TSOs in South India. These organizations were studied through a combination of interviews, archival data, participation in their activities, and observation of a few key ceremonies, over a period of three months at each site. The data collected through these methods was interpreted over a two-year period, and presented in a chronological order. Each case is organized into sections on the TSO's strategies.

Why an inductive study? It was C. Wright Mills (1959) who argued that explanations of society require history and biography, tracing changes at the level of both organizations and people. Such an understanding, as Mills asserted in a celebrated expression, required sociological imagination. It required empathy with the historical subject, a perspective on the changes surrounding the subject through a simultaneous invocation of involvement and detachment. An inductive study offered me an opportunity for such a perspective.

An inductive study of TSO strategy seemed especially necessary for five paramount reasons. Managerial studies of the Indian third-sector are fairly modest and not that easily accessible. So original studies seem quite necessary. An inductive study in such research conditions reduces any preconceptions we may have on the strategies of these organizations, allowing an exploration of how in each organization a 'strategy' is understood. An inductive approach also offers an opportunity to study the formation of strategy with greater clarity. Such an approach prevents us from objectifying strategy. The combination of first-hand retrospective accounts and closely observed activities is useful for understanding 'what' becomes the strategy. An inductive approach also allows us to question what becomes dubbed a strategy. Rather than treat the TSO strategy as a given, with an objective existence, such an approach encourages us to "open up the strategy. Particularly when strategies are studied as interpretive retrospective accounts constructed by organizational participants, an inductive approach is essential for understanding how these accounts emerge (Weick, 1993; Hannigan, 1995; Mir & Watson, 2000).

An inductive approach also enables an understanding of the dynamics behind the strategy, such as the alternative choices from which the strategy is created. Finally such an approach can shed light on the motivations of participants in pursuing given activities.

For these broad reasons an inductive approach seemed useful for studying TSO strategies. This chapter discusses three methodological aspects of this study: first the rationale for choosing research sites, second the methods of data collection, and finally the process of data interpretation.

Selection of Research sites

The three research sites for this study were chosen on the basis of three broad criteria: critical impact, instability and permanence.

One criterion for choosing these organizations was their critical impact. This study was not seeking a representative sample—it is difficult given the diversity of the third sector and the use of an inductive approach to generate findings representative of the third sector. Rather than a representative sample the study focused on TSOs whose dramatic efforts could offer valuable insights into the decision making and operations of such organizations. Such dramatic efforts could involve a significant and widely visible achievement, such as of the Cooperative Development Foundation. It successfully lobbied for new legislation that guaranteed autonomy in management and decision making to GROs in the state of Andhra Pradesh. Such dramatic efforts could also involve a significant track record as a grassroots representative such as of the South Indian Fishermen Federation of Societies. It had successfully served the economic and technical needs of fishermen in South Kerala for almost two decades, during a period of severe ecological crises and political conflicts. Such dramatic efforts could also involve a worthy attempt at changing the

TSO's terms of engagement with its external world, as was the case in Koy's Ikat. It was striving to reduce its dependence on the ubiquitous and powerful Andhra Pradesh Ministry of Handlooms, and the network of government emporiums that dominated the state's handloom sector.

Another criterion was the instability of the organization's setting. TSOs exist in an unusually volatile sector, particularly in the third world. The difficulty in even identifying a distinct third-sector is compounded by the volatility of the organization within it. Studying an organization that had survived such volatility seemed particularly important to understand how to handle the strategic challenges posed.

The Indian third sector is particularly characterized by intense conflicts and change. On one hand India is rapidly becoming an important consumer market and industrial base for global corporations. But the global market has only partly changed the country, with severe income inequalities, rising levels of urban and rural poverty and low levels of literacy and health remaining perennial problems. The country is also politically unstable with rival power centers, including Central versus state government, the ruling party versus the opposition, market reformers versus socialist planners, and urban consumers versus rural producers. TSO leaders must constantly negotiate these complex and shifting coalitions. Primary sectors such as paddy agriculture, rural credit, handloom, fisheries are particularly prone to rapid political and economic change as the existing government subsidies and

protective legislation are quickly removed under global competitive pressures. The adaptation of TSOs to these changes is an important area for research.

A third criterion was the TSO's track record as an organization working with the grassroots. The organizations studied all had a track record of successfully performing operational, support or community activities. They had sustained their activities in terms of: being in operation for at least 15 years, enjoying a favorable financial balance, following established methods of auditing and financial control, maintaining a network of regular donors who offered significant capital and expertise, and achieving an established reputation.

--INSERT TABLE III.1 --

What did such an inductive approach entail? After a brief description of the three sites, the data collection methods are explained.

-- INSERT FIGURE III.1 --

The sites

South Indian Fishermen's Federation of Societies (SIFFS)

SIFFS is an apex GRF based in South Kerala. It comprised fishermen GROs organized into federations based around distinct regions of the South Indian coast,

Trivandrum and South Kerala, Quilon and Central Kerala, and Kanyakumari and Southern Tamil Nadu.

SIFFS performed three distinct roles as an apex GRF. It mediated between federations, minimizing their conflicts for resources. But this was a relatively minor task, since the federations operated in an autonomous manner. A more important role was giving technical and managerial to members. Staff helped the federation leaders computerize records, apply for donor funding, and obtain loans from banks. The apex's vital role however was in designing boats and documenting community concerns for policy audiences.

SIFFS' growth was closely connected to severe social and ecological changes in Kerala's fisheries. The rapid entry of mechanized fleets into the sector led to an unprecedented decline in the fish catch by the 1970s. Social movements emerged to protest these conditions, and demanded an immediate halt to mechanized fishing. These movements were closely affiliated with fisherfolk unions and GROs, and together they successfully lobbied Kerala's policy makers for a monsoon ban on trawlers.

SIFFS' growth occurred in four stages. Initially a GRO was started in the village of Marianad in the late 1960s to reform the existing distribution network. Its success led to neighboring villages starting similar organizations. In 1980 these organizations united in the federation SIFFS; their goal was to reform regional distribution, creating an integrated network that linked villages to urban

middlemen (such as exporters). The new federation had only limited success in this effort. By the mid-1980s SIFFS had moved away from distribution to research and technology. It started manufacturing 'intermediate boats'. Its sturdy but affordable canoes were very popular with fishermen who were under severe competition from the mechanized fleets. By the 1990s the apex GRF had become a successful technology vendor and documentation center for fishermen.

Koy's Ikat

The Koyillagudam weavers' GRO (also known as Koy's Ikat) was based in the Telengana region of Andhra Pradesh. It produced handloom fabrics for local and export markets, specializing in a unique technique of tie-and-dye weaving called *Ikat*. In an extraordinarily intricate process, segments of threads were dyed separately and then woven together to form patterns.

The GRO received orders for its textiles through government emporiums and private dealers. Once a price was agreed for the order, it was divided into jobs, that were allotted to members. For each job a standard rate was offered depending on the intricacy of design. The GRO also bought yarn and dyes at subsidized rates for its weavers. It also funded some maintenance for their weaving looms. On an annual basis the GRO board negotiated with government bureaucrats for loans, subsidies, and weaving orders from state emporiums.

The interest in Indian handlooms and handicrafts burgeoned in the 1920s, part of a rising nationalist sentiment in metropolitan areas. After India's independence in

1947, government planners decided on a special sector for handicrafts and handlooms. State governments recognized the significance of craft communities as lucrative vote-banks and supported the creation of a special sector. By the late 1950s Indian developmental plans included budgets for assisting craftsmen through loans and training. As a result the Andhra Pradesh handloom sector, as in other Indian states, was heavily regulated by the government. The Ministry of Handlooms (MOH) was particularly powerful in the sector, since it mediated between the GRO and the government-run emporiums (which sold the weaver GRO's textiles) and between the GRO and government-controlled funds and subsidies. Another powerful organization in the sector was the Andhra Pradesh Cooperative Organization for Handlooms (APCO). It was a government-mandated and closely controlled federation of all weaver GROs in the state. Every weaver GRO had to belong to APCO to enjoy access to government emporiums and funds.

Koy's Ikat like most weaver GROs in Andhra Pradesh was facing severe difficulties by the mid-1990s. Cuts in government funding and payment defaults by the government emporiums, and delayed APCO board elections, all signaled the limitations of government control. Like other GROs, Koy's Ikat was exploring alternatives to its dependence on the MOH.

Cooperative Development Foundation (CDF)

CDF worked with paddy farmers and women in the Telengana region of Andhra Pradesh, offering them managerial advice, financial resources, and advocacy.

Many GROs in rural areas cannot afford to hire trained staff experienced in running complex organizations. In particular organizations need book keeping, computerization, planning systems, and a proactive understanding of job design. CDF develops and disseminates precise accessible principles to help GROs develop sound managerial practices. It also offers financial resources. The organization helps village women start micro-credit GROs. It requires the organization to deposit funds in an approved bank and follow specified bookkeeping procedures. Society books are checked regularly. Serious irregularities lead to immediate withdrawal of the loan. However CDF's most prominent role has been as an advocate. Through press releases and workshops, CDF has lobbied for restrictions to government control of the GRO's management. Despite CDF's success in representing the concerns of rural farmers, it was not formally accountable to them. It was a DSO run privately through a well connected and competent board, experienced and committed staff and closely regulated review and coordinating procedures.

Like the other two TSOs, CDF's growth is also closely connected to social movements. In this case an important catalyst was the rapid unrest that resulted from a 1984 decision of the Andhra Pradesh government to delay board elections in registered GROs. The DSO was closely affiliated to prominent farmer leaders in rural Andhra Pradesh. Dissatisfaction with the Andhra Pradesh government centered around the Ministry of Cooperation which regulated the operations and finances of all registered GROs. The dissatisfaction crested in a remarkable wave of protests, legal challenges and policy measures through the 1980s. In general

these social movements all sought autonomy for GROs and treated GROs as economic enterprises which required independence.

CDF's growth occurred in three stages. It originated in a federation called the 'Multi-users' Cooperative Association', started to disseminate successful principles of managing GROs. However this federation started a specialized advocacy unit called Samakhya. In the political protests of the 1980s Samakhya played a significant role. By the 1990s Samakhya had renamed itself CDF, and severed links to the federation that spawned it. It allied farmers, politicians and policy makers into a formidable lobbying force, culminating in the Andhra Pradesh Mutually-aided Cooperative Societies Act of 1995 which significantly decentralized the third sector and allowed autonomous management of GROs.

This brief account is expanded in the subsequent chapters, which analyze the strategy process in these three organizations. Let us now turn to the specific data collection methods used in this study.

Research Data

The focus of data collection was the TSO's key decisions and the important actors involved in them. To elicit such information the questions ranged from insider accounts of critical decisions to discussions of the rationale behind official goals. Internal contradictions in the respondents' accounts and differences of opinions among respondents hinted at the process underlying the important decisions in the

organization. These contradictions were akin to ‘traces’ of alternative choices of actions that were not pursued. Other questions elicited information on the organization’s history and the evolving rationale for its services. On rare occasions interviews took place outside office hours, in more congenial locations where the respondent could be probed on sensitive matters such as the suitability of current leadership, rivalries within the ruling coalition, candid appraisals of senior staff and current intractable problems.

The questions were about the TSO’s strategies for survival; they were based on three sets of theoretical approaches reviewed during the research proposal stage of my thesis study, that is the initial stage of research design. These approaches were: efficiency and economic strategies for survival, distinctiveness and cultural strategies for survival, and power and political strategies for survival. (Appendix III.1 lists all of these questions).

However quite swiftly these questions were modified for two reasons. The respondents found them confusing at times, and some time was spent in actually explaining what the questions meant. Obviously the questions required more simplification for a non-specialized audience of practitioners. Secondly the questions did not allow an account by the respondents of the key events and the critical decisions taken.

As a result the questions were used in two specific ways only. They offered a basis to ‘set the ball rolling’ to start the interview. Respondents felt comfortable seeing a

piece of paper with typed up questions. It also legitimized my presence, helping to explain my study and the reasons for being there at the site. Secondly it offered a wide variety of areas to probe during the interview, a checklist of kinds. Thus it ensured direction to the interview, guiding our conversation.

Data collection was through interviews, archival data and observations.

Interviews

All the interviews conducted for this study were semi-structured and each lasted about ninety minutes to two hours. The initial questions in an interview were structured around the interview schedule described in Appendix III.1. However the interviews were intended to be discursive, to probe the history of the TSO. After the initial fifteen minutes new topics were introduced into the interview. It was important to avoid a rigid set of questions so that there was room for discussion.

This semi-structured interview format was chosen for a variety of reasons. The interview being the principal source of information, it seemed especially important to capture rich detailed information even when it did not strictly fit my schedule of questions. The format also allowed the interviews to be reflective in nature. It offered opportunities to move away from documenting the key decisions and events alone to opinions and on past and current organizational trends. Occasionally the informant's explanations were countered with alternative views, from other interviews, to initiate discussion and to reflect on the organization's past choices, an approach advocated by Lofland & Lofland (1995) and Whyte (1984). In all

instances the confidentiality of respondents was preserved, and these alternative views were never identified to a particular individual. In using the semi-structured format for capturing different interpretations and reflections of respondents, I was following the advice of past qualitative studies, notably Czarniawska-Joerges (1992), Mintzberg (1979) and Whyte (1984).

Respondents were either TSO leaders, its senior managers, board members or influential external actors. The choice of respondents was based at times on suggestions from the TSO's leadership. In SIFFS and CDF my initial contacts would recommend important people whose views I should elicit. But the choice was also opportunistic-- conversations over a social gathering could lead to introductions to people who became important respondents.

The choice of respondents was based on a simple criteria. Where possible the information gathered was from or about the key decision makers. Thus a respondent who could shed light on an important TSO leader was of immediate relevance. Similarly well established senior staff members were of importance. By the same token members and clients of TSOs were not contacted. Their information was useful but not essential to this study, and given the limitations of time I preferred to concentrate on other respondents.

Interviews were also conducted with stakeholders involved in top-level decision making. These included government bureaucrats, board members, leaders of sympathetic social movements, donors, and sector-experts.

Archives

Archival information was particularly important for this study. Access to archives was good and all the organizations had internal documents available for my study. These documents included annual reports, proposals for donor funding, appraisals conducted by external organizations, feasibility studies, sector-level studies, performance plans, and department reviews. Occasionally I was allowed to read minutes to recent meetings, though for illustrative purposes only.

These internal documents were supplemented, where possible, with existing studies of these organizations. For instance the political struggle in Kerala fisheries was well-known; a few studies of it were available during my research visit (Kumar, 1988; Meynen 1985; Nayak, 1990). CDF had been the subject of two previous studies that were made available to me (Korten, 1990; Khan, 1997). A modest collection of newspaper articles and press releases were also available, though usually restricted to particularly important ceremonies such as CDF seminars. Information on the fisheries, paddy farming, handloom weaving, micro-credit from books and journals also proved useful. In advice on use of archival sources of information, Yin (1984), Lincoln & Guba (1985) and Lofland & Lofland (1995) were very useful.

Observations

Three types of observations were important to this study, activities, work locale and ceremonies. Their significance has been noted in different studies of qualitative research, notably Spradley (1980), Lincoln & Guba (1985), and Yin (1984).

In all three TSOs the main activities were observed, particularly the procedures, personnel and tasks involved in conducting them. Such observations were not always direct-- for example to observe SIFFS' support activities of research entailed not only watching the TSO's staff use its three computers, but also watch its chief executive during public meetings when he listed detailed information on fish catches, marine technology, and sector revenues. Observations of bulletin boards, the stock in in-house libraries, office layouts could offer relevant information on the organization's activities. Observations of the work locale, of the places where the TSO's activities were conducted were useful in understanding the organization's authority and work systems, as well as the changing priorities and rationale for such work.

Occasionally I was fortunate enough to attend press conferences, training programs, seminars, award ceremonies, annual meetings, televised discussions involving these TSOs. In these ritualized orchestrated interactions the organization's values were represented to different audiences. In staff meetings merit, in conferences expertise, in TV discussions urgent sectoral matters, in such ways the TSO represented itself. All these occasions provided an opportunity to study the organization's history and changing values.

The data collection took place for about seven months, between April and December 1996 in two locations of South India, the cities of Trivandrum and Hyderabad.

Difficulties in Data collection

During the actual data collection for this study I encountered certain difficulties. Foremost of these difficulties was access. My access strategy was to locate sympathetic and supportive members of these organizations, who would introduce me to other staff and also confer an official status to my study.

Overall, in SIFFS, access to the workplace was good and relatively free of restrictions. But in CDF and Koyillagudam, visits had to be scheduled and were delimited. Entry to the workplace required special permission, and interviews required prior appointments. In CDF and Koy's Ikat all the interviews took place in the office, while in SIFFS some managers would suggest more informal sites for conversations, such as restaurants or their home.

Besides permission, as studies have warned (Baviskar, 1979; Kunda, 1992; Yin, 1984), securing the support of senior managers was challenging. In SIFFS and CDF the senior managers were supportive and cooperated fully in the interviews. But access to junior staff in these two TSOs was more limited. Staff could be unavailable during office hours. Or they were unsure of my status and a trifle

suspicious. Most frequently the recounting of key events and decisions seemed incongruous to them and I would be referred to senior staff.

Language skills also affected my access. Fluency in the local language was essential for interviewing junior staff who were not comfortable in English. However the vernacular in SIFFS (Malayalam) was entirely unknown to me, and my facility in the vernacular of the other two TSOs (Telugu) was modest. Luckily the senior leaders and staff were entirely comfortable with an interview in English. But my language limitations obviously constrained my access to junior staff, local members and clients. The most severe problems of access were in Koy's Ikat where the leaders and staff spoke no English. Fortunately I could leaven my interviews with Hindi, a language in which we were all fluent. Koy's Ikat was also the only TSO studied where I lacked a sympathetic insider to introduce me and lend the study a seal of official approval.

Another difficulty was time. The actual period of data collection was six months, of which two months were spent in Trivandrum, and four months in Hyderabad. Securing access to these sites, becoming familiar with their background, earning the trust and acceptance of staff, were time-consuming tasks. In retrospect it is apparent to me that a study of this nature requires more spadework in gaining access and more time in gaining information.

The scope of data collection was further limited in two ways. At times the respondents would literally skip stages of the organization's growth, referring me to

available studies. Despite explanations of the importance of different perspectives, respondents could insist I rely on an available study. From their point of view it seemed time consuming and unnecessary to reiterate information available elsewhere. Existing studies were valuable sources of information but by referring me to them, the respondents also avoided detailing the fluctuating and changing interpretations and events during that period. Scope was also limited by the iterative nature of my interviews. Since they were semi structured interviews, it would happen at times that after recording the interviews information further questions emerged and clarifications were required. Luckily some staff were available for repeat interviews but others were not.

Data Interpretation

The data collected was interpreted through four stages. Following the suggestions of Lincoln & Guba (1985), the notes made after every site visit were typed into a narrative. This field note described that particular visit, including my perceptions at the time. Simultaneous with these field notes two other documents were maintained, a series of theoretical notes, and an occasional diary. The theoretical notes allowed me to speculate on the significance of the gathered information for the study. Maintaining them also prevented contaminating the field notes' descriptions with theorization, jumping to conclusions. The diary allowed me to 'let off steam', discuss my moods and feelings during the research visits. The entire research period was a time of great stress and the entries listed many a social drama in which I was an unwitting participant.

The next stage was integrating these different documents into a common narrative. First a chronology of key events was generated for each TSO. From this chronology patterns in the organization's history were apparent, periods when the TSO followed one strategy alone. Through the available information these periods were fleshed out, with descriptions of the events, important debates within the TSO, pre-conceptions of decision makers.

Simultaneously with the writing of the research case, the theoretical framework was refined, so that the concepts reviewed for my research question matched the descriptions in the case. As recommended by Czarniawska-Joerges (1992), Eisenhardt (1989) and Lincoln & Guba (1985), there was an iteration between the case data and the theoretical framework, a constant movement between updates and revisions, between case data and theoretical framework, data and explanations. The iterations eventually reached a point of "theoretical saturation" (Glaser & Strauss, 1967), when the information on the available theoretical categories was sufficient.

APPENDICES

Appendix III.1: Interview Schedule of supporting questions

Sustainability

1. strategy content

- a. domain-- contract failures, information asymmetry
 - on what basis do distributors set the prices/credit?
 - on what basis does the TSO set it?
- b. allied service package
 - what makes members stay with the TSO?
 - what services have you found help them stay? who developed them?
- c. growth by stages
 - how have internal demands of growth been dealt with in the TSO?
- d. clear targets, broad social message
 - who can become a TSO member?
 - what do you think is appealing about these TSOs ?

2. strategy process

- a. emergent strategies-- experimentation, involvement of users
 - how much freedom do staff have to take decisions? what sort of decisions get more freedom, which ones less?

- in general, how does CDF manage projects, by close supervision or total delegation?

3. *structure*

- a. fit task and skill requirements
 - does the TSO structure help perform main tasks? how?
- b. minimize coordination cost
 - how do you ensure people do their jobs?
 - how do you prevent misuse of company property?

Distinctiveness, Power

1. *defining identity*

- a. providing values of uniqueness
 - how would you describe the TSO? (what terms, metaphors, rituals, myths)
 - what makes this place different? from whom is it different?
- b. controlling selection for homogeneity
 - how do you select, train employees?
 - how do you communicate to members goals and values?

2. *protecting identity*

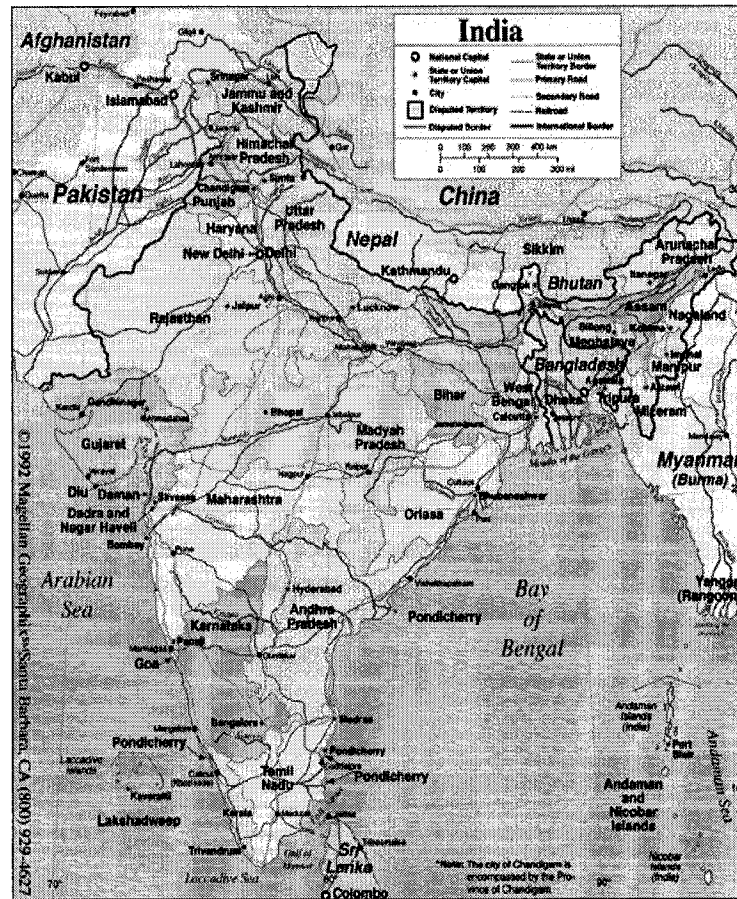
- a. resisting dilution of identity
 - how did this TSO become professional? how do members perceive this professionalism?

- is there pressure to be only single community oriented? is TSO identity caste/occupation/region/class-bound?
 - what are ways of reducing external pressures (government, ethnic groups, donors, bureaucrats)?
3. *relational power*
- a. acquiring influence in organizational relationships
 - does it help to have a professional image? with whom?
 - what are official and unstated limits to the power of the secretary, the executive trustee, and the board?
 - how has the balance of power shifted over time? between the TSO and its clients, and with other influential organizations?

Table III.1: The sites in 1995

Activities	SIFFS	Koy's Ikat	CDF
Operating	--none--	Handloom weaving and distribution	--none--
Support	Boat design, financing	--none--	Financing
Community	Advocacy research	--none--	Organizing, advocacy mobilization

Figure III.1: Map of India



CHAPTER IV: SOUTH INDIAN FEDERATION OF FISHERMEN'S SOCIETIES, TRIVANDRUM, KERALA, 1960-1995

You see the difference between SIFFS and voluntary organizations is this: In SIFFS I am a professional working in a fishery organization. The others are professional organizations working with fishermen (3).

This chapter describes the birth and growth of a TSO known as the *South Indian Federation of Fishermen's' Societies* (SIFFS), based in Trivandrum, South Kerala. SIFFS started as a GRI based in the coastal village of Marianad, outside Trivandrum, in 1970. This chapter tracks the significant changes in this TSO that culminated in its unique professional emphasis. SIFFS growth occurred through four strategies, *cooperative-marketing*, *federated-marketing*, *intermediate technology*, and *professionalism*. Each strategy involved changes in activities. This chapter describes the key events preceding each strategy and discusses its dynamics in terms of origin (from where did the strategy originate?), consensus (what tactics led to the strategy's acceptance?) and interests (why did participants commit to this strategy?).

In the early 1960s GROs were not all that common in Kerala's fisheries. But over the next two decades a series of dramatic interventions led to GROs becoming a common organizational form in fisherfolk¹⁵ villages. One of the earliest such organizations was started in the village of Marianad. The choice made by Marianad's inhabitants-- to create a representative organization—was neither an easy nor straightforward choice to make. But it would have important consequences for the fishermen of South Kerala.

The Marianad GRO metamorphosed into a series of similar organizations across the coast. Within a decade there were ambitious plans to create a GRF that would unite fishermen across South Kerala, against their common enemy, the merchants. These plans did not entirely succeed and the GRF moved away from marketing into technology, becoming a vendor of intermediate boats. After further restructuring, SIFFS today promotes professional solutions for the technical needs of fishermen in three coastal South Indian states.

THE MARIANAD EXPERIMENT: *COOPERATIVE-MARKETING*; 1960-1974

This section describes the key events in establishing a GRO at Marianad, as recounted by its participants. The section concludes with a discussion of the strategy process apparent at this stage in the TSO's growth.

¹⁵ I prefer to use the term fisherfolk to describe the fisher-community-- that is both its men and women.

Events

The village of Marianad in 1960

The democratic transition to a communist government in the state of Kerala in 1957 immediately led to severe political conflict. The new government promised radical land reform. This alarmed upper caste communities such as the Nairs who had sizeable land holdings. They found common cause with the Latin Catholic Church, to which the ideology and policies of the Communists were anathema. The Bishop of the Trivandrum diocese at that time, was the Right Reverend Peter Bernard Perreira. Fishermen were invaluable in protesting the policies of the new government. They contributed to a level of social unrest so severe the government was dismissed by the Federal authorities in 1959.

Many protests were organized. The central government then intervened and the communist government was dismissed. Perreira had used fisherfolk in this struggle and had mobilized them through the church...This agitation brought him into direct contact with fishing villages and their poverty (5).

Through the protests Bishop Perreira became closely aware of the fisherfolk, and grew interested in their social development. The diocese partly wished to express its gratitude for the fishermen's support.

Perreira was the first Indian bishop of the Trivandrum diocese. For him social development was to do something for the backward people...He would say over and over publicly 'the fishermen is equally competent to the rest of us provided he gets the support' (13).

The Church had created a specialized unit to promote its vision of social development, called the Trivandrum Social Service Society (TSSS). This organization was asked to establish a suitable project.

The TSSS started a housing colony, so that fisherfolk could enjoy safe and clean accommodation. In 1960 it acquired barren land off the coast of Trivandrum. The land was known in the local language, Malayalam, as Aliallathura: the shore without people. It was not an attractive tract: local fishermen claimed it was cursed, inhabited by ghosts. Renaming the land Marianad, the land of Mary, the TSSS invited fisherfolk to settle. It also moved European volunteers to the village to help the project. The volunteers' focus was social welfare, not political change. They focused on improving the living conditions, through houses, wells, schools and clinics. There was little discussion of economic or political structures.

Significantly, these initial volunteers were all women. Due to gender stratification in the village, fishermen were uncomfortable in their presence. So the volunteers directed their work to the women in the village. This meant their focus was on non-economic activities¹⁶.

The initial approach of the team was that of community building...many new activities were initiated in the village. A public health programme; clubs for boys and girls; savings schemes; a nursery and a crèche (Kurien, 1980: 18-19).

¹⁶ Although fishing was an activity only for men, fisherwomen did participate in the marketing of fish.

A welfare focus was also in tune with the Latin Catholic Church's political universe. Routine maintenance was uncontroversial, perceived as beneficial by all social classes. The volunteers articulated project goals within terms used within the church, the focus on amelioration. They did not question the political impact of welfare goals or the impact of the church's enormous power in the coastal region.

At this time Marianad fishermen lived a life of double-solitude. They were mostly 'hook and line' fishermen, using rafts and multiple lines. But in the surrounding area seine fishing was more common. Such fishing required large nets. Hook and line encouraged solitude, but seine fishing was a group effort. The fishermen's solitude was reinforced by the village's status. It was a new village. Its inhabitants were newcomers, outsiders to the local commons.

A particular point of tension for these fishermen was the sale of daily catch. The catch was auctioned on the beach to merchants. Such an auction could approximate a perfect market, with equal access of buyers and sellers to the catch. But in reality merchants maintained a tacit and tight rein on their bids. Another constraint was credit. Fishermen indebted to a merchant ceded him first access to the catch, thus eliminating the auctioning process entirely. Total repayment of such debt was rare.

Both parties had something to gain from a credit relationship. To merchants it brought first-access and bargaining power. Fishermen enjoyed a source of credit

when other avenues were non-existent. But despite such advantages the principal, interest rate, repayment, catch price, purchase volume, were all points of conflict. Merchants wanted low prices, fishermen high prices. When loans mounted, or the catch's sale-price was low, fishermen would complain that merchants cheated them. The situation was further charged by the disparate power of the parties. Some merchants were quite wealthy, with influence over local actors like the parish priest, village elders, Member of Parliament, and district officials. Their power was resented by the fishermen.

It is difficult to assess the extent the prices offered by merchants were actually unfair. Some studies (Platteau, 1989) argue that the sort of personalized credit-ties apparent in Marianad are not inherently exploitative. Such ties are an adaptation to a volatile market. High interest on such funds is explained by the scarcity of the capital, not the rapacity of merchants. In such an argument high interest-charges are the consequence of existing market imperfections. Due to the lack of market information in these settings there is ambiguity about the extent prices are fair. Certainly in Marianad it was difficult to assess the extent prices were lower than the 'true worth' of the catch. So the perceptions of fishermen on the fairness of price-setting were particularly significant.

Changes in the mid-1960s

By the mid-1960s Marianad was expanding in size, with new families settling in the village. There was a growing scarcity of available land for housing. The scarcity led villagers to rent land from a merchant in a nearby village. In return

they ceded him the right of first-access to catch. The merchant also offered loans, further entwining fishermen in an asymmetrical trading relationship. At the same time the original group of volunteers left, leaving an energetic young Indian, Nalini Nayak, to administer the project. Bishop Perreira recruited a new member, Eugene Culass, to help her. In sharp difference from the earlier volunteers, both Nayak and Culass had training in social work. As later events would prove, neither of them was content with a focus on social welfare alone¹⁷.

Two particular aspects seem to have shaped Culass' strategy of entry. As a man, his scope for project work was restricted to fishermen. Unlike the original volunteers he could not focus on welfare activities, since these traditionally involved fisherwomen. At the same time Culass hailed from a fisherfolk family, which considerably improved his chances of successfully working with the local fishermen.

Culass began to help the fishermen negotiate prices for their catch. To the fishermen their growing dependence on a few large merchants was unexpected. They were used to a decentralized marketing system, one with many buyers and sellers. But now they were in a new locale, where a single merchant dominated. The novelty of their situation spurred the fishermen to demand better prices.

¹⁷ This part of the chapter is based on discussions with Wicki Meynen (26) as well as the booklet *Ripples and Repercussions*, published by PCO.

Culass' own interest in establishing himself also played a role. His actions took place in a situation where a nascent perception of exploitation already existed.

As these new people joined there was rethinking of the basic approach...They saw the indebtedness of the fishermen to moneylenders who took over right of sale. They saw exploitation as the key problem (5).

Culass and Nayak began to actively discuss the long-term development of the community, particularly its social and economic needs.

...the team began to realise that no amount of community building would be effective and truly liberating if the economic matrix of the community was not radically changed (Kurien, 1980: 18-19).

They posed questions, to learn about the village.

We were on the shore all the time. We took part in the auctions, we were there when they talked to the merchants. But it was not a conscious process. We did not decide what to do and then do it. But yes there was a pedagogical approach we used, Paulo Freire and all that, we would ask questions... (6)

Their questions also generated a process of critical thinking. The fishermen began to seek answers themselves.

We would go meet fishermen and ask them questions. We would ask them why they auctioned their fish. They would say because they had borrowed from a moneylender or merchant and were required to sell their fish through their auctions (1).

The emerging interpretation was that the main problem faced by Marianad villagers was low fish-prices. But it did not emerge smoothly. It was characterized by shifting patterns of questioning and political activity. One village meeting decided a fund should be started with contributions from all fishermen. The money collected would be used to start a cooperative. But at the same meeting, some wanted the money to be spent on a church. The village still lacked a decent prayer hall. Respectable villages in South Kerala had their own church. By the end of the evening it was clear to the project workers that the funds were now intended for a prayer hall, not a cooperative. Their response was revealing.

He (probably Culass¹⁸) was convinced that if till now everything was taken up according to the genuine needs of the people, then this initiative of the people to build a church, must also be taken up equally seriously. *How this occasion can be used to achieve the real goal of bringing the people before the reality should be the task of the team and not prima facie rejection of the people's experience* (Ripples and repercussions, 1984: 7, my emphasis).

The village meeting had become a site of rival interpretations. But to the project workers the question was how they could steer the discussion back to prices. On one hand they could not dismiss the fishermen's views; but on the other hand they could still use these views to discuss the economic situation in the village.

At the next meeting the collection for the church fund was lower than expected. In the ensuing discussion fishermen concluded that it was low because catch revenue was lower than market value. Loan deductions, commissions to intermediaries, severely reduced returns. This discussion is excerpted here at some length to illustrate the project workers' tactics of questioning the fishermen. The project workers skillfully steered the discussion back to the economic situation in the village.

The community worker used to spend a lot of time on the seashore seeing the catch people brought back, the value for which it was sold to the merchants through the moneylender and from this was able to get a mental idea of the share that the church would get for that day. In the evenings the fishermen brought their share for the church funds. Invariably the actual amounts brought always varied from what was rightfully due when calculated on the basis of the value for which the fish was initially auctioned.

'Why this difference?' they were asked. 'Is it that you are dishonest?' No that could never be especially when it had to do with the affairs of their church. There were other reasons. Gradually at these evening meetings the reasons came out one by one:

'I'm indebted to the money-lender. He reduced the daily interest from the value of today's catch.'

¹⁸ In the booklet *Ripples and Repercussions* no project worker is identified. However it is reasonable to

‘The merchant who owed me Rs. 27/- for yesterday’s fish gave me only Rs. 15/- saying that he incurred a heavy loss.’

‘I had to pay the auctioneer for auctioning my fish. He wanted Rs. 10/- immediately failing which he said he’d never auction my fish again.’

(Ripples and repercussions, 1984: 8).

The issue of the church was shown to depend on revenue: if merchants paid more for the fish, money could be collected for a church. But this would require circumventing the merchants...The fishermen thus returned to the original reason for the fund. But the consequences of the discussion were important-- after the meeting even fishermen who earlier supported the church now agreed on the importance of revenue.

Fishermen now started to explicitly challenge the merchants whose land they rented and who bought their catch.

The merchants and moneylenders were very powerful people. They were of neighboring villages, not Marianad, such as Rudhukuchi...At that time the community hall was served by a priest of the next village. But the merchants told him not to go and he listened to them. There was a struggle with the official church. There were also physical fights (5).

The merchant's hostile response only further validated the fishermen's interpretations. By impeding parish visits the merchants had affirmed their exploitative role, and further estranged themselves from their clients. The action also seemed to show the church's interests as allied to those of the merchants.

Eventually the clashes reached a flash point. Neighboring villagers accused Marianad's fishermen of preventing access to the sea. They viewed the Marianad fishing technique of hook and line with suspicion, alleging that it reduced their catch volume. Though the conflict was about resource access, tension was exacerbated by the merchants' hostility.

The moneylenders succeeded in getting the support of the other parishioners of the six neighboring villages to raise certain complaints against the Marianad fishermen regarding the method of fishing used by them. The fishermen of Marianad had introduced fishing with hook and line which was new to the coastal tract where the majority of the fishermen used only a beach net with which fish can be caught without going to sea. The people around were instigated saying that since the fishermen of Marianad went out into the sea to catch fish with the hook and line the original settlers of that coastal area suffered a fish famine! It was therefore demanded that for three months of the year-- December to February-- the fishermen of Marianad should not go hook fishing. This hard proposition was supported by the Panchayat, some officials of the department of Fisheries, local politicians and parish priests...(Ripples and Repercussions, 1984: 9-11).

These neighboring villagers blockaded the Marianad beach, preventing fishermen from setting out to sea. An important psychological moment was reached. Desperate for food, the Marianad fishermen defied the blockade.

After a couple of days they had no food left and they decided to physically fight to go to the beach. But when they got there the people ran off. Because you see these were coolies and their heart was not in the fight. (5).

‘It is more honourable for a fisherman to die fighting for his rights in the sea which is the source of his living rather than starve to death on the land’ was the rationale of that moment. Hearing about all the happenings and the determination the opponents withdrew from the fight. From then on the Cooperative started to function again (Ripples and Repercussions, 1984: 9-11).

Throughout this period the events at Marianad were themselves viewed by the TSSS and the Church with growing discomfort and alarm. The Church relied on the support of wealthy members of the coastal community, a number of who were merchants. Historically it had relied on compliant and obedient fishermen leaders. The radicalism of Marianad villagers was unexpected, and perceived by some Church leaders as a threat to their standing. However the TSSS was unable to rein in the activities of Nayak and Culass. Bishop Perreira had personally appointed them, and approved of their work. Perreira’s prestige would go some way in protecting the nascent GRO at Marianad, for the next decade.

The GRO

These dramatic events were accompanied by the formalization of the GRO as an economic and social unit. Success required allying both economic and political bases of affiliation.

A cooperative is at once a people's organisation and a business organisation... *If a cooperative fails as a people's organisation it will most certainly fail as a business organisation-- there is no exception to this rule* (Kurien, 1980: 8-9; original emphasis).

New sales procedures were established. The GRO appointed an auctioneer, who took bids for the day's catch. After the sale was recorded, coupons were issued to fishermen for encashment at the office. Such procedures allowed the cooperative to deduct membership dues before remitting money to the fishermen. Indebted fishermen were loaned money to clear their debt. Gear was sold at subsidized rates.

Formalization also involved establishing membership criteria. Members were required to buy at least one share in the cooperative. In return, the cooperative guaranteed to buy their catch. The criteria ensured only practicing local fishermen became members.

Membership was per family. The criteria was you had to be resident of the place. Known to be there for 6 to 7 months. People had to know you and be able to say 'yes ok he's a good chap let him in'. And you had to be a

practicing fishermen to stay a member. So in this way artisanal fishermen were all covered (16).

Those procedures changed the social networks. By buying off their debts, the GRO now protected them economically, preventing the intrusion of previous trading and credit ties.

The primary role of the cooperative (as a corporate body) is to act as a social and economic buffer to the fishermen at the first point of sale of their fish (Kurien, 1980: 8).

Since membership was open only to practicing, full-time fishermen, moneylenders and merchants were kept out. And by using auctioneers, direct interactions with merchants were minimized.

The success of Marianad's distribution and pooling activities was in part due to the process of critical thinking generated in the village. Merchant power was identified as harmful. The fishermen were willing to commit to the GRO despite formidable risks, because they felt a lot was at stake. But the success of these activities was also due to the credible benefits they offered within formalized organizational relationships. Where earlier the fishermen were dispersed and dependant on the merchant, now they were all linked to the GRO through membership and insulated from the merchant.

Subsequent developments

It is useful to summarize the subsequent developments at Marianad, although they do not directly impinge on the growth of SIFFS. From 1969 to 1975 the GRO

thrived. Its distribution network grew, including export and retail sales. It became well known, due to well-attended training programs, as well as visits by influential policy-makers. The organization was cited as an example of successful cooperation in the fisheries. Villagers, church and social workers who heard of it, began to adopt the 'Marianad model' (Kumar, 1988).

Foreigners would land up in Delhi and want to know about Indian fisheries.

So they would direct them to Kerala and here they would direct them to Marianad. There were NGO types, government officers, foreigners, all regular visitors to Marianad. It became a showpiece (11).

In the late 1970s an attempt was even made to institute the features of the Marianad model in the state cooperative law, through a proposed 'Village Society Act'. Thanks to an alliance of government officials, politicians, and fisherfolk leaders, the Bill reached parliament. But it failed to generate sufficient support in the House, and was rejected. But in response, in the late 1980s, the Kerala government replaced its fish-marketing corporation, with a network of cooperatives similar to the Marianad model. By this time the village itself, thanks to intensive political activity of two decades, had three marketing GROs registered, each claiming to represent the majority of the village.

Although its project workers moved away from Marianad, their interests shifting to other goals, the experience formed the a significant basis for many subsequent political and economic activities in South Kerala.

Strategy of Cooperative Marketing

The Marianad experiment began as a GRI, a small group of fisherwomen, volunteers, cooperating on welfare. It was dependant on the TSSS, a DSO that bought the land and funded part of the construction of houses at Marianad. But the departure of the initial volunteers altered this configuration dramatically. The GRI became more autonomous in its activities, no longer compliant with the DSO's policies. It gathered funds, increased local support, and established a GRO.

This transition involved the GRI changing its activities. Where earlier it focused on support activities, training fisher-women, it now moved into operational activities, pooling the catch and controlling its distribution. Its success in these new activities seems in part due to the substantial commitment of the villagers, and the carefully designed procedures for membership and catch auctioning.

Cooperative-marketing as a domain approach

Marianad was located in a region characterized by merchant dominance. Its market domain was a monopsony, the control of supply by a few merchants. Monopsony was reinforced by the surrounding villages' seine fishing. Seine fishing required capital and was typically funded by merchants. Monopsony power was further reinforced by the nascence of Marianad, its recent creation and the limited social status of its inhabitants, which meant they were less able to resist the merchants. One way then of explaining what happened at Marianad is to say that the GRO leaders recognized their social and economic setting. The strategy of *Cooperative-marketing* could be described within the domain

approach. The fishermen pooled the catch to counteract merchant power, a response to the local setting. The fishermen and Culass identified merchants as the problem, and established the GRO to circumvent them. They were aware of the bulk economies of fish.

However describing the strategy of *Cooperative-marketing* in terms of the domain approach shows only part of the picture. Neither the activists nor the fishermen seem to have been particularly aware of the characteristics of their market domain. Culass struck upon economic critique as a means of intervention, because social welfare was gendered against him. The fishermen were not all that sure themselves. They discussed, argued and vacillated in establishing the strategy of *cooperative-marketing*. To the fishermen it was the interpretation of fair prices that was especially important. Their public questioning of the prices helped to convince them the prices were unfair. Partly this was because they recognized the importance of bargaining power, of negotiating prices en masse. But equally convincing was the reaction of the merchants who grew more violent and hostile.

Describing the Marianad experiment in terms of the domain approach alone, leaves out the process of understanding the setting, those initial questions and moments of confusion in the activists and fishermen. It leaves out the motivations and personalities of the actors. Culass was seeking a point of intervention. The fishermen were traditionally hook and line, and used to a decentralized marketing system. They were suspicious of centralized marketing. It also leaves out the escalating interdependence of actions, the political mobilization of the fishermen

increased conflicts with merchants and neighboring villages. These conflicts convinced the fishermen of the veracity of their claims, and committed them further to the GRO.

To describe these processual aspects further, let us now consider the origin, consensus and interests of *cooperative marketing*.

The dynamics of cooperative marketing

Origin

The strategy of *Cooperative-marketing* was a response by fishermen to their growing dependence on local merchants. Due to a combination of factors, this dependence was interpreted as being exploitative. Such factors included Culass' entry, land scarcity, fishing technique, and the recent creation of the village, all local events. The strategy was entrenched in local perceptions of these events. Rather than intents, the strategy was a response to these events. The activists did not intend to start a GRO nor did the fishermen. Even later during the meeting, the fishermen were willing to delay collecting funds for the cooperative. *Cooperative-marketing* did not initially originate in a resolve to start a cooperative or to even challenge the merchants. It was emergent, a response to local events, which gradually convinced the fishermen to found a GRO.

Consensus

The tactics of consensus were spontaneous and evolved with experience. Both project activists exemplified receptivity. They spent considerable time listening and talking to the villagers, classifying their perceptions. Fishermen also spent time discussing their situation, interpreting the motives of the merchants and the church. Through these halting discussions and questions the activists and the fishermen became convinced of exploitation and of the necessity of pooling and jointly auctioning the catch. Their growing dependence on merchants for land, credit, and sale, heightened their consciousness of power.

Interests

The fishermen's awareness of injustice their awareness of the benefits of a GRO were not preordained. The strategy was not based in pre-existing interests. The fishermen had to be first convinced that the merchants were exploiting them, that their interests differed from those of merchants and the church. The strategy emerged within shifting bases of interest, as the villagers moved away from accommodation with the church and merchants, to resisting these actors. In resisting them they swiftly recognized how different their interests were from one another. Therefore the interest were collective and shifting.

THE FORMATION OF SIFFS, *FEDERATED-MARKETING*, 1975-1983

The 'Marianad experiment' led to significant changes. Its success attracted new volunteers, who consolidated the project politically and economically. But growth

also contributed to internal differences that shaped the subsequent strategy of federated-marketing. This section describes this period, which culminated in the initial GRF known as SIFFS.

Events

Marianad expands

By 1974 the Marianad GRO had widened its distribution channels. A young professional, John Kurien, joined the volunteers. Kurien was a graduate of the Xavier Labor Relations Institute, Jamshedpur, where he completed a graduate program in management. He quickly established a system of distribution, focusing on a few promising channels and created a formal procedure for auctioning. Later he would author important studies of South Kerala fisheries, some of which are cited in this chapter.

The GRO began to direct-retail its fish in the central Trivandrum market. Export species were sold to specialized distributors. The project volunteers also began to hold training programs and workshops to increase their local support base. These workshops focused on economic change: genuine social welfare would require a new economic structure, where fishermen controlled catch distribution. Youth camps were held from 1974 to 1976. These camps inspired other villages to start GROs. Promising youth leaders were encouraged to carry the cooperative message

back to their villages. The Marianad experiment was becoming the Marianad model.

We helped build up cooperatives in two other villages, Puluva and Vettuvada. We would usually hold training sessions. But we now started to live in the place as well and began to help build up local cooperatives. We initiated training camps where we would do various things. There was an analysis of society through some topics (18).

As these regional alliances were created, the Marianad volunteers also learnt about other activists in South Kerala. Their local contacts expanded. By 1974 they were in touch with Father Gillet, helping fishermen in Kanyakumari, to the south of Trivandrum. Gillet was particularly interested in technical research and designed improvements to the *kattumarams* (rudimentary rafts) used by fishermen. By this time the GRO office had become a site for exchanging views on the economic and social upliftment of fisherfolk. Prominent supporters included parish priests who had become disenchanted with the official policies of the Latin Catholic church, and started independent projects in coastal villages. Father Thomas Kocherry, elsewhere on the coast, had already mobilized opposition to trawlers, by the time the Marianad GRO was established. “Father Tom” as he would be known, later became an influential leader of fishermen. The GRO’s prominence also led to visits from sympathetic bureaucrats, academics, church officials, local politicians, and journalists. Its alliances widened, connecting diverse people engaged in different tasks.

But with expansion came a host of problems. These were internal conflicts between the different people involved in the GRO. There was also a significant rise in external problems, as the Kerala government plunged into a political crisis.

External strife and internal discord

All this time the Marianad GRO coexisted with the 'Marianad project'. The distinction was better observed in name than in practice. Legally, the Marianad volunteers remained a formal part of the TSSS' projects. But once the GRO was established, the relationship between these volunteers and the TSSS came under some strain. The fishermen's conflict with merchants had thrown attention on the Latin Catholic church itself, particularly the caste and class sympathies of its local parishes. By the mid-1970s, the GRO's protector, Bishop Perreira, was ailing. His control of the Church was weakening. Within the Church, Perreira's reformist policies were being questioned. The fishermen's political activism was not supported in this new policy outlook. Calls increased for restraining, even closing the Marianad project.

The policy shift in the Church was accompanied by other changes. The volunteers became more explicit in their criticisms of the Church and State. Their analysis of economic structures was now expressed in terms of political revolution. At the same time the TSSS' efforts to monitor and control the GRO increased. Project members started to directly question the Church's dominance in the fisherfolk community. Their rhetoric shifted away from economics to power. Any attempt to increase fish-prices alone would flounder, only furthering the iniquitous economic

system. The problem was not catch prices but the larger social structure. A sustained political movement was needed to ensure the fishermen's economic rights.

These changes took place within a rapidly deteriorating political and ecological context. From 1975 to 1977, Prime Minister Indira Gandhi imposed a 'state of emergency'. The Indian constitution was suspended, severe restrictions imposed on civil liberties. In Kerala blacklists were created of opponents to government policies: the Marianad project and GRO faced growing scrutiny and intimidation by government officials.

During the same period Kerala fisheries was in crisis. Fishermen reported an alarming decline in the catch-size of some species. But the ministry of fisheries rarely evaluated the claims. Fishermen were enduring declining catches because of two reasons. Unregulated entry was increasing the number of crafts in the fisheries. Fish population was also depleted because an increasing share of these crafts were mechanized. Mechanized craft were far superior to artisanal craft in catch-volume. From 1969 to 1974, South Kerala's fleet of mechanized boats leapt from 1500 to 2,100 (Kurien, 1994: 204). These boats were mostly owned by non-fisherfolk, and their revenues went to wealthy "outsiders". The rapid intrusion of trawlers and their outside ownership were greatly resented. Fishermen unable to survive on the depleting catch started to work in the trawlers. Earlier fishing had required sophisticated skills. Now fishermen were becoming fishworkers.

These tumultuous changes increased the political unrest in the state. Coastal communities became radicalized. By the late 1970s fishermen had their own political parties. This was a dramatic change in a community that traditionally supported the majority party. The most prominent party was the Kerala Swatantra Malsya Thozhilali Federation (KSMTF, translated as the Kerala Independent Fishworkers Federation). It demanded an immediate halt to mechanized fishing. Successful leadership in the community now required allying quite disparate social classes, such as the fishermen who protested overfishing, and the scientists who documented catch decline. Professionals, environmentalists, journalists, and bureaucrats were some of the diverse supporters of the fishermen.

In this backdrop of severe ecological change, fisherfolk resentment and political mobilization, the Marianad GRO started to move away from catch pooling to advocacy and training. The volunteers were no longer interested in criticizing local merchants but in challenging the intermediary role itself. The trawlers and local merchants were part of the same class of merchant capitalists.

But there were different views among the volunteers on how to confront merchant capital.

There were internal conflicts: are we making a few people more rich? What about making the rest of them better? This was a discussion of finding a better approach (5).

To Eugene Culass an integrated cooperative system was the apt mode of resistance. It could credibly challenge merchant capital by offering an alternative marketing

network that served the entire region. Such a system could also offer easier access to improved technology, allowing the fishermen to compete with the mechanized fleets.

It was Eugene who dreamed of the federation. He had been sponsored by the Bishop to go to the Coady institute in Canada and he came back with all these grand ideas...Through this and his visits to AMUL he became the “cooperative man”. He had these preconceived and ambitious ideas... of an organization that would control all aspects of the fishing economy... He thought big; ice-plants vehicles. The export of prawns, of cuttlefish was very high on the agenda of the new federation (8).

Culass was impressed by the technology used in Canada’s maritime fisheries. The integrated system he envisaged would use large-scale technology and sophisticated methods of marketing. But it would be controlled and managed entirely by fishermen. AMUL had expanded a network of dairy-farmers into a technology-driven alliance of rural politicians, professionals and urban consumers. The planned federation could be a similar showcase of technology and professionalism for fisherfolk.

But there was an alternative view. To some volunteers, GROs were not the solution, but part of the problem itself. In promoting an economic solution, the underlying structural problem was ignored.

(the Marianad project) had different mind-sets within it: those who believed in an economic program being the main thing, those who

believed in 'no economic program', and those who looked for a balance.

These positions agreed to disagree with each other (8).

To some, a GRO was not radical politics. Permanent change required a focus on political and social goals¹⁹. The federation would simply generate further exploitative measures. For a more permanent solution, political action was needed, on reforming fishery policy, on banning trawlers. This would respond to the alarming, rapid depletion of fish. Why dissipate such effort?

The internal differences were not only about the means of confronting merchant capital. Some also took issue with Culass' leadership.

...to him power came through control of assets. He saw the community as empowered by assets it controlled. So this colored his entire approach to raising money, undertaking projects (11).

Culass' espousal of an integrated cooperative system was perceived by some as a means of furthering his power base. Certainly his subsequent career attests to a fondness for large-scale, ambitious projects (see the later section on SIFFS' strategy of *Professionalism*). But it remains difficult to assess the accuracy of such perceptions²⁰. Another factor was the stance toward mechanization. The proposed federation was intended for artisanal fishermen. But it was also intended to make mechanized technology affordable to fishermen. This vitiated its artisanal stance.

¹⁹ The differences should not be exaggerated. Both efforts were ambitious attempts to direct social change in South Kerala. To that extent, both were explicitly political. But Culass' effort was directed towards reorganizing the market, while other PCO members grew more interested in creating alliances of fishermen to protest overfishing, and competition from mechanized fishers.

²⁰ Unfortunately I never spoke to Eugene Culass. It would be only fair to have his point of view in any discussion of these issues.

Besides its large scale could shift power away from local fishermen. Another factor was the federation's intent to replace existing marketers. Challenging a few powerful merchants was acceptable. But in other villages, the merchants included small marketers, particularly fisherwomen. Why should they be replaced by a GRO? All these matters raised the stakes of the debate.

The first significant organizational change in this period was in 1978. At a time when Church leaders were demanding the Marianad project be investigated for alleged improprieties in use of funds, the project formally severed its links to TSSS and the Latin Catholic Church. It registered under the Charitable Societies Act as the "Programme for Cooperative Organization" (PCO). Though ailing, Bishop Perreira agreed to be its Patron. Through his support, PCO retained some legitimacy within the Church, while snapping links to the existing leadership²¹. It was no longer part of the TSSS, but now an independent DSO in its own right. Culass became PCO's first coordinator, and held this post until 1982.

The establishment of PCO was part of an agreed compromise among the volunteers. To soften their differences, two separate organizations were to be created, specializing in political and economic change. PCO would be politically active. Another organization yet to be formed, would focus exclusively on commercial assistance. The two organizations would remain linked to each other, through a

²¹Bishop Perreira remained an important presence on my own visit to PCO in April 1996. In the largest classroom hung a photograph of the Bishop smiling, in a cowl. Underneath the caption read: "His lordship Rt. Rev Peter Bernard Perreira, founder Trivandrum Social Service Society, Trivandrum, initiator Marianad Community Experiment, and Patron, PCO".

shared advisory board. In 1980 this second organization was registered, also under the Charitable Societies Act, under the title “South Indian Fishermen’s Federation of Societies”.

At that time there was no SIFFS actually. In reality it was TDFF (Trivandrum District Fishermen’s’ Federation) but Eugene in his grand way termed this SIFFS (11).

Given that the membership base remained the cooperatives in the Trivandrum region, the label “South Indian” was a trifle ambitious. SIFFS was really just one regional federation, the Trivandrum District Federation of Fishermen’s societies (TDFF). But Culass envisioned an organization that would eventually spread around the Coromandel coastline, linking the region of South Kerala to the coastal state of Tamil Nadu. From the GRO, the project volunteers had shifted to a larger process of change, at a regional-level, through a GRF.

Outside influences

SIFFS was greatly influenced by an existing organization, the farmer federation known as AMUL. By the 1980s AMUL had become a well-known model for *Federated-marketing*. AMUL’s founders believed in the benefits of scale. Increasing the volume of milk processed reduced costs for members. But these founders recognized the perils of increased scale. It could reduce member-commitment and participation. How was one to ensure scale and member-control? The AMUL solution was a “three-tier” structure, primary, regional and apex. Dairy farmers in the primary societies pooled their milk. They sent the milk to regional societies, who pasteurized and chilled it. An apex body coordinated this effort,

through marketing, distribution and training. With each higher level, specialist control increased, member control decreased.

Nominally, each primary society elected representatives to regional federations, which then selected the apex board. But due to the increasing distance between each tier, specialists were effectively insulated from local pressures. This feature allowed them the freedom to use specialized management techniques. Over time different milk products were developed, such as infant milk powder, cheese, and butter products. They were marketed to different consumer segments through media campaigns. The emphasis was AMUL's rural identity and product quality.

The AMUL model had some preconceptions. Most important was its 'upward logic'. Milk flowed from the farmer's yard through a chilling unit to a consumer. There were no competing choices to divert the flow²². For example where rival rural marketers or local consumer demand were dominant, such a network would have been hard to establish. The farmer's milk would then be sold to these rural marketers, bicycle-driving traders selling unpasteurized milk directly to local consumers. But in AMUL the product *had* to flow upward, from the dairy to the processor onward to the marketer. Otherwise the organization could not control the processing and deployment of milk. And when SIFFS based its activities on the AMUL model it adopted its 'upward logic' as well.

²² In fact, to prevent such competitive threats, AMUL GROs typically set one requirement of membership as the compulsory sale of all milk only to the organization itself, without an option of selling to rural marketers as well.

All the models of cooperative marketing assume a rural surplus that is available for urban consumers. So cooperatives can offer a high price and high value product. This is the case with milk, where the surplus milk in the villages is collected and sold to urban consumers willing to pay more for a pasteurized product. So this was our logic (8).

Initial progress

To run the new organization a marketing manager was hired. V. Vivekanandan was recruited from the first graduating class of the Institute of Rural Management at Anand (IRMA). This institute was started with help from AMUL. Vivekanandan was recruited by Culass and reported to him. But despite the formal structure, daily tasks were largely accomplished informally. Vivekanandan, Culass and other PCO members worked together.

It was a very good atmosphere for work. There were informal inputs from different people. People would take me under their wing for some time, teach me all they knew. It was a wonderful time when I came here. SIFFS started as a business organization. The professional label I was given was a marketing manager. But these labels were ambiguous and there was not much thought on it. Eugene had full backing and he was the man with the plan. We did what he thought was needed (8).

Initially the federation used PCO's office. But the smell of fish, the rush of visitors, became irritants, and the organization then shifted to an office in Thampanoor, near Trivandrum's train station.

To be successful SIFFS had to accomplish all three operating activities: pool, process, and distribute the catch. The first activity posed a lesser problem. Fishermen at different villages were willing to experiment with the new arrangement, satisfied with the assurances of financial benefit and local autonomy. However there was a capacity problem. Pooling the catch required a periodic visit to the village, but at times the catch volume was insufficient.

A van would go to each center. The fishermen were very enthusiastic. We built up their motivation to resist merchants. With only 10% of fishermen, we were able to acquire 25% of the landings. But the operation was difficult to sustain. We had machinery for 12 months that was operated for a maximum of 5 months (8).

As for the second activity, it was decided to initially focus on distributing the catch, and only later move into processing. But the third activity, distribution, proved difficult. At the regional level it required skills in anticipating consumer demand and negotiating flexible payments. Fish marketers maintained their own personal networks to transmit information on prices, supplies and customer preferences, 'smoothing' price volatility. The networks eased their entry into segments with high-demand, and exit from segments in a slump.

Swiftly the staff realized that replacing the existing marketing system was far more complex than originally envisaged.

The logic for fish to flow up is not that great. You see fish is actually a series of products, each with its own consumption and demand patterns (4).

The consumption patterns were complex and could not be generalized across South Kerala.

Basically we have three types of fish collected in Kerala, for local consumption, for district markets, and for export. Category 1 is marketing by small traders. This is more or less a free market and no one can manipulate the prices. You can't control the market. The primary level cooperatives take care of this. This is about 70% of the fish volume...It is a waste of resources to enter the first category. Why would we push out fish merchants and women at this level? There is no need for intervention at category 1 (4).

By its second year SIFFS was focusing on only 'category 3'. But even for export species, it faced a dual challenge. The staff had to acquire skills in regional distribution. They also had to deal with existing networks of marketers. But their organization's declared antipathy to the 'merchant class' made it difficult to work with them. Indeed such antipathy actually made it harder to learn regional distribution, obscuring the necessary skills for being a private marketer.

We had a very preconceived notion about a cooperative. What a merchant can do a cooperative can always do better. After all we have professionals, we can do it (8).

...there was a hostile private lobby who would get in the way. You have to play the game by their own rules, and they've set the rules (15).

Some problems involved the informality (and illegality) of private marketers. In export they maintained the support of local revenue officials.

They (SIFFS) were trying export but the problem with export is you have to first deal with basic issues. Can you keep double books, bribe officials, use black money? Can a people's organization do this? (15).

Anticipating demand, and negotiating price, were particular problem areas in distribution. Here are two illustrations. The first example describes a large catch that could not be sold.

...we started marketing. This was not managed well, deals were started but did not work out. Then one day there was this huge collection of fish that they kept trying to sell and finally it ended up at the office when they could not sell it, and it really smelled (8).

The second example describes problems in price negotiation.

We went into cuttlefish...(But) there was no cushion for weight loss, rejection, cheating. And this was when there was a problem in weighing the fish. They absorb water and the fishermen wanted them weighed like that. But the company would drain the water and then weigh (8).

The GRF staff was caught in the middle. Their GROs weighed the fish immediately after they were caught, when they were heavier. But distributors weighed them after draining the fish of water. The situation brought home the difficulty of setting a price fair to members but competitive in the market. Fishermen wanted good prices. But distributors bargained down the price, leaving the federation with a low margin.

We were being squeezed on both sides, by fishermen and by competitors. We were trapped. Competitors sold in bulk at low prices. Our fishermen wanted high prices (8).

The organization faced other problems unrelated to distribution. Some PCO members objected to the SIFFS' effort. To centralize fish marketing because all marketers were exploitative, assumed that the interests of all marketers were antipathic to those of fishermen. But criticism of this assumption mounted. There could be different marketers: wealthy middlemen did combine credit and sales, maintaining a hold over fishermen. But small merchants, often fisherwomen, were merely eking out a living. They were earning extra income for their family. Nayak argued that the new federation was hostile to women. The bulk of catch sales were carried out by small marketers who were fisherwomen. They performed a vital service. When the fisherman squandered his earnings in drink, the family could still rely on the women's income. Depriving fisherwomen of their income harmed the entire fisherfolk community.

Such criticism raised troubling questions of the legitimacy of SIFFS' activities. Why not include small merchants in its distribution? But to include merchants would raise another question: why have such an organization in the first place? These questions de-legitimized the basic premise of the GRF.

We immediately faced opposition in our ranks. Some felt we would be competition for fisher women...(and) threatened to have our tires punctured if we went ahead, because we should not work against fisherwomen (8).

Women occupy a significant space. 70% of the fish is sold by women here...This sort of fishery is well served by these fisherwomen (6).

The initial years were very demanding. Vivekanandan hired another graduate from IRMA, Satish Babu. Babu took charge of the Trivandrum-based GROs, while Vivekanandan was in charge of the overall federation. But the separation did not exist in practice. Since SIFFS was really just one regional federation, Vivekanandan and Babu worked more as a team than as leaders of different organizations. By its second year SIFFS had made a modest profit. It had also abandoned ambitions of undertaking local and inland distribution. It concentrated on export species alone, leaving other channels to function as before, with local auctions of the catch. But even this restricted domain, SIFFS' managers would later describe as very demanding. Both the managers had expended much effort in ensuring sales. Could such effort be maintained? It was taxing work with few encouraging results.

Furthermore, differences between PCO members and Culass had increased. One issue was the way decisions were made. For instance, one of Culass' risky decisions was buying land for the PCO office, in an area of Trivandrum known as Spencer Junction. It was an expensive purchase, but proved to be a good decision. It offered a permanent address and valuable real estate. But members complained at the time that he made no attempt to solicit opinions. Was such an expensive move justified for a people's organization?

This was really the style of functioning. He would raise funds without discussing it in the group. Suddenly he would decide to go into a project. He would pump money if needed into a project. All this they did not like. But then it was also necessary to have someone willing to take a chance and do something (8).

Strategy of Federated-Marketing

The GRO at Marianad expanded dramatically. This expansion occurred first through a widening of third sector activities. The GRO quickly moved from operating to support and community activities. Where it had earlier focused on pooling and distributing the catch, the TSO now started training through youth camps and workshops. The expansion culminated in the deliberate creation of a GRF coordinated by the Marianad volunteers.

The newly established GRF had to learn both operating and support activities. At the operational level it had to handle regional distribution. Earlier the distribution activity was handled by auctioning the catch to middlemen. But now SIFFS was taking up the middlemen's role directly. The GRF also began support and community activities, technical training and organizing new GRIs.

Federated-marketing as design

This strategy can be described through the design approach. Much of the decision making at this stage was infused with an eagerness to adopt the AMUL model. Three factors in particular encouraged such adoption. Firstly AMUL's success was well known; it had dramatically expanded an informal marketing network of milk trade by establishing a well-structured GRF. Expansion and success seemed tied together. So AMUL's particular route of expansion especially its structure seemed necessary for SIFFS' expansion as well. A second factor was Culass' fondness for

large and dramatic projects. He had displayed a penchant for ‘thinking big’. The model represented not only a means of expansion, but also of increased visibility in the community. Culass also held technology in some awe. To him the expansion offered a possibility of both expansion and pursuing high technology but controlled by fishermen and for their benefit. A final factor was the induction of Vivekanandan and Babu, both graduates of IRMA. In its early years, the IRMA program on rural management heavily depended on the managerial experience of AMUL. It was natural for these professionals to also turn to AMUL as a model for expansion.

For these reasons the Design approach seems an apt explanation for the strategy of *Federated-marketing*. However we should be careful. The design approach would have us believe the question really is one of locating and adapting the right model. However this account shows a complex interaction between personal motives, external pressures and internal conflicts. The process of actually locating an organizational model can have a crucial impact on the TSO’s efficacy. The AMUL model seems to have been chosen without sufficient discussion among staff, on its relevance. Rather it seemed the apt choice due to its prestige in rural marketing. The model also offered a means of reducing the internal conflict within PCO, resolving the conflicting economic and social motives of the group

The data also shows the limits to the design approach. Ultimately the AMUL model did not ‘fit’ the locale. For instance it presumed that producers would be committed to the upward flow. Villagers would prefer to use a *Federated-marketing* channel,

rather than local alternatives. But this was not the case in some parts of South Kerala-- fishermen had no desire to eliminate local marketing. But the other limit to the design approach seems to have been its inflexibility. Only when the staff relaxed their assumption of 'upward flow' could they actually succeed-- and did so by relying on only a few species.

The model's ultimate limitation seems to have been that it tempted the SIFFS' staff to proceed with regional distribution, without sufficiently reflecting on how they would convince people and ensure their support, particularly fisherwomen. Fisherwomen formed a significant share of rural marketers and they opposed the venture. To discuss these process issues in greater detail let us now turn to the dynamics of *Federated-marketing*.

The dynamics of Federated-Marketing

Origins

Where *Cooperative-marketing* originated in shared experience, *Federated-marketing* originated in a conceptual model. The 'design logic' of the GRF was inspired by AMUL and dairy GROs. But the staff soon recognized that the market domain of South Kerala was not suited to the model. The consumption pattern was different. In AMUL raw milk was not diverted away from processors by local demand, but could be channeled for urban markets. But fish were consumed locally in South Kerala. Consumers also preferred a wider choice of fish for consumption. Such consumer preferences made the existing decentralized system of marketing quite apt.

Consensus

The tactics of consensus were based in the concepts of the AMUL model, and less in the activities of the fisherfolk. To Culass, Kurien, Vivekanandan and Babu, merchants were harmful, to be replaced with an alternative distribution network. The commitment required for this task seems to have been less thought out. Power disparities between merchants and fishermen were somehow assumed to be self-evident. The fisherfolk would naturally support SIFFS. But except in Marianad, large merchants were usually the exception not the rule in South Kerala. By 1984 SIFFS' leaders had come to the conclusion that the Marianad situation, large merchants dominating a village, was an anomaly. Indeed it was precisely its novelty that inspired fishermen to oppose merchant dominance.

Consensus also proved difficult because staff lacked contacts to private marketers. Without access to such networks they were unable to successfully compete with private distribution.

Interests

The promoters of *Federated-marketing* assumed that the interests of merchants and fishermen were opposed to each other. They assumed merchants were hostile to fishermen, seeking to reduce catch price. They also assumed fishermen were united, with a mutual antipathy towards merchants. Because of such assumptions, shaped by the Marianad experience, the promoters of the GRF seem to have spent less time

establishing the benefits of *Federated-marketing*. Did it really benefit all fishermen?

The GRF's strategy was divisive. Small marketers were often fisherfolk too. In fact fisherwomen could specialize in marketing. The promoters also assumed it was in the interests of all fishermen to promote technology. But overfishing had led to debates on the aptness of technology. Some argued that large-scale technology only hurt the fisherfolk further. But other fishermen were pragmatic, willing to explore this option.

Thus in sharp contrast to *Cooperative-marketing*, the strategy of *Federated-marketing* did not involve a process of creating collective interests. Rather collective interests were simply assumed to exist. Earlier the volunteers had been collecting information, willing to dialog with fisherfolk. Now they were making assumptions about the fisherfolk without establishing if they held up.

CHANGING ACTIVITIES, *INTERMEDIATE-TECHNOLOGY*, 1983-1988

Establishing a centralized marketing system was the reason SIFFS was created. But within three years it had shifted into technology-based activities. This section describes the events that led the young GRF to shift its core activities away from regional distribution into research and technology.

Events

Social ties with Kanyakumari project

To the south of Trivandrum, in Kanyakumari, fishermen's collectives had begun to be formed by the late 1970s. They were known as *sanghams*. Their leaders were in touch with the Marianad's volunteers.

Proximity and their affinity of goals and beliefs led to close interaction between the two projects.

The KSSS (Kottar Social Service Sanghams) started a sanghams project in 1973 based on the Marianad model, and it had its own team of organizers. So in 1980 when we started SIFFS there were already 10 societies in Kanyakumari (8).

It was not uncommon for some of the Marianad volunteers to travel to Kanyakumari to hold their meetings. These meetings were attended by PCO, SIFFS, as well as the Sangham leaders and Gillet. Indeed one hope in starting SIFFS was to bring these *sanghams* into its fold.

SIFFS saw the possibility of bringing Kanyakumari sanghams into the organization. But they were somewhat hesitant, a "you try and we'll see if it works" attitude! (8)

Entry into boat-building

By 1974 the Belgian priest, Father Gillet, who was working with the Kanyakumari sanghams, had designed an intermediate boat. This was a boat

larger and sturdier than a kattumaram. It was meant to be an improved indigenous craft, with better maneuverability and range than the kattumaram. But Gillet and his technology group at Kanyakumari faced severe design and production problems. They had to first develop a craft that could actually survive South Kerala's surf and offer advantages over the kattumaram. Once such a design prototype was found, it would have to be reliably produced, at a scale that could meet fishermen's demand. Gillet's technology group needed external assistance. In 1981 they got it. The British Intermediate Technology Development Group (ITDG) became interested, and a naval architect came to Kanyakumari to develop a viable prototype. In 1981 the first plywood prototype was ready. A boat yard in Muttom, controlled by the technology group in Kanyakumari began to produce the boat.

It was immediately a runaway success. Trivandrum fishermen started to buy it in droves. Muttom could not keep up with the demand. This is quite unusual for a technology transfer project, to have such a high demand (8).

The problem with the Muttom boat yard was that it was not equipped for a high volume of production. It was primarily a practical site for testing new designs.

Who could take up mass-production?

At this time the key people involved were Gillet, Kocherry, James, Eugene. A decision was taken by them, in consultation, that SIFFS was the best party to take up this venture (8).

Why was SIFFS chosen? SIFFS' public image was of a large peoples' organization, interested in technology. It had hired trained management

professionals. To Gillet's technology group in Kanyakumari, SIFFS seemed a suitable organization for routinizing production of the prototype. But there were other reasons as well. By 1982 both PCO and SIFFS were facing significant threats to their survival.

In 1980 Bishop Perreira passed away. Both organizations had lost a powerful protector.

The (new) Bishop issued a letter making it clear PCO was no longer associated with the church and sent it to all the agencies that gave it funding...They also filed a complaint with the ministry about improprieties in use of funding and PCO offices were even raided by the CBI (Central Bureau of Investigation) in 1981 (8).

SIFFS was still establishing the new marketing system, while responding to mounting criticism of its stance on merchants. An activity that was visibly beneficial to the fishermen would bolster both PCO and SIFFS' image. Boat building had this potential. It could increase the credibility of both organizations at a time when their legitimacy was under attack.

It was shown to be of strategic importance, very practical extension to many of our utopian ideas (8).

But in the Muttom boat yard, boat-building was perceived as *their* activity. They were not interested in sharing their design and know-how with outsiders. Interestingly enough SIFFS' managers were also reluctant to take up the new activity. They had expended much effort in marketing the regional catch. Now

they were being asked to pursue an unrelated new activity, one requiring skills the new GRF did not possess.

We were *very* reluctant to take this up. We had no time for this new venture (8).

Because of Muttom's opposition, the boat-building technology was transferred to the new SIFFS boat yard at Anjengo surreptitiously.

All this had to be handled very delicately. The Muttom staff didn't want the technology to go out, they rightly saw it as a cash cow. So they brought the technology secretly to Anjengo (8).

Unexpectedly, swiftly, SIFFS had entered a new activity.

Substitution logic

The new boat yard started by SIFFS immediately faced a host of operating problems. Locating a good manager to supervise yard workers was difficult. Also the boats produced were not of a reliable consistent quality.

The boats we made had leaks. And anyway fishermen preferred sails so the design was not liked much (8)

Another problem was with the boat design; fishermen outside the Trivandrum area wanted boats with sails.

At this time SIFFS' leaders were also in contact with another grassroots group, based in Quilon, Central Kerala. The Fishermen's Cooperative Development Programme (FCDP) was organizing local fishermen into GROs. These Quilon fishermen faced direct competition with trawlers. The alpesia wood they used to

make kattumarams was also growing scarce. To the Quilon fishermen intermediate boats were especially attractive. They were made of plywood, not alpesia. They would help them respond to the trawlers. Dugout canoes began to be produced by SIFFS for these fishermen, from plywood. This 'plyvallom' became very popular in Quilon. It reduced dependence on alpesia wood, and was an affordable substitute for large boats.

Consequences

As overfishing became endemic, fishermen across South Kerala ventured further and further to sea, to supplement their dwindling catch. SIFFS' plyvalloms were sturdy enough to withstand these rough currents. They were also large, accommodating five fishermen. Demand for their boats grew as fishermen ventured further out to sea. As demand grew, boat-design and boat-production became the GRF's important activities. It shifted away from distribution and toward technology. SIFFS withdrew from the vital daily operations of fishermen, the marketing of the catch. By specializing in technology it became more detached from these visible and vital activities. The shift changed its image. Gradually its political visibility would decline, becoming a respected but low profile vendor of technical services to fishermen.

SIFFS' managers now began to see themselves more as specialists than institution-builders. Their inherent mission had been to establish an alternative marketing system. It had required closely working with fishermen and retailers. But now, specializing in technology limited the managers' interactions to only

regional fishermen leaders. Professional detachment became an important quality, as the key decisions devolved to a core of senior-managers who interacted with the GRF board.

These interactions within the board were delicate. They required carefully avoiding any indication of bias, not siding with any of the numerous political alliances between the GRO leaders. At the same time it was no longer involved in a central activity like distribution. By default the Trivandrum GROs' were now free to follow their own operating activities, without central coordination. The GRF staff worked closely with boat yards and their interactions with village GROs was now limited.

Sector changes

SIFFS' shift was particularly noticeable on the issue of mechanization. PCO allied with fisherfolk partners like the KSMTF to protest mechanization. It protested through direct demonstrations and political workshops. But SIFFS protested the mechanization in another way, by researching the severe loss to marine-life and to fisherfolk incomes, due to the trawlers. It documented these losses and published studies on the impact of overfishing.

By focusing on a commercial sphere for fisherfolk, SIFFS complemented the activities of PCO. But it also countered the extremes of anti-mechanization sentiments in fisherfolk leaders. By representing the torn feelings of fishermen,

that they disliked the trawlers, but required better technology, SIFFS ironically enough, was true to the fishermen's feelings.

There was simply too much competition for too little fish. By 1985 outboard motors (OBMs) had become an affordable option for artisanal fishermen, thanks to subsidies from the Government of Kerala²³. They were now used extensively to motorize artisanal craft. SIFFS' plyvalloms could also be equipped with these outboard motors; indeed part of their popularity was the craft's amenability to motorization.

Strategy of Intermediate technology

The strategy of *Federated-marketing* required not just the activities of pooling and marketing. Also important were other activities, such as training local fishermen, and neighboring villagers. But the move into technology made SIFFS' effort easier to sustain. It now focused on fewer activities. It withdrew from distributing and pooling. Except for boat production, which remained decentralized with the boat yard, the new organization had no operational activities. Most of its effort was focused on support activities instead. At the same time change in activities meant that it was no longer necessary to centralize vital activities. Thus distribution was now left to the GROs. The senior managers directly controlled only one activity, research. Even boat production was left to the boat yard. *Intermediate-technology* therefore marked

a significant change in SIFFS' activities. The GRF focused on less visible activities, in design and production. Its significance to villages declined.

Intermediate-technology as a domain approach

Intermediate-technology could be described in terms of domain. The strategy involved adapting to the needs of SIFFS' market and product domains. The GRF found that its initial strategy did not fit its market domain. Rather than monopsony SIFFS now faced a dispersed set of buyers; only on some occasions were they concentrated. It also found its product domains was actually three distinct ones: local, regional and export markets.

In this situation of mismatch the GRF could have either changed its services or domain. By taking up *Intermediate-technology* it offered services better suited to its domain. There was a large demand for affordable boats, to compete with the mechanized craft. There was no supplier of such craft. SIFFS filled an obvious gap. It also fit the product domain better. The activities involved a public good, creating an affordable boat. By giving this task to SIFFS, the public good was left with an organization that was accountable to its users.

However there are limits to such an explanation. Firstly SIFFS never really chose to stop marketing activities and start technology research and production. Rather than any conscious analysis of a mismatch the GRF actually strenuously pursued its

²³ See Wicki Meynen's (1989) study for description and interpretation of the political moves of the state

distribution activities. Secondly SIFFS never really sought intermediate technology. The new activity was offered by KSSS to the GRF which was actually pressured to take it up. Indeed they were not really skilled at it. If the technology had not been transferred from Muttom to SIFFS, the organization would have surely failed in boat design and production. So the actual choice of *Intermediate-technology* seems to have had less to do with any recognition of mismatch, more to do with political pressures of the time. Let us now explore in greater detail the strategy process of *Intermediate-technology*.

The dynamics of Intermediate Technology

Origins

A particularly striking aspect of this strategy was that it lacked a precise intent. The strategy originated in events that were not directly connected to each other. The technical group at Kanyakumari had a viable prototype; the demand for boats was growing in the fisherfolk community; and SIFFS was a prominent site of professionalism for the community. SIFFS' staff were asked to take it up. They did not seek the activity, rather it fell into their hands!

What is interesting is the staff's willingness to accept this added burden and to eventually abandon *Federated-marketing*. They were willing to respond to local opportunities, to these local events. In doing so they had to adapt the organization, accommodate changing activities by decentralizing control of the boat yards.

government, political parties and fishermen's unions during this period.

Consensus

For SIFFS to stake a claim to technical development was not easy. Much of its credibility stemmed from the professional image of the organization rather than any particular skills it possessed in technical designs. Therefore the tactics of consensus especially required a swift means of acquiring resources and skills for technical development. The transfer from Muttom of a prototype and even of staff proved very important for SIFFS' ability to convince fishermen to support the venture. But these skills were now concentrated in the boat yard itself, at Anjengo. The senior managers had to also develop another basis for staking claims, one more under their direct control. They pursued research expertise through documentation and product development. In documentation they recorded the severe catch decline, publishing reports to substantiate the emotional claims of PCO and KSMTF. In development they started to explore other technical prototypes that could help fisherfolk.

At the same time the swift pace of ecological deterioration encouraged SIFFS' fisherfolk leaders to commit to the new activity. It promised a good payoff, affordable boats.

Interests

SIFFS was responding to changing interests, the growing desire of fishermen for improved craft. Rather than abolishing mechanized technology, these fishermen were pragmatic. They now wanted a means of competing, before they lost the race with mechanized boats entirely. In responding to these interests, the GRF was able

to command very high commitment from members. They did not protest the changes in activities. But now the motivations for commitment were no longer political. SIFFS was not anti-market any more. Instead it was anti-mechanization. By supporting alternative technologies, it was aiding the fishermen to participate in the market. The interests of SIFFS' members were now economic, not only equity. The GRF was helping them to accommodate to the market, rather than challenge it. Economic sufficiency became the refrain, not social justice: challenging poverty through technology. This marked an important shift, since it led to a tacit acceptance of the existing market arrangements.

EXPANSION, *PROFESSIONALISM*, 1989-1995

SIFFS' entry into intermediate technology led to further changes.

Events

The split with TDFF

Perhaps the most dramatic change to SIFFS after moving into technology related activities, was its split with TDFF. Split is a strong word, and cannot adequately describe the gradual estrangement within the units of SIFFS. As originally created, SIFFS had comprised two overlapping groups, the federation of Trivandrum GROs called TDFF and the group of professional managers. By 1986 these groups had drifted apart substantially.

Partly their estrangement was due to the changing activities of the organization.

There were many activities we undertook that required a lot of experimentation and professional input. They would require a certain amount of distancing from direct day to day action. You can't do R&D while disbursing loans. There is too much interference and your daily routine itself involves dealing with various people and pressures. You need considerable autonomy to operate and to experiment if you wish to do R&D (17).

So one reason for the drift was the senior managers' interest in support activities. These activities required insulation from the GROs.

Secondly, we found that we needed to separate those activities that needed to be made viable, such as routine activities, from those that may or may not be viable but this we could find out only in the long term. Involvement in both sets of activities creates contradictions in identity for the staff and members. Anomalies develop. So you need to separate them (17).

A second reason for the estrangement was the need to differentiate the operating activities, which needed routinization, from the support activities which needed innovation. Routinization required working with fishermen daily. It was the sort of work SIFFS had planned to do with federated-marketing. Innovation however required insulation from daily pressures, to develop new boat designs. The viability of these activities might not be immediately apparent. In delegating

routine activities to regional federations, the senior managers could focus exclusively on technological development.

But another important reason for the split was a sharp deterioration in Culass' relationship with PCO. As one of its members recalled,

Each one of us specialized in something, had some key strength. But Eugene just did not fit the group in that sense...it was not done to call yourself a people's organization if you did everything by yourself (11).

Culass had become very visible as a fishermen leader. Unfortunately his support within PCO was declining. Internal conflicts worsened.

He was seen as without ideological clarity, his ethics were suspect (9). These internal differences and his interest in large-scale projects led to Culass' growing interest in TDFF as a power-base. By 1986 he was taking a direct role in the Trivandrum GROs. At the same time criticism of his leadership within PCO was at a peak. TDFF offered him a direct link to fishermen, a large support-base, while reducing the hostility at the PCO office. He therefore moved out of PCO, becoming the Chief Executive of TDFF.

There grew a lot of suspicion, accusations on both sides of unfairness. You see perceptions are very important. If you ask Eugene he will say 'they pushed me out' (9).

SIFFS' management sympathized with PCO²⁴ in the conflict.

...he started to make virulent attacks on PCO. People made their strategic choices in who they wished to be associated with. And at that time many dissociated with Eugene (9).

Vivekanandan recounted the conflict as follows:

...From 1978 to 1982, Eugene was the coordinator of PCO. There were a lot of ideological clashes between Eugene and the rest of the group... But then it was also necessary to have someone willing to take a chance and do something (8).

He interpreted Culass' move into TDFF unfavorably.

Eugene saw TDFF as a way of moving into SIFFS. So our relationship with Eugene was quite delicate. SIFFS had to distance itself and have a stand-offish relationship (8).

In Vivekanandan's own assessment the move was a means of controlling SIFFS for Culass' own agenda, impairing its long-term growth. Unable to forge links with the SIFFS apex, Culass instead tapped the membership base of the local fishermen. Satish Babu resigned from the position of Chief Executive, TDFF, in 1986, with Culass appointed as his replacement.

²⁴ The story is more complicated than this summary. Culass was respected and admired for his achievements. He was also socially valued, and retained his links to SIFFS members. He was even a witness for the civil marriage of one SIFFS manager. On my visit in 1996 I noted a restrained affability between SIFFS' leaders

Culass believed the animosity was due to his own fisherfolk background. Soon the rhetoric became one of 'insiders versus outsiders' with Culass pointing to the PCO group as rank outsiders to the fisheries sector, and himself as the 'true' representative of the fisherfolk.

He interpreted that this was happening because he was a community man. 'This is because I am a community man. I should have the main role actually because I am from the fisherfolk but you all have usurped it.'... (9).

From this point onward, for the next decade SIFFS was really two organizations operating separately. Since Culass was now a popular and visible leader in the fisherfolk community, the SIFFS managers deemed it unwise and counterproductive to confront him directly.

We could not be involved in the actions he was taking for TDFF. But we could not confront him directly either, that was not our role (8).

So TDFF was left to frame its own policies, procedures while the managers were now adrift of any base group. The managerial group was for all purposes without a support base in the fisherfolk community.

Till 1985 SIFFS was actually hanging loose. It had no formal membership, it was really a limbo organization... We had no clear alliance between fishermen and a set relationship with them. (8).

and Culass in public interactions. Ultimately the decisions were based on a mixture of motives stemming from both prudence and personality.

Culass and TDFF

Culass restructured TDFF. Procedures, systems, book keeping, projects, budgets, recruitment, meeting protocols now reflected his personalized and centralized management style. He emphasized his commitment to large-scale projects, especially those benefiting the “community”.

Overall TDFF has taken a totally different line from the rest of SIFFS. It has a different identity and view of its base... (17).

In later years Culass’ centralized style led to loose structures, centralized decision making, a coterie of loyal staff members, and poor auditing mechanisms. To create a distinct community-based identity Culass focused on welfare programs for fisherfolk, including women. He placed particular emphasis on women. But controversially, he introduced a new election system, modifying TDFF by-laws. Elections would now reserve two board positions for fisherwomen. SIFFS board responded to these by-law changes by temporarily suspending TDFF membership.

Instead of creating an apex of village cooperatives it (TDFF) tried a mix between cooperative and voluntary organizations. Fishermen and social organizations, large welfare organizations, mixing up many things that are contradictory (17).

Culass’ community emphasis initiated a series of escalating comparisons between fisherfolk and non-fisherfolk leaders. By the end of the decade the consequence of these comparisons was that it had become essential to the fisherfolk that ‘outsiders’ be kept in their place. PCO had to be particularly

careful of how it was perceived since it had very few leaders from the fisherfolk community, while quite active in the sector. One observer remarked,

I told them [PCO] you have to be sensitive to the community feeling. If you don't take care they (the fisherfolk) will say you've let us do your dirty work, we are just your *coolie pattalans* [servants] (9).

Expansion of SIFFS

While TDFF veered away from the SIFFS concept there were other organizations interested in joining it. And in 1985 two existing fishermen GRFs in Kanyakumari and Quilon agreed to be part of SIFFS. With the incorporation of these two GRFs, the Kanyakumari Society of Sanghams (KSSS) and the Fishermen Cooperative Development Programme (FCDP) respectively, SIFFS finally lived up to its name, achieving a genuine South Indian presence. It could now claim membership across a respectable swath of the coastline, from Southern Tamil Nadu to Central Kerala. It was no longer bound to its original base of Trivandrum cooperatives. Indeed the organization was alienated from it.

The addition of these organizations occurred only after a new structure was negotiated. Initially the two GRFs were offered a "2-tier" structure by SIFFS staff. This would have allowed all the GRFs to be coordinated by a Trivandrum-based office. This proposal was swiftly rejected and a "3-tier" structure mooted.

The Kanyakumari people were uneasy of joining a Kerala organization. They were accepting of a 3-tier structure though not a 2-tier one because

it provided them autonomy and allowed them to keep their own identity (8).

This 3-tier structure was one where the GRFs elected representatives to the SIFFS Board. The Board would work with the senior managers, in setting the entire organizations' policy. The SIFFS managerial group became known as the apex.

Each regional federation brought with it certain advantages. While linking up with KSSS, SIFFS improved ties to the Muttom boat-yard. It did so, through a money-grant to the yard. The way this was done illustrates the organization's networking abilities.

Muttom went through a financial crisis. At that time SIFFS had no money it could spare. But what Father James did was he wrote off some debt we owed and we gave that amount to Muttom. They did not know all this so they thought we were giving them some money! By 1984 we were on good terms with Muttom (8)

The assistance of KSSS' Father James helped SIFFS repair its relationships to the yard. Muttom joined SIFFS as an independent organization, in its own right. At the same time it took over the boat-building technology and activities in Kanyakumari. They now became part of the apex level.

FCDP members had shown interest in the plyvallom. It improved their existing dugout canoes. The technology and resources contributed by Kanyakumari helped Quilon to produce boats for local demand. The restructuring allowed

SIFFS to strengthen its technological capabilities and forge synergies across its federations.

Consequences of the expansion

The new structure meant that all the GRFs in SIFFS retained their own autonomy and organizational identity. They were not controlled by an office. These regional GRFs now performed all operating activities. SIFFS' managers were now resource facilitators not coordinators, and they lacked any direct control of the member federations. SIFFS' managerial group was now detached from village GROs.

As a resource group SIFFS' apex was now positioned away from the day-to-day work of fishermen. Local GROs could manage themselves. They did not require professional management. In fact it was the SIFFS office that now required insulation from these village GROs. Encouraged by the spurt in boat production, the office was interested in further research.

We would take care of technology and R&D since there was no agency providing these needs. In India it is only the central government that gets involved in R&D. And its activities are all based on western technology. There is no concept of intermediate technology. So for those of us interested in such technology we had to go on it on our own (8).

Aided by the ITDG the organization moved further into technology.

Sponsor power

Though SIFFS now had a large presence in South India, the balance of power within the larger organization had sharply shifted. Consolidation did not entail closer control by the apex. SIFFS was now a decentralized alliance of *existing* GROs. These were organizations that had started out on their own, and already evolved their own work procedures and authority structures. They all had strong leaders, who closely controlled the organization.

In the new arrangement the GRFs retained local autonomy. The central office had some scope to advise and evaluate these GRFs. But the scope was not granted by formal authority but earned politically. Through careful maneuvering at Board meetings, cultivating working relationships with the federation leaders, SIFFS' managers acquired power and influence in the decisions made. But they would henceforth have to negotiate with GRF leaders, the initial sponsors.

One had to tread carefully. Direct challenge of sponsors was counter-productive.

Their local initiators formed networks that became federations. These were in power when SIFFS was formed. As a result of this, SIFFS had a limited mandate. Maintaining the goodwill of these powerful leaders was important (17).

But the autonomy was mutual. The GRFs had no motivation to challenge the apex. They did not interfere or closely scrutinize its functioning.

There was a wide area for an approach of 'you tell us what you will do and go do it, or vice versa (do it and then tell us).' (17)

Both parties adhered to a dictum of mutual specialization: GRFs in operations, SIFFS' apex in support and community activities. The crucial expectation was that the activities would reap visible benefits.

Fishermen didn't get into the nitty-gritty of apex running. They would happily delegate. The attitude was 'you deliver the goods'. (17)

The mutual autonomy of this loose alliance required a personal rapport between the sponsors and SIFFS' managers, to make it work. Instead of formal rule based requirements, it was through informal ties and mutual respect that the GRF functioned. Personal ties between the sponsors and SIFFS managers were especially important. To retain the support and credibility of base groups, SIFFS managers had to keep the sponsors on their side.

Society leaders looked up to people like Eugene (organizer of Marianad, later in charge of TDFF) and Kurien (organizer of FCDP) and Lucas (organizer of Kanyakumari sanghams) who were part of the sponsors.

The presence of these individuals kept the federation together (17).

But SIFFS managers also brought resources to this relationship. SIFFS' professional image depended entirely on the managers' cultivation of certain skills: a facility with numbers, an ability to monitor costs, understanding the requirements of bankers and donors, and articulating the concerns of GRF leaders to professional audiences. The managers cultivated not just an aura of

expertise but also neutrality. They declared their ultimate interest was the sustainability of the entire network of GRFs, not any single federation. Such an image of neutrality limited any suspicion that the managers had a personal agenda.

You can say something as an expert: ‘if you do it this way its not good’. People listen to you... Also you have a lot of personal credibility as a professional that gives you a detached status... they know our links are actually to SIFFS only. So what we do is for SIFFS’ benefit alone (17).

Sponsors lacked such detachment and could be accused of favoritism.

If you have a leader like Lucas (leader of KSSS) or Eugene who take up the leadership role they have all sorts of links to the membership base. Anything they do is prone to being questioned by some faction or the other as being for other purposes (17).

Transferring activities

With the new structure, the apex transferred out projects it found difficult to run. The Anjengo boat-yard was transferred to TDFF. The yard was the hub for SIFFS’ boat production. But it had always been hard work. It suffered quality problems.

Boat building became problematic for us. We were having many difficulties. So we gave it up to TDFF and the Anjengo cooperative societies because they were anyway our main customers, and were taking great interest in running it (8).

The Anjengo yard was a highly visible source of employment to the fisherfolk community. But the yard required tough supervision to run properly. To improve its output required better training, selection and payment of workers. This was problematic. For SIFFS to do all this would have been controversial, particularly in a situation where its relationship with TDFF was already delicate. Toughening work supervision in Anjengo yard could be resented by the local communities from which workers were hired. To offer better wages so that higher quality labor could join the yard would have required raising prices for the boats. Again fishermen would have resented this. An easier solution was to hand the yard over to the TDFF. Such transfers reduced possible rivalry between the apex and the GRFs. They freed the apex from making sensitive trade-offs between productive efficiency, pricing and staffing.

There was growing consensus among the managers that the apex should focus only on research. Where possible, operating activities should be transferred to the GRFs.

Our new focus became technology and R&D...With these roles we saw ourselves no longer limited to meeting the day to day needs of our members (8).

The apex would be a resource for both its member GRFs and the entire sector.

And in these roles we would offer services to members, as well as servicing the sector at large (8).

With the growth of demand in Quilon, SIFFS opened a new boat yard at Veli, outside Trivandrum. This yard dealt exclusively with boat designs. Unlike

Anjengo, Veli was entirely controlled by SIFFS' managers. This insulated the yard from local pressure for preferential staffing and pricing.

So we started a dual system. Boat yards that deal with local demand are managed by district federations. But yards that are involved in inter-state and inter-district activities especially R&D, are SIFFS managed. For this purpose the Veli boat yard was started (8).

The apex especially wished to transfer operating activities to the GRFs. The managers believed that such activities required levels of efficiency that would be hard to sustain at their level. Operating systems such as processing fish, producing boats, or distributing the catch, require systems of control. It was difficult for an apex so dependent on regional sponsors, to impose systems. An emphasis on efficiency could alienate members, challenging their expectations for preferential welfare.

The Anjengo experience may have convinced SIFFS to avoid such involvement. Routinization would have taken SIFFS down a familiar road already explored with *Federated-marketing*. The apex was wary of increasing scale. Greater visibility and attendant centralization could have increased tensions with federation leaders. By transferring the activities, they effectively devolved operating responsibility to the GRFs.

What SIFFS retained was research and technology-development. Its boat yard worked on boat designs and specialized products, such as ice-boxes. The apex

also started activities with the intention of transferring them at a later stage to the GRFs. It would identify and fine-tune new services for federations to pursue.

Member federations...cannot absorb professionals, they lack that skill...

So we have to create new business ventures and hand it over when it works. We are also good at raising funds and loans which is difficult for federations to do (8).

Dealership in Outboard Motors (OBMs)

In the early 1990s, SIFFS became an exclusive dealer for Suzuki, in outboard motors.

Suddenly from (OBM) training we have gone to direct dealership with Suzuki. This started in 1991 [or] 1992. We now import directly from them (8).

It was a prestigious dealership. But the availability of both OBMs and plyvalloms now allowed wealthier fishermen to motorize their intermediate crafts quickly. Class differences within the artisanal community were increasing.

There are conflicting interests between kattumaram and plywood craft owners... You can actually arrange them in a trend from kattumaram to plywood to trawlers. In kattumaram craft, they follow a share system with very little difference between the share of the owner and of the worker. On plywood craft there is greater differentiation (18).

Intermediate technology, though well intentioned, was generating new class differences, while weakening existing bases of solidarity. The *plyvalloms* popularized by SIFFS were not challenging merchant capital anymore, but helping fishermen become capitalists themselves.

Matsyafed

SIFFS most potent external threat by the 1990s was Matsyafed.

In 1985 when Matsyafed came into the picture, it seemed like it was the end of the game for SIFFS... the government...started loans and welfare measures explicitly aimed at this community. There was a huge shift in the government funds allocated to small scale fishing. Subsidies to mechanized fishing abruptly stopped... (15)

Matsyafed was a state-run fisheries organization. It followed the “three-tier” model originally envisaged for SIFFS. Indeed Matsyafed’s genesis may have been the aborted Village Societies Act. Matsyafed sought precisely what SIFFS attempted: centralized fish marketing. But Matsyafed remained government-controlled, bureaucrats and political leaders make its strategic decisions. While its success in this effort has been ambiguous it had a deadening effect on SIFFS membership²⁵.

²⁵ Nair & Singh (1996) discuss the impact of Matsyafed on TDFF GROs in greater detail.

Matsyafed diverted membership away from SIFFS' GROs in Kerala. It offered many advantages to fishermen. It was a lucrative testing ground for young politicians.

Matsyafed does things more visibly.... They hold big melas (festivals) get big politicians to come and inaugurate and so on (15).

Even KSMTF's unions, initially suspicious of Matsyafed, soon started negotiating with it directly.

We have to deal with Matsyafed because of its importance. But this will mean that SIFFS gets less opportunities to collaborate with us because our attention will be on Matsyafed (18).

Matsyafed had an immediate impact on local membership to SIFFS GROs. Rival membership depleted the size of SIFFS-associated GROs, particularly within TDFF. In any case this particular federation was suffering severe monetary problems in the early 1990s; its membership in SIFFS was suspended for awhile. Culass had imposed a compulsory quota of seats for fisherwomen in the governing board. The quota violated SIFFS' by-laws on free and unimpeded elections. The quota was also widely resented by the organization's fishermen leaders. TDFF had lost sight of its crucial activities and was racking up high debts.

Matsyafed took its toll...There were leadership problems already present in TDFF. There was an attitude of buying up assets and losing emphasis on marketing. So if TDFF was not selling fish why be in it? (15).

Part of Matsyafed's popularity had to do with SIFFS' own move away from political and social issues. Its emphasis on economic and technical matters had made the federation less known for political stands. It had a limited visibility and appeal with local fishermen.

I see a role in SIFFS influencing the policies of the government. But it will have to start taking political stands. Otherwise it will become more and more an economic organization while we deal with Matsyafed for our own political ends (18).

Decline of sponsor power

While these changes were taking place, within SIFFS the balance of power was moving away from the sponsors by the mid 1990s. There were a number of reasons for this shift.

People are no longer willing to accept charismatic leaders... There is now a new breed of leaders who are unwilling to accept larger-than-life figures and their views. Why now if we tell our board we made a loss on such and such they want to know why? (17)

Fishermen had become politically assertive. They were no longer comfortable with centralized personality-based political leadership.

Also the alliances underlying the sponsor's power had deteriorated in each federation. Internal challenges eventually led to the removal of sponsors in *all* three of SIFFS federations. At TDFF, Culass borrowed from members to fund a proposed university called *Grama Deepam*. But it became embroiled in a land

dispute. With growing calls for audit and loan repayment, he was forced to sell the land at a loss. In February 1996 Culass was suspended by TDFF's board. KSSS' powerful leader Lucass was forced to step down. FCDP's leader Kattickaran also resigned, leaving the organization to local leaders. The pattern was similar in each federation: the founder or key organizer was overthrown in an internal coup. In no case was the parting amicable. The sponsors were aware of challengers and often sought to accommodate them. Lucass' offered challengers leaderships of GROs to silence them. But such measures only delayed the inevitable.

Thanks to these changes, the apex increased in influence. The federation boards now looked to SIFFS' managers, particularly for two functions: arbitrating internal conflicts; and fund raising. Intense internal conflicts could be resolved with the help of apex managers. For instance the TDFF board asked Vivekanandan to be its Chief Executive in 1996, after Culass' removal. SIFFS' support activities also provided federations with important benefits such as in fund-raising. Proposals and reports to donor agencies and state banks required communication skills in English, and the ability to present the details in the required format.

Today anything that requires large funding the thinking goes better to leave it to SIFFS. We get strengthened in the process. We are just better at it. We know the government agencies informally. And we already have met donors (17).

Professionalism and the future

As fisherfolk protests continue to globalize, the ability to bridge grassroots representation with professional expertise is a distinct advantage. Such an ability ensures visibility in urban and international settings, increasing donor funding. In SIFFS' case such ability has ensured consistent funding, enabling member GRFs to enjoy low-interest loans.

But *Professionalism* was staff-intensive. SIFFS' professionalism was ultimately maintained through the leadership of two people, Vivekanandan and Satish Babu. SIFFS found it difficult to retain other managers. Three managers left in early 1996 for better paying jobs in industry, halving the managerial staff. The key managerial tasks require multiple skills, interactions with federation leaders, and meetings with external donors. These tasks were very different from the specialized work of subordinates, writing reports, assembling payroll/staff data, OBM training, encouraging a federation to join SIFFS. Vivekanandan and Babu also moved smoothly between English-speaking, elite settings such as donor-funded workshops and bank meetings, and Malayalam-speaking rural settings such as board meetings with fishermen leaders, and boat yard inspections. Their subordinates lacked such malleability. The organization thus retained a professional image that was heavily dependent on just two senior managers.

Community impact

In carving out a sphere for commercial transactions, and for avoiding direct politics, SIFFS' members now expressed their needs in terms of technical choice, not ecological and human rights.

As a consequence, SIFFS members became increasingly focused on economic issues.

You start to believe that technology is what matters. Unless it goes along with a political awareness such emphasis can be dangerous. A false image can be built up that problems can be solved with new technology (18).

Some criticized the TSO for a lack of clarity on its political goals.

Today it is unclear on many things...How do you balance the social and economic aspects... Can you really document excesses of mechanization when you are encouraging your members to modernize gear?... these issues should be discussed. The debate has to be very present in staff policy, in development programs (6).

But the political silence was a historical result of the original differentiation of PCO from SIFFS.

It is difficult for SIFFS to take a political stand... According to FERA ((Foreign Exchange Regulation Act) if you receive funding from foreign sources you cannot support political activity. Besides SIFFS is registered as a society and not as a union. So under its registration also, restrictions apply. Also cooperatives have members who are both

workers as well as owners of fishing craft. But the union's most active members are coolie workers or kattumaram people. This also reduces political stands (18).

In an adverse resource setting, the response of SIFFS' managers had been pragmatic. Theirs were pragmatic choices of daily administration: helping fishermen respond to the market through improved technical capacity, financial support, research, and networking. In these tasks the organization had proven capable, bridging the demands of member-responsiveness and organizational capabilities. It had become a unique hybrid, not truly representative (like GROs) nor truly expertise-based (like DSOs) but a bit of both. Thus

In SIFFS I am a professional working in a fishery organization. The others are professional organizations working with fishermen (3).

To SIFFS managers their organization was an alliance of autonomous professionals (the apex) and fisherfolk organizations (the three regional federations).

Future choices

To SIFFS managers the future for Indian TSOs lay between two paths: becoming more ethnically aligned to communities or becoming more detached from community politics.

They (TSOs) are going to start to lose their self-appointed legitimacy sort of role. They will either convert to community based organizations, or become professional bodies that provide services to community based

organizations, in training policy development, lobbying, in advocacy.

And this will not be a real problem (9).

Given such choices, what could be crucial for the future was the extent the organization could effectively help members and clients respond to external challenges.

What's important is improving the life situation of fishermen at the ground level. You are not in a vacuum-- you can't wish away the market just like that. Instead you have to try to make it just (9).

Strategy of Professionalism

Intermediate technology had unexpected consequences. The organization was unable and unwilling to enforce production systems for its boat yards. Culass' entry into TDFF dramatically changed the internal relationship of the organization. SIFFS was now really two distinct parts, a representative political federation of Trivandrum GROs controlled by Culass; and a professional expert-run apex. The onerous operational activities of production were best done by the political federation. The expert-run apex had insufficient authority to supervise yard workers and price boats competitively. Quality of the boats and their pricing was a problem best dealt with by TDFF itself.

Meanwhile two existing GRFs joined SIFFS expanding its membership dramatically. The ensuing federation re-organized its activities, refining the

technological focus on research and service development. To accommodate the expanded alliance a new GRF structure was needed. Neither FCDP nor KSSS were willing to join a centralized organization; that would have meant their control by a Trivandrum based management group. It was unacceptable. And anyway how could such control be enforced? The Trivandrum unit could not enforce a production regimen on its boat yard. How could it enforce such a regimen when it lacked a support base? A re-organization was in order, and so SIFFS now became a loose alliance of existing GRFs. It could be termed an apex GRF, a federation of federations. It was a decentralized apex where the Trivandrum-based managers and the regional GRFs each focused on their own activities.

Professionalism as distinctiveness

The strategy of *Professionalism* could be described in terms of distinctiveness. The apex had defined its identity quite self consciously, as a neutral and detached unit. Implicitly the rest of SIFFS was a partisan and representative unit. Vivekanandan and Babu's descriptions of the organization are revealing, showing how SIFFS to them was simultaneously a representative and professional organization. When describing himself as a professional working in a fishery organization Vivekanandan was distinguishing SIFFS from other TSOs, which could be strictly voluntary organizations (such as GROs) or strictly do-gooders, that is outsiders interested in helping the locality (such as DSOs).

The values of the apex were certainly expertise and neutrality. It was very important to the managers to draw a line between personal and professional roles. They saw

themselves as neutral advisers to the different GRF boards. Quite often such a line would be evoked figuratively, described as a ‘lakshman rekha’²⁶ that separated personal agendas and opinions from those desired by the GRF.

However there are limits to the distinctiveness approach. The most striking one is that these values were not there at the start! The SIFFS to which Culass recruited Vivekanandan and Babu was not one where these values had been prominent. ‘Professionalism’ then meant locating a means of centralizing the GRF and controlling its activities for the benefit of the fisherfolk. But now Professionalism was an end in itself, an opportunity for autonomy and insulation from the fisherfolk’s daily activities. The distinctiveness approach can downplay the historical changes that led to such values becoming important, the processes through which the apex defined itself as distinct from the rest of SIFFS.

The dynamics of Professionalism

Origins

The origins of the strategy of *Professionalism* lay in local events not an intent. The GRF did not seek to professionalize—indeed it was pursuing activities of production and research at the beginning of this period. Its staff did not seek their detachment from base groups, or a restructuring of the GRF. The subsequent strategy was in fact a response to a series of unexpected local events. First Culass

²⁶ The term typically denotes an important boundary established for mutual protection and originates from

left his post in PCO to take up the leadership of TDFF. His former allies in PCO as well as the staff he recruited to SIFFS now preferred to distance themselves from TDFF. Subsequently SIFFS operated as two different organizations. Secondly the operating activities in production were difficult to sustain, even when decentralized. To sustain them required controversial actions, enforcing quality control through better supervision, hiring/ firing workers at will, setting prices that ensured a better margin. Thirdly other GRFs wished to join SIFFS provided they were not directly monitored by a central office.

The strategy of *Professionalism* emerged from the interdependence of these unrelated factors. Under pressure from these GRFs, unwilling to risk goodwill by enforcing a strictly production regimen, and aware of the tremendous support leaders like Culass enjoyed in the fisherfolk community, the SIFFS managers withdrew from operational activities into support activities. They justified this withdrawal in part as an expression of their cultural identity, that they were professionals.

However if they were professionals now, what were they in 1980 when SIFFS was started? The redefinition of professionals entailed a change of image; rather than an interventionist expert-run and designed organization, SIFFS became a cluster of autonomous and disparate federations, coordinated by personal relationships and an aura of expertise. The values of the apex were an important

part of the emergent accommodation between the sponsors and staff, between the shifting alliances of regional fishermen and leaders with the Trivandrum based apex.

Consensus

The apex managers crafted consensus around a claim of expertise. They were an important resource to the GRFs. They were a unit that could research and document the fishery commons while also venturing new services for the federation. Such expertise was cultivated through skills that remained within the apex, mostly within its managers. These skills increased the technical dependence of the GRF on the apex. The claim of expertise also allowed the apex to become a subtle arbiter for the GRFs, due to its neutrality. These tactics were not preconceived but emergent. They were part of the gradual accommodation within SIFFS to its expansion and specialization of activities.

Interests

The interests underlying *Professionalism* were no longer representative of political goals at all. SIFFS had moved considerably from its earlier opposition to the merchant class. Now it did not presume such a level of collectivity and instead sought a basis of interest in the fishermen's economic and technical needs.

The organization sought technical solutions for the fishermen, to better their economic returns. No longer did it try to forge them into a united stand for collective benefits, even at the cost of self-abnegation. Instead it now responded

to their economic self interest and offered individual benefits, such as improved designs and technical services. Thus the interests of participants were now based in quite stable and individual benefits.

The shift in interests was most striking in the instance of OBMs. At the time of *intermediate-technology* these were perceived by SIFFS' constituency as harming all fishermen and opposed. Within PCO and KSMTF these fishermen sought a collective benefit, curbing mechanized fishing. Now however SIFFS had become a vendor for OBMs, offering a visible individual service that sadly enough, by encouraging further overfishing posed a collective liability to the fishermen, rather than a collective benefit.

APPENDICES

Appendix IV.1: SIFFS Interviews/ Field Visits

1. Kurien Kattickaran; Former leader of FCDP, Quilon; Indian Coordinator for Sebamo; April 12, 1996, 15:30.
2. Priyavardhan; Executive, SIFFS; April 20, 1996, 10:30
3. V. Vivekanandan (1); Former Chief Executive SIFFS; April 22, 1996, 12:30
4. Satish Babu; Chief Executive SIFFS; April 23, 1996, 09:00
5. Aleyamma Vijayan; PCO Member; April 24, 1996, 09:00
6. Nalini Nayak; Member of Marianad group, PCO Member; April 24, 1996, 15:30
7. Visit to SIFFS Plantation; with SIFFS' staff and consultants, April 30, 1996, 09:00
8. V. Vivekanandan (2); Former Chief Executive SIFFS; April 25 1996, 11:30

9. Kurien Kattickaran (2); Former leader of FCDP, Quilon; Indian Coordinator for Sebamo; May 2, 1996, 16:00
10. Dinner discussion with Satish Babu and Kurien Kattickaran; May 2 1996, 21:00
11. John Kurien; Member Marianad Group, Member SIFFS advisory board, Professor Center for Development Studies; May 3, 1996, 14:00
12. Meeting of SIFFS Federations; May 14, 1996; 11:00
13. Alfred Culass; Participant in fisherfolk struggles, brother of Eugene Culass; May 22, 1996, 16:00
14. Dinner discussion with Laurence Albert; Doctoral researcher Kerala fishery cooperatives; May 8, 1996; 19:00
15. John Kurien (2); Member Marianad Group, Member SIFFS advisory board, Professor Center for Development Studies; June 3 1996, 14:00
16. John Kurien (3); Member Marianad Group, Member SIFFS advisory board, Professor Center for Development Studies; June 4 1996, 10:00

17. V. Vivekanandan (3); Former Chief Executive SIFFS; June 4, 1996; 16:30
18. A.V. Vijayan; Former member PCO, Leader KSMTF; June 5 1996; 12:00
19. Weekend seminar organized by Sebammo on South Kerala fisheries; Attendees included V. Vivekanandan, Satish Babu, Eugene Culass, coordinated by Kurien Kattickaran; May 4-5, 1996; 10:00
20. Visit to SIFFS' Veli boat yard on occasion of funding agency review; June 1, 1996; 12:00
21. Visit to FCDP office in Quilon; June 6, 1996; 12:00
22. Satish Babu (2); Chief Executive, SIFFS; June 7, 1996; 11:00
23. Visit to SIFFS Plantation (2); with SIFFS' staff and consultants; May 21, 1996; 11:00
24. Visit to SIFFS Alpasia Plantation; with Satish Babu; May 9, 1996; 15:00
25. Thomas Kocherry; Fisherfolk activist and leader; September 30, 1997; 09:00
26. Wicki Meynen; Researcher of South Kerala Fisheries; July 13, 1998; 14:00

CHAPTER V: KOYILLAGUDAM WEAVING COOPERATIVE, KOYILLAGUDAM, ANDHRA PRADESH, 1950-1995

“It is the grave pit, not the loom pit.”²⁷

This chapter describes a GRO of weavers based in the village of Koyillagudam, 50 miles outside the capital of Andhra Pradesh, Hyderabad. The *Koyillagudam Weaving Cooperative*, or *Koy’s Ikat*, is a GRO reputed for the quality of its hand woven textiles. These textiles are made using a unique weaving process known as *ikat*. The yarn is dyed into alternate colors. When woven together, the yarn coheres into patterns with a characteristically jagged design.

The GRO’s growth has been a remarkable extension of one strategy, Emporium-marketing. This case describes the key events preceding this strategy and its dynamics.

THE HANDLOOM SECTOR: *EMPORIUM-MARKETING*; 1965-1995

During India’s struggle for independence from the British, political leaders often cited the handlooms sector as an example of discriminatory trade policies. Handlooms and handicrafts became emblematic of harmful colonialist policies. A half-century trade monopoly of the East India Company and subsequent protectionism in the 19th century had led to a rapid deterioration of Indian

handlooms by the early 20th century. One contemporary observer, Lord Bentinck made the chilling observation that “the bones of the cotton weaver are bleaching the plains of India” (Ramaswamy, 1985: 4, 167).

Textiles had a traditional importance to Indians. Families still exchange textiles during harvest festivals and at birth ceremonies. Very early in India’s freedom movement its nationalist leaders identified the handloom and handicrafts as important for cultural identity, endangered by colonialism²⁸. Therefore post independent government policies swiftly established a separate sector for handlooms, monitored by special central and state ministries.

Events

Establishing a handlooms sector

In the 1950s a generation of politicians and bureaucrats schooled in these nationalist politics came to power. They were eager to help craftsmen and weavers. Indeed such policies were treated as a visible form of assistance to India’s newly independent citizens, a means of celebrating the country’s freedom. The intention was to establish a ‘handlooms sector’ that would receive a budget allocation under

²⁷A weaver in Salem, Tamil Nadu, commenting on the conditions of weaving in the 1980s, as quoted in Ramaswamy (1985:xi).

²⁸ Nowhere was such a perception of the handicrafts sector as clear and forthright as in the politics of Mohandas Gandhi and the theories of A.K. Coomaraswamy. Gandhi demanded that Indians wear only hand-woven cloth, to affirm their commitment to Indian weavers. By wearing *khadi*, hand-spun cotton, Indians could resist British imports of cheap machine-made cloth. To nationalist thinkers like Coomaraswamy, colonization had led to a westernized Indian elite that had lost their cultural roots, including the use of handicrafts and handlooms. Coomaraswamy believed that industrial systems, market competition and professional education were tearing traditional craftsmanship from its roots in Indian culture, leaving Indians de-cultured.

India's national plan. The funds would be used to establish a sector-wide common marketing system.

The most important actor at the central level was Kamaladevi Chattopadhyaya. Chattopadhyaya had been involved in discussions of handicraft policy, as early as 1917, when she started exhibiting handicrafts in urban centers. During the independence struggle she achieved some prominence as a freedom fighter. After Indian independence she became an influential policy maker in the handloom sector. She would become very influential in establishing the policy.

Originally Chattopadhyaya's role was restricted to being on the Cottage Industries Board. But the Board was "an amalgam of everything including small-scale industries, handicrafts, khadi and village industries" (Brijbushan, 1986: 139). It controlled too many activities, was too diverse for centralized policy making. Chattopadhyaya suggested reforming the Cottage Industries Board by creating a government organization exclusively for handicrafts and handlooms. Accordingly in 1952 the All India Handicrafts Board (AIHB) was established. The AIHB focused solely on handicrafts. It was to be strictly an advisory body, recommending policies to Government Ministries. It comprised of "non-officials who had done some outstanding work in the field of handicrafts as well as representatives of state and central government" (Brijbushan, 1986: 140-141). Chattopadhyaya was appointed the AIHB's Chair. Now in a position of policy influence, Chattopadhyaya soon initiated quite significant reforms.

A Handlooms Policy

Kamaladevi Chattopadhyaya believed handlooms could reach a large urban market, and therefore act as the basis for a significant village-based economy. Handloom production could promote self-employment. It did not require an industrial base. Craftsmen could remain in the village, self-employed, self-reliant. In order to generate a high level of urban demand, Chattopadhyaya believed that the crafts should evoke standards of esthetics and utility. Ultimately handlooms and handicrafts were simultaneously works of art and products with daily uses. To be effective handloom policies should emphasize both craft traditions and utility. As a result Chattopadhyaya believed that once important craft traditions were identified handicrafts could be rapidly produced by villagers trained in the relevant production techniques.

Chattopadhyaya traveled across India to identify the important craft regions, even to the country's troubled borders with China and Pakistan. To craftsmen unaccustomed to visits by government officials, the sober attention of this woman could be unnerving. They called her *Hastkala Ma*, "the handicrafts mother" (Brijbushan, 1986: 142-145).

The handloom policy Chattopadhyaya helped to establish had three elements. First the important craft-regions were identified. 'Pilot Project Centers' established by the AIHB trained local craftsmen in the distinctive regional techniques. Second the techniques themselves were adapted to consumer demand, to enhance their utility. 'Design Centers' modified traditional designs for specific consumer uses without

“losing their basic integrity of shape or material” (Brijbushan, 1986: 144). Once a design modification was approved the Pilot Project Center would train craftsmen in producing it. Thus rapidly traditional handicrafts mushroomed into a variety of products sometimes with quite prosaic uses-- handloomed bed sheets and pillow-covers, sandalwood book ends, even ornamental ash trays. All these products melded craft traditions with urban utility, esthetics with end-use. Thus the intricate metalwork of *bidri* was now used to manufacture ashtrays that could be both used for this purpose as well as displayed as an objet d’art.

It was a remarkable two-pronged change. The government-controlled sector transformed hitherto unorganized often isolated regions of craftsmen who now became politically assertive. At the same time the sector emphasized some standardization of craft designs through the identification of craft-regions, the ‘Pilot Project Centers’ and ‘Design Centers’, and the emphasis on beauty and utility. The craft products, though made through traditional techniques, lacked a history of their own. For instance a tradition of ornamental metal work in the region of Bidar never included ash-trays. Ash-trays, like bed sheets, were an entirely modern and urban product. Creating utilitarian products and the standardization of designs also partly reduced the range of distinct regional designs and techniques. Inevitable in its zeal to promote crafts these policies did drive out less evident, rare, complex designs and techniques which either lacked mass market appeal or were difficult to disseminate though Pilot Project Centers and Design Centers.

Rejuvenation required not just new designs but new materials and techniques too. Machines were introduced to “save craftsmen from the drudgery of ordinary routine work so that their time and energy could be conserved for skilled work” (Brijbushan, 1986: 144). Raw material, frequently in semi-processed form, was made available to craftsmen at discounted rates. Craftsmen also benefited from public exhibitions organized by the AIHB, in India and abroad, which increased consumer interest in handicrafts.

The subsequent handloom sector was dominated by strongly interventionist government policies that established training, financing and research in handlooms. By the mid-1960s all weavers belonged to a GRO representing their village or locality. A tacit and enduring division of labor emerged in which policy makers centralized and directly executed the activities of training, financing and some advocacy, while local weavers were free to pursue production, pooling and distribution. Thus the sector’s creation simultaneously led to two opposing tendencies both mandated by law. On one hand it led to the centralization of support and community activities in the Handloom bureaucracy. On the other hand it led to a compulsory organizing of village weavers into GROs specialized in handloom production.

Weaver GROs and State politics

Chattopadhyaya’s efforts transformed Indian handlooms, raising its international visibility, increasing demand for crafts and sector wages. A National Handicrafts and Handlooms museum was established in the mid-1950s, to preserve

contemporary and ancient crafts from all over India. But such efforts came with a certain cost.

As early as the 1940s weaver communities in South India were receiving government funding to establish GROs (Mines, 1984). However it was while Chattopadhyaya was instituting an interventionist craft policy, that the number of weaver GROs significantly increased across India. The rise of these organizations was closely linked to the political motivations of India's new politicians. To state governments GROs offered many benefits. GROs were an attractive means of distributing subsidies and loans in return for votes. Government ministers often openly lobbied government institutions to materially support their constituents. Government-run banks, educational institutes, retailers and training institutes, all accommodated to the pressure from Ministers. GROs in the Handloom sector had become a political proving ground, their leaders acting as brokers between the elected government and local community. Such a patronage relationship could be problematic in that it encouraged both parties to ignore the economic performance of the GRO and to compromise its autonomy.

In Andhra Pradesh, the State government had established the Ministry of Handlooms (MOH) to regulate the governance, production and marketing of handloom GROs. The MOH set strict rules of financial control, auditing, criteria for extending capital loans, and sale procedures to government emporiums. The Ministry also organized all weaver-GROs in the state into regional federations. The Andhra Pradesh State Handloom Weavers' Co-op Society (APCO) was established

to represent these weaver-federations. The MOH also controlled the facilities for training weavers and the emporiums where their products were sold. The government emporiums were mandated to purchase only from APCO member suppliers.

Both the MOH and APCO were important political organizations. APCO comprised a significant regional vote-bank and incumbent governments always sought to control the apex GRF, by staffing its Board with politicians sympathetic to their policies.

Establishing Koy's Ikat

Weaver communities had lived in Koyillagudam for about two centuries. But it was only in the early 1960s that local politicians promoted the concept of a representative economic organization, with the encouragement of the newly established MOH. The GRO was registered under the Andhra Pradesh Cooperative Societies Act.

Initially the organization was intended to serve three villages. But after the district was partitioned in 1955, the nearby village of Pochampalli started its own cooperative. Koyillagudam followed suit, registering its cooperative in 1959. At that time the membership was 400 villagers. Membership had grown modestly to 650 villagers by 1995 (10).

Production and marketing procedures

Weaver GROs in Andhra Pradesh followed procedures partly based on a traditional separation of the weaving process into production-related tasks (like dying, sizing and weaving) and marketing-related tasks (like textile patterns and design, distribution, and promotion).

Indian weavers had historically lived in concentrated settlements with middlemen trading these textiles in regional markets. Most weavers specialized in production, in looming, weaving, dying, printing or sizing. However there was also a historically close link between the textile's production and marketing, despite such differentiation. Often weavers made their textiles for a specific customer, for instance a local patron. As a result the tastes and need of the customer was known to the weaver. Weavers themselves worked under a few 'master-weavers', those with enough wealth to actually own looms. It was the master-weaver who hired others to work under his direct supervision, on the job from the customer.

Weaver GROs and the MOH accommodated to these historical features. For instance they did not prohibit members from contracting out orders given to them. In Koyillagudam village since immigrants to the village were ineligible to join the GRO, they survived on the master-weaver jobs allotted to them (9). The GRO was in essence a master-weaver itself, acquiring orders to put-out to members. However the MOH's centralization of support activities, as well as the rapid growth of craft emporia and urban retailers, no longer allowed GROs their previous links to customers. Thus in Koyillagudam, the GRO mostly specialized

in production, allotting handloom-weaving jobs to members for a negotiated piece-rate. The GRO office did a modest level of marketing and textile design, but the MOH and government emporia handled the bulk of these activities.

Ikat weaving

Weaving is a highly skilled activity that involves the use of varied techniques to bind threads together. The ‘vertical’ and ‘horizontal’ threads arranged on a loom, are called warp and weft respectively. Standard pit looms were used in Koyillagudam. To operate these looms, the weaver sat in a shallow pit, the loom’s wooden frame in front of him. The warp and weft were woven together using a shuttle. Once woven, the cloth was cut into pre-planned sections, stacked in the storeroom. These sections were of different sizes, suitable for table-cloth or bed-sheets.

The village of Koyillagudam specialized in the unique weaving technique of *ikat* or tie and dye weaving. Tie and dye weaving²⁹ required the dying of yarn in different colors. Once woven together, the yarn formed distinctive color patterns. *Ikat* was a unique process, impossible to replicate on machines, quintessentially handloom.

The production of a job first began with the drawing of the required pattern on graph paper. Graph paper was preferred since it allowed the weavers to precisely map out the combinations of yarn needed for the textile pattern. Weavers would

²⁹ It should not be confused with tie-dye, a different technique.

mark the yarn colors for each square of the graph paper. The graph functioned as a plan for production, allowing an accurate estimate of both time and cost for the pattern.

The major share of weaving expenses was in the purchase of yarn and dyes. All the yarn had to be dyed the correct color for its pattern, except white, where the yarn could be used as it is. Both yarn and dye prices were subsidized by the MOH. The government subsidized the prices of these raw materials by allowing them to be purchased at a reduced rate at authorized government wholesalers. Unfortunately stocks frequently ran out, and Koy's Ikat was forced to purchase the raw materials from private parties directly, at higher prices.

All the textiles used chemical dyes. Just 10 grams of a chemical dye sufficed for 1 kg of cloth. Though the weavers dyed the yarn themselves, they had to follow a strict procedure to ensure consistent quality. Detailed checklists and special instruments like thermometers were used in dying the yarn.

The yarn was first dyed in the background color. Then portions of it were tied with rubber, and further dipped, in other dyes. The sections tied with rubber were insulated from the dying, and retained their original color. This process was repeated many times. Another portion was covered with rubber, then another, until the pattern's colors had been dyed onto all the yarn. Only then the yarn was assembled for the loom.

Unfortunately Koy's Ikat could not maintain steady income from tie and dye weaving. Product orders were sometimes sporadic. The village was competing with other villages specializing in tie and dye weaving. It was also competing with other regions where such weaving techniques were dominant, such as in Orissa. *Ikat* had been promoted in different regions of India by the AIHB. As a consequence the *ikat* products in these regions were not always sufficiently distinctive to command premium price. Koy's Ikat products lacked 'brand identity'.

The weaver's income was dependent on the design. The more intricate a design, the greater was the labor involved, and higher the price the GRO could set for it. But intricate patterns were also harder to share across members. Highly skilled weavers usually got such jobs. For the GRO getting regular orders that could be easily distributed to all members was a major task. As demand fell, competition for jobs grew among the weavers, leaving less skilled and less influential weavers without orders.

The marketing activity

Koy's Ikat sold textiles to a wide range of customers. But the bulk of its sales were to government-run emporiums³⁰. These were retail outlets owned by the government of Andhra Pradesh, started to promote handlooms in urban markets. Three emporia were particularly significant customers: APCO House, Handloom house, and Lepakshi. The first two of these emporiums sold handloom only, while

³⁰ The GRO's retail outlet, situated by the Hyderabad highway, had closed in 1996 due to the market slump.

Lepakshi sold both handlooms and handicrafts. All three ordered standard designs set on a yearly basis. The market rate for these patterns was established by procedures set by the MOH, and often not revised yearly. The rates were non-negotiable, and could not be adjusted even if the Emporium managers wished to do so.

Koy's Ikat also sold to private customers at negotiable rates. But generally bargaining power was limited.

They set the color yarn and wage rates and if we do not accept their rates they go elsewhere (11).

Sometimes sales were to private traders. But increasingly the GRO board preferred to sell to specialist DSOs such as Oxfam and the South Indian Producer Association. Such DSOs offered better rates since they exported *ikat* handlooms to Britain and Germany.

The GRO's bargaining power was limited in part because of the prevailing slump in the handloom sector. In 1996 the sector was facing a monetary crisis due to massive defaults by APCO House. Highly dependent on these sales, the default plunged many cooperatives into bankruptcy. Local newspapers regularly reported the severe distress of weavers, noting that starvation was driving some to suicide. But its low bargaining power was also affected by the GRO's designs. Members were proud of their village's weaving quality:

Both in color and in cloth quality we are very good. For good production it is Koyillagudam society only (11)

But the product quality was not matched by a unique or a distinctive range of products and patterns.

The main products of Koy's Ikat were bed-sheets and tablecloth, cut from tie-dyed textiles. Both products were popular in export markets. But export sales had suffered from a 1995 ban of eight chemical dyes within the European community due to health and ecological problems. Since all the GRO's products were made with chemical dyes, its export sales had plummeted.

Division of authority

Koy's Ikat had to follow a structure of authority and tasks set by the MOH. The MOH had established a 'model hierarchy' to be followed by all registered weaver GROs in the state. All staff at Koy's Ikat joined as a godown keeper or salesman. After probation they were promoted first to 'production in charge', then 'assistant production in charge', 'assistant accountant', 'accountant', and finally 'manager'. This explained why the GRO had an unusual hierarchy of seven levels. This tall hierarchy was a MOH requirement. The office was stacked with accounting books and triplicate copies of invoices and vouchers, documentation that satisfied government requirements. Though cumbersome, such procedures did ensure some self-discipline, checking temptations to divert or misuse funds.

The management of the GRO was divided between the President who was elected to the Board, and the Manager who was appointed by the Board. The MOH had detailed procedures of recruitment, staff promotion, and compensation that all GROs had to follow. While the President was responsible for the GRO's overall performance, he depended heavily on the manager in meeting MOH procedures in maintaining the documentation necessary for government audits.

The president is head of all. He has full authority. The manager and secretary, taking the president's approval must do work (such as) what agenda to issue, what expenditure is allowed, what payment what receipts...compensation (10).

The President had to approve the board's decisions, and keep pace with the MOH's paper work for loans, and legal requirements.

The manager will inform me of the situation and I make the final decision.

Order canceling, order obtaining, people to see, bank funding etc. You give him the instruction and he will do it. (10)

But his major task was to maintain a good working relationship with the MOH. Through its district office the MOH offered significant financial assistance, usually cash credits and training dispensations. The President's local influence depended on his access to these resources. For this reason he was very alert to resource opportunities. But crucially these opportunities were almost entirely within the MOH. Although private traders gave orders, they were not a regular source of income. The Emporium orders, despite their delays and defaults in payment, *were* regular. They were therefore important clients to the President.

The specialized roles of the President/Board and the Manager/Staff allowed a balance of power. Each had a distinct role. The Manager and staff had far more experience than board members. The President's detachment from the office was apparent visually. His room was separate from the open office. His interest was restricted to the local villagers, and to retaining their support and of Ministry and bank officials. The Manager and Accountant in contrast, kept track of costs and sales. They reeled out figures, taking delight in opening their books, to display revenue, income, and profit figures. Their functions required considerable experience with the bureaucratic requirements of the MOH.

The President also mediated demands and complaints from GRO members. He balanced the influence of different groups.

Here we have no big leaders. If you say 'I am bigger' they will pull you down. You have to look after everyone. You can't stand alone. (10)

Any major decision required the explicit support of the multiple ethnic and political groups within the village. This reduced any personal risk from a decision poorly made.

All joint decisions have to be taken by me only. This is what makes it very difficult. I have to make sure these are done jointly and not by me alone. Or they will all complain about this expenditure. They will ask why spend like this? For what purpose? (10).

Despite their political groupings, the villagers saw themselves as a distinct community of weavers, describing themselves as *Padmashalis*. Sometimes tenant farmers from elsewhere in the state, settled in the village, practicing weaving. But generally Immigrants to the village remained outsiders. The staff echoed this community awareness.

Every one is a *padmashali* here (that is, born in a local weaving family) including the board and the staff (11).

The President made it a point to demonstrate that he remained a practicing weaver, drawing patterns on graph paper to illustrate the weaving process.

Even now you give me cloth I'll weave! You learn as you watch, as a child.

This is how we learn and we learn both dying and weaving this way (10).

Within these themes of ethnicity and patronage the GRO sustained itself. To village weavers it offered a market for their products, as well as base for community identity. To the bureaucracy, it was a supplier. Depending on the board's rapport with local bureaucrats and politicians, loans were received, terms of credit were good.

Decline in government patronage

In the 1990s criticism of the Andhra Pradesh government's handloom policy was on the rise. The sector was facing problems. For one thing elections to the APCO board had been repeatedly delayed, postponed by the government. Government reluctance to hold APCO board elections, one employee believed, was so it could ensure political support. The State administration wished to "retain its men" (13).

The delay had been strongly criticized in the media and by opposition politicians. Employment opportunities, subsidies, protected markets and easy credit terms, critics alleged, were being offered by government ministers as payoffs in return for the loyalty of GRO boards.

Persistent inefficiencies reduced sector revenues. The sector was heavily centralized. The state government closely controlled resource allocation. Most GROs remained heavily dependent on the MOH. This dependence translated into systems and structures that met MOH demands but not always GRO needs. As handloom demand slumped and Emporium defaults increased, many GROs could not adapt to their changing environment, by locating non-emporium customers or alternative sources of income.

The problems in Pochampalli

An example of the difficulties faced weaver GROs faced in this adverse environment was in the village of Pochampalli, a further 20 kilometers down the highway from Koyillagudam. This village was renowned as a center for *ikat* saris, made of fine silk. Due to its national reputation as an *ikat* center the village had the potential for success. But in 1996 the village's GRO was not doing well.

According to the staff at Koy's Ikat, some Pochampalli weavers were taking the raw material advanced by the GRO for emporium orders and using it for private orders.

300 members get work and get raw materials as advance of say 10 lakhs.

But they pay an enormous interest on this because they don't return the production. So they make a loss while their people sell the finished products to private buyers (11).

The problem was that unscrupulous members were accepting materials advanced by the GRO office but using the material for private jobs³¹. Private buyers offered better prices and paid promptly. However by using up the advanced materials the members were now unable to honor the original job and their debts mounted while the GRO output declined.

The type of problems faced in Pochampalli was not uncommon to other GROs. Dependency on the MOH could lead to GRO boards unwilling to monitor the organization's performance or to impose penalties on recalcitrant members. In a sense the organization's survival now depended on patronage. Enforcing repayment only risked conflicts and unpopularity when the government could continue to fund the organization.

Another problem that resulted from external dependency was that GRO boards did not evaluate their products and capital choice, or reflect on possible alternatives. Pochampalli's main product was silk saris which required expensive silk yarn. The market for silk saris was small. As its debts mounted and production declined, the Pochampalli GRO found it hard to maintain sufficient liquidity. It literally ran out

³¹ A percentage of the emporium's order was advanced to the GRO as raw materials, for instance as yarn.

of money to keep up with interest payments on its debt while purchasing the needed raw materials. Obviously the GRO's product choices was inadvisable given the small market for silk saris and the expense in raw materials.

Increased DSO involvement

In 1994 the Government of India severely cut public investment. Traditionally supported through government funding, the handlooms sector was adversely affected across India. While the Andhra Pradesh government followed suit, reducing financial support, its ministries continued to closely regulate the sector. The financial cuts were not accompanied by legislative reforms. The net result was a sector of dependent GROs that could no longer rely on government support. For instance the emporiums buying GRO textiles were defaulting on payments but GRO boards could not establish alternative buyers. During 1996 APCO emporiums had not paid for their purchases for over six months.

Such an adverse situation encouraged many DSOs to enter the sector and assist GROs. Koy's Ikat wished to widen its private customers. Especially lucrative were the high-fashion segments. Tie-and-dye clothing was quite fashionable, "ethnic-chic". In Delhi and Bombay up-market consumers flocked to exclusive boutiques for unusual combinations of Western and Indian designs. In high-fashion segments unusual patterns and, natural colors and arresting designs were particularly important. But Koy's Ikat lacked sufficient training in these areas.

The growing interest in alternative weaving designs and techniques offered a role for those DSOs capable of linking the village to high-fashion consumers. One such organization was Dastkar Andhra.

Dastkar Andhra was working closely with the Koy's Ikat board to promote natural weaving methods, particularly the use of natural dyes. The DSO was committed to preservation of traditional handloom methods. Its most important goal was to identify as many traditional weaving techniques and patterns as possible, within the regions of Andhra Pradesh.

The DSO was promoting a dying technique that used plant-based dyes. Dastkar's involvement was momentous. It was a rare occasion when the GRO board was pursuing techniques and markets not within the ambit of the Ministry. The use of natural dyes was significant since it went against the prevalent use of chemical dyes in the state's weaver GROs. The MOH's training programs usually took the choice of dye to be chemical, and rarely had training on the use of natural dyes.

Natural dying was quite different from chemical dying. It required a much larger amount of raw material to achieve a particular color. To color a half-kilogram of cloth would require about the same weight in natural dye. In contrast the same weight of cloth could be colored with a pinch of chemical dye. To Dastkar Andhra the appeal of natural dyes was its traditional and ecological virtues. Historically Indian weavers had used only natural dyes. Chemical dyes were quite recent, popularized by the AIHB and later by the MOH. By using natural dyes the

weavers could become self-sufficient; they would not need to rely on suppliers to sell them the chemical dyes. Instead the plants used in natural dyes could be grown locally even in the weaver's backyard. By using natural dyes the weavers could become autonomous from the State (the MOH) and the market (private suppliers). Self-sufficiency would encourage weavers to focus on their local ecology and society.

Dastkar Andhra was led by Uzra Bilgrami, popularly addressed as Uzramma. Uzramma and other Dastkar staff often visited Koy's Ikat to discuss the GRO's possible options in the adverse economic situation. To Dastkar staff the economic situation was a direct consequence of heavy-handed government policy. Government policy in the handloom sector had emphasized creating an urban market for crafts through stereotypical designs and by integrating utility with esthetics. Unfortunately the policy had reduced regional distinctiveness, effacing historically varied weaving techniques. For instance the MOH had driven out natural dying by establishing strict guidelines for the use of chemical dyes. So weavers in Koyillagudam no longer knew how to dye with natural colors though their forefathers had. To Dastkar Andhra the MOH was perpetuating GRO dependence by steering these weavers away from older authentic techniques of production. Autonomy for these organizations would require a gradual return to a village-based economy and the eschewal of MOH assistance. The weaver would have to produce the needed raw materials for his craft locally and resurrect the forgotten lore of his forefathers.

On one visit (9) to Koyillagudam village Uzramma and a study-group sat in the GRO office. The President, manager, and accountant, and twelve curious members, were in attendance. Uzramma was trying to persuade the weavers to use natural dyes.

You should try vegetable dying. It is much cheaper (9)

In response the weavers explained how expensive and time consuming the process was. Two of them had already attended a Dastkar workshop. But on their return they had encountered problems in applying their newly acquired skills. The colors produced from vegetable dyes were light. The color did not last and soon faded. The weavers brought in two stacks of textiles that had been dyed with natural colors. The vegetable colors were indeed faded. Uzramma explained that the fading was due to the use of dye as much as the process of dying itself. Natural dying required boiling dyes at a very high water temperature, to properly color the yarn.

...what you do is you boil the dye at a high temperature. That is why I said jute. At such a temperature the rubber melts (9)

Since the weavers used rubber to separate the dyed colors of the yarn, they could not boil the water at a sufficiently high temperature. Rubber will melt in water boiling over a certain temperature. But if the weavers used jute instead of rubber they would not face this problem. By using jute instead of rubber to separate the colors, they could dye in hotter water, at temperatures that allowed the colors to retain their strength. The colors would last longer.

By restoring natural dyes to Koy's Ikat, Dastkar was in some ways performing the role of a custodian, preserving weaving techniques of the past. To Uzramma and other advocates of natural dying, the technique guided weavers back to their roots. Historically weaving communities had specialized-- some weavers had only dyed colors. It was an intricate task. Selecting and grinding the plants, treating the cloth in heated water, were all tasks requiring skill. The colors of natural dyes were distinctive and varied between regions. In contrast chemicals had made dying much easier but led to a standardization of colors. Strict government guidelines, such as on water temperature (measured by thermometers) and coloring treatment (controlled through schedules for adding dyes) reduced the need for artisanal skill. But these guidelines also standardized dying. To DSOs like Dastkar the government's extensive involvement in the handloom sector had led to increased uniformity of handloom products.

In promoting traditional designs and techniques, Dastkar also steered Koy's Ikat from the mass-market emporiums to smaller and more exclusive high-fashion segments. Authenticity was important to high-fashion consumers who valued tribal, traditional and folk artifacts. Unlike Chattopadhyaya's vision of handicrafts blending utility with esthetics, boutiques in a sense emphasized esthetics alone. They marketed fashionable outfits that were cosmopolitan tasteful combinations of modern and traditional notions of clothing. In cities like Delhi, "the artistic, professional and bureaucratic elites have long favored folk paintings, sculptures, and carvings as elements of household décor, while upper-class women have worn hand printed garments since the 1950s as an affirmation of Indian-ness. In recent

years the taste for native arts and crafts has spread more widely in the monied middle class. Folk is *chic*” (Greenough, 1995: 221).

Tie and dye textiles were particularly valued for their intricate designs that could be woven *only* by hand. The artistry involved in dying and weaving together disparate yarn made the finished product esthetically unique. The hand-made quality of these textiles was quite apparent in their blurred patterns, which were not replicable in machine weaving.

So Dastkar not only assisted GROs like Koy’s Ikat to pursue traditional techniques but also to distribute their products to these high-fashion segments. Special exhibitions were held annually in Indian metropolitan centers organized by Dastkar, and regularly attended by distributors to these exclusive segments. By promoting forgotten designs and techniques Dastkar was also appealing to urban demand for ‘folk chic’. Despite these collaborations with Dastkar, the GRO’s board continued to value government support. Though interested in broadening their customer base, the board did not reject state patronage.

Sustaining activities

GRO staff were proud of its performance. They claimed that it was the only profitable handloom GRO of the twelve in the district. Its profit for 1995 was Rs. 300, 014, 000, returned to members as a dividend at 6.25% and in an April bonus. In comparison, Pochampalli’s GRO had suffered a loss of Rs. 27 lakhs; another GRO in the town of Choutuppal, had also suffered a loss, of Rs. 7 lakhs (12).

The village weavers paid membership dues regularly and took active interest in board elections. Their interest was apparent in the many visitors to the office. To villagers the GRO office was a social center where they could lounge and chat with the staff or the President. The open office and the fact that all staff hailed from the village both encouraged informal face to face coordination (11). The GRO office was also the local political center. The President made visible efforts to locate new markets by consulting MOH officials, the local Member of Parliament, District officials and bank managers.

The GRO was an important village institution. The office was located in the village-square. From the busy highway a road branched to the village, ending at the square, next to the GRO's office. The only other building occupying the square was another important institution the village's temple.

Strategy of Emporium-Marketing

Koy's Ikat's strategy of *Emporium-marketing*, which was shaped by the history of the handlooms sector, consolidated the influence of state planners and Ministries.

The villagers of Koyillagudam established the GRO in response to suggestions from government policy-makers and senior politicians. Unlike say in Marianad where justifying the strategy, establishing its benefits were important, in Koyillagudam the strategy was rapidly accepted because it offered benefits endorsed by powerful external parties. Once created the GRO had to follow the

MOH's guidelines, including which activities it could pursue. The activities of pooling and processing were controlled by the GRO. But the remaining operating activity of distribution was only partly handled by the GRO. Since the bulk of the sales were to government-controlled emporiums, Koy's Ikat had only a limited opportunity to take up distribution. All support and community activities were controlled entirely by the MOH.

The differentiation of production from training was unprecedented: historically weavers had worked closely with patrons, those wearing these textiles. To separate the production of textiles (an operating activity) from training in techniques and patterns (a support activity) may have reduced the GRO's ability to understand and anticipate consumer tastes in its markets.

Given budget cuts, and payment defaults, the influence of the MOH and APCO was clearly on the decline in the 1990s. With this decline DSOs like Dastkar Andhra took up the support and community activities offered earlier by the MOH and APCO. Dastkar Andhra in fact faithfully followed the support and operating activities of the MOH and APCO respectively. It offered training programs in natural dying. It also assisted the GRO to market its textiles through the exhibitions it organized in major cities.

A remarkable aspect of Koy's Ikat was its relative stability over three decades. In part this stability was due to government control. As an APCO member,

registered under the State's cooperative Act, GROs were encouraged to maintain their existing activities and to avoid severe changes.

Emporium-Marketing as a design approach

The design approach could well explain Koyillagudam's Strategy of *Emporium-Marketing*. The strategy was based in existing models of how GROs should function. Three important influences on Koy's Ikat were Chattopadhyaya's handloom policy of blending esthetics and utility; the MOH's presence which constrained choices of distribution and production; and APCO's membership requirements which included the organization being registered under the Andhra Pradesh Cooperative Act. These requirements were stiff in compliance: decisions on investment, staffing, financing all had to be approved by the MOC. In short weaver GROs in Andhra Pradesh were severely constrained in their strategic choices and had to obtain approval from government ministries for their capital, technological and market choices.

At the same time there was also a great influence on what choices the GRO board should make, from the elaborate detailed guidelines set by the MOH. In the highly regulated sector, the Koy's Ikat staff seemed more attuned to following MOH guidelines than establishing the activities and procedures suitable for their organization. The GRO board was elected for a term but the staff was tenured. A newly elected board would rely on staff for decisions, perpetuating the reliance on the MOH.

However there are limits to the design approach. Koy's Ikat did attempt changing its strategy when suffering resource cuts. It collaborated with Dastkar to reach new market segments.

The dynamics of Emporium-Marketing

Origin

Emporium-marketing originated in the intent of central and state government officials, and local politicians. These parties sought a GRO to attain already formulated goals, those of regulatory reach and local patronage respectively. The MOH's policies were based on two important assumptions, those of ill-informed customers and mass retail. These assumptions were that urban consumers lacked awareness of handlooms; such awareness required standardized and accessible products, sold through mass-market emporiums. The MOH based its investment, production and marketing policies for GROs on these assumptions. However the strategy originated not only in the MOH's intentions but also in an accommodation made by local politicians. As long as there was a visible investment in the community, Koyillagudam leaders followed the MOH's guidelines. However once these investments declined, the leaders adapted their strategy to a declining market. In doing so they sought opportunities to expand production, without abandoning the strategy of *Emporium-marketing*. Thus they retained the assumptions of an ill-informed consumer, unwilling to pay for an authentically woven textile, that lacked mass-market distribution. At the same time their expanding market segments, thanks to Dastkar, were challenging these assumptions.

Consensus

The tactics of consensus for *Emporium-marketing* were assumed. To the MOH and the local politicians the strategy would offer obvious benefits. The tactics of consensus were conceived before the founding of Koy's Ikat. The regulations to follow, the tall structure, approval needed for investment and finances, were all modes of crafting consensus through conceived tactics.

The forced specialization of third-sector activities further enforced consensus. The GRO lacked any legal means of challenging this specialization. If it took up its own training, it would require capital and expertise that would need regulatory approval. Surely the MOH would ask why Koyillagudam should bother doing so when it could rely on the MOH's own training? But the lack of a wider range of skills within the GRO may have increased its dependence on the MOH, and its commitment to *Emporium-marketing*.

Interests

Some GRO members were eager to lessen government dependence, by pursuing the new markets offered by Dastkar. Natural dying could be a fruitful means of asserting authentic traditions for a supportive urban clientele. The benefits of *Emporium-marketing* were relatively stable. The GRO was not created through a process where interests had to be explained and villagers had to be persuaded of them. Instead these benefits were relatively clear to villagers, they included partly collective benefits such as increased wealth to the village; but they were also

individual and monetary in nature. By creating a GRO weavers would receive more jobs and funding. The gradual decline of MOH support was leading to a divergence of interests.

APPENDICES

Appendix V.1: Koyillagudam Interviews/ Field Visits

1. Srinivasan, Indian Administrative Service, September 13, 1996, 11:00
2. Lata, Dastkar Hyderabad, September 14, 1996, 14:00
3. Uzra Bilgrami, Dastkar Hyderabad, September 17, 1996, 19:00
4. R. Vijaykumar, Managing Director SETWIN (former Manager Lepakshi Emporium), September 18, 1996, 15:30
5. V.S.V. Acharyulu, (State Directorate of Handicrafts) September 20, 1996, 15:00
6. Uzra Bilgrami, Dastkar Hyderabad, October 25, 1996, 19:00
7. Kim Reddy, Resident/Activist Pochampalli village, October 30, 1996; 20:00
8. Pochampalli village October 31, 1996; 15:00
9. Koyillagudam village, with Dastkar Study Group, November 9, 1996; all day

10. Uzra Bilgrami, Dastkar Hyderabad, November 25, 1996, 19:00
11. Koyillagudam village, December 12, 1996; 12:00; interviews with the
President, Gaddam Narasimha, and Manager)
12. Koyillagudam village, December 16, 1996; 15:00
13. Krishna Babu, Manager Information Systems, APCO, December 18, 1996;
09:30
14. Uzra Bilgrami, Dastkar Hyderabad, June 10, 1999, 07:00

CHAPTER VI: COOPERATIVE DEVELOPMENT FOUNDATION, HYDERABAD, ANDHRA PRADESH, 1975-1995

CDF can be called a voluntary organization. In the West they now use the term NGO. It has existed since 1983 though its fore-runner was established in 1975. Basically you can say it is an association of do-gooders... it tries to create an atmosphere/environment where cooperatives can flourish (2).

Where the previous chapter described the strategy process in a GRO dependant on government ministries, this chapter describes a Development-Support organization established precisely to reduce such dependence. The *Cooperative Development Foundation* (CDF) originated in a federation started by commercial farmers in a district of Andhra Pradesh. Shortly after the federation board founded CDF as a specialized unit, the new DSO was in the midst of a dramatic confrontation with the state government. After organizing protests against government policies, the DSO succeeded in reforming the legislation governing GROs.

MODELING; THE MULTI-USERS COOPERATIVE ASSOCIATION, 1975-1982

In the mid-1970s farmers in the rural districts of Telengana established a GRF called the Multi-purpose Cooperatives Association (MCA). The region of Telengana was well known for commercial farming and had traditionally been a proving ground for rural entrepreneurship. Local politics had always been dominated by farming and methods of improving farmer's incomes. In the early

1970s the President of the local government council at Rajendranagar was intent on reform. He had just learnt that of the fifty-four GROs legally registered in Rajendranagar, only nine were actually functioning. The remaining cooperatives had all failed. Though still registered as ‘Primary Agricultural Cooperatives’³² they were in reality empty shells, non-functioning organizations. The President of the local council was Mr. Rama Reddy, an ambitious politician. He had heard of a GRO in a nearby district. Based in the village of Mulukanoor, the GRO represented paddy farmers, pooling their produce, processing the paddy into rice and selling it. The GRO had made an economic and political impact.

Events

The Mulukanoor visit

Rama Reddy and other council members decided to visit the GRO and meet its President. Their intention was to learn from the successes of the Mulukanoor GRO. During this visit the young Rama Reddy made an important connection with the leader of the Mulukanoor GRO, A.K. Viswanath Reddy. Viswanath Reddy had a simple and convincing explanation for the GRO’s success. The GRO had succeeded because it focused on giving members a good return on their investment. Viswanath Reddy believed that any GRO had to be efficient in its use of resources.

³² To avoid confusion, I use the term GROs throughout this case to describe cooperatives. However where the term is used in a legally specific sense, to describe legally registered cooperatives, for instance, then I use the term with quotes, as in ‘cooperatives’.

This entailed a GRO board that kept the organization's needs first and foremost especially its financial and managerial needs. For instance the Mulukanoor GRO's paddy output was based on levels that met its capacity and members' needs, not production levels set by the Ministry of Cooperation. It ensured a high output level so that it could reduce operating costs. At the same time it was also good at retaining members, ensuring their support. If any GRO took member support for granted, ignored commitment issues, members would defect, abandoning the organization for rival distribution channels. The input of raw materials would decline, pooling and processing would become expensive and hard to sustain. To ensure member-commitment, the Mulukanoor GRO offered a wide array of services. Besides marketing paddy, the GRO also ran retail stores for members. It bought products at bulk, selling them at lower rates to members.

Finally AKV Reddy believed the GRO's leadership had to be responsive to its constituency. Communities had to be closely involved in the GRO's functioning. If members were not satisfied with the services provided, leaders had to take action, changing their activities or persuading members. The autonomy of the GRO was crucial. Its board had to ensure their ability to take action was not impaired.

To AKV Reddy the biggest threat to GRO autonomy was the Ministry of Cooperatives (MOC). Though ironically enough established to help GROs manage their operations, the MOC was legally empowered to intervene in their

decisions. The Andhra Pradesh Cooperative Societies Act of 1964, under which every GRO had to be registered, empowered the MOC to approve all major capital, technological and staffing decisions. The Ministry even had the power to dissolve GRO boards. The legislation placed most aspects of GRO management under regulatory purview. If MOC officials did not approve of the GRO's decisions they could order the GRO to change its decision or simply suspend the Board, appointing their officials to manage it.

By the mid-1980s regulatory control had increased to a point of severe resentment in many regional GROs. The MOC had a wide range of powers made possible by legislation. These included dismissal and confirmation of appointments, approval of capital investments, board tenure, and permitting the delay of board elections. At the same time GROs were prominent vote banks. Politicians could ensure voter loyalty by supporting the local cooperative. Restrictive legislation made political interference easier. These wide-ranging powers were a great temptation for interference in the cooperative. Their limited legislative autonomy insulated GROs from market pressures. They became attentive to the Ministry, not their market performance. Strategic decisions could be based simply on political considerations. At the same time these organizations did represent significant commercial interests. Their members were keen on efficient delivery and good returns on investment.

A.K.V. Reddy believed that retaining autonomy entailed the minimizing of government assistance, especially the loans granted to GROs, which often had conditions attached to them.

Mergers

Rama Reddy and the local council now had a lot to think about. The Mulukanoor GRO's success seemed to be based on three essential principles: productive efficiency, member commitment, and board autonomy. Could these principles be the basis for reforming Rajendranagar's failing GROs? The council thought so, especially since AKV Reddy had promised to work closely with them.

The council decided to merge all the registered GROs of the district into fifteen organizations. The merger was intended to increase the scale of these organizations, to offer scale economies and be more cost effective. It was also a handy method of eliminating defunct GROs. With AKV Reddy's support, the Rajendranagar GROs formed an alliance called the Multi-users Cooperative Association (MCA). In 1977 the association was registered under the Charitable Societies Act, with AKV Reddy as its President, and Rama Reddy as its secretary. MCA was for all intents and purposes a federation representing the reorganized GROs of Rajendranagar district. Once his term as council president ended Rama Reddy withdrew from local politics to work directly with MCA.

The intent at this stage of MCA's growth was modest, to provide a 'forum for cooperation'. By this phrase the promoters meant that the GRF did not intend to

integrate the diverse activities of members. Instead it was an informal alliance, to offer possibilities of exchanging ideas. MCA member organizations enjoyed a high autonomy in their operations. The member GROs were all involved in the pooling and processing of paddy crops.

But by the 1980s members of MCA wanted further benefits from the GRF. The MCA board believed the organization could raise funds for its members. Since the GRF firmly followed AKV Reddy's tenets of maintaining autonomy, the members lacked independent sources of financing. From where were they to raise capital, when they could not turn to the government? Financing would also increase the board's influence over its members, providing greater cohesion to the organization. Unfortunately the Charitable Society Act, under which MCA was registered, severely restricted the possibilities of raising funds.

Accordingly the MCA Board decided to start a new organization that would be distinct and independent of MCA. By registering the new organization as a 'public trust', it could raise and distribute funds with less restrictions than MCA. Its independence from MCA would also increase its credibility as an advocate for GRO autonomy. Its views would not seem partisan. But the actual independence of the new organization was debatable. It shared leadership with MCA, and both organizations had a common board. MCA leaders thus decided on a distinct move away from their modest goals of fostering cooperation, towards a more coherent approach, one of financing and advocacy. By this time Rama Reddy was in touch

with Shashi Rajagopalan, a rural activist working in the district. She agreed to work with the new organization.

Strategy of Modeling

CDF began as a small organization controlled by a GRF. As such its governance was unique—although independent its Board was the same as MCA's. It would therefore be correct to say that CDF began as a hybrid, a DSO controlled by a GRF. It was really a unit of MCA but given independent status for added credibility.

The GRF itself had started with modest intentions-- to promote cooperation among members. This involved community activities, such as organizing and advocacy, where sharing ideas through forums like MCA could be quite helpful. But at the end of this stage MCA had begun exploring activities in support. CDF was specifically intended to offer two specialized activities which had little in common with each other, financing and advocacy, support and community activities respectively.

Advocacy was itself an important step in MCA's growth. It had initially hoped to promote the Mulukanoor model through informal discussion among its members. But the shift to advocacy now involved a determined effort to spread Mulukanoor's message to a wider arena. It was a significant step and would shape the future of MCA and CDF.

Modeling as design

The strategy of *Modeling* could be described as a design approach. After all the Rajendranagar village council intended to learn what it could from the Mulukanoor GRO. In doing so it identified principles that formed the basis for restructuring local GROs. These principles led to some uniformity among these GROs so that they became similar to the Mulukanoor GRO.

However there are limits to the Design approach. The principles were sufficiently general to allow for differing interpretation. The new GRF also found it difficult to enforce the Mulukanoor principles. There had to be some shared benefit or agreed-upon basis among GRF members in adopting the model.

The dynamics of Modeling

Origins

The Rajendranagar council was determined to improve its GROs. The means of doing so was to follow the Mulukanoor principles. The strategy was therefore based in an intent to emulate the Mulukanoor GRO for better performance.

Mulukanoor offered a proximate model and MCA intended to apply the Mulukanoor principles.

Consensus

The basis of consensus for *Modeling* was the Mulukanoor GRO's performance. The economic and political achievements of Mulukanoor enhanced the MCA leaders' claim that it offered a sound basis for reforming their enterprises.

Interests

At this stage MCA was still a loose alliance of existing organizations started to attain a visible benefit. Through the GRF members would learn how to emulate the success of Mulukanoor. They could also turn to AKV Reddy for guidance. But these benefits were not sufficient to make the GRO cohesive. To retain members' commitment it had to offer more concrete benefits, especially material benefits like easy financing and political benefits such as increased influence with policy makers.

PRESSURE-POLITICS, *AGITATION*, 1982-1990³³

Events

The new organization established by MCA was initially called Samakhya. The word Samakhya, in Telugu, means an association of people. The DSO was intended to be a specialized advocacy unit that would popularize the Mulukanoor principles, specifically those of member-control and economic-returns.

GROs as economic units

To Rama Reddy and his associates GROs offered two specific benefits: they were representative organizations serving their members; and they offered economic

benefits. With AKV Reddy Samakhya's leaders believed that member control required autonomy from government ministries especially the MOC. To seek economic benefits also meant that these organizations required sound management practices. From their experience with agricultural GROs, Samakhya's staff believed both member-control and economic benefits required good management. Through the right procedures, control-mechanisms and goals, the GRO would be resource-efficient and accountable to members.

Government regulations had adverse effects. Registered GROs needed permission for most strategic choices in capital, technology, elections, board appointments, remuneration... the list was long. Poor management and the government's heavy hand seemed related. The many procedures moderated by the MOC, encouraged strategic passivity, the unwillingness to exercise choice, take responsibility for decisions. At the same time GROs were potential channels for political support. Government leaders misused the MOC's power, installing local supporters to Boards. Rama Reddy and Shashi Rajagopalan became convinced that GROs had to be autonomous, free from government interference. Financial independence would ensure the decisions taken were those benefiting the organization, not the political party. They had to function efficiently and compete with private organizations, just as Mulukanoor did so with private rice-millers on price, quantity, and service.

³³ This section draws in part from David Korten's (1990) monograph on Samakhya's campaign for holding board elections.

The new DSO's approach was novel for its time. In the 1980s GROs and cooperatives were treated as synonymous. But Samakhya pointed out that to the extent 'cooperatives' were controlled by the MOC, they were no longer controlled by members. Where traditionally the democratic and redistributive aspects were emphasized, Samakhya emphasized their economic benefits. Yes GROs were important in resisting power-structures through strength of numbers. But their economic performance was equally if not more important. When a GRO was successful economically the locality's prestige grew, leaders became more politically influential. Samakhya was exhorting the economic benefits of farmer-controlled GROs. By emphasizing autonomy and good management, the DSO was arguing that the market, not the government, should decide their survival. GROs were starting to look a lot like private businesses in this view.

The emphasis on sound management and autonomy blurred the differences between GROs and private organizations, as apparent in this rich quote.

We are not aimed against anybody. We didn't start with self-pity. We say 'forget the cake, forget dividing it up! We will teach you how to bake your own cake.' We don't ask for yielding of the other's space. We say you occupy and create your own spaces. Don't start off with a handicap, some complex about yourself (24).

The DSO was not eager to identify class villains. Recognizing social injustice was not its focus. Indeed the "handicap" in the above quote emanated from history itself, the "self-pity" based in past injustice that prevented pragmatic future-oriented actions. Samakhya wanted its clients to run sustainable activities. It was

not social awareness but the ability to reap monetary returns that would empower the poor, their ability to “bake their own cakes”.

Trustees

While articulating this view Samakhya also sought finances for MCA. It started a ‘cooperative revolving fund’ for extending loans to MCA members. But how was this new organization to raise funds? Samakhya required powerful sponsors. The organization began to locate influential and experienced people to be members of its board of trustees. E.V. Ram Reddi, a distinguished civil servant and former Secretary to the A.P. Government of Andhra Pradesh, as well as Registrar in its department of cooperatives, agreed to be the President of the board. A.K. Viswanatha Reddy was also a trustee. Other initial trustees included a leading High Court lawyer, a Senior Bank Manager (State), University Vice Chancellor, and an academic based in a respected policy institute.

In making the initial selection of these trustees the DSO’s intention was explicit. It wished to incorporate influential policy makers who already supported its goals. Samakhya also envisaged common agendas where different interest groups could cooperate for mutual benefits. As a result this process of identifying and requesting board members was called as ‘co-opting’. The DSO’s leaders made Trusteeship an explicitly political process of bringing together constituencies with policy influence onto a shared agenda.

The choices of those coopted onto the Board displayed a marked preference for professionals. With the exception of AKV Reddy, all the trustees had certified expertise, either in public administration or (to lesser extent) business management. They were employed as senior managers entirely in the public sector or as senior administrators in the state government. The only exception was AKV Reddy, highly influential in local politics. Other trustees were employed in state-run financial, judicial or educational institutions. A partial exception was the academic in the Administrative Staff College, which had close links to ministry officials and public organizations. The Trustees were expected to assist the new DSO's financing and advocacy activities by providing contacts to government organizations. But they also provided the DSO with an image of expertise.

Political changes

At the time Samakhya was started, the political landscape of Andhra Pradesh was changing dramatically. Until the mid-1980s the Congress Party, then India's most influential political party had consistently won state elections. But in 1983 this pattern ended. The Telugu Desam Party (TDP), a newly created regional party, came to power. The TDP's popularity stemmed from a popular belief that the Congress was not making decisions for the benefit of Andhra Pradesh but rather for the Central government. The TDP however sought to represent the interests of the State. Its leader was N.T. Rama Rao (popularly called NTR), a celebrated movie actor, appreciated for his eloquence in the regional language Telugu..

These political changes created new opportunities. The TDP government was eager for an immediate policy achievement. NTR, himself a businessman, had little sympathy for state bureaucrats or a regulated environment. So there was an opportunity to change the government's policy on GRO management. This opportunity was enhanced by the appointment of two Samakhya supporters to government positions. E.V. Ram Reddi was appointed the Ombudsman. And the new Registrar for Cooperatives, S.K. Arora, was a well-known supporter of GRO autonomy. The new Minister for Cooperatives was also sympathetic to Arora's views.

Working with the Government

In the initial period of NTR's government, Samakhya lobbied for modest reforms to the state legislation on GROs, namely the Andhra Pradesh Cooperative Societies Act of 1964. Rama Reddy wanted changes to it. Accordingly the DSO's goal was to get the attention and support of NTR and influential Ministers for policy reform. Samakhya did succeed in having several high-level meetings with sympathetic officials. Through such consultations Samakhya sought to work with the government, not against it. It expected the pro-business platform of the TDP to provide sufficient momentum for policy reform. Therefore all it had to do was highlight flaws in the existing Act. At this point Samakhya's leaders had no other goals. They remained hopeful that the planned elections to the GRO boards in Andhra Pradesh would still be held in October 1984 as planned.

The initial response of government officials and ministers was quite encouraging. In March 1983 a committee that included Arora evaluated the 1964 Act and recommended changes. In specific areas Boards should be guaranteed no interference in their decisions, such as in finance, appointment and tenure. The Andhra Pradesh government accepted these recommendations.

But such changes, however modest, upset existing coalitions. Politicians who relied on GROs for vote banks, the government departments that regulated GROs, the government staff deputed to GRO boards, were just some of the actors threatened by such reforms. Tight regulatory control of GROs offered different advantages. Legislators liked the potential of converting GRO members to political supporters. As politicians they could accommodate mutinous party workers, by placing them on GRO boards, and offering them government funding. GRO boards also benefited from the regulatory apparatus. Because it was highly interventionist, the Board members had few truly strategic decisions to make on their own. They could often simply obey MOC directives and allow the Ministry to decide how their organization should be managed. Government ministries also enjoyed the privileges attendant on their monitoring and regulatory power. Indeed the MOC could actually depute its tenured staff onto a GRO board to manage it, without the Board's approval.

Opponents to reform now lobbied for a halt to these changes. In 1984 Arora was moved out of the Registrar position and transferred to the National Cooperative

Development Cooperation (NCDC) in Delhi. At the same time his committee's recommendations were modified, watering down earlier calls for Board autonomy.

During this time a political storm was brewing between the TDP-led Andhra Pradesh government and the Congress-led Central government. In August 1984 the Central government dismissed the TDP government. The subsequent protests and widespread criticism helped NTR challenge the grounds of dismissal and return to power. But now NTR was no longer enthusiastic for significant political reforms. He had political debts to repay, particularly to bureaucrats and local politicians, and wished to avoid further controversy. Eager to widen support, not alienate his constituents, NTR now sought to maintain the status quo.

Accordingly his cabinet authorized delays to the scheduled October Board elections for all GROs registered in the state. The official reason for the delay was so that the backlog in audit and misappropriation inquiries could be cleared. The tacit reason seems to have been that by delaying these elections, the TDP could wait for a more propitious time, when its supporters could be easily appointed to these Boards.

Confronting with the Government

After NTR's return to power Samakhya's advocacy changed. The unexpected political crisis and the returning government's delay of Board elections surprised Samakhya. In responding to the delay, very soon Samakhya moved away from its initial goal of policy reform to the more immediate goal of Board elections.

Samakhya's direct advocacy involved varied tools. It filed court-cases, placed media advertisements, ran letter campaigns and organized mass protests. The advocacy ultimately fed into an escalating conflict with the Government, particularly with the MOC. Samakhya's demands for the election was to little avail. The agitators for Board elections and the supporters of delays both escalated efforts, exacerbating the conflict.

The agitation moved through three stages. Initially the government justified the delay by claiming that pending inquiries must be cleared. Once cleared, the Board elections would certainly be held announced the government. Samakhya's response was to challenge the Government orders through legal writs. But by March 1985 the agitation had moved to a second stage. The government no longer depicted the delay as temporary, contingent on pending inquiries. Instead it now appointed MOC staff onto the Boards. This move effectively annulled any power of existing Boards to make decisions. It also showed that the delay was not a temporary matter. Rama Reddy and other leaders publicized the government actions, to get public support for their agitation. But by late 1985 the Government did not even dignify its actions by installing temporary representatives. It now put forward a Bill to reorganize all GROs, merging them into larger district-level organizations. Tensions reached a high point. Rama Reddy and A.K.V. Reddy's hectic meetings with senior Central Government officials had mixed results. The Government was pressured to hold Board elections as soon as possible. But it had reorganized these GROs to its advantage, consolidating its power.

The initial delay

Shortly after the Government announced the delay, Samakhya submitted a court writ questioning the delays. Responding to the court writ, the High Court suspended the Government order. The crisis seemed averted. In late October, Samakhya placed an advertisement in the leading Telugu newspaper of Andhra Pradesh, Eenadu. The advertisement read:

Yesterday we fought to protect political democracy. Today cooperators fight to get back their own democracy. The people of AP did not accept a government thrust on them by Delhi. Cooperators will not accept committees thrust on them by Hyderabad. Let us agitate in our own areas for conduct of elections (quoted in Korten, 1990: 12).

This advertisement made an analogy to be constantly repeated during this stage. Just a short time earlier the state government had itself been dismissed by the Central government. Andhra Pradesh's citizens had overwhelmingly challenged this dismissal which they felt was undemocratic. The Center had no right to throw out a lawfully elected leader of the state. Samakhya was arguing that an analogy could be made to the Board elections of the state's GROs. The right of GROs to elect their leaders was being suppressed by the state government. How could the same government which suffered from an undemocratic action, act in this manner with its own citizens? The analogy was Samakhya's challenge to the government's legitimacy. The people had supported the government. But where was this government, now that the people needed it? By associating the delay in elections with a recent and memorable example of high-handedness, Samakhya evoked a

history of central government interference. The advertisement depicted the government as unaccountable and undemocratic.

In late October 1984 the state government retracted its initial order delaying elections. But now it extended the terms of the elected committees by three months, and subsequently by another three months. Effectively the Board elections were delayed. The extension essentially meant that the GRO Boards could not be changed.

Appointing Persons-in-charge (PIC)

In March 1985 a new government order was issued. It not only postponed elections a further six months, but also deputed government staff to these GRO Boards. The staff effectively replaced the elected Board and ran the GRO. But they were not accountable to its members but to the MOC. The staff were called 'Persons-in-charge' (PICs) and expected to manage the GRO until elections were held. But since PICs were government appointees they also enabled the MOC to control these GROs directly. Samakhya believed the government order was illegitimate: how could a government appointee run a GRO? He had not been elected to the Board.

Rama Reddy and AKV Reddy decided that legal challenges were no longer sufficient. They must have public sentiment on their side. In a genuine mistake, the MOC officer in Karimnagar district appointed PICs to local GROs ahead of the government order. Unfortunately for the hapless officer, one of the affected GROs was at Mulukanoor. Although the order was immediately withdrawn, Samakhya

circulated newsletters that described this incident as a 'seizure of the grassroots' by the Ministry, an illustration of government incompetence and bad intention. Should the MOC be replacing a well-functioning and respected GRO Board with its own appointees? The eight-page newsletter was pasted on the doors of GRO offices throughout Andhra Pradesh. It declared that the government orders were vulnerable to error and biased towards the MOC. They did not benefit the GROs or their members.

In April 1985 the High Court struck down the Government order. It ruled that until elections were held, existing Boards had to remain in place. The PICs could not be appointed. From April to September 1984, the government made further attempts to control GROs. It made four major policy decisions, two of which were July orders regarding the delayed elections. These decisions successfully justified the PIC appointment to the High Court. They also extended PIC tenure. Samakhya would then challenge the order, which would be withdrawn, only to reappear in the next government order...

Promotion

While this struggle continued, Samakhya began diversifying activities. It started women's thrift cooperatives (WTCs) in rural Telangana and Karim Nagar. WTCs collected fees from members that were then extended as loans. They were GROs constituted for mutual credit. Samakhya helped the staff in these organizations, training them in bookkeeping, running meetings and keeping minutes. Samakhya

exercised close control over the GRIs, depositing their capital in banks, auditing their accounts regularly.

Organizing was a natural extension of the DSO's advocacy activities. Samakhya was criticizing the existing legislation and urging that GROs be treated as independent and business-oriented organizations. Why not promote this view directly, by organizing GROs? But in other ways organizing seems to have been an alternative activity to pursue, at a time when advocacy was in a deadlock, in a costly struggle with the MOC. Confrontations with the government led Samakhya to move from funding GROs to starting them.

Samakhya's assistance was now not only financial but also organizational. Organizing activities involved establishing models for management, quite like what MCA did. Samakhya in fact emphasized independence by ensuring the GROs it organized were not dependent on it for finances.

We won't give them money. It's their money they will use and it is their office (5).

But these organizations were dependent on Samakhya for their management.

What we will do is guide them... Initially CDF people will go and conduct their meetings because these people have no idea of how to go about it (5).

The relationship between the two parties, the organized GROs and the organizing DSO was not one of equals. The DSO staff made regular visits to the WTCs to inspect their management. These organizations could receive loans from

Samakhya but only if they met its requirements. The organization had to promptly pay interest on its loan. The loan request had to be accompanied by a proposal on its productive purpose and used solely for this purpose. The loan had to be repaid on time. The WTC had to allow regular auditing by Samakhya staff.

Samakhya leaders claimed that its role was strictly advisory. But the DSO's influence over the GROs it organized was palpable.

It is only on the issue of principle that we draw this line. But then on lots of issues we will not force our views. So in Mukdampuram (a paddy GRO) they were bent on buying the most expensive mill machinery possible. It was a matter of prestige for them. We funded them but we disagreed about it (24).

In short the organization was sensitive to its power and careful in how it exercised influence. At Mukdampuram, though staff believed capital equipment was unnecessary, the loan was nevertheless extended. But the example also displays the ability of the DSO to 'draw a line' and decline further involvement with GROs that refused to heed its guidelines.

Promotion of GROs certainly required a light touch. Coercive organizing only encouraged dependence, even leading to organizations unable to manage on their own. But lack of involvement on the other hand could lead to organizations without respect for CDF's own reformist principles. In general the DSO sought to steer the WTCs into horizontal links, into alliances.

There are deliberate peer reviews between villages, where people meet and share. You learn 'in ours there are problems'... They look to us only for appreciation and they look to one another for appreciation as well (24).

Reorganization

During this time the MOC and the Samakhya-led agitators continued what had become an intractable struggle, unable to find a way out of an impasse. As the conflict intensified public attention increased, embarrassing the government. Under intense scrutiny the government justified its actions as necessary to ensure proper running of the GROs and prevent misuse of their resources. But the vocal and visible anger of GRO members and of their leaders were starting to tell, and senior politicians were seeking a resolution to the crisis.

In one meeting NTR reportedly told E.V. Ram Reddi, Samakhya's chief trustee of his sincere desire to end the crisis. But he did not want supporters of the rival Congress party to be elected to these Boards. Ram Reddi suggested restricting membership to genuine users of the GROs, so that the Board would not have any professional politicians. This would resolve the problem of politicians posing as members. But the Chief Minister's reply was: "then how can I get my own people into the coops?" (Korten, 1990: 14-15). The TDP government and the agitators had sharply differing perceptions of the Board's function: the former saw the Board as a potential resource for grassroots support; the latter saw the Board as the executive of the members' interests. To the TDP government, elections had to be delayed

until a permanent means could be found to install ‘their people’ on the boards. And in September 1985 the government finally found the means.

The government announced an entire reorganization of the state’s GROs. They would be merged into district-level units. The reorganization was justified as necessary for greater efficiency, ironically akin to the justification made by when MCA was formed by merging local GROs. Of course the difference between these two reorganizations was that the government’s was compulsory and required no approval of the GROs.

The announcement sharply escalated the conflict. The government would allow no Board elections until the reorganization was completed. A combine of PICs, Ministers and the MOC, had virtually taken over the GRO Boards.

It was only at this point that Samakhya confronted the government publicly. Until this stage the DSO and its allies had been careful to appear restrained and non-partisan in their statements, criticizing policies not policy-makers, officials not the MOC. But Rama Reddy, AKV Reddy and their allies were now actively worried at the announcement. A re-organization meant their organizations could be forcibly assimilated with organizations of very different ideologies and activities. Successful organizations would be forced to take on unsuccessful organizations. Years of sustained member commitment could be ruined by such assimilation. New members might lack the same interests as existing members.

One of Samakhya's effective press campaigns at this time was another advertisement in Eenadu. It was based on a traditional Telugu saying: 'the hills ants build, snakes take over, just as what the people save, the king takes as his own.' A cartoon showed a snake stretched by an anthill. The snake had NTR's face. Underneath the caption read: 'what the ants build the snakes take-over, what cooperators built, the government has taken over' (Korten, 1990: PG??). The analogy was that the government was appropriating rewards it had never earned, akin to a grand theft. The ad coincided with an annual people's assembly held by the TDP. Was the TDP's claim of democratic representation genuine? The ad declared 'no'.

Much of the attention was now on the central government and its offices. Would they respond to the agitation? S.K. Arora, earlier the State Registrar, now in the NCDC, ordered his organization to withhold credit to GROs without member-elected Boards. Samakhya also organized mass demonstrations to attract public attention. In district towns of Mahaboobnagar, Karimnagar, Warangal, and Nizamabad, irate GRO members surrounded the collector's office and heckled its officials. The October issue of the journal 'Cooperator' contained an open letter to NTR, criticizing the delay. The issue was deliberately released at the national meeting of Ministers of Cooperatives, embarrassing the Andhra Pradesh government. In November 1984 Samakhya and its allied organized a farmer rally attended by 800 GRO members. It culminated in a silent march to the MOC office. Ironically the TDP government was celebrating 'State cooperative week'

during the month. At their celebrations, protesting farmers surrounded the embarrassed Minister, demanding immediate elections.

These *Agitation* tactics were not in keeping with Rama Reddy's desire for a detached image for Samakhya. Consider the change of tone in this press release, of that time:

Cooperators have resolved to start agitation, hunger fasts, prosecute irresponsible persons-in-charge, gherao persons-in-charge when they visit cooperatives, challenge any ordinance that might be promulgated, if government does not initiate the election process immediately (quoted in Korten, 1990: 19).

As the press release indicated the protests had shifted away from carefully reasoned appeals to orchestrated emotional displays. These displays demonstrated the willingness of GRO members to protest government injustice by any means possible, even potentially illegal ones. The 'gherao' mentioned in the release, though not a physical attack, involves surrounding people. It can be quite threatening when done by a hostile crowd. Precisely due to their illegality, such emotional displays received wide media coverage. Indeed the gherao of the Cooperation Minister overshadowed the official celebrations!

These actions were having some effect. In February 1986, the High Court issued a strongly worded judgement.

It is notorious that in the State of Andhra Pradesh, the conduct of elections to the Panchayats, Local Self-Governments and the Cooperative Societies, in breach of the mandatory provisions, have been regularly dispensed with for decades on one issue or the other denying the electorate of their statutory right to elect their representatives...The effective prevention of the democratic process by not conducting elections is not a trite or a negligible omission (quoted in Korten, 1990: 20-21).

It ordered the State to hold GRO Board elections within three months. But crucially the judgement had not challenged the reorganization of the GROs. It could not do so anyway, since that was not in the purview of its judgement. The state government explained that until the reorganization was confirmed by the national government, elections could not be held. But a two-judge panel, headed by the Chief Justice, dismissed this appeal.

In essence, at this crucial moment when reorganization of far-reaching consequences is under contemplation, as professed by the Government, to have an elected managing committee for a purposeful debate and consideration in depth on the lines on which changes are to be made would be of considerable help, not hindrance, to the proposed innovations. We are firmly of the opinion that arbitrary deprivation of the right to have the affairs of the cooperative managed by the committee of members' choice would amount to a violation of the basic statutory right of the cooperatives (quoted in Korten, 1990: 21).

Only an elected Board could approve such reorganization. Therefore the government plans would have to wait until the elections were held.

While the court battle continued, Samakhya invited a former Prime Minister of India, Morarji Desai, to give a lecture on “Cooperatives and democracy”. It was part of an annual lecture series held in memory of a prominent local leader, PLN Raju. In his lecture Desai severely criticized the delay in Board elections, embarrassing the TDP government. Desai was a prominent member of the Janata party, the TDP's political ally.

Tragically, in June 1986, A.K. Viswanatha Reddy passed away. Inevitably the period of public mourning dwelt on the election controversy. Tensions increased between the GROs and the MOC. In a condolence meeting attended by the Secretary and Registrar for Cooperation, several alleged that AKV Reddy had physically suffered from the protracted struggle in holding the board elections.

The next six months were a stalemate. The A.P. government did not heed the court judgement. The High Court eventually accepted a Government's explanation that the election delay was now due to a strike by government employees. In December 1986 the A.P. Government had its way. The Central Government approved its reorganization proposal. However it demanded prompt elections in accordance with the High court ruling. In fact elections were to precede the reorganization. Meetings in New Delhi between Samakhya trustees and Central Government ministers had had some effect.

But sadly the state government found a way around the Central government demand. It amended the 1964 Act legislating GROs, postponing elections by a further six months. This allowed the MOC to proceed with the reorganization of the GROs, before holding elections. The Government did finally commit to a date. The Advocate General went on record in February 1987 that the elections would be held by June. The Cooperation Minister made a similar announcement. He had to be reminded by Samakhya leaders that he was not following the law! A 90-day preparation period was required for the election. Preparations ought to have begun by March 30th, if they were to be held in June.

The State Government now embarked on a massive membership drive. New bylaws were introduced by GRO Boards to relax membership criteria and to allow villagers of any occupation to join. This hasty membership drive was perceived by Samakhya as an attempt to install compliant members. New members frequently had no knowledge of the GRO's past operations. They could be influenced to elect TDP supporters.

In their zeal to increase membership MOC officials committed many irregularities. Some officials approved membership forms that inducted children as members. Blank applications were approved by some PICs. Samakhya documented the complaints about bogus memberships and filed a court appeal. A special division bench had to be convened to meet the complaints. It ruled that the only members eligible to vote in the elections were those enrolled before the PICs term ended. But the state government extended the PICs term to three years

allowing the new members to vote. Samakhya filed another case... This exasperating pattern of litigation finally ended in June 1987 when the elections were held.

Strategy of *Agitation*

Samakhya and its allies had put GRO autonomy squarely in the center of the political scene in their five-year struggle for elections. But there were costs. The organization could not accomplish its intended goal of lobbying quietly, behind the scenes, for legislative reform.

Samakhya had started as a DSO considerable dependent on MCA, intended to pursue support and community activities. The DSO was expected to raise finances for the GRF and also promote its goals through lobbying. However the latter expectation of lobbying was not yet clearly thought out. There was some hope that the choice of trustees would help the DSO influence government. Samakhya's initial actions after the new TDP government show a willingness to accommodate to the government and the prevailing GRO legislation. At most Samakhya wanted modifications to the legislation to guarantee some autonomy in some aspects of GRO decision making.

But the abrupt and severe deterioration of Samakhya's relationship with the government had significant effects. The DSO rapidly abandoned its earlier two-pronged approach (financing and advocacy) to concentrate on advocacy. During the election crisis Samakhya staff also became involved in organizing, helping villagers

to start GROs. The organization also shifted its initially non-confrontational stance, directly mobilizing protests against the government. The crisis proved crucial for Samakhya staff, honing their advocacy skills. They learnt how to direct public protests, press releases, legal suits, and documentation, to best pressure the government into desired actions. The skills for these tactics were not available in Samakhya staff before the election crisis. The crisis and the DSO's determination to resist government actions impelled such response.

The election crisis led to Samakhya's growing autonomy from MCA. It developed an identity distinct from the GRF in leading legal and political challenges to the government. Importantly MCA and Mulukanoor were represented on Samakhya's board and their cooperation with its trustees was important in mounting legal challenges, and in allying resistance across the state.

Agitation as distinctiveness

Samakhya's strategy of *Agitation* could be described in terms of distinctiveness. There was an emphasis on the distinct values of Samakhya and of its allies in the strategy. For one thing the strategy emphasized values of autonomy and representation. Samakhya protested the PICs as illegitimate because the GRO members never chose them. Therefore the PICs were not representative of the GROs. However the DSO mobilized also in terms of autonomy. The protesters of election delays pointed to the government's intention in such delay: were they seeking the GRO's dependence on the MOC? The protests believed: yes they were.

These values of autonomy and representation contributed to a depiction of the GROs and the government in ‘us vs. them’ terms. Many protests described government interests as opposed to those of the GROs. The government was not interested they alleged, in well-functioning and prosperous GROs. Rather it was promoting inefficient but compliant GROs. By demanding their re-organization indeed setting the terms of it the government clearly was not interested in the views of these GROs. It seemed to presume that it knew best how to manage these GROs.

Despite these value-imbued demands the description shows the limitation of distinctiveness approaches. The crisis dramatically escalated the conflicts, bringing these values into sharp focus, clearly contrasting the differing perceptions of the MOC and Samakhya. But before the election crisis both parties were trying hard to lessen the differences between such perceptions. It would be misleading to consider these perceptions to have been static and unchanging; they were not present in such a form before the election crisis. To describe the processual aspects of this strategy further let us now turn to its origin, consensus and interests.

The dynamics of *Agitation*

Origin

The strategy of *Agitation* was emergent. It was unplanned. Samakhya had originally intended to fund-raise and lobby for MCA. But the election crisis superseded this intention; soon Samakhya was locked into an escalating conflict with the government.

The strategy was based in local perceptions of an event, the election delay. MCA members were convinced by the delay that the MOC was not interested in promoting board accountability. Rather the MOC seemed keen on coopting these boards for political ends. Similarly other GROs in Andhra Pradesh became Samakhya's allies in the struggle, as their suspicions and fears of the government mounted.

Initially the question asked by these allies was when the election would be held. But as the conflict progressed however the agitation itself became a public explanation of why the delays were occurring. Experiencing the election crisis dramatically changed the perceptions of GRO leaders and members, convincing them of the need to confront and pressure the MOC for their interests.

Consensus

The tactics of consensus were spontaneous, improvised responses to the unexpected election delays. Samakhya never intended to mount a full-scale challenge to the government. Indeed the organization was expected to be neutral, scrupulously avoiding any direct involvement with GROs. But the crisis propelled Samakhya into different tactics. Samakhya's leaders were careful to balance public displays of anger and dissatisfaction with an emphasis on reasoned discussion. Government actions were described as undemocratic and Samakhya skillfully mounted legal, political and media protests that questioned the legitimacy of the government's actions. To some extent it was successful in

creating a consensus around the coercive, undemocratic nature of the MOC policies at this time.

But Samakhya tactics were themselves reactive, an escalating set of responses to the MOC. The antagonists were locked into inflexible stands, with little room for change. The MOC remained impervious to reasoned appeals, emotional displays and public opinion. Instead Samakhya tactics only led to further and more damaging actions by the MOC. Thus the struggle moved from initial delays to installment of PICs to the eventual reorganization of the entire sector. Did the government intend to reorganize GROs all along? Could a more placatory strategy have offered Samakhya less drastic options? Though these questions are unanswerable, certainly the struggle and Samakhya's tactics of articulating grievance raised the heat, contributing to further inflexibility and a policy deadlock.

Interests

The agitation for elections offered an obvious collective benefit. To ensure the organizations remained under their control GRO leaders had to pressure the MOC to hold the elections quickly and fairly. Their pressure tactics required some coordination. But such coordination was decentralized and informal. The various interest groups allied with Samakhya, local politicians, GRO leaders, media, legislators, all participated in protests that were local responses. Samakhya did not centrally coordinate them. In fact the alliance specialized in tasks: regional GRFs

brought members to rallies and demonstrations in Hyderabad, while Samakhya documented these efforts, handled press releases and mounted legal challenges.

The struggle clearly established that the government had a different view of GROs compared to their members. The delay became a highly visible instance of the different interests of GRO members and MOC officials. The delay thus helped agitating GROs find solidarity in one another, recognizing the possible benefits of the agitation. Their interest seemed better served through pressure tactics against the MOC than complying with its directives.

THE 1995 ACT, *REFORM*, 1990-1995³⁴

Events

Changes in the MCA relationship

During the election crisis MCA and Samakhya had worked closely together, a shared corporate identity. This was literally apparent in the layout of the two offices. The organizations shared many office facilities and were located next to each other, in the busy commercial area of Abids.

We in fact shared a telephone, and the extensions. We shared computers and had one Xerox machine which we both used. The thinking was that

³⁴ This section draws in part on the useful study of CDF by Azeez Mehdi Khan (1997).

there should be no duplication of facilities. An outsider couldn't know CDF and MCA were different (9).

But by the end of the election crisis Samakhya's identity was quite distinct from that of MCA. The crisis had required immediate action and the two organizations had found it difficult to differentiate their roles clearly at the time. Instead both organized grassroots resistance to the government. But by the end of the crisis Samakhya was eager and able to stand on its own. Its desire for autonomy increased further when staff size expanded.

1990 onward you can say CDF started to grow. Before that only 4/5 people were there. They were doing only advocacy. The staff strength was in MCA which was involved in promotion and sustenance activities (9).

As the staff and activities expanded, Samakhya's differences with MCA increased. The criteria for issuing loans to MCA members was the catalyst for a severe conflict³⁵. Subsequent defaults further increased the tension. MCA's members were divided on how to respond to the default. Some, supported by Samakhya, demanded stringent enforcement, that the loan be repaid. Others urged clemency. The GRF was facing internal conflict and strained finances. The conflict within MCA made it imperative to evolve a distinct identity.

Clients should not think the two organizations were the same. We thought we were monitoring MCA but this was also not our job, not our area. So it

was decided that MCA would take a low profile. From client's point of view it would not be mixed up with CDF (9)

The internal conflict spurred Samakhya to focus on its own corporate identity. What were its goals? Within Samakhya there was a growing belief that the DSO should change its name, to better reflect its advocacy goals.

The name should symbolize what one is doing (9).

The name 'Samakhya' did not indicate the main activity of the DSO, its advocacy. Ironically it gave the impression that the DSO was actually a GRF! The name alluded to the previous links to MCA, their shared interest in promoting federations.

Samakhya means federation... People would ask 'which Samakhya?' (9).

First the name was causing confusion. It meant federation in Telugu but we were not a federation at all. There were also many kinds of samakhyas... Which samakhya was this, people wanted to know! (5).

The name was too general to identify the DSO's key activity, advocacy. It also suffered from ubiquity; most GRFs operating in Andhra Pradesh used the word 'Samakhya' in their title to indicate that they were federations.

The Board reviewed the DSO's main activities. Three activities appeared paramount: financing, organizing GROs, and advocating grassroots rights. All

³⁵ Interviews alluded to conflicts on the choice of beneficiaries for MCA loans. Some MCA members

three activities entailed grassroots development. The word 'cooperative' is commonly used in India to describe grassroots organizations. Therefore the Board of Trustees approved a new name for Samakhya: 'Cooperative Development Foundation'. The new name better described the DSO's activities and pointed to its commitment to grassroots development.

The name was changed to what we were actually doing, cooperative development (5).

The term 'Foundation' also made it clear that the organization was governed privately, not by elected representatives. The new name symbolized the DSO's break from MCA, from the GRF that spawned the organization. Over the next year CDF would actively promote grassroots advocacy while MCA declined, suffering severe conflicts and member resignations.

CDF's trustees and staff now began to consciously plan their next set of goals. With the agitation at an end, the DSO needed to focus again on advocacy. What should be its advocacy goals? In 1990 the staff embarked on a formal planning and review exercise to discuss various options. A 'Plan of action' was submitted to the trustees for their approval. This would become an annual planning exercise in the organization. This first plan set out distinct spheres of responsibility for Rama Reddy and Shashi Rajagopalan. Rama Reddy would be the liaison between CDF and the Trustees. Shashi Rajagopalan would focus on CDF's administration. In short Rama Reddy and the trustees would set out the goals that Shashi

eventually resigned in protest.

Rajagopalan and the staff would achieve. This division of labor starkly laid out the importance of the trustees for the DSO's strategic direction. It also pointed to the necessity of sound management to build capacity for achieving these strategies.

Two advocacy options were under consideration within CDF. One option was to collaborate with the Central government. If the Center could commit to some constitutional changes, it might guarantee autonomy for GROs. Such guarantees could strengthen further lobbying of regional governments, including Andhra Pradesh. Another option was to focus only on the regional level and concentrate on advocacy campaigns targeted at the Andhra Pradesh government. There were already inroads into advocacy at the Central level by 1990, the most prominent being CDF's participation in the Brahm Prakash Committee.

The Brahm Prakash Committee

In March 1990 India's premier policy making body, the Planning Commission, decided to evaluate the suitability of the existing legislation on GROs. The Planning Commission wanted a survey and appraisal of the existing legislation on GROs in India. After such an appraisal recommendations could be made on more effective provision for these organizations. A committee was constituted informally known as the Brahm Prakash Committee, to appraise the legislation and recommend a "Model Cooperative Societies Act" that could be adopted across India. CDF was invited to present its views to the committee. Through such collaboration with Central government officials, CDF hoped there would be

sufficient support for constitutional reforms, with GRO's autonomy formally guaranteed.

Thus there was some basis for this first option. But this option was also tempting because it allowed CDF to better focus on organizing activities. The DSO could lighten its advocacy commitments by allying with powerful government forces for reform, such as within the Planning Commission. It could concentrate on organizing GROs rather than in another extensive local struggle for new legislation. The temptation then was quite high to use the first option to refocus the organization's activities and concentrate on organizing alone.

The failed retreat

The situation came to a head in 1992. At that time CDF had announced its participation in a formal alliance with the National Dairy Development Board. The Central government established the Dairy Development Board to promote the AMUL model across India. V. Kurien, the prominent manager of AMUL, led the Board. The alliance was to be called the Cooperative Initiative Project and would take up advocacy with the Central government. With the support of V. Kurien the alliance could lobby for legislative reform at the central level. The new alliance effectively overlapped with CDF's mission. The new alliance could take up advocacy far more effectively, using the NDDB's reputation and resources to promote CDF's reform agenda at the central level. But what would CDF do without advocacy? It could focus on organizing GROs within Andhra Pradesh.

There could be an exciting differentiation of organizing and advocacy, with CDF and the alliance specializing in each respectively.

There was support within CDF for such a differentiation. Many staff were involved in organizing WTCs and MTCs. They would benefit from a DSO specializing in organizing. Accordingly CDF submitted the 1992 Plan of Action to the Trustees for approval. The plan seemed to indicate the DSO's withdrawal from advocacy, a sole focus on organizing. The practice was for the Trustees to evaluate the draft plan of action, which once approved became the basis for the year's performance. Usually the Board approved the plan with a few suggestions for changes. But that year in a move that surprised the staff and executive, the Trustees rejected the plan. Their reason was that the plan neglected CDF's original goal of advocacy. CDF, the trustees maintained, was drifting away from its mission of legislative change. The Board wished CDF to focus again on advocacy. What concrete methods would staff use in the next five years to achieve significant legislative reform in Andhra Pradesh? Timing was crucial. The 1996 elections were nearing. To make an impact during this period the DSO would have to be clear of its advocacy agenda and how to pursue it.

The Trustees' action marked a severe difference of opinion. CDF staff had become very closely involved in organizing GROs. The years of focused short-term advocacy for elections had also encouraged the DSO to find supplementary activities to occupy staff and broaden its impact. Particularly in the case of the WTCs organizing and networking these organizations was a full-time, exciting

activity. Now the DSO staff had to balance their commitments to organizing with their mission of reform.

Rama Reddy who was simultaneously a member of the Board of Trustees, as well as of CDF, had to somehow match the staff's interests with those of the Board. Helping him to balance these pressures at this time, was an articulate bureaucrat well known for his acerbic comments on government policy, Jayaprakash Narayan. Earlier Narayan was a senior aide to the Governor. Now he headed the State Cooperative Bank. He was a Television personality, a popular subject of interviews, because of his outspoken demands for efficiency and accountability in government departments. Shortly after the Trustees approved the revised plan, Narayan led a 'vision-building exercise' with CDF staff. A new plan was presented that returned to advocacy as the core activity.

Structuring

The trustees' action had an immediate galvanizing effect on the DSO. With a renewed focus on Advocacy, CDF now restructured its activities. A departmental structure was created with each department headed by 'developmental managers'. These developmental managers reported to Shashi Rajagopalan, who had overall responsibility for the organization. She, in turn, reported to Rama Reddy who was now titled the 'Executive Trustee'. The departments were: 1995 Act, Advocacy, Women's Thrift Societies, Men's Thrift Societies, Cooperative Revolving Fund, Paddy Cooperatives, Information Systems, Finance, and General Administration. In formal terms the restructuring meant a decentralized organization where Rama

Reddy was detached from the staff's daily activities. Shashi Rajagopalan took up a direct managerial role, supervising and coordinating these departments. There was a clear division of labor between Shashi Rajagopalan (who looked after the daily working of the DSO) and Rama Reddy (who liaised with the trustees, set the strategy, and was the spokesman for the organization).

The departmental structure was unusually large, with nine departments for an organization whose staff size did not exceed thirty. Even in 1996, after expanding staff, no department had more than three people. Was it really necessary for such a small organization to create a formal and elaborate structure? Task specialization seems to have allowed the CDF leadership to separate Organizing from Advocacy. The departments each specialized in one of the organization's main activities, either in advocacy or organizing. Such a structure was partly necessary because of CDF's expanding staff size. But it was also a way of isolating activities, delegating responsibility for them and focusing on the important goals. Thus Shashi Rajagopalan and Rama Reddy could expend effort on the legislative reform by mobilizing Advocacy on the 1995 Act, while encouraging the remaining departments (especially on the thrift cooperatives) to be more autonomous in their promotion of GROs.

Advocacy campaign of 1993

In 1992 CDF's advocacy campaign had started. Swiftly CDF's leaders and allies focused on two distinct advocacy tasks, public awareness and policy access. Public awareness involved creating support for legislative change particularly within

GROs. Through media coverage a sense of urgency could be communicated, that legislative reform could no longer be delayed. Media coverage could communicate that there was momentum, that support was already high for such reform. Policy access on the other hand, involved meeting politicians and bureaucrats to discuss concrete reforms to the existing legislation. It also involved creating neutral occasions where activists and politicians could meet privately, discuss in confidence.

The two advocacy tasks were different from each other and required distinct skills. Awareness required handling media channels and orchestrating public demonstrations, akin to the advocacy for elections. However access involved actually the opposite, ensuring some secrecy in negotiations with prominent politicians, and creating private spaces for interactions. Access to policy arenas also required specialized knowledge of the procedures and language used by legislators.

CDF preferred to pursue policy access through workshops. Over the next two years it arranged over fifty workshops to which diverse legislators and Ministry officials were invited, as well as CDF trustees. Typically Rama Reddy convened these sessions, briefly introduced the agenda, then immediately turned to the participants for their views on reform. Although participants in these workshops spoke for themselves, they were frequently senior leaders in political parties, the judiciary or ministries. CDF offered them a congenial setting to express not only their views on reform but to evaluate their institution's stance. Participants discussed tactics for

bringing about legislative reform, made public their interests in reform, and established important alliances.

But why and how should the Act be modified? Through these workshops, press releases and newsletters, CDF and its allies articulated a rationale for reform that led back to the original inspiration for MCA, the Mulukanoor GRO. The 1964 Cooperative Society Act had been created to ensure GROs were accountable, that they used their resources to meet their stated goals. But as the Mulukanoor GRO had shown, in reducing state intervention GROs would be forced to find independent and more sustainable means of attaining these goals, becoming more robust organizations. The rationale for reform was ensuring competitive and sustainable GROs and it was constantly repeated in training material and workshop presentations.

With this rationale CDF mobilized a range of support for legislative reform. A November 1992 workshop was attended by the State Registrar for cooperatives. In December another workshop was attended by over a hundred officials in the MOC. For both workshops CDF was explicitly invited as an expert on GROs. The participants were both junior officials in the Ministry and senior functionaries. Obviously a significant change in attitude had occurred within the government and CDF's reform structure had attracted high level support. DSOs involved in grassroots empowerment had also become interested in CDF's advocacy. In January 1993 the Dutch donor organization, HIVOS, held its annual workshop, with the theme of 'cooperative development'. CDF was invited to coordinate it.

Options for reform

These initial workshops, helped CDF clarify its rationale for reform. How should the legislation be reformed? Should there be a total overhaul of existing legislation? Although this option was tempting, many participants in the workshop argued against it. Such change would be vigorously resisted. A more subtle approach was advisable. The workshop discussion centered on an indirect and non-threatening option: adding a chapter to the legislation. The chapter would set out the law for those GROs receiving no funding from the government. The 'chapter' option did not challenge the Cooperative Act at all. Since it was applicable only to those GROs with no government funding, it would be applicable only to a narrow strata of organizations. Therefore it posed little challenge to the political constituencies supporting the existing Act. Restricting the Chapter's applicability also forestalled any criticism that their autonomy would lead GROs to misuse public funds. There were no public funds involved, hence no need to closely monitor these organizations.

Swiftly the DSO prepared the draft chapter. The chapter was ready in February 1994. Its trustees were able to get retired MOC officials to read the Chapter and check it for inconsistencies and errors. For the next few months a spate of workshops were held to discuss this draft chapter. At the same time the rationale of reform was further elaborated. At one workshop the Deputy Governor of the Reserve Bank of India, M. Ramakrishnayya, argued that GROs needed the same level of autonomy available to business organizations. At a time when legislative

controls of the private sector were being loosened, should they remain in place for the third sector? The rationale for independent GROs had now been linked to market liberalization. Legislative reform was akin to market reform. Significantly such an analogy treated GROs as a special class of private enterprise. Indeed liberalization evoked competitive performance, a lessening of government monitoring, an increase of market competition. The liberalization rationale was apparent at other workshops such as the one held for the Andhra Pradesh Dairy Development Cooperative Federation (APDCF). Dairy GROs followed the AMUL model and welcomed calls for autonomy. CDF had become a key intermediary in advocating reform to the governing of GROs, serving the needs of not only its existing allies (and previously MCA) but of interested DSOs like Hivos and GRFs like the APDCF.

By mid 1994 discussions of the draft chapter had proceeded to a point where a private workshop could be held. Only a few influential supporters were invited by CDF to attend the private workshop. Unusually enough these participants were pre-chosen into task-groups, each focusing on one aspect of the existing legislation: constitutional provisions for GRO autonomy, principles of cooperation and the Special Chapter itself. Dividing participants into task-related groups involved intense face-to-face discussions. It had never been done before in CDF's workshops, which usually were much larger in size and sought public declarations of support. But now the purpose seemed different, to clarify future tasks, while committing these important functionaries to work together. Indeed the workshop proved highly significant since it offered a successful means of lobbying for

legislative reform. of clarifying the workshop tasks while committing the participants to these tasks.

The Ramakrishnayya Report

Of the four groups set up during the June workshop, one took on a permanent form. It was to become a 'study-group' set up to identify the most problematic provisions of the existing Act, those which actually violated the Indian constitution. (The Indian Constitution sets out principles of cooperation that are to be followed by GROs in all the states). The Group was also to comment on the judicial decisions made about these provisions, and evaluate the Act's efficacy for market liberalization. In short CDF was establishing the illegitimacy of the existing legislation for GROs, by showing it as unconstitutional, as contradicting judicial decisions and inappropriate for promoting efficiency.

The three-member task group faced an enormous task. Though it was described by CDF as a 'study group' set up to investigate the problems with the Act, it would seem the purpose was not solely to study. For instance the methods used for collecting the information suggest another motive for creating this study group, increasing public awareness. The information was gathered through public hearings in fifteen of Andhra Pradesh's districts. The group met farmers and listened to their complaints about the Act. After each hearing a press conference was held. Public hearings raised questions of representation: were citizens' opinions being heard? And the visits to these often remote towns raised a lot of local interest in legislative reform. And the participation of local GRO leaders broadened the study-group

findings. They were now not only a group reporting to CDF, but also representing the views of GROs in these districts.

The group also collected information through questionnaires sent to survey experts, leaders, administrators, legislators, lawyers, jurists, and academics. Some respondents to these questions were also interviewed. In this way, though lacking the imprimatur of a government body, the group sought to amass credible documentation on the difficulties of the existing legislation.

In December 1994 the task-group's findings were ready. Since the group was chaired by M. Ramakrishnayya, the findings were titled the 'Ramakrishnayya Report'. Written in a forceful and authoritative style, the Report documented the main problems of the legislation and recommended a new State law that would ensure constitutional protection of GROs. The Report also recommended that these GROs be explicitly protected under the Indian constitution.

The Ramakrishnayya Report received a lot of attention on its release. Partly the attention was thanks to stage management, the Report's ceremonial release. The Report's release was timed to coincide with the results of state elections. The TDP won these elections with a comfortable margin, and NTR was re-appointed as the Chief Minister. New legislators were preparing for the opening session of the State Assembly. Releasing the Report at such a time increased its impact on the Assembly helping proponents for reform. The newly appointed Minister of Cooperation therefore agreed to a public function. And in February 1995, L.C. Jain

formally presented the report to the Minister, the Secretary and Registrar of the Department of Cooperatives in attendance. This public ceremony symbolically brought together the Ministry of Cooperation (traditionally opposed to GRO reform) and L.C. Jain (a very prominent member of the Planning Commission, and reformer of GRO legislation). By offering the Report to the Minister of Cooperation, Jain was committed the Government to its findings.

The promotion of thrift-GROs

Though organizing emerged gradually as one of CDF's activities, its scale eventually necessitated a separate department. The department was based in Warangal, a hundred kilometers away from Hyderabad so that the staff could be closer to the principal organizing areas. Field staff constantly inspected the GROs, monitoring their viability. Their visits involved explaining concepts like liquidity, audit, accounts, meetings, and participation to the leaders of these GROs. It was a challenging task; most of the women leading the WTCs had no previous experience in organizational leadership or financial management.

The bulk of the department work was organizing WTCs. But it had also begun promoting equivalent organizations for men. There was also one office solely working with the Mulukanoor GRO. In general the Warangal department's focus was on organizing and monitoring loan usage. It deferred to the main office for audit and granting loans. Such a differentiation reduced possible conflicts of interest, separating the monitoring of loans from their issuance, the training of GRO staff from their evaluation.

The Warangal staff had to work carefully. Any direct intervention, for instance questioning the decisions of a GRO's leaders could be interpreted as taking sides. It was considered unwise to visibly support or oppose the GRO board since it encouraged the organization's dependence on CDF and could detract its leaders from establishing a stable ruling coalition. But on the other hand if the GRO was left entirely alone its staff could lack the skills to use the loan properly. What was the point of organizing these GROs if they drifted away from the CDF reform agenda? In general CDF sought independent but supportive GROs. Thus a public demonstration could require the participation of GRO members. The audience for one televised discussion on legislative reform comprised the leaders and staff of some WTCs (14).

CDF did not directly control the GROs but indirectly through procedures. Its extensive training ensured WTC staff was scrupulous in documenting their decisions that were regularly audited by CDF. Indirect control allayed suspicions of interference. CDF was quite capable of withdrawing its support of a GRO when it did not comply with its procedures. Such procedures also legitimized control in terms of financial solvency and transparency.

CDF doesn't force people. We feel 'let's part ways on the point of principle.

Let us not put effort into this' (24).

Integrating promotion and advocacy

These exciting developments towards legislative advocacy and WTC organizing inevitably stretched the DSO's resources. Its departmental structure was proving difficult to maintain given the pace of these activities. The small size of the DSO made it difficult to divide the tasks between staff. As a result senior staff was in heavy demand and often overworked. Important departments like Finance found their managers stretched to the limit. At the same time the separation of organizing and advocacy, by placing them in different departments (Promotion and Advocacy) was not easily borne in practice. For example Promotions staff could be pulled out of their department to help Advocacy coordinate a workshop. Finance staff might be asked to assist CDF trustees on work unrelated to their own.

The problem faced by Rama Reddy and Shashi Rajagopalan was balancing two very different types of community activities, organizing and advocacy. During the strategy of *Agitation* in allying with GROs, CDF had moved into promoting GROs on its own. Given its funding and monitoring of GROs, promoting such organizations was a natural step forward. But the strategy of *Reform* found the same staff now refocused on only advocacy.

In response CDF developed two forms of integration to balance organizing and advocacy. The annual planning exercise committed all staff to list their important responsibilities, tasks and to set deadlines. The yearly action plan presented to the Board also listed the task-expectations for each department, and the staff within them. The Warangal department enjoyed some autonomy due to its exclusive focus

on organizing. At the same time the review process allowed the main office to monitor its performance.

Staff performance on these targets was rewarded through yearly bonuses. At the same time formal planning was adjusted through accommodations during the meetings. CDF had staff meetings which all staff were expected to attend, even low ranking office assistants and cleaners. There were also department-only meetings, where departmental managers reported department progress on the tasks listed in the action plan.

Meetings were very important in CDF. For one thing they were an opportunity to negotiate time and resources between departments and staff. But they also offered staff a means to publicly 'let off steam'. Tensions between departments, interpersonal conflicts, could be reduced since the staff was encouraged to talk openly, withholding nothing. Staff could also be forced to speak out during the meeting, sometimes under the careful prodding of Shashi Rajagopalan (13). She might, say, criticize a department for poor performance during the quarter: the departmental manager would be forced to defend their performance, and might explain the problems faced in receiving needed equipment, or resolving competing demands from other departments.

The meetings were really forums to debate performance-related matters, from the demands on one colleague by another, pending department tasks, to failing computers. The meetings were deemed public spaces, open to all staff, and so were

apt places to make general announcements. For instance a meeting held in 1996 (13) started with a general announcement that the CDF office was moving to a new location soon. The new office plan was displayed to great interest. The meeting concluded with informal discussions of a birthday party for the child of one of the employees.

By 1994 CDF had developed into a small but close knit DSO, focused on advocacy and promotion. Its staff meetings reflected the values CDF emphasized in its reform agenda, particularly common was an emphasis on self-reliance. For example a staff member who complained that her work was delayed because of computer problems was told to be more proactive in handling software problems. Shashi Rajagopalan urged her to handle the problem immediately rather than wait for the computer personnel to do it for her.

Why bother going through another department unnecessarily? Take responsibility for it yourself (13)

The meetings also emphasized merit, apparent in certain rituals. Every meeting was chaired by one staff member. But the staff member chosen to chair the meeting rotated, and every CDF staff would at some point moderate the meeting. Rotation was partly a means of sharing the burden of facilitation. But it also signaled that all the staff regardless of rank, experience or education, had equal opportunity to learn the skills required to chair a meeting. Another ritual common to these meetings was to select one staff member for feedback. Again the member chosen rotated across the staff. Indeed this was the high point of the meeting. Once the general

announcements were completed, the chosen employee was informed that it was time for feedback. This latter ritual also signaled the importance of merit and performance. It demonstrated that everyone was publicly accountable to standards of performance. All staff members were given feedback this way, including the senior-most appointee, Rajagopalan herself. Attendance to these meetings was compulsory, absenteeism rare, and to be informed in advance.

Feedback comments were always addressed in the third person, to reduce personal embarrassment. Recipients of feedback were expected to handle the comments with aplomb, in stride. The commentator was expected to stay focused on performance and avoid irrelevant observation. Some examples of feedback (13):

She dresses well but she asks me to ask 'sir' (Rama Reddy) when I want something!

She is a strong person but she talks too firmly about things that are wrong.

She is a long-standing person. But it depends on her mood.

She tells me where the paper is but when I ask again she says 'I gave it to you didn't I?!'

These comments respectively point to: a lack of initiative, aggression, oversensitivity, and rudeness as interpersonal problems of this particular staff member.

Once other staff had given their feedback, Rajagopalan, as the senior-most staff, made her own observations and commented on the feedback given by others. Typically she began with positive comments, and gradually moved to criticisms.

Her comments could be quite wide ranging, on dress, demeanor, consistency of work, even personality.

It is not that she is not interested in computer but just lack of confidence, her insecurity (13).

Staff comments were spiced with humor and asides, reducing the tension in giving and receiving these evaluative comments. Only one person never attended staff meetings, and that was Rama Reddy. Although closely involved with CDF, he was perceived to be above the staff, really at the level of the board.

But meetings went only so far in fostering mutual adjustment. Common, intractable, problems included honoring requests made by trustees for help outside their formal duties, high work-load and conflict in use of scarce equipment.

Staff homogeneity

Particularly important in smoothing tensions between staff was linguistic homogeneity. Within the DSO all staff spoke Telugu. Only two employees were from another linguistic area (Tamil Nadu) and both were very fluent in Telugu. Shared language shaped the social interaction among staff. They tended to interpret the starkly defined responsibilities of a formalized hierarchy (all job-titles were listed in English) within certain language-related norms, often expressed in idiomatic Telugu. For instance older people were to be treated with respect and deference. One manager explained that her colleague, though nominally her subordinate, deserved respect.

She is ten years senior to me in this office. So I have respect for her, she is elder to me. I don't give orders I only ask or request her though I am at a higher level I am actually younger than her and having less experience in this company (5)

To this manager it would be wrong to treat her colleague as a subordinate. Such an act would ignore her colleague's greater experience and wisdom, doing an injustice. It would also seem disrespectful. Such behavior could also damage the manager's own social standing within CDF. Similarly another staff member, despite holding a lowly administrative position, commanded great deference due to his advanced years. The emphasis on performance could be at odds with these norms and sometimes keeping a balance between bureaucratic and local norms was not possible.

They are all so elder to me. Such elderly people are attending. They have said harsh things to each other there (in review meetings)...I feel embarrassed being there (25).

Another language related norm was linguistic prowess. Staff respected people who spoke Telugu well and had a good understanding of its high art (classics in literature) and its popular culture (recent movies and pop music). In one vivid encounter (12), a group of staff explained that speaking good Telugu marked inner breeding and intelligence. Good vocabulary and accent were publicly noted, privately admired. The staff particularly admired Rama Reddy's vocabulary and diction in Telugu, and this was an important part of his own personal credibility within the DSO and with its external constituents.

Shared language could smoothen conflicts between staff and reduce the tensions of review meetings. For instance participants would often make a statement that was critical of the listener, first in English, then hasten to clarify it in Telugu, so that it sounded less harsh. The vernacular also connected the staff closely to their clients, small farmers, village women, rural leaders. English, the language of legislation, was essential for CDF's credibility with policy-makers. In India, English dominated communication in professional organizations. CDF certainly aimed to have an image of expertise and professionalism and most of its external communication was in English. But Telugu was the language through which CDF activities were conducted at the grassroots. Telugu was the basis of CDF's credibility with the grassroots, and at least one of its regular newsletters mailed to clients was in Telugu.

English was the language of formality and was used explicitly to control staff behavior. In many ways CDF was remarkably formalized, with a profusion of typed requests and rules pasted to walls, for both visitors and staff. These requests were predominantly in English and included: reminders to switch off ceiling fans and lights, when occupants left the room for over two minutes; keep bathrooms clean; be punctual. Staff could inspect the attendance register to know who was habitually late to the office. Employees could even look through a register that logged all the mail received by CDF. Perceptions of fairness and accountability were essential, they signified equal treatment.

Therefore during this stage CDF delicately balanced the pressure from trustees to focus on advocacy and its existing commitment to organizing. The DSO also sought to coordinate staff and monitor their performance formally, through planning and review procedures, as well as informally, through attempts at fostering staff homogeneity (for instance by recruiting people with similar linguistic background). And outside the organization the time for the reform had never seemed more propitious.

The final push

With the Ramakrishnayya Report released, two significant meetings were arranged with the Chief Minister. Both meetings were assisted by J.P. Narayan, who was now a senior official in the Chief Minister's office. These meetings confirmed political support and the Report swiftly moved toward draft legislation. These meetings were attended by the Secretary and Registrar of the MOC but were not publicized, to avoid antagonizing MOC staff.

At this stage the government law department suggested that the draft chapter, intended as an addition to the existing Act, be made a separate bill altogether. Chapters to a Bill are always read in conjunction with the rest of the Bill. Since the Special Chapter was sharply opposed to the rest of the Act, it could pose legal problems and be effectively challenged in court. But a separate enactment would be legally robust. It also would pose less threat to the MOC being an entirely different Act, restricted to GROs without government funding.

Thus in April 1995 the State cabinet cleared the proposal for a separate Bill. It was introduced to the State Assembly for approval. In a final spurt of lobbying, CDF trustees sought to ensure the Bill's swift approval, before the current Assembly session ended. Some Members of Parliament tried to refer the Bill to a select committee, a classic delaying tactic. Their efforts were successfully discouraged.

The Bill was passed unanimously on May 4th 1995. A leading English daily, the Deccan Chronicle, reported a speech by the Minister of Cooperation, where he sought approval for it.

At a time when deregulation and liberalization were enabling other forms of business to break new ground, it appeared necessary to provide the cooperative sector also with the same degree of freedom, the Minister observed. This move would help them conduct their affairs more efficiently and enable them to compete with others (quoted in Khan, 1997: 19).

In his speech the Minister was linking the reform of legislation to market liberalization, to means of improving the efficiency and performance of GROs. These former antagonists, CDF and the MOC, representing opposed interests of autonomy and monitoring respectively, had found an acceptable middle ground, a goal beneficial to both sides, that of improved economic performance.

Once passed, the Bill became the Andhra Pradesh Mutually-aided Cooperative Societies Act of 1995. It coexisted with the earlier Andhra Pradesh Cooperative Societies Act of 1964. And with the passing of the Bill, CDF scored a legislative

first, ensuring legal protection of GROs in India. Every GRO registered under the 1995 Act had the legally protected right to absolute self-management. That initial visit two decades earlier by Rama Reddy to Mulukanoor, which clarified into the goal of GRO autonomy, had finally culminated in their legal protection.

The 1995 Act

The 1995 Act was a legislative achievement because of its explicit and comprehensive provisions for autonomous operation of GROs. These provisions safeguarded internal control, restricted external interference, and severely limited the Registrar's role. The legislation also explicitly defined the 'principles of cooperation'. This reduced ambiguity: earlier these principles were often cited as the basis for dismissing a GRO board or justifying actions of the Registrar's office. But by listing these principles now the Registrar office had a narrower sphere of intervention in these organizations.

External control was further restricted by setting a condition that only the GRO's members could own their shares. Effectively the government could not own the GRO's capital. Government loans were not barred, but there were severe limits on the extent of loans the GRO could take. The Registrar no longer evaluated the GRO's registration. Instead if its by-laws satisfied the requirements laid down in the Act, the GRO had to be registered. That is its registration was pretty much guaranteed. Similarly the Registrar's scope for ordering the dissolution of a GRO was severely limited. The Board controlled all decisions on the GRO's activities, membership, staff recruitment and tenure, fund raising and audit. GROs registered

under the previous Act could now transfer onto the new Act by converting to it. They just had to comply with the new Act's requirements, for instance, have by-laws and no government funding.

On 5th June 1995, slightly over a month after enactment, the first GROs were converted to the 1995 Act. One of them was the GRO in Mulukanoor village. Sixteen previously unregistered GROs now registered under the Act. Most of them were women's thrift societies promoted by CDF.

CDF's task now was to maximize the Act's impact, by persuading GROs to convert to it. All the WTCs it had promoted were now expected to register under the new Act. But persuading GROs unaffiliated to CDF to convert to the new Act was a more difficult task. Some GROs had grown used to dependence on the government. Converting to the new Act essentially meant they would have to survive on their own. Most GRO boards found such a prospect of total autonomy daunting. They were not willing to eliminate their dependence on the government.

The 1995 Act was premised on an assumption that autonomy was essential. Only autonomy would ensure the GROs performed well economically. But CDF staff now realized that many GROs did not desire complete autonomy. They lacked self-reliant leaders willing to break away from government protection. To such organizations a shift to the 1995 Act offered little material incentive, in return for a harsh level of independence. They preferred the protection of the government, despite its flaws. Indeed on one visit to Koy's Ikat questions on moving out of the

1964 Act received blank stares. The manager's response, with some condescension, was that such a move would entail quitting APCO and losing all government support, including Emporium orders. What would the weaver GRO actually gain?

Those GROs inclined to register under the new Act were usually organizations with a history of independence from the government. Or their leaders were interested in safeguarding their organization's resources, indeed in reaping serious material returns. A few handloom GROs had become very dissatisfied with APCO's poor repayments and low prices; they had shifted to the 1995 Act.

In Srikakulam they are starting a coop under the 1995 act. In Yadagirigutta and Bhongir they are moving to 1995. They say 'APCO buys products from us and marks it up 100% but the open market buys it up at 120%'

(24)

Again many dairy farmers' GROs converted to the 1995 Act. These organizations depended far more on the Central National Dairy Development Board, than the A.P. government or its ministries. These GROs appreciated the benefits of the Act and immediately registered under it.

CDF started workshops to explain the Act to GROs and to MOC officials. Its staff created training packages to equip GRO leaders with an understanding of the legal provisions of the Act, so they could better negotiate with MOC functionaries. By 1996 CDF's success was leading to attempts in other Indian states, especially Maharashtra, Goa, and Tamil Nadu, to enact similar legislation. The proponents of

such reform tended to appreciate the economic benefits of autonomy, and to believe market competition was more desirable than government control.

Strategy of Reform

CDF had an enormous impact with its strategy, propelling it to the forefront of legislative advocacy in India. In this penultimate stage the DSO focused exclusively on reform and scored an impressive legislative victory. The 1995 Act encapsulated much of the Mulukanoor principles and was a concrete expression of MCA and Samakhya goals. Indeed at its very start the leaders of MCA had sought a conducive environment for GROs, and the legislation ensured this would be so.

To concentrate on advocacy was a challenging activity for CDF. During the previous strategy of *Agitation*, it had expanded community activities, even branching into organizing GROs. Within the DSO the staff now wished to pursue organizing even further. But the trustees in an unprecedented action actually ordered the staff to refocus on advocacy. The diversification into organizing which earlier seemed natural, was now perceived as problematic thanks to the Board.

CDF's staff then pulled back from multiple activities, tightening their structure and work responsibilities. An extensive yearly procedure of goal setting, review and rewards was instituted to ensure staff stayed focused on Reform. The formalized structure made CDF staff also more homogenous in interests, starkly laying out their benefits and obligations.

The previous *Agitation* strategy had already provided the staff skills in mobilizing public opinion and organizing resistance. Now these skills were supplemented with skills in drafting legislation, in transforming critiques into concrete legal provisions. The DSO's access to GROs also enhanced its credibility as an advocate of their rights.

Reform as Domain

CDF's strategy of *Reform* could be described with some justification in terms of a domain approach. The DSO identified aspects of its political and social domain as propitious for a sustained intervention, under pressure from its trustees who wanted a legislative achievement. Advocacy was also chosen because of a propitious moment in state politics, a new TDP government re-elected and eager for an early policy achievement. The hostile relationship of a few years earlier, between the DSO and the MOC, now changed. The DSO found sympathetic officials willing to consider new legislation, to protect GRO autonomy.

However we should be cautious in taking up the domain approach. For one thing, as we saw, there were internal conflicts on what CDF should do. The staff's choice of domains was sharply challenged by the Board, suggesting that both sides actively interpreted the DSO's domains, and differently. Similarly there were surprising changes in the way CDF perceived its domain. Earlier *Agitation* had led to an antagonistic relationship with the government. But now the government was perceived differently, not as opposed to its interests, but willing to find a middle ground. Certainly the end of the policy deadlock on elections contributed to this

new-found cooperation. But within CDF a pragmatic insistence on concrete and stable long-term goals, such as reform, also led to changing perceptions of the government. The staff seemed to have sought other activities such as organizing partly due to the deadlock. But the trustees were now reminding them of another view of the government, at a time when reform could be pursued.

The dynamics of reform

Origin

The strategy originated in a fortuitous combination of grassroots activism and accumulated expertise. Started by two local leaders, Rama Reddy and AKV Reddy, with a base in rural associations, and a track record of activism, the organization was certainly equipped for lobbying. But its success lay in the ability to bring together different constituents. The Board of Trustees played an important role in the organization. Board members were attracted to CDF by its initial commitment to reform. By rejecting moves toward Promotion, they acted at an important stage, sending a message to the staff, to focus anew on advocacy.

But *Reform* also originated in the skill commitments of CDF leaders. The training of staff, experience in articulating rationales for reform, the scrupulous administration procedures, cultivating broad support, were other factors.

Consensus

The tactics were based in the skills and resources acquired during *Agitation*. The skills in media presentation, grassroots agitation, now needed to be supplemented by skills in drafting legislation. The organization also integrated its activities of Promotion and Advocacy to strengthen lobbying efforts.

At the same time, CDF benefited from the changing power balance. The 'cooperative lobby' influence was on the decline, with cuts in government spending, and a groundswell of support for reforms. The changes offered a 'policy window' opportune for renewed reform.

Interests

The strategy of *Reform* revealed changing interests within CDF and its key constituents. The strategy of *Agitation* had evoked issues of justice, of being wronged. But *Reform* now shifted attention from the flaws of the 1964 Act to drafting a new Act altogether. From fighting the government, CDF now cooperated with its officials. It had been an agitator now it became a prospective legislator.

Again the CDF staff was careful not to diminish or attack the government or its ministries. They also distanced their goals from the interests of other political parties acting 'beyond party politics'. The DSO's professional image further legitimized the reform goals, so that they seemed goals all political parties desired. CDF's promotional activities increased its credibility as a representative of rural interests. But its expanding staff, extensive procedures also helped to create a

‘vernacular managerialism’ that strengthened its policy advocacy. Bilingual presentation skills, norms of deference, and extensive performance monitoring, exemplified such professionalism. Staff articulated their interests in terms of both custom and procedure. Thus bureaucratic rules intended for fairness, were usually softened in application, through considerations of seniority and age.

The participation in policy and activist arenas helped CDF connect different stakeholders and be a key intermediary. Its access to grassroots leaders made it valuable to national-level policy makers. It collaborated with government training institutes like the Institute of Rural Management Anand and Administrative Staff College of India. To grassroots organizations CDF was their management expert, with access to knowledge and high-level contacts.

APPENDICES

Appendix VI.1: CDF Interviews/ Field Visits

1. Balwanth Reddy, April 9th 1996, 12:30
2. Rama Reddy, April 10th 1996, 09:45
3. Renuka, Development Officer, April 10th 1996, 14:00
4. CDF Workshop on 1995 Act, August 24-26th 1996; all day
5. Renuka, Development Officer, September 2nd 1996, 13:15
6. Y. Prakash, Development Manager, Finance & Administration, September 6th 1996, 09:30
7. G.N. Sastri, Development Manager, 1995 Act, September 12th 1996, 14:00
8. Someshwar Rao, Administration, September 19th 1996, 10:30
9. Y. Prakash, Development Manager, Finance & Administration, September 19th 1996, 11:30

10. Mulukanoor Cooperative, Annual General Meeting, September 27th 1996,
10:00
11. CDF Warangal Branch, September 27th 1996, 16:00
12. Evening discussion with CDF staff, on returning from Warangal, September
27th 1996, 18:00
13. CDF Staff Meeting, October 3rd, 1996 11:30
14. TV Program: discussion and taping, including J.P. Narayan, and Rama Reddy,
October 14th 1996, 19:00
15. CDF Warangal Branch, October 17th 1996, 10:00
16. Indira, CDF Warangal Branch, October 17th 1996, 15:00
17. Y. Prakash, Evening discussion on return journey from Warangal, October
17th 1996, 19:00
18. Shashi Rajagopalan, November 4th 1996, 16:00
19. Swamy Rao, CDF Warangal Branch, November 18-19th 1996, 09:30

20. Indira, CDF Warangal Branch, November 18-19th 1996, 16:00
21. Vasundhara, CDF Warangal Branch, November 23rd 1996, 15:00
22. Viswanath Reddy Award Presentation Function, Warangal, November 15th
1996, 15:00
23. Rama Reddy, December 20th 1996, 10:30
24. Shashi Rajagopalan, December 21st 1996, 1330
25. Renuka, Development Officer, December 25th 1996, 13:00

CHAPTER VII: STRATEGY FORMATION IN THE THIRD SECTOR: ACTIVITIES, CAPACITY AND MISSION

This chapter discusses questions of strategy formation and mission change in these three TSOs. It begins with an overview of the types of strategies in these organizations, and their underlying dynamics. The first section of this chapter classifies these eight strategies in terms of three dominant approaches to TSO strategy. However such a classification does not explain the dynamics of such a strategy. For instance what was the strategy during CDF's initial strategy of *Modeling*? The next section discusses strategies in these organizations in terms of processes. Returning to the research questions posed in Chapter Two I explore the tactics of consensus, and interests of participants in these strategies. These processes led to changing activities in these TSOs and unusual accommodations of its mission to the new strategy. The concluding section reflects on these accommodations, and discusses the findings in terms of our understanding of TSOs.

SIFFS, Koy's Ikat and CDF significantly modified their activities over time. Such a transition had a striking effect on the organization's mission. As activities once cherished were now abandoned, the TSO's mission also changed. SIFFS moved away from social criticism to pragmatic accommodations with merchant capitalists. Koy's Ikat questioned the wisdom of retailing through government emporiums and began to develop alternative distribution channels. CDF shifted away from severe and dramatic criticism of the MOC.

These dramatic transitions raise questions quite relevant to the strategy formation of TSOs. Why is a TSO started? Why do mature TSOs take up certain activities while abandoning others? How do TSO leaders establish core support for such changes? Why do stakeholders accept the changes in core activities despite their impact on mission?

CLASSIFYING TSO STRATEGY

Eight strategies were identified in these organizations. In SIFFS these strategies were *Cooperative-marketing*, *Federated-marketing*, *Intermediate-technology* and *Professionalism*. In Koy's Ikat the strategy was *Emporium-marketing*. In CDF the strategies were *Modeling*, *Agitation* and *Reform*.

These strategies can be classified in terms of domain, distinctiveness and design, that is in terms of the dominant approaches to TSO strategy.

-- INSERT TABLE VII.1 --

The strategies of *Cooperative Marketing*, *Intermediate Technology*, and *Reform* can be classified as domain approaches. In *Cooperative Marketing* the strategy promoters characterized the market domain as monopsonistic. In *Intermediate Technology* the GRF adapted to the changing needs of fishermen, who were more concerned about declining supply than declining prices. It accordingly offered technological assistance to the fishermen. In *Reform* CDF identified aspects of its

political and social domain as propitious for a sustained intervention. The new A.P. government sought a legislative achievement; the MOC was also suffering resource shortages.

However such a classification would offer only a partial explanation of the strategy. Certainly the strategies identified important domains for the TSO's activities; but also important was convincing people of the importance of these domains. Thus in *Cooperative-Marketing* the strategy promoters not only pointed to the influence of local middlemen in distribution networks; they also convinced fishermen of it. The strategies also required local support. By pursuing technology-related activities in *Intermediate Technology*, SIFFS was able to retain the support of coalitions that were uncomfortable with its distribution-related activities.

The strategies of *Professionalism* and *Agitation* can be classified as distinctiveness approaches. The former strategy involved SIFFS managers professing the value of neutrality and expertise. During the latter strategy CDF leaders declared the importance of autonomy and fair representation. These strategies emphasized the distinct values of the TSO and its constituents.

However such a classification would again offer only a partial explanation of these strategies. These values were declared to specific audiences, and did not exist as specific qualities alone. SIFFS managers declared the GRF as a professional organization, but in doing so they were consolidating their own influence in relationships with fishermen leaders. It could well be that the

fisherfolk would have characterized SIFFS' values differently. At the same time the values that made SIFFS and CDF distinct during these strategies, were values established within an ongoing negotiation between the TSOs and their alliance partners. Thus CDF's struggle with the MOC for prompt elections shaped its emphasis on autonomy. A decade later the DSO no longer emphasized autonomy as much as liberalization, as its relationship with the government also changed to a more cooperative one.

The strategies of *Federated-Marketing*, *Emporium-Marketing* and *Modeling* can be classified as design approaches. Each strategy involved the TSO locating a prominent organization or a generic form to imitate. The imitation could be in terms of a particular set of activities, an authority structure, or both. In *Federated-Marketing* the imitation entailed starting operating activities on a regional scale, coordinated by a centralized office. In *Emporium-Marketing* Koy's Ikat was following MOH guidelines on its activities and structure, while in *Modeling* MCA members were imitating the Mulukanoor principles.

However such a classification offers only a partial explanation of these strategies. There was a process of imitation associated with the design. TSO leaders chose a design for differing benefits, and justified them in specific ways to their audiences. When the designs were highly prestigious (such as the AMUL model) or mandated (such as by the MOH), there was little adaptation to local conditions. Instead the design was adopted as it is.

These classifications identify the strategy content (what was the basis of choosing an activity?) but not the strategy process (why was this activity chosen?) Indeed they can encourage a focus on content at the neglect of process, and be misleading. For instance to classify *Cooperative-Marketing* as a domain approach without understanding the process underlying this strategy can lead to the mistaken view that the process was one where an intentional search led to the activity of pooling. As the succeeding sections show the initial catalyst in the strategy process was not always an intent.

DYNAMICS OF TSO STRATEGY

In each strategy the TSO took up new activities while withdrawing from other activities or transferring them to special units. In rare instances the TSO expanded an existing activity to cover a wider number of clients. The strategy of *Cooperative marketing* required operational activities, pooling and distributing the catch. The strategy of *Agitation* required community activities, advocacy and documentation. *Emporium-Marketing* required pooling and distributing handlooms. Other strategies involved a withdrawal from activities. During the strategy of *Reform* CDF retreated from organizing GRIs. During SIFFS' strategy of *Professionalism* its operational activities devolved to the GRFs, with the apex concentrating on support and community activities alone.

Such changes were classified in the previous section as domain, distinctiveness and design approaches. But this section, in studying the process though which TSOs

make strategic decisions, discusses the choices of activities as a mix of planned deliberate actions as well as spontaneous improvised responses. A strategy like *Agitation* involved a sudden unexpected modification of chosen activity. The DSO moved away from its chosen activity of financing to lobby the government to hold elections. During *Intermediate-technology* SIFFS unexpectedly withdrew from its chosen activity, abandoning distribution in favor of technology. Or a choice of activity was vigorously resisted by internal factions, as with CDF's strategy of *Reform*. CDF trustees questioned the shift from one community activity to another, from advocacy to organizing. In some instances the activities chosen remained the ones pursued, the case in *Federated-Marketing* and *Emporium-Marketing*, which focused on distribution.

Whether deliberate choices or spontaneous responses, the activities pursued by the TSO had a subsequent impact on its underlying rationale, its mission. These organizations were founded to find means of satisfying specific aspirations of members and clients. However over time their activities gradually constrained TSO goals, restricting the available means. Some options for starting activities were now closed to members and clients. By 1990 SIFFS' fishermen would no longer have approved a return to distribution. This activity had become unacceptable within the TSO. Its fishermen would have opposed such an activity because it would restrict their rights to sell fish to whomever they chose. The apex itself would have opposed such activity since it would be very difficult to accomplish. Besides it would distract them from their 'real' activity-- research and financing. SIFFS had changed

considerably. By 1990, in a mere decade, it had moved sharply away from its exclusive focus on distribution, on combating merchant capital.

Some activities no longer offered benefits to the TSO's governing coalition. Organizing was an activity that offered few benefits to CDF's trustees, whose interests were better served through advocacy. To the protesters of government delays during Samakhya's strategy of *Agitation*, advocacy was a more important activity than financing. For the weavers in Koy's Ikat production and distribution were clearly most important.

Thus the strategy process of these TSOs involved changes to their activities, deliberate choice as well as improvised responses. And these changes, deliberate and emergent, themselves had unexpected effects on the TSO's mission. Let us now focus more closely on choice and response in these organizations: how did the TSO decide on which activities to pursue? Returning to the research questions posed in Chapter Two we can consider three aspects of the strategy process in TSOs: origin, consensus and interests. From where did the strategy originate? Through what tactics did promoters craft consensus for this strategy? And what were the interests of participants in committing to the strategy?

--INSERT TABLE VII.2--

Origin: Intent and Event

Although the choice of third-sector activities was sometimes intentional, there were times when the TSO's activities were spontaneous responses to exigency, unintended. The strategies of *Federated-Marketing*, *Professionalism*, *Modeling*, *Reform*, and *Emporium-Marketing* all originated in deliberate choices of leaders, in intent. But the strategies of *Cooperative-Marketing*, *Intermediate-Technology* and *Agitation* originated in spontaneous responses to dramatic change, in an event. Their initial catalyst was an unexpected event.

--INSERT TABLE VII.3--

The strategies originating in intent could be further divided into those based in conceptual models and those based in acquired skills.

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Intent: Conceptual Models

Some strategies originated in conceptual models. *Federated-Marketing* for instance was articulated by SIFFS leaders in terms of the AMUL model. Similarly the desire for a forum on cooperation, the intent underlying the strategy of *Modeling*, was expressed in terms of Mulukanoor's organizational features. The strategy of *Emporium-Marketing* followed strict procedures laid down by the MOH. In these instances the strategy involved the deliberate imitation of selective organizational features, notably AMUL's 'upward flow' of produce, 'the Mulukanoor principles'

and the MOH's standardized designs, all of which constrained the choice of third sector activities. SIFFS imitated the AMUL's distribution and training activities, MCA's training activities focused on Mulukanoor and Koy's production and distribution activities were based on the MOH's procedures.

Imitating available conceptual models helped these organizations overcome the difficulties in choosing the means to achieve an end. How was a GRF to establish member-controlled distribution across South Kerala? Imitating AMUL's approach to member-controlled regional distribution was a relatively easy means of doing so. But imitations shaped the process of learning. For SIFFS to learn from AMUL, its staff could have gone on site-visits, even collaborated with AMUL managers, done in-depth research into the feasibility of similar distribution in Kerala. Their efforts would have involved experimenting and elaborating AMUL's approach. But instead its managers sought a straightforward application of AMUL concepts towards the federated marketing of fish. Culass sought a means of expanding the output of local GROs. Impressed with its success, he adopted the AMUL model as the means to do so. By hiring two managers trained at IRMA, he also ensured they would be familiar with the model; IRMA's graduate programs in rural management were overwhelmingly based around AMUL's particular approach to milk-pooling and distribution.

Such models identified certain concepts as important and assumed their inter-relation. For instance the AMUL model identified 'rural surplus' and 'urban demand' as important concepts. The GRO could effectively pool rural surplus and

distribute it to urban demand. Similarly the Mulukanoor model identified ‘diverse services’ ‘autonomy’ and ‘operational efficiency’. Combined these three concepts would ensure the GRO’s social and economic performance. The MOH’s concepts of ‘standardized designs’ and ‘limited consumer knowledge’ assumed a limited range of designs would appeal to consumers. Through such concepts and assumptions the TSOs followed a learning process based less in experimentation and more in imitation.

The models differed in their level of specificity. AMUL was unusual, being clearly articulated and disseminated. But the Mulukanoor principles did not fully clarify how services could be diverse, state support avoided, or operational efficiency ensured. Despite differences in each of these strategies, the intent stemmed from deliberate imitation. The imitated organizations controlled valuable resources and espoused influential solutions. AMUL already well-funded by Western donors, became a famous rural marketing model through IRMA’s early education programs. A.K.V. Reddy’s attention to financial growth and member-response, was interpreted as the source of Mulukanoor’s influence in the Telengana region. To Koy’s leaders, dependent on government banks for loans, mostly selling to Emporiums, the MOH was an essential intermediary for their survival.

Intent: Acquired skills

Some strategies in these organizations did not originate in a conceptual model but in acquired skills. Though they were deliberate choices these were choices based in the staff’s confidence and competence in these activities. The strategy of

Professionalism devolved operational activities (distribution and production) to local GROs and concentrated community services (research) in the apex. At this stage SIFFS' managers were deliberately choosing a strategy, for a clearly understood benefit. By pursuing *Professionalism*, SIFFS' managers freed themselves from time-consuming and controversial operational activities.

From where did such intent arise? Certainly not from a conceptual model, not from imitating a well known organization. The strategy was a consequence of the organization's acquired skills. SIFFS' foray into intermediate-technology led to a great increase in its research activities. The partnership with ITDG, the transfer of Muttom's prototypes and staff enhanced the activities of research and product development. The increase in support and community activities impelled the apex to transfer operational activities to federations. It consciously increased its community activities, justifying such increase by claiming expertise and neutrality. Thus the apex was on one hand a self-conscious expert, serving its member federations through specialized support (financing) and community services (research and advocacy). SIFFS' forays into OBM sales, its tentative interest in banking, were part of these activities. On the other hand the apex was also a neutral body, without a political base in the fishermen community. By moving out of operational activities it had been deprived of fishermen as constituents. It was removed from the fishermen, accountable only to the leaders of the GRFs to which these fishermen belonged. It was now regarded a reliable mediator in the turf-battles and rivalries within the federations. By devolving operational activities to the federations, the apex had avoided the expensive battles of mandating efficiency, of

forcing procedural compliance of members. But it had also left a political base in the process. The professional detachment and expertise of the apex, in short, was the consequence of the specialization in support and community activities, a specialization it could undertake thanks to the skills acquired previously.

Within CDF, the strategy of *Agitation* led to advocacy activities that improved the DSO's public relations and media management. During the strategy of *Reform* CDF's expertise in advocacy was an important strength. Its trustees had been recruited explicitly to assist in this effort. Common to their background was that most were highly placed bureaucrats and managers in state organizations. The intent to reform legislation stemmed from such prior commitments to activities.

Event: Unanticipated circumstances

While the above strategies certainly entailed deliberation, other strategies were remarkable in their lack of deliberation. These were strategies that could not be traced back to a conscious choice made by leaders or staff. Ultimately they were spontaneous responses to unanticipated circumstances. Consider the first strategy at SIFFS, *Cooperative-Marketing*. In 1968 when they joined the Marianad project, neither Culass nor Nayak intended to promote a GRO. Nor did the project's founders, Bishop Perreira, the TSSS, or the Latin Church, intend to pool the village catch. In fact all of them intended the Marianad project to be something else, a showcase for fisherfolk welfare, focusing on housing and health only. The project's transformation from a social welfare organization into an economic organization was unexpected. If the project staff and founders did not initially intend such a

transformation, neither did the participating fishermen. The retrospective account published by PCO (1984) describes in some detail the difficulties in persuading these fishermen to start a GRO for their catch. Marianad villagers certainly wanted better prices for their catch. But this desire co-existed with other wants, notably for a church hall. At the time to fishermen catch price was not their key desire.

The strategy of *Cooperative-Marketing* did not originate therefore in intent. It was initially a response to unanticipated circumstances. There was a complex interaction of interdependent local changes. The village population was expanding, rental land was becoming scarce. Landed merchants were willing to rent land in return for first access to the catch. The fishermen, traditionally used to solitary fishing, were suspicious of the merchants' growing presence. And being new, the fishermen were perceived as interlopers in neighboring villages.

The village response to the unexpected land scarcity coalesced around low fish prices. Marianad fishermen were trying to understand a changing environment, and in the process, focused on one aspect of it, the price garnered for their daily catch. Declining fish prices were first suspected, alleged, then verified and discussed. Why did fishermen focus on price? Partly because they were growing dependent on landed merchants. As hook and line users, these fishermen were more used to decentralized marketing. The concentrated influence of a few merchants, as was the case in Marianad, was unusual to them. Their fishing technique also attuned them to distinguish fishing from marketing, keeping these activities separate from each other. The fish caught by hook and line would be later auctioned on the beach,

creating a spatial barrier between the activities of fishing and distribution. To integrate these activities as the merchants did, through credit-ties and first-access, appeared unusual and suspicious. The merchants' power was increasing and the fishermen were losing their control over fishing and the catch auction.

The drop in fish prices was an event partly brought about as well by circumstances beyond the control of participants. But it was also shaped by the participants' own interpretation of the situation. After all fish-prices were always important to fishermen in South Kerala. It was their perceived importance, due to land scarcity, village expansion, and subsequent merchant dependence that galvanized fishermen to promote a marketing GRO.

Later in SIFFS' history, the strategy of *Intermediate technology* was similarly based in unanticipated circumstances. In the 1980s as the trawler fleet increased, and catch-size declined, fishermen found a relationship between these two events. The trawlers were depleting the marine catch in coastal waters. Fisherfolk unions found support for their claims of overfishing from scientific experts, who endorsed the demands for a monsoon ban on trawler fleets. Again it was the combination of circumstances (the interaction of catch-size, with trawler fleet-size and union protests) and participant interpretations (the resentment of fishermen) that made fish-supply an event of prominence.

Similarly in the case of CDF's strategy of *Agitation* it was a combination of circumstances (unexpected election delays) and their interpretations that generated

the strategy. The longer the election delay of 1985, the more widespread became the suspicion and alarm of GRO leaders. As the delay increased, these leaders allied with other villages to protest the delay and to appeal for elections. Media attention kept the event further in the public arena. Rather than intent, it was this cycle of reactions that underlay the strategy.

Consensus: Conceived and Improvised

In all cases promoters of these strategies had to ensure that members and clients supported them. The strategies based in intents were promoted through conceived tactics of consensus, through the help of conceptual models and transferred skills. But the strategies based in events were promoted through improvised tactics that emphasized local detail and local needs.

This section discusses how promoters crafted consensus. The most common tactic of consensus was normative attribution. Promoters would identify features of their surrounding environment that were attributed desirable or undesirable consequences, to ensure support.

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Conceived tactics (intent)

In the case of SIFFS' second strategy, *Federated-marketing*, the promoters focused on rural intermediaries, who were deemed an impediment to the prosperity of fishermen. Only by circumventing these merchants could fishermen sell their catch

at fair prices in urban markets. This attribution was apparent in the images promoters used to describe the strategy. The strategy evoked an image of an 'upward flow' of materials, waiting to be channeled. The strategy would channel this upward flow, for the fishermen's benefit, rather than for the benefit of exploitative intermediaries. In the case of Koy's Ikat the promoters of *Emporium-Marketing* espoused standard designs which would enhance the appeal of handlooms to a wider consumer segment. Such designs would also preserve traditional Indian crafts. In the case of CDF, promoters of *Modeling* believed Mulukanoor itself best represented the means of merging economic goals with political clout. The organizational features of this particular GRO were espoused as the apt means for attaining political cooperation as well as economic performance.

Such tactics of consensus were already thought out, conceived. They used specific assumptions to generate agreement for the strategy. Promoters of *Modeling* like Rama Reddy assumed that GRO performance could be improved by imitating a successful design. Promoters of *Emporium-Marketing* like Chattopadhyay assumed consumers were poorly informed with little awareness of handlooms. Only a repertoire of well distributed standard designs could preserve the declining crafts.

Such assumptions eased the strategist's task. Promoters spent less time posing questions, and more time sharing answers. Participants found these strategies appealing because they offered clear answers. *Federated-Marketing* assumed rural surplus, convincing fishermen that middlemen were a hindrance to their prosperity. Assumptions also encouraged detachment. Abstract concepts translated better

across locales and promoters found them helpful to mobilize participants in multiple locales.

Such normative attributions increased support for the strategy. Participants were presented with justifications for committing to the strategy, identifiable targets to be pursued (efficient legislation) or eliminated (intermediaries). Through these attributions participants felt a desire to participate in the strategy. The strategy of *Professionalism* attributed expertise to the apex. SIFFS' managers depicted technical skills as necessary for all fishermen and available through the apex. CDF's strategy of *Reform* attributed ineffectiveness to legislation not politicians, moving away from the government to the framework within which it functioned. Legislation was now deemed the culprit not the MOC itself. The legislation was portrayed as an impediment to the proper functioning of GROs, as in Ramakrishnayya's speech. By reforming legislation, the government could ensure the GROs functioned better.

Improvised tactics (event)

Unlike conceived tactics, improvised tactics were based less in assumptions and more in local detail. The promoters' effort was to understand the local situation and clarify the problem. They did not attempt to rapidly classify the problem in conceptual terms. Consider some of the problems around which improvised tactics were used: Would the MOC really hold elections? Were merchants setting an unfair price? Was intermediate technology an answer to overfishing? In such instances

promoters and participants were acquiring local details to help them understand and make sense of the situation, and thus ultimately to act on it.

The tactics social workers used in SIFFS' strategy of *Cooperative-Marketing* were based in fishermen's local activities. The social workers immersed themselves in local detail, becoming familiar with daily activities, including beach auctions. It was only gradually as their familiarity with the locale increased that the social workers and some fishermen began to agree that the catch price was unfair. These promoters were sensitive to local needs. When one meeting voted to raise funds for a church rather than a cooperative, the social workers were careful not to impose their view. Such sensitivity was part of their understanding of the fishermen, especially their independence. Not only equity but also autonomy was important to the fishermen. Their eventual conviction that merchant control was exploitative remained the fishermen's own and they could not claim it was imposed by the social workers.

CDF's strategy of *Agitation* was similarly based in local detail. The election crisis was unexpected. The improvised responses played on the timing of government action and on the TDP's political image. The TDP was a visible opponent to the Congress-led Central government. But its government was interfering in board elections, a short time after decrying similar interference by the Center. CDF's press releases noted this contradiction, comparing board elections to state elections. Was the government representing the GROs fairly? These appeals also used local idioms, proverbs and sayings to advantage. In portraying NTR as a snake in one

cartoon, an allusion was made to a well-known Telugu proverb of snakes left in charge of anthills. Such an allusion pointed to a conflict of interest in allowing the state government to monitor GROs. The promoters of SIFFS' strategy of *Intermediate-Technology* attributed poor catches to superior but harmful technology. Mechanized craft were depleting available catch. Fishermen needed improved craft and gear to compete with mechanized craft. Promoters expressed local perceptions of technology use. Terms like ultra-modern (factory ships), modern (trawlers) and artisanal (kattumaran), implied a unity of artisanal users, allied against intrusive modern technology.

Interests: Fixed and shifting

Finally intent and event-based strategies differed in the motivations for commitment. Participants committed to these strategies for different types of benefits. Sometimes participants sought stable and fixed benefits. But at other times the benefits sought were uncertain, in flux. Indeed in such cases establishing a shared benefit was itself crucial, involving tense debate and discussion among the participants.

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Stable interests (intent)

Some participants supported a strategy for stable benefits that could be swiftly realized. The strategy was a means in these cases for satisfying short term interests.

SIFFS promoted the strategy of *Federated-Marketing* to gain wider distribution and higher catch prices. The Ranga Reddy GROs negotiated membership in MCA for a clear benefit. These GROs were facing closure. The merger would dramatically improve their immediate financial resources. Similarly the gains in committing to CDF's later strategy of *Reform* were also quite clear. To cooperators seeking autonomy, regulators and politicians seeking a dramatic protection of GROs, the strategy offered a visible achievement. CDF's effort was less in convincing actors of these advantages, and more in allying them into shared advocacy activities like media releases and drafting legislation. SIFFS' strategy of *Professionalism* was similarly based in stable self-interests. The apex provided specialized skills to the regional federations in return for mutual autonomy. The strategy encapsulated a division of labor, the negotiated sphere of autonomy between the apex and federations. Each had a relatively stable motivation for committing to the strategy.

In some strategies interests did not remain stable for long. *Federated-marketing* assumed Kerala fishermen were united in opposing merchants. But in reality fishermen soon discovered that the GRF strategy was estranging them from small marketers, including fisherwomen who sold fish on the side. Similarly in the strategy of *Emporium-marketing* by 1995 Koy's weavers were questioning the MOH's arrangements, especially their limited channels of distribution.

In such strategies promoters and participants negotiated commitment for concrete benefits. In assuming stable interests, promoters expended less effort in convincing participants of benefits, and more in structuring TSO activities. Thus the promoters

of *Emporium-Marketing* and *Federated-Marketing* for instance assumed that weavers and fishermen respectively, were united in seeking wider distribution.

Shifting interests (event)

In event-based strategies the benefits were neither clear nor immediate. Indeed the strategy process involved debating the benefits of commitment and the extent of benefits. In such debates actors also interpreted a changing situation, particularly the motivations of other actors. It was through such discussion that interests were clarified.

Benefits were more uncertain and interdependent. Marianad fishermen sought to reduce poverty by pursuing *Cooperative marketing*. But they faced severe challenges in starting a GRO for this goal. In fact their immediate self-interest was best served by accommodating to these merchants individually rather than challenging them unitedly. Similarly in CDF's strategy of *Agitation*, a negotiated solution with the state government would have sufficed in terms of immediate benefits. But in these cases, participants did not seek an immediate benefit but a more long-term unclear benefit, ensuring the board elections were conducted in a fair manner.

Just as the benefits of commitment were uncertain, so were the interests of participants. Initially Marianad fishermen did not have an interest in confronting merchants. But the fishermen's interpretation of merchants' role and motivations raised questions about the parish, merchants and neighboring villages. Such

questions brought the interests of local actors to the center of discussion: Who supported whom? For instance what did the Church gain from such marketing arrangements? Similarly CDF and farmer leaders' ongoing conflict with the MOC raised questions about the accountability of the government.

Through this process of questioning participants gradually identified their shared interests in attaining a long-term benefit. These were not stable interests already in existence. Consider SIFFS' strategy of *Intermediate-technology*. Initially the interests of SIFFS fishermen were opposed to mechanized fishing and merchant capital. But gradually the fishermen shifted from opposing the market and technology to promoting technical means of participating in the market. Similarly in the strategy of *Agitation* CDF gradually found partners who recognized their shared benefit in starting a lobbying campaign. This recognition was not evident when Samakhya was first formed, but slowly emerged as the election delays mounted.

Event-based strategies were inherently conflictual. In these strategies, actors confronted the existing interests within their community. Inevitably their confrontations led to clashes with powerful stakeholders, whether village merchants (*Cooperative-marketing*), state bureaucrats (*Agitation*) or other social workers (*Intermediate-Technology*).

DYNAMICS OF TSO ACTIVITIES

The strategy process in these TSOs profoundly affected their long-term direction. Their changing activities required these organizations to build capacity, to develop skills and a knowledge base in new activities. Capacity was affected by the particular transition of activities. There were three types of transitions in activities: nurture, acquire, and withdraw. Some activities were nurtured: TSO staff developed the new activities themselves, without external assistance. Other activities were acquired: new activities were developed through external support. Some activities were withdrawn: removed from the TSO or transferred to an autonomous unit. This latter transition often meant that the TSO was slowing the pace of change, halting its expansion of activities. In general activities that were nurtured were associated with event-based strategies, activities that were acquired with intent-based strategies.

This section first describes these different transitions and then their effect on the TSO's capacity for multiple activities.

Transitions in activities

Nurture

The first type of transition was when TSO leaders nurtured new activities. For instance during SIFFS' second strategy, *Federated-marketing*, its core activities were distribution and training. Accordingly the GRF had to develop competence in these activities. Capacity building occurred through the staff undertaking these

activities themselves, without external assistance. The AMUL model influenced the choice of activities and structure of the GRF.

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Interestingly enough SIFFS did not turn to AMUL for help in such activity. Instead the staff learnt by doing: they developed their competence by directly participating in the collection and sale of fish, without external assistance. Similarly CDF's second strategy, *Agitation*, involved community activities that were nurtured by staff, and did not involve external assistance. Though its trustees certainly helped in networking with sympathetic policy makers, the DSO's staff basically learnt the activity of advocacy by doing it. People like Rama Reddy and Shashi Rajagopalan had no training or external assistance in handling press conferences, drafting press releases, mobilizing protests.

But there is one difference between these two strategies. Although both TSOs nurtured their new activities, their strategies had different origins. CDF was responding to an event, SIFFS was acting on intent. Because they were responding to external changes, CDF leadership was quite open about what activities to pursue so long as they successfully pressured the MOC to hold elections. But in contrast SIFFS' leadership was quite clear about what activities to pursue. As discussed earlier the promoters were also certain that fishermen could be mobilized on the problem of catch-price. It is possible that SIFFS' *Federated-Marketing* strategy, because of its origin in a conceptual model, closed off prematurely certain options.

The intent underlying this strategy may have hindered nurturing the new activities of distribution and training.

Acquire

In some of these strategies the transition to new activities involved the specialized assistance of external organizations. For instance during the strategy of *Intermediate-technology* the ITDG assisted SIFFS in its technical development. The ITDG deputed a designer to work with SIFFS' managers in the boat yards. During this strategy the GRF also benefited from a transfer of prototypes, materials and personnel from the Muttom boat yard. Similarly Koy's Ikat weavers were assisted by the MOH in standardizing dying and weaving.

Withdraw

In some strategies, activities were transferred out of the TSO itself, or they were strictly delimited, restricted to special units. During *Intermediate-technology* SIFFS' managers transferred the activity of distribution to regional federations. In the subsequent strategy of *Professionalism* SIFFS managers transferred boat production to the regional federations. Or, in the case of CDF's strategy of *Reform*, the activity of organizing was delimited. CDF trustees pressured the staff to refocus on advocacy.

Withdrawal from an activity usually indicated that it had become too difficult for the TSO to undertake. SIFFS managers found boat production difficult since it required enforcing labor discipline and efficiency in the boat yards, which could

lead to confrontations with member-fishermen. But the difficulties SIFFS' managers faced in pursuing such an activity was closely linked to their professed unwillingness—they publicly declared their preference for the more neutral activities of research and development. Their preference was expressed in terms of values, what the apex should and shouldn't do. Their preference was not expressed in terms of how difficult these activities were to accomplish. In the case of CDF's strategy of *Reform* withdrawing from an activity again hinged on a declaration of values-- the trustees deemed certain activities as distracting, diverting the DSO away from its key goal of legislative reform.

Scope of activities

The propensity toward narrowing or broadening the scope of activity (that is specializing or diversifying, single or multiple activities), was a consequence of these activity-transitions and to the strategy process in these organizations. At one extreme by the strategy of *Reform* CDF was involved in support and community activities. At the other extreme Koy's Ikat, in the strategy of *Emporium-Marketing*, remained in only operational activities. By the strategy of *Professionalism* SIFFS was involved in support activities only. CDF developed the capacity to simultaneously pursue very different activities, advocacy, organizing, training, financing. But SIFFS and Koy's Ikat specialized in research and production respectively.

Capacity: Nurture and event-based strategies

Why did these TSOs develop such different capacities? The combination of particular transitions (whether to nurture, acquire, or withdraw) and of particular strategy processes (intent-based strategies or event-based strategies) shaped the TSO's capacity for broadening its third sector activities. Two broad paths for capacity-building were to combine the nurturing of activities with event-based strategies; and acquisition of activities with intent-based strategies.

For instance consider when TSOs nurtured activities. The TSO had an obvious incentive in nurturing activities despite the difficulty in doing so. External assistance could make the organization dependent on outside organizations. Self-reliance on the other hand would ensure the TSO's independence. But nurturing was difficult, as was apparent in SIFFS' strategy of *Federated-marketing*.

Nurturing new activities seemed to be most effective when the organization faced a dramatic external event, to which a swift response was needed. In such a situation the staff and leaders were eager to find any means possible to respond: they were open to suggestion. The external changes also encouraged participants to question existing beliefs. They were also investing tremendous physical and emotional energy in mobilizing support, in establishing agreement among coalition partners. Nurturing new activities was effective during Samakhya's strategy of *Agitation*.

Perhaps nurturing activities in SIFFS' strategy of *Federated-marketing* was less effective because staff deliberately choose activities. They lacked a dramatic event

that could be used to mobilize support and galvanize effort. Instead they faced internal dissent, doubts on the direction of activities.

Nurturing activities during event-based strategies was notably effective in CDF's strategy of *Agitation* and SIFFS' strategy of *Cooperative-marketing*. During both these strategies the TSOs were facing drastic external events, land scarcity and election delay respectively. Strategy promoters successfully channeled perceptions of these events to increase support for the strategy. In the case of SIFFS, Culass and Nayak used occasions like the Church meeting to discuss the low catch price and the benefits of a GRO. In CDF Rama Reddy and Shashi Rajagopalan used protests and press releases to promote autonomy for GROs. In both cases unexpected events offered openings for initiating new activities.

Capacity: Acquire and intent-based strategies

Multiple activities were also encouraged by intent-strategies. But where events galvanized effort, intents seemed apt for other transitions, where new activities were acquired and transferred. To acquire activities saved TSOs resources and time and identified swift solutions to their needs. The assistance of the Muttom yard and ITDG helped SIFFS rapidly take up boat production, allowing the fragile GRF to strengthen member support. Similarly transferring activities, just like acquiring them, was best done intentionally with some deliberation. Thus in the strategy of *Professionalism* SIFFS' apex decided to transfer operational activities to the federation. This decision was taken quite consciously, in recognition of the apex's dependence on powerful GRF leaders. In these TSOs then, multiple activities were

sustained either because the organization had nurtured them during event-based strategies, or acquired/ transferred them during intent-based strategies.

However when TSOs nurtured activities during intent-based strategies or acquired/transferred them during event-based strategies, their capacity narrowed towards a single third-sector activity. SIFFS' transfer of distribution in *Intermediate-technology* was done rapidly, as swiftly as it took up external support for production and research. The swift move allowed the GRF to quickly take up new activities. But in the process it obviously abandoned its previous activities, never returning to them again. Rather than diversify, it was streamlining activities. This was in contrast to a similar transfer of activities during CDF's strategy of *Reform*. Where SIFFS' transfer was rapid and opportunistic, CDF's transfer occurred with deliberation, allowing the trustees and staff time to negotiate the balance between advocacy and organizing.

In general organizations following an event-based strategy quickly nurtured new activities: such as pooling and distribution during *Cooperative-marketing*, technology-development and research in *Intermediate-technology*, advocacy and training during *Agitation*. But intent strategies were associated with acquiring or transferring activities. SIFFS' strategy of *Professionalism* limited the apex to community activities, transferring all support and operational activities to regional federations. MCA's strategy of *Modeling* focused on community activities alone, on creating a forum to discuss cooperation. CDF's strategy of *Reform* retreated from organizing, concentrating on advocacy. Koy's Ikat pursued an intent strategy

of *Emporium-marketing*, focusing on operations activities only. In all these cases where intent combined with acquire/transfer of activities, the scope of TSO activities narrowed. And where event strategies combined with nurture of activities, the scope of TSO activities broadened. But there was one exception to this pattern, SIFFS' strategy of *Federated-marketing*. Though a strategy originating in intent, it actually broadened its scope of activities, nurturing new activities.

Capacity and structure

A capacity for multiple activities had a profound impact on the structure of these organizations. Capacity constrained the subsequent choices of activities. Certain activities were no longer possible, simply because the organization did not have the necessary competence in them.

The capacity for diverse activities was associated with a centralized structure, where these activities were executed by specialized staff. This was a situation of activity-integration, apparent in CDF by 1995. But the capacity for single activities was associated with a decentralized structure, where autonomous units specialized in different activities. This was a situation of activity-differentiation, apparent in SIFFS by 1990. Heavy dependence on external organizations for assistance, as in Koy's Ikat, led to a situation of mutual specialization. The weaver GRO specialized in operational activities but depended on the MOH for its community and support activities.

Activity-integration, when activities were performed within the TSO, by one unit, centralized strategic choice in groups of trained and specialized staff. Thus CDF's nine departments were organized around key activities, and followed a detailed hierarchy of responsibility. Such integration offered some advantages. CDF staff could closely control the different activities and coordinate them so that they complemented and supported each other. Thus organizing and advocacy were integrated. The GROs that CDF organized were among the first to register under the 1995 Act, which was of course the crux of the DSO's advocacy.

Activity-differentiation, where units of the TSO specialized in a particular activity, decentralized strategic choice. SIFFS' member GROs specialized in operations, their regional federations in community activities, the Apex in support activities. Such a diffuse structure allowed only loose alliances between the GRFs. There was no common structure across all these units. Nor did they adhere to a hierarchical relationship with the apex. Indeed they were semi-independent organizations in their own right. Such a structure was the consequence of SIFFS' own capacity for specializing in a single activity. Activity-differentiation offered some advantages. SIFFS was able to ally a diverse set of existing TSOs into a federated presence, while negotiating some division of labor. When they were unable to integrate the different activities of *Federated-marketing*, SIFFS' managers eventually distributed the activities to different units that were coordinated informally, through discussion at the board level. In general SIFFS' managers preferred to be detached from the federations, not directly involved in their activities.

The differences between CDF and SIFFS are revealing. CDF's departments were tightly integrated, SIFFS' were more autonomous. Where CDF gradually expanded its scope of activities, SIFFS dramatically narrowed the scope of its activities. CDF's organizational identity was based on an integration of multiple activities, SIFFS on carefully negotiated autonomy. CDF emphasized its role in social and political change, SIFFS emphasized its role as a community representative.

In contrast to these two organizations, the scope of activities remained stable in Koy's Ikat. The GRO's structure was formalized under procedural demands of the MOH, especially in staffing, promotion, audit and financial reporting. The GRO worked within a division of labor; the support and community activities it required (such as financing, research, advocacy) were performed by the MOH, while it concentrated on the core operational activities of production and pooling.

Capacity and organizational identity

By 1995 CDF was involved in advocacy, organizing (community activities), training and financing (support activities). Its broad scope of activities was associated with a corporate emphasis. The DSO's leaders sought goals that did not represent a single community alone. Instead CDF emphasized its own role as agent of political change. In this sense the DSO's goals were distinct from the villages and GROs it served. Not all paddy GROs for instance would have relied solely on market performance. Rather than represent these constituents, CDF's mission was to spur them towards organizational innovation. The organization's activity-

integration seems to have contributed to its autonomy from its constituents, strengthening its organizational identity.

But SIFFS' activities of financing, research and advocacy were associated with a community emphasis. The GRF leaders sought goals that represented the fisherfolk community. The GRF's activity-differentiation seems to have contributed to a more diffuse organizational identity.

In striking contrast to CDF and SIFFS, Koy's Ikat did not attempt to diversify its activities at all. But then neither of the other TSOs had a third-party presence, particularly one as powerful and resource-munificent as the MOH. From its very formation, Koy's Ikat had depended heavily on the MOH. By performing community and support activities for Koy's Ikat, the MOH lessened the GRO's administrative burden. But such dependence also reduced the willingness of the GRO board to learn new activities. In contrast to CDF, Koy's Ikat lacked autonomy in its decision making. Where CDF had an organizational presence distinct from its community of paddy farmers, Koy's Ikat represented a community, but without a strong organizational presence behind it.

Dynamics of TSO Mission

Each of these organizations were founded with an explicit mission to help a community, fishermen, paddy farmers, weavers. But what happened to this mission to help over time? As each of these organization's activities changed, so did their

mission. As SIFFS' activities changed from distribution to technology, its manner of helping fishermen changed. The organization was no longer interested in identifying merchants as class enemies to be overcome. Instead it now accommodated to the merchants, stressing fishermen's technological needs instead. But to many fishermen, technology, like the merchant class, contributed to the depletion of fish. Similarly CDF's transition from advocacy to organizing was also questioned by some farmers. These farmers felt the organization's activities were sowing discord within rural families, by encouraging women to be independent. In Koy's Ikat over time some members became dissatisfied with the MOH and sought other customers. Ironically Koy's Ikat was too faithful to its original mission, not establishing activities that met the changing needs of its constituents.

The mode of coordination in these TSOs, their extent of diversification into multiple activities, shaped their political stances and underlying rationales. While their determination to help their constituents remained consistent, their means of doing so changed over time. A TSO like CDF was able to shift its mission, staying consistent with its initial rationale while also adapting to its changing constituents. Thus it diversified into organizing and training, worked with rural women, expanding activities and constituents while pursuing reform advocacy. But a TSO like SIFFS found its mission drifting, moving in directions never intended, as the GRF responded to changing needs of its constituents. It could not remain consistent with its original rationale. While Koy's Ikat found its mission locked, moving in a direction not in the control of its leaders. The organization was unable to establish activities that could respond to the changing needs of its constituents. These

changes in the TSO's rationale, could be termed mission-shift, mission-drift and mission-lock respectively.

The strange aspect of these third-sector organizations was their uneasy accommodation to drifts, adaptation to external change, and to shifts, assertion of intent. On occasions the TSO strategy was deliberate, based in intent. Such a strategy declared the aspirations of the organization publicly, reflecting the conflicts of internal decision-makers. When CDF's trustees demanded a restraint on organizing, they were asserting their influence in an occasion of *mission-shift*. The Trustees were pulling CDF back to Advocacy, back from a drift into Organizing. But there were other occasions when the TSO's strategy was emergent, based in events. Such a strategy responded to changes, but not consciously. Neither staff, clients or members discussed whether such changes would dilute the organizational mission. These were occasions of *mission-drift*. The organization drifting into new activities or toward new clients, just like SIFFS drifted into boat-building to assist members' fish-supply.

Subversion and mission-drift

Mission-drift subverted the ideals and expectations of members: to what extent were SIFFS' senior managers truly accountable to members? Members of GRFs in Quilon, Trivandrum, and Kanyakumari hardly knew of the apex? The apex's autonomy was almost that of an external DSO. By the time SIFFS' managers established an apex structure, the GRF was a far cry from its original ideal of centralized fishermen-controlled political change.

Unresponsiveness and mission-lock

Mission-lock led to a TSO like Koy's Ikat being unable to accommodate the needs of members. Its staff were not interested in responding to member needs; rather they were keen on retaining the support of MOH bureaucrats. The board had been co-opted by the Ministry. After all it was the manager and accountant who knew what paper work and documents would satisfy the Cooperative Act, and keep the bank loans coming. Did the staff ultimately serve the GRO members or the regulatory apparatus?

Adaptation and mission-shift

Mission-shift required a concomitant openness in leaders, the willingness to absorb new activities and reinvent the organization. CDF shifted from a farmer-controlled organization focused on financing, to one whose trained staff pursued advocacy and organizing. Highly coherent procedures of work planning, job design and time-management enhanced CDF's credibility. But ultimately CDF's mission had shifted away from opposing government legislation to cooperating with its ministries for legislative reform.

Discussion

These findings indicate the significance of strategy process in the TSO's capacity for its activities. They also reveal the significance of strategy process in the TSO's

mission. They also raise questions about the extent TSOs can be properly involved in all three sets of activities, in operating, support and community activities.

Strategy process and capacity

This study's findings show that the dramatic changes of activities in these organizations entailed investments in resources and skills. These organizations nurtured or acquired new activities, and also withdrew from old activities. The findings in particular point to the significance of strategy process in creating capacity. The process through which these TSOs established new activities shaped their ensuing capacity to perform these activities.

The impact of strategy process on capacity occurred through two particular ways. Dramatic events spurred response, and acted as an important catalyst in acquiring and nurturing new activities. CDF's acquisition of advocacy during *Agitation* was certainly spurred by the escalating election crisis. These dramatic events also challenged the preconceptions of TSO members. At the same time event-based and intent-based strategies led to sharply differing capacities within the TSO.

An unexpected event, say delays to elections (*Agitation*) or a sudden appeal to take charge of a boat yard (*Intermediate-technology*), could lead to profound shifts in activities. Such moments involved unprecedented changes, as TSO members initiate new activities in response to events, without seeking external assistance. Dramatic changes could spur organizational efforts. At such times staff seemed

more willing to experiment with different approaches, open to alternatives, in their effort to make sense of the situation.

Event-based strategies seemed to frequently discard codified and rule-bound knowledge for improvised and intuitive responses. Therefore they encouraged a capacity for swift response, and rapid ‘learning by doing’. In contrast intent-based strategies seemed to emphasize codified knowledge at the expense of improvisation. Therefore they encouraged a capacity for standardizing responses, and ‘learning by rules’. The strategy of *Reform* for instance involved CDF establishing legal expertise (highly technical and rule-bound) and divide tasks and responsibilities within a departmental structure.

Strategy process and mission

The process through which these organizations chose their activities challenges our expectation that TSO missions would remain consistent. The values of a TSO can change as its activities change. Changes of mission are due to the constant tension between the desire of TSO leaders to establish sustainable activities, and their desire to maintain constituent support. As a result, TSO leaders often attempted to co-opt constituents, accommodating them somehow within their changing mission. But these constituents could and did resist such cooptation. In the case of CDF, its trustees forced the DSO to withdraw from activities peripheral to *Reform*. CDF shifted back from organizing new GROs to advocacy of legislative reform. However on other occasions TSO leaders could successfully adapt their mission by

co-opting constituents into changing activities. As when SIFFS successfully took up technology and research, the organization drifted with the changing needs of constituents. The mission was reinterpreted to better accommodate the changing needs of members.

Incommensurate capacities

Finally this study tentatively suggests that it may not be possible for a TSO to execute all three sets of third-sector activities. For instance operating activities may be better suited to GROs and GRFs. Being representative organizations with a local base, they can maintain the level of cooperation needed for operating activities like pooling and distribution. Similarly community activities may be better suited to DSOs. Being expert-organizations with access to specialized knowledge and external support, they can maintain the credibility and expertise needed for community activities like advocacy and organizing. Indeed the DSO's lack of a local political base can be advantageous, preventing an imputation of partisanship. But in contrast, being partisan actually helps GROs, ensuring their credibility as a grassroots representative³⁶.

Operating and support activities seem more attuned to 'need', to the task of constructing alliances that represent participants' interests. But community activities seem more attuned to 'help', to the task of linking localities to specialized

³⁶Note the sharp difference in how these TSO leaders described their organizations. While Vivekanandan of SIFFS declared it was a professional organization run by fishermen, Rama Reddy described CDF as an expert body of 'do-gooders'. Vivekanandan was appealing to representation, service to a community. But Rama Reddy was not making any particular appeal to representing a community, just to possessing relevant expertise.

knowledge and techniques. If these activities are incommensurate in the sense of being located in the quadrants of 'need' or 'help', they could pose sober limits to TSO growth. There is indeed a no-organization's land in the third-sector and it would be difficult for a single organization to be involved in all three sets of activities.

What then are the options for TSO growth? This study indicates three possible alternatives to diversification, to bridging 'need' and 'help'.

Decentralize

One option is for the TSO to create independent internal divisions that specialize in each set of activities. This option was pursued during SIFFS' strategy of *Professionalism*. The federations specialized in operating activities, specifically in pooling, distribution and boat-production. The apex specialized in support activities, specifically in technology-development and financing. SIFFS' divisions were actually independent organizations, only loosely allied in a representative body.

Partner

A second option is to create a DSO-GRO partnership, based in either indirect or direct control of the GRO by the DSO. CDF's strategy of *Reform* involved indirect control of the thrift societies through auditing and loan monitoring. The Grameen Bank's well-known micro-credit approach exemplifies the direct-control option.

Bank staff regularly inspect and monitor all group-related matters (including group formation, performance and loan usage).

Collaborate

A third option is to create a short-term informal collaboration between DSOs and GROs centered on a specific activity. Members of Koy's Ikat received training in traditional dying from Dastkar. Such collaborations seem restricted to situations where the GRO requires external assistance. This could be a quite common option for TSO growth. A growing number of collaborations within the third-sector are informal ones where DSOs and GROs cooperate on the transfer of knowledge for a specific activity.

Overall this chapter notes a significant influence of the strategy formation process on capacity and mission in TSOs. Event-based and intent-based strategies shape differing capacities in these organizations. On one hand they required a capacity for improvisation, for effective response to external change. Event-based strategies allowed the TSO to develop such capacity. On the other hand they required a capacity for standardization, for codifying knowledge, to enable greater efficiency. Intent-based strategies allowed the TSO to develop such capacity. Examining the process also helps us better understand how the imperative of maintaining constituent- support can lead the TSO to modify its mission.

APPENDICES

Table VII.1: Strategy formation

	Activities started	Strategy approach
<i>Cooperative-marketing</i>	Pooling, distribution	Domain
<i>Federated-marketing</i>	Pooling, distribution, training and organizing	Design
<i>Intermediate-technology</i>	Production and training	Domain
<i>Professionalism</i>	Training, financing and advocacy	Distinctiveness
<i>Emporium-marketing</i>	Production, pooling and distribution	Design
<i>Modeling</i>	Training, organizing and financing	Design
<i>Agitation</i>	Advocacy and organizing	Distinctiveness
<i>Reform</i>	Advocacy, training, financing and organizing	Domain

Table VII.2: Strategy Formation

	Question	Answer
Origins	What was the basis for the strategy?	Intents and Issues
Tactics	How did leaders maintain support for the strategy?	Conceived and Improvised tactics
Interests	Why did participants support the strategy?	Stable and Shifting interests

Table VII.3: TSOs and strategy formation

	Events	Issues
Strategy	<i>Federated-Marketing,</i> <i>Professionalism, Modeling,</i> <i>Reform, Emporium-Marketing</i>	<i>Cooperative-Marketing,</i> <i>Intermediate-Technology,</i> <i>Agitation</i>
Consensus	Conceived	Improvised
Interests	Fixed	Shifting

Table VII.4: Origins of Strategy

	Basis for commitment: Intent	Stemming from
<i>Federated-Marketing</i>	Fishermen-mktg system	Conceptual Model: AMUL
<i>Modeling</i>	Forum for cooperation	Conceptual Model: Mulukanoor
<i>Emporium-Marketing</i>	Produce standard designs	Conceptual Model: MOH
<i>Professionalism</i>	Services for federations	Acquired Skills: Tech
<i>Reform</i>	Restrict legislation	Acquired Skills: PR

	Basis for commitment: Event	Stemming from
<i>Cooperative-Marketing</i>	Event: low prices	Unanticipated Circumstances: land scarcity and dependence
<i>Intermediate-Technology</i>	Event: declining supply	Unanticipated Circumstances: trawlers and overfishing
<i>Agitation</i>	Event: elections	Unanticipated Circumstances: ministry delays

Table VII.5: Consensus: Tactics of Commitment

Attribution	Normative consequence	Conceived tactics: Assumptions
<i>FM</i> : intermediary	exploit	rural surplus
<i>M</i> : structure	cooperate	organization design
<i>EM</i> : standard designs	authentic	unaware consumers
<i>P</i> : apex	expert	expert services
<i>R</i> : legislation	wastage	networking

Attribution	Normative consequence	Improvised tactics: Detail
<i>CM</i> : merchants	exploit	catch details
<i>IT</i> : mechanized technology	deprive	indigenous craft
<i>A</i> : MOC	undemocratic	prompt elections

Table VII.6: Interests: Motivations For Commitment

	Short-term benefits
<i>Federated-Marketing</i>	wider market networks
<i>Modeling</i>	avoid closure
<i>Emporium-Marketing</i>	craft preservation
<i>Professionalism</i>	mutual autonomy
<i>Reform</i>	immediate achievement

	Long-term benefits	Process of questioning
<i>Cooperative-Marketing</i>	poverty-reduction	who supported fishermen?
<i>Intermediate-Technology</i>	affordable craft	how to improve supply?
<i>Agitation</i>	representative boards	could the MOC be curbed?

Table VII.7: Activities and Acquisition

	Activity	Skill acquisition
<i>Cooperative-Marketing</i>	Expansion	Nurtured
<i>Federated-Marketing</i>	Expansion	Nurtured
<i>Intermediate-Technology</i>	Contraction	Acquired/ Withdrawn
<i>Professionalism</i>	Contraction	Withdrawn
<i>Emporium-Marketing</i>	Expansion	Acquired
<i>Modeling</i>	Expansion	Nurtured
<i>Agitation</i>	Expansion	Nurtured
<i>Reform</i>	Contraction	Nurtured/ Withdrawn

CHAPTER VIII: CONTRIBUTIONS, LIMITATIONS AND IMPLICATIONS

This final chapter discusses the broader implications of this study for our understanding of the third sector. For convenience the chapter is divided into three sections. First the findings are discussed in terms of the literature surveyed earlier. The next section notes the limitations of the study. The concluding section highlights the implications of this study for theory and practice.

Contributions

Bridging the Solitudes

The main contribution of this study is its development of strategic management concepts that explain the growth of third-sector organizations in the third world, bridging different research universes (Lewis, 1999). Specifically this study links the concerns of management theory and development theory, making useful connections between the for-profit strategic management literature and the NGO literature. Three aspects of strategic management were found to be particularly important in TSOs: their choice of third-sector activities, the process through which such activities were chosen, and the pattern of TSO growth.

Nearly two decades back Kiggundu, Jorgensen & Hafsi (1983: 66) argued for greater attention to developing countries in management studies. Since “about 70 percent of the world’s population lives in developing countries”, the potency of

applied management solutions to such regions was particularly high. The most important area of organizational activity in the developing world today may be in the third-sector. But our understanding of it has been impaired by the 'parallel research universes' inherent in non profit research, that oriented to North America and organizational issues, and that oriented to the third world and social justice (Lewis, 1999).

This study follows earlier interchanges between non-profit management and NGO literatures. Korten (1980) presented an organizational learning model for community development. Bryant (1982) and Brinkerhoff (1991) developed organizational and strategic management concepts for developmental organizations. Recently Cooke & Kothari (2000) applied critical-management theories to explain the rhetoric of participation in development policy, and Smillie & Hailey (2001) reviewed the effective management practices of DSOs. However in general such interchanges have been sporadic rather than ongoing; as Lewis (1999) notes the tendency remains to separate questions of management from questions of social development.

Sectoral classifications

This study shows important affinities among the three sectors. Regardless of their sectoral origin, organizations must choose sustainable activities, acquire the skills and knowledge for these activities, and establish support for them.

The rise of DSOs and GROs has “captivated the imagination of a wide variety of development planners” (Fisher, 1997: 440). However the attention has led to assumptions that the third sector is profoundly unique, and distinct from the other two sectors. This study questions such assumptions. Sectoral classifications imply that observers can clearly differentiate TSOs from private and public organizations. The third sector is assumed to be in sharp distinction to the private and public sectors whose respective principles of association are profitability and coercion. Voluntarism is treated as a unique characteristic of the third sector, “a principle involving freedom of association for purposes of mutuality, camaraderie or services rendered free of obligation or remuneration” (Wuthnow, 1991: 8). There is a general sense of TSOs being organizations uniquely attuned to “doing good” (Fisher, 1997: 442).

However this study shows limitations to such classifications. Sectoral classifications can overemphasize differences between private, public and non-profit organizations, and in the process mask important avenues for cross-sector learning. The broad brush of sectoral classifications can obscure fine-grained puzzles. How do we classify an organization like the Grameen Bank? It is a DSO that manages micro-credit programs in rural Bangladesh. But it relies on the same professional standards found in private-sector banks (enjoying a very high loan-repayment rate) and is legally accountable to the Bangladesh government, akin to public-sector banks (Hossain, 1993; Jain, 1996). Rather than assuming its sectoral distinctness, a more immediate question may be what aspects of private

and public sector organizations the Bank has incorporated in its structures of authority and work.

As Anheier (2000: 2) states in general “the management of non-profit organizations is often ill understood because we do not understand these organizations well and it is frequently ill-conceived because we operate from the wrong assumptions about how non-profit organizations function”. Wrong assumptions or broad classifications can prevent us from learning from other organizations, regardless of their sectoral origin.

An uncritical use of sectoral classifications ignores the interdependencies between the three sectors (Abzug, 1999: 138), the ways TSO strategies are influenced by the actions of private and public organizations. Such classifications can also be mystifying labels (Alford, 1992; Evers, 1995). “The oft-stated aim of ‘doing good’ is undermined by an inadequate understanding of what NGOs do in specific circumstances...The trick is to differentiate among various forms of organizing while avoiding reified and reductionist uses...What is at issue is...an understanding of what happens in specific places and at specific times” (Fisher, 1997: 449).

A refrain of solitude also prevents us from studying ‘edges’, those spaces where diverse institutions meet. Such institutions could be social movements: TSOs may become potent vehicles for articulating protest (Ahrne, 1998; Fisher, 1997: 451). In this study SIFFS and CDF were important in orchestrating social protests. For instance SIFFS and PCO conducted important research and advocacy activities

during the protests against mechanized trawlers. Other edges could be where the third sector and the second sector meet. As the state's role changes in different societies, so will the role of the TSO (Ahme, 1998; Wuthnow, 1991). In some cases the TSO will fill the vacuum left by the declining state; the collaboration of Dastkar and Koy's Ikat during the MOH cut-backs is an apt example. But in other cases the rivalry between the state and the TSO may increase, as occurred between SIFFS and Matsyafed.

To understand these changing relationships between the three sectors we will have to be wary of assuming the third sector retains a consistent and universal form. The sector's status and contours will change as its counterparts change. According to Mintzberg (1999: 153) if you really want to see the edges "you would do well to get down on the ground...Then maybe you can work 'up' from there, to the abstractions of management that so mesmerize us." Indeed 'work up' to the abstractions of sectoral classifications as well.

TSO growth and mission change

The extent of mission change in these organizations was surprising. After all TSOs are expected to be oppositional, and to consistently offer an alternative to the private and public sectors. However as these organizations established new activities their missions changed. Such changes in mission were not always noticed by TSO leaders, who could be unaware their organization's role had changed significantly. SIFFS' leaders only gradually recognized their role as a technological hub for the regional GRFs. Despite the description of TSOs as

uniquely value-oriented, the leaders of these organizations were willing to shift their values, and to establish new roles for their organizations, to legitimize new activities.

This study shows the tension between the intent of TSO leaders and the expectations of their constituents. Constituents can resist diversification, as in CDF's *Reform*, demanding consistency with original mission. But in other cases moving into new activities can enable the TSO to maintain appeal with constituents, to redefine its mission. The strategy of *Professionalism* helped SIFFS' leaders legitimize a shift away from the politically charged mission of alternative marketing. The GRF's members were more interested in effectively competing with trawlers for a scarce catch, than repulsing merchants. On both occasions the formal goals of the organization were displaced, through the "deflection of the intentions of the senior managers by other insiders" (Mintzberg, 1983: 266).

TSOs could be particularly prone to cooptation, a "process of absorbing new elements into the leadership or policy-determining structure of an organization as a means of averting threats to its stability or existence". The TSO mission faces severe pressures from multiple constituents whose needs may conflict with each other (Edwards, 1999; Paton, 1999: 132). . However at the same time the TSO is expected to be consistent with its purpose, to 'stand for one thing'. The common response of TSO leaders to such a bind is to co-opt these pressures, accommodate them somehow within the mission; therefore to expect the TSO to retain mission consistency could be unrealistic. Similarly cooptation entails many social

commitments which reduce the organization's autonomy over time. Therefore to expect the TSO to retain a wide avenue of strategic choice could be equally unrealistic. "Co-optation involves commitment so that the groups to which adaptation has been made constrain the field of choice available to the organization or leadership in question." In short the momentum of past strategies and bases of consensus can constrain the subsequent choices made by TSO leaders.

Conceptual contributions

This study makes several conceptual contributions, particularly in its classification of third sector activities, strategy approaches, strategy process, and the discussion of consensus and interests.

Third sector activities

This study makes an important contribution in linking concepts of TSO management (third-sector activities, strategy process, growth) to TSO development commitment (mission drift, mission shift). Prevailing classifications of TSO literature (as shown in Figure II.1) should further integrate concepts of third-sector tasks, values, core differences and growth patterns, in their discussions of TSO strategy. As the TSO adapts over time to its constituents' changing needs, it moves into new activities that can change its mission.

A related conceptual contribution of this study is its classification of TSO activities. The attention to activities in this study contributes to surveys that have noted the unusual tasks TSOs perform, such as of Clark (1995), Cousins (1991), Fowler (1995) and Najam (1995). However this study clearly differentiates organizational activities from organizational roles. For example Clark (1995) discusses the tasks of TSOs in terms of: Relief and welfare, Technical innovation, Public service contractors, Popular development, Grassroots development, Advocacy groups. His task classification conflates the roles TSOs perform (in relief, and as government contractors), the level at which they operate (grassroots development), the outcome sought (popular development, grassroots development) with their particular activities (technical innovation, advocacy). Similarly Cousins' (1991) compact classification identifies the roles of TSOs as: infrastructure development, innovation, communication, technical assistance, research, and advocacy. However such a classification is both about organizational roles (facilitating communication, supporting innovation) as well as activities (developing infrastructure, technical assistance, research, and advocacy).

This study also identifies a comprehensive set of activities focused on operations, support and community. In a commentary on TSOs in Latin America, Smulovitz (1996: 5) noted that the main functions of these organizations seem to be representational, advocacy and accountability (that is ensuring the accountability of the State to its citizens). In a sense these three functions can be collapsed into the grassroots imperatives of operations and support activities (representation) and the

staff imperatives of community activities (advocacy and accountability). Similarly Fowler (1995: 249) describes three types of TSO agenda: welfare, reform or entrepreneurship. These agendas match support, community and operating activities respectively.

Strategy approaches

Another conceptual contribution of this study is the three Ds framework in Chapter II on the dominant TSO strategy approaches. The framework identifies material resources and technology (domain), values and legitimacy (distinctiveness) and generic programmed solutions (design) as important bases of TSO strategy. These approaches elaborate which activities a TSO *should* pursue. Domain suggests the TSO analyze its external environment in terms of which activities are suitable given its suppliers, market and products. Distinctiveness suggests that the TSO respond to its membership-base, choosing those activities that best exemplify its shared values. Design suggests that the TSO adopt a generic structure and set of activities with a track record of success.

These approaches are convenient for classifying TSO strategies. Particularly when considered complementary, rather than mutually exclusive, the three Ds offer a rich picture of the different constraints and pressures strategists face in their choice of activities.

However for all their variety, these approaches have less to say on the process of choice. The choice of third-sector activity involves crafting consensus and

mobilizing interests around intents and events. Identifying the apt activities was not sufficient for these leaders; they also had to establish support for these activities, convince participants of their importance and benefits, and ensure member/client participation.

Strategy process

This study also points to different instances when intent is not a sufficient basis for understanding TSO choice. Strategies can originate not only in intent but also in situations that lack deliberation. For instance TSO strategies can be gradual accumulations of actions over time, that inextricably steer the organization into a particular direction. As F.H. Abed of the reputed DSO Bangladesh Rural Advancement Committee (BRAC) said “as you go on doing things, you also learn to isolate things that are not essential” (quoted in Smillie & Hailey, 2001: 95). In such a situation the strategy does not reflect conscious choices of activities, as much as the consequence of activities. Experience with one activity leads to others: thus SIFFS’ support activities of technological-development led to research, without the managers consciously choosing such a direction.

TSO strategies can also be opportunistic. BRAC rapidly diversified into milk production and marketing when its leaders seized a sudden opportunity: European trade subsidies were cut, reducing cheap milk imports in Bangladesh (Smillie & Hailey, 2001: 97). Similarly SIFFS managers diversified into intermediate-technology when offered a sudden and unexpected opportunity by the leaders of KSSS. Finally TSO strategies can be inspired by a catalytic event that spurs local

action (Avina, 1993). The worsening land-scarcity and merchant animosity in the village of Marianad was an important event for local fishermen, galvanizing them into the organized response of *Cooperative-marketing*. CDF's strategy of *Agitation* involved a similar catalytic event, the prolonged delay of board elections by the Ministry of Cooperatives.

These instances show that TSOs pursue a complex set of goals that may not be consistent with one another. "Some inconsistency between values and action is inevitable—indeed it may be desirable in maintaining the aspirations of the organization" (Paton, 1999: 137). As John Kingdon described it, strategic decision making is a "policy primeval soup (with) many ideas float around, bumping into one another, encountering new ideas, and forming combinations and recombinations" (cited in Najam, 1999: 147; also Colebatch, 1997). Solutions and problems interact, until a propitious combination is located.

Consensus and interests

This study also shows that the underlying imperatives of the three Ds framework emerge through negotiations of participant support.

The events that spurred action in SIFFS and CDF, such as land-scarcity and election delays, are akin to what Weick (1993: 633) describes as a cosmology episode, "when people suddenly and deeply feel that the universe is no longer a rational, orderly system. What makes such an episode so shattering is that both the sense of what is occurring and the means to rebuild that sense collapse

altogether.” Situations of severe change enable social relations to be renegotiated by managerial actors, who find the rapid turn of events propitious for promoting their own objectives. In this sense it ‘frees’ previous commitments, allowing managers to re-negotiate the basis for participation (Davis & Thompson, 1994; Laurila, 1995).

These are moments when past interpretations could no longer hold and time was spent in constructing a new interpretation of the situation. In Marianad the social workers and fishermen sought to understand the motivations of the fishermen, just as CDF leaders and their allies sought to understand the delays in the Ministry of Cooperation. As such because the events challenged interpretation, the tactics of consensus involved understanding the event, and constructing a credible attribution of its cause. These tactics also involved establishing that the activity was the ‘right one’ for the situation. Thus in Marianad the consensus tactics were in part to establish that the merchants were exploitative, but also in part to establish that pooling and distribution were apt activities for fishermen to undertake.

Similar tactics of consensus have been noted in research on American non-profits. Stone & Brush’s (1996: 646) describe the use of both formal planning and interpretive planning where the latter involves gaining internal and external commitment by “negotiating face to face...Planning is likely to be informal, relying on participants’ intuition, personal information, and values”. Such a process is likely to be improvised and “flexible rather than a controlled execution of prior

analysis”, its content likely to be “symbolic, intangible and communicated verbally rather than through a written document”. Their distinction closely follows the one made in this study between tactics of conceived and negotiated consensus.

This study also describes how participants create shared interests through group interactions. Shared group experiences transformed participant interests in these organizations, particularly when they shared an awareness of inequality or injustice, and articulated their grievance. As sociologists have explained a personal experience of injustice or unfairness proves highly effective in generating commitment and high levels of participation in social action (Kelley & Breinlinger, 1996: 172; Kelly, 1998; Martin, 1999). Rather than self-interest, this study shows that participants can experience shared interest. Participants can feel a need to help one another, and can experience a sense of “collective fate” (Mueller, 1992: 8), where “the self or subject gets transformed during interaction such that a joint or merged subjectivity develops” (Weick, 1993: 642).

Contributions to other research streams

This study also contributes to other research streams, particularly to actor-network theory and institutional theory.

Actor-network theory

The study contributes to other research streams concerned with how consensus is reached among participants, notably actor-network theory.

Also known as the sociology of translation (Callon, 1980; Callon, 1986; Callon and Latour, 1981) actor-network theorists are interested in how actors create alliances, coalitions and networks around shared interests. 'Translation' refers to "the negotiations, intrigues, calculations, acts of persuasion and violence, thanks to which an actor or force takes, or causes to be conferred on itself, authority to speak or act on behalf of another actor or force" (Callon and Latour, 1981: 279).

There is a tendency in actor-network theory to describe such tactics of consensus in terms of rivalries. For instance theorists have described how individuals compete in offering "new interpretations" of participant interests (Latour, 1987: 117), and how successful definitions of the 'key problem' privilege some actors, who become 'obligatory passage points' (Callon, 1986: 224). Actor-network theory is particularly apt for describing the negotiations and rivalry underlying different interpretations. "The protagonists are involved in a never ending struggle to impose their own definitions and to make sure that their view of how reality should be divided up prevails" (Callon, 1980: 198). However the theory is less successful in explaining the reasons and motives of participants in allying with one another. There is a danger that the motives of participants can remain unstated. As this study shows participants commit to strategies, in spite of severe resistance and great risk, to express their outrage and sense of injustice. This experiential aspect of consensus complements the discussion of Actor-network theorist on the rival problematizations and alliances crafted by actors.

Institutional theory

This study also contributes to the research stream of Institutional theory. Institutional theorists point to the limited strategic choice available to leaders. Theorists of the new institutionalism in organizational analysis (DiMaggio & Powell, 1991; DiMaggio & Powell, 1983; Meyer & Rowan, 1977) have studied how high levels of uncertainty impel organizations to seek models for structuring their activities. The sources of such structures include visibly successful organizations, as well as models espoused by professionals and donors. However this study shows that some strategic choice is available to TSO leaders. They may find ways of resisting institutional conformity (as did Koy's Ikat with respect to the MOH's demands). Or institutional conformity may require competences that are so difficult to acquire (as with SIFFS' *Federated-Marketing* strategy) that it must be abandoned.

Contributions to private and public sector research

Finally this study contributes to private sector and public sector research. The study points to the need for learning across sectors. TSOs can offer useful ideas for the other sectors. In the case of the private sector this study shows how leaders use imagery, specialized language and forms of attribution to ensure participants commit to the strategy. TSOs may be able to evoke a form of commitment less evident in formalized organizations, one based less in contractual obligation and more in informal commitment. Their informal modes of coordination can

effectively evoke enthusiasm and commitment, and may be especially useful in the case of joint ventures or less-formal strategic alliances.

Similarly in the case of the public sector there is great concern with effective policy advocacy. This study shows how TSOs link diverse policy actors into stable alliances. TSOs can align diverse interests not only through evocative frames but also the creation of suitable arenas of discussion, as did CDF.

This study also points to varied relationships between TSOs and their private and public counterparts. Despite the more shrill critics of globalization, this study shows that the relationship between the three sectors after market liberalization remains complex. The past decade has seen some severe challenges to the third sector and civil society, under the onrush of privatization and declining public investment. However the changes have also created new opportunities for collaboration between the sectors.

Certainly some sectoral relationships in this study were antagonistic. The public sector or government ministry can attempt to control TSOs or compete with them. Thus the constant attempts by the MOH or MOC to control the third-sector in Andhra Pradesh. Or consider Matsyafed's deleterious impact on TDFF. Similarly the private sector can also have an adverse impact on the third sector too. Thus the rivalry between exporters and SIFFS during its strategy of *Federated-Marketing*.

But the relationships between the sectors need not always be antagonistic. TSOs can pick up the slack as the state downsizes using deregulation to their advantage. The efforts of Dastkar in the handloom sector indicate how TSOs can partly replace government ministries in the provision of community and support activities. DSOs can also assist local GROs to participate in the market helping them more compete successfully with private organizations. CDF's assistance to paddy farmers and village women follow this pattern.

Finally the antagonists may themselves change over time. SIFFS' chief antagonist was initially in the private sector (merchants, and later merchant capital) but later in the public sector (Matsyafed).

Directions for further research

This study offers several directions for further research, particularly on the type of knowledge needed in TSOs and limits to their growth.

Knowledge

Scott (1998: 314) makes a distinction between intuitive, practical skills that defy codification, which he calls *metis* or practical knowledge, and the codified rule-bound skills of formally organized action, which he calls *techne* or technical knowledge. Such a distinction is mirrored by Nonaka (2000: 683) who identifies explicit knowledge, "formal and systematic...easily communicated and shared" and tacit knowledge which is "highly personal...hard to formalize and therefore

difficult to communicate to others”. Both authors distinguish situations where metis or tacit knowledge is particularly required, where specialists “deal with emergencies” or where “farmers and pastoralists in precarious environments must respond quickly and decisively to limit damage and save lives” (Scott, 1998: 314). Such situations require the ability to improvise, “knowing which rules of thumb to apply and in which order and when to throw the book away”.

In promoting the use of models and technical knowledge, the development community may run the risk of downgrading the role of practical knowledge (Scott, 1998: 332) and of contextual understanding. Models may be suitable for transferring explicit knowledge; for instance the ITDG did transfer boat-building technology first to the Muttom boat yard, later to SIFFS. But for practical knowledge, especially the knowledge needed and acquired during sudden crises, the exigencies of events, metaphors may be an apt complement (Nonaka, 2000: 685). Since “metaphoric images have multiple meanings...employees try to define more clearly the insight that the metaphor expresses, they work to reconcile the conflicting meanings. Metaphors help make the local knowledge of TSO leaders more explicit and useful.

Implications

This study has implications for research on the third-sector, on strategy process, and for TSO practice.

Implications for third-sector research

This study has implications for third-sector research on capacity building, professional staff and cross-sector learning.

Capacity building

In the past decade the development community has sought to enhance such capacity through technical assistance, organizational assistance and organizational development (Sahley, 1995: 10). Such support has been usually funded by ‘Northern NGOs’, what this study terms IDSOs. How can IDSO help TSOs enhance their capacity? Sahley (1995: 151) advocates IDSOs to maintain a long-term supportive relationship, adapted to the specific needs of the organization. “It is unlikely that a blueprint package of services can be developed and applied uniformly to several of an agency’s partners” (152).

However this study shows certain other inherent risks in TSOs relying on IDSO assistance. TSOs receiving such assistance can be tempted into finding ‘easy routes’ to their activities. Policy makers and TSO leaders are often eager for quick solutions to their complex policy issues and problems. TSOs are therefore vulnerable targets for influential organizational models. They look towards “for-profit corporations and commercial enterprises for management tools and models in the hope of finding solutions” (Anheier, 2000: 4; Mulhare, 1999). Most TSO leaders would welcome external advice on what activities to choose, particularly techniques and models for choosing and structuring such activities. Because of their

vulnerability to international donors TSOs may adopt models that are inappropriate for their clientele or for ends different from those espoused.

External advice can also prevent leaders from investing in the serious negotiation of client and member support for these activities. As occurred in SIFFS' *Federated-marketing* or Koy's *Emporium-marketing* strategy, influential models of strategy-content, (the AMUL model, the MOH), can prevent promoters from establishing commitment for these strategies. Ready models can also blind leaders to the changing needs of constituents, to neglect consensual learning (Smillie & Hailey's 2001). Informal processes involving "personal engagement, dialogue and consensus...lie at the heart of the way that many NGOs learn" (74). It is through regular interaction with local communities and carefully cultivated customs of dialog, that TSOs successfully initiate and sustain activities. The greatest danger of external assistance is the promulgation of pat easy-to apprehend models that circumvent the lengthy and complex process through which each TSO must establish its core activities. In their effort to help, external donors can stifle 'need'. A "genuine and rigorous reflexivity" (Cooke & Kothari, 2001: 20) is needed in TSO leaders and policy makers, on assessing the promises and limits of a particular model for the TSO's needs.

Professional staff

Capacity-building is frequently understood as the recruitment of TSO staff with management experience (Sahley, 1995: 157). "NGOs increasingly hire staff with previous commercial experience and MBAs, rather than the traditional pattern of

agronomists or development studies graduates.” Singh, Ballabh & Palakudiyil (1996) also emphasize the need for trained management professionals. TSOs certainly need trained staff-- but professionalism that is not complemented by strong constituent support could encourage staff-oligarchies (Paton, 1999). It could also lead to an emphasis on technical knowledge over contextual knowledge (Scott, 1998) and over consensual learning (Smillie & Hailey, 2001). A staff-heavy organizational structure, as in the case of the AMUL model (Doornbos & Gertsch, 1994), can lead to goal displacement, as professional staff’s interests displace those of other constituents.

This study shows that professional staff acquire considerable discretionary power in TSOs. In these three organizations staff made important decisions for the benefit of constituents. But their influence was masked under pronouncements of neutrality (SIFFS), bureaucratic adherence (Koy’s Ikat) or organizational efficacy (CDF). An image of neutrality enabled staff to retain their legitimacy amidst competing political factions, as with SIFFS managers. It also enhanced credibility and social influence with external stakeholders, as was the case in CDF.

Though extolled as paragons of voluntarism, TSOs are actually sites of oligarchic pressures from professional staff. “NGOs are vulnerable to all the problems that befall other kinds of institutions, including the dangers of routinization and the gradual conversion of democratic to oligarchic rule” (Fisher, 1997: 456). Through IDSO assistance professional staff may centralize decision-making, increasing their autonomy from constituents while emphasizing constituent needs. “How often is

the talk of values sometimes a touch self-righteous and a mask for careerism?” (Paton, 1999: 140). Critical studies of commons professionals (Goldman, 1998) and professional managers (Knights & Morgan, 1991; Alvesson & Willmott, 1996) have argued that professional expertise legitimizes hierarchical power in these organizations, by depicting it as rational and neutral.

Cross-sector innovation

The ‘edges’ of the three sectors offer important opportunities for innovation. Both the private sector and the third sector overlap in operational activities. Both sectors handle raw materials, transforming them into discrete products. Sustaining such activities requires an efficient flow of goods. Therefore the TSO leaders could learn how to manage their operational activities from private organizations. Structures and techniques used in the private sector could be adapted by GROs for their own use.

Another space for innovation is the boundary between social movements and TSOs. By virtue of comparisons with the private and public sector, both dominated by bureaucratic organizations, comparisons with less visible, non-bureaucratic forms may be ignored (Baviskar & Attwood, 1996; Mintzberg, 1996). Social movements can offer useful tactics for TSOs to adopt, for achieving broad-based support. Conscientization, informal meetings, intense local appeals, dramatic ceremonies are all tactics used in social movements that have been transferred to the third-sector. Just like the possibility of learning from private sector for operational activities,

TSOs could learn from social movements for support and community activities like research and advocacy.

Implications for strategic management

This study also has implications for research on strategic management.

Commitment

Creating support for the organization's activities is an essential managerial task (Hart, 1992). This study shows that generating commitment to strategies involves tactics and interests that legitimize the organization's activities to members and clients. This study also shows that organizational strategies are not always clear expressions of intent. Strategies can emerge from events, from land scarcity, political infighting, nationalist politics. In this sense strategies are based not only in intent, in the negotiation of benefits, but also spontaneous decisions, in taking risks with uncertain benefits. In this sense strategies involve aspects of human actions that complement reason, such as sensing (being closer to actions), intuiting (developing a capacity for imaging organizational alternatives) and feeling (relying on moral rules and feelings to handle uncertainty) (Calori, 1998: 298).

Implications for TSO Practice

Finally this study has implications for practice. This study shows that policy makers should reflect more on the 'dilemma of help', and be careful in prescribing designs. TSO leaders should focus on not just which activities to pursue, but also how they will ensure constituent support and commitment to these activities.

Ultimately TSOs must learn their activities. But their learning process remains one of crafting consensus, creating commitment and agreeing on benefits. Secondhand knowledge and external advice cannot substitute for the TSO's experience, though they certainly can complement it. While TSOs could seek assistance in acquiring certain activities from external organizations, urgency and inspiration, stress and duress amidst moments of crisis, also seem significant for the long-term capacity of these organizations.

Afterword: Challenging third-sector solitudes

...we creatures of that disorderly reality ("the 'third world'") have needed to ask little of the imagination, for the major challenge before us has been the want of conventional resources to make our life credible. This, my friends, is the nub of our solitude³⁷.

The third sector solitudes discussed in this study point to the limited collaborations between the three sectors and the research communities studying them. But increasingly these solitudes are being challenged.

This study has shown some of the ways TSOs relate to the private and public sectors. Such relationships may be confrontational: TSOs can agitate for benefits, by competing with the other sectors for resources and rights. Such relationships

³⁷ Gabriel Garcia Marquez: Nobel Address 1982

may be calculative: TSOs can navigate between the other two sectors, by modifying their missions as sectors change. Such relationships may also be conciliatory: TSOs can mitigate the adverse conditions of rural farmers, women and endangered communities by collaborating with the other sectors.

As private sector organizations grapple with the difficulties of maintaining employee commitment, and of enhancing managerial expertise, the experience of these TSO managers is a sobering reminder that professional knowledge alone may not be sufficient for effective decision-making. It is by striking a balance between expertise and representation, between professionalism and accountability that the managers in this study sustained TSO activities.

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