

# **Embeddedness and the Dynamics of Strategy Processes: The Case of AMUL Cooperative, India**

Abhijit Ghosh

Desautels Faculty of Management  
McGill University, Montreal

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## **Abstract**

Strategy scholars point to the need for developing more dynamic views of strategy formation that can transcend the paradox between agency and change. This thesis sets out to understand the embeddedness of strategy making, which recognizes the agency of actors in interaction with intra- and extra-organizational contexts.

Social enterprises provide an ideal context for studying an embedded view of strategy, as they embrace both social and economic goals and adopt unconventional business models that allow for greater participation of constituents at multiple levels. Though they are ubiquitous, few strategy formation studies have been conducted in social enterprises. Given the scope for better understanding how organizational strategy is embedded in the larger context, this study focuses on an exemplary social enterprise, AMUL, India's most successful cooperative, organizing millions of milk producers. Among the most trusted indigenous brands, it has competed successfully with bigger multinationals. This study provides a rich analysis of the strategy process in this organization and its evolution.

I make three contributions to the extant strategy process literature. First, using social movement theory, I show how organizational formation interacts with the political and social contexts. As strategies implicated in the organizational formation process are under-theorized, this study fills that gap. Second, I provide a contextual understanding of the processes by which social enterprises grow to achieve scale and scope economies. The study shows the interactive dynamics of AMUL's strategic intent and the government, and the effects on AMUL's growth through product diversification. Third, I depict the interaction of planning and emergent processes that set AMUL on an extraordinary growth path, through active social embedding of AMUL in relations with its members. The interactive intra-organizational dynamics between the middle management, boundary actors, and members is documented to enhance our understanding of processes that underlie the achievement of economies of scale and scope typically taken for granted as being achieved without explaining how.

## Résumé

Les chercheurs en stratégie soulignent la nécessité de développer des approches stratégiques plus dynamiques qui permettent de dépasser le paradoxe existant entre la capacité d'action des acteurs et le changement. Cette thèse vise à comprendre le processus de formation de la stratégie en relation avec un environnement qui tient compte des interactions entre la capacité d'action des acteurs avec les contextes intra- et extra-organisationnels.

Les entreprises sociales, qui visent à la fois des objectifs sociaux et économiques et adoptent des modèles d'entreprise non conventionnels, permettant une participation plus importante de leurs parties prenantes à de multiples niveaux. Bien que les entreprises sociales soient omniprésentes, peu d'études se sont penchées sur la mise en place de stratégies au sein de ces organisations. Guidé par le besoin de comprendre comment une stratégie organisationnelle s'inscrit dans un contexte plus large, cette étude porte en particulier sur le cas d'une entreprise sociale, AMUL, la coopérative la plus reconnue en Inde et qui s'occupe de la gestion de millions de producteurs de lait. Cette entreprise a réussi à rivaliser avec succès avec de plus grandes entreprises multinationales et est aujourd'hui parmi les marques autochtones les plus réputées. Cette étude fournit une analyse riche du processus de formation de la stratégie de cette organisation, ainsi que de l'évolution de cette entreprise.

Cette thèse présente trois contributions majeures déjà la littérature existante en matière de processus de formation de la stratégie. Premièrement, en utilisant la théorie du mouvement social, je montre comment l'établissement de l'organisation interagit avec des contextes sociaux et politiques. Cette étude vient combler le manque de théorie relative aux stratégies impliquées dans le processus de formation organisationnels. Deuxièmement, je présente une analyse contextuelle des processus par lesquels les entreprises sociales se développent pour atteindre une économie d'échelle et d'envergure. Cette étude montre la dynamique d'interaction entre la vision stratégique d'AMUL et le gouvernement, et ses effets sur la croissance d'AMUL via la diversification de ses produits. Troisièmement, je décris l'interaction entre la planification et les processus émergents qui ont placé AMUL sur une trajectoire de croissance hors du commun, entre autre grâce à l'implication sociale active d'AMUL avec ses membres. La dynamique interactive et intra-organisationnelle développée entre les cadres intermédiaires, les acteurs frontaliers et les membres de l'entreprise est également documentée afin d'améliorer la compréhension des processus sous-jacents à la réalisation d'économies d'échelle et d'envergure, qui sont généralement pris pour acquis mais dont les processus d'accomplissement demeurent généralement sans explication.

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## List of Acronyms

AGM -	Assistant General Manager
AH -	Animal Husbandry
AI -	Artificial Insemination
APO -	AMUL Preferred Outlet
ARDA -	AMUL Research and Development Association
BMC -	Bulk Milk Coolers
BMS -	Bombay Milk Scheme
BPL -	Below Poverty Line
CD -	Cooperative Development
DCU -	District Cooperative Union
DDF -	Dairy Demonstration Farm
FAO -	Food and Agricultural Organization
GCMMF -	Gujarat Cooperative Milk Marketing Federation
IAS -	Indian Administrative Service
ICDP -	Intensive Cattle Development Programme
IRMA –	Institute of Rural Management, Anand
JV -	Joint Venture
KDCMPUL -	Kheda District Cooperative Milk Producer's Union (also called Kheda/Kaira Union or AMUL)
MMPO -	Milk and Milk Product Order
NCDC -	National Cooperative Development Corporation
NCR -	National Capital Region
NDDB -	National Development Dairy Board
OXFAM –	OXFORD Committee for Famine Relief
PD -	Pregnancy Diagnosis
PM -	Prime Minister
RM -	Resource Mobilization
SNF -	Solids-Not-Fat
SGSY -	Swarnajayanti Gram Swarozgar Yojna (a rural self-employment scheme)
TKP -	TK Patel
UNICEF –	United Nations Children's Fund
VCS -	Village Milk Cooperative Society
Vet -	Veterinarian
WD -	Wholesale Dealers

## Glossary of Indian Words

Taluka/Tehsil-	Sub District or County
Marg Darshan -	Guidance
Agyavan -	Overseer
Satyagraha -	Policy of non-violent resistance developed by Mahatma Gandhi
Swadeshi -	Encouraging indigenous production over import of foreign goods
Vadilshahi -	Rule by old men
Crore -	Ten million
Panchayat -	Self-governing body at the village level
Charvar -	Nationalist movement
Khadi -	Handloomed plain-weave cotton fabric produced in India
Mandli -	Cooperative Society at village level.
Sabhasad -	Members
Gram Sabha -	Village meeting
Gosamvardhan	
Samiti -	Cow protection committee
Ashram -	A religious retreat and dwelling of a saint
Gaushala -	Literally a home for serving cows.
Rabaris /	
Bharwads -	Nomadic community specializing in cow-keeping
Dan -	Cattle feed
Mandir -	Temple
Chuna -	Lime
Sahib -	Word used to respect someone (like 'Sir')
Krishna -	A Hindu God
Lacs -	A hundred thousand
Puja/Mantra -	Rites and Rituals

# Chapter 1

## Introduction and Literature Review

My study asks one principal question: How do strategies form in cooperatives and what are the factors that influence the formation of these strategies and changes in them over time? This question seeks to analyze longitudinally the strategy formation process which emphasizes the content (what), context (why) and process (how) of strategy making. It concerns itself as much with the formation of strategy as with the changes in these strategies. The question concerns itself with tracking the formation of strategy-in-context over the entire organizational life cycle including but not limited to the strategies at the point of emergence (origin).

### 1.1 Strategy Formation – A Broad Overview

How is strategy formed in organizations? This question has been central to the undertaking of numerous strategy scholars in the process tradition. This tradition which looks at the temporal evolution of organizations - their origin, growth, and development- has received much attention beginning with Chandler's (1962) classic work *Strategy and Structure*. Chandler's unique contribution was to focus our attention on the fact that these two factors might influence each other in a temporal dynamic.

Chandler (1962) described the history of four large American industrial enterprises and located this description in the context of growth of the larger American economy. Chandler's thesis is summarized in his own words: "Expansion of volume led to the creation of an administrative office to handle one function in one local area. Growth through geographical dispersion brought the need for a departmental structure and headquarters to administer several local field units. The decision to expand into new

types of functions called for the building of a central office and multidepartmental structure, while the developing of new lines of products...brought the formation of a multi-divisional structure with a general office to administer different divisions.” (1962, pg. 14). New strategies, which necessitated a change in structure, came in response to opportunities created by changing demographics, national income, and technological innovation and needs to employ existing resources more profitably. Structure follows strategy was the profound received wisdom.

Strategy scholars, since then, have moved to a more cyclical logic, arguing that while structure follows strategy, strategy also follows structure (Mintzberg, 1991), and that implementation can precede formulation (Burgelman, 1983; Mintzberg, 1991). For example, it has been argued that an M-form structure can also encourage greater diversification. Both of these arguments have some truth to them. To summarize, scholarship, as can be seen, has moved toward a more nuanced understanding of the interaction between formulation and implementation, between strategy and structure – one that rests on appreciating a reciprocal mechanism. Significant contributions to the understanding of strategy process have been made by several scholars (Chaffee, 1985; Fredrickson, 1983; Mintzberg, 1978; Mintzberg and Waters, 1982; Mintzberg and Waters, 1985; Mintzberg and McHugh, 1985; Pettigrew, 1985; Quinn, 1980; Van de Ven, 1992; Webb and Pettigrew, 1999). A brief review of this provided to ground my own study in previous research.

### **Different Perspectives in Studies of Strategy Formation**

Strategy scholars have addressed strategy-making from a number of different perspectives; indeed Mintzberg, Ahlstrand, and Lampel (1998) describe ten schools of



thought in the strategy formation process and have developed a “bewildering array of overlapping conceptual models” resulting in model proliferation (Hart, 1992). Lovas and Ghoshal (2000) argue that strategy process research has been neither focused nor cumulative. Some scholars have argued that theoretical pluralism is necessary for the development of the field (Bowman, 1990; Pettigrew, Thomas, and Whittington, 2002).

However, most literature reviews show that there are broadly three modes of strategy making (Chaffee, 1985, also see Allison, 1969) – rational, political, and incremental modes. For example, Mintzberg (1978) earlier identified three modes of strategy making – planning, entrepreneurial, and adaptive along similar lines. The various modes are not seen as mutually exclusive and organizations may combine two or more modes into distinctive combinations of strategy-making processes (Hart, 1992).

Broadly strategy processes have been articulated in the synoptic and incremental traditions (Camillus, 1982; Fredrickson, 1983; Johnson, 1988; Brews and Hunt, 1999). These two traditions differ in one important respect – the extent of rationality attributed to the strategy process. The synoptic tradition (Ansoff, 1965; Andrews, 1971) based on principles of rational decision making, assumes that purpose, and more importantly, integration is essential to the firm’s success. In these models there exists a distinction between formulation and implementation. As Fredrickson (1983) puts it, a synoptic process involves using a systematic method to solve an entire problem. The rational model of strategy making suggests “systematic environment analysis, assessment of internal strengths and weaknesses, explicit goal setting, evaluation of alternative courses of action, and the development of a comprehensive plan to achieve the goals” (Hart, 1992). Behavior is explained as an action consciously chosen such that it is directed to

the attainment of a strategic purpose or to solving a specific problem (Allison, 1969). The action chosen necessarily maximizes the value of consequences with respect to the goals.

The incremental tradition (Lindblom, 1959; Mintzberg, 1973; Quinn, 1980) on the other hand involves breaking the problem into sub problems that are solved sequentially. These models involve greater interaction between formulation and implementation; the two combine into a process of strategy formation. Synoptic models have been rejected (Simon, 1955, 1979; Mintzberg, 1991) for assuming separation between formulation and implementation as well as for assuming that human beings are perfectly rational with unbounded cognitive capacities, knowledge of their environment, and of the consequences of their decisions. Most of these works (Bower, 1970; Burgelman, 1983; Pettigrew, 1985; Quinn, 1980; Mintzberg and McHugh (1985); Mintzberg and Waters (1982)) have been in the form of case studies and have demonstrated that strategy formation rarely conforms to the ideal of rational decision making and is mostly incremental, fragmented, disjointed i.e. a “complex and meandering process” (Sminia, 2009). In real life managers must wade through muddy waters, bargain, negotiate, and engage in mutual adjustment to make things work out. They incrementally adapt, and muddle through; proceeding through a succession of incremental changes to the present policy to what eventually might be a winning strategy. Thus strategy making according to this perspective is a process of successive approximation to some desired objective in which what is desired itself continues to change (Lindblom, 1959). In his classic 1969 study Allison studying the “Cuban Missile crisis” showed that the same phenomenon can be explained through varied lenses – rational, incremental process, and bureaucratic politics providing further nuance to our understanding, arguing that all 3 models are only

partial depictions of reality and that reality may be better understood by integrating them or by ‘supplementing’ the rational model.

Following incremental tradition, yet asserting in a major way greater managerial purpose and proactiveness, is the view of Quinn (1981) who found that a synthesis of various power-behavioral and formal-analytical approaches more closely approximates the processes major organizations use in changing their strategies. He argues, managers seemed to consciously integrate these approaches to improve both the quality of the decisions made and the effectiveness of their implementation. He finds that effective strategies tended to emerge incrementally from a series of strategic formulation subsystems with each attacking a specific issue of corporate wide importance in a disciplined way. This suggests that organizations were conscious of “issues” that were important and disciplined efforts directed happened to be within the boundary parameters outlined by these issues. In effect, Quinn (1981) argues that in the hands of a skillful manager, incrementalism was not “muddling.” It was a purposeful, effective, proactive management technique for improving and integrating both the analytical and behavioral aspects of strategy formulation.

### **Review of Select Studies in Incremental Tradition**

In the incremental tradition, the writings of Mintzberg in particular have enriched process research. Mintzberg (1978), Mintzberg and Waters (1985), and Mintzberg (2001) argued that if strategy can be intended, it can also be realized and that strategy should be seen not so much as a plan, but as a pattern realized in a stream of actions. His first notions of strategy as pattern seem to have been derived from his readings of Allison (1969) whose ‘Model 2’ mentions the phrase “regular patterns of (organizational)

behavior” (pg. 690), that is, what the organization did (Mintzberg and Waters, 1985). Mintzberg and Waters (1985) further distinguished between deliberate and emergent strategies. The former, defined as patterns realized exactly as intended by the central leadership (ibid), meant that the intention of the CEO, his thought, was translated into deed by numerous foot soldiers down below. In this case formulation or thought of the CEO preceded implementation or action and the two exactly corresponded inasmuch as no external factors intervened in the process of implementation or so long as these factors could be perfectly controlled. At the other end of the continuum are ‘emergent’ strategies. These were defined as patterns realized despite or in the absence of intention, again, intention being defined with respect to the central leadership. The argument here was that non-deliberate actions of a group of people led to the formation of a pattern in the absence of all intention to take the extreme definition. The most extreme example cited is when the ‘environment’ ‘imposed’ a certain pattern on the organization.

To elaborate his viewpoint, Mintzberg studied various types of organizations – entrepreneurial (Mintzberg and Waters, 1982), bureaucracy (Mintzberg, Brunet, and Waters, 1986), and adhocracy (Mintzberg and McHugh, 1985). In their study of the entrepreneurial firm, Mintzberg and Waters (1982) found that patterns in the stream of decisions and actions were primarily formed on account of Steinberg’s bold vision and his ability to commit a small, young organization to bold courses of action by virtue of his control over his firm and its employees. This mode of strategy was heavily rooted in deep, first-hand knowledge that the entrepreneur had of his business and the industry of which it was a part. Obedience to the entrepreneur’s authority was almost a prerequisite for the strategies to be formed as per the vision. Personal control of the organization

meant that the strategies were ‘deliberate’ and rooted in vision, at times, intuition. Gradual expansion and diversification of the business necessitated delegation of powers to lower levels and a more divisional structure (a finding quite similar to Chandler’s) which resulted in the entrepreneur losing some of his control. This also resulted in the strategy process become more ‘formal’ and ‘bureaucratic’ and driven by analysis rather than intuition. No concrete examples of detailed activities or decisions underlying such broad organizational processes and related terms - ‘formal’, ‘bureaucratic’, or ‘intuition’ - is offered.

Similarly in their study of the Canadian NFB, Mintzberg and McHugh (1985) found NFB to be a highly creative organization where strategies were formed not necessarily according to the CEO’s strictures. The strategies were found to be mostly bottom-up and emergent and the authors call it a ‘grass-roots’ mode of strategy making. Strategies formed in a variety of ways such as from precedents set by individuals and from spontaneous convergence<sup>1</sup> of behavior of a variety of actors. The structure was much more loose and involved use of project-based teams. The creative people had much more say in what they would pursue, and frequently, they converged on specific themes based on imitation of talented others or based on popular social themes of the time, and diverged out of it as and when the environment called for abjuring focus in order to stay creative. Cycles of convergence (falling into patterns) and divergence (experimenting with new patterns) were found to characterize NFB’s evolution. Through his studies Mintzberg not only provided a new conceptual term for understanding what strategy *is* (a pattern in a stream of actions), he also redefined how people thought about intention and

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<sup>1</sup> While the notion of spontaneous convergence is appealing, one must not forget that creative directors at NFB were charged with the prime responsibility of making movies. Activity, however spontaneous in specifics, was broadly structured by the broad domain or objective of film-making.

action by providing the vocabulary to understand their relation. The prevailing notion that intention precedes action was put to test by his notion of emergent strategy which dealt with processes beyond the organization's control and which focused on learning through trial and error and feedback.

## **1.2 Human Purposiveness in Strategy: Bringing Intent Back In**

Despite major contributions, the incremental view of strategy has been censured for being too conservative in approach and in following a path that preordains managers to consider alternatives not very dissimilar from the ones that exist. It has also been criticized for coping with only remedial and short term change, ignoring agency, and reinforcing inertia (Smith and May, 1980). Etzioni (1967) criticizes incrementalism by stating that it “While an accumulation of small steps could lead to a significant change, there is nothing in this approach to guide the accumulation; the steps may be circular - leading back to where they started, or dispersed - leading in many directions at once but leading nowhere”. (pg. 387). He argues that “while actors make both kinds of decisions, the number and role of fundamental decisions are significantly greater than incrementalists state, and when the fundamental ones are missing, incremental decision making amounts to drifting – action without direction.” (pg. 388)

The notion of emergent strategy, for example, heavily emphasized how organizational outcomes were detached from strategic intent (Whittington, 2007). Guided by structuration theory's principles of paying attention to the duality of structure and agency, and how they constitute each other in interaction, Whittington (2007) criticizes process research (especially Mintzberg) for not paying sufficient attention to strategic intent. To put it in Whittington's (2007) own words:

“first by defining strategy as what the organization does, [Mintzberg] denies the sense of strategy as a kind of work that people do; second by stressing how organizational outcomes are so frequently detached from strategic intent, he reduces the strategy work to a vain, even absurd endeavor to control the uncontrollable.” (pg. 1581)

Mintzberg’s extreme focus on the ‘emergent’ at the expense of managerial intention, and purposiveness risks trivializing managerial effort and purposiveness (agency) in the formation of strategy (Whittington, 2007). One is left with the notion of organization as a rudderless ship as the phrase ‘absurd endeavor to control the uncontrollable’ suggests. Strategy making is a complex process and claiming that strategies emerged in ‘absence of intention’ disregards the many purposive and goal-oriented tasks that managers and other *actors must do* in an organization<sup>2</sup> (Whittington, 2007; Jarzabkowski, 2005) in order to accomplish the making of strategies.

While external events and processes influence strategy making they do not totally determine it. Human agency and purposiveness in organizations, though constrained, puts such external events to use for its own purposes in order to reproduce or change existing processes (Jarzabkowski, 2008; Giddens, 1979) which include strategy processes. This human purposiveness can only be understood when processes are elaborated in rich detail by decomposing them into detailed activities that underlie the phenomenon of interest, in my case, the strategy process. Once provided such detailed descriptions of human activities, it is futile to tell internal from external, and deliberate from emergent processes because they intricately intermesh transcending all such dichotomies (Jarzabkowski, 2005). The relative weight of context and individual agency is a crucial issue in investigating strategy making (Regner, 2008). Such a description must necessarily

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<sup>2</sup> I assume here that ‘organizations’ are known as such for a purpose. They are not random entities; they are structured in terms of broad goals and intentions or strategic intent (Hamel and Prahalad, 1989). Organizations are after all domains of ‘organized’ human activity (Jarzabkowski, 2005).

provide adequate room for human intentionality and the ability to creatively shape strategy at multiple levels (ibid).

To drive home this point further, Tsoukas (2009) argues that while practitioners' infusion with a particular cultural style enables consistent behavior and apparent purposefulness, "it is also true that goal-directed actions and reflexive monitoring are not only possible but systematically built into formal organizations." Tsoukas and Knudsen (2005) note that in their attempt to "conceptualize strategy processes, some researchers have tended to build models that reduce the element of human agency to a minimum, relying on selection forces rather than on human intentionality to design viable organizations and strategies. Within this stream of research, the process rather than the content of strategy is emphasized and 'emergent' rather than 'planned' strategies are highlighted" (pg. 341). He argues that while observers may retrospectively recognize consistency in actor's non-deliberate actions and label it strategic, there is nothing to suggest that actors do not act forward-lookingly. The other and equally crucial part of the story is deliberate action (Tsoukas, 2009). Thus, while the rationalistic model is criticized for being utopian, the incremental model is criticized for being too conservative, remedial, inertia-reinforcing, and possibly rudderless. This debate in strategy has continued till now<sup>3</sup> and there are few known empirical studies of strategy that successfully manage to describe a process of strategy making that can effectively combine or even transcend these two approaches in an effective way. Theoretical descriptions obtained from observation of practice especially in settings where the synoptic and incremental cohere might help in bridging this gap.

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<sup>3</sup> This is the case because the rationalistic model is normative and prescribes *what ought to be*, whereas the incremental approach essentially is explanatory and describes *what is* without necessarily suggesting what *might be effective in practice*.



Process studies have mostly preserved the Chandlerian tradition in that they have mostly described aggregate organizational processes (diversification, vertical integration, and so on) and have not probed deeper into their finer constituent activities to provide a richer understanding of the mechanisms by which strategy is actually done (Regner, 2008; Whittington 2006; Jarzabkowski 2005). A more nuanced understanding of the origin and dynamics of strategy formation requires that we connect strategy to specific activities of actors at multiple levels (Regner, 2008; Whittington, 2007) of the context.

### **1.3 The Embeddedness of Strategy**

Besides the notion of intent and purposiveness, the other important concept to consider in the study of strategy is the embeddedness of strategy in context (Granovetter, 1985). Granovetter (1985) argued in his classic paper that economic actors are bound to each other through social relations, and economic action takes place within a social context of relations to other actors – individual and organizational. After all, the notion that organizations use strategy to relate themselves to their context and to deal with changing environments is now an old wisdom (Chaffee, 1985). Yet, according to Whittington (2007) and Tsoukas (2009) process research has paid scant attention to socio-cultural embeddedness of strategy which recognizes that strategy is embedded within larger extra-organizational contexts. Though strategy process researchers have revealed the importance of organizational context, there is a need to recognize “societal embeddedness [of strategy] as well” (Whittington, 2007). By social embeddedness Whittington means, seeking connections between firm-level changes with broader, society-level changes. This is particularly emphasized because strategies can be related to events and occurrences at the macro level emphasizing the interactional nature of strategy

– its embeddedness. Embeddedness also lends strategy formation a dynamic character as it recognizes influences beyond the organization (Whittington, 2007; Regner, 2008).

To recapitulate, it seems strategy process research can be advanced by simultaneously recognizing two important features – human intentionality and socio-cultural embeddedness, both of which have received relatively little attention in extant process research (Whittington, 2007). This would seem possible if embedded character of actors and organizations is recognized. In other words there is a need to acknowledge that actions of purposive actors unfold in a particular context in which the actions are embedded. Therefore, it is not so much about strategy and context, as it is about *strategy in its context*.

While strategies of agents are purposive and goal-directed, these are also simultaneously influenced by the wider context which enables, constrains, and constitutes these actions. An embedded narrative accounts for a diverse range of influences that seize managerial attention and thereby impact firm's strategies while fully recognizing that events and influences that focus managerial attention are open to plural, purposive and subjective managerial interpretations. The word *embedded* is introduced to recognize that strategies are situated in particular contexts. Hambrick (1983) argues that strategy is situational and will vary by context. Situation provides an interpretative context for action (Brown and Duguid, 1991), that is, “any particular action derives meaning, ‘significance’, from the situation in which it is enacted” (Jarzabkowski, 2005, pg. 21).

To put it differently, it is in the interchange between deliberate processes of actors and emergent processes unfolding in the broader context that the formation of strategies may be understood. Real strategies tend to evolve as internal decisions and external

events flow together (Quinn, 1980). The processes unfolding in the larger context may include coincidental events and occurrences not foreseen by the focal organization resulting in chance alignments which may prove to be fortuitous from the organization's standpoint and may have a major influence on how strategies unfold and whether they are successfully sustained (Regner, 2005). The role of such chance alignments, or luck, arising from broader contexts (Regner 2005; Porter, 1991) is another reason why embeddedness of strategies needs more attention.

### **Review of Select Studies in Embeddedness of Strategy**

Andrew Pettigrew (1985), in his famous study of ICI, introduced the 'contextualist' approach to study of strategy formation. His study of strategic change aimed to investigate why similar change initiatives met with such dissimilar outcomes. The explanation was found in the context, the process, and the history of ICI (Sminia, 2009). His study of ICI provided a combined political and cultural view of process around a large scale study of strategic change processes (Pettigrew et al., 2002). Pettigrew and his colleagues articulated a new approach to strategy process research which combined the content, process, and context of change with longitudinal data collected at multiple levels of analysis. The theory of Contextualism views the world as a collection of events in their unique setting, acknowledging the local character of truth in both time and space (Sminia, 2009). Thus as per the contextualist method, explaining an outcome requires identifying an underlying logic that produces a specific recurrent process pattern (Pettigrew, 1990). As per this theory, actions are embedded in an organization (inner context) and socio-economic and political environment (outer context), with asymmetries between levels of context potentially being a source of

change (c.f. Sminia, 2009). The outcome is assumed to be generated by a constellation of forces that takes on the form of a generative mechanism (Pettigrew, 1992). Such a contextualist method perceives organizations less as atomistic actors making rational value maximizing decisions, and more as actors whose actions are embedded within organizational as well as socio-economic and political contexts.

An interesting illustration of this embedded strategy argument is provided by Caeldries (1996) who shows how railroad companies in the US when faced with competition from trucking companies, mounted a state and federal lobbying effort (political strategy by collectives), the purpose of which was the enactment of anti-trucking legislation, competitively disadvantaging the latter. The trucking companies, in retaliation of this supposedly anti-competitive stance, sued the railroads under the Sherman Act accusing the railroads for political activities that were deliberately anticompetitive. The Supreme Court ruled in favor of the railroads on the grounds that every organization or group of organizations has the right to petition the government, even when such political activity was anti-competitive (ibid). This clearly shows that in the long-haul freight business, laws enacted and enforced through political activity and persuasion by railroads had enabling effects on the railroads and constraining effects on trucking companies. This is a case where political action (strategy) is used by collective actors to enact a legal environment (a context) that then imposes itself upon other actors in an objective way in turn shaping their strategies.

An excellent example of embeddedness of strategy can be found in Kathleen Eisenhardt and Shona Brown's (1996) article "Environmental embeddedness and the constancy of corporate strategy." They find that Varian's strategy was crucially shaped

by the “institutional context of industry fads” that came and went over time such as M & As, core competence, downsizing etc. Strategy was also crucially influenced by personal contexts of Varian’s leaders which had an impact on the intensity and pace of strategic direction. They found that when long-term insiders of Varian got promoted to the key CEO position, they had a strong feel of the conditions at hand and were in a better position to maneuver the firm and were also keen to prove themselves by doing something extra-ordinary while at the helm. Such insiders often driven by a deliberate strategy surged ahead and employed new structures and strategies thereby bringing about tangible strategic change which was swift, comprehensive, and radical. They had a lasting effect on the firm’s market position and competencies. This was not however the case when outsiders got selected as CEO’s. The above discussion attempts to transcend the dichotomy in the strategy literature and is summarized in Table 1 below:

**Table 1**  
*Transcending Dichotomies in Strategy*

Process	Content
Action	Intention
Emergent	Deliberate
Muddling (rudderless)	Systematic/Analytic
Downplays Intent	Inflates Intent
Lindblom,1959; Mintzberg and McHugh,1985; Mintzberg,1991	Ansoff, 1965; Andrews, 1971

<p style="text-align: center;"><b>Embedded Strategy</b></p> <ul style="list-style-type: none"> <li>• Strategic Intent (Hamel and Prahalad, 1989)</li> <li>• Embeddedness of strategy-in-context (Whittington, 2007; Jarzabkowski, 2008)</li> </ul>
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To synthesize, this interaction between embedded actors and their context comprising other organizations and actors and interconnection between actors at multiple levels of analysis must therefore be the central concern if the true character of embedded strategy making is to be unraveled (Regner, 2008). Devoid of these contexts, action makes no sense. It must be noted that the quest to find meaning in action drives scholars to explore actions within their particular context. Such a description of strategy making which can inform a dynamic view of strategy seems to be rare in strategy process research (Tsoukas, 2009). As Regner (2008) argues, analysis of the micro-foundations (meaning detailed activities) of strategy dynamics and their social and cultural embeddedness would provide a potentially significant contribution to strategic management.

My research is partly motivated by the desire to take the first steps toward building a dynamic theory of strategy making in an embedded context. Strategy formation has been explored in the context of various types of organizations such as government, public agencies, private enterprises, universities. However strategy formation studies have not been conducted in the context of social enterprises which as per recent literature are unique for their emphasis on combining entrepreneurship with the desire to serve a broader social purpose. The next section elaborates the peculiarity of the context that social enterprises manifest to provide the rationale for studying strategy making in this context.

## **1.4 Social Enterprise: Pursuing Untapped Opportunities for Social Change**

### **Social Enterprises: Combining Social Purpose with a Commercial Mindset**

Social entrepreneurship typically integrates economic and social value creation (Mair and Marti, 2006). Here, the main focus is on social value, while economic value creation is seen as a necessary condition<sup>4</sup> to ensure financial viability and sustainability of the mission (ibid). It seeks to alleviate social problems and catalyze social transformation often through undertaking earned income strategies. Mair and Marti (2006) define social entrepreneurship as a process of creating value by innovatively combining resources to pursue opportunities to catalyze social transformation by meeting social needs.

Social enterprises or social ventures are the tangible outcomes of a process of social entrepreneurship (Mair and Marti, 2006). These organization forms are found among the varieties of social organizations identified as being part of the social economy (Brown, 1997). They combine social purpose with a for-profit mindset thereby providing an effective and sustainable means to cater to social needs (Seelos and Mair, 2005; Mair and Schoen, 2007) of their constituents unmet by either the state or the market. Situations where neither state nor the market is able to address social problems of large numbers of people in the community demand that community actors themselves take steps to redress their own grievances in the spirit of voluntary self-help. Examples of social enterprises organized from within the community abound in various parts of the world, especially in the US, parts of Latin America, and South Asia. They include such notable enterprises as BRAC, Grameen Bank, Sekem, Arvind eye hospital, and Mondragon and they have

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<sup>4</sup> In business entrepreneurship, social wealth is seen more as a by-product of economic value created.

attracted increasing attention in recent management scholarship (Prahalad and Hart, 2002; Prahalad, 2006; Dees, 2001; Mair, 2008; Bornstein, 2007).

### **Social Enterprises: Challenging Convention through Unique Business Models**

Social enterprises stand out for their unique business models customized to local idiosyncratic needs. They differentiate themselves from traditional profit-making, profit seeking businesses through their sustained emphasis on seeking social change by way of empowerment, participation of clients in decision making, equity in resource distribution (Johnson and Whyte, 1977; Brown, 1997) and access for disadvantaged people in the community. Typically their clients may face a variety of social problems like poverty, malnutrition, illiteracy, unequal or no access to market institutions, and exploitation which may be inadequately addressed by existing institutions within the public or the private realm (Mair and Marti, 2006; Seelos and Mair, 2005). Through their formation and ongoing value creating activities, social enterprises seek to address these social gaps and problems in ways significantly different from those of traditional firms. Such instances of social entrepreneurship may start with deeply held convictions for impactful and scalable social change and a simple idea that, at once, reflects and enacts this deeply held belief<sup>5</sup> by bypassing conventional approaches (Prahalad, 2006) and by pursuing more inclusive, voluntary, and sustainable models of development.

For example, Grameen Bank founder Muhammed Yunus discovered that poverty, an endemic problem in Bangladesh, was persistent in its presence. This was partly due to the reluctance of private and state commercial banks to make unsecured credit available to poor borrowers due to fears of them defaulting on their loans. He also found that, those

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<sup>5</sup> Grameen Bank's founder, Muhammad Yunus, deeply believed that poverty should be consigned to the realm of history.



who did get access to credit secured it under very exploitative terms from middlemen and private money-lenders, such that, revenues from their businesses went into paying usurious rates of interest, barely covering the cost of raw materials (Yunus, 2003). Thus neither the market nor the state provided a solution to this problem. Yunus' idea of floating a bank, owned by the borrowers themselves and, that would offer them unsecured credit in groups without the need for collateral, challenged the conventional wisdom and business models of commercial banks and private money-lending operations (Yunus, 2003). By placing the means of development in the hands of those who most need it, Grameen bank has adopted a middle-path to development.

Grameen Bank challenged the traditional banking wisdom that, lending to the poor is a risky and unsustainable proposition. Though compatible with a for-profit scheme, Grameen adopted a radically different business model that incorporated practices like group lending, community ownership, and social monitoring to help the poor create and manage their own assets, instead of relying on individual lending, expensive loan documentation, elaborate appraisal procedures, and asset hypothecation. Over time, Grameen bank, through its formation, and by bringing financial services to the poor, particularly women clients, has created socio-economic value by helping them establish profitable businesses to fight poverty (Mair and Marti, 2006; Yunus, 2003). Moreover it has used profits generated from its banking activities to engage in new social ventures.

Entrepreneurship in the traditional 'business sector' is quite different from that in the 'social sector' (Mair and Marti, 2006). To compare a Grameen bank whose ownership and control is vested in the hands of the very people it lends to, and whose purpose is to create socio-economic wellbeing for the community by empowering marginalized

borrowers to alleviate their condition, with a private commercial bank that lends strictly on the conventional basis of default risk, and which exists primarily to maximize the wealth of shareholders<sup>6</sup> who may neither borrow from it, nor have much say in how it is run, is to compare apples with oranges.

### **Cooperatives: A Distinctive Type of Social Enterprise, Different Strategy Formation Dynamics?**

Cooperatives, a special type of social enterprise, represent a unique business model (Anheier and Ben-Ner, 1997). Coops around the world have successfully organized in their fold numerous individuals from diverse communities making a big difference in people's lives. These ubiquitous efforts have often pulled out numerous people from the brink of poverty, illiteracy, disempowerment, and exploitation (Mair and Marti, 2006; Mair and Marti, 2009) by bringing to them a way of doing business that goes well beyond profit-maximization.

Coops are defined as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise (International Co-operative Alliance [ICA], 2009). Based on the mandated principles of voluntary self-help, open membership, democratic member control, member participation, and concern for community (ibid), coops combine socio-political goals like empowerment, member access to markets and services, securing livelihoods, preventing exploitation, with means to facilitate collective participation in economic activity. What distinguishes them from the pure profit making, profit seeking enterprises (Johnson and Whyte, 1977) are their

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<sup>6</sup> Ingram and McEvily (2007) note that private corporate firms may be inhibited from fully adopting community embeddedness by the primacy of shareholder's financial interests as a governing principle.

supposed insistence on the adherence to these founding principles<sup>7</sup>, as well as, their stated pursuit of hybrid socio-economic goals, and democratic means for achieving them.

Despite evident differences, most economists in their study of cooperatives seem to have exclusively focused on commercial outcomes such as economies of scale and scope. For example, conventional studies investigating why cooperatives form have mostly highlighted economic factors such as market failures or depressed prices (Cook, 1995). These theories tend to overemphasize an economic view of social enterprises while underplaying the role of associative factors, normative beliefs and social movement forces (Spear, 2000). While static economic outcomes are no doubt important, I focus on process to understand the dynamics by which these outcomes (such as scale economies) are produced in the first place. Process oriented explanations allow us to explore multiple rationales that go beyond conventional economic ones posited for the formation and growth of organizations. Coops may form through political and social movement like processes. For example Schneiberg, King, and Smith (2008) show how Grange, an anti-corporate movement in the US, influenced the formation of coops. Examining these processes allow us to obtain an embedded understanding of phenomena such as formation and growth within broader contexts instead of providing static, ahistorical, functional explanations (Granovetter, 1985) that strip the phenomenon of its context.

In cooperatives, market relations between a corporation and its consumers or producers are replaced with relations of ownership, control, and collective self-provision (Schneiberg et al., 2008). The dual nature of “association and enterprise” inherent in cooperatives has long been recognized by social scientists (Michelsen, 1994; Spear,

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<sup>7</sup> Of course these principles may be practiced in varying degrees by various coops which in turn might impact their effectiveness from the members’ standpoint.

2000). Michelsen (1994) argues that, two completely different rationales coexist in cooperatives' – one based on human values or communicative rationality often found in society-based organizations and another based on money and formal relations or strategic rationality found in states and markets. It is this duality that sets them apart from pure profit-oriented capitalist firms (Schneiberg et al., 2008). It is precisely because of the disparate dynamics mentioned in the preceding discussion that, recent literature in strategy suggests that social enterprises may be more “pluralistic” (Denis, Langley, and Rouleau, 2007). More specifically, what they mean is that social enterprises are explicitly characterized by multiple objectives, both, social and economic, and diffuse power distribution that allows a wide array of constituents and stakeholders to influence the nature of goals pursued and the means adopted for the same (ibid) unlike what may be expected in traditional firms (Ring and Perry, 1985).

In cooperatives, this diffusion of influence is likely facilitated by their inherent governance principle of “one member one vote” and equitable principle of surplus distribution based on patronage rendered rather than percentage of ownership held. As Ring and Perry (1985) note, private sector chief executives or boards may ignore most constituents' demands for direct input to the policy formulation and implementation processes. Since Chief executive and boards of coops serve at the pleasure of the coops' primary constituents who share a multi-faceted relationship with their organization, they can ignore them only at their own peril. By multi-faceted I mean that, the primary stakeholders of coops share multiple relations with their firm, at once being members, owners, suppliers, customers, or workers in their day to day transaction with the firm (Schneiberg, et al., 2008). Given this linkage, and consequent embeddedness of the coop

within its community, constituents demand and almost always receive the attention of their elected representatives (Ring and Perry, 1985). The primary purpose of their existence is to address a social problem and alter existing social structures. These dynamics in social enterprises, as gleaned from the discussion above, differ from the very nature of strategy as usually understood (Denis, Langley, and Rouleau 2007) in terms of the primary pursuit of economic value (Mair and Marti, 2006) and hierarchical control of the means by which goals are pursued (Ring and Perry, 1985).

Recent research on coops suggests that these core principles of cooperatives may be sustained as an internal source of differentiation and strength in effective coops (Ingram and McEvily, 2007). Differentiation of coops from traditional enterprises through cooperative values is promising because it is derived from fundamental differences between coops and for-profit enterprises (ibid). In these enterprises, needs of members are paramount. Given their democratic set up, the expression of these needs through members' voice and participation in decision making assumes enormous salience, potentially opening them up to bottom-up processes. This is especially likely to be true in the case of those vibrant coops which have withstood the vagaries of time, in part due to their adherence to these values and principles. Therefore coops' principles of operation, arguably opens them up to social values and democratic bottom-up processes (Knapp, 1957).

To summarize, strategy making in coops is likely to be influenced by their members' voice emphasizing social needs, often unmet by market forces. They are also likely to be influenced by pluralistic democratic and political processes that unfold at multiple levels, given the likely overlap that members' elected representatives may have

on boards of coops and other political structures to which they concurrently belong. This socio-political linkage serves to blur the great divide between the public, private, and citizen sectors (Mair, 2008), making strategy making in coops greatly embedded in the surrounding context (Ring and Perry, 1985).

Further underscoring the embedded nature of social enterprises, Mair (2008) notes that, where and when social entrepreneurs operate affects what they do and how they do it. It is the local context that shapes opportunities for social entrepreneurship and determines strategies and tactics employed (ibid). It is a process resulting from continuous interaction between social entrepreneurs and the context in which they and their activities are embedded (Mair and Marti, 2006). Therefore it needs to be understood in light of the social context and the local environment (ibid).

### **Gaining Insights into Embedded Strategy Making in Coops: Origins and Development**

In light of the preceding discussion, I reiterate that, since the very nature of their strategy formation process may be qualitatively different (Ring and Perry, 1985; Denis, Langley, and Rouleau, 2007), a richer understanding of the strategy process characterizing the evolution of social enterprises is needed starting from their beginnings through their growth and evolution over time (Denis, Langley, and Rouleau, 2007; Garud and Van de Ven, 2006). The need to understand better “*how*” strategies are formed in thriving coops and social ventures that support the livelihoods of millions of poor and disenfranchised (Mair and Marti, 2009) in order to draw lessons from their successful evolution cannot be overemphasized especially given the broader concern with securing the livelihoods of large numbers of people in developing and under-developed nations.

Longitudinal studies of strategy making and its embeddedness in extra-organizational contexts (Whittington, 2007; Pettigrew, 1985, 1990) are essential, both to glean insights into processes by which social ventures are created (Dorado, 2006; Mair and Marti, 2006), and how a social entrepreneurial process of “value creation” (Mair and Marti, 2006) embedded in context (Mair, 2008; Granovetter, 1985) unfolds over time. Longitudinal studies of strategy process must logically encompass the temporal evolution of the enterprise right from its origins through its different phases of growth and development to describe and account for how some entity or issue develops and changes over time.

Understanding processes entails explication. An explication of the founding processes (origin phase) is crucial to our understanding of the becoming of organizations. It is both interesting and useful to understand and analyze the dynamics of emergence of organizations that is, the strategies that are used in actively constructing organizations because such an analysis provides ‘relevant context’ to scholars to make sense of any and all future strategies made during the organization’s evolution. Another important reason to study the origin phase of organizations is to understand continuity. The secrets of present and future are often hidden in the past and in the origins. To understand a process in its entirety, one has to understand how the process originated in the first place. Moreover studies of origins may be important for understanding how organizations develop a sense of strategic direction into the future. The study of emergence is even more relevant in the case of people’s organizations which impact directly large numbers of people through their formation and where substantial numbers of people may be involved in the construction effort, making the process more visible.

According to Romanelli and Tushman (1986), if the past strategies have a bearing on the present, then it is logical to investigate the processes of strategy formation beginning with the earliest phase of the organization's existence, its founding. Therefore, the strategy that an organization first adopts may circumscribe later change (Boeker, 1989). Similarly Zald (1988) argued that an organization's founding history is crucial to its future development and that "organizations can only be understood in light of their early phases and subsequent evolution" (Boeker, 1989). Kimberly (1979), while noting the importance of the founding event, argued "the conditions under which an organization is born and the course of its development in infancy have important consequences for its later life".

Strategies at origin (as in later phases) unfold in particular contexts. These contextual situations at founding provide the raw materials for enactments (Stinchcombe, 1965). Therefore a study of the strategies at origin must necessarily be placed in a larger context thereby explicating micro-macro linkages considered crucial to the advancement of social theory (Samra-Fredricks, 2003). The above assertions firmly establish the need to study an organization's evolution beginning from its very origins.

However, with a few exceptions, strategy formation research, in its quest to understand how organizations form strategies, has unfortunately forgotten an equally crucial question – how are the strategies for organizing firms during their origins formed? The studies of strategy formation have ironically proceeded after the formation of firms – a phenomenon that by itself involves strategizing.

Take for example, the work on strategy formation done by Mintzberg (Mintzberg, 1978; Mintzberg and Waters, 1982; Mintzberg and McHugh, 1985; Mintzberg and



Waters, 1985). In their work spanning more than 3 decades and summarized in the book “Tracking Strategy,” Mintzberg’s (2007) rendition of the strategic process during the firm’s origins, deals with the subject in a much too casual manner. The phenomenon of formation (or ‘initiation’) is reduced to a rather simple process of visioning where the vision may be formed before the organization is formed, the vision may be imported from someone else, or the vision may be elaborated as the organization is formed. Absolutely nothing is mentioned about the hard labor of entrepreneurs and others that go into the brick-and-mortar formation of organizations from visions and ideas to *real* firms – that is, the organizing strategies at ‘initiation’ remain unexplored. It is assumed that vision gets automatically translated into a full-fledged organization that then starts making strategies. Attempts to explain evolution, I argue, must not, neglect the origins. It needs no further elaboration that studying the strategies at the point of origin (during the firm’s founding) constitutes a gaping hole in the extant research and should be a central undertaking in the broader endeavor to understand strategy formation in organizations. To summarize, the process depicting the origins of a social enterprise within its context, and the process of socio-economic value creation in social enterprises is under-researched (Mair and Marti, 2006; Mair, 2008; Tsoukas, 2009) and awaits in-depth narration. Through my research I hope to address these gaps in strategy literature.

## **1.5 Research Question and Dissertation Plan**

The questions guiding this research based on the focused literature review above are:

- 1. How are strategies formed in cooperatives during their origins and subsequent growth and how does the embeddedness of strategies in broader extra-organizational contexts shape their formation?**

## **2. How can strategy formation process be narrated so as to account for both human purposiveness (intent) as well as embeddedness in broader contexts?**

This dissertation is organized into seven chapters. The second chapter provides a focused discussion of key theoretical concepts from two literatures: social movement and strategy formation. These concepts located in the literature are then used to inform my analysis of strategy formation in a cooperative spanning its development over time – both its origins and its further growth over time. To explain strategy formation at the time of origin, or, more specifically, to explain the formation of strategies implicated in the cooperative's formation, I draw on social movement theories. To explain the strategy formation process implicated in the growth, diversification, and mature growth stages, I draw upon key concepts from strategy formation and strategic intent literature to lay the foundation for a dynamic view of strategy formation.

Chapter 3 provides a detailed overview of the methodology. It provides a justification for undertaking this study in view of the research question that I set out to answer. It also describes the methodology used for answering my particular question. It details how the various types of data were collected as well as how access to these data types was negotiated. I provide an overview of the research protocol followed by me in obtaining the data (see Appendix 1) and the data collection procedure and how the data was analyzed.

Chapters 4, 5, and 6 lay out the results and findings from my study in a descriptive narrative form. These chapters provide intricate details in a narrative case study format necessary to contextualize how strategies gradually formed over time. Chapter 4 deals with the origins of AMUL and its early growth phase spanning the time

period 1945-1954. It describes the trials and tribulations of initiating an enterprise from scratch and how social entrepreneurs negotiated this process of managing the survival of the nascent enterprise.

Chapter 5 deals with a period during which AMUL diversified from the business of milk collection and pasteurization, to the manufacture of milk products. Set in a turbulent context of AMUL facing a milk surplus due to unpredictable state policy and a national context of a foreign exchange crisis, this chapter narrates how AMUL managed to turn a crisis into an opportunity for growth. It describes how AMUL succeeded in its efforts to become independent of a monopsony for its survival and how the government, its agencies, and inter-governmental organizations significantly supported AMUL in its ‘self-sufficiency’ endeavor opening the doors for a string of product innovations.

Chapter 6 describes a phenomenal period (1961 – 1970) during which AMUL achieved extraordinary growth partly due to its ability to creatively initiate and scale-up numerous innovative services. The development of the rural context and their upgradation in terms of adoption of services provides the central context for this chapter. The chapter shows the special role played by the middle management as well as boundary actors in their effort to bring the fruits of technological innovation to the members of AMUL. It demonstrates how the extraordinary formulation and implementation of these service strategies led to spectacular growth of AMUL in terms of milk collection, conversion facilities, as well as membership. The focus is on how boundary actors (especially veterinarians) were able to creatively embed themselves and the strategic initiatives in a rural context. It describes how boundary actors played a pivotal role by diffusing essential services to AMUL’s members and how such efforts provided the basis

for member engagement and loyalty in AMUL while lending the ‘boundary actors’ their priceless identities.

The thesis finally concludes with Chapter 7. It provides the empirical and theoretical contributions made through my empirical study. It shows how this study can be of use to managers and other practitioners and concludes with broad suggestions for future research.

## **Chapter 2**

# **Toward a Dynamic View of Strategy Formation - A Theoretical Model**

In this chapter, I theorize the strategy processes that underlie a cooperative's evolution over time, embedded in its context. I seek to illuminate the embedded strategy processes that underlie its creation<sup>8</sup> (origin), early growth, diversification, and further growth. I accomplish this in two steps. In the first step, I conceptualize the strategies underlying the creation of a cooperative, using strands of social movement theory. In the second step, I conceptualize the strategies underlying growth, diversification, and further growth using concepts from strategy formation, and the notions of strategic intent and embedded strategy to construct a dynamic, multi-level model of strategy making in cooperatives.

The process of creation of new organizations is understood as a social-entrepreneurial process (Mair and Marti, 2006). Theories on social movements may contribute to our understanding of the process of creation of social enterprises. To better understand how social enterprises come into being, we need to direct our attention to embeddedness of processes – the continuous interaction between social entrepreneurs and the context in which they and their activities are embedded (Mair and Marti, 2006). Since coops and alternative organizational forms often emerge out of social movements (Schneiberg et al., 2008; Haveman, Rao, and Paruchuri, 2007; Lounsbury, Ventresca, and Hirsch, 2003), I draw on social movement theory (McCarthy and Zald, 2009; McAdam, 2003; McAdam, McCarthy, and Zald, 1988; Jenkins, 1983; Tilly, 1978; Jenkins and Perrow, 1977; McCarthy and Zald, 1973) to explain the strategy process implicated in the creation of coops embedded in context.

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<sup>8</sup> In traditional entrepreneurship research, the phrase start-up has been used to describe the origins.

The second section of this treatise, addresses the concern with social embeddedness of strategy making (Whittington, 2007), which systematically connects organizational changes with extra-organizational contexts (Tsoukas, 2009). It builds on strategy process literature (Mintzberg, 2007; Mintzberg and McHugh, 1985; Mintzberg and Waters, 1985; Mintzberg and Waters, 1982; Pettigrew, 1985; Webb and Pettigrew, 1999; Pettigrew, Thomas, and Whittington, 2002; Barnett and Burgelman, 1996), the notion of ‘strategic intent’, and ‘embedded strategy’ to lay out a model of strategy formation in cooperatives. This model borrows concepts from strategy formation literature, from the process studies of Lovas and Ghoshal, 2000 and Burgelman (1983, 1991) as well as the key notion of ‘strategic intent’ to help us better understand the micro-macro interactive dynamics that underlie strategy making in coops once they are created. The objective here is to provide insights into embeddedness of strategy making in extra-organizational contexts (Tsoukas, 2009; Whittington, 2007) by depicting the rich interplay between deliberate and the emergent processes unfolding at both micro and the macro levels of analysis. By doing so, I hope to advance a model of embedded strategy making for coops that recognizes the import of strategic intent and the importance of embeddedness of strategies - interactions between deliberate and emergent processes at multiple levels of analysis in the formation of strategies to build and expand existing strategy process studies (Tsoukas, 2009; Whittington, 2007).

## **2.1 Social Movement Theories and Strategy Processes underlying a Co-operatives Creation**

In this section I draw on specific concepts in the social movement literature to illuminate how purposive efforts of social entrepreneurs interact with the elements of the

larger socio-political context in the creation of coops. The focus in this section is on the embedded dynamics underlying the entrepreneurial process of creation of coops. I call these dynamics embedded (Granovetter, 1985) because it involves entrepreneurs whose activities and strategies unfold within a larger socio-political context. The activities undertaken involve the combination of resources – social, material, and political - obtained or created by entrepreneurs from disparate sources. It is through the dynamic interaction between their resource combining activities and the larger socio-political context that social enterprises come to be formed (Mair and Marti, 2006). This social-entrepreneurial act of creation, involves innovatively combining disparate resources that the entrepreneurs often do not possess to address a social problem by drawing upon opportunities perceived in the context (Mair and Marti, 2006).

Specifically, in this section, I argue that the process of origin of coops can be understood as being embedded in a specific socio-political context which affords opportunities through structural changes (Noonan, 1995). To elaborate, the context might involve political shifts or events perceived as opportunities which social entrepreneurs leverage by combining various resources in their effort to create something enduring. I argue that the strategies for creation involve using informal ties of kinship and activism to potential members, to extract grass-roots commitments from them to provide both material support and loyalty. The strategies for creation also involve activities that connect constituent members to powerful political leaders by extracting support and patronage from the latter. What is salient in the creation process is the social mechanism by which individual action is aggregated into collective conditions and structures. I use an umbrella term organizing strategies to refer to social mechanisms mentioned above,

namely, perceiving opportunities, extracting grass roots commitment through informal ties, and extracting political support from powers that be. I argue that these strategies are more likely to be successful when economic and political structures are undergoing major upheaval (Noonan, 1995) and interpreted as opportunities. Moreover these strategies are likely to be successful when the strategies emerge naturally from existing grievances, and when they are embedded in existing communal networks and their connections to strong political allies at the macro level through the work of social entrepreneurs. In the discussion that follows I will draw upon two major traditions in social movement theory. These are the political opportunity and the resource mobilization perspectives. These two perspectives are briefly reviewed for clarity below. I structure my discussion to include only those concepts from these two traditions which illuminate the data from my fieldwork in order to build a theory to explain the strategies during creation of coops.

### **Political Opportunity Processes Facilitating Cooperative Emergence**

In this discussion, I will elaborate on four major concepts which the political opportunity perspective depends on - political openness, context of previous mobilization, policy shifts, and party organization. The political opportunity perspective has its roots in Eisinger's (1973) comparative study of American cities that witnessed riots in the 60s. This line of research was guided by the conviction that social movements are shaped by broader political constraints and opportunities unique to the national context in which they are embedded (McAdam, McCarthy, and Zald, 1996). It emphasizes the interaction of entrepreneurial efforts with context (Meyer and Minkoff, 2004), the key recognition being that, the social entrepreneur's prospects for advancing



particular claims, mobilizing supporters and influencing policy are context dependent (Meyer, 2004).

The structure of political opportunity has been defined as the vulnerability of the political system to organized protest by challenging groups (McAdam et al., 1988). Tarrow (1994) defines structure of political opportunities as dimensions of the political environment that provide incentives for people to undertake collective action by affecting their expectations for success or failure. The appeal of the structure of political opportunities has been to highlight issues that relate to the question: under what circumstances (when) do social movement (or protest) activities emerge and social movement organizations form and what are the likely forms that popular contention might take (Kriesi, 2004)? The primary point of this approach is that activists do not choose goals, strategies, and tactics in a vacuum and that the political context conceptualized fairly broadly, sets the grievances around which activists mobilize (Meyer, 2004). Proponents of the political opportunity perspective have noted that the timing and outcome of mobilizing efforts depends largely on the opportunities afforded insurgents by the shifting institutional structure and the disposition of those in power (McAdam, 1996). While there are widespread disagreements among scholars as to the specific dimensions that constitute structure of political opportunities, there are a few dimensions of this concept that have been more frequently invoked and are relevant for my specific purposes.

### **Political Openness as Impetus to Action**

Opportunity is affected by political openness (Tilly, 1978). The creation of coops is often a part of a wider movement for social empowerment (Schneiberg, et al., 2008).

These movements may entail the use of popular repertoires of contention (McAdam, Tarrow, and Tilly, 2001) like petitions, strikes, and boycotts by farmers, workers, or other constituents to challenge the existing system (Schneiberg, et al., 2008). These contentious strategies express dissatisfaction with the status quo and may involve a rejection of the conventional organizing principle based on private ownership, hierarchical authority, and uneven resource distribution (Whyte and Blasi, 1984; Schneiberg et al., 2008). The political environment in which repertoires aimed at promoting unconventional solutions are deployed is crucial for outcomes (Meyer and Minkoff, 2004). For example, McAdam (1982) contends that civil rights activism emerged strongly when external circumstances provided sufficient openness to enable mobilization. I focus on political openness (Tilly, 1978), recognized as a key factor in opportunity (Meyer and Minkoff, 2004). It is defined as the degree of receptivity or vulnerability of existing political system to challenge.

This concept recognizes that favorable changes in political opportunities over time may lead to perceptions of hope that encourage action (McCarthy and Zald, 2002). Such changes open up possibilities for enacting strategies necessary for creation of coops. Tilly (1978) observed that the frequency of contentious strategies bears a curvilinear relation with political openness. Contentious strategies were more likely when political shifts and major political events caused the political structure to move from being closed and less tolerant to being open and slightly more tolerant (Tilly, 1978; Meyer, 2004). For example, McAdam (1982), through his longitudinal study of civil rights movement, demonstrated that large scale shifts like collapse of the cotton economy, black migration and voting, demography, and a decline in number of lynchings, provided a favorable climate for African Americans to organize, and the government to be more receptive to

claims about racial justice. Strikes/protests are less likely to occur, and even less likely to be successful when the government is expected to brutally crush such tactics. Also, weakness of the state in the face of major upheavals such as a World War in my case and shifts in political power due to processes of creation of new nation states may be perceived as manifestations of greater openness.

In my particular case, the release<sup>9</sup> of political prisoners connected to Indian National Congress – Sardar Patel, Morarji Desai, TK Patel, and others - immediately after the end of the Second World War signals political openness (see Chapter 4). The War caused a major political and economic upheaval in Britain rendering the British Indian Government weak and vulnerable to popular resistance through non-violent campaigns and was forced to negotiate on matters relating to autonomy (Chapter 4). It is during these states of vulnerability that opportunities for the deployment of contentious repertoires are perceived as being available. As discussed in Chapter 4, Britain's decision to quit India, and processes set in motion for building India as a nation state, such as formation of interim government by Indian National Congress soon after to facilitate transfer of power, manifest a movement toward a greater degree of openness in the political environment (see Chapter 4). Also, the repeated acts of non-violent, non-cooperation, following Gandhi's call of 'Quit India' in 1942, weakened the British Indian Government internally, making them more vulnerable to protests.

I argue that these shifts in the broad political structure partly contributed to the vulnerability of the government in the wake of the strike called by the dairy producers.

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<sup>9</sup> The release of political resources not only signals openness, it also make available the potential for organizing to take place.

This is manifest since the government was forced to negotiate with and agree to producers' demands for their own coop, as discussed in Chapter 4.

### **Context of Mobilization**

The second concept I focus on is previous and ongoing context of mobilization in one or more domains which creates a demonstration effect, strengthening the sense of possible political efficacy and enhancing subsequent mobilization (Meyer, 2004) in other domains. A context of mobilization may affect organization formation indirectly by creating political and institutional climates favorable to entrepreneurs and organizers (Schneiberg et al., 2008). Schneiberg et al. (2008) study the broad political struggles over U.S. economic order and depict how cooperatives emerged from ongoing movements of agrarians and independent producers who opposed corporate consolidation.

Previous and ongoing acts of successful mobilization in the wider domain may provide an enabling context and model for entrepreneurs to emulate. For example, Costain's (1992) analysis of women's movement in the US points out how the success of the black civil rights movement legitimated and emboldened women's activism. Likewise Tarrow (1989) found that historical precedents of initial mobilization of one constituency provided enabling conditions for other constituencies to mobilize as well (Meyer, 2004). Schneiberg et al., (2008) argue that the cooperatives and mutuals were positively affected by the Grange - a leading anti-corporate movement in the United States – which fostered their formation.

In my case, I point out in Chapter 4 that the Patidar peasants across Gujarat had available to them a context of previous mobilization – a history which they invoked repeatedly against injustices. Peasants had systematically organized revolts against

economic injustices throughout Gujarat resorting to peasant Satyagrahas in the Gandhian tradition (refer to Chapter 4). Some of the most famous Satyagrahas in India, mostly against extortive taxes imposed on land and farming enterprises, were organized in Gujarat such as Kheda, Borsad, and Bardoli Satyagrahas all of which provided a prior context and a model for future mobilization in various essential domains including milk and salt. Related to this is the prior history of institution building. In my description I note how Patidars benevolently contributed to the creation of social goods in various domains representing rural interests especially in the Charotar region to realize the elite vision of economic independence for rural peasants.

### **Policy Shifts over Time**

The third political opportunity concept I focus on from the point of view of creation of the enterprise is ‘policy shifts’. Shifts in policy may occur due to a new government with different ideology being voted in power or an existing government being forced to enact such shifts due to public opinion. For example McAdam (1982) shows that the sustenance of the civil rights movement was facilitated by favorable policy shifts, US Supreme Court or general judgments, as well as, enabling legislations. In Chapter 4, I show how the capture of power by the Indian National Congress at the district, state, and federal levels, resulted in pursuit of a broad socialistic policy of self-sufficiency in which the notion of rural and people-centered development was held to be salient. This is evident from the government announcing a policy of supporting the formation of coops in agricultural sector, providing special sops and incentives to coops during their start-up period including higher prices, reserving parts of the agricultural

sector for coops at a later stage, and finally banning imports of essential food commodities to enact self-sufficiency.

### **Availability of Organizing Structures**

Finally the availability to entrepreneurs of a party organization with previous experience greatly facilitates creation of organizations. The availability of such political resources may signal an “opportunity” to entrepreneurs to use existing networks that such organizations provide access to. Such organizations constitute social-organizational resources that might be socially appropriated by leaders for various purposes including facilitating the creation of organizations. Prior research suggests that these entities may be “organization- generating organizations” (Stinchcombe, 1965) that foster cooperatives in their efforts to establish alternative economic orders (Schneiberg et al., 2008; Rothschild and Whitt, 1986). For example, in my case, the availability of party organization, specifically branches of the Indian National Congress at the taluka, district, and state levels with connections to youth Congress political activists and social workers provided the potential for the difficult task of organizational creation as these activists and their networks could be appropriated by social entrepreneurs like TK Patel in mobilization efforts (refer to Chapter 4).

The structure of political opportunities provides an alignment of the right circumstances that may catalyze mobilization for the purpose of organization creation; it is important to recognize however, that contextual shifts, only facilitate or enhance the likelihood of collective action, they do not cause them. Metaphorically, this may be understood, as one would forest fires. Dry leaves and searing heat do not, by themselves, cause forest fires; but they do provide the enabling context for such a fire to be started.

Yet, at the cost of sounding banal, it can hardly be overemphasized that “forest fires” seldom occur during the rainy season. Conditions matter. Political opportunities are a necessary prerequisite to action (McAdam et al., 1996).

### **Resource Mobilization and Creation of Cooperatives**

Though political conditions provide the potential for organizing, this potential is enacted through the difficult tasks of entrepreneurship. In the absence of effective organization – formal or informal – political opportunities are not likely to be seized (McAdam et al., 1996). In the next section I will argue that these tasks include perceiving structural conditions as opportunities for amplifying grievances, recruiting a variety of participants through interpersonal networks of kinship and common interest, and mobilizing resources both economic and political.

Only when entrepreneurs perceive a mix of conditions as an “opportunity” do they enact the opportunity by taking actions to realize it. The actions taken by entrepreneurs involve communicating their beliefs about opportunities (Elster, 1989) to those who will lend their time and attention. It also includes physically recruiting, initially, those like-minded friends, co-entrepreneurs, and colleagues with whom the entrepreneur shares familial or kinship linkages or linkages of common interest in enacting change. It involves actions directed towards garnering a variety of resources from diverse stakeholders and combining them for the purpose of organization creation.

These resources, besides money and labor, also includes getting the support of political elites, loyalty of constituent members, and the financial backing of investors whether they be beneficiary or conscience constituents (Goodwin and Jasper, 2009; McCarthy and Zald, 1977). While prior theories located the resources that were

mobilized largely within the aggrieved or beneficiary constituency, Resource Mobilization theory locates resources in the larger society, including government institutions and conscience constituencies (McCarthy and Zald, 2002). Following previous research, ‘beneficiary constituents’ are those people who stand to benefit directly from a successful outcome such as success of the enterprise, while conscience constituents are those who do not stand to benefit directly and may invest for reasons ranging from altruistic to relational. Social entrepreneurs look for support from a wide variety of actors including government institutions at the local, state, and national levels. This may take the form of lobbying elite actors who control these institutions for favorable policies, grants, contracts and the like. Resource mobilization and recruitment are therefore a crucial part of the repertoire of entrepreneurial action and explain how an organization emerges from fuzzy visions and ideas into ongoing, enduring entities.

A brief discussion follows emphasizing three concepts related to ‘resource mobilization’ which I find most relevant for my case. These are the concepts of amplifying grievances for enhancing the effectiveness of organizing, recruitment of organizers and members using informal ties of communal kinship and common links to political structures, mobilizing support of political elites to benefit constituent members through brokerage. I briefly explain these concepts below.

### **Effective Organizing: The Role of Social Entrepreneurs**

The physical effort put in by social entrepreneurs entails coordinating an effort of campaigning and mobilizing people at the grass-roots by calling them to action, and urging them to contribute their varied resources such as funds, skills, labor, and loyalty.



This is the task of mobilizing resources and recruiting people's energies and commitment to the tasks and goals that are agreed upon through negotiations.

The resource mobilization perspective is concerned with the variety of resources that must be mobilized, techniques of mobilization, the linkages of entrepreneurs to other groups, and their dependence upon external support for success (McCarthy and Zald, 1977; McCarthy and Zald, 2002). It recognizes that the simple availability of resources is not sufficient; coordination and strategic effort is required in order to convert available pools of individually held resources into collective resources (Edwards and McCarthy, 2004). Applying the resource mobilization perspective to the creation of a social enterprise, I assume that the creation and initial sustenance of an enterprise is likely to be successful and to get grassroots support if the efforts at creation are effectively organized by rooted entrepreneurs, linkages to community and political structures are leveraged, and the efforts are blessed with the power and resources of established elite groups (Turner and Killian, 1972). I build on this central assumption of resource mobilization perspective in the discussion hereunder by further elaborating processes that effective organization entails. I also highlight the importance of entrepreneurs building and using their interpersonal connections with community members and with powerful elites to benefit members using political strategies of brokerage.

### **Rootedness of Social Entrepreneurs and Member Recruitment**

Social entrepreneurs often happen to be people deeply embedded within the communities that they seek to transform. Without an understanding of community issues, acts of social entrepreneurship can seldom flourish. Their embeddedness provides them a deep

understanding necessary in order to be able to articulate community issues meaningfully as well as to provide specific solutions to local problems (Mair and Marti, 2006).

Significant cooperative efforts are often kick-started by individuals with other-regarding virtues (Hrdy, 2009). The reputation of such actors, built upon a history of previous interactions, is not insignificant or invariant. Tsoukas and Knudsen (2002) point out that, to assume that agents are homogenous or invariant in terms of their other-regarding virtues<sup>10</sup> is a myth that needs to be discarded. To signal what type of an agent one is, is of great importance to the outcome of social processes (Tsoukas and Knudsen, 2002). Social entrepreneurs and their partners may often be persons who come to be regarded for their genuine concern about, and immersion in, the community they serve which is reflected in a concept I call “rootedness.” Their rootedness in the community, allows them the ability to empathize with what people in the community might be experiencing and the capacity to perceive and articulate for them what the situation is and how it ought to be dealt with. For example, Dr. Yunus derived his deep understanding of social needs through his rootedness in the village community of Jobra in Chittagong (Yunus, 2003). It is this rootedness which lends social entrepreneurs a familial appeal in their community. This is even more the case when the community in question has available inter-penetrating ties of kinship (McCarthy, 1996).

Attempts by such trustworthy entrepreneurs and organizers to recruit in closed groups such as networks of kinship and village communities may often be seen as genuine attempts made by these people to alleviate community issues. People show a

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<sup>10</sup> For instance I was repeatedly told that TK Patel was a man of great virtue which he had demonstrated through his life of public service and social work towards his community. His reputation as a devout Gandhian and a dedicated social worker working tirelessly for social change is in no doubt and not one that is perfectly substitutable by an anonymous agent. His identity as a Gandhian meant something to the community and the reputation deriving from this history definitely helped initiate mobilization.

willingness to cooperate with those who have a reputation for trustworthiness (Ostrom, Burger, Field, Norgaard, and Policansky, 1999). More importantly, groups of people who can identify one another are more likely than groups of strangers to draw on trust, reciprocity, and reputation (Ostrom et al., 1999) in an effort towards mobilization and recruitment. Schneiberg et al., (2008) point out that, costs of ownership are low for stable, homogenous groups, in which long standing relations prevail and community or common culture is strong. Thus recruitment attempts made by leaders and organizers rooted in their community may be seen as mobilizing attempts by familiar insiders. Therefore rootedness of entrepreneurs in their community allows them a measure of reputation, trustworthiness, and credibility in their personal efforts to kick-start a process of organizing.

### **Amplifying Grievances for Mobilization**

It is necessary to recognize that effective organizing requires that potential participants be convinced in a way that they perceive the problem/situation as severe enough to warrant participation in the ongoing effort. Effective organizing by entrepreneurs includes at the minimum, amplifying grievance or discontent to provide impetus to collective action. The basis for amplification may be provided by institutionalized political structures<sup>11</sup> (McAdam et al., 1996) and are meant to heighten collective awareness of the situation to impel action.

McCarthy and Zald (1977) argue that grievances and discontent are secondary and may be manufactured by entrepreneurs. This is not to say that the extant grievances

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<sup>11</sup> These could be organizing forums like political party, joint committees, neighborhood meetings etc.

are secondary to emergence of collective action as McCarthy and Zald (1977) claimed<sup>12</sup>. In a more recent paper they point out that both as a rhetorical strategy of distinguishing RM from grievance-based approaches and as a way of sharpening the focus on mobilization both grievances and their articulation was largely ignored (McCarthy and Zald, 2002). They also point out that entrepreneurs attempt to define the issues for specific and general audiences and when successful they enlarge and intensify the sentiment pool (ibid). What this means is that, successful entrepreneurs use their ability to articulate issues for relevant constituents to amplify grievances and enhance the number of people committed to the mobilizing process. It is hard to pretend that grievances are secondary, especially under circumstances<sup>13</sup> where mobilization for organization creation occurs partly based on the concern for the livelihoods of a multitude of people. For example Grameen Bank was formed partly in response to the perceived exploitation by money lenders of peasants, workers, and artisans (Yunus, 2003) – a genuine grievance articulated by Yunus who was embedded in the ‘Jobra’ community. Mobilizations for creation of organizations may emerge proactively as a collectively expressed grievance to a perceived social problem or reactively to a threatened change to a way of life (King and Soule, 2007).

By taking a more conservative view on grievances and their manufacture, I seek not to trivialize grievances, only to include its amplification within strategies of effective

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<sup>12</sup> McCarthy and Zald (2002) accept that the scope conditions of RM theory as originally formulated were not well articulated. The theory, although stated in fairly general terms, was in fact ‘designed to focus on dynamics of social movements in contemporary American society’. In an ever-affluent American society at the time, grievances seemed secondary to explaining recruitment and mobilization.

<sup>13</sup> I move away from the predominantly psychological conception of grievances (originating inside people’s heads) to a more social and structural understanding – a conception that rests on the possibility that grievances may be “suddenly” and “objectively” imposed on collectivities by institutional elite actors outside the collectivity. Unjust government policies suddenly enacted may have objective effects especially as they originate outside people’s heads and make their impacts felt structurally in the form of a threat.

political organizing by entrepreneurs and co-entrepreneurs in the community. This cadre of social entrepreneurs need not be outside organizers (see Jenkins, 1983) in the sense that they belong from outside the community in which mobilization occurs. They could be people entrenched within the community and who have performed multiplex roles – social work, political activism, and similar other work - giving them prior experience with organizing work, and credibility as organizers who can speak on behalf of the community. This ‘speaking on behalf’ involves an amplification of community concerns and deprivations. I claim the amplification of grievance to be central to the mobilizing efforts of entrepreneurs (Jenkins, 1983).

Such amplification is accomplished by casting the micro struggle in macro terms that can be understood by large numbers of people, especially in informal group settings. To elaborate, this may involve persuading potential members through communication in group meetings that the grievance currently experienced is a result of structural conditions at a more macro level which threatens people’s livelihoods. Only “system attributions” afford the necessary rationales for movement activity (McAdam et al., 1996). As I discuss in Chapter 4, in the case of AMUL, the popular grievance of farmers was expressed as a fight for economic independence against British-sponsored Polson – an articulation which amplified discontent during the famous Samarkha group meeting. British support to Polson was communicated and understood as being the central reason behind the deprivation and this understanding was utilized by cadre of political entrepreneurs in mobilization efforts (refer to Chapter 4).

### **Prior Ties and Substantial Recruitment Attempts**

A significant part of resource mobilization effort includes the recruitment of people, their energies, and their loyalties for the nascent organization. This is because people have the capacity to use other resources available and combine them into new, productive configurations. For example, a skilled person can organize an operation that involves collecting resources from members, combining these resources into some other resource which can then be marketed for a value beneficial to the members.

The supply of resources during mobilization attempts depend on the vitality of mobilization efforts (McCarthy and Zald, 2002). McCarthy and Zald (2002) note that one of the most important predictors of successful collective mobilization is whether or not individuals are *asked* to participate through serious recruitment attempts (McAdam, 2003). Since strangers initially are less likely to contribute their resources to a novel effort of organizing, social entrepreneurs routinely fall back on prior ties to their friends, family, members of their clan, and co-workers for support in their initial recruitment attempts. This is most essential because an organization, especially in its nascent stages, faces severe resource constraints which threaten its very existence. Entrepreneurs' prior ties to individuals, allows them to partly overcome this constraint by appealing to shared history, familiarity, and to community values of mutual help.

To initiate the recruitment process, entrepreneurs may initially enlist the participation of and resources from close-knit community members or extended family members by appealing to them on the basis of their relationships of trust, friendship, loyalty, and kinship. For example, Birley (1985) in his study showed that the main sources of help in assembling the resources of raw materials, supplies, equipment, space,

employees, and orders were the informal contacts of family, friends, and colleagues (Burt, 2000).

To explain the link between prior ties to actual mobilization, McAdam (2003) emphasizes the salience of “recruitment attempt.” He points out that concrete recruitment attempts made by entrepreneurs and organizers make use of prior ties to connect a potential member to the emerging organization. So it is in such concrete efforts that relational structures - prior ties - get actuated. However, it may be presumptuous to assume that “recruitment attempts” by entrepreneurs will automatically lead to participation. To unveil the process of recruitment, it is significant to point out that, prior ties, when they are being accessed during the recruitment attempt, must necessarily be suffused with some substantive content within them for them to matter in serious recruitment attempts. These may be ties infused with trust, and loyalty, and goodwill that the entrepreneurs and organizers doing the mobilization command in their community by virtue of their rootedness as mentioned earlier. Without such substantive elements, recruitment attempts may well be futile.

Entrepreneurs, in an effort to scale up the recruitment effort to other communities, may use their membership of local grass-roots institutions and informal communal structures to recruit motivated, local organizers to lend greater impetus to the recruitment effort. Such formal and informal mobilizing structures are used to spur recruitment efforts and structure collective action (McCarthy and Zald, 2002). McAdam et al., (1996) define mobilizing structures as those collective vehicles, informal as well as formal, through which people mobilize and engage in collective action. These collective vehicles include meso-level groups, organizations, and informal networks as well as grass-roots

settings – work and neighborhood in particular (McAdam et al., 1996; McCarthy and Zald, 2002). Oberschall (1973) has demonstrated the significance of communal associations in enabling mobilizations in peasant societies (McCarthy and Zald, 1977). Likewise, Doug McAdam (1982) depicts the critical role played by local black institutions, particularly churches and colleges in the civil rights movement in America. Entrepreneurs may use the same informal structures of communal kinship and village community-ship to persuade willing and able individuals to offer their special skills as volunteers. Such volunteering efforts provide the basis for offering various services to members which would otherwise be way too expensive for a start-up.

In Chapter 4, I show how the lead social entrepreneur leveraged his contacts and reputation in the local chapter of Indian National Congress - Kheda District Congress - to access his political activist colleagues who helped in the recruitment process in their respective village communities. He and his fellow organizers also accessed informal networks of Patidar kinship to reach out to motivated individuals willing to volunteer their skills for their respective village community's benefit. To summarize, successful recruitment requires prior ties be accessed and used during serious recruitment attempts and that these prior ties be substantially infused with feelings of esteem and trust towards persons (entrepreneurs and organizers) who are seen as rooted in their communities, adding a touch of familiarity and credibility to these novel attempts.

While recruitment of beneficiary members and organizers is significant, McCarthy and Zald (1977) have especially emphasized the importance of funds in the organizing effort. In social enterprises, beneficiaries are willing to avail of membership and the services that accrue with it, but are unable to pay for it (Mair and Marti, 2006).



The mobilization of funds acquires tremendous significance in such resource constrained environments (Mair and Marti, 2009) especially in poor developing countries. Once again social entrepreneurs may initially have to fall back on their own finances and those made available to them from their family and friendship networks. Since beneficiary constituents may find themselves unable to pay for the initial working capital or capital investments, entrepreneurs may turn to ‘conscience constituents’ (Goodwin and Jasper, 2009) mentioned earlier. The latter may lend for social reasons and do not expect to benefit directly from the operations. Moreover, in cases where entrepreneurs share multiple sources of identity with potential recruits, recruits are more likely to invest their funds, time, and labor in emergent organizing efforts for reasons of trust and moral propriety. A multiplex relationship is stronger, and thus, more likely built on a foundation of trust, than a relationship linked by only one tie (Isett and Provan, 2005; Garton et al., 1997).

## **2.2 Strategy Making in Cooperatives and the Dynamics of Embeddedness**

Process refers to how things evolve over time (Mohr, 1982; Rescher, 1996). Strategy process specifically tends to refer to the temporal evolution of particular organizations (Chakravarthy and Doz, 1992; Van de Ven, 1992; Pettigrew, 1992; Whittington, 2007). This section, as mentioned earlier, heeds the recent call for attending to social embeddedness of strategy making processes in extra-organizational contexts (Whittington, 2007). It builds on strategy process literature, and the concepts of ‘deliberate strategy’, ‘emergent strategy’, ‘strategic intent’, and ‘embeddedness’ to elaborate a theory of strategy making in a coop. The result is a planned-emergence theory

of strategy making that depicts the embeddedness of strategies in the interactions between deliberate and emergent processes unfolding at multiple levels of analysis. These concepts relevant to this discussion are briefly defined below.

### **Key Definitions**

To elaborate the theoretical framework underlying strategy formation, I make use of the key concepts of - strategy, deliberate strategy, emergent strategy, strategic intent, and embedded strategy. Following Jarzabkowski (2005), who builds on Mintzberg (1978), strategy is defined as patterns realized in a stream of goal-directed activities. I choose this definition to include the phrase goal-directed because, strategy must decide both, what game we want to play and then determine how to play that game well (Markides, 2001).

Intended strategy, according to Mintzberg, is what the leadership plans to do in the future. Realized strategy is what the organization actually did. Following Mintzberg (1978) and Mintzberg and Waters (1985), deliberate strategy is defined as patterns realized exactly as intended by the leader where intentions exist prior to actions being taken to realize them. Expressed in terms of the sequence of thought and action, and in terms of hierarchy, in deliberate strategy, thought or intention from the top precedes actions at the bottom. So, deliberate strategy is by definition, top-down. Moreover 'realized as intended' suggests minimal interference from external forces (Mintzberg and Waters, 1985).

Emergent strategy refers to patterns realized despite, or in absence of, intentions (ibid). The research by Mintzberg has for the most part investigated the origins of strategies paying attention to exploring the relationship between leadership plans and

intentions and what the organization actually did, classifying strategies as being either deliberate or emergent (Mintzberg and Waters, 1985). The emphasis has been on ‘emergent’ strategy, where strategies are realized through adaptation to feedback on past actions or to the environment, despite, or in the absence of intention. In this case, actions of actors in the organization precede the intention of leadership. So by definition, emergent strategy is bottom-up (for an example see Mintzberg and McHugh, 1985).

Strategic intent (Hamel and Prahalad, 1989) is defined as a strategic focal point reflecting an unreasonable ambition in relation to resources owned and, on which, efforts of individuals, functions, and businesses can converge over time. It gives employees a goal worthy of their commitment (Hamel and Prahalad, 1989). The strategic intent provides a broad sense of direction. Within it there is room for adaptation and the details of the strategic intent can be elaborated en route. I define embedded strategy as patterns that arise from interaction of deliberate and emergent processes at multiple levels of analysis. By this I mean that strategies are the result of the interaction between actions and initiatives of agents and the extra-organizational contexts and processes in which these activities are embedded (Whittington, 2007). What this means is that, while strategies of agents are purposive and goal-directed, these are also simultaneously influenced by the wider context which enables, constrains, and constitutes these actions.

In the following discussion I will focus my attention on strategic intent, embeddedness of strategy and on how strategy is formed through the complex interplay of deliberate and emergent processes that unfold at multiple levels of analysis. In order to do this, I discuss what a relatively dynamic theory of strategy formation must encompass. This discussion is informed by my readings of Whittington (2007), Tsoukas (2009), and

Porter (2001). Next, I discuss Pascale's (1984) Honda case, seen as an exemplar of 'emergent strategy'. I do this to illustrate the need to build a planned-emergent framework that will accord 'strategic intent' (Hamel and Prahalad, 1989) the importance it deserves (Whittington, 2007) while allowing spontaneous trial and error action to unfold within the realm of this broad intent. Finally, I lay out the theoretical arguments that constitute the essentials of a dynamic planned-emergent framework showing how various levels of management interact with one another and with the broader context in the strategy making process. The implications of this discussion are twofold.

One, using Pascale's (1984) Honda case, I show that emergent strategy is only a special case of boundedly rational strategy. This is so because it emerges within a broad strategic intent. Secondly, strategy making process must not be characterized using 'dichotomies' (Jarzabkowski, 2005). In fact, strategies are formed through the ongoing interactions of deliberate and emergent processes at multiple levels without being assumed to originate at a specific level as the definitions of 'deliberate' and 'emergent' assume<sup>14</sup>. These processes are reciprocal, intertwined and frequently indistinguishable parts of a whole when closely seen (Jarzabkowski, 2005)<sup>15</sup>. For example, deliberate strategies, may arise from levels lower than the top; in other words intentions may arise from levels lower than the top management before being realized. Moreover, emergent strategy can arise at the top through the interaction of top management intention and through its adaptation to the larger environment. The implication is that it turns conventional understanding of dichotomies on its head by showing that a strategy

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<sup>14</sup> Broadly deliberate strategy is taken to be top-down in formation while emergent is taken to be bottom-up. As per definition, in deliberate strategy, patterns realized are intended at the top before being realized in action by those at the bottom.

<sup>15</sup> Jarzabkowski (2005) points out that in practice, intended/emergent, formulation/implementation and similar dichotomies elide in ongoing shaping of strategy.

remains deliberate even when thought, arising from lower levels of the hierarchy, precedes action. Also a strategy remains emergent even when actions and intentions at the top interact with unpredictable processes in the wider environmental context which impinges itself on the organization. Such emergent patterns need not be bottom up or realized in absence of intention. Most importantly I focus on the interaction of deliberate/emergent processes at multiple levels which results from the unique nature of embeddedness of a coop's strategy making.

## **A Dynamic Theory of Strategy Making: Essential Prerequisites**

### **The Significance of Embeddedness**

Whittington (2007) underscores the import of the concept of social embeddedness to strategy making which Tsoukas (2009) argues has been missing from much of strategy process research. Though strategy process researchers have revealed the importance of organizational context, there is a need to recognize “societal embeddedness [of strategy] as well” (Whittington, 2007). By social embeddedness Whittington means, seeking connections between firm-level changes with broader, society-level changes. The concept may be understood, for example, in terms of the rise of neo-liberal ideology in the political sphere and the introduction of new public management in the public sector, or difficulties of strategic change within a firm such as ICI as narrated by Pettigrew (1985) which may be seen as part of a wider and problematic professionalization project within British management in the 1980s (Tsoukas, 2009).

The embeddedness of strategy making is emphasized for two reasons: 1) strategy making comes to have a more dynamic, interactive, and unpredictable character when its

embeddedness in extra-organizational contexts is acknowledged; 2) embeddedness allows organizational theorists to make sense of micro processes when these are placed in the macro. The concept helps us understand why something was happening when it was happening, and what it meant<sup>16</sup> to do what was done. Whittington (2007) points out that society suffuses actors and activities and that the miniaturist portrait should be located in the big picture of society. In other words, processes at micro levels must be seen as constituted by, and enacting the macro. This approach conforms to the larger, open-systems tradition (Scott and Davis, 2007) in organization theory which recognizes that organizations are not closed systems isolated from their surroundings. On the contrary, they shape and are shaped by their context and manifest tendencies both, social - to embrace the players, actions, and events of the larger context and political – the pursuit of multiple goals and the use of power, goodwill, influence, and politics.

Thus a more complete model of strategy formation must necessarily widen its attention to embrace the broader contexts that make organizational patterns of action possible (Tsoukas, 2009; Whittington 2007; Chia and Mackay 2007). It must recognize that strategy making in organizations is made possible through the interplay of actions of actors (practitioners) at multiple levels and the broader context which constitute actions and in which actions are embedded. Pointing to the embedded nature of strategy, Regner (2003) argues that a detailed investigation of different types of actors and activities and their specific role in strategy creation and development could contribute to our understanding of how strategy actually is made and how it relates to macro strategic change. At some level, this contextual representation of strategy making is not merely

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<sup>16</sup> Humans act on the basis of the meaning of things, meanings being created in social interactions (Cunliffe, 2010). Insofar as embeddedness of actions helps actors understand their meaning, they trigger action amongst those who “understand” this meaning in context. Embedding provides interpretive insight.

descriptive, but also prescriptive as it seeks to affirm the notion that embeddedness is imperative for strategy making to be efficacious, thereby connecting to the predominant theme that underlies the study of strategy – the notion of competitive advantage.

### **Transcending Dichotomies and Seeking Interchange: Outlining Porter's Desiderata**

Rich descriptions of embedded strategy processes, especially in pluralistic contexts, may provide raw material for constructing a model of strategy making conforming to the four prerequisites for a dynamic theory of strategy by Porter (1991). Tsoukas and Knudsen's (2005) reading of Porter (1991), suggests that this theory should "simultaneously deal with the firm and its environment", "allow for endogenous change", "make room for creative action", and "acknowledge the role of historical accident and chance" (pg. 342). Making room for creative action implies the need to acknowledge that human behavior and strategies are not situationally determined or externally enforced; they are 'intentionally chosen or constructed' (Tsoukas and Knudsen, 2005; pg. 342).

Moreover, Porter's (1991) first requirement - to deal with the firm and its environment - alerts us to the need to break free of the false dichotomies that characterize strategic management research (Jarzabkowski, 2005; Whittington, 2007) - the tendency to focus exclusively either on the firm (as in resource-based view) or on its environment (as in the positioning school) (Tsoukas and Knudsen, 2005). The way forward as suggested by Whittington (2007) and Tsoukas (2009) is to look at strategy processes as being intricately connected to the macro environment as the phrase "social embeddedness" implies. The concept of social embeddedness is both useful and interesting and yet, the least studied feature of strategy making (Tsoukas, 2009). As Tsoukas points out, strategy scholars have "focused on strategy practitioners within the organization, refraining from

systematically connecting organizational changes with extra-organizational contexts” (pg. 4). It is possible to transcend this exclusive internal (or external) focus, by looking at interchange and interactions across multiple levels of analysis i.e. by recognizing embeddedness.

Based on recent readings of strategy and strategy making literature mentioned above and on suggested ways forward, it seems, what is needed is a model of strategy making that demonstrates the social interchange between actors at various levels (Regner, 2003; Clark, 2004) playing different but significant roles, as well as, their interaction with their unique context during the process. This will account for endogenous creative actions, as well as, interconnections with extra-organizational contexts and the role of chance and reciprocity arising from such interconnections. Thus an embedded, multi-level, and dynamic process of strategy formation that depicts the interplay of processes, both deliberate and emergent, at multiple levels of analysis (Whittington, 2007), and meets the dual challenge identified by Tsoukas (2009) awaits rendition. This dual challenge is retaining sensitivity to local conditions and actor’s responses to them and to the social embeddedness and interconnections across levels of analysis (Tsoukas, 2009).

To summarize once again, at the cost of repetition, I believe that the challenges mentioned earlier can be met by describing the process of strategy formation where strategies are sensitive to social context, and formed through creative inputs of actors interacting at multiple levels of analysis. In order to meet Porter’s (1991) and Tsoukas’ (2009) criteria, a model of strategy making will have to depict this rich interaction across levels in a way that it transcends the existing dichotomies -process/content,



internal/external, or deliberate/emergent - in strategy literature (Whittington, 2007; Jarzabkowski, 2005).

Strategy formation is too complex to be described in terms of dichotomies. It involves interplay between divergent actors and transcends multiple levels resulting in the process being so complex that it is almost impossible to tell whether the process was either deliberate or emergent, either internal or external. The richness of the process and its embeddedness in context precludes straightjacket characterizations of the nature of the process in either/or terms. Since strategy process is intricate, it is only right to try and capture this messiness by depicting the rich interaction between deliberate and emergent processes which attend its formation, and that elides either-or “dichotomies” (Markides, 2001; Jarzabkowski, 2005).

If an embedded actor is considered realistically, then strategy formation processes would draw upon both planned and emergent components at appropriate times. An embedded actor may be seen as purposeful, but who, nevertheless, is also influenced by the structure of previous choices, capabilities, and chance events that occur coincidentally. Once again there exists a sense of agency even in chance events or coincidences. Within a given situation, behavior is never entirely determined by situation or luck. Such situational influences are unevenly interpreted by embedded actors to suit their purpose, making agency a vital component of how situations get acted upon.

Given embedded actors, I claim that the intermeshing of deliberate and emergent processes is so intricate across levels, that they cannot be separated in any meaningful sense – as being, either deliberate or emergent, internal or external (Jarzabkowski, 2005). These processes come into play in tandem – i.e. simultaneously at multiple levels

(Markides, 2001). Unselfconscious actions and goal-directed actions might coalesce (Tsoukas, 2009) in an intricate manner without regard to specific levels of analysis. Strategy formation often transcends neat characterizations of strategy inherent in the way they are defined, often with respect to levels of analysis. For example, deliberate strategy has been defined with respect to the intent of central leadership. By definition it is top-down, with prior intent formulated by the central leadership, being implemented by foot soldiers exactly as intended. However, prior “intent” might well take root at levels way below the “central leadership” and be realized more or less as intended. Are such strategies any less deliberate? Such strategies insofar as intent precedes action are deliberate strategies even when the intent did not specifically originate from “central leadership.”

Likewise, emergent strategy has been defined and theorized to depict a strategy that almost always arises from grass-roots or bottom up (Mintzberg and McHugh, 1985). But emergent strategies can form in the unforeseen interactions between the top management’s vague intention and the larger context (say the government’s actions) without an exclusively grass-roots connection as the phrase ‘absence of “central leadership’s” intention’, used to define emergent strategy, might suggest.

Moreover, what might appear wholly, emergent behavior (unintended order), might actually be embedded in a larger teleo-affective structure (Tsoukas, 2009). To put it simply, such patterns might be consciously or unconsciously directed at certain fundamental ends laden with intent, however tacit and broad. Deliberate and emergent processes must therefore be understood not in either-or terms, but in terms of their continuous interchange across levels of analysis. This is what I argue for in a “planned-

emergence” framework of strategy making. Such a framework transcends existing dichotomies as it appears in the literature (Whittington, 2007; Jarzabkowski, 2005; Markides, 2001) by pointing to levels of analysis; second it depicts the rich interactions between deliberate and emergent processes in the strategy formation phenomenon at every step. In the next section I examine the recent criticisms by Whittington (2007) and Tsoukas (2009) and then use the case of Honda (Pascale, 1984) to shed light on these criticisms and bolster my argument for a planned-emergent framework. The essence of this framework is one that combines a broad strategic intent with more specific strategic initiatives. Strategic initiatives do not unfold tabula rasa; they emerge within the umbrella of a strategic intent and in the interaction between deliberate and emergent processes. I build this argument in the following pages.

### **The case for a Planned-Emergent Framework: Recent Criticism of Strategy Process Research**

Several scholars have argued for integration of “learning” and “planning” in attempts to better understand how strategies are formed. Notable among these efforts are those of Hamel and Prahalad (1989), Lovas and Ghoshal (2000) and Tsoukas (2009). Strategic intent (Hamel and Prahalad, 1989) is defined as a strategic focal point reflecting an unreasonable ambition in relation to resources owned and, on which, efforts of individuals, functions, and businesses can converge over time. It gives employees a goal worthy of their commitment (Hamel and Prahalad, 1989). The strategic intent provides a broad sense of direction. However, within it there is room for adaptation and the details of the strategic intent can be elaborated en route. What Hamel and Prahalad (1989) mean is, that innovative and bold strategic initiatives are likely to emerge within the broad

deliberate umbrella of strategic intent – an unreasonable ambition towards which these initiatives converge over time providing consistency in action patterns.

Chia and Mackay (2007) argue that actors are culturally predisposed to act non-deliberately in particular ways. They point to extra-organizational techniques, language and artifacts (Tsoukas, 2009) through which propensities to act in particular ways are culturally transmitted. Observers retrospectively recognize consistency in actor's actions and label it "strategic" (Tsoukas, 2009). While this may be true for observers, there is nothing to suggest that actors do not act forward-lookingly. The other and equally crucial part of the story is deliberate action (Tsoukas, 2009). Tsoukas (2009) argues that, "while it is true that the infusion of practitioners with a particular style of engagement, grounded in culturally transmitted social practices, affords action consistency over time and, thus, apparent purposefulness, it is also true that goal-directed actions and reflexive monitoring are not only possible but systematically built into formal organizations" (Tsoukas, 2009, pg. 6). What we take from this observation is that the presence of habitual action does not preclude the possibility of intentional, goal-directed activity. One is not necessarily so pervasive as to make the other irrelevant.

Tsoukas states, clearly we have evidence of both patterns of habitual actions aimed at coping with exigencies, which, can be seen as forming a strategy ex-post, and "deliberate actions that commit (or fail to do so) an organization to a new course of action" (2009, pg. 7). He suggests that we need to be attentive to both. While this is not straightforward, one can at least attempt to address the above suggestion by adopting a model of strategy formation that allows specific initiatives to emerge in practical interaction with surrounding circumstances through trial and error, within a broad,

flexible framework of “strategic intent” (Hamel and Prahalad, 1989). This will allow us to analytically intermesh non-deliberate and deliberate types of actions while addressing Whittington’s (2007) criticisms of process research for not paying sufficient attention to strategic intent (Tsoukas, 2009). In Whittington’s (2007) words:

“first by defining strategy as what the organization does, [Mintzberg] denies the sense of strategy as a kind of work that people do; second by stressing how organizational outcomes are so frequently detached from strategic intent, he reduces the strategy work to a vain, even absurd endeavor to control the uncontrollable.” (pg. 1581)

To illustrate this concern for integration further, and to bolster my case for a planned-emergent framework, I use Pascale’s (1984) Honda example for further clarity.

### **Honda’s entry into United States – Pascale’s study**

The case of Honda’s entry into United States, as described by Pascale (1984), is fascinating, and popularly referred to as an exemplar of “emergent strategy.” I show through this example how it is less an exemplar of emergent and more the result of interaction of a broad strategic intent and local action meant to cope with specific circumstances.

Pascale’s article rightly challenges BCG’s report laying out the reasons behind Honda’s success. The BCG argued that, Honda was successful because it deliberately (with prior intent) targeted the price sensitive “leisure” segment of US customers with its smaller low-cost bikes and was driven by “economies of scale” logic as it proactively build large volumes for this segment before entry. The case was made out for deliberate strategy in specifics such as building high volumes to obtain low costs from economies of scale, and specifically targeting the price-sensitive leisure segment. The report was

misguided in its interpretation about a deliberate strategy immanent in the specifics in Honda's strategy of selling bikes in the US.

Pascale deftly demonstrated based on empirical data that this was not the case. He found that, when the Honda executives went to the US with their bikes, they 'vaguely' intended to sell mid-sized bikes knowing that larger bikes sold well in the US. Upon releasing these bikes, they found that the bikes could not perform to the expectations that Americans had from bikes of this caliber. When these bikes were returned for repairs, some of the executives set about travelling across the city in their 50cc cubs which attracted much attention from the passers-by. The executives took notice of this and reluctantly released the cubs. They later advertized them as vehicles driven by the "nicest people." The cubs were a run-away success, and as demand went up, Honda scaled up its production volumes. The story presented by Pascale is about lack of foresight on the part of executives, as well as how they made mistakes to begin with and serendipitously realized a strategy – an emergent strategy. The two accounts, as presented, appear seemingly contradictory. However, they can be reconciled by examining the case more closely and paying attention to the interaction between intention and action rather than asserting the exclusiveness of either as both sides have done.

Pascale's description of specifics of the "cubs" becoming entrenched in the US market, to highlight the fact that Honda's top management could not have foreseen the success of the "cubs" instead of the mid-sized bikes is well received. Yet, it would take sheer audacity to call this strategy purely "emergent"<sup>17</sup> the way Mintzberg defines emergent strategy - patterns realized in the 'absence of intention'. What Mintzberg means by 'absence of intention' is the lack of intention on the part of the central leadership. In

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<sup>17</sup> Note that the Honda example is held out to be an exemplar of emergent strategy.

the “Honda” case, it is sensible to acknowledge that the top management sitting in Japan could not have intended the ‘specifics’ unfolding in the US. Be as it may, it is reasonable to argue that intent existed at a broad, general level in that, the top management intended to enter the US market with Honda’s bikes. Does it make sense to say that Honda’s top management never intended to sell bikes in the US, and that the executives managed to do so somehow surreptitiously, as the phrase ‘absence of intention’ might suggest? Clearly, the answer is, No! The broad intention to sell bikes in the US existed; otherwise Honda’s executives would not have travelled to the US in the first place!

To demonstrate the “emergent” nature of strategy, Pascale and Mintzberg downplay, even ignore this broad strategic intent (Mintzberg, Pascale, Goold and Rumelt, 1996). Honda’s managers boarding a US-bound carrier with bikes reveals *intentions*. What was not intended by the leadership was the “specifics” of the strategy - selling the “cubs” to the “leisure” segment, and how the executives would end up selling the bikes they did, and for a good reason. After all, “what is sensible to do depends on the context one is in” (Forester, 1984). As long as one can argue that the executives’ arriving at the specific emergent outcome - successfully selling 50cc cubs - is only a sub-set of the intended general outcome of selling Honda bikes in the US, a fundamental intention, we can say that emergent strategy was realized with the realm of a broad strategic intent. Emergence is therefore bounded. In other words emergence in specifics occurs within the implicit and diffuse, but deliberate bounds of the general. The above discussion achieves two objectives. First, it makes an attempt to bridge the debate between the dichotomous camps by demonstrating that strategies, even the emergent ones, do not arise de novo (Markides, 2000). To borrow Mintzberg’s (1990) phrase “No ongoing organization ever

wipes the slate clean when it changes strategy.” This confirms that, emergent strategies, creative as they are, are also bounded; bounded by a structure of intent, however broad, implicit, and diffuse. Thus emergent strategies are only a special case of boundedly-rational strategies (Slevin and Covin, 1997, pg. 191).

Using the Honda case, the debate between deliberate and emergent is considerably bridged by pointing to levels of analysis – while specific local actions might be unselfconscious and may be a pattern of coping practically (to borrow Tsoukas’ term) or non-deliberately to local circumstances, all these specifics are directed toward a fundamental intent or teleoaffective structure, however broad and implicit. While the BCG account “overemphasizes” the role of intention (especially in market segmentation and targeting specifics), Pascale’s narrative underemphasizes the presence of a general and diffuse strategic intent guiding the specifics. I try to reconcile these two extremities to achieve my purpose of arguing in favor of a ‘planned emergent’ framework.

### **Brief Outline of a Planned Emergent Framework**

In this section I briefly sketch the outlines of a planned-emergent framework, the three pillars of which are, Hamel and Prahalad’s (1989) notion of strategic intent, strategic initiatives that emerge within this strategic intent, and social embeddedness of strategy (or strategic initiatives) as articulated by Whittington (2007) and Tsoukas (2009).

No strategy whatsoever can arise *tabula rasa*; not even emergent strategy<sup>18</sup> (Markides, 2000). By this I mean that any strategy, in order to emerge, must necessarily have some structure of goal orientation or intention to it, however broad and implicit. Hamel and Prahalad (1989) call it “strategic intent.” Etzioni’s criticism of pure

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<sup>18</sup> Note that ‘emergent strategy’ has been defined as patterns realized in the ‘absence of intention’.



incrementalism corroborates the need for a guiding principle for action consistency – the need for a strategic intent:

“While an accumulation of small steps could lead to a significant change, there is nothing in this approach to guide the accumulation; the steps may be circular – leading back to where they started, or dispersed – leading in many directions at once but leading nowhere. Boulding comments that, according to this approach, we do stagger through history like a drunk, putting one disjointed incremental foot after another.” (pg. 387)

Tsoukas (2009) calls this broad goal orientation, “teleoaffective structure.” By teleoaffective structures Tsoukas means the appropriate ends to be pursued within which specific emergent initiatives unfold. I take this to mean that some degree of organization and goal-orientation is needed for action to begin (Markides, 2000). Once provided that, action can be emergent and open-ended allowing specific circumstances to guide responses and allowing these responses in turn to shape existing strategies, and goals.

The “strategic intent” provides a guiding principle much required to ensure that rudderless ships do not masquerade as emergent strategies. After all, the organization is not a rudderless ship in a storm of environmental forces (Varadarajan, Clark and Pride, 1992). Markides (2001) asks us to be circumspect of ‘fashionable’ claims like “in today’s volatile environment, planning is useless: by the time you decide on a plan, the claim goes, the environment has changed so much that your plan is no longer valid” (pg. 5). He avers that while it is necessary to develop an organization environment that allows strategies to emerge through day to day experimentation, a “company that relies only on trial and error to develop its strategy is like a rudderless ship being torn apart in the middle of the ocean” (ibid, pg. 5). He further goes on to argue, “the parameters within which the firm will operate must be developed before experimentation is allowed to take

place” (pg. 5). It is significant to appreciate the prudence behind this caution reiterated by so many strategy scholars.

Therefore, strategies, however emergent, operate within some “teleoaffective” structures (Tsoukas, 2009). Having said that, they can also modify direction over time, however marginally. That is the essence of a planned-emergent framework that I propose. Tsoukas brilliantly captures the interaction between “deliberate” and “emergent” aspects underlying my proposed framework:

“[T]he exercise of particular skills within sociomaterial practices is non-deliberate – an array of spontaneous responses to the developing situation at hand. At the same time, this non-deliberate activity is oriented towards attaining certain ends that determine it as the activity it is. For example, explaining s-a-p to students in class and, for the sake of being an effective communicator, a lecturer uses the whiteboard in order to draw a chart. This is non-deliberate (spontaneous) acting oriented towards a particular end... The teleological structure of the sociomaterial... practice makes the particular act of drawing a chart on the board sensible.” (pg. 11)

Strategic intent is an unreasonable ambition<sup>19</sup>. The strategic intent is a target on which the efforts of individuals, functions, and businesses can converge over time. Moreover the strategic intent or target must be stable long enough for all “members of the organization to calibrate their sights, take a bead on the target, fire, adjust their aim, and fire again”

(Hamel and Prahalad, 1993). Hamel and Prahalad (1989) note:

“[S]trategic intent is like a marathon run in 400-meter sprints. No one knows what the terrain will look like at mile 26, so the role of top management is to focus the organization’s attention on the ground to be covered in the next 400 meters. In several companies, management [does] this by presenting the organization with a series of corporate challenges, each specifying the next hill in the race to achieve strategic intent.” (pg. 67)

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<sup>19</sup> Hamel and Prahalad (1989, 1993) state that Kennedy’s challenge to “put a man on the moon by the end of the decade”, British airways quest to become the “world’s favorite airline”, Komatsu’s goal of “encircling Caterpillar”, and Canon’s ambition to “beat Xerox” are all expressions of strategic intent. Of course some “strategic intents” are more formally explicit than others.

The above discussion toes a middle line between the extremes of “grand plan”, where everything (means and ends) is explicitly known at the outset, and “incrementalism” where randomness prevails and nothing seems to be known. Unlike detailed planning, the goal of strategic intent is to “fold the future back into the present”. Further explaining the middle line, Hamel and Prahalad (1989) note:

“Just as you cannot plan a ten to 20-year quest for global leadership, the chance of falling into a leadership position by accident is also remote. We don’t believe global leadership comes from an undirected process of intrapreneurship. Nor is it the product of a Skunk Works or other technique for internal venturing. Behind such programs lies a nihilistic assumption: that the organization is so hidebound, so orthodox ridden, the only way to innovate is to put a few bright people in a darkroom...and hope that something wonderful will happen. (pg. 66)

The strategic intent, while providing a sense of direction, is deliberately kept open-ended and broad, so as to allow for enough space for experimentation through strategic initiatives arising within this context (Lovas and Ghoshal, 2000). The top management constantly challenges the organization to close the gap between their “unreasonable ambition” and meager resources (Lovas and Ghoshal, 2000) by systematically leveraging and building new resources and capabilities. Social interaction, motivational dialog, and progressive socialization are important ways in which the strategic intent is internalized by various members of the organizational community. The internalized intent then strongly guides thought and behavior (Lovas and Ghoshal, 2000) in a tacit manner while allowing employees the freedom to experiment and come up with creative ideas and initiatives that are locally responsive while not contravening the essence of intent. Hamel and Prahalad (1989) argue quite persuasively that companies that manage to overcome resource constraints and achieve leadership positions have a strategic intent that is clear about ends, but flexible in means leaving room for experimentation. They further argue,

“Achieving strategic intent requires enormous creativity with respect to means...But this creativity comes in the service of a clearly prescribed end. Creativity is unbridled, but not uncorralled<sup>20</sup>, because top management establishes the criterion against which employees can pretest the logic of their initiatives” (pg. 66).

Essentially what this means is that strategic initiatives, though creative and arising in interaction with the context, do not arise in the absence of all intention. Strategy is formed in the interaction between practical modes of coping involving non-deliberate actions in response to a developing situation, deliberate modes of acting, and strategic intent hitherto ignored by process researchers (Tsoukas, 2009). Deliberate and emergent processes intertwine inextricably at multiple levels of analysis in the formation of strategy revealing the significance of embeddedness.

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<sup>20</sup> This lends support to my argument that “emergent strategy” cannot occur in “absence of intention”.

## **Chapter 3**

### **Methodology**

#### **3.1 Methodological Approach**

My research deals with the question of ‘strategy formation’ in a specific type of organization. Scholars in strategic management have called for a time and dynamics oriented view of strategy that focuses on process<sup>21</sup>. Pettigrew (1992) enjoins strategy process scholars to pose questions in the language of ‘becoming’ rather than ‘being’ – questions that demand ‘longitudinal data covering long periods of time’ and which call for ‘strategy research to tilt towards the orientation, craft skills and methods of the historian’. Pettigrew (1987) notes that scholars need to “conceptualize major transformations of the firm in terms of linkages between the content of change and its context and process” together with their interconnections through time. Therefore scholars of strategy process argue for a longitudinal, process-based view of the firm and its evolution over time (Van de Ven, 1992; Pettigrew, 1992; Mintzberg, 1979). Such a view takes a historical perspective and focuses on sequences of incidents, activities, and actions unfolding over time. Moreover a processual view accounts for the ‘enabling and constraining influences of various features of the context of the firm upon the content and process of strategy development’ (Pettigrew, 1992).

Strategy formation has been studied in the past in the context of private firms, government agencies, public bodies etc (see Mintzberg and Waters, 1982; Mintzberg, 1978; Pettigrew, 1979, 1985). In recent times management scholars have fervently appealed for the need to break out of the “normal straight science jacket” (Bettis, 1991;

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<sup>21</sup> Selznick (1949), Mintzberg and Waters (1982), Mintzberg and McHugh (1985), Pettigrew(1985), Pettigrew (1992), Van de Ven (1992).

Daft and Lewin, 1990) which treats strategy as what organizations have, and advance instead, micro-understandings of strategy-making as practice understood as “what people really do” (Johnson, Langley, Melin and Whittington, 2007; Jarzabkowski, 2005; Fenton and Langley, 2008). In order to illuminate the dynamics of strategy making within an organization, I choose to follow precedent set by studies which have accomplished this and which have mostly taken a ‘longitudinal processual approach’ (Pettigrew, 1979; Burgelman, 1983; Mintzberg and Waters, 1982) to gain an in-depth knowledge of the “actual *doing* of strategy in organizations” (Fenton and Langley, 2008). Such process studies take activities done by actors as their starting point, and use in-depth narratives of sequences of events, activities, and choices to develop explanations for phenomenon based on an understanding of temporal evolution (Johnson et al., 2007). I use this method because it “best suits the longitudinal research and the contextualist mode of analysis” (Pettigrew, 1990, pg. 271) that I adopt.

### **3.2 Sample Selection – Rationale**

Qualitative inquiry focuses in depth on relatively small samples selected using a purposive or theoretical sampling strategy (Patton, 2002; Glaser and Strauss, 1967; Eisenhardt, 1989). Such deliberate choice of research sites (samples) is common in qualitative longitudinal studies and made to “choose cases which are likely to replicate or extend emergent theory” or to fill “theoretical categories and provide examples of polar types” (Eisenhardt, 1989) in which the process of interest can be observed. Patton (2002) notes, these two types of sampling are appropriate for different purposes. While the “purpose of random sampling is generalization from sample to a population” and control of selection bias, the objective of purposeful sampling is to “learn a great deal about

issues of central importance to the purpose of the inquiry” (Patton, 2002). Given the purposes of my research -in-depth knowledge of strategy formation process in coops- purposeful sampling of a “distinctive information-rich case” (Patton, 2002) appeared more appropriate. More specifically, given that few studies have been done on strategy formation in the context of cooperatives, I purposefully selected a cooperative with the hope of understanding this information-rich cases in-depth and extending the extant theory on strategy formation. Patton (2002) notes, that studying information rich cases yields insights and in-depth understanding, rather than empirical generalizations. The selection of AMUL, a successful cooperative in India, allowed for the possibility of learning from an “exemplar of good practice” (Patton, 2002) without making any claims of a grand theory. I regard AMUL as an exemplar because it is one of India’s longest surviving and most successful cooperative that became the model for a country-wide replication. As Yin (2003) puts it, application of the logic of sampling to case studies is misplaced because they are “not the best method for assessing the prevalence of phenomenon.” Given that I wished to study an atypically distinctive and successful coop, purposeful sampling of a positive outlier is a legitimate choice.

### **3.3 Research Setting**

In order to understand the process of strategy formation in cooperatives, I chose to undertake my exploratory field study in one of India’s most successful cooperatives in the dairy sector. This cooperative, Kaira Union, popularly known as AMUL, is based in Anand town of Kheda district, Gujarat, India and was formed by a handful of dairy producers, just prior to India’s independence. AMUL’s model of organizing, based on a

three-tier structure, is now renowned as the Anand-pattern based on the pattern of production, procurement, marketing, and services that it pioneered in India.

AMUL was established in December 1946 as a District Milk Producers' Union of 2 Village Milk Cooperative Societies (hereafter VCS). When it started out, AMUL was a fragile experiment, based on Sardar Patel's<sup>22</sup> emancipatory vision for Kheda's farmers, which few in those times believed would ever succeed. Set up to counter the exploitative bargaining power of a private enterprise - Polson, AMUL grew slowly in the first few years, gradually picking up momentum, once a few technocrats joined and decided to commit their lives to it. AMUL grew from a Union with 2 VCS, some 60 members and a daily procurement of about 250 kgs of liquid milk in 1946, to a Union with 138 VCS, 33,000 members, and an annual procurement of 275,00,000 kgs of milk, along with the capability of manufacturing and marketing branded AMUL butter, milk powder, and condensed milk by 1958 (records of Kaira Union). By 1968, AMUL had successfully organized 1,48,000 producer members in 600 VCS which collectively procured 1132,00,000 liters of milk for AMUL (records of Kaira Union). By this time, AMUL was successfully running a balanced cattle feed plant for its members, operating a modern Bull Station for collecting liquid semen from high pedigreed buffalo bulls for the provision of Artificial Insemination to all members, and offering popular veterinary service in two variants – veterinary routes (free) as well as veterinary emergency services (paid). During this period AMUL had successfully diversified its portfolio to include products such as baby foods and processed cheese.

AMUL today is the most successful dairy enterprise (including private and MNC competitors) in India and its state level marketing federation – the Gujarat Co-operative

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<sup>22</sup> A doyen of India's nationalist movement and one of Gandhi's chief comrades



Milk Marketing Federation – is made out of 13 federating dairy Unions<sup>23</sup> like AMUL, and has a combined turnover of over US\$ 1.5 billion making it India's largest food products marketing organization (Gujarat Cooperative Milk Marketing Federation [GCMMF], 2009). It is responsible for the marketing of milk products from these Unions all over India and abroad under the 'AMUL' umbrella brand name. The brand 'AMUL' has recently acquired the distinction of being the world's largest pouched milk brand by registering a total sale of 3.8 million liters of milk per day.

In 2008, Kaira Union (AMUL) had 1100 VCS federated into it, that served 650,000 member producers and procured 4730,00,000 liters of milk (records of Kaira Union). With a peak capacity to manufacture 750 MT cattle feed per day, AMUL's cattle feed plant produced 2,22,000 MT of cattle feed in 2007-8, even as its capacity was being expanded to 1100 MT/day to accommodate farmer's increased demand. Also AMUL owns and operates two ultra-modern dairies in Anand – one for processing and manufacturing milk and milk products (except cheese) and another for manufacturing varieties of cheeses. Besides 3 chilling centers, AMUL also operates 3 satellite dairies – one each in Pune, Calcutta, and one recently acquired in Bombay to serve these urban markets. AMUL also owns and operates a plant for manufacturing a diverse range of food products like margarine, bread spread, extruded foods, chocolates etc. The changes in Kaira Union between the years 1946 and 2008 are shown in Table 2 below:

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<sup>23</sup> All these 13 Unions are based in Gujarat.

**Table 2***Change in Kaira Union between years 1946 and 2008*

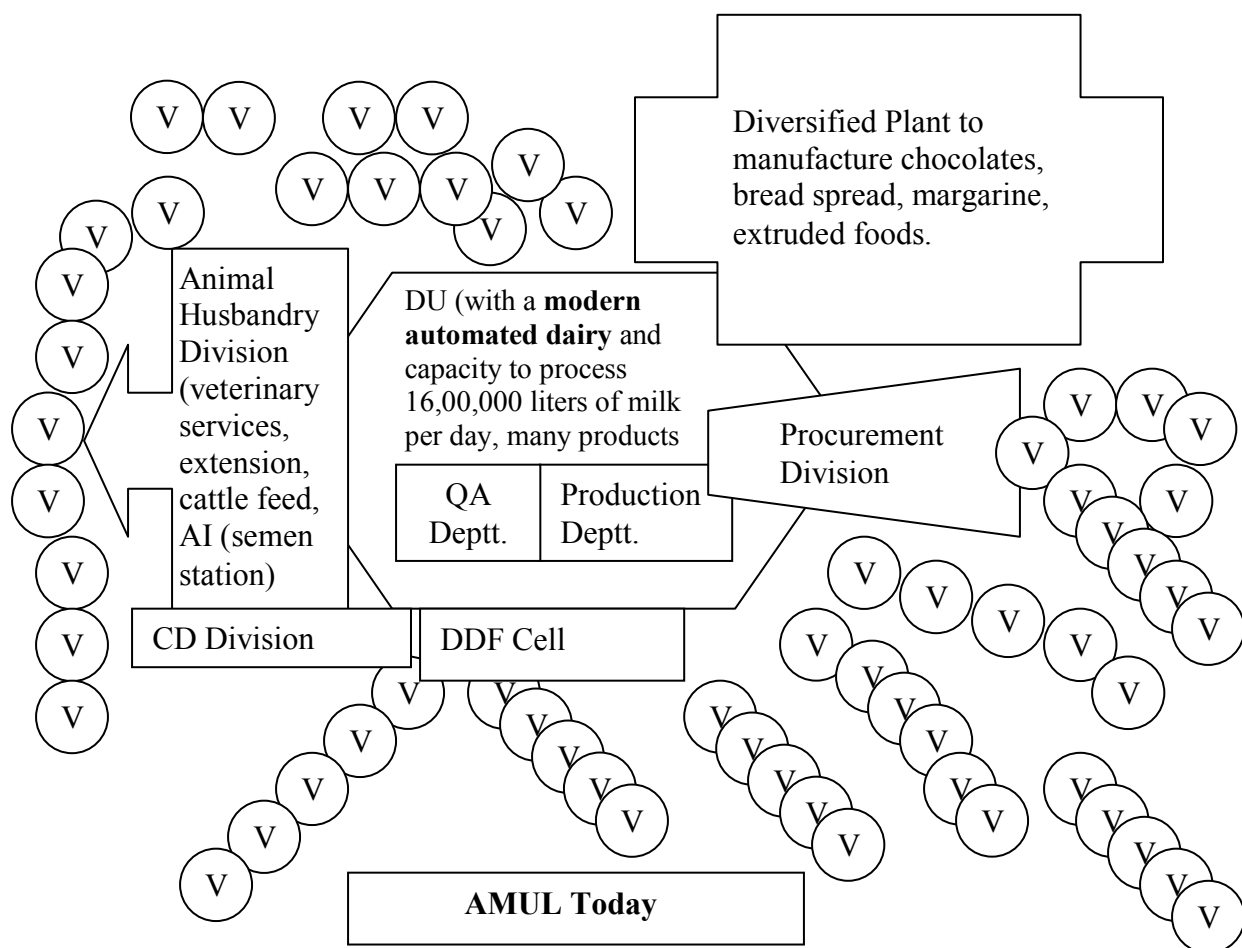
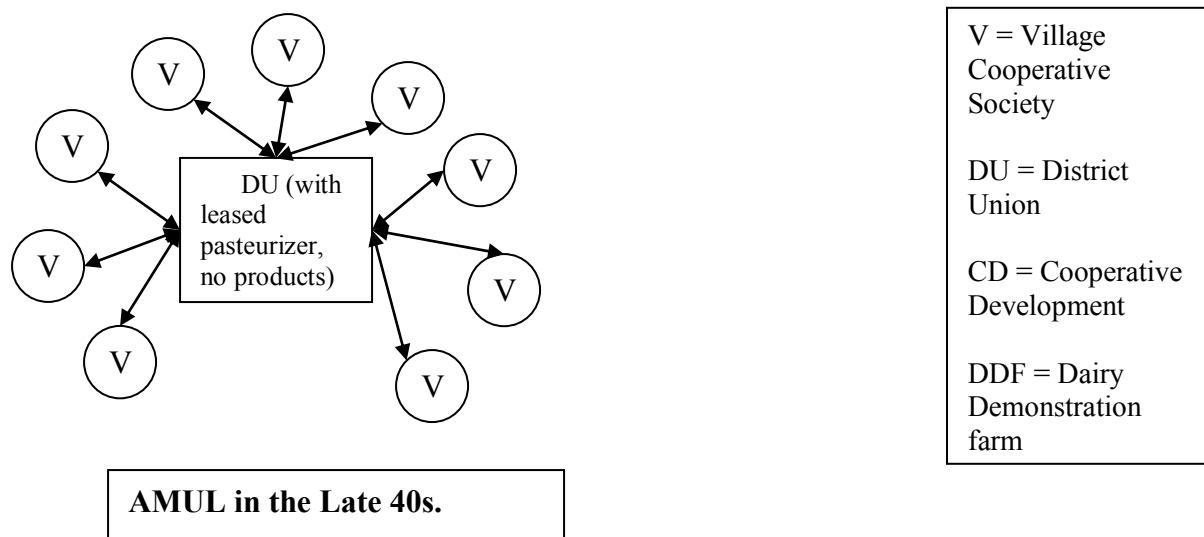
<b>Year</b>	<b>1946</b>	<b>2008</b>
Members (numbers)	60	650,000
Village Cooperative Societies (numbers)	2	1,100
Daily collection (Liters)	250	1,300,000
Sales (million USD)	0.061	340
Brand	None	India's most reputed indigenous food brand
Plant and Machinery	1 leased vintage pasteurizer	<ol style="list-style-type: none"> <li>1. 2 state-of-the-art plants – ISO and HACCP certified</li> <li>2. 1 diversified food complex – ISO and HACCP certified</li> <li>3. Network of satellite dairies and chilling centers</li> <li>4. ISO certified Bull Station for provision of AI services</li> <li>5. Fleet of vehicles offering mobile veterinary service.</li> </ol>

*Source:* Kaira District Co-operative Milk Producer's Union Limited

AMUL notched up sales of Rupees 10,77,00,00,000 (approximately CAD \$ 270 million) in 2007-8. In addition to products mentioned above AMUL now produces a variety of cheeses, butter milk, milk beverages, ice-creams, chocolates, margarine, bread spread. Moreover AMUL (through GCMMF) has a country-wide distribution network comprising 46 sales offices, 3000 wholesale dealers (WDs) (served through AMUL's branch depots) and more than 500,000 retailers. In addition AMUL has recently established more than 3000 AMUL Preferred Outlets (source GCMMF). These are exclusive retail outlets based on the retail franchisee format to enhance both visibility of AMUL products and convenience of buying products under one roof. The distribution

network operates efficiently through four Distribution Highways of fresh, chilled, frozen, and ambient products to ensure availability across India. Shown below is a schematic representation of how AMUL looked in the late 40s and how it appears now.

Kaira Union (AMUL) has over the years added numerous functions to its operations. These functions include Processing and Production, Quality Assurance, Animal Husbandry and Extension Division, Cooperative Development Division, Dairy Demonstration Farm (refer to Figure 1). To study this complex organization by itself was a challenge at the outset. While I had silently admired what AMUL had accomplished, to understand how this was done was both interesting and daunting.



**Figure 1: Schematic representations of AMUL (Year 1948 and Year 2008)**

### **3.4 Groundwork and Negotiating Access**

Access to AMUL was negotiated through my acceptance to IRMA as a research scholar. IRMA, the Institute of Rural Management, is also located in Anand and famous for its pioneering role in producing and training managers who can apply their experience and abilities to the management of rural enterprises. It was conceived and built under the leadership of Dr. Kurien who inspired the creation of many other organizations in the Anand vicinity. Getting started was not an easy task because Anand, still a small town by Indian standards, did not have an organized market for listing of rental properties. I therefore had to shuttle between my home town Ahmedabad and Anand, a distance of 80 kms, by train each day until such time that I was able to get a house on rent. During this period (about 1 month) I utilized my time to get the most out of the libraries at IRMA. I delved deep into secondary material (books, articles, monographs) that detailed the growth and development of AMUL. I tried to systematically take note of important phenomenon/events/activities described at various points in time and arranged them, to the extent possible, in chronological order. I took detailed notes on what various authors who had written about AMUL said about the process that concerned me most – strategy formation. The strategies were bifurcated in terms of function (production, procurement, marketing, services etc.) and in terms of the nature of their process – deliberate, emergent, rational, analytical, incremental, wholesale, partial etc. This process was an attempt to partly familiarize myself with important issues, events, and processes. During this time I also arranged to seek an appointment with the Managing Director (MD) of AMUL who is an alumnus of IRMA. The favorable introduction that I received from IRMA's Director was most helpful in this regard. On the day of the appointment with

AMUL's MD, I was warmly received. I briefly introduced myself to the MD and talked to him broadly about my research topic and the help that I would need from AMUL in this regard. He assured me of all possible support from him and AMUL. This was a big step forward as far as my research was concerned.

The fieldwork was carried out over 9 months, spanning three different levels. These include the Village Cooperative Society (VCS) – the primaries at village level to which milk producers are directly affiliated as members. The next level is the District Union (Kaira Union / AMUL) of all VCSs which arranges to procure milk from all VCSs, processes the milk, markets liquid milk, as well as provides services to members. At the state level is the Federation (GCMMF) which undertakes the distribution and marketing of milk products manufactured by 13 District Unions and also provides technical and financial support to them based on their assessed needs. The fieldwork also included interviews with the top management of National Dairy Development Board – a body corporate that is charged with the responsibility of dairy development across India on the principles of “Anand pattern.”

### **3.5 Data Collection**

In order to collect data, I divided my data collection into phases. During the first phase I spent time trying to orient myself to the operations of AMUL. I decided first to interview the MD of AMUL to understand how he came to be associated with AMUL, his role in AMUL, AMUL's origins, what makes AMUL different from private companies in dairy business, the role of the District Union, the role of VCSs, important problems and challenges being faced by AMUL, how AMUL is dealing with these challenges, etc. to get a broad understanding of both the context and the actions (mostly

current) that AMUL is taking going forward. I used a questionnaire to guide my interview, and the interview was partly structured to allow new findings to emerge.

Almost at the very beginning, I happened to attend a meeting of farmers' representatives (Chairmen of VCSs) called at AMUL's Society division to get their participation in the proposed "Fertility Improvement Program" for producers' bovines, and to help them understand the nature of support that would be required of them during its implementation. At the entrance to the seminar room where the meeting was held, I happened to meet a senior veterinarian of AMUL who had been associated with AMUL since 1975. Soon after our introduction, I asked him for an appointment to get an in-depth understanding of AMUL's services and his career in AMUL. His seniority and length of stay in AMUL (and the various roles he held during his career) influenced my decision to interview him. We met after the farmer's meeting and what followed was a detailed conversation about the range of services offered by AMUL to members, the various sections of AMUL's animal husbandry division, how they are organized and what their functions are, the roles and responsibilities of professionals and staff at various levels in this division and so on.

This was indeed my very first introduction to "services" offered by cooperatives. While what I heard sounded fascinating, I knew I was treading on unfamiliar territory in terms of the language used and the various technical terms employed to describe their operations. I tried to systematically take note of the various technical terms encountered and get an understanding of what they meant, to the extent adequate for my research purposes. This senior veterinarian was one of my key contacts as he helped me get familiar with various professionals associated with the AH division and later the society

division and CD division which, not surprisingly, were also headed by veterinarians who had amassed meaningful field experience by working with farmers at the village level for many years during their career.

During my fieldwork I spent close to 50% of my time at AMUL's Animal Husbandry (AH) division to immerse myself in their day to day operations and to observe firsthand how the veterinarians and stockmen worked, what they talked about, how their operations were organized and coordinated through veterinary sub-centers, how they felt about their jobs, the role of breeding specialists, stockmen, AI workers and other support staff. I also collected chronological data on various actions that were carried out such as setting up of Village cooperative societies, setting up of milk collection centers, organizing Artificial Insemination, and Pregnancy Diagnosis work, establishing veterinary routes and emergency services and how these services were elaborated over time. This sequential activity (organization) data was broadly analyzed using graphs and charts (see Appendices 3, 4, 5 and 6), and this preliminary analysis provided me with a basis upon which I could begin to build interviews.

I could now ask more meaningful and focused questions like why was it necessary to introduce emergency services on top of regular route visits, how and why did "route services strategy" decline over time and why was it finally discontinued, what impact if any did veterinary services have on the organization of village coops, what was the relation of veterinarians and AH staff to producer members, etc. A study of grounded micro practices and changes in them over time called for questions to be framed in the language used in day-to-day practice. The study of such micro-practices was important because they formed the very basis of 'strategies'. For example initiatives like member



education in hygiene and milk quality, distribution of stainless steel containers and sieves to member producers, advising members not to smoke tobacco and to leave shoes outside the VCS during milk procurement, installation of Bulk chilling Units at VCS level etc. constituted practices that allowed AMUL to realize its 'quality strategy' for improving bacteriological quality of milk. Likewise a set of micro-practices constituted 'service strategies' aimed at improving animals' milk productivity and farmer welfare.

My interaction with the professionals working at AH division of AMUL turned out to be very informative, yet informal. Over time I was able to build a cordial relationship with them (especially veterinarians) and they often invited me to accompany them on their emergency field trips. These field trips allowed me to see the work of the veterinarians first hand and also observe their interactions with the cooperatives' producers and the conditions of various producers of which I took field notes. During these trips with the field vets I would also engage the producers in a quick discussion about their background, their stock of cattle, their preference for cross-bred cows or buffaloes, the bonus they had earned from their VCS during the past year and what they thought about AMUL and its services. These frequent field trips and observations helped me familiarize myself with the conditions in the district as well as 'service strategies' in great detail. I also made purposeful trips to specific villages to be able to understand the role of stockman and AI workers.

During my field interactions with the vets, I came to know about retired veterans who had devoted their entire lives to AMUL (almost since its inception) and who were highly regarded by other veterinarians. I took down their names and telephone numbers and sought appointments with them. Many of these retired professionals were leading

very active lives, yet they were very generous and forthcoming when I requested them to set aside some of their time for interviews. These veterans would also become some of my key contact sources in due course of time and for a good reason. They had seen AMUL grow right from the stage of infancy, to growth, consolidation and even more growth. They had seen the ebbs and tides at AMUL and experienced the exciting periods when AMUL was led by visionaries, to the uninspiring periods when it was led by men lacking in virtues and perspicacity. They had what seemed a very deep understanding of a wide range of events at AMUL. My immediate goal to know as much as they did about various key events, and if possible, more, since I would be interviewing a cross-section of key veterans which also included retired society supervisors, Society managers, production managers and AMUL's previous board of directors.

The long interviews that I held with most of these veterans (ranging from 45 minutes to 3 hours) were meant to understand AMUL's progression over time in various strategy areas (beginning from its origins). They were meant to get a deep understanding of the role played by various actors individually, or as a group, whether within or outside AMUL's organizational boundary in the development of AMUL to what it is. The focus of my interviews was on the "activities" of key "actors" (what they really did) and on their "exchanges" with other actors (individual or institutional), while being sensitive to contextual language (socio-economic and political) being used by my informants. The description of the nature of activities performed by actors at various points in time revealed the different strategies that they engaged in at distinct time periods. These descriptions formed the basis for inference of strategies.

I used interviews to generate a bulk of the chronology and to gather both experiential data as well as data pertaining to relationships between people and transactions between them as they described what they did during specific time periods. These in-depth interviews were meant to primarily elicit who did what when, and to understand, why what was being done was necessary or otherwise. My interviews were guided by a partly structured questionnaire meant to get detailed information on the various services that I discovered were being provided from my previous interviews with people working in the AH division. The interviews were held in a free-flowing style without trying to impose any pre-determined framework of my own, while at the same time trying to ensure that discussions were focused around the theme of strategy formation at distinct time periods. I encouraged my informants to tell me stories/narratives about strategies (at various point in time) that emerged from my previous data collection and discussions with AH staff and the preliminary analysis.

Questions often started with “describe to me in detail how...”, “take me to the period when you were implementing XYZ strategy”, “how were you involved in this strategy”, “how did you makes sense of this situation” and so on (Please see Appendix 1 for sample questions). The questions focused on understanding the processes by which new strategies originated, old strategies died out, the role of various actors, experienced emotions, concrete actions taken to bring the strategy to fruition, reasons why these actions were taken, outcomes of these strategies and so on. Probing questions were also asked to help clarify contradictions between statements of informants and archival data or observations and to correct for possible lapses in respondent’s memory.

Most interviews were digitally recorded with the permission of the informant and duly transcribed and attention was paid to emergent themes in the data to help me structure my next round of interviews with the same informants or other informants to explore in greater depth issues that were raised but not probed earlier, and to plug what appeared to be gaps in interview data. Interviews were also conducted with current society managers, some society supervisors, and managers and senior executives working in AMUL's production and quality control departments, managers, as well as support staff of CD division (see Appendix 2 for list of informants). Some interviews were also conducted with AMUL's current board members to understand their aspirations for AMUL going forward, how they see AMUL responding to its new liberalized environment, what is their role in AMUL and how major strategies are formed in AMUL. Repeated interviews were also conducted with AMUL's MD as and when time permitted at various point in time to understand his role, to understand how some strategies had been created during his tenure, where he saw AMUL headed and what he thought were some of the major challenges it faced. Questions were also asked about AMUL's role in the federation, and what support the Federation provided in AMUL's growth and so forth.

After completing these interviews, mostly at the Union level, I proceeded to focus on Village Cooperative Societies. The procedure for selecting village cooperative societies to study was tricky because no two VCS were similar. What really stood out for me as a researcher was the wide variation in village cooperative societies in terms of their caste break-up (majority Patel caste, majority Kshatriyas and Baraiyyas, equal caste distribution of Patels and Kshatriyas), in terms of their relationship between various

castes (antagonistic, friendly, non-interference), in terms of the agro-climatic region in which they were located (there were at least 4 major agro-climatic zones in Kheda district), in terms of which village coops had more cross-bred cows than buffaloes (see Appendix 2 for sample of respondents interviewed in village coops). This wide variation between any two village coops is not an insignificant matter and precludes “representative statistical sampling” of villages. Village coops were chosen less for statistical representativeness (impossible to achieve given the huge variation from one village to another and from one Taluka to another) and more for theoretical reasons informing my research.

For instance, since the topic of my research was to understand strategy formation, I wanted to understand what strategies producers used to cope in different agro-climatic regions (a measure of context). I also wanted to get a general sense of how VCSs were embedded within the larger Union of which they were a part. I therefore found it suitable for my specific purpose to prepare a list of VCS that existed in both favorable as well as difficult agro-climatic zones such as those in Charotar region and those in regions of Virpur/Balasinor. These represented two extremes in that while Charotar region comprising Talukas of Anand, Petlad, Nadiad, and parts of Borsad was considered highly favorable in terms of nature of soil, irrigation facilities, rainfall etc. the regions of Balasinor and Virpur were a lot more hostile and the farmers there had to encounter rocky terrain, inadequate irrigation facilities, scanty rainfall and greater illiteracy and poverty. Also a few villages were chosen for their historical significance such as those of Gopalpura and Ajarpura which were among the first 6 VCSs to be formed. These were chosen to get a deeper and chronological understanding of the motivations of the

members at that time, how things were initially, and how things gradually changed over time. In these villages, I made efforts to locate and interview ‘old members’ who had seen the development of their VCS and the initial movement from scratch. In short, the sampling was done purposively to get a better appreciation of the nuances of *context*. The final selection of the VCSs was done keeping in mind my research questions, and based on verifiable inputs from veterinarians who by virtue of their active contact would provide me information on whether the Secretary at the VCS level was likely to be approachable or not. This input was important because without the help of the Secretary it would be rather difficult to approach VCS members and get information on the VCS. Yet, in defiance of the suggestion of the vets, I also sampled in some VCS whose secretaries were supposedly ‘not so cooperative’. So the prospect of being able to access data was yet another constraint on sampling.

After the decision to interview in a particular VCS was made, I would take down details about its sales over the last few years, information on the Secretary and the Chairman of the VCS and any other detail (often scarce) that might be obtained about the VCS from the Union. My interviews at the VCS level were focused on one-on-one discussions with members (which would at times turn into group discussions with family members and neighbors joining in to contribute to these interview sessions). Before approaching the members, I would try and get information on the member’s names, their land holdings (if such information was available), the value of their annual sale to their VCS, the bonus that they had earned thereon etc. This information was available from the Secretary (if he was helpful and had the time).

Having decided on a cross-section of members to interview, I would visit the members' house and I would try to engage the male member and the lady of the household (also a member at times) in a direct face to face interview at a time convenient to them. These were mostly during the afternoons after the farmers returned from their fields for lunch. Most farmers were willing to talk about various issues and problems they faced as well as about deep issues such as how they felt being a member of AMUL, and what it was about AMUL that made it different from "Polson" (the name farmers used to colloquially describe any private trader collecting milk in the vicinity). Questions asked ranged from trivial – how many cows and/or buffaloes do you maintain, how many acres of land do you possess, – to probing such as, what would you do if a private company like Reliance were to come to you and offer you better prices than AMUL, what kinds of services does your VCS and/or AMUL provide, what did/do you do with the bonus that you earned, or which "people from AMUL" do you meet most frequently, how would you describe your relationship with "people from AMUL" whom you meet frequently, or as a member do you get a sense of belonging to AMUL and what is responsible for this? How do you contribute to making strategies at the VCS level? Describe any proposals or suggestions that you have made lately.

The data collection at the village level was challenging not least because many of the farmers I met had low levels of formal education, and spoke rural dialects which I had to adapt to over time. I had to ask questions that made sense to them and in a way that incorporated their dialect and specific words. Once again, in this regard, my association with vets served me well as I would hear them speak to the farmers in their dialect and was able to grasp the nuances of specific words from their dialog. I systematically

maintained a personal vocabulary list of these words, many of which I had heard for the first time despite being raised in a big city in Gujarat. Once again most of my data at the VCS level was gathered from interviews (using questionnaires which were partly structured to begin with and were refined after a few interviews) and partly from observations though the latter was more limited in scope and restricted to observing how farmers maintained their bovines, who tended to them, what problems they had to face etc. Typically I would stay in a village for 3-4 days at the minimum to get an understanding of the members' lives, who they interacted with, if possible get some information on sensitive caste relations in the village, their political affiliations, their beliefs and rituals and what they really thought about AMUL. The responses, as can be imagined, were numerous and varied.

In the final phase of my fieldwork, I focused on gathering more data which I considered particularly sensitive and therefore kept for later. This concerned the changing relations between AMUL (rather GCMMF) and NDDB. Since the relations between NDDB's chief and the recently retired Dr. Kurien of GCMMF were strained, I considered it appropriate to delve into the finer points of this changing relationship towards the end, given its disruptive potential. While I waited for NDDB's top management nod for an interview, I interviewed GCMMF's top management hierarchy to get a sense of their role in AMUL's growth and their influence in AMUL's strategy making. After putting in a lot of effort I was able to interview a Senior General Manager of Marketing, a General Manager of Cooperative Services, as well as a Manager of Distribution. These interviews served to provide me with information about GCMMF's functions, how it interacts with various Unions and at what levels, what is its area of focus, how does it enable and/or



constrain various District Unions, how do various Unions influence the Federation and so on. These meetings helped me to see better, how a Union like AMUL both constituted and was also enabled/constrained by the Federation.

In the mean time I was also able to get NDDDB's approval to interview their top management. These interviews delved into the role of NDDDB in the pattern of dairy development in both Gujarat and India, the role of its Chief Executive in trying to give the movement a slightly different and professional character after the departure of Dr. Kurien from NDDDB, the disagreements that followed based on the pursuit of a different model that was conceptualized and sought to be promoted in order to professionalize dairy coops outside Gujarat, the nature of these debates and rivalries, their outcomes and how they affected strategy formation at the level of the Unions including AMUL. This concluded my data collection at AMUL and at affiliated institutions.

### **3.5 Data Organization and Analysis**

The data that I had gathered included archival data of all types – journal articles, memos, official pamphlets, golden jubilee souvenir, papers presented by officials of AMUL at conferences, memorandum and circulars of meeting, survey instruments used by AMUL for gathering data during animal census, data relating to AMUL's progress over the years in various domains such as sales, animal husbandry activities, products introduced, etc. In addition I had transcriptions of recorded interviews as well as observation data that I had systematically recorded in field notes. I also made some analytic field memos based upon my interviews and observations and impressions from those that pointed towards emergent themes which guided my interviews in subsequent phases.

The data from archival sources, especially, that of a quantitative nature, was systematically plotted onto graphs (see Graphs in Appendix 3 through 6), to get a broad picture of how particular actions evolved over time into strategies. In this respect I followed Mintzberg's (1979) method of "direct" research. Strategies were inferred based upon observed changes that took place in certain strategic domains over time. For example a "route service strategy" was inferred from the pattern of actions comprising visits of veterinarians to villages on a route. Likewise a breeding strategy was inferred based on artificial inseminations and pregnancy diagnosis activity carried out by AMUL's animal husbandry staff. A strategy of product diversification was similarly inferred based on a slew of products that AMUL developed between 1955 and 1962. These graphical representations provided the basis for me to delve deeper into the interview research to explore connections between various strategies, how strategies had been formed (detailed activity description), and why was the strategy necessary. For example, among other things, I found that the veterinary services strategy was crucial in AMUL's ability to organize Village cooperative societies into its fold especially during the 60s when Veterinary services gathered *real* momentum. This was crucial to enhance procurement and for AMUL to be able to operate at capacity and to operate profitably. Such a connection would be hard to establish (can perhaps only be guessed in variance research), but these connections were made understandable and intelligible on the basis of in-depth interviews. Likewise the knowledge that deep and systematic implementation of a seven-year plan was largely responsible for AMUL's ability to completely restructure its existing patterns of breeding, feeding and health – domains considered

strategic to AMUL and its producer's, were known through in-depth interviews and not by visual inspection of graphic details of breeding/feeding data alone.

Besides, interview data helped an outsider like me to make sense of what was going on inside. For example, I had no idea what a "Progeny Testing Scheme" was (or how/why it was carried out) or why a 'Fertility Improvement Program' had just been launched by AMUL. Once again engagement with the actors in the field helped unravel many of these mysteries. A Fertility Improvement Program had become necessary because it was found that a large proportion of animals in the AMUL's operational area (mostly buffaloes) were suffering from infertility or sub-fertility problems causing avoidable economic loss to producers. I was later able to make deep connections between AMUL's so-called 'upgradation' strategy of their native Surti buffaloes, their tapering off of "route veterinary strategy," and the ongoing Fertility improvement program. This was possible through repeated interviews that led me to novel insights gleaned through connections of responses of varied participants. While these are not always apparent from numeric data plotted on graphs, even less from annual reports, such hidden connections revealed themselves through a process of deep engagement with on-field actors.

I transcribed more than 50% of my total interviews (165 in total, conducted with about 120 people, with average interview length being 45-60 minutes) to get a feel for the data. The data was transcribed by listening to it several times to ensure that I got the words right and also captured the spirit based on voice intonations. With a major proportion of the interviews done, I then went back to my research questions to remind myself of the objective that I had set out to pursue. The interviews were then coded based on questions that I had asked my informants and based upon common concepts that

emerged from my reading and re-reading of interview responses. To illustrate, I asked informants about AMUL's famous 'seven-year plan' when AMUL's AH division went into an overdrive under the inspired leadership of Dr. Shah. I had asked participants to recall the major components of the plan as envisaged, how and why the plan was conceived, whether the process was top down and dictatorial or one that allowed for great participation and idea generation, how the various components of the plan were implemented, what major challenges were faced during implementation and how these were overcome, what was the role of veterinarians and others in this exercise, how were the officers and subordinates organized. So I tried to collect all possible information that I could get about the seven year plan about which there are passing references, but no in-depth description in official documents.

From the several transcribed interviews, I separated interviews of those informants who were associated with the conception and implementation of the seven year plan, I read through each interview in detail for major concepts such as strategy for promotion of Lucerne and strategy for manufacturing cattle feed (nutrition strategy), strategy for popularizing Artificial Insemination (AI) and Pregnancy Diagnosis (PD) procedures through group lectures, strategy for visits by members to AMUL's cattle feed factory and its centralized semen station (education strategy), strategies for enhancing productivity of members' bovines. The quotes that corresponded to breeding strategy were color coded with a specific color; likewise quotes that corresponded with promotion of feeding and nutrition were coded with another color, as were quotes that related to "re-structuring" of the organization. Once interviews were color coded, I prepared a legend of color descriptors as to which theme or concept each color code corresponded with.

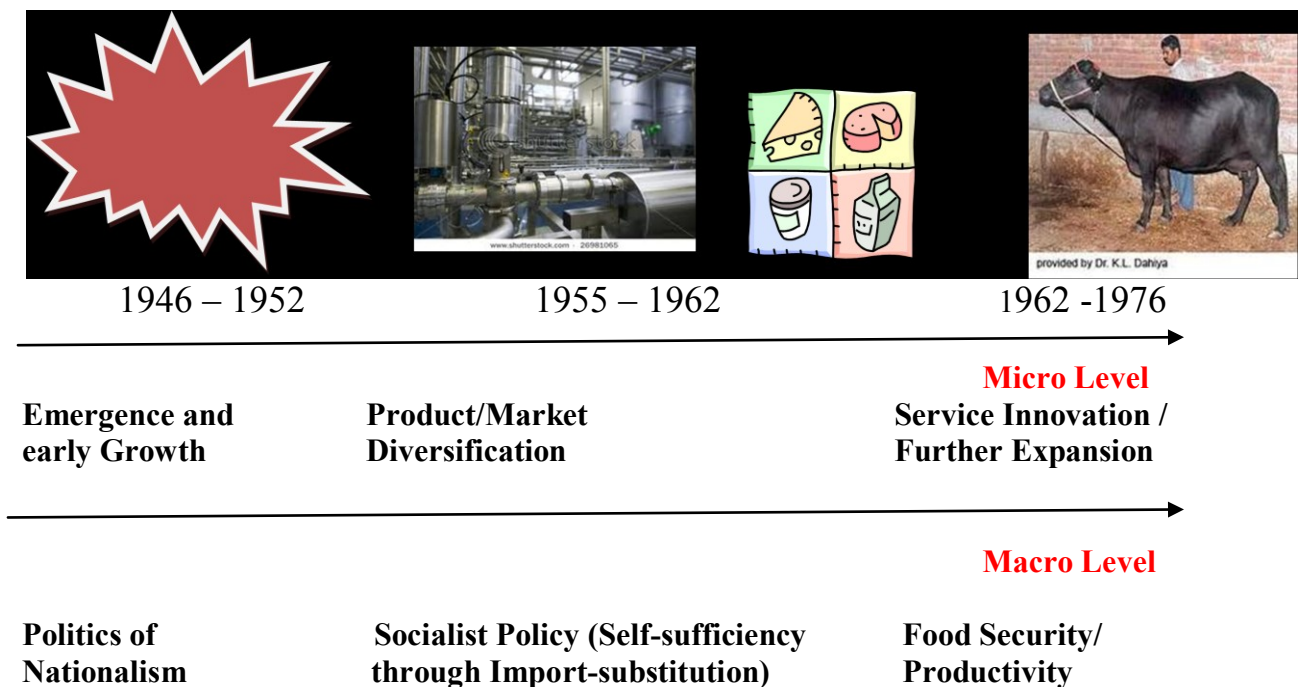
These primary codes were then grouped together under higher order codes while making sure that the richness of the data did not get dissolved in the process of collapsing.

After this basic data organization and analysis of my interviews, I focused on writing up a detailed process narrative documenting the various strategies that appeared and disappeared over time while remaining grounded in my interview data and supplementing it with observational and archival data for purposes of triangulation (Patton, 2002). Process research takes the form of producing a narrative with regard to what is being investigated, to provide an answer to the research question (Langley 1999; Sminia, 2009). Contradictions between various data types that could not be resolved by the informants were left unresolved to demonstrate that there is no singular' notion of truth and that, realities differ based on differences in perspectives of participants. Knowledge of reality and truth are both socially constructed phenomena (Berger and Luckmann, 1967). The case study writing followed the directions from Yin (2003) and Eisenhardt (1989) to ensure validity and reliability of the results reported. Concerns for external validity arising from single case-studies were traded off against the opportunity to gain rich insights into an as yet incompletely documented phenomenon (Yin, 2003; Lovas and Ghoshal, 2000; Eisenhardt, 1989).

Attempts to force the data into any pre-conceived framework were avoided. The representation of the data followed a chronological order and the description tried to maintain a narrative style so that both process (series of temporal actions) and context could be richly depicted. Time was used as the major circumscribing (bracketing) tool to organize and analyze data and to delimit phases in strategies inferred. The emphasis in writing up the case study was to use the data from fieldwork to provide a comprehensive

narrative of actions, events, processes and contexts and how these changed over time and how these events and processes were experienced by the various actors concerned.

Interpretations were kept to a minimum and possible links to theoretical arguments were noted down as separate memos. Data found missing after discussions with my supervisor were collected by way of follow-up telephonic interviews with previously interviewed informants. Some interviews also had to be conducted with new informants previously not interviewed since I was not aware of their existence earlier. The data analysis revealed patterns in terms of micro-level strategies and macro-level events which are depicted in the timeline below:



**Figure 2: A Timeline of Key Processes in AMUL**

## **Chapter 4**

### **Emergence of a Producer's Cooperative**

#### **4.1 State of the Dairy Industry in India, and Kheda, Gujarat**

India in the 30's and well into the 50's was not self sufficient in milk (Heredia, 1997). A large part of the requirement of the burgeoning population (due to population growth and urbanization during and after WWII) had to be met by import of milk powder from other countries (Heredia, 1997). Due to severe shortage of milk in big cities, milk prices were going up. The British, though they exploited India economically, had done their bit to establish rail and road links between cities and towns besides postal services. The dairy industry then was largely unorganized and infantile. It comprised largely state run military dairy farms that catered to the British military during the World Wars, some departmental milk supply schemes in the metropolises, a few private processing plants and milk traders and middlemen (Heredia, 1997).

Kheda district in Central Gujarat, however, occupied a pride of place in the dairy economy due to its strategic location with respect to India's largest metropolis Bombay. The fertile Charotar tract of this district was famous for its potential to produce large quantities of milk. "The rural milk economy operated as a sub-system within the total agricultural economy and in most villages of the district it constituted an auxiliary source of income for the farmer" (Alderman, Mergos, and Slade, 1987). Dr. ARS, a pioneer veterinarian and resident of Kheda, who served AMUL for 34 years noted that dairying was constrained by bad village roads, perishable nature of the product, and by the fact that marketing of the producer's milk was not assured (Interview # 27, 20/5/2008).

Speaking about the nature of milk trade in Kheda district, before Polson (a private organized dairy) came along, a long time Director<sup>24</sup> of AMUL commented:

“Before Kaira Union (AMUL) supplied to the Bombay Milk Scheme, and before Polson came into the district, people would make Ghee out of their milk to sell to private traders and they would consume the butter milk in their homes. The producers had to sell their Ghee at whatever prices were offered by the traders. However, once Polson set up the dairy business in Anand, Polson arranged for the milk to be collected from the villages by his milk contractors.”

The absence of modern inputs such as balanced cattle feed and artificial insemination constrained dairying as did inadequate facilities for conversion to milk powder which compelled farmers to consume surplus milk or convert it into Ghee, which was less remunerative (Alderman et al., 1987).

### **The Fertile Charotar Tract and Infrastructure Creation: The Role of Patidars**

By late 1940s and early 50s Bombay (approximately 450 kms from Anand town, Kheda district) used to get more than 60% of its milk supplies from the Charotar tract of Anand (Brissenden, 1952) – a tract comprising the four Talukas (sub-districts) of Anand, Petlad, Borsad, and Nadiad. This tract had long been known for its extraordinary milk producing potential and was characterized by fertile land, irrigation facilities, and was dominated economically and politically by the Patidars (a land owning and cultivating caste, also known as Patels). Please see maps of India (Figure 3) and Gujarat state (Figure 4) below with districts:

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<sup>24</sup> Mr. VTP, dtd. 30/7/2009.





Figure 3: Map of India (The part shaded is Gujarat State)



Figure 4: Map of Gujarat State (with Kheda and Anand districts)

Patidars donated quite a bit to societal goods like charities, trusts, and hospitals<sup>25</sup>. Motibhai Amin (a Patidar) provided donations to set up the Charotar Education Society in 1916 and its constitution was framed by Vithalbhai Patel (Sardar Patel's elder brother). Likewise, Sardar Patel (a Patidar), and K.M. Munshi, trustees of one such trust, and both doyens of the nationalist movement, realized how important education was to the collective prosperity of farmers and they established the Institute of Agriculture, Anand and Charotar Rural Development Trust<sup>26</sup> with generous donations in the late 30's (Heredia, 1997). The Institute of Agriculture was set up in 1938 to train farmers in modern agricultural practices. The Rural Development Trust helped small enterprises and entrepreneurial initiatives. The share of profits from these operations eventually found their way to the construction of the Sardar Patel University (ibid) whose construction began in 1946. It was built by Bhailalbhai Patel (a Patidar) with land donations from rich farmers of Kheda, with a College of Engineering and Architecture which were managed by meritorious men (Heredia, 1997). Similarly the Charotar Vidya Mandal, a charitable trust, was set up in 1945 by Bhailalbhai Patel and Bhikabhai Patel, with the "prime objective of rural development through education to bring about social awakening, social upliftment, and enrichment" (<http://www.ecvm.net>). Sardar Patel was elected its President. Unlike other parts of India, where institutions have been established by the

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<sup>25</sup> This observation is based on my fieldwork. Villages which had presence of Patels usually had a fancy entry gate, tubewells with electricity, community hall for holding marriages/functions, library etc. The Patels (especially in Charotar) had kith and kin living abroad who would also repatriate money back to their villages for purposes of development and this often meant that Patels had a say in village matters. Patels, through their 'Patidar Samaj' association, invested in infrastructure like building community halls, private schools with ultra-modern facilities, vocational institutes as well as technical and management institutions offering post-graduate degrees and diplomas.

<sup>26</sup> I take these institutions and their leadership (mostly held by Patels or Patidars) as proof of the collective norms of Patidars which enjoined them to donate to social/public goods and their spirit of enterprise. This is also seen in the initial membership of AMUL, since most of the shareholders in the early village coops to be organized by AMUL were predominantly Patidars. Almost all the individual life members and members of the board of Kaira Union (AMUL) were Patels in the early stages.

government, these institutions were founded and developed by the local people (Singh and Kelley, 1981) with Patidars taking the lead.

### **The Rise of Anand as Milk Centre**

The Patidars were mostly landed<sup>27</sup> middle caste peasant proprietors. Most of these Patidars<sup>28</sup> had taken to cultivation of cash crops like tobacco and cotton in addition to traditional cereal crops of bajra, rice, and wheat during the last century (Baviskar, 1985). Besides, most of these Patidars would keep 1-2 buffaloes of the local Surti breed which would provide milk for home consumption and any surplus would be sold in the form of Ghee (ibid). Dairy production systems were labor intensive, involved complete recycling of animal wastes, and required low fossil fuel input (Hodgson, 1979). The farmers practiced mixed crop-livestock type of dairy farming. Hardiman (1981) notes:

The Charotar tract was also famous for its buffalo milk, which before the days of the railway had to be exported in the form of Ghee. During the year 1878, for instance, eight lakhs of rupees worth of Ghee was exported from the district. The advent of the railways and cream separating machines allowed the milk to be sold to the cities either fresh or as butter. Anand became a major milk centre. By 1918 dairy exports from Anand town were worth twenty-four lakhs of rupees a year, which was a sum greater than the land revenue of the district.

The advent of railways was significant to the flourishing of the dairy trade in Kheda. This was so because railways would enable liquid milk (and cream) to be moved larger distances to metropolises like Bombay. Invention of cream separators in Europe and its use in the area gave a big boost to the dairy industry in the district by enhancing production of butter (Singh and Kelley, 1981). Cream separators were first introduced in

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<sup>27</sup> During my fieldwork (March-November 2008) the extent of disparity in land holdings in Kheda, and especially in fertile Charotar, was evident. Landholdings of Patidars (especially in Charotar) were on average more than those of other castes in the villages of Gopalpura, Ajarpura, and Chikhodara – all Charotar villages where I did fieldwork. On average they had more land, fodder, and therefore, those in dairying reared more heads of cattle.

<sup>28</sup> Patidars are of two types – the Levas and the Kadvas. The former are predominant in Charotar tract.

the latter half of the nineteenth century by a businessman from the village Nar, in Kheda district who brought in an imported cream separator from Bombay (Somjee, 1982). The nature of the milk trade changed, with Ghee being replaced by cream as a commodity for trade and exports (Baviskar, 1985; Somjee, 1982). These developments were further stimulated by the British Indian army's demand for dairy products during the First World War. A government run central creamery was established in Bombay and more creameries were created in the milk surplus district of Kheda to ensure that the Bombay government creamery and its dependent British army received a steady supply of milk and milk products (Somjee, 1982). Around this time, the government established a government research creamery in Anand. The intervention of the government to feed the British army was therefore critical to Kheda dairy industry's increasing industrialization.

### **Exploitation of Producers by Polson and Middlemen**

During the First World War, the British encouraged Pestonjee Eduljee Dalal, a Parsi industrialist, to enter the business of converting milk into cream and butter and exporting it to Bombay. Pestonjee started his career selling a blend of coffee and chicory (called 'French coffee') to the army which became very popular (Baviskar, 1985). His business got a further boost during First World War when he was asked to supply the blend to the army in large quantities. This brought Pestonjee in close contact with officers of the British Indian army who gave him the nick name of 'Polly'. They persuaded him to change his name to Pestonjee Polson with 'Polson' as the brand name of his product besides asking him to arrange for the supply of large quantities of butter. Polson arranged to have cream collected from the different villages of Charotar tract and to manufacture butter in Bombay. The butter was tested and found good and the Army placed large

orders with Polson (Kamath, 1989). Polson eventually “set up a mechanized dairy plant in Anand in 1929 to ensure an uninterrupted supply of butter and other products to the army and by 1934 he added pasteurization facilities to his Polson Model dairy” in Anand (Baviskar, 1985). The dairy had the latest machinery similar to that being used in European countries (Kamath, 1989). According to some authors the real modernization of the dairy industry started in 1930 with the setting up of Polson dairy (Desai and Narayana, 1967; quoted in Dorsten, 1990) which “enjoyed the distinction of being the first of its kind in the East” (Kamath, 1989). Thus foreign capital and technical expertise related to dairy processing had flowed into the district for several decades (Singh and Kelley, 1981).

Between 1929 and 1939, Polson vastly increased the production of cream, butter, and casein (Somjee, 1982). The Second World War further boosted Polson’s fortune as its production of butter reached a high of 3 million pounds a year (ibid). Polson’s butter was now the most famous butter brand in India. The chain of procurement began with the village milk producer selling his milk either to a local private trader or to Polson’s contractors who would collect milk from a handful of villages and would in turn sell the cream separated to Polson for a commission. Polson would then convert part of the cream so collected into butter and send cream and butter to Bombay<sup>29</sup>. Though Polson dairy provided the producers with an assured market for their milk, the producers got a pittance in relation to what the middlemen got or what Polson received from his sales to the Bombay market and the Army. Polson’s contractors and middlemen would pay the farmers an arbitrary rate based on their whims and in turn earn good commissions

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<sup>29</sup> The British Army at the time was the single largest consumer of cream and butter.

through their sale to Polson<sup>30</sup>. To make matters worse for the farmer, while there was a glut of milk in winter<sup>31</sup>, in summers, it was scarce. Since the milk producer was left with a large unsalable surplus in the flush winter season, it was then that the contractor would squeeze him hardest, milk being a perishable commodity (Heredia, 1997). Polson, privately owned by Pestonjee, did not bother about how much the milk producers got paid as long as it got the quantity of cream required for manufacturing its daily consignments of butter to Bombay. Polson in turn would sell his famous Polson butter and milk at high rates in the Bombay market to the consumers (ibid). Polson also never felt any obligation to provide any services to the milk producers to help them increase their production<sup>32</sup>. Besides the government “research creamery”<sup>33</sup> located in Anand, Polson was the only organized dairy in Kheda district and therefore had no worthwhile competition.

Moreover, the “fact that Polson made profits by selling its cream and butter to the British army during the war did not go down well either with the peasants of the region<sup>34</sup>, or with the political activists of Kheda district, who were at the heart of the nationalist movement, which Polson seemed to undermine” (Interview Mr. NBP, 14/5/2009). Interestingly, the milk producers of Kheda had shown their solidarity despite incurring a loss during the middle of the War by resorting to Non-Cooperation. This was described to

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<sup>30</sup> Interview Mr. NBP, 14/5/2009

<sup>31</sup> Buffaloes are known to be seasonal breeders unlike cows and they parturiate (give birth) during monsoons following which their milk production goes up during winters. The fact that more fodder is available after monsoons also contributes to the increased production.

<sup>32</sup> Interview Mr. NBP, 14/5/2009; Dr. ARS, 16/5/2008

<sup>33</sup> According to Dr. Kurien who would become the General Manager of AMUL, the Government Research Creamery, where he began his career in 1949, did no research. An unstable operation, it closed many times.

<sup>34</sup> Kheda, especially the Charotar region, was the heartland of the nationalist movement, and the Patidar peasants who dominated this region formed the core of the peasant and nationalist movements in Gujarat.

me by a former Director on AMUL's Board who was a Gandhian<sup>35</sup> and an active participant in the nationalist movement and a youth member of the Congress party:

“You see in 1942, Gandhi announced the Quit India movement and Bombay Congress made a resolution to ask the British to quit at that time. At that time, during the war, a decision was also taken to follow non-cooperation with the British army by withholding the supply of material such as food and milk to the army which was helping to subjugate India and its people. We were told that Polson is sending all milk products to the British army and at that time the Congress told us that we must not cooperate with Polson. So we started churning milk at home and converted it into less perishable Ghee and butter and we (Congress youth workers) tried to manage the marketing of these products by selling in nearby markets like Nadiad.” (Mr. VTP, 30/7/2009)

Thus the rural milk producers of Kheda, through their non-cooperative actions, were contributing in their own little ways to the larger freedom movement which by the mid 1940s had reached a crescendo.

## **4.2 Government of Bombay Intervenes, Monopoly to Polson**

After the Second World War, the British Government in India decided to improve the standard of milk consumed in Bombay city and the Municipal Corporation of Bombay City organized a scheme in November 1945, called the Bombay Municipal Corporation Milk Supply Scheme. This scheme was later taken over by the Government of Bombay state and called it the Bombay Milk Scheme (hereafter BMS). Bombay, as mentioned earlier, had sourced cream, butter, and milk in various quantities from villages of Charotar tract around Anand – the milk pocket of the region – through private manufacturers. Through BMS this was now to be systematized and regularized. The liquid milk business in Anand, Kheda district, could not have existed without the

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<sup>35</sup> There seemed to be a strong correlation between ideology and political affiliation in the old members of AMUL's Board. Most of them were Gandhians, participated in the nationalist movement, and were active workers in Kheda District branch of Indian National Congress.

intervention of the Government of Bombay. According to Dr. Kurien, who became the first professional to join AMUL as Manager:

“Anand was successful because it was 300 miles from Bombay. Milk could not go to Bombay from Anand for marketing unless milk was processed in Anand. So a coop was required to process. You cannot build an Anand next to Bombay, because if you do so, it will bypass the dairy and go directly to the city market without being processed.” (Interview # 46, Dr. KRN, 3/7/2008).

Soon after launching the BMS in 1945, the Milk Commissioner of the Scheme awarded Polson a monopoly<sup>36</sup> right to collect milk from 14 villages surrounding Anand, process it, and dispatch it to Bombay, a decision perceived to be unilateral and unfair by the milk producers (Alderman et. al, 1987). Besides, at the instance of Polson, the government also banned the export of milk and milk products outside the district, which gave continued advantage to Polson and deprived the producers of the freedom to sell their milk to anybody else (Singh and Kelley, 1981; Baviskar, 1985). This is what a retired Society Division Manager, had to say about how the Polson monopolized the market:

Now Polson had a factory in Anand and he was a Parsi. The then Deputy Milk commissioner of Bombay Milk Scheme was Khurody – also a Parsi. So Khurody started collecting milk from Kheda and in those days the practice was Polson had monopoly rights to procurement. Polson would employ traders and contractors...these contractors would buy milk from members at throw away price dictated by Polson. So this institution of monopoly held by Polson aggravated the farmers. The traders and contractors were rough in dealing with the farmers. All they had to do was control 2-3 village leaders and then people would have to sell their milk to them. This created resentment and the farmers went to Sardar Patel with their complaint. (Interview Mr. NBP, 14/5/2009).

Mr. VTP, a Gandhian who was active in the nationalist movement, and was a Director on AMUL's board, remembered how Polson operated and why they might have obtained the monopoly from the British:

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<sup>36</sup> This was possible because Polson had contacts with top bureaucrats in the British India Government.



“Polson had milk contractors working as agents. Polson did not have any personal contacts with the milk producers. So a contractor would collect milk from say 100 milk producers and he (contractor) would keep some 5 “Agyavan” (overseers) happy and influence them by giving them good prices so that they in turn would influence the other farmers in their village to supply milk to the contractor. They (contractors) would however give lower prices to these other producers and exploit them. So these malpractices made them and Polson unpopular....At that time, Polson was the most important milk purchaser...if any one person could supply milk to Bombay city in bulk, only Polson could. There was no other alternative.” (Interview date, 30/7/2009).

These quotes illustrate the nature of the exploitative milk trade in Kheda district which was exacerbated by the BMS granting a monopoly to Polson in 1945 for procurement, pasteurization, and supply. The farmers, realizing that such an ordinance from the British-governed BMS would inordinately benefit Polson at their expense, asked for a fair share of the profits by demanding a rise in the milk prices paid them. Polson’s refusal to budge greatly aggrieved the farmers (Heredia, 1997). On the contrary, to further raise his profits he reduced the purchase price (ibid). This severely agitated the milk producers.

### **4.3 Release of Political Resources**

Incidentally it was in 1945 that famous nationalist leaders from Kaira district like Vallabhbhai Patel (popularly known as ‘Sardar’ Patel), Morarjibhai Desai<sup>37</sup>, and others, who had been imprisoned in 1942 for organizing the “Quit India” movement, were released. A doyen of the independence movement and known as the Architect of India for keeping India’s princely states united, Sardar Patel would go on to become India’s first Deputy Prime Minister. Being a son of a farmer, Sardar Patel deeply empathized with farmers and led many non-violent peasant revolutions (“Satyagrahas”) against British economic injustices. At Gandhi’s behest, Sardar Patel gave up his flourishing law

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<sup>37</sup> He would go on to become the Chief Minister of Bombay State, and later, India’s Commerce Minister, Finance Minister, and finally India’s Prime Minister. He strictly lived by Gandhian principles.

practice and helped organize one of India's first successful Satyagrahas, the Kheda Satyagraha in 1918. Later on, he successfully led the famous Bardoli Satyagraha in 1928, with the help of Congress party volunteers, to protest iniquitous tax increases imposed by the British on peasants despite very low yields following a famine. The resounding success of the latter led to Sardar Patel's emergence as one of the great leaders of the nationalist movement. Gandhi bestowed upon him the title "Sardar" meaning "leader."

After the release of freedom fighters in 1945, the agitated milk producers approached their trusted local farmer, freedom fighter and youth Congress worker Tribhuvandas K. Patel, (hereafter TKP, also from the Patidar community) also just out of jail, to discuss their problems. What followed would profoundly transform the nature of the dairy business in Kheda, and later, India.

I argue that the extraordinary emergence of AMUL dairy cooperative can be explained through its embeddedness in the peasant community at the micro level and in the national systems of social re-organization driving India's freedom struggle at the macro level (Ghosh and Westley, 2005). Paradoxical as it may sound; I propose that the dynamics of the emergence of this "co-operative" were nested in the "non-cooperation" movements led by national visionaries and freedom fighters like Gandhi and Sardar Patel in India's attempt to break free from British bondage and in the interpersonal networks of key community actors who were highly regarded.

At this stage it would be pertinent to provide some background on the local nationalist leader that the peasants of Kheda approached. This leader – Tribhuvandas Patel (hereafter TKP) - was the son of a rich farmer and had joined the nationalist movement at a young age. His first lessons were learnt when in 1920 as a part of an

academic exercise he had written an essay on cooperation. It resolved to persuade milk suppliers not to sell milk to the British Government Creamery. The students achieved this by paying for the milk themselves and pouring it away (Heredia, 1997). He had studied at the Gujarat Vidyapith started by Gandhi, had met Gandhi and attended meetings addressed by him. He was also a close ally of Sardar Patel, and like him, had proven his mettle to the Indian National Congress by displaying his genuine patriotism, fighting for the ultimate goal – independence. He participated in the Civil Disobedience, Salt Satyagraha, and Quit India movements and was sent to jail each time. He was rewarded by the Indian National Congress for his bravery by being elected Vice President of the Kaira District Congress Committee. So he was a man whose activities overlapped several spheres of operation – a freedom fighter, a political activist, a social worker and above all a very well connected farmer who knew his folks all too well. As Whittington (1993) notes, the character of *key organizational actors* needs to be explored not only in terms of internal hierarchy, but also in terms of their positions within and relations to external structures stretching beyond the organization itself.

#### **4.4 Movements against British exploitation: Previous Organizing Experience**

When approached by the aggrieved milk producers, TKP, being a respected local Congress leader and a farmer himself, led the coterie of milk producers to Sardar Patel. Upon hearing the farmers' complaints, Sardar Patel suggested that TK Patel mobilize the producers to organize their own dairy cooperative in order to be able to control all functions – procurement, processing, and marketing of their milk collectively and to 'get rid' of Polson. Sardar knew that Polson was getting "direct support from the British

Government in Bombay (by way of their monopoly supply contract) to see that Polson survives and prospers. Removing Polson would mean directly challenging a British supported enterprise, and in doing so the legitimacy of British authority” (Interview Mr. BKB, 7/7/2009).

Sardar Patel, who was himself actively involved in organizing peasants in various parts of Gujarat, in peasant movements for justice, understood the problem quite well. This was explained by a former Director on AMUL’s board who was also a very close associate of TK Patel:

“Gandhi and Sardar devoted their entire life to peasants and their constructive program was meant to improve their lot. While working with farmers he got to know about their problems. Gandhi did not believe in a vested economy of few interests. He believed that if people and their condition are to be improved, one must make use of Swadeshi tools. Sardar, who was steeped in Gandhian philosophy, believed that people-centered development was vital especially in a country where 80% of the population was engaged in agriculture and animal husbandry. When I was a young man, he advised us to go back to our villages, go among people, understand them and their problems and help them. He understood well that the processing industry was not in the hands of farmers because of which the farmers were exploited. He advised us to get back the processing industry for the farmers. The basic idea behind AMUL cooperative of farmers came from Gandhian philosophy...after all Gandhi’s first movement in Champaran, Bihar was also for farmers who were being forced to grow Indigo by the British.” (Mr. VTP, 30/7/2009)

To understand the parallel, if any, between Champaran, Bihar and Kheda, I asked the above respondent if the milk producers at the time felt that the British were exploiting them. He replied:

“Yes, but indirectly. Indirectly they were exploiting the farmers by way of their economic structure. The likes of Polson were controlled and patronized by the British and they used to exploit people to get raw materials at the lowest cost. Colonization was the basic structure. The Governor of Bombay was a Britisher.” (Mr. VTP, 30/7/2009)

To understand why Sardar was proposing a cooperative at the time, I asked those who had known him and heard him speak. A director on AMUL’s board mentioned:

“Sardar had once said that, “the farmers of this country have been kicked around, if I am able to create an India where he (farmer) can hold his head high, then I shall consider my life worthwhile”. In order for this to happen, Sardar thought the farmer has to be strengthened economically...economic independence... he wanted the farmers to have their own dairy. He said that to get independence, we must train people for democracy...from this basic philosophy came the vision for AMUL...In a company, a person or few persons would be concerned about their capital and profits thereon rather than benefit of farmers. So a company would go against the idea of people-centered development. In a company the principle is to procure material at least cost and to sell finished goods at the highest cost leading to exploitation. Also Sardar had spent time in London studying and came in contact with Gandhian economics. All these things might have led him to suggest the idea of coops.” (Mr. VTP, Interview date, 30/7/2009)

To the same question, a veteran Society Manager remarked:

“A private company was already there. Polson was there and it was not a happy experience. Moreover I think around 1937 Vaikunth Mehta became the Finance Minister of Bombay state and he promoted cooperatives. Morarji Desai had worked with Vaikunth Mehta and he might have proposed the idea.” (Mr. NBP, 14/5/2009)

Morarjibhai Desai, to whom Sardar Patel would entrust the task of explaining to TK Patel and other milk producers the way forward, was earlier part of the interim Government of Bombay state that was formed in 1937<sup>38</sup>. His colleague was Vaikunth Mehta, also known as a doyen of cooperative movement in India. It was during this tenure that Morarji Desai had helped organize Choryasi milk cooperative in Surat, Gujarat in 1939. A cooperative conformed to Congress’s and Gandhi’s ideal of people-centered development and therefore *co-operative* was going to be the way forward.

TK Patel and the other farmers, who were not sure how all this could be achieved asked for more guidance. Sardar told the delegation of farmers that he would send his trusted lieutenant Morarji Desai<sup>39</sup>, the then Secretary of Gujarat Pradesh Congress (branch of Indian National Congress), to show them the way. It would be pertinent to note here that, Sardar Patel, had in a letter written in 1942, expressed to Dr. M.D. Patel

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<sup>38</sup> The interim Government of the Congress led by B.G. Kher of which Morarji was a Cabinet Minister resigned in 1939-40 in protest against British Government’s decision to engage India in the World War.

<sup>39</sup> It is relevant to note that Morarji Desai became Minister for Revenue, Agriculture, Forest and Co-operatives in 1937 when the first Congress Government took office in the then Bombay province.

(Director, Institute of Agriculture –Anand, and later, first Vice Chairman, AMUL) that, it was imperative for the milk producers of Kheda district to get together to form a cooperative to rid themselves of exploitation. Sardar Patel was convinced that in order to save themselves, the farmers needed to control the value chain of procuring, processing, and marketing of milk.

### **The Meeting of Samarkha: The Farmer’s Strike**

Sardar envisioned a 2-tier cooperative structure<sup>40</sup>, whereby farmers would belong to a village cooperative society (VCS) - the basic unit in the structure. Each of these VCS would have as its area of operation the village in which it is formed (plus any small nearby hamlets) (Halse, 1980). All milk producers who wished to market their milk cooperatively would be eligible to enlist as members of the VCS. Once a few VCS are formed, they would federate into a District Union which would own a dairy processing plant where the milk from the VCSs would be bulked and processed for onward shipment as liquid milk or products. Thus each Union would market its own output of processed milk and dairy products (ibid).

Sardar’s message to the farmers was simple - “Polson ne kaadhi muko” (remove Polson) which galvanized the farmers, and he sent his trusted lieutenant Morarji Desai<sup>41</sup> to help organize the farmers and explain to them the way ahead. A senior veteran of AMUL’s society department recollects:

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<sup>40</sup> Sardar Patel, a prominent figure in the Congress party and the Indian independence movement, had argued the case for a co-operative approach to the marketing problem from about 1942 (Irwin, 1971; Somjee, 1982). This was to later evolve into a 3-tier structure in which district unions would federate into a Marketing Federation at state level. The 3-tier structure is now popularly called the “Anand pattern” based on its place of origin.

<sup>41</sup> Morarji Desai would in 1952 go on to become the Chief Minister of Bombay, the Union Commerce Minister from 1956-58, the Finance Minister from 1959-64; 1967-69, the Deputy Prime Minister in 1967, and the Prime Minister of India in 1977. He was a staunch Gandhian in creed.

He (Sardar) said I will send Morarji Desai, who was then the Secretary of Gujarat Pradesh Congress Committee, to go and investigate the situation. So a meeting was organized in Samarkha (village near Anand) where farmers under the leadership of Morarji resolved to go for a cooperative society. (Interview # Mr. NBP, 14/5/2009).

The historic meeting of Samarkha was held on January 4<sup>th</sup> 1946. In the meeting it was decided that every village of the district shall have a cooperative society (VCS) and these societies would federate into a District Union. Further they decided to petition the British-governed<sup>42</sup> BMS to allow them to supply milk directly to BMS instead of going to Polson, and resolved that if the BMS did not agree, then they would go on an indefinite milk strike. The BMS, which had signed an exclusive contract with Polson, rejected the demand of producers for direct supply of milk. TKP and Morarji Desai fervently asked the farmers to go on strike and to stop supplying milk to Polson. This was a call for *non-cooperation* against Polson and against a regime which patronized exploitation through Polson. As mentioned earlier the farmers and political activists of Kheda saw Polson as being patronized by British, and Polson's inappropriate practices as manifestation of the unjust colonial structure. This is reflected in this statement of an old farmer who was on AMUL's board:

“Indirectly they (British) were exploiting the farmers by way of their economic structure. The likes of Polson were controlled and patronized by the British and they used to exploit people to get raw materials at the lowest cost. Colonization was the basic structure. The Governor of Bombay was a Britisher.” (Mr. VTP, 30/7/2009)

The most appropriate way to deal with such unjust practice was non-cooperation as the farmers knew too well from their experiences of non-cooperating with British. Peasants across Gujarat had earlier used Satyagraha as an effective tool to fight economic

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<sup>42</sup> The Milk Commissioner in charge of BMS and the Governor of Bombay State were British.

injustices by the British during Kheda, Borsad, and Bardoli Satyagrahas, all at the instance of Sardar Patel. Morarji Desai and TK Patel, together with several other political workers, organized what was known as “the 14 villages Satyagraha” (Somjee, 1982). This famous strike after the Samarkha meeting was effectively undertaken by the peasants of villages of Kheda district, mostly from Charotar. Bombay went without milk for 15 days. Emergence was waiting to happen – growing awareness of the exploited farmers and their strong feelings against Polson, perceived as an organization patronized by the British, Polsons’ inattention to the global societal good and its preoccupation with the pursuit of the sole objective of local profit maximization, the growing demand for milk in Bombay, emergence and support of leaders like Sardar and TKP who believed in the *principles of cooperation* for societal uplift and economic prosperity, the connections of Kaira district to freedom fighters and leaders of Indian National Congress which was on the ascendancy and the complex systems and institutions which were coming up in and around Anand would provide the propellant required to launch the largest cooperative movement in India (Ghosh and Westley, 2005).

Finally the Governor of Bombay State was forced to visit Kheda to negotiate with the producers. The producers unflinchingly asserted that their demands be fulfilled failing which the strike would continue. Eventually BMS revoked its monopoly order and agreed to the farmers’ demand that they be allowed to form a cooperative of their own and supply milk directly to BMS (Alderman et. al, 1987). In the case of Amul, just before its formation, the farmers were called upon to test the technique of *non-cooperation* (initiated at various levels by Sardar Patel) by not cooperating with exploiting Polson,



and its ally, the British-governed BMS. Said a senior manager who had spent 40 years of his career at Amul:

“The whole thing...the strike came up due to exploitation at the hands of Polson and the British. So Sardar Patel came up with the idea of milk movement. Back then Anand was the nerve centre for milk supply to Greater Bombay Milk scheme, and so the milk protest was conceived to generate pressure on the British government and to stop farmer’s economic exploitation. Sardar Patel told TK Patel that you all should get under one banner and have a cooperative movement in Kheda so that you can drive away Polson and the British” (Interview # Mr. BKB, 7/7/2009).

An interview with a very senior (now retired) AI station attendant of AMUL revealed the following when I asked him about the importance of the famous Samarkha meeting of peasants under Morarjibhai Desai’s guidance:

“I remember people (milk producers) used to say about Polson “Dudh aapvu chhokra nu lahu aapvu barabar chhe...dudh apaaye nahin” (to sell milk is to sell your child’s blood, we cannot sell such milk). Side by side the independence movement was going on...Gora ko mat do (do not sell to the British).” (Interview # 25, Mr.SBR, dtd. 12/5/2008).

Somjee (1982) argues that Polson Dairy was too closely identified with the alien rule and its war efforts. The principles of cooperation (and non-cooperation) among the milk producers were in effect a “moment of revolt” in that, they were transposed from the domain of a community of farmers, to the political and organizational domain – the Bombay Government and Polson. To understand what made this incredible experiment possible, it is important to understand the stature of key actors organizing the strike as well as the context in which the movement unfolded.

The co-presence in Anand of key local actors (social entrepreneurs) like TK Patel, who was well connected and regarded in the community of farmers in the Charotar area of Kheda, (for his nationalistic exploits), Dr. MD Patel (Director, Institute of Agriculture), Bhailal Patel (founder of Sardar Patel University), played a crucial role in

helping the movement along, as did their connections to broader political arenas of the nationalist movement i.e. to powerful state level leaders like Sardar Patel, Morarjibhai Desai and KM Munshi (also a trustee of Institute of Agriculture) – people who enjoyed an impeccable reputation<sup>43</sup> among the community of farmers and the nation at large.

An agreement was finally reached between the Bombay Milk Commissioner and the milk producers that they would resume supply of milk, and in future their interests would be represented by a cooperative society which would collect milk from the farmers and supply it to Polson till they acquired their own processing facilities. This cooperative was to become AMUL in the days to come. It was derived from the “Sanskrit word ‘Amulya’ – which means ‘priceless’ and symbolized the pride in Swadeshi”<sup>44</sup>. In the next section I describe the phase of early organizing (emergence) of AMUL and the role of initiative and happenstance in its initial growth.

#### **4.5 Early Organizing: Reluctance, Uncertainty, and Early Innovations**

I describe in detail the process of initial organizing of infrastructure, as well as the technical and administrative innovations that were put into place through collective efforts to garner the support of primary stakeholders for whom the cooperative was initially just an article of faith. This process cannot however be isolated from the larger context of the dairy industry in India and the political economy of the nation.

When the milk producers resolved at the Samarkha meeting to form their own cooperative, Morarjibhai Desai had already known TK Patel for quite some time since the latter was the Vice President of Kheda District Congress Committee. He had also known

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<sup>43</sup> Vallabhbhai Patel came to be called “Sardar” (meaning Leader) because of his huge contribution to peasant movements across Gujarat. Morarji Desai was Patel’s right hand.

<sup>44</sup> Kurien (2005). Swadeshi was a political movement in British India that encouraged domestic production and the boycott of foreign, especially British goods as a step toward home rule.

about his stature and his desire to make a difference in the livelihoods of the poor and underprivileged. Commented a senior Society Manager of AMUL:

“T K Patel was reluctant to be the Chairman of AMUL; Morarji compelled TK Patel to be the Chairman and so TK Patel took over...Now before 1947 those who had sacrificed were leaders. TKP had given up things and so he was accepted as a leader. Gandhian era workers were accepted as public servants...In India we have approach of going in for Vakilshahi (rule by the old men)...so in Congress if Sardar Patel says something everyone will accept. So likewise in AMUL if Morarji Desai suggested something, everyone would accept.” (Interview Mr. NBP, dtd. 15/4/2009).

A long time director on AMUL's board and a friend of TK Patel observed:

“TKP was dedicated to the interests of the people of the district. Also Morarji Desai directly knew TKP, who was an active worker of the Congress party.” (Mr. VTP, 30/7/2009)

TK Patel was a *reluctant* founder-entrepreneur. He knew well that there were sections of politicians who will thwart his effort of establishing a cooperative, either on account of personal rivalry, or because some of them benefitted from their association with milk traders or private manufacturers in the dairy industry<sup>45</sup>. Morarji assured TK Patel of full support should there be any obstacles in the way of organizing the cooperative (ibid). To get an understanding of the nature of the movement, the context of organizing, TK Patel's stature in Kheda, and the nature of his personal contribution to the organizing effort, I interviewed people who had known him well and this is what an AGM (pioneer retired veterinarian who knew about the formative stages) of AMUL had to say:

“During formation years, leadership of TKP was very important during the survival stages. TK Patel was the son of a landlord from an Anand village and even as a youth he joined the freedom movement and got to know Sardar Patel up close. Sardar's blessings were with TKP. While many people contributed, he played the role of a “pioneer organizer”. In those days, it was considered an impossibility to have an enterprise that was cooperatively owned. It was like someone showing you a dream...very vague! But sometimes you follow certain people, when he is saying...we must do it. He was in touch because of the

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<sup>45</sup> Informal telephonic conversation with Mr. NBP, 15/5/2009

movement and so leaders of villages knew him. So people had confidence in him. People of different persuasions were with him in this. So he started with a Muslim village - Hadgood. People were with him and the commitment of people was forceful because of the context of independence movement. It was because of this context that the milk strike and resolve to organize coops was considered a movement not a business. The force was more spiritual rather than commercial. Because of that it was strongly supported. (Interview # 26, Dr. ARS, 16/5/2008)

Somewhat unsure, TK Patel set himself the modest target of setting up a few VCS before the end of 1946. A very old farmer whose village was among the first two village coops to be organized narrated how his village coop society<sup>46</sup> came to be established within the context of the ongoing nationalist movement:

This is around 600 years old village. It was a small para (hamlet) of Vadod at that time, and now is independent village with its own Panchayat. It has been involved in the freedom movement from the beginning and had a strong nationalistic feeling. Morarji Desai and Dinkar Rao Desai like people have visited this place to see the Village coop. Also respected Gandhi had come when he inspired the “CHARVAR” (national movement). CHARVAR means the movement to drive the British people away. Thus we opposed the use of British goods. Any foreign clothes were not worn. Spinning and weaving of Khadi cloth was initiated in 1930.

There is Karamsad, the village of Sardar Patel. I had gone to visit his place. My father used to work under Sardar Patel...he was a member in the local board. Sardar Patel used to say, “make our own milk mandlis (societies), as our farmers are facing too much loss because some people are eating-up (our part)”. During those days, Polson dairy and British Government creamery...used to pay whatever price they would like and the suppliers use to channel it there. This gave rise to exploitation. Because of which Sardar Patel had to call a meeting. When Sardar Patel came, he eradicated these malpractices. In 1946 the milk society was established. Sardar Patel told Tribhuvandas (TK Patel), so he came here. He (TK Patel) was a frequent visitor to the village. He met all of us. His son would come here to meet his friends and Tribhuvandas (TKP) and the village leaders were friends. Tribhuvandas and the village elders had studied together and they were friends. So he asked them to open a society. In 1946 the society was established...As Tribhuvandas prompted directly 11 people became SABHASADS (members). (Interview, Gordhanbhai Patel, 21/6/2008)

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<sup>46</sup> This VCS Gopalpura was the second society to be organized and is hardly 3 kms from Anand. The first society to be organized was Hadgood, about 1.5 kms from Anand.

The above quotes show that common personal networks of Sardar Patel and TK Patel as well as the reputation of TK Patel (around Charotar) formed the basis for organizing some of the initial village cooperative societies. While one person could not have organized everything, it should be noted that TK Patel provided a huge momentum to the process of organizing coops at the village level by vesting the organizing process with a tremendous degree of personal commitment and self-involvement, by being a “pioneer organizer” – something that has been repeatedly said of him by numerous people I interviewed, and is therefore less likely to be the stuff of legend. Be as it may, it is essential to understand how this process of organizing unfolded.

The transformation of the movement into a real dairy cooperative, was a collective one involving among others, the community of farmers (Patidars early on), village elders, TK Patel (an important community leader and social worker), young nationalist political workers of Kheda associated with the Kheda District Congress, friends, associates, of TK Patel, and numerous other proponents of social justice and economic freedom such as Sardar Patel, K M Munshi, Bhailal Patel, Dr. MD Patel, and Morarjibhai Desai who were also involved in the process of organizing other institutional infrastructure in and around Anand. Described a very old farmer from Gopalpura who was privy to this organization effort and who helped in its early establishment and operations:

“In 1946 the society was established. As Tribhuvandas prompted, directly 11 people became SABHASADS (members). Nine of them were Patels. Tribhuvandas initiated the establishment and appointed an organizer known as I.I. Vora. He was an organizer, meaning that he went to all the villages and delivered lectures for opening societies mentioning the advantages of the same. He would say such things, and he had Tribhuvandas’ help. Why was Vora included? Tribhuvandas was Hindu and he was Muslim. He explained to Muslims so they

may avoid communal differences. They went from village to village by foot as there was no ST (state transport) at that time.”

The actions of TK Patel were meant to send a message that the dairy cooperative belonged to no one community and that anyone who had milk to offer was free to join regardless of religious faith. A former Director on AMUL’s board (a Patidar) remarked:

“TK Patel derived his motivation to organize the coop from the nationalist movement. TK Patel never lived as a Patidar. He was a leader of masses and lived by Gandhian philosophy and never made any distinction between Patels and Baraiyyas. To him they were all his brothers.” (VTP, 30/7/2009)

The following quote from a former Board Member of Kaira Union sheds light on why Gopalpura and Hadgood (villages most proximate to Anand) were the first ones to be organized:

Besides Hadgood and Gopalpura were the first 2 VCS to be formed because they are geographically proximate to Anand town, near Khetiwadi (Institute of Agriculture). These were relatively easy to access and had been involved in the business of milk supply for a long time. Besides, being close to Anand, they may have perceived less risk as they could easily sell their milk in Anand town. So their close proximity to Anand helped them to maintain non-cooperation with Polson as they had alternative markets. Moreover these places had greater political awareness and had high involvement in the nationalist movement. (Mr. VTP, 30/7/2009)

### **Role of Voluntary Contributions and Personal Networks in Organizing**

TK Patel would often ask the young village folks to help with bringing more farmers into the cooperative fold and explain to them why it was necessary for them to own the cooperative by buying shares. In the initial stages most of the farmers to join were Patels and the young folks who came forward to provide secretarial and clerical support also belonged to this community. Theirs’ was an unenviable job and indeed most of them provided voluntary service to their newly formed societies. A farmer of Gopalpura recollects how a few people in the beginning came together to offer their voluntary services:

“Five of our people had begun this. Tribhuvandas, the founder. He was our family friend and 5 amongst us went to AMUL. So those 6 months the people from here who worked voluntarily without any salary....those relations that were developed from my father’s time are still alive. No salary. Co-operative and voluntary...people used to go there on their cycles and head loads collecting milk for AMUL. Initially it worked so. So we know. That is how AMUL was created. It is these societies that created AMUL bottom-up”. (Ms. SMP, 5/7/2008)

In the early days i.e. between 1946 and 1947, AMUL did not have a processing facility of its own, and this created some problems. In fact this too might have contributed to fewer VCS being organized. In an interview, one of the pioneer members and secretary of Gopalpura VCS revealed the struggle in the initial days at VCS level:

“TK Patel said to me “you start Milk Mandli (VCS)”...I officiated for 4 years... As secretary I also collected milk, as secretary and clerk both. After collecting milk, it was sent by head loads to Polson dairy in Anand. By laborers on head loads. I would take them along to Polson dairy, Anand. It was sold to Polson dairy as at that time; Amul dairy didn’t exist. We noted every individual contribution of milk while we gave it in Polson dairy. Thus, every once a while, we noted difference in the quantity. This got converted into loss. So we checked the weighing balances of Polson, it was found to be the reason of improper business. We lodged a case against Polson and could claim and recover Rupees 17000.” (Interview GPPA1, Gordhanbhai Patel, 21/6/2008)

I also learnt from my interviews that this “cooperative and voluntary” service included getting up early in the morning, organizing an orderly collection of milk, weighing and accounting of milk receipts, ensuring farmers got their due from Polson in accordance with the weight of milk and its fat content, book keeping, going to contiguous VCS to train their Secretaries (also voluntary) how to keep books, account for amounts due to members.

Moreover organizing was not an easy job given that many farmers had no idea what a cooperative was, and how it was supposed to work. People, it seemed, doubted the ability of the nascent organization to survive competition from Polson and more

importantly had little or no idea of how a cooperative works and whether it would be profitable<sup>47</sup>. As a pioneer vet<sup>48</sup> said:

“In those days, it was considered an impossibility to have an enterprise that was cooperatively owned. It was like someone showing you a dream...very vague! But sometimes you follow certain people, when he is saying...we must do it.”

So the rate at which membership increased was slow initially and this is reflected in the fact that 2 VCS<sup>49</sup> were formed by December 1946 after TK Patel was chosen to lead the cooperative in mid-1946. Most of those who joined were members of Patidar community who were familiar with TK Patel by virtue of his social work as well as through friendship networks. They reposed trust in TK Patel's reputation and joined due to his and his co-workers' determined persuasion. A Senior Manager (retired) in Society Division observed about TK Patel's reputation in Kheda:

“TK Patel being very honest and sincere man, a very rare thing, he was a man who initiated social change. He was a rich man with a lot of land but never tried to profit from AMUL. TK Patel was such an honest and likeable person” (NBP, 15/4/2009).

My interviews with very old farmers<sup>50</sup> of the initially organized coops also revealed that most of the producers who joined as members of VCS initially belonged to the Patidar caste even though Kshatriyas were the numerously preponderant caste. Since Patels were landed and on average financially better off than Kshatriya community folks, they often provided leadership in organizing at society level, and if required, invested their own money to get society operation started, if there was a shortage in resources<sup>51</sup>.

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<sup>47</sup> Interview Mr. VBP, 8/8/2009.

<sup>48</sup> Interview # 26, Dr. ARS, 16/5/2008

<sup>49</sup> The S-curve for adoption of new ideas is well known. Adoption is very slow initially.

<sup>50</sup> Interviews GF1, GF2 and GF3 – Shri Gordhanbhai Patel, dated 21/6/2008 and 22/6/2008 and Interview # 53, M.D. Patel, dated 1/9/2008.

<sup>51</sup> Interview # 25 – retired AI station attendant – dated 12/5/2008.



To further verify which community contributed most of the early members and why, I asked some Society division managers, and previous Directors and the typical response I got can be summarized by the following quote:

“Patels everywhere from South to North Gujarat collected tax on behalf of the Collector. Most Patels are Patidars by caste. Patels of Charotar are topmost in the hierarchy. I would say that initially AMUL was largely creation of Patidar community. This is also something that Babubhai J Patel – AMUL’s former Chairman once told me.” (Mr. NBP, 15/4/2009)

Said a former Director on Kaira Union’s Board:

“I would say that the economically stable people were the first ones to get involved. The backward classes were not so involved early on. The same thing happened during the national movement because the Patidars were involved in it in larger numbers as they were socially conscious and educated. They were “Karta and Karaota” as they were landed and educated. Moreover in Kheda in the past they had helped collect taxes on behalf of the British.” (Mr. VTP, 30/7/2009)

This is not surprising given that Patidars belonged to the caste of middle peasants, had more land on average; more fodder to feed their cattle and more cattle (since they were traditionally into dairying business).

### **Contributions of Government, AMUL Directors and Congress Youth Workers**

Besides organizers like I.I. Vora mentioned above, I enquired about the contributions of people other than TK Patel in organizing the VCSs. A Senior Manager (Societies) mentioned:

“In those days, there was a Chaturbhai Patel of Baroda who worked in the Cooperative Department. He would accompany TKP on his trips to the villages. He would do all the official work of filling out forms for forming coops, forming management committees. So they would organize societies. Subsequently AMUL became sponsoring agency for cooperative societies. We would call meetings, we would select management committee members, Chairman, prepare proposal for formation of the VCS and let the district registrar know about formation.” (NBP, 14/5/2009).

In fact the name of Chaturbhai Patel (and his men) as being among the people who helped organize the VCS was also mentioned to me by Mr.VBP<sup>52</sup> – a AMUL Society supervisor - who used to be a supplier to Polson before he started supplying milk collected from nearby villages to Davol where a VCS was organized in 1951. Dahyabhai Ramdas Patel, the first Chairman of Davol VCS, had evinced interest in joining the cooperative movement, at which point Chaturbhai approached Davol. He called a group meeting of interested producers in Davol and explained to them how a typical VCS works and asked the producers to form a managing committee of 7 members from among them and decide who they wanted as a Secretary and as a Milk Collector and tester. Mr. VBP's father was chosen to be the Secretary of Davol VCS. Initially the number of producers who joined was not too many, as most did not know whether the coop would be profitable or not. All this however changed very quickly once the members were paid a share of the coops' profits (in proportion to the volume of milk supplied by the member to the VCS) at the end of the financial year. Thereafter producers from all communities lined up for getting their shares in the VCS.

The fact that TK Patel was able to enlist the voluntary services of officers of the government's Cooperative Department was indeed an important step forward, as it lent more impetus to the work of organizing. As to how this was possible, the story goes that TK Patel, after he had formed the first two VCS, decided to personally travel to Poona where the Office of the Registrar of Cooperative Societies was located. As luck would

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<sup>52</sup> Telephonic conversation, Mr. VBP, 9/8/2009. Mr. VBP mentioned how he had no option but to start supplying milk to Davol VCS as Polson's truck stopped collecting milk from the nearby village from which he collected milk. This was the result of BMS' decision to discontinue its supply contract with Polson. As a result Polson (who had bigger investments in machinery for manufacturing products) was unable to match the prices AMUL paid to farmers. Also AMUL, since 1948 got paid higher amounts from BMS compared to Polson towards "processing charges" as they were a cooperative in an "educational period".

have it, in the train to Poona, he ran into a Bhogilal Patel (an Indian Civil Service Officer) who asked TK Patel the purpose of his visit. TK Patel let him know that he wanted to get Kaira Milk Cooperative registered as a Union. Bhogilal Patel let TK Patel know that he would be happy to help TK Patel with the paperwork since he was the Registrar of Cooperative Societies. Upon seeing the papers, he even offered to get the necessary corrections done to the papers and hand them back to TK Patel which would save him the trouble of doing one more trip (Kamath, 1989). It seems plausible that Bhogilal Patel, the Registrar, and a Patidar himself, might have allocated personnel from the Cooperative Department to help TK Patel, a fellow Patidar with organizing VCSs. Therefore the emergence of AMUL also owed its fair share to the help rendered by official functionaries deputed to carry out voluntary service in the formation of VCS. The reason why such help might have been rendered can be inferred from this observation by Bhogilal Patel, the Registrar, when Kaira Cooperative Milk Producers Union was registered, “the Congress Ministry was wedded to the policy of achieving a Cooperative Commonwealth, the government recognizing cooperation as “the sheet anchor of rural economic democracy”” and that he had a “definite brief in those days just prior to independence to give all possible encouragement to cooperatives” (Kamath, 1989, pg. 19). This was therefore a period in India’s history, just prior to its independence, where the interim Congress government headed by Nehru<sup>53</sup> saw cooperatives as a tool for socio-economic development, and advancement of rural India. It was the Congress government’s explicit policy to render all manner of help to enterprises associated with people’s development.

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<sup>53</sup> An interim Government headed by Nehru was formed in September 1946. India was to become independent an year later.

To be able to pay the milk producers twice a day, TK Patel also had to enlist financial support which he got by way of loans from Bombay Provincial Cooperative Bank Ltd., Anand, as well as, by inducting into Kaira Union's fold "individual life members" who contributed money to Kaira Union. This is narrated by a Director on AMUL's board:

"These (individual shareholders) were recruited by TK Patel and these were mostly wealthy members of the society and they were either friends or relatives of TKP or known to TKP indirectly. Some of them joined as they were promised representation on AMUL Board ...so for prestige. Some contributed, as they wanted to help AMUL financially. The individual members were required (to be inducted) to raise capital. TK Patel was trusted by people because of his life. He was a reputed social worker and a man of character who was fully transparent and who worked in the interest of society. The provision of representation of individual members was done away with in the early 1960s." (Mr. VTP, dtd. 30/7/2009)

Upon enquiry I found that almost all the individual life members who financially supported the nascent Kaira Union by buying special shares<sup>54</sup> were mostly from Patidar community. Moreover during the initial stages of the Kaira cooperative, the Directors<sup>55</sup> on Kaira Union's Board were mostly from Patidar community. (Interview # 46, 47, Dr. Kurien/Dr.Chothani).

By 1947, a total of 6 VCS had been organized. These VCS were set up in Samarkha, Ravrapura, Ajarapura, and Lambhvel in addition to the two VCS mentioned earlier (please see Table 1 below). Societies were organized and allotments of shares made to shareholders. Most of these village coops were located within a radius of about 4-6 miles of Anand town. All the VCSs formed between 1946 and 1947 were in Anand

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<sup>54</sup> These shares were expensive and each individual member contributed anywhere from 500 to 1500 Rupees each without any special privileges in voting.

<sup>55</sup> It is a fact that an overwhelming majority of Directors in Kaira Union's Board were Patels as evidenced from the annual reports. Also I learnt from interviews that the Board back then was formed more by selection than by election. Three directors were retired by rotation every three years and the process was consensual. Most of those selected happened to be public-spirited social workers with a sense of service, and "pratishthit" (established) in their communities to lend the Board acceptability.

Taluka (county) of Charotar region. The role of TK Patel, Amul's Chairman, was one of deep personal involvement especially in matters related to spreading the cooperative message and in organizing VCSs. Commenting on TK Patel's role as a founder-entrepreneur and Chairman, Dr. Kurien, the first professional to join AMUL as General Manager stated:

“We started with 2 VCS. Then went to 7 and then to 20 and so on. Tribhuvandas Patel did it! He would actually walk from village to village, because there was no car, and convince village elders to start the coop. People believed him because he was an honest man. Everybody knew him. Also TKP was connected with Sardar Patel from a village called Karamsad 2 miles from here. So TKP knew Sardar. TKP was also Congress Pradesh President....at Gujarat State level in those days. So he was a very important man. TKP would tell them that people should have their own coop and they would get better prices. So TKP managed and left us alone, other than organizing village societies. He would call meetings of all VCS chairman. Things began to perk up. TKP would be our main source of contact with the villages and Sardar Patel would also talk to them. So it grew and grew and grew.” (Interview # 46, 3/7/2008)

An old farmer of Gopalpura recollects:

“Societies were started in 6 villages. I used to go there to direct them. There were no supervisors back then. They used to send me and say “Go and teach them how to do entry, maintain the daily accounts and carry forward them for the New Year's entry”. How much one man has deposited was to be accounted. I was sent to 6 villages. In absence of bus (back then) I walked all the way. And I had to return on time to collect my village's milk....every morning and evening I had to go with the milk to Anand, to get it weighed.” (Interview GPPA1, Gordhanbhai Patel, 21/6/2008)

By 1948-49 AMUL had organized 13 VCS with 924 members handling 1.1 million kgs. of milk during that year. The progress of the Union over the years is displayed in Table 3 below.

**Table 3***Organizing of Village Cooperative Societies, Membership, and Procurement*

YEAR	NO.OF SOCIETIES	NO. OF MEMBERS	MILK PROCURED FROM SOCIETIES (In Kgs)
1948-49	13	924	1136363
1955-56	64	22828	11474519
1958-59	138	33068	27525169
1963-64	378	65000	62302302
1968-69	600	148000	113156188
1973-74	794	235000	111948121
1978-79	856	295000	159262615
1983-84	880	359000	182022754
1988-89	900	436000	204733088
1993-94	943	513280	277360215
1998-99	1005	568939	236445419
2003-04	1059	598707	253823666
2005-06	1084	628566	297419443

*Source:* Kaira District Cooperative Milk Producers' Union Ltd.

TK Patel's constructive effort and enthusiasm, especially rubbed off on other socially active youth workers like Gordhanbhai Patel quoted above who were willing to go beyond the call of duty to help fellow farmers organize.

Youth workers who took the lead were associated with Kheda branch of Indian National Congress and were naturally interested in the development of their own villages and Talukas. Mr. VTP – a former Director of Kaira Union who was a youth leader associated with Kheda District Congress remarked:

“I was the basic man who helped organize the VCS in my village Mehlay. I had seen the progress of the people in my Taluka (county) who had affiliated as members to their respective AMUL VCS. I was working for the Kheda branch of Indian National Congress simultaneously and was in touch with TKP and was interested in the economic progress of my own village. I also read advertisements about the progress being achieved by AMUL affiliated VCS located close to my village....By 1951 when our society was organized; AMUL had recruited some good Society Supervisors. At the meeting a society supervisor was also invited.

After I gave my thoughts at the meeting, the supervisor also lectured to the producers in attendance and convinced them about the need to affiliate to a VCS. In order to collect capital for starting operations, we were able to make 100 members and collect capital from them...Slowly and gradually as people saw that this was a good alternative, more people joined.

Moreover when Annual General Meetings were held each year, TKP and Kurien would give lectures to those assembled. The main source of education was TKP and he had a band of committed youngsters who helped greatly in the work of organizing. These youngsters from neighboring villages would be invited to the AGM and they would be explained about the intricacies of a coop, how to process milk, how to keep milk clean, benefits of membership etc. When people saw folks from neighboring villages getting benefits of membership, they also expressed their desire to organize coops. For example after I organized a VCS in my village Mehlav (in Petlad Taluka), I would often go to help neighboring villages in Petlad Taluka to help them organize their own VCS.” (30/7/2009)

The Directors inducted into Kaira Union’s Board also helped in the process of organizing VCSs. Commenting on the process of initial organization of VCS by AMUL’s leadership a veteran director on AMUL’s board recounted:

“Normally in the early years of Amul – 1948 to 1955 the organizers – TK Patel and some of us (Directors ) as well as Society Officers would have to go and convince producers to form societies. So in the early years, the process of organizing was top down to some extent, but later on as awareness increased, they (the producers) approached us to form societies making it a more bottom-up process.” (Interview # 53 Mr. MDP, dtd. 1/9/2008)

Dr. Kurien noted:

“Initially the process of organizing was driven by TKP himself and his board. After the 1955 dairy, we recruited “Societies” staff to help us organize more coop societies. They would form a cooperative, educating the farmers, talk to the Chairman and Board (of village societies). TKP also helped out in organizing – his personal involvement was always there in the organizing of village coops.” (Dr. KRN, 3/7/2009)

It is evident from the quotes that, a variety of actors joined in a collective effort in organizing AMUL’s Village Coops. This included village elders, friends and associates of TK Patel, wealthy individuals seeking prestige or willing to fund an enterprise seeking collective good, motivated organizers, AMUL’s Directors, nationalist leaders,

government functionaries working for the cooperative department, youth social and political workers, Society Supervisors, and last but not least TKP himself. In the first two years, Kaira Union had to go to Polson as it did not have a pasteurizer of its own and the sale of cattle feed constituted a large part of its transactions with members.

### **Social Innovations Introduced by AMUL**

AMUL started with a service function – sale of cotton seeds (cotton seed was traditionally fed as feed to buffaloes then) at discounted prices to member producers<sup>56</sup>. Moreover, AMUL started the practice of collecting milk twice daily and making payments for the purchases twice daily. The morning milk would be paid for in the evening, while the evening milk would be paid for the next morning<sup>57</sup>. This was considered to be very convenient given the farmers' need for daily liquidity to be able to purchase ration for themselves, and given the perishable nature of their produce. Moreover, the VCS belonged to the farmer and its managing committee was elected by the farmer which allowed the farmers to make their demands and issues heard. The guarantee of *assured uptake* of milk (come summer or winter) and assured payment twice a day was therefore a big step forward, a social innovation, in the Indian dairy trade.

Another important step AMUL took once it started making profits was to distribute bonuses to the VCSs in proportion to the value of the milk they supplied to AMUL. The VCS would in turn distribute the same to its members pro rata. This greatly enhanced enthusiasm on the part of member producers who saw excess profits being shared with them, unlike what they had experienced in their transactions with Polson and

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<sup>56</sup> Based on interview with former society supervisor Vallabhbhai Patel, 4/6/2009

<sup>57</sup> This practice or its variant exists to this day – in some villages which are relatively well off, farmers asked to be paid every 2 or 3 days. Based on field observation.



private traders. A part of the profits would be retained as reserves by the respective VCS for the purpose of building proper milk collection centers, towards animal improvement funds, cooperative education funds, village civil works fund, to benefit the community. A very old farmer narrated the visible impact of bonus on membership:

“After 12 months the payment of bonus was made and this made people more aware. As they gave refund of profits, people realized about the benefits of becoming a member. So by paying 11 Rupees, they started becoming shareholders. They became shareholders though initially they were reluctant. Initially we made them shareholders by retaining a Rupee/day from the money payable to them for their daily collection...or we asked them to allow us to deduct money from the bonus. Once they received bonus, then more people started becoming shareholders. A part of their profit is invested here (village) and all felt the pride of being a share holder. This was because they got profit and bonus. Earlier they were not willing to become a share holder. They had to be repeatedly explained in order to make them shareholder.” (Interview GPPA1, Gordhanbhai Patel, 21/6/2008).

Dr. Kurien noted:

“Once the coop was started it was clear it will succeed – because of higher prices and bonus.” (Interview # 46, 3/7/2008)

All these tangible actions (innovations) like assured milk uptake twice a day, assured payment for milk twice a day, sale of cattle feed at nominal prices, and distribution of bonus at the year-end proved to be of inestimable value to members. These innovations gradually increased the membership in the existing societies while also helping to spread the information of the availability of these services to surrounding villages in which there were no VCS, mostly by word-of-mouth, pamphlets printed and distributed by AMUL, newspaper articles, as well as by seeing-is-believing effect<sup>58</sup>. As the movement spread geographically to new VCS, TK Patel got the VCS Secretaries trained at a school of cooperative laws in Surat, Gujarat, to get them trained in, and

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<sup>58</sup> Respondents told me how visitors to villages with VCS would observe the benefits accruing to members and then narrate their observations to folks in their own villages motivating them to start their VCS.

familiar with cooperative laws and provisions. This gave AMUL access to “cooperative educators who taught AMUL people everything about cooperatives from what is managing committee, how it is elected, how to make resolutions, what is the role of members, who would have the final say in matters of dispute, role of Chairman etc” (Interview, Mr. Vallabhbhai Patel, 4/6/2009).

## **4.6 Change in Fortunes: Kaira Union breaks free of Polson**

### **Use of Political Linkages**

By 1947, TK Patel was looking for ways to break the stranglehold that Polson had on Kaira Union’s members by virtue of its processing monopoly. In early 1947, he leveraged his contacts with Dinkar Rao Desai, Minister for Law and Civil Supplies, Bombay (who held the portfolio of BMS) and Morarji Desai (Bombay Revenue Minister) to get the Government of Bombay to coax the Government of India to lease Kaira Union a part of the government creamery (which was lying idle) and a pasteurizer therein. Dr. Kurien recollects how TK Patel got into processing:

“Next door to the creamery, half of the government creamery was given to Kaira Union. That was possible because of KL Munshi<sup>59</sup> who knew Tribhuvandas. I had no work. The government research creamery does no research” (Interview # 46, Dr. KRN, 3/7/2008)

By April 1947, just before India’s independence, the then Union Minister of Agriculture, Dr. Rajendra Prasad responded positively to Kaira Union’s overture and a part of the government creamery was leased out to Kaira Union along with a pasteurizer. The machinery and the premises that Kaira Union inherited were however in dilapidated state, and Kaira Union spent almost a year repairing the buildings and the machinery. It was only on 1<sup>st</sup> June 1948 that the first consignment, a modest 250 liters of pasteurized milk,

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<sup>59</sup> KM Munshi was a trustee of Institute of Agriculture, Anand along with Sardar Patel.

was shipped to Bombay Milk Scheme directly by Kaira Union. They would from here on, use these facilities to pasteurize milk and send it to the BMS, thereby achieving partial<sup>60</sup> independence from Polson. This was the first use of political capital by TKP to achieve the ends of the cooperative's business.

At this point both Polson and Kaira Union supplied milk to BMS and competed in purchasing milk from producers. However, Dinkar Rao Desai, Minister of Law and Civil Supplies, (with BMS portfolio) who was sympathetic to the cooperative effort, paid Kaira Union a slightly higher rate for processing and handling as compared to Polson, between 1<sup>st</sup> June 1948 and 31<sup>st</sup> December, 1949 since Kaira Union was in the “educational period” as a coop (Singh and Kelley, 1981). This allowed the Union to pay higher price, organize more societies, and attract more members into its VCSs. The result was immediate – in one year (1949-50) the number of VCS went up from 13 to 27, and the membership doubled from 924 to 1995. Selling liquid milk to BMS was more profitable than selling products, as there was a rapid cash flow from the sale of milk; therefore both Polson and Kaira Union competed to sell as much milk to BMS as they could. Selling manufactured dairy products was not as profitable as the demand from British Army had by now evaporated.

By this time India had achieved independence and Kaira Union through its leadership TK Patel, Morarji Desai, and Sardar Patel had direct access to the Indian National Congress led governments at various levels. While Morarji Desai was the Minister of Home and Revenue, Bombay, Sardar Patel had become the Deputy Prime Minister of India. Kaira Union now found itself in a totally new context where Congress

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<sup>60</sup> Due to the machinery being in bad state, it would often breakdown forcing TKP to get the milk pasteurized by Polson on such occasions.

men who had assisted in Kaira Union's emergence were now policy makers. This was very well described by a Senior Manager of Societies:

“Fortunately for AMUL, both the state (province) and the centre were run by Congress and TKP was a Congressman. You see political party is the basic structure; coops and other public bodies are just ancillaries.” (Mr. NBP, 15/4/2009)

AMUL was fortunate to be operating in a political structure where the leaders of Indian National Congress came to occupy significant political offices both at the level of Bombay state and at the national level. AMUL, through TKP, an important Congressman at the district level, had direct access to powers-that-be such as Morarjibhai Desai who held important ministerial positions in Bombay State and to Sardar Patel – India's Deputy Prime Minister. These direct political linkages to people from Gujarat were fundamental to assuring AMUL a relatively congenial environment for its growth. The entry into pasteurization allowed TK Patel to pay slightly higher prices to the farmers as he saved on costs of processing. However the milk was sent in cans which were then loaded into insulated railway vans. The BMS would sometimes return the milk on the grounds that the milk had gone sour in transit, causing losses to farmers. The poor state of the machinery was responsible for this, but it was not long before that another incremental, albeit decisive, step was taken. AMUL was still struggling to survive.

### **Happenstance in Anand - A Triumvirate Converges**

The history of every organization is often witness to fortuitous occurrences. One such “happenstance” that occurred in Anand around 1949, would decide the future course of AMUL's evolution. A young metallurgical engineer called Verghese Kurien, who had graduated in engineering from Madras, and who had worked for less than a year at the TATA's, was sent to Michigan State University on a scholarship by the British Indian

Government in 1946 to study dairy engineering – a subject in which he had absolutely no interest. Dr. Kurien recollects this event as below:

“They (colonial government) decided to select 400 young Indians and send them for training to industrially developed countries like England, America, Australia etc. So I applied and got selected. But at the interview, when they said they would give me a scholarship in Dairy Engineering., I exclaimed, “Dairy Engineering!!” with surprise. Give me something in Metallurgy or Nuclear Physics, I argued. The Chairman of the selection board Sir Morris Guam...said “NO, this or nothing...make up your mind young man.” Since I decided to quit Tata’s, I accepted it. “But I have not seen a cow”, I said! To that he said, “that is not your problem...that is our problem...we will see that you meet a cow.” So they sent me for 8-months training to Imperial Dairy Research Institute, Bangalore. They did not like me there. I didn’t like them either. To them I was a “foreigner” from a steel factory. I did not belong to their family and they thought of me as an “outsider who had invaded their territory”. I learnt nothing there. They did not bother to teach me and so I too did not bother to learn. After 8 months I was sent to America. Then from there...I decided that I was not going to study dairying. I decided, given my background, to study Nuclear Engineering – the first atomic explosion had just taken place, and I knew this new source of energy needed to be harnessed for good of man. So I thought nuclear energy offered better career prospects and so I decided to do my Masters in Metallurgy and Nuclear Physics.” (Interview # 46, Dr. Krn, 3/7/2008)

However, upon his return to India, Kurien was posted by the government (now independent) to the Government Research Creamery in Anand, which, according to Dr. Kurien “did no research.” Kurien was obliged to accept this posting (under the terms of his scholarship) or risk getting sued by the government for a substantial sum. Kurien recollects his term at the Government Creamery thus:

“At the Government Creamery, their job was to manufacture milk powder by a roller drier. They had no success in doing so. As soon as I joined, I saw the rollers meant to manufacture powder were not parallel. With slight adjustments made, we started manufacturing powder. I had a boss – a useless fellow who had no interest in work. At 11’O clock he would come to my room and sit and have tea and then leave for the day....thoroughly useless fellow.” (Interview # 46, Dr. Krn, 3/7/2008).

After every 2 months Kurien would take off to Bombay, since Anand was a boring place where “one could not even misbehave”. Right beside the Government creamery was the

Kaira Union operating in a part of the creamery's leased premises. Kurien met TK Patel and his band of farmers and developed a liking for them. Kurien recollects in his interview:

“Since I had no work, I used to go and help the Kaira cooperative. I told Mr. Tribhuvandas, “Why are you working with this bloody junk machinery World War 1 vintage? If you want to do this work properly, then buy yourself some new machinery.” He asked me “how much would it cost”? I said, after some quick calculations, “sixty thousand rupees” upon which he disappeared! He went to Institute of Agriculture (Khetiwadi) – the Director of which was appointed Vice Chair of Kaira Union. He asked the Director – Maganbhai Patel what to do. Maganbhai said, “if that is what he has asked you to do, then do it. Borrow sixty thousand rupees.” But I was getting ready to go. So they had posted the agriculture engineer of Khetiwadi to take over from me. My job was to educate the agricultural engineer of Khetiwadi to take over which I did. He being an honorable man, after my education, he went to the Director Maganbhai and told him this job is too much for me, I cannot manage this.” (Interview # 46, Dr. Krn, 3/7/2008).

When TK Patel got to know about Kurien's plan to leave he implored him to stay and told him that he would give him a contract for installation and commissioning of the new pasteurizer and for training a person on how to operate it, after which he could do as he chooses. The task of finding Rupees 60000 to buy a new HTST pasteurizer meant undertaking a big investment, as Kaira Union (AMUL) was in a nascent stage. Kurien narrates how TK Patel managed:

“So with 60,000 rupees we got a brand new pasteurizer and once we started there was no looking back. In the beginning TKP had a lot of problems, sixty thousand Rupees, and he borrowed the money from his rich cousin who remarked, “TKP, you and your mad ideas...coop! Take this sixty thousand and do not come back for more. When you lose it, forget about it, I too will.” (ibid)

It was not long before Mr. H.M. Dalaya, whom Kurien had met and befriended at Michigan State University, would also arrive in India following completion of his Master's in Dairy Technology. Describing the late Mr. Dalaya, Kurien says:

“I met Dalaya in Michigan State University. He...had come on his own steam. He and his brothers owned what was the largest dairy in undivided India – he had 350

red Sindhis (cows) and their own dairy plant. So unlike me, he came to study Dairy but without a fellowship. But unfortunately for him, while we were abroad, India became free. All his house and property were in a place called Karachi. So when he came back he was a refugee and had become a pauper, despite being a well to do fellow. So TK Patel did not know what to do (about purchasing new pasteurizer). By that time Dalaya had returned. I was going to keep Dalaya here. I met him at the tea shop and bought him a ticket for 25 rupees from Bombay to Anand. I said, I have bought this ticket, you come with me. He said I am not coming; I am going back to America. I said, “Come Dalaya”, I have spent 25 rupees.”...fortunately he arrived with his little attaché case. Came here and he was to spend 35 years here...it was he who built Amul Dairy. It is him. I did not do anything. I told Dalaya, I will do the talking, you do the work.” (ibid)

Dalaya, unlike Kurien, was a dairy technology expert with exceptional technical acumen.

After receiving his M.S. degree from Michigan in Dairy Technology, Dalaya worked in Wisconsin for Kraft Food Company, one of America’s largest cheese manufacturing and marketing firms (K.U., 1996). There he ran a condensing plant, spray and roller dryers and worked in the quality control laboratory (ibid). Kurien knew this and explains:

“When I found that things were getting beyond my capacity, I brought Dalaya here and between the two of us we managed. You have to know what you do not know. Since I knew I had studied Nuclear Physics and Metallurgy, and that I did not know much about Dairying, so I had to get Dalaya here who did. I made him Assistant Manager and it was he who built Amul into what it is.” (Interview # 47, 12/7/2008)

He and Kurien worked together to set up the new HTST pasteurizer even as Kurien continued to officially work for the Government creamery and Dalaya worked pro bono. In between Kurien was again getting ready to quit his government job and leave Anand for good. But Dalaya got wind of his plans and disappeared before Kurien could leave. When TK Patel heard about Kurien’s plans he implored him not to leave. He told Kurien that Anand needs him and so Kurien joined formally as General Manager of Kaira Union<sup>61</sup> in 1950. Kurien describes how the three of them finally came together:

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61 The Government Creamery was wound up in the mean time.

“So I could not leave as planned, so I decided to stay back. Then, he (Dalaya) returned. I asked him, “where the hell were you?” He said, “Kurien! This place needs me and you both...it does not need just one of us. So when you decided to leave, I wanted to quit so that you do not leave. Now that you have decided to stay back, I have come back. Let us work together and build this up. This has great potential.”

“One day Tribhuvandas (TK Patel) asked me, “your friend...have you appointed him?” I said “why?” “He is working everyday it seems in the dairy. So I am asking you have you appointed him?” I said, “No”. “Why not?” I said, “I cannot appoint him, he is my friend.” “So who can appoint him?” I said, “You Mr. Tribhuvandas.” “Appoint him tomorrow, he is a good man.” So Dalaya became the Assistant Manager. So he was not concerned with rank and he was appointed as Asst. Manager. So the coop had Dalaya and me. Once we joined, things started improving.... there was no going back and the farmers were getting much better prices than they got from Polson and we became quite successful. TKP was the district local board president with Head Quarters in Nadiad. Everyday he would go to Nadiad, come back and walk across the railway line to the Dairy and see us working and go back to his house. TKP would not take any salary.” (Interview # 46, Dr. Krn, 3/7/2008).

The chance encounter of this triumvirate - TKP, Kurien, and Dalaya could not have been at a more opportune time. Remarked Dr. Amrita Patel, the Chairman of NDDB, about this fortuitous happening and the unique role of the triumvirate:

“[Y]ou had a Chairman who truly and absolutely truly believed in bringing producers together and giving them what is rightly due to them. He saw it as an instrument of social and economic change. And his benevolence combined with Dr.Kurien’s benevolence and business sense, and Mr.Dalaya’s technical acumen made it the perfect recipe.”(Interview # 78, 27/11/2008)

Based on the evidence presented, I argue that institution building is a collective effort and occurs when it combines different people with unique qualities – a dedicated social entrepreneur-broker(s) like TK Patel, who was deeply connected and committed to the socio-economic advancement of primary stakeholders, and knew what their aspirations were, and how these can be advanced through political mediation (using his contacts) with broader arenas, dreamers and professionals like Kurien who committed themselves to a larger cause, albeit reluctantly at first, and last but not least, institutional sustainers



and technocrats like Dalaya and others, who would use their technical prowess to enable AMUL to foray into new product and service markets to ensure its continued growth. Repeatedly my interviews showed the deep mutual and reciprocal respect these three stalwarts had for each other's unique abilities. Moreover TK Patel considered Dr. Kurien his own son, while Dr. Kurien thought of TK Patel as his Guru. TK Patel gave the utmost freedom to these professionals in terms of autonomy in decision making. He brooked no political interference in business decisions and made a sustained effort to buffer AMUL from political interference of any sort.

#### **4.7 Bombay State's largesse, Service Innovation, Securing Survival**

Things changed for the better after 1950 when Kaira Union, which started receiving grants from Bombay Milk Scheme and preference for being a cooperative in an "educational period", hired full-time Society Supervisors, some of whom came from VCSs associated with Kaira Union. In fact some of them were people who had worked as Secretaries in their respective VCS, and therefore had a deep knowledge and experience of how people in the villages live, think, and talk, what they expect, how they might be convinced. Then, as an AMUL Society Manager put it, AMUL became a "sponsoring agency for organizing new VCSs" while providing all possible support in running the existing ones smoothly.

These Society supervisors<sup>62</sup> undertook visits to villages which were sought to be covered, or which evinced some interest. They would camp in these villages for 2 or more days, talk to people of different social strata to understand the dynamics of the village and to mobilize enough producers to make a VCS operation viable. Then they

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<sup>62</sup> This discussion based on observation and discussion with society supervisors – various times during fieldwork.

would call a “Gram Sabha” (village meeting) where they would ask those interested to assemble for a talk. The supervisor would then deliver a lecture on what it means to be a member of a VCS affiliated with AMUL, how a VCS works, what all help a VCS would get in its probation period, technical details of weighing milk and testing for fat, services that producers can avail of once they become members. This would be followed by questions and clarifications. They would then ask those assembled to nominate from amongst themselves, 7 or 9 persons who they would want to be on their Managing Committee for policy making and oversight, and who they might want to appoint for paid positions like Secretary, Milk Tester, and Clerk. A VCS would then be formed, members recruited, shares allotted, necessary papers filled out, and funds collected for working capital. The supervisors would then help set up equipments for weighing milk and testing fat and demonstrate to the staff that evening and the next morning how to go about collecting milk from members, how to check for sour milk, and how to account for the collection in members’ passbooks and in their own ledgers.

As producers organized, they received better prices and service, and more producers signed up to be members in organized societies. With Dinkarrao Desai, a colleague of Sardar, as the Civil Supplies Minister in Bombay, (with BMS portfolio) Amul now found itself in an environment that was perfectly suited to its growth. By 1950, more than 30 VCS had been organized with a total membership of about 4000 milk producers and AMUL procured a total of 50,00,000 kgs of milk for that year. AMUL engaged trucks to get the milk from the village societies to reduce risk of souring, and to expedite its processing. In the monsoons, the villagers, for lack of proper access roads, would have to bring the milk in head loads or tractors. But then, thanks to TK Patel, the

government built milk roads in Kheda district. The milk was collected in cans and these cans were then transported through predetermined routes for example; a truck would collect milk from 6 VCS in cans on its way back to AMUL twice a day. For 30 VCS, 5 such routes were organized. This was something AMUL copied directly from Polson dairy<sup>63</sup> with slight modifications.

### **Competition with Polson and Securing a Monopoly**

Between 1948 and 1952, AMUL's strategy was directed at maximizing its sales to BMS in which it was largely successful. Its strategy was also directed at securing a monopoly for supply of milk from Kheda. It was competing with Polson not only in procuring more milk from Kheda, but also in marketing more to BMS. By 1952, AMUL had doubled the number of VCS to 62, and almost tripled its membership to 11,300 compared to that in 1950. In 1950, as a result of Bombay state's recognition for AMUL's contribution as a source of low cost milk to the city of Bombay, the Bombay Government announced an annual grant of Rupees 300, 000 which allowed Amul to extend to its members a range of services and buy a second pasteurizer. AMUL got this benevolent grant each year from the Government of Bombay (BMS), 1950 onwards until 1960, for "dairy development in Kheda district" (Interview # 18 Dr. MRS, dtd. 29/4/2008; # 26 Dr. ARS, dtd. 16/5/2008) which they used to acquire "three pasteurizing machines, two cream separators, three can cleaners, and two boilers" (Singh and Kelley, 1981). Once the Union had increased its pasteurizing capacity and extended its cold storage facilities with the help of loans<sup>64</sup> received from Bombay State in 1951; it was able to organize more

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<sup>63</sup> Interview Vallabhbhai Patel, Supervisor (retired) AMUL. Polson collected milk from the main roads. The milk traders would wait at the junction of the approach road and the main road with the cans collected.

<sup>64</sup> Kaira Union received \$15,000 from Bombay in 1951 for enhancing capacity (Singh and Kelley, 1981).

VCSs and was able to request monopoly rights from the Government of Bombay for supply of milk to BMS.

From 1<sup>st</sup> January 1952, the BMS, recognizing AMUL's growing strength, cancelled their contract with Polson, and awarded AMUL the exclusive monopoly for milk supply from Kheda district. This was a direct result of strong lobbying by AMUL's leadership and the "policy of the Civil Supplies Minister, who when he took charge, let it be known that his government would increase the supply of milk from rural producers in Anand, assistance would be given to them and cooperative effort would be encouraged in handling milk" (Heredia, 1997). This decision of the government made the Union a leader, and Polson lost its dominant position in the industry (Singh and Kelley, 1981). The stage was set for Amul's new dairy to evolve. This order also contributed to help AMUL organize more VCS and increase its membership as Polson stopped collecting milk from many villages.

Thus political lobbying by Kaira Union's leadership was significant in not only procuring the creamery, but also in getting better prices for milk sold to BMS, obtaining dairy development grants for Kaira Union, and securing a monopoly for supply of milk to BMS. Thus securing survival of the cooperative during the *emergence phase* of the cooperative was an incremental process which involved vigorous lobbying by AMUL's leadership. It also involved creation of tangible artifacts such as machineries, cold storage, motors and trucks to procure milk, organization of village institutions, and provision of services to members. Most importantly it involved people from different backgrounds and professions getting together to provide momentum to the process of organizational emergence.

## **AMUL's Foray into Services**

The “dairy development” grants were also used to procure two Surti bulls<sup>65</sup> of superior breed and thus began a preliminary experiment with Artificial Insemination (AI) in 1950. These bulls were housed in a leased premise of the Khetiwadi campus of the famous Institute of Agriculture, Anand, established by the efforts of K.M. Munshi, who had now become the Union Minister of Agriculture. A veteran of AMUL who worked in its Society division explains how AMUL came to receive this grant from BMS:

“It so happened that Amul was supplying milk to Bombay and Bombay paid less to Kheda (milk) producers than Bombay milk producers. When Amul expressed dissatisfaction, Mr. Khurody (now BMS Milk Commissioner) said we will give grant for AI scheme. Amul was not equipped to handle that. Therefore M.D. Patel started that scheme in Institute of Agriculture campus.” (Interview #, Mr. NBP, 15/4/2009)

Dr. M.D. Patel was the Vice-Chairman of AMUL, and also the Director of the Institute of Agriculture. The above grants were also partly possible because Dinkar Rao Desai, of Gujarat was now the Civil Supplies Minister in Bombay, and TK Patel knew him through his network of political contacts<sup>66</sup>. Describing how various services vital to the milk producers of Kheda came about Kurien mentioned:

We first set up an emergency veterinary mobile. So any farmer could ask for veterinarian and he could be sure that a vet would reach him in 2-4 hours and treat the animal free of charge. The Union would pay for it. Then we started Artificial Insemination services and later we set up a cattle feed plant in Kanjari. (Interview # 46, 3/7/2008)

Because of the nurturing that it received from the government, AMUL was able to get grants and set up an infrastructure, however small, for collection of semen as well as for

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<sup>65</sup> Interview # 25 – retired AI station attendant – dated 12/5/2008

<sup>66</sup> It was also in BMS' interest to see Kaira Union grow its milk collection to serve Bombay.

veterinary service. The first mobile veterinary service was inaugurated<sup>67</sup> by the President of India, Rajendra Prasad, on 14<sup>th</sup> October, 1952. The Artificial Insemination station at the Institute of Agriculture was initially centralized for collection of semen and also its use. A veteran AI attendant of AMUL (now retired) described how things were initially and how these changed over time:

“As collection of semen started, people from surrounding villages would start coming to the Institute. When they saw the actual AI procedure ...inserting hand into the buffalo etc. they said O Bapa! (O Lord!)...as no one had seen it before. They would say our buffaloes would die as we inserted our hands. When some buffaloes got pregnant, then some educated people told the other people that their buffaloes had become pregnant by this procedure. Previously people used to bring their animals here and were getting scared that our animal will be ruined...once they saw the outcome...a calf born by artificial insemination...then gradually the number of people increased. All buffaloes from surrounding villages started coming and by 1955 we started getting crowds of people at the semen (AI) station.”

“In the past people used to run their hands over the buffaloes body to check if it was pregnant and speculated only to see that the buffalo was empty after seven months. Once we started pregnancy diagnosis (PD) work here, people thought that instead of waiting 7 months to know if buffalo is really pregnant, it is better to go to the AI station. So because of PD procedure many more people started coming.”

“Then we started about 14 AI centers in the surrounding 14 villages of Anand. This happened around 1957-58. Then we had a moving veterinary vehicle to check for PD. Initially we gave the work of AI to stockmen – we assigned 2-3 villages per stockman. The vets would go accompanied with these paravets to carry out extension activities to make them aware of AI/PD. Mostly the stockmen would live in the villages and would be given surrounding 2-3 villages. When the veterinarian was scheduled to visit, previous to that, the stockman would let the villagers know that those farmers having animals which have been artificially inseminated 3 months back must get their animals to the village trevis/crate as vet is coming for PD on certain date. So people would get their buffaloes to the village crate.” (Interview # 25, Mr. SBR, 12/5/2008).

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<sup>67</sup> The significance of symbolism was never lost in AMUL; it was tacitly agreed that AMUL would celebrate its inauguration of dairies or anniversaries on 31<sup>st</sup> October – the birthday of Sardar Patel whose vision inspired AMUL. This is also the day on which AMUL continues to hold its AGMs.

After decentralization of AI and PD, the trucks used for collecting milk from VCS through routes, would be used to distribute fresh semen collected in glass vials from AMUL dairy's raw milk receiving dock (RMRD)<sup>68</sup>. The demand for AI and PD service increased even further. By 1957, AMUL was using its infrastructure to carry out more than 6000 inseminations (compared to 600 AI in 1950) and 2700 PD cases (compared to 50 PDs in 1950). Table 4 below shows the progress of AI, PD, and veterinary activities:

**Table 4**  
*Schedule of Service-Oriented activities*

Year	AI centers	Artificial inseminations	Pregnancy diagnoses cases	Mobile vet. route cases	Special visit cases
1950-51	5	578	50	0	0
1951-52	11	786	62	0	0
1952-53	7	1314	250	0	0
1953-54	6	1673	479	0	0
1954-55	6	2574	577	0	0
1955-56	7	3854	816	0	0
1956-57	14	5533	2220	7796	20

Source: Kaira District Co-operative Milk Producer's Union Limited

Things would change even more dramatically after the entry of Dr. Madhukar Shah – a PhD in animal breeding and reproduction from Australia in 1957. Dr. Shah's entry into AMUL would be significant because he was not only a highly qualified professional, but also a person able to inspire a dramatic shift in the pattern of services at AMUL. This would allow AMUL to grow at a rapid pace, while ensuring that it's most important stakeholder – the milk producer - identified with it.

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<sup>68</sup> The semen collected at Institute of Agriculture, would be taken to AMUL dairy daily, by a person on bicycle so that the milk trucks may collect the semen vials from AMUL and distribute to the VCS. Milk trucks also served another important purpose – carrying letters (complaints/suggestions) from VCS to AMUL and back. Details from interview with a retired AI attendant AMUL - Interview # 25, Mr. SBR, 12/5/2008

## **Barriers to Continued Growth: AMUL's lack of conversion facility**

By 1952-53 milk was flooding into Kaira Union and its existing facilities were being operated at capacity. As Dr. Kurien put it, “Our problem was how to handle all the milk that came in.” (Dr. KRN, 3/7/2008). Even though Kurien realized the importance of BMS to Amul's growth, he and Dalaya also had the foresight to realize that Amul's heavy dependence on BMS could be its own undoing. Kurien realized that he needed to diversify. At this point it is necessary to backtrack and focus on an important event in the life of AMUL's history which involved AMUL, the Government of Bombay State, the Union Government, and quite accidentally, the UNICEF.

## **Formation of Aarey Milk Colony**

At the macro level there were other interesting developments that had a direct bearing on the way AMUL evolved. Even though the Government of Bombay paid an annuity of Rupees 3,00,000 to AMUL as mentioned, the BMS (an agency of the Bombay Government) conceived of a project to relocate the hundreds of thousands of buffaloes herded into Bombay which were kept in rather unsanitary conditions. Their presence in the city posed a health and sanitation issue to the residents of Bombay. This project was called the Aarey Milk Colony project and it was inaugurated in 1949. Kurien describes the genesis and the philosophy behind Aarey:

Khurody (Milk Commissioner, Bombay Milk Scheme) thought of the Aarey milk scheme. It was a bloody rotten scheme. He wanted to resettle buffaloes, 15000 of them, from Bombay city to the outskirts of Bombay. He spent 4 crores of rupees to acquire land outside Bombay which later on turned out to be the best investment he could ever make. Because that is (now) worth 300 crores – 3000 acres of Bombay. He wanted to build a dairy just outside Bombay, process the milk there and then market it in Bombay. So, 15000 buffaloes were to be moved out of Bombay city to make room for people. It (Aarey) was conceived as project where one big piece of land where buffaloes would be tended to by cattle keepers.



Each cattle keeper would have to tend to 500 buffaloes each. The cattle keepers found that they could market milk directly to Bombay instead of selling to the Aarey milk colony and get more money. No milk went to the dairy as a colony. The whole scheme was a disaster. Dalaya could see it all!

The buffaloes were taken to Bombay from Kaira district and Gujarat. Instead of taking milk from Kaira, he wanted to build a milk colony by taking the buffaloes there. In 8 months they became dry and then they had to be sent back to be salvaged (bring back to milk) or slaughtered. Why the hell would he want to take buffaloes from here? He should have taken the milk instead. But he built a milk colony which was a stupidity....Instead of taking the milk from buffaloes; he took the four legged animals there.

See Anand was successful because it was 300 miles from Bombay. Milk could not go to Bombay from Anand for marketing unless milk was processed in Anand. So a coop was required to process. You cannot build an Anand (dairy) next to Bombay, because if you do so, it will bypass the dairy and go directly to the city market without being processed. Calves had to be taken along with the buffaloes in railway wagons. No calf no milk. So they would take 3000 calves from Gujarat and teach the buffalo to let down the milk without the calf...it would take 10 days and eventually starve it (the calf) to death. That was very good progeny being lost. So concept of Aarey Milk colony was wrong. (Interview # 46, 3/7/2008)

The primary purpose behind setting up Aarey Milk Colony was health and sanitation, not milk production. However, since so many producers also had to be relocated, their milk had to be accepted by the BMS. Contracts for exclusive supply were therefore drawn up with these cattle keepers-cum-producers (Brissenden, 1952). As per this contract, Aarey Milk Colony would provide them a place to settle their buffaloes, fodder for their buffaloes at a reasonable charge, and accept all their milk. But all this had its attendant costs which were considerable compared to AMUL's *low cost*<sup>69</sup> model. This is how a senior Manager (Societies) described Aarey Milk Colony's *high cost* model:

“What Bombay was doing...they were importing high yielding buffaloes (from Gujarat), and their calves would not be reared...they killed those calves. Now in Bombay, the rent of land for rearing buffalo was costly, transportation of grass

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<sup>69</sup> Elsewhere Singh and Kelley (1981) note that “Kaira Union (AMUL) had a significant cost advantage over the Aarey Milk Colony. Important inputs like labor, fodder and grain were lower in cost in the villages than in the Colony. Considering all annual costs including transport, the production of milk in the villages of Kaira District versus the Aarey Milk Colony was significantly in favor of the Union.”

was costly, labor was costly, and the dung produced was wasted. In fact Bombay State had to pay subsidy to transport the dung out of Bombay. Once the high yielding buffalo stopped giving milk and went dry, they would send it for slaughter. Instead of doing all this, if you take only milk to Bombay what happens? Thus Bombay's practice went against the concept of better breeding. It is like something...once vested interests are there; it is hard to get rid of it." (Mr. NBP, Telephonic Interview, 15/4/2009)

However, it was supposedly incumbent on the cattle keepers to sell all their milk to BMS.

Aarey's own pasteurizing facility came up in 1951-52, once more than 15000 buffaloes had been moved to the Colony. Things began to look grim for AMUL. Unwittingly perhaps, Aarey Milk Colony (established for purpose of public health and sanitation) emerged as a captive milk source to BMS, and a competitor to AMUL.

### **Competition with Aarey: AMUL barely survives**

AMUL was located in Kheda district – a land of buffaloes, which are seasonal breeders. Since buffaloes calve in monsoon, they attain their maximum capacity for milk production during winter months with winter milk production (flush) being more than 200% of summer milk production (lean). Khurody, Milk Commissioner of Bombay, wanted a steady and not irregular milk flow into the city. Kurien recollects his conversation with the Milk Commissioner:

“[I]t was clear to me and Dalaya that we cannot succeed without our own conversion facilities. The villages would double their output in winter while Bombay government would accept only the same quantity stating that people of Bombay do not drink two bottles of milk in winter. But I said if the bloody buffalo decides to produce more what do I do? He said, it's not my problem, it's your problem. So Dalaya first suggested that we need modern facilities for conversion to butter and milk powder....so we will have to make into powder, there is no other way. So we had to set up a powder plant.” (Interview # 46, Dr. KRN, 3/7/2008)

The BMS, being an instrument of Bombay State, was primarily concerned about cheap milk supply to consumers of Bombay. To achieve this goal, Khurody preferred to import

milk powder from New Zealand and reconstitute<sup>70</sup> it into liquid milk to meet the city's demand, prompting Kurien to ask, "Mr. Khurody, are you the Milk Commissioner of Bombay or New Zealand?" This policy<sup>71</sup> of BMS, of first accepting Aarey Colony's milk, and then making good shortfall using cheap milk powder from New Zealand, led them to refuse almost 50% of AMUL's flush season winter surplus especially 1953 onwards<sup>72</sup>.

While the BMS was doling out annuities to AMUL (thanks to TK Patel's connections to Dinkar Rao Desai – Bombay Minister of Food and Civil Supplies), it was also refusing to accept excess winter milk supplies from AMUL, and importing cheap milk powder from New Zealand to meet its other goal of providing cheap milk to Bombay's ever-growing consumer market. This hurt AMUL<sup>73</sup>. Thus AMUL's relations with BMS (an institution of Bombay State) were marked by hostility, arising mostly due to the Milk Commissioner's policy, which seemed consistent with his goal of "cheap supply"<sup>74</sup>. During the winter months AMUL managed by converting its excess winter milk into Ghee and selling in the nearby markets of Nadiad, Ahmadabad, and Baroda. Besides, due to the sheer volume of supply in winter, AMUL's own behavior was inconsistent with its policies of "assured uptake" as AMUL had to stop collecting milk from certain milk routes on a "rotation basis". The problem was framed as, not one of

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<sup>70</sup> The buffalo milk of Aarey colony would be toned down and mixed with skimmed milk powder from New Zealand to give it characteristics similar to cow milk.

<sup>71</sup> BMS' policy of not agreeing to take AMUL's surplus was challenged and on this matter Dinkar Rao Desai supported Khurody, as Aarey was the Government's baby. The matter was referred to the then Chief Minister of Bombay, Morarji Desai, who tried to broker peace without success.

<sup>72</sup> This situation continued from 1953 till 1956 when AMUL had to stop organizing new VCS, though membership in existing VCS doubled. Between these years, procurement stagnated.

<sup>73</sup> In an interesting conversation, a society veteran, Mr. NBP recollects the "64 Jognios" referring to 64 VCS who held together despite AMUL announcing "milk holidays" to stop collection on rotation basis in winter months. TK Patel's contribution in asking them to take losses in rotation was significant. Jognios are benevolent witches.

<sup>74</sup> Mr. Khurody also used imported milk powder to enhance the capacity utilization of Aarey to artificially lower their unit fixed costs of operation.

excess production by members, neither one of bureaucratic nepotism, but one of “lack of conversion facilities” as theorized by Dalaya. But AMUL would soon find an unlikely solution to its problems with some effort. The next chapter details AMUL’s successful entry into product manufacturing and subsequent product diversification.

## **Chapter 5**

### **AMUL's Product Diversification Strategy and Expansion**

#### **5.1 UNICEF's Divine Intervention and AMUL Grows Further**

Coincidentally, around this time UNICEF's Milk Conservation division was looking for partners to help in the FAO campaign for eradication of hunger and malnutrition in children. They approached the Government of Bombay and learnt that Bombay received most of its milk supplies from Kheda district. They made a proposal to the Government of Bombay. UNICEF offered a donation to the Bombay Government, which would include milk drying equipment worth Rupees 8,00,000, in return for which the government would bind itself to distribute, through the BMS and Kaira Union, Rupees 12,00,000 worth of free milk to undernourished children of Kheda (Heredia, 1997).

AMUL, seeing its procurement from BMS reduced, was desperately looking for a solution to its own problem. Besides, as an official part of India's socialist state policy, cooperatives were preferred to other organizational forms and promoted through government funding and subsidy. These were propitious times for AMUL. But there was more drama to this episode than UNICEF simply handing over a donation for milk-drying equipment. Kurien recollects what happened during those days:

“So he (Dalaya) said now we will have to set up a modern plant. Everyone consulted said powder cannot be made from buffalo milk. A Professor William Ridette of NZ – a renowned authority- came here and told me that “this is a fantastic project which is bound to fail”. They did not want India to manufacture milk powder. I said nothing doing. It will not fail. I was confident we could do it. I was confident because Dalaya was confident. He had earlier done an experiment using a hair dryer. It was used to make powder.” (Interview # 46, Dr. KRN, 3/7/2008)

Khurody did not want AMUL to develop its own capacity for conversion of milk into products because this could mean the loss of a cheap captive source that AMUL represented. He therefore sought to reinforce his position by citing Professor Ridette of New Zealand. Kurien states:

“Khurody wanted us to be dependent only on BMS so that we could not bargain for higher price. He did not want us to develop alternative means of disposal of milk since then we would not be under their control and could develop our own market all India. So the period before 1955 was one of dependence on BMS, while after 1955 we were independent.” (Interview # 46, Dr. KRN, 3/7/2008)

This intention of Khurody was revealed in this incident that Dr. Kurien narrated:

“[H]e (Khurody) was the Milk Commissioner of Bombay and could have said no to the project. UNICEF had at that time approached Khurody who sent them here. His intention was different. The equipment list we gave them (Bombay Milk Scheme) included a Majonier tester meant for milk powder plant. UNICEF fellow asked, “what is the Majonier tester for?” I said, “for the powder plant.” He said, “there is no powder plant in my list.” Khurody had removed the milk powder plant from the equipment list. I said that “it was there in my list.” He said, “we come from Milk Conservation division of UNICEF.” They said “why don’t you manufacture powder...we will give you a powder plant.” So Khurody’s plans in sending them here were sabotaged. And then Khurody said, “Powder cannot be made from buffalo milk...” (ibid)

But Kurien and Dalaya still had to demonstrate that milk powder could indeed be made from buffalo<sup>75</sup> milk to UNICEF officials in the presence of the Milk Commissioner in Bombay who “could have said no to the project”. Kurien describes what happened:

Then we found out that L & T had a laboratory powder plant and Dalaya and I went to Bombay and met Axel Petersen of L&T and said: “You had a powder plant, what did you do with it?” He said “we sold it to Teddington Chemical factory in Bombay.” “Do you want to sell us a big plant?” He said, “Yes!” “Telephone Teddington and tell him that he must give me use of that powder plant to demonstrate to the Milk Commissioner of Bombay, Khurody, that powder could...be manufactured from buffalo (milk).”

“[T]hen we demonstrated using Teddington’s machine that powder was being made. Experimental powder plant, powder was coming. I said “this is a historic moment; this is first time powder is being made from buffalo milk.” Till then,

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<sup>75</sup> Buffalo milk, by virtue of its high fat and protein content, has different characteristics than cow milk.

Teddington used it to dry stuff not make milk powder. Then Khurody asked, “is it soluble?” I mixed it in distilled water to prove its solubility. Then he asked, “what does it taste like?” I drank it in front of them and said, “it tastes good.” The UNICEF officials then said, “that is enough.” So Khurody was defeated.

“Then KL Munshi was agriculture minister and TKP had talked to him about all these problems and their solutions. So it was clear that we will win. Then Minister of state for Milk was Dinkar Rao Desai. I had met his nephew when I was in NZ. I had told him that he wanted a job he could meet me. I gave him a job. I met DR Desai (and told him) that I can make powder but Khurody is coming in the way. He said do not listen to him. If he causes any more trouble, let me know. I will handle him.” I was clear in my conscience and I knew we were technologically sound and that we were helping farmers. I knew we were right.” (Interview # 46, Dr. KRN, 3/7/2008)

Once again a combination of technological confidence, commitment to the farmer’s cause, and political clout ensured that AMUL would be able to receive the milk drying plant for manufacturing milk powder. The UNICEF, as per their offer, let Kurien know that they would donate machinery in return for which AMUL must distribute to school children of Kheda district, powder worth 1.5 times the value of the equipment received, which AMUL did based on a resolution passed by AMUL’s General Body at the behest of the then Finance Minister of Bombay State Mr. Jivraj Mehta, though Kurien was reluctant at first to bear the extra burden. The Minister prevailed upon Kurien pointing out that, AMUL had a responsibility for the nutrition of the children of its own district (Kheda) even though it meant a loss to AMUL<sup>76</sup>. This demonstrates how the social environment impacts upon organizations, in a way that modifies the apparent demands of strict economic logics (Whittington, 1992). AMUL resolutely discharged its obligations after receiving the milk powder plant from UNICEF.

The situation of AMUL not being able to collect all its milk, and restricted procurement from BMS, continued 1953 onwards, and this meant that AMUL had to stop

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<sup>76</sup> Based on my interview with Dr. Kurien.

organizing societies for some time till their “new dairy” came up. The new dairy finally came up in 1955 and was set up in 11 months and AMUL, through Maniben Patel<sup>77</sup>, could get the first Prime Minister of India Mr. Nehru to inaugurate this plant. It was inaugurated on Sardar Patel’s birth anniversary – 31<sup>st</sup> October 1955.

Reflecting on the achievements of Kaira Union on the day of the opening ceremony TK Patel remarked,

“None of us imagined that we would...build one of the largest and most modern dairy factories in India, and will be called upon to pioneer in the development of new dairy products....None of us dreamt that international organizations like UNICEF and the FAO and foreign governments like New Zealand government would enter into partnership with us...that we would one day become one of the largest co-operative organizations in India. Yet within the short space of seven years all these have come to pass” (K.U., 1996).

By this time AMUL was operating in an area of 600 square miles and embracing in its fold more than 20,000 farmer members (refer to Table 1). A strategy of *diversification* and *forward vertical integration* had evolved, partly through happenstance, and partly through intense and deliberate managerial effort to partially solve the lingering problem of flush season milk surpluses. AMUL’s diversification would be achieved in the days to come through its foray into products like butter and milk powder. This was a historic moment for Kaira Union (AMUL) as AMUL would be able to conserve flush season milk by integrating forward vertically to product manufacturing from mere processing. The land for the new dairy was acquired by AMUL from BMS with the help of loans from Bombay State. Apart from the generous donation of milk drying equipment from UNICEF, the new dairy was also financed in part by New Zealand Government under the Colombo Plan providing butter manufacturing machines worth Rupees 300,000 and technical assistance, and by Government of Bombay through loans and grants. Almost

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<sup>77</sup> Daughter of Sardar Patel who was well known to TK Patel.



50% of the cost of expansion was met by the Union's own funds which included loans from Kaira District Central Co-operative Bank, funds raised through share deposits from the VCSs, and AMUL's retained earnings. In all, the new dairy cost Rupees 48,00,000 (Kurien, 2005).

As a result of the 1955 expansion, modern technology was introduced. This involved installation of new machines, manufacture of new products and application of new knowledge. Many technical problems related to manufacturing of products from buffalo milk arose which were sometimes solved by the Union's Management with the assistance of foreign experts (Singh and Kelley, 1981). Kurien recollects the result of AMUL's forward integration into dairy products manufacturing:

“We did not want to sell to BMS despite an assured market....we wanted our own market. Once you build plant, prices that can be paid are higher (compared to BMS) and so milk automatically comes to the dairy. We could pay higher prices than the Milk Commissioner could pay (us) since we gained command over marketing. We could sell the milk directly to consumers in Bombay. To send milk to Bombay, we were sending in cans and putting cans in insulated vans earlier. Instead we got stainless steel rail tankers and we sent the milk to Bombay by rail.”

Recollects a senior Production Manager of AMUL (retired):

“[W]e started in 1955, milk pasteurization, powder plant and a butter plant which came under Colombo plan. That was original (L & T) Niro plant. All the equipments were presented to us under UNICEF scheme...the tanks were having a big plate on it which said donated by UNICEF...The UNICEF gave us these equipments under the condition that Amul will market 3% milk to under-nourished children and expectant mothers of India at free of cost for 1.5 times the value of equipments donated. I clearly remember, we used to have the cans marked as UNICEF milk and it was distributed in Anand and surrounding places at no cost....Then we got railway tankers from people of NZ. I remember...two small railway tankers mounted on one chassis with a wooden cover painted in yellow and pink with the words embossed “From the people of NZ to the people of India”. Ten of these tankers of capacity of 28000 each would travel to Mumbai from Amul each day which was supposedly 37% of the total requirement of Bombay.” (Interview # 57, Mr. BKB, 5/9/2008)

Sheer competition from Aarey, unfavorable treatment by BMS, Amul's decision to diversify, and UNICEF's divine intervention had led to the new AMUL dairy (See Figure 5). As discussed in this Chapter, AMUL's entry into products was the result of collective help and assistance from the Government of Bombay, AMUL's own managers, international bodies like UNICEF, FAO, the Government of New Zealand, and private players like L & T responsible for supplying AMUL's dairy machinery, and for its installation and commissioning. This dairy was the largest dairy in all of Asia and greatly enhanced facilities for receiving, processing, and marketing fluid milk and dairy products. With the new dairy in place, AMUL would now be able to manufacture milk value added products that would allow AMUL to recuperate losses from its flush season milk not being accepted by BMS. During the years immediately following the expansion AMUL embarked on organizing more VCS to bring into its fold more producer members. The pattern of organizing for the years 1955 to 1961 is shown in Table 5 below:

**Table 5**

*Organizing of Village Cooperative Societies, Membership, and Procurement (1955-61)*

Year	No. Of societies % increase in brackets	No. Of members	Total Milk procured (in kgs) % increase in brackets
1955-56	64	22828	11,474,519
1956-57	107 (67%)	26795 (17%)	14,474,519 (26%)
1957-58	130 (21.5%)	29003 (8%)	21,136,517 (46%)
1958-59	138 (6%)	33068 (14%)	27,525,169 (30%)
1959-60	167 (21%)	40181 (21%)	22,790,829 (-17.5%)
1960-61	195 (16.7%)	40500 (<1%)	23,900,414 (5%)

*Source:* Kaira District Cooperative Milk Producers' Union Ltd.

However, selling butter in a market dominated mostly by Polson and other foreign brands was not going to be easy and threw up a huge marketing challenge, a challenge Kurien and Kaira Union were largely unfamiliar with. Kurien recollects:

“To do marketing we needed a trade name which was AMUL<sup>78</sup>. You cannot sell Kaira District Milk Producer’s Union Butter. We had to evolve a trade name AMUL (acronym for Anand Milk Union Limited) and “Amulya” in Sanskrit meant “priceless”. Since our Chairman was a patriotic freedom fighter, he would not agree to any foreign name. All the brands that were available in India back then were Lords, Polson, and Prince of Wales, and so on. Once we found the name AMUL, lot of people advised me that no one will buy an Indian trade name. I said, I am sorry but our Chairman is such a man that he would want it to be an Indian name. So I will go further and see that on one side the name will be printed in English, and the other side in Hindi. We should leave no doubt that it is an Indian name and make a virtue out of this necessity. So that is how we got AMUL our brand name. Just before we went into production, we had to find a trade name...we had to work on marketing aspects which involved trade name, of course it involved high quality, constancy, integrity, and all these important features. You may think that AMUL became a famous trade name overnight. It was not so...we had to make it so.” (Joint Interview # 47, Dr. KRN, 12/7/2008)

A senior Production Manager (retired) of AMUL recounts Polson’s monopoly in butter for reasons that had nothing to do with quality:

“You see only Polson was “the name” in butter...Polson had a class of people only demanding their butter. Polson’s butter was different from Amul’s butter. You see Polson would procure only cream and then subject it to vacreator. I have seen Polson working. The cream was pasteurized in vacuum conditions. Whatever cream they got, they could not be sure about its uniformity and it was aged. To ensure uniform flavor the cream was subject to vacreator and then they added a culture to give it an aroma and a slightly sour taste to it. What Amul did was to start making butter from fresh cream from our own procured milk. Polson procured cream, we procured fresh milk. Our cream was fresh and not aged. So the people who consumed Polson’s butter considered Amul butter bland in taste. So there was a class of people in Mumbai who only wanted Polson. Amul’s butter had more of the flavor of fresh cream. Such people considered it bland in taste.” (Interview # 57, Mr. BKB, 5/9/2008)

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<sup>78</sup> The farmer’s coop was known as KDCMPUL or Kheda District Cooperative Milk Producer’s Union Limited. This was too big a name for marketing purposes and hence the AMUL brand name which was suggested by a Quality Control expert of the coop in 1955. It was also a perfect acronym for Anand Milk Union Limited. It was symbolic as it meant ‘priceless’. KDCMPUL would now be better known as AMUL.

Besides Polson butter, butter from various multinationals was imported into the country to satisfy the needs of India's burgeoning population.

## **5.2 India's Foreign Exchange Crisis, AMUL Diversifies: Capturing the Dynamics of Embedded Reciprocity**

In 1957, after Kaira Union registered its AMUL brand name and launched AMUL butter through their distributors Akbareilly's, it was facing serious competition from New Zealand's Anchor butter. The Government of India's policies of supporting home-grown cooperative enterprises, and "import substitution", and a bit of luck helped AMUL in its effort to make its butter popular. This is explained in an interview with Dr. Kurien

"A person came here to our dairy and after having met me he said, "I like you", and said, that if I needed any help from him, I can ask for it. That was TT Krishnamachari. He was a businessman initially, before he went on to become a politician and a Minister (of Commerce, Govt. of India). So once we got his blessings, I wrote him a letter saying would you cut the import of butter by 25%. He wrote back, "as desired by you, I am ordering a cut back of 25%". No discussion, no meetings, no files nothing."

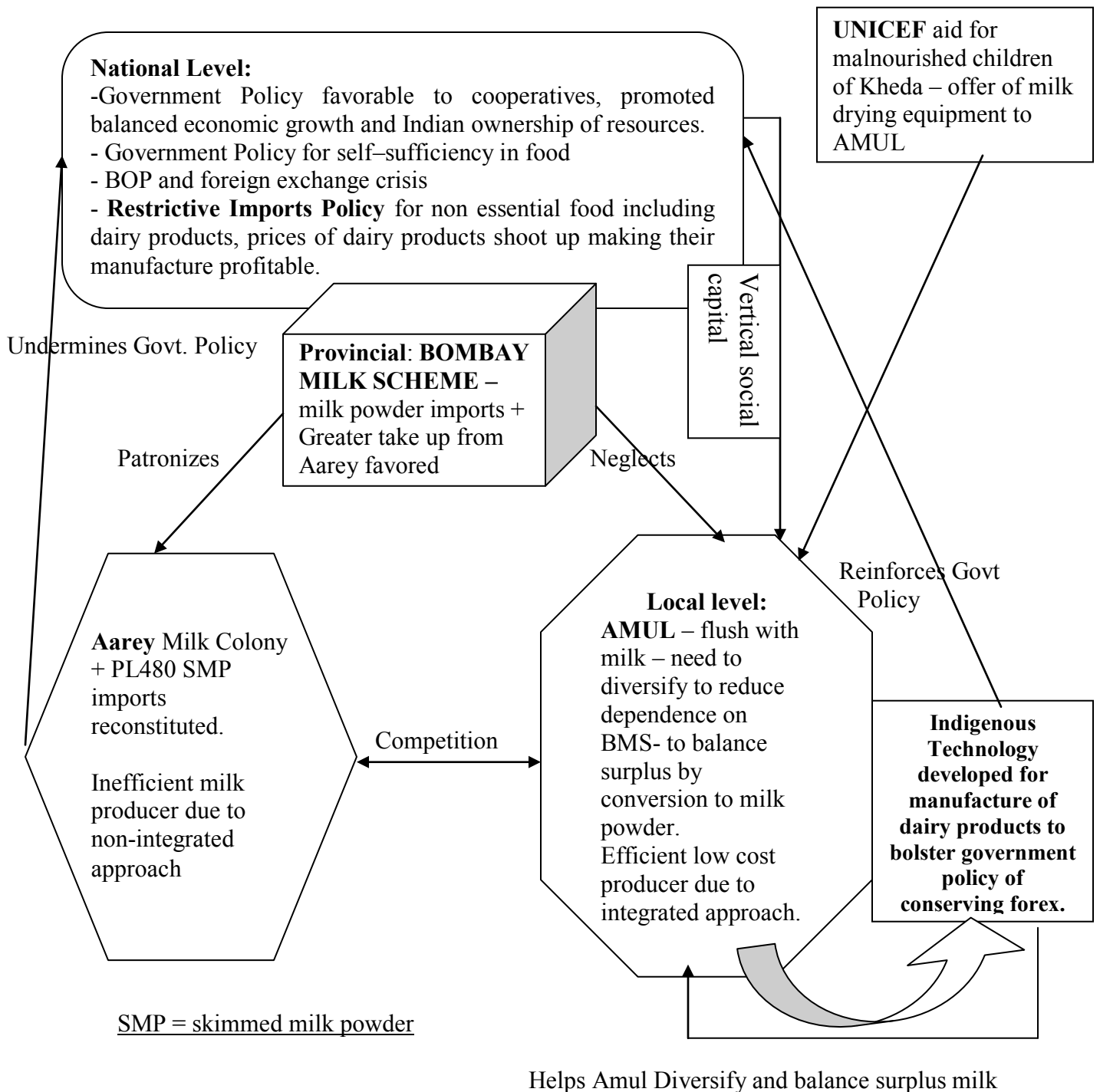
"After 6 months I wrote him another letter saying I am making more butter, can you cut the import by 62.5%? He wrote back, as desired by you I am ordering a cut of 62.5%. Because he was a businessman, there was no need for meetings and so on. Then after some time, he wrote me a letter informing me of the foreign exchange crunch and said that he is ordering a 100% cut in imports. "Please make sure that the nation faces no shortage of butter; I leave that job to you." That was the end of the matter." (Interview # 47, 12/7/2008)

Nehru adopted a socialistic pattern of society as the guiding principle of social and economic policy. Soon after the first election of 1952, he appointed TT Krishnamachari (popularly TTK), a Congress Party stalwart and a close confidante, the Commerce Minister. The Second Five-Year Plan (1956-61) envisaged a development strategy based on promotion of "heavy industry" by the "public sector" (Panagariya, 2008). This "decision followed directly from the self-sufficiency objective that guided much of

Nehru's thinking on economic policy. Nehru wanted India to be independent of foreign markets in a relatively short period. This meant the development of the machinery sector so that future investments would not have to depend on external sources of supply" (ibid)

During the first two Five-Year Plans a relatively liberal trade regime was followed. This trend was accentuated when TTK, who wanted the economy to develop fast, decided to "import here and now, anything and everything that was not being produced in India" (Panagariya, 2008). Established importers, licensed to import goods for sale to other buyers, were allowed to operate relatively freely, and import consumer goods, which made up close to 1/3<sup>rd</sup> of the import basket. This policy of benign neglect of trade policy by the Finance Ministry continued till 1957. In 1956, TTK was appointed the Finance Minister and by 1957, India's rapid "hemorrhage in its foreign exchange resources" was alarming (Panagariya, 2008).

Besides, AMUL represented pride in "Swadeshi" (indigenous ownership) which was in conformity with the government's policy of "self-sufficiency" through import substitution. Kurien's requests for cuts in imports, though anti-competitive, were favorably received due to the acute forex crisis and due to AMUL's ability to step up production to meet national demands in keeping with principles of "self-sufficiency." All these factors combined to put AMUL in a place where, it would be seen as an indigenous enterprise that was not only, consuming less foreign exchange, but was also "conserving foreign exchange." AMUL's actions were perceived to be in concert with what the government wanted. Figure 5 below captures the dynamics of micro-macro interaction based on a strategy of *reciprocal favors*



**Figure 5: Capturing the Dynamics of Micro and Macro**

The Government of India, partly to promote its policy of indigenous development of dairy products, and also to improve its balance of payments, decided to severely restrict imports of non-essential items including dairy products (Heredia, 1997). This conservative import policy was further tightened post 1956 with the result that the manufacture of dairy products was now more profitable than milk processing, both due to import restrictions and “increases in demand through increases in population and a change in tastes and preferences of consumers” (Singh and Kelley, 1981). The relations between Amul and the Government of India were thus reciprocal – while Amul helped India become self-sufficient in dairy products and conserve valuable foreign exchange, the government in turn helped reduce competition enabling the fledgling cooperative (representing indigenous ownership) to survive. Based on the above evidence, I argue that governments can, and, often do, play an important role in protecting nascent domestic organizations, especially when they are viewed to be of national value by policy makers. The prices of dairy products on the restrictive imports list soared making it profitable for AMUL to manufacture and sell products. Marketing was now key:

[W]e formed the trade name Amul and we appointed Akbareilly's as our distributor. They did a good job. Our products were launched soon after and most of it was marketed in Maharashtra and Gujarat and they were successful. We also needed to advertize our brand for which we roped in daCunha's. (Interview # 47, Dr. KRN, 12/7/2008)

Despite rising prices of dairy products, Amul prided itself on its stable prices and also advertised heavily the quality of its products and their freshness and gradually outwit Polson in a marketing war. The technological innovations made by Dalaya and his men paid off as the sales of Amul butter and milk powder picked up and helped ease the financial strain that they experienced due to reduced purchases by BMS. However the construction of the first dairy did not provide a permanent solution to the problem of

surplus milk. The Union had to invest in expansion programs while also trying to increase its sales to BMS.

### **5.3 Amul's Product Diversification Initiatives Pay Off**

In 1956, Kurien “visited Switzerland on the invitation of Nestle but with a very specific brief from the Ministry of Industries” (Kurien, 2005). This was a “delicate assignment” to find out about their future production plans for condensed milk. Though Nestle had a license to produce condensed milk from the Government of India, they were importing not just milk powder, but also sugar and tin plate for cans (Kurien, 2005). Dr. Kurien requested them to try to manufacture condensed milk using buffalo milk available in India. While Nestle could bring in their “experts” to set up the plant, it was expected that Nestle would indigenize the manpower in the Indian plant in about 5 years. This was unacceptable to Nestle as they thought that the “natives” would not be able to operate “high technology” (Kurien, 2005).

Kurien, who was furious, narrated this to the then Commerce Minister of India, and impressed upon him the need for AMUL to manufacture condensed milk using buffalo milk and prove Nestle wrong. AMUL's officials got to work. Some of the machineries required to produce condensed milk had already been installed when the 1955 dairy was commissioned. Soon after in 1958 condensed milk was launched. This was the first time in the world that buffalo milk had been used to make condensed milk (Krishna, Uphoff and Esman, 1997). The total capital expenditure for sweetened condensed milk which was approximately \$142,000 was met through grants provided by the Government of Bombay amounting to \$80,000 (Singh and Kelley, 1981), as well as, by increasing the share capital and partly from the Union's retained earnings. Soon after



its launch, Kurien wrote to the Minister saying: “Ban the import of condensed milk. The government issued the ban” (Kurien, 2005). A similar story was being scripted, now for another product, as a multinational company showed its hesitation in indigenizing its manufacturing of a product that was hitherto imported. However completion of the expansion program to manufacture condensed milk did not change surplus milk situation of the Village societies. Upon being asked whether AMUL faced a situation where the capacity exceeded the supply of milk after the first dairy, Kurien stated, “Our problem was how to handle all the milk that came in.”

AMUL’s new dairy was expanded in the year 1959-60. This time around, the expansion of the dairy was for the purpose of producing cheese and baby food<sup>79</sup> given that these products showed high demand and India had a burgeoning baby population. By 1959-60, the prices of baby food and cheese had increased to a level that returns on these products were higher than returns on the sale of liquid milk and other dairy products (Singh and Kelley, 1981). AMUL’s decision to diversify into these products was also partly in response to Glaxo’s refusal to the Government of India to manufacture baby food from locally available buffalo milk on the grounds of technical infeasibility. The government then decided to ask the Central Food Technological Research Institute (CFTRI), Mysore, set up in 1950, for the purpose of applying knowledge of food science and food technology for optimal conservation and utilization of the nation’s food resources, to help in developing the process for manufacturing baby food from buffalo milk<sup>80</sup>. In 1956, the Central Food Technological Research Institute, Mysore, developed a

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<sup>79</sup> As early as 1950, the Government of India had requested Glaxo to manufacture baby food from buffalo milk in India but Glaxo refused to do so on the grounds of technical feasibility (Singh and Kelley, 1981).

<sup>80</sup> Buffalo milk was earlier considered to be unsuitable for easy digestion. CFTRI however proved that it could become an eminently nourishing food for babies.

formula for producing baby food from buffalo milk and was looking for a producer, preferably an Indian, to award the patent rights for the formula (Singh and Kelley, 1981).

The Union expressed its interest in the formula, and after testing for its technical feasibility, painstakingly improved upon the formula. This is recollected by a senior Production Manager (retired) of AMUL:

In 1960s the plant expanded, this time we purchased own machinery, and we went for UHT processing of milk in those days. Then we went into roller dried infant food and cheese from buffalo milk. There were two things – converting buffalo milk to suit mother's milk. The technology till such time Amul entered was all based on cow's milk. India being a third world country, all other countries like US, UK and NZ had only cows. Buffaloes were domesticated only in India and to some extent in Pakistan and so there was not much work available on buffalo. Technologically speaking, buffalo milk is different than cow milk. One, the quantity of fat is higher, and the structure of fat globule is so different that you cannot penetrate heat ...same heat that is used to penetrate cow's milk for pasteurization. Protein chains are also different and calcium content is higher in buffalo's milk. So all these things had to be formulated in order to match cow's milk and ultimately to substitute for mother's milk. The normal temperature recommended 71 degrees (pasteurizing cow milk) was found to be insufficient to give longer shelf life to buffalo milk and so based on our experiments, we advocated 82 degrees as adequate for buffalo milk. There was no work available as a reference on buffalo milk. So to formulate buffalo milk and manufacture an infant food which can be consumed by babies for their nourishment was a challenge. That challenge was met and we came out with infant food for babies fortified with vitamins and carbohydrates which was marketed by Voltas.

Similar story is also with cheese. We started working on cheese in almost 1961-62. But then we were unable to match that of Kraft cheese. Anybody who talks about cheese, cheese means only Kraft. So we had to standardize the fat/SNF, the protein and the calcium, and we could formulate the buffalo milk with the help of an Australian gentleman<sup>81</sup>. We standardized the milk in a way that it comes out as close as possible to Kraft. We started on trial and error. We had to understand shelf life, how the protein is broken. The process took us almost 3-4 years and it was mostly based on...the body is smooth or not, whether the flavor is proper or not. While we started manufacturing cheese in 1963-64, we commercially came out with processed cheese in the market in 1965. I then had the privilege of working on cheese for some time. There was one Mr. Manohar (Sr. Technical officer) who worked with an Australian in making cheese happen....These were two significant technical breakthroughs.

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81 An FAO expert, Dr. Wilster, assisted in this project and Amul cheese was made available to the market in 1963–1964.

I remember Dr. Kurien talking to some people you know. When we approached the Cow and Gate people and told them that we have an idea like this for formulating cheese from buffalo milk, we were told that, “you cannot make cheese, you can make only shoe polish from buffalo milk, don’t try it out!” Initially we are not even getting proper feedback. They would tell us, “it tastes like soap and when you put it in the mouth, it gives you foam.” Lot of things happen you know. They never wanted us to be successful. But in 1965 we did it... (Interview # 54, Mr. BKB, 3/9/2008).

AMUL wanted to launch its baby food in competition with the giant Glaxo and had to face an uphill struggle. Glaxo<sup>82</sup> was planning to set up capacity for manufacturing baby food in the state of Uttar Pradesh. Glaxo was renowned for its quality products and they had a manufacturing license which stated that the Government of Uttar Pradesh would procure the milk required for baby food production. It also stated that should the government not be able to procure the quantum of milk required to produce 5,000,000 pounds of baby food (which according to Kurien was most likely), then Glaxo could import cheap skimmed milk powder for its manufacture. Therefore the bulk of the baby food produced by Glaxo would be likely out of imported milk powder for many years according to Kurien. Besides, Glaxo also had an import license for baby food. With advantages like an established brand name, immense financial resources, and freedom to import cheap SMP and baby food, Glaxo would likely put AMUL at serious competitive disadvantage, which was committed to using indigenous buffalo milk to manufacture its baby food. AMUL therefore needed to be the first to the market to beat Glaxo. At the behest of AMUL, the Government of India gradually reduced the imports of baby food within the country. It also permitted the Union to have an equal share in the import quota of baby food and skimmed milk powder.

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<sup>82</sup> This discussion of Glaxo drawn from Singh and Kelley (1981).

When Amul requested foreign exchange through the Govt. of Bombay to import machinery for baby food, Khurody tried to block it demanding that foreign exchange should go to Aarey instead to process the increasing quantities of milk (Heredia, 1997). Kurien however quickly turned the table when he convincingly argued in favor of AMUL, that, AMUL, by undertaking manufacturing of cheese and baby food, would actually save the government Rupees 13.5 million in foreign exchange, as opposed to Aarey, which would not only not save India any foreign exchange, but on the contrary, require additional foreign exchange each year for importing cheap skimmed milk powder for reconstituting to toned milk (Singh and Kelley, 1981). Kurien's argument was not only cogent but showed Amul in a light which was favorable to the Government of India's long term policy of becoming self sufficient, and in the process, conserving valuable foreign exchange. AMUL, now, was the talk of political leaders at the national level – they had found in Amul a reason to vindicate their argument for cooperatives.

AMUL's expansion into cheese and baby food required a total investment of about \$4, 00,000 (Singh and Kelley, 1981). A large part of this expenditure was financed by a grant of \$3, 36,000 from the Government of India, with the Union meeting the rest from its own sources (ibid). This was the first time that baby food and cheese was being made from buffalo milk. AMUL entered into an all-India agreement for marketing of baby food with TATA's Voltas Company which had a pan-India distribution network and this allowed AMUL to gain tremendous visibility and access. "Between the late 1950s and the early 1960s, Amul had established a toehold in the market for not only milk powder and butter but also condensed milk, cheese, and baby food (Kurien, 2005). The product diversification strategy was rolled out rapidly and AMUL with its reasonable

price-good quality assurance, committed distributors like Akbareilly's, Voltas, and Spencers, and advertizing geniuses like daCunha's, was beginning to become a household name. Interestingly by 1960 AMUL had shifted its sources of funding from the Government of Bombay<sup>83</sup> to the Government of India.

Based on the evidence presented above I argue that organizations which are successful are attuned to their markets for profitability, and to broader institutions and contexts to garner political and cultural support needed for legitimacy, survival, and growth. Organizations requests for foreign exchange, manufacturing licenses, cuts in imports, to manufacture and market profitable products are more likely to be successful when they also appear to be serving a larger (in this case, national) cause or objective, and are presented by their "attuned leaders" as such. I also argue that, while these organizations get lucky as they find themselves in changing macro-contexts (in this case a national forex crisis), the leaders of these organizations purposively make the most of these happenings, and tap into these short, albeit valuable, windows of opportunity with break-neck speed, by virtue of their practical wisdom, their inherent skills of emotional and logical persuasion, and capacities for transformative change. Such organizations and their leaders *enact*<sup>84</sup> their environments (Weick, 1979) and create markets rather than wait to be acted upon by "environments" or trying to locate themselves in pre-existing markets. Their evolution, often times, cannot be distinguished from the contexts that they help create, and with which their own evolutionary process is inextricably connected. By diversifying into dairy products which registered an increase in national demand, AMUL was creating new markets for products prepared from buffalo milk. At the same time

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<sup>83</sup> Bombay State was bifurcated into two states – Gujarat and Maharashtra. AMUL was located in Gujarat.

<sup>84</sup> The notion of enactment entails agents acting in conformity with their beliefs about the future, and how this might be shaped to reflect agents' beliefs.

AMUL was defining a secure institutional context for establishing these products in the market, by vigorously lobbying for government intervention through restricted/banned imports, and the quick issue of licenses, and release of foreign exchange to enable indigenous firms (especially cooperatives) to substitute the gap from restricted imports and gain a toehold, thereby helping to enact *in practice* the government policy of self-sufficiency through import substitution. AMUL's enactment of a supportive policy environment drew on its expectation of political support from a government committed to cooperatives (people's initiative and ownership) and was embedded in the reification of concepts of "self-sufficiency" and "import substitution."

Such lobbying by AMUL to create and secure competitive space in the face of non-level playing fields was truly innovative as it enacted new norms of policy appropriateness. These norms were, first, it was *right* for the government to protect an indigenous organization from cheap imports of dairy products by multi-nationals, by restricting or banning imports<sup>85</sup> and by sanctioning foreign exchange for importing machineries so as to allow an indigenous (Swadeshi) effort to survive, and more so, when this indigenous organization was a cooperative that represented people's effort and domestic ownership of resources. Second, it was *right* to deny such support to those indigenous government enterprises (like Aarey) which remained dependent on imports, thereby perpetuating a framework of dependency rather than striving for self-sufficiency.

#### **5.4 Indo-China War and AMUL's Defense Dairy**

In the year 1962, India and China went to war, and thereafter the Government of India decided to expand the strength of the Indian army. This decision by the government

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<sup>85</sup> This is what the Government in fact did. I take the actions of the government as preferences revealed.

was momentous for the dairy industry in general and AMUL in particular as it had by then become the poster boy of India's early dairy success. AMUL was once again summoned by the government in 1963 to respond to the call of national duty. This time AMUL was asked to provide huge quantities of milk powder to satisfy the requirement of the Indian Army. In the initial stages AMUL did not have sufficient capacity to meet their immediate demand and so AMUL decided to divert milk and sacrifice its entire 800 ton civilian market for butter to manufacture milk powder while also hiring a government dairy in Rajkot for fulfilling the order. The government decided to set up 6 milk powder plants of which one was going to be in Anand and the other in Mehsana (both in Gujarat). Later plans for locating powder plants at the other four places were abandoned and the Government of India sanctioned a total of \$ 1,226, 666 for the two plants in Anand and Mehsana after making several upward revisions to their capacity and expenditures (Singh and Kelley, 1981). The proposed plant at Anand was to be owned by AMUL. AMUL accepted the upward revisions in the capacity of the plant mainly because of cheap financing provided by the Government of India (Singh and Kelley, 1981) though milk procurement was beginning to show a downward trend.

In this case it seems that Dr. Kurien's wishes prevailed over the wishes of some of the directors on AMUL's board who were concerned about lack of full utilization of existing capacity in view of the downtrend trend in procurement, as well as financially committing the Union to a rather ambitious project that would further enhance capacity<sup>86</sup>. This downward trend in milk procurement was not unique to Kheda district but was part of a larger country-wide phenomenon. "Milk production in the country was stagnant during the 1950s and 1960s, and annual production growth was negative in many years.

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<sup>86</sup> Based on my interviews with retired Managers and a few former Directors of Amul.

The annual compound growth rate in milk production during the first decade after independence was about 1.64 percent; during the 1960s, this growth rate declined to 1.15 percent” (Sharma et al., 2003). A veteran technocrat, who was witness to the epochal decision making process described it thus

“In 1966 we erected and commissioned the Defense Dairy plant. While Mr. Manubhai Patel (board member) was not in favor of the 1965 expansion for the defense dairy plant, Mr. Dalaya<sup>87</sup>, a technical man, was also not in agreement of going for the expansion at that time. The milk production was stagnating and the expansion was probably not called for then. The expansion came because of number 1 “the Chinese aggression”; number 2, Mr. C. Subramanian who was the then Minister of Agriculture expressed that, “this is the time for you Mr. Kurien; to rise to the occasion and answer the call of the nation”. It is our duty to meet the requirements of the defense forces as they need a huge amount of milk powder. So Dr. Kurien thought fit to go for it. This particular situation, whether you call it political, or the need to rise to the needs of the country’s defense forces, it assumed the aura of a “duty to the nation” and so any good Indian would not hesitate to think whether this is required or not. That was the situation in which the decision came in.” (Interview # 54, Mr. BKB, 3/9/2008)

I was fortunate to meet Mr. MDP<sup>88</sup>, a Gandhian, who was jailed by the British for participating in Quit India movement. A Director on AMUL’s board, he recalled AMUL’s decision to invest in the Defense Dairy (known as AMUL-2):

“Amul-II dairy had to be built to cater to the market that had expanded in size. However Amul II dairy did not lead to any savings in processing costs. Amul II was a huge plant and I opposed it because it seemed like a white elephant at the time. I and another board member opposed investment in the dairy. I was apprehensive because Amul II was not really required at that time since the production at the farmer’s level showed signs of tapering off. The investment in it was some 110 crores and the huge interest costs did not seem to justify such an investment. I thought that the interest would kill us. However Dr. Kurien thought that in view of future we must do it. He thought that today the production may have reached saturation, but if tomorrow people’s attitude changes then we must have sufficient handling capacity to process this increased milk. Moreover from quality viewpoint also the plant was fool-proof. I told him that technically you may be right, but economically I thought it did not make sense. Due to the interest

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<sup>87</sup> Mr. Dalaya, the then Deputy General Manager, was second to Kurien in hierarchy. In one of my interviews with Dr. Kurien, he acknowledged Dalaya’s contribution to Amul saying “without Dalaya there would have been no AMUL”.

<sup>88</sup> Manubhai Patel would later go on to become the Chairman of Amul and held this position for 15 years.



costs the farmers could not be paid prices remunerative enough.” (Interview # 53, dtd.1/9/2008)

This was a classic case where political influences and “duty to the nation” rhetoric got the better of “ground realities” (declining production trend). Most directors sided with Kurien’s<sup>89</sup> viewpoint, in large part, because, TK Patel agreed with him on crucial decisions, especially on those that pertained to investments. There were few directors back then willing to challenge the legitimacy of TKP’s stand in support of Kurien<sup>90</sup>. In 1965, AMUL’s Defense Dairy was inaugurated. This dairy would allow AMUL to manufacture an additional 40 tons of milk powder and 20 tons of butter a day, to meet Indian Army’s urgent orders, besides meeting the burgeoning urban demand. This was the largest expansion programme undertaken by the Union and would more than double its milk handling capacity. The Defense dairy (called AMUL-2) was financed entirely by the Government of India on a 75% loan, 25% grant basis and involved a total expenditure to the tune of \$1,220,107 (Singh and Kelley, 1981). This marked a significant shift in financing strategy – away from the Government of Bombay and BMS – to the Government of India.

## **5.5 Further Expansion of AMUL**

### **Cow Milk Strategy: AMUL’s Silver Jubilee and Morarji Desai’s Influence**

Historically Kheda district always had buffaloes and very few cows. Most of the buffaloes were of the Surti breed and were very well adapted to local conditions. On an average they gave about 3-4 liters of milk per day with an average fat content of 6-8%

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<sup>89</sup> Kurien revealed in two of his interviews how he had on a couple of occasions used his threat of leaving AMUL to good effect on TK Patel. Kurien had resorted to this a few times when TKP showed reluctance to decisions about investment. These show his impatience with the democratic process or his resolve to have things go “his way”! TK Patel usually provided great autonomy to his managers.

<sup>90</sup> Interview with Manubhai Patel 1/9/2008.

which was much higher than that of the Desi (local) cows. In the days before 1971, Amul never accepted cow milk; in fact there used to be a penalty if someone tried to mix cow milk with buffalo milk. Buffalo milk had a higher fat content and so more butter and ghee could be produced. A pioneer vet gave both economic and cultural<sup>91</sup> reasons as to why cow milk was not collected earlier:

“In the past milk was bought by private middlemen. They were exploiting farmers. Now they wanted good milk with high fat and that happened to be buffalo milk. Cow milk was not considered good milk from fat point of view.”

“In the beginning farmers were not ready to accept cows. They did not know about it. This was because of habit...they had only kept buffaloes in the past...buffaloes were manageable by ladies of the household. The other community...Rabaris kept cows. And farmers said, you cannot hit cows, starve them, and give them left over etc. since it will be a sin.” (Interview # 67, ARS, 7/11/2008).

In response to a question as to why AMUL hadn't collected cow milk before 1971, Dr. Kurien explained:

“One there weren't many cows in the operational area back then. Moreover we were buying milk on the basis of fat and so our pricing policy was discouraging to those who owned cows. This was so because we made butter then, where we needed milk with more fat which we got from buffaloes. Polson had introduced system of buying fat and not milk. (Interview # 46, KRN, 3/7/2008)

A society supervisor explained:

“One, as a practice people used to use buffalo milk only, and second, buffalo is kept because it gives more ghee and butter and value of butter is more than milk. In practice...cow keeping was rejected. The only people who are keeping more cows were Rabari and Bharwad. Hardly few people kept cows at home... They used to say cow is sacred animal “Devta” (God-like)...“like mother”...the need of cow was only to produce bullocks, not milk. Second whatever thing is rejected from their food (left overs) can be given to buffaloes, but not cows. Cow is sacred. We cannot beat cow also....we can beat buffalo.” (Interview # 64, NGT, dated, 23/10/2008).

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<sup>91</sup> It is meaningless to sit in judgment as to which of the two reasons was predominant. In India, cultural reasons for not rearing cows could be as important as economic, if not more. It is important to mention the cultural context of beliefs within which decision making is embedded, if only to emphasize the fact that strategies are not influenced solely by rational economic calculus.

In 1971 AMUL celebrated its silver jubilee. This was an occasion for a big ceremonial celebration, and it was decided to invite Morarjibhai Desai, who had helped organize farmer members to form AMUL, for the inauguration of this occasion. The following excerpts from interviews help illustrate what happened. A pioneer vet recalls:

Morarji Desai was in favor of indigenous cows, but he was against cross-breds. Morarji was fatherly to AMUL and when he came here, he used to comment on Kurien and TKP, “since you deal in buffaloes, your minds are like buffaloes. Why don’t you keep indigenous cows?” But not cross-breds!!! Even today Gandhians call cross-breds a daughter of a donkey or something... (Interview # 67, ARS, 7/11/2008).

Another senior veterinarian who was with AMUL when this momentous decision was taken recollects:

In 71-72 AMUL started accepting cow milk. It was not collected in the 60s because there was no need....but early 70s there was a need. And to some extent also....I would not say it is a pressure...there was a Gosamvardhan Samiti (Cow protection committee) formed by the Government of India, then Morarji Desai also (laughs)....he wanted only cow milk. When he would come to AMUL, he would have only cow milk and cow Ghee.... I think he was an advocate of cow milk, but he didn’t order that you must collect milk. When he would meet TKP and Kurien, he will say “gaay ka doodh lo” (accept cow’s milk). (Interview # 63, SMTT, 11/10/2008).

A senior supervisor who worked with AMUL in those days recollects:

Upto 1971 we had no cow milk and it was only in 1971 we started purchasing cow milk and that too because of Morarji Desai who insisted that unless you start purchasing cow milk I will not attend your function.(Interview # 64, NGT, dated, 23/10/2008).

The quotes demonstrate the context in which AMUL had to agree to collect whatever little cow milk it had from its operational area. Political influence was not far removed from the decision making in cooperatives given that such political influence had previously benefitted AMUL. Given that Morarjibhai Desai, who was fatherly to AMUL, and who had by now risen to the post of Finance Minister in the Union Cabinet, had been

approached by AMUL to inaugurate AMUL's silver jubilee celebrations, AMUL acceded to Morarjibhai's persuasion.

Besides the political influence mentioned earlier, there might also have been a technical reason to start accepting cow milk. This was brought out in a detailed discussion I had with a senior vet as below:

Amul's operational area has traditionally been dominated by Surti breed of buffaloes. The main character of this breed is that it is a compact breed with very good feed conversion ratio. It is economical for producers. But the problem was that their milk production period is comparatively shorter and they are seasonal breeders and would conceive mostly in ambient temperature and calve in monsoon. So this led to seasonal fluctuations in milk production. Whereas cows are not seasonal breeders and comparatively hot climate was conducive for their conception. So we thought how to induct cows. (Interview # 52, SDS, 27/8/2008).

A senior manager in Production narrated the trouble AMUL faced due to seasonal fluctuations in milk production and how this might also have contributed:

"The advantage the plant got was - the breeding season for buffaloes is X and it is Y in cows. The buffaloes give more milk in winter while it is reverse in case of cows. So the introduction of cows was very essential to balance the flow of milk. Otherwise we saw the milk supply go down by 40 to 50% and the plant used to starve in the lean season and the plant had to be closed down. The acceptance of cow was a boon as we could reduce variations between lean and flush season." (Mr. BKB, Interview # not available).

Thus the insistence of Morarjibhai Desai, and technical exigency that resulted from seasonal fluctuations in buffalo milk meant that AMUL started collecting cow milk (mostly from local indigenous cows) both to appease a "fatherly figure", and to offset seasonal fluctuations<sup>92</sup>. Cow milk in small quantities was collected in the first year. This would however change drastically post 1974 when pressures to operate the defense dairy at capacity increased.

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<sup>92</sup> The impact of seasonal fluctuation would likely be severe due to major expansion of the dairy in 1965.

After 1974, NDDB had a major influence on Kaira Union's decision to induct cross-bred cows and to adopt cross-breeding as a strategy for enhancing milk production. NDDB was created in 1965 initially to replicate AMUL in different states of India under Dr. Kurien's Chairmanship. It was re-incorporated under a special act of Indian Parliament (post 1985), and can be regarded as an extension of the government. Therefore strategies implemented by Kaira Union with the influence of NDDB (a body corporate) forms part of my description of AMUL-government relations.

### **Cross-Breeding strategy**

The year 1974 was a landmark year for AMUL because it was in this year that AMUL first started its experiment with cross-breeding and cattle insurance. A pioneer vet explained how this idea came about:

“Then we started cross-breeding...in 1974....Till then (cross-bred) cows were limited to military farms and Karnal because the market for cow milk was not there. So when NDDB took the project of Sabarmati Ashram Gaushala, they said we will get you exotic semen and that is how it started. So the motivation came from NDDB.”

This was not going to be an easy undertaking, in light of the fact that, people of Kheda district had never seen cross-bred cows. A recently retired AGM of AMUL's animal husbandry division explains why cross-breeding was necessary:

“At that time cows (local) were maintained by nomads - Rabaris and Bharwads. These were mostly non-descript cattle. The nomads did not believe in AI. So we thought what next? For cross breeding cows, we would have to go to nomads, which was not feasible. Then Amul at that time thought of getting (cross-bred) heifers from different states like Punjab, Haryana etc where there were cross-breds.”

“Buffalo production capacity is limited. This is because cross-breds give more milk per day and per lactation. Milking period is more in cows. In buffaloes they give milk upto 6-7 months...and also because their inter-calving period is more

than 1 year. That is why Amul is propagating cross-breds.” (Interview # 52, SDS, 27/8/2008).

Another pioneer vet associated with cross-breeding and induction of cross-breds into Kheda district mentions why cross-breeding and especially induction of cross-bred cows was pursued:

“If you want to increase milk production, you can increase either increase vertically (increase population) or horizontally, so you can increase cow/buffalo population (vertically) but the ecology can only sustain so many animals. This was the time of vertical growth. The buffalo population increased to such an extent that it got saturated, that we could not increase them any further. The other alternative is to increase cross-bred cows. Cows (cross bred) give more milk than buffaloes but less fat. Dairy wanted both milk and more products...so they wanted to increase procurement.

Morarji Desai became PM in 1977, he was fond of cows and he insisted that we increase cows. So we thought if we want to increase cows, why not introduce high yielding animals (cross-breds). Our Indian cows, their average is 1.5 to 2 liters per day. We thought why not increase the productivity.” (Interview # 18, Dr. MRS, 29/4/2008).

Dr. Gupta who was Manager (ICDP) when the cross-breeding experiment began recalls why cross-breeding was started and how Kaira Union (AMUL) went about it:

“The cross breeding project was started because AMUL needed more milk for business and also to decrease the cost of production to benefit farmer. In the past indigenous cows were ...low yielding. There was also less chance of increasing buffalo milk compared to cows as it was possible to import the best genetic material for cows from across the world, whereas the best buffaloes were limited to India and so cross-breeding with exotic bulls with best genetic material held lot of potential in cows. So there was much scope for increasing milk production and productivity for indigenous cows. To encourage cross-breeding all technical inputs were provided at the doorstep of the farmer to minimize the cost of production of farmers.

Now without cross-breeding a manifold increase in milk yield would not be possible. Selective breeding can increase yield by about 15-20% in 5 years. To show to the farmers how cross-breds look like, we purchased high yielding cross-breds from military farms, Karnal etc. we introduced 2000 cross-bred every year. We supported them with veterinary treatment, fodder, AMUL Dan (cattle feed) etc. They were maintained by us and their blood was introduced into the population. Bulls from high yielding dams were selected from NDRI Karnal. Farmers saw that instead of 1.5 liters (of local cows), they (cross bred) were

giving 10 liters. So upon seeing they believed. We introduced cross-bred cows from all over India – farmers would see the result and accept them. Only the non-descript breeds were cross-bred so that their progeny could be improved. (Interview #, HCG, 25/9/2009).”

Prior to Kheda district, cross-breeding had been introduced earlier in Punjab and Haryana and in military farms of India. Since farmers in Kheda district, Gujarat did not have cross-bred cows, these cows had to be inducted from outside Gujarat – mostly Punjab and Haryana – in order to be able to practice cross-breeding<sup>93</sup>. The responsibility for cross-breeding fell on the shoulders of a pioneer vet. The pioneer vet who was assigned the project of implementing cross-breeding in Kaira district recollects his discussion with Dr. Kurien:

“Kurien called me and said you are given charge of this project. Cross-breeding. I said, I do not know about cross-breeding. He said, what do you mean? Aren’t you a veterinarian? I said vets are not experts in everything. Vets know what they practice. He is an expert in that. From 1961-74, I have worked on buffaloes, and I am expert on that...

He asked me, do you want to go to another country? I said, “No, it does not happen there. Cross-breeding is to be done on our cows. It is only their bull that we should use”. He said, “Then what do we do”? I said in our country there are many institutions I know that do cross-breeding – some do Brown-Swiss, some Red Sindhi. There are farms in Punjab, Karnal, Haryana, UP military farms and military farms in Bangalore and in Kerala there is a project. So that means you want to travel the whole country? I said, ‘Yes’. He immediately called up accountant and said “give him whatever money he wants and take my sign”. I came back in a month after learning and studying all practices.” (Interview # 67, dtd. 7/11/2008, ARS)

Since cross-bred cows were unknown to people in Kheda district, vets had to go out of their way to convince progressive farmers and opinion (even religious) leaders. A senior vet I interviewed learnt firsthand how tough it was to sell the idea of rearing cross-bred

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<sup>93</sup> Indigenous (Desi) cows were mostly kept by nomadic Rabaris and Bharwads who were resistant to AI due to their beliefs that, the cross-bred male progeny born from AI would not make a good bullock.

cows. The pioneer vet in question describes the problems faced in introducing cross-breeding and strategies they used to overcome these:

“In the beginning farmers were not ready to accept cows. They did not know about it... they had only kept buffaloes in the past... The other community Rabaris kept cows. Those who kept cows, first we went to them... and said we will make your cows better. So we went to Mandirs (temples) and teaching institutions and started cross-breeding centers...

I had three meetings with Pramukh Swami<sup>94</sup> (leader of Swaminarayan sect) one to one to explain to him the need for cross-breeding. Today people do not believe... they ask, “did you actually explain to Pramukh Swami?”... I say, “one on one”. You see you have to know the people. Extension work is such that... sometimes you have to talk to a tribal, sometimes talk to a learned person, sometimes talk to a non-Patel, sometimes you have to talk to Patel, sometimes talk to saints like Pramukh Swami, sometimes to professionals etc. All this has to be kept in mind while talking.

I told Pramukh Swami, that I am coming to your temple since 1961. In the beginning the walls were painted with coarse chuna, now we can see POP and colored plaster. The light used to be kerosene lamps, now we have tube lights, furniture etc. It is so modern. So you believe in change... that is all I want to bring to your attention. Why do you keep cows in Mandir (temple)? Now you want your followers also to keep cows. Did anyone keep cows? No one kept cows. Not even your next door neighbor has cows... they come to Mandir thrice but you won't find cows there... you will find buffaloes.

He looked at me and said, ‘what do you want? Tell me.’ I said, ‘sahib, I want that we keep such cows that they will benefit from cows and they can take good care of cows. When we keep such cows as model here, then they will follow.’ He said, ‘what will happen to our cows of Lord Krishna?’ I said, ‘nothing is permanent.’ Krishna's cows were also something different to begin with and then they were gradually selected based on milk traits and they now appear as they are. That is natural phenomenon. So that is why we are saying let us improve it. People will call it a cow after all.

He said we will have to think. I said, you give me a date when I can come and see you next. I went again. This time he had many questions. He said ‘people told me that they will have to install AC and fan etc.’ I said, sahib well said. I now have many cross bred cows. Near the station there is an Ashram where I have kept some cows, also some cows are there at a farmer's place – these I got from Poona/Lucknow. So please send your men with me and I can show them the cows. By chance Pramukh Swami's main man was in my favor. I told him please

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<sup>94</sup> Pramukh Swami is the leader of Swami Narayan sect which has built Hindu temples all across the world and counts its followers from among several countries.



explain to Pramukh Swami that these HF cross cows will be good for him. He was also inducted into the committee and the next day he came and told Swami the cows are very good and they give 15 liters per day. He said, “okay get them.” (Interview # 67, ARS, 7/11/2008)

Recollects another pioneer vet who was initially assigned the task of inducting cross-breds into Kheda district during the 70s:

“We asked farmers to keep cows...We told the farmers we will get cows from other parts of India. At that point we decided that since we are collecting cow milk; why not introduce cross-breds in our operational area which give 4-5 times more milk than Desi (local) cows. We got these cross-bred cows from Punjab, Haryana. Then we started getting cows based on demand from village society members. We gave them technical and financial incentives” (Interview # 85, Dr. MRS, 16/5/2009).

“For cross-bred cows we could get 10-12 liters against 3-4 liters from buffaloes. The farmers though illiterate were very clever in their job. They saw the results and started demanding cross-breds. We send our team to purchase cross-bred cows and these cows were made pregnant and sold by AMUL. In that way slowly it multiplied” (ibid)

“there were no cows in Kheda...now you will find thousands and thousands of cross-breds. We started from zero...and we worked very hard between 1975-80 to increase the cross-bred population.” (Interview # 18, Dr. MRS, 29/4/2008)

A lot of work went into purchasing and selling these cross-bred cows, especially on the part of AMUL veterinarians. This is explained in the following quote by a senior vet (retired) of AMUL:

“The first few lots, we got from military farms. We would get them impregnated and sell them to the producers at some reduced prices. The vets would go to these states, verify the animals, get the history, note the body contours, and finally get them to Kheda for further sale. The villages would apply for these heifers under a lottery system. So for a couple of years we inducted cross-bred cows from other states and sold them to producers.” (Interview # 52, SDS, 27/8/2008)

The initiative that the veterinarians took initially to induct cross-bred cows yielded good dividends, and the educated and rich farmers started demanding more such cows through the late 70s and the early 80s. When asked about their observation about adoption of cross-bred cows, this is what most vets had to say:

“To purchase cross-breds rich people should first show interest. One cross-bred in those days would cost about 10000-15000 rupees. So naturally the Patels who were rich were the first to come forward...then when other communities saw the results, they too came forward. Look at mobile telephones for example...the first people who bought mobiles were mostly rich people...later others adopted and today the common man has a mobile.” (Interview # 85, Dr. MRS, 16/5/2009).

“And when this double-axis pricing became effective, farmers started keeping cows. Those farmers who understand economics and who are educated or when we educate them they change from buffalo to cow. Mostly Patels. But now...we had all castes but majority Patels, then Rajputs, then other castes. Patels were the first ones to adopt cross-bred cows. You talk to them they will oppose you...then they will accept you. They oppose you to understand the things.” (Interview # 62, KOM, dated, 27/9/2008)

It appears that the rich and educated people in the villages around Anand were the first ones to be convinced about the need to keep cross-bred cows to profit more compared to buffaloes. They were mostly from the Patel caste given that they generally have greater resources and more education. Other castes like Rajputs and Baraiyyas quickly followed when they saw the performance of cross-bred cows relative to local cows and buffaloes.

The cross-breeding strategy also brings to fore the use of multi-pronged efforts to enable the social embedding of this strategy. This includes the use of “double-axis pricing”<sup>95</sup> formula to make cow keeping more remunerative to members, the guaranteed acceptance of cow milk, induction of cross-bred cows in Kheda operational area to stimulate initial interest for demonstration purposes, the use of members’ visits to Kanjari farm where these cross-bred cows were reared till they became pregnant, the use of lottery system to ensure widespread dispersal of cross-bred cows, and finally the persuasion of opinion/religious leaders to get their approval so as to make the project legitimate. Of course the strategy itself was the result of NDDDB’s influence on AMUL.

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<sup>95</sup> In this system of pricing for cow milk, cow milk was paid for on the basis of not only Fat but also Solids-not-fat present in cow milk. SNF was given a 2/3<sup>rd</sup> weightage in the pricing formula. Buffalo milk continued to be paid on fat basis with rate for fat fixed at double the rate for unit fat fixed for cow milk.

## **Chapter 6**

### **Restructuring Service Strategy and Further Expansion**

While most studies of coops content themselves with describing growth in terms of product launches and market penetrations, few studies, in fact, look at the market for services which the primary stakeholders of coops help construct and partake in, and which in turn, might provide the very basis for growth of product markets. A fuller understanding of the cooperative cannot be obtained by ignoring service strategies, which many coops, including AMUL (and its primary stakeholders) consider as key to retaining their identity, distinctiveness, and very survival. These services, I argue, reveal the social side of cooperatives and provide insights into their value system that goes beyond profit maximization to encompass virtues like commitment, compassion, concern, and inclusiveness of one and all. The range of services offered to a coop's members and its use is indicative of the extent to which its members are proactive, and the extent to which the management of the cooperative identifies with the membership's needs.

Knowledge of strategic processes in cooperatives is important for two reasons. First, though some scholars view cooperatives as part of the capitalistic free enterprise system; they are distinct in that cooperatives pursue a "broader set of values than those associated purely with making a profit" (Michelsen, 2000). Often emerging from movements seeking social transformation, coops give individuals a voice in their own development through a form of organization that is controlled by its patron-members and thus "emphasizes authority from beneath" (Knapp, 1957). It is therefore vital for both strategy and developmental scholars to know how strategies are formed in cooperatives that combine profitability with social benefit to members. Given their supposed commitment to a broad set of values and their accent on bottom-up processes; it is

pertinent to suggest that strategy formation process in cooperatives is likely to be embedded at multiple levels of analysis.

In the context of cooperatives, the dual nature of “association and enterprise” (Michelsen, 1994; Spear, 2000) leads to combining a member *association* which supposedly cares about *social* values with an *enterprise* concerned with *economic* benefits. This suggests that studies probing strategy formation in hybrid enterprises (such as cooperatives) must attend to both “normative” as well as “utilitarian” processes and do so at multiple levels of analysis if such studies are to be sufficiently holistic in explanation. To understand “normative processes” that operate in coops for the sake of benefitting members, and to uphold a coop’s social values, I argue, it is imperative to pay attention to the service strategies and innovations that appear during the cooperative’s emergence and growth. The prevalence of these strategies might indicate the effectiveness of democratic control (or voice) by its membership, and demonstrate the coop’s concern for identifying with member’s problems, needs, and values for its own sake, as well as, to retain the support and patronage of its members. It may indicate a coop’s concern for global societal good that goes beyond local profit maximization. With this background, I turn to describe some of the important strategies that emerged during AMUL’s evolution to provide a sense of AMUL’s concern for the social needs of its membership and its commitment to serving the grass-roots.

## **6.1 Amul Extends Service Strategies**

As mentioned earlier, AMUL started Artificial Insemination services around 1950 and it was in 1952 that Amul flagged off its first mobile veterinary van to treat sick and distressed animals of farmers (K.U., 1986). These were made possible in part by the

“dairy development” grants that Kaira Union received from the Bombay Government 1950 onwards and more importantly because of the innovative thinking of Kaira Union’s leadership to reach out to those for whom the cooperative existed so as to enhance their well-being as well as sense of identity to the cooperative. However, growth imperatives meant that a large share of the funds went towards financing the purchase of pasteurizing machines, cream separators, and boilers.

Nothing of the sort had ever been tried out before AMUL by an Indian cooperative. Alex Laidlaw writing for “The Maritime Cooperator” noted: “I am not aware of any farmers’ co-operative in Canada with a veterinary service like the one at Anand” (Laidlaw, 1975).

### **Challenges of Initial Years**

The entry of AMUL into the veterinary domain was in a sense the beginning of a strategy of *backward integration*<sup>96</sup> through provision of service inputs. The initial years were especially tough because “getting an animal treated in villages by a qualified veterinarian was unheard of” (K.U., 1996). The farmers believed in black magic and voodooism instead.<sup>97</sup> They looked at vets with skepticism and would tie an amulet around the buffaloes’ neck to make sure no harm was done to the animal by the vet<sup>98</sup>. Many of them would refuse professional treatment from being administered. Quacks would get called despite the presence of vets during occasions of delivery<sup>99</sup>. Thus a majority of the vet’s time was devoted to meeting producers, familiarizing themselves to producers,

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<sup>96</sup> Interestingly backward integration into services started earlier than forward integration/diversification into products manufacturing since AMUL started off by providing cattle feed to its members.

<sup>97</sup> Based on my interview with many senior and retired AMUL vets as well as interview with retired employee of AMUL’s semen station. Also from KU records.

<sup>98</sup> Interviews with pioneer retired vets – Interviews 36, 41 dated 5/6/2008, 12/6/2008.

<sup>99</sup> Interview # 28 with senior manager of AH division dated 22/5/2008.

getting acquainted with their customs and ways of life, and trying to inculcate among producers, a feeling of faith and trust towards them. This was a long and arduous process. Once the faith among the people was established, the doctors and field staff found it easier to function and devote time for treatment, rather than trying to gain acceptance and legitimacy (K.U., 1986). Thus for all practical purposes, services introduced had not taken off in any major way up until 1957.

In 1957, Dr. Madhukar Shah (hereafter MK Shah), a PhD in Animal Genetics (Australia), was appointed as Milk Production Officer in Kaira Union. Before getting his PhD, Dr. MK Shah worked as an assistant at the AI station, at the Institute of Agriculture, Anand. He was from a poor family and Gandhian in belief. He is still talked about in AMUL with a lot of reverence, and senior vets claim to be in awe of his ability to think clearly, and his perspicacity in organizing novel approaches while endearing fellow employees with his genuine concern and warmth. The appointment of Dr. MK Shah would prove to be a turning point in the history of Kaira Union, insofar as services were concerned. He was recruited by the Union to look after both Dairying as well as Animal Husbandry. Right after M.K.Shah's appointment, 5 veterinary officers were recruited between 1959 and 1961. This spurt in recruitment of veterinary officers in Amul post 1958 has an interesting story to it as told by a pioneer veterinarian:

“They (Kurien and TK Patel) saw in one monsoon around 1958, the collection of milk in many villages dropped suddenly. Upon enquiry they found that there had been an outbreak of disease in monsoon. This was not something either of them could understand or deal with. That is how they started thinking seriously about veterinary. At this time the outbreak was large and people became vocal about it. They (the members) said to the leaders and the managers, we get paid because our buffaloes give us milk; what will happen of us if our buffaloes die?” (Interview # 27, Dr. ARS, 20/5/2008)

Before the appointment of these full time veterinarians, the mobile veterinary service was inchoate, rather non-existent for all practical purposes. But the voice of members drew attention to a serious problem. In an intense interview, a pioneer vet of AMUL described this “inchoateness” and how he came to join AMUL:

“In 1959 there was nothing. One old man was sitting...his name was Mohanbhai Vaishnav. He was working under a scheme. At that time this was Bombay state and Gujarat was part of it. Amul dairy was financed by a dairy development scheme under which they were getting grant of Rupees 3 lacs per year for AH extension work. So under that extension work only 1 veterinarian was working. Vaishnav was a retired government veterinarian – a non-graduate. The vet profession was very poor. To join vet profession was not considered prestigious. Mr. Vaishnav just passed time and had no interest in making any changes. In the mean time in 1959 I and Chothani joined. I was not interested in joining government service. Upon graduation we immediately got appointments from governments of Madhya Pradesh and Andhra Pradesh states. At that time there was an attraction to get an offer from Aarey milk colony in the state of Bombay and I knew some people there. I interviewed there, but when I approached Khurody, the then milk commissioner, he persuaded me to join Amul since there was no future in Aarey. At Aarey there was going to be no treatment of animals and the job was also transferrable.

After that we came here to Anand. I came and met Dr. Kurien and never thought Dr. Kurien was the head and he told me “there is nothing here”...Again I came back in afternoon and ran into Kurien and he asked us “why you are here. Why are you wasting your time?” To which I replied, “I am here to get a job”. At that time there was nothing for vets. We said we are ready to work and do anything, we know a bit of dairy science also. The third time I came back...there was Dr. M.K. Shah working as milk production officer. He was a PhD in animal reproduction from Australia. He would look after procurement and transportation of milk. He was looking after Animal Husbandry and veterinary operations. He was very intelligent. Kurien called M.K. Shah and informed him that we two were looking for jobs. In the Institute of Agriculture in Anand, there was a buffalo bull station. He suggested that we can work there. Kurien said okay. There was no official post vacant and we were asked to work there. In those days everything was general. I was appointed there as laboratory assistant.” (Interview Dr. MRS, 29/4/2008)

Perhaps, not recognizing the value of veterinarians enough, Kurien appointed the two fresh vets at the AI station of the Institute of Agriculture as “ad hoc employees”. The veterinary and AI services were embryonic with AMUL possessing only 1 mobile

veterinary ambulance to cover its entire operational area. Though the need for a separate veterinary cell was felt around 1958, other issues such as new product development for disposal of milk collected might have occupied the time and attention of the leadership.

## **Existential Uncertainties**

Another very important factor that was preventing large scale recruitment was the imminent bifurcation of the state of Bombay. The agitation to divide Bombay State into states of Maharashtra and Gujarat along linguistic lines was going on for some time. Given this uncertainty, it was not known where Bombay city would end up. The bifurcation could also jeopardize AMUL's constant source of "dairy development funds" from the Bombay Milk Scheme (BMS), and subsequently its inchoate service organization. This existential uncertainty in the lives of pioneer vets (deriving from context) and their initial struggle is depicted in the quote below:

"The Bull (AI) station was working under Dairy Dev. Scheme (DDS) under BMS under which Amul supplied milk to Aarey and they would pay for milk in cash and pay Rs. 3 lacs for AH work. We had vet section, AI section and extension and milk procurement – all these existed in name. The breeding and vet came under extension. So the instruction when we started was "you will have to find your own work". In 1959 the agitation to bifurcate Bombay into Gujarat and Maharashtra was going on. On 1st of May, 1960 the two states (Maharashtra and Gujarat) were formed. So the DDS went to Aarey and they stopped the 3 lacs rupees (to Amul). We were asked to go to DDS since Rupees. 3 lacs were not being received anymore. So it was the question of our existence – we had not joined government and the question was what to do.

At that time there was no awareness among farmers about vets as people who can treat animals. So we worked with our one old mobile dispensary. We went from door to door – explaining what the various diseases are, what are the symptoms and how diseases can be treated and how animals behave when they are in heat, how we can give vet help...we started talking. We told the farmers, if you call us at any time we will come and treat the animal free of charge. At that time there were no phones, so they came personally. So they would come anytime and knock on our doors and ask for help. We would tell our boss M.K. Shah about the plight of farmer and he would ask us to go and treat the animal immediately. We would



purchase medicines and treat the animal. Even at mid-night the farmer would knock on our door and we would have to leave. So every night they would come and ask for help. Then Mr. MK Shah decided to have two jeeps.” (Interview # 18, Dr. MRS, dated 29/4/2008).

This uncertainty of the future “environment”, Dr.Kurien’s relative lack of specialized understanding of extension services, and serious pressures to find an outlet for surplus milk around 1956-57, combined to keep the “extension service” facilities rather inchoate up until 1959-60. This “uncertainty” also fed into the careers of the two recently inducted graduate trainees who were asked to “find work for yourselves” to prove that they were “worthy of farmers”. To say this was a challenging task would be a gross understatement. Dr. Chothani and Dr. Shabnis (the two vets inducted) had to work day and night and put up with all sorts of cultural beliefs and dogmas that many farmers subscribed to given the weight of their past traditions which could not be wished away. Dispelling these was not the least easy and it required super-human efforts to convince farmers that they were using well established scientific procedures.

### **Vets as “Demi-Gods”: Magic and Acceptance**

Dr. MRS described their initial trials and tribulations in those years as well as their initial successes that would lead them to acquire a “God-Like” status:

“Fortunately, and to our surprise, in this part of western India we have thick population of buffalo. We had high incidence of milk fever and as soon as animal calves, the Calcium level goes down and animal falls and there is sub-normal temperature. Mr. Vaishnav had no idea of milk fever but we immediately knew a case when we saw one. There is a treatment for it – Calcium Borogluconate. We went to MK Shah asking for Calcium Borogluconate. He asked why we needed it. We explained why and got some Calcium boro from Alembic Chemicals in Baroda. I still remember that was my first case as a veterinarian. We had 2 compounders – both retired. I asked for Calcium Boro and he gave me a 10 cc syringe. I looked at him and asked for 650 cc. Then we went to Vyas Brothers and purchased all the Calcium Boro that he had. The animal was unconscious. I started injecting and Adhikari (an attendant) started gasping not believing that so

much was being injected into the animal and even told farmers that the animal will die. The animal then started showing rigor – first signs of cure. The farmers started crying and I was nervous. I told the owner that the animal is already dead for you....so let me try...okay doctor you try whatever you like, they said. As I kept injecting, the animal began showing signs of recovery. No sooner did I finish the course, the animal got up on its legs. We were fortunate to treat many cases of milk fever successfully. That initial success led farmers to start treating us like God and for any case they would say, “Ask Dr. Chothani or Shabnash to be consulted”. They thought we were performing some kind of magic. Till today the farmers come to Amul and ask for us even after we retired. This success would give us huge confidence....

We treated the rarest cases in the world in thousands. Like that we have treated cases of Dystocia etc. When I was in Stockholm doing my post-graduation, we visited Oxford, London to visit Prof. Hammond. The professor asked how many cases of torsion of uterus I had treated. I replied 250. He repeated two five zero...I said yes 2...5...0....that is a record he said...have you written about these? I said NO....he said if you had written about it you would have gotten a PhD in Dystocia. The Swedish professor who had visited us earlier at AMUL confirmed to Doctor Hammond “in front of me he has treated 5 cases in one night”. He asked me whether I was treating these cases successfully...I nodded. The Swedish Professor was a world famous vet...we told him about Dystocia...he said, “whenever you treat any case, let me know”. The professor accompanied us to such cases and that made us famous in Kheda district.” (Interview # 18, dated 29/4/2008)

The word of this “magic-like success” soon spread to surrounding villages and the farmers gradually started availing the free services of the vets that AMUL made available at their disposal. So overworked were these two doctors that they often had to work 36-48 hour shifts and on some occasions 72 hours. At times due to bad weather and bad roads, they had to camp in villages overnight.

A pioneer AMUL veterinarian recollected with panache his entry in AMUL in 1960-61 and Dr. Kurien’s advice to him:

“Back in 1959 there was no regular job or organization...Back then people did not believe in veterinary services. They believed in traditional Pujas and Mantras, spirits and rituals. Low awareness meant not much work for the vets to do. Back then government veterinarians, as per government policy, were stationed at the hospitals which were fixed for each “tehsil” which basically meant that farmers would have to travel 50 to 100 kms to get to that government hospital. They (government vets) had no motivation to work.

But we thought that we have so much knowledge but we have no work to apply this knowledge. I was Bombay University topper from Kheda district and also I am a Jain whose first principle is Jeevdaya “compassion for all living beings”...so they (Kurien and TKP) used to sit together and they saw me in a newspaper. Looking at my background, Kurien told TKP, I want this boy here. TKP told him, this boy is a son of the soil and is from your friend’s village. No sooner did I graduate in 1961, I was posted in the biggest government veterinary hospital of Gujarat in Patan. I was two months into the job; I was sent a message by my uncle – the ST Chairman, “Dr.Kurien wants you to apply”! I told my uncle I have only 2 months experience, and I will therefore not be eligible. “How to purchase a diamond Kurien knows”, said my uncle, and insisted that I apply. I was interviewed in Amul and placed 3rd on the merit list...After being interviewed by a committee of 5; they said they would be able to offer me a junior position in view of my short experience. I rationally convinced them that the word experience was vague. I asked them, “What do you mean by experience?” I told them that “during my tenure of 2 months in Gujarat’s largest hospital, I got just one case of caesarian of a goat. All other cases were those of first-aid not befitting a veterinarian because almost all animals that come here are those that can walk 2-5 kms. Perhaps I will know how to prepare fake TA bills, talking of experience”.

I was finally taken to Dr. Kurien and Kurien asked...“what salary you expect young man?” I told him, “Sir, I am sure when you are recruiting, as a leader you will take care of us. So I am not worried...but I will like to know what do you expect from me? Nowhere are my duties prescribed!” He said, “young boy, you know I am engineer, I know about 4 wheels but not about 4 legs. So I expect you to go to the villages and see the condition of buffaloes, their owners. See if there is any way in which you are able to help them.” Kurien said, “When you can diagnose problem of animals who cannot speak, you can definitely diagnose problems of human beings. That is why I have selected you. Convince us (of the work that is required) and then it is your duty.” That was the level of freedom. I along with Dr.Chothani and Dr. Shabnis would work more than 16 hours a day. Within no time Dr. Kurien realized that we are working so hard, that farmers became veterinary minded. We started demonstrating to farmers that we could cure successfully...people saw...what we were doing.” (Interview # 26, 16/5/2008)

The quote above reveals the leeway that the pioneer vets were provided to shape their career in AMUL and the freedom to undertake any job they thought would most benefit the farmer within the broad strategic intent of ‘serving the farmer’. It also underscores their desire to put their knowledge to use. The emphasis was clearly on “service to the farmer” (mission), not defining what the job (task definition) was. This freedom and the

leadership's demand to connect to the larger cause of "serving the farmers" was a source of great job fulfillment as it sucked the vets into the farmer's daily lives reminding the vets of their responsibility as "family members"<sup>100</sup>.

The pioneer vet quoted above was regarded as a master surgeon. Soon after his appointment he<sup>101</sup> went on one of his regular route visits and narrates what happened:

"Most farmers were blinded by tradition; even Patels would ask us to go ahead with treatment while keeping baadhas<sup>102</sup> on the side. Some wouldn't even allow us to touch their animals. It was a weekly visit to each village that we called routes. No sooner more qualified people entered we started doing extension work. We did magic.

In 1961 after I entered, we went to a remote village and my attendant said, "Sir do not operate in this village! They'll behead you....this village is no good". I went ahead and did the operation. The next time I went to the same village, word went out and I saw all the village people on the streets. The attendant told me, "Sir there is Garbar (trouble), you operated last time, let us go back for heaven's sake". Due to poor communication we did not know how the animal was responding to the operation.

I still remember the day of the operation. I did it very tactfully. I told the farmer that the bullock had a torn ligament in his legs and it needs to be operated. The farmer said, "Saheb, please do not operate as it will complicate things". I asked the farmer, "how much does this bullock cost?" He said, "Saheb 50 Rupees". I made sure there were a few witnesses – the Chairman (of Village Coop) and the Sarpanch (Leader of local self government) - and gave 50 Rupees to the farmer and said to him, "The bullock is mine now, can I operate?" They let me operate and after the operation I asked the Sarpanch if he could keep it for me for a week. He agreed. When we went back the next week, people started beating drums; they put garlands around my neck, and performed Aarti (religious ritual) upon me. Word went out to my seniors in AMUL that "your Doctor has performed magic". After I had performed 110 operations, some of my seniors who were watching from sidelines, thinking that I'll land myself in trouble for all this, now wanted to learn my techniques. People now had seen for themselves and began to trust us

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<sup>100</sup> Almost all vets I interviewed spoke of their **family-member like relation** with producers. As a matter of observation, I saw this in day-to-day practice. The senior vets also spoke of a lot of freedom that was given to them by the senior leadership which of course coupled with tremendous responsibility towards the farmer and his organization. Interviews with producer-members, secretaries of VCS and managing committee of the VCS also brought out this aspect of the vet service. This was possible because of day-to-day field contact with vets and the traditional welcome that followed his arrival at the producer's doorstep.

<sup>101</sup> Interview 27 and 67, dated 20/5/2008 and 7/11/2008.

<sup>102</sup> It is a Hindu ritual that involves a reciprocal pledge by the devout worshipper to the almighty that he/she will make a material offering, or abstain from certain actions if/till a certain wish is granted.

and have confidence. That was a remote village and word spread to other villages. The message was, “we must do something which people do not believe in by taking some people into confidence and then people will trust you.” I operated animals...and people saw for themselves what we were doing.” (DR. ARS, 7/11/2008).

The “magical episodes” brought out in these illustrative excerpts above meant big things to the small farmers. The farmers were increasingly beginning to think of the vets as “demi-Gods” and “benevolent magicians”<sup>103</sup> who brought succor in times of crisis and protected their source of livelihood. This quote shows the “contextual” issues that surround a strategy sought to be disseminated, and the “process” by which strategic change is slowly, but surely, initiated. This example, shows how strategy is steeped in little “spur-of-the-moment, ingenuities in practice”

The vet actually buying the bullock for a price that the farmer thought it was worth, and doing so in the presence of significant actors – the Sarpanch and the Village Co-op Chairman, allowed the service strategy to take-off at a macro level bringing about change. These “ingenuities in practice” make the most of the “given” conditions at hand and use them rather than fight them for the sake of dissemination. These “ingenuities in practice” are incredibly under-explored in the discourse on emergence of strategies in management academia.

Interestingly, the uptake of the strategy was not due to acceptance of “vets-as-Scientists”, but due to the perception of farmers of “vets-as-Magicians”. The above example demonstrates how “*vertical backward integration*” became possible in *spirit*<sup>104</sup> through “ingenuities in practice” – spur-of-the-moment enactments that had their basis in

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<sup>103</sup> These words – especially “God” was repeated several times by members when I asked them how the vets affected their lives and what vets meant to them. These interviews of farmers were done in the absence of vets.

<sup>104</sup> I have noted earlier, how prior to 1958, the mobile Veterinary Service existed, for most purposes, only in letter with minimal impact.

*concern* (Weick, 1979), and that pioneer vets carried out to “make it happen,” rather than “wait for it to happen.” Novel enactments, and spontaneous ingenuities provide variations that help disrupt past patterns and might have their basis in affect<sup>105</sup>, and these acts of compassion set cognitive patterns for the posterity to make sense of and emulate.

The farmer’s initial resistance to the vet’s scientific diagnosis and prescription (a past pattern, and not a creative one), the vet’s attempt to know from the farmer, in the presence of significant others, what the value of the bullock was, the vets spontaneous decision to pay for the animal upfront (so that the farmer does not suffer an economic loss) which demonstrated both his *empathy* for the farmer as well as his *commitment* to cure the animal (love for profession) allowed the vet to *practice* his profession in the field. Without the vet actively creating the opportunity (enactment) to practice, possibly no strategy would ever have emerged. Ingenuities in practice under field conditions made practice (and strategy) possible! They actively construct strategy in the here and now.

In India, as in other developing countries, a cow or a buffalo is sometimes the only asset that a marginal farmer or landless laborer has to ensure a *regular* source of livelihood. With the cow or buffalo, the farmer is assured a certain minimum income, absent which, the farmer and their family will face hardships given that agriculture is mostly dependent on monsoons. In the past veterinary services were remote, with the nearest government veterinary centre located many miles away. For an animal that was seriously sick, it was impossible for the farmer to take his buffalo to the government’s fixed Taluka (county) Veterinary Centre for treatment.

Therefore the doorstep mobile treatment by AMUL’s veterinarians and the farmers’ response to these professional vets, (at seeing their animals cured) must be put

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<sup>105</sup> It is well known that emotions and beliefs trigger action.

into this context to understand the farmer's euphoria. More often than not, in the past, buffaloes would die<sup>106</sup> of Milk Fever or Dystocia due to lack of professional medical intervention. The AMUL vets were performing "magic" like "Gods" and were therefore accorded "divine treatment." Their actions won the hearts of members and put them on a pedestal which no other professional group working for AMUL could ever achieve. I argue that the "divine attribution" to vets by members can be understood if one understands the context<sup>107</sup> surrounding the emergence of AMUL's veterinary services. In saving the source of the farmer's livelihood, the veterinarians were saving the farmer's lives, much as Gods would. During these years the "pioneer vets" had given it their very best and had managed to "touch the hearts" of many a farmer besides "curing buffaloes." Vets' awareness of farmer's plight through frequent interaction increased their "familiarity" with the farmers, as well as their sense of responsibility and empathy.

### **Bombay State Splits, Member's Voices prevail, Docs in Demand!**

In 1960, a major contextual change occurred – Bombay State was divided into Gujarat and Maharashtra and the direct impact of this was felt by AMUL as its annual funding of Rupees 300,000 from Bombay suddenly stopped. While this was not totally unanticipated, Dr. Kurien had serious doubts about how to continue funding AMUL's services organization. However the fact that the services were being perceived as *indispensable* by 1961 is clearly evident in this interview that I conducted with two pioneer vets who recollected the events during the Annual General meeting of 1961:

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<sup>106</sup> The death of a buffalo would mean a major upheaval to a small farmer and his family since the buffalo would provide milk for sale, income from which would go to meet day to day household expenditure.

<sup>107</sup> The most important parts of this context are 1) the existing cultural patterns of farmers, most of whom relied on quacks and rituals for treatment and 2) existing, but fixed government veterinary clinics which were too remote to access. AMUL plugged this gap through education, and mobile veterinary service.

“When vet services became popular in 56 villages, then we had a general body meeting of Amul. All society representatives came and then they discussed about various matters. Then Dr. Kurien put this point about vet services and extension. He said we have spent lots of money on this and we are no longer getting anything from Aarey and so we are stopping this vet work. The farmers said, you can pay us less but do not stop this service...this was thanks to our effort. This happened in 1961. We were more or less a part of the farmer’s family as they often invited us to their social functions. They took our advice with blind faith very often. Even for local disputes we would get called to resolve them. This was because of our everyday contact with them through our extension work.”  
(Interview # 18, dated 29/4/2008)

The docs were suddenly in demand! AMUL now found itself in a position that it could not afford to discontinue the extension services. The above quote illustrates how a farmer’s organization decided to continue its veterinary and extension service despite the government pulling the rug from under AMUL’s feet and though it meant an economic loss to members (at least in the short run). AMUL’s managers had no option but to “listen” to the farmer’s voice.

So I argue that, while government funding is necessary for starting new service initiatives, it is not sufficient for its implementation in spirit, and in its future growth. To the contrary, I argue that, the lack of government funding gave even more impetus to the veterinary service as farmers asked for more. So it is often the perception of the users about the service’s acute need and convenience from its provision that drives its growth over time.

## **6.2 AMUL’s Services as Growth Drivers**

Interestingly a focus group interview revealed how the veterinary service directly contributed to AMUL’s growth especially post 1960:

“Our employees...started moving to villages to give “Marg Darshan” (literally “showing the way”) to villagers and facilitate the opening of coop societies. The officers would go to the villages in the evening and explain to them the benefits of



forming a society – that they will have access to Veterinary Services, plus Cattle Feed, plus other services also. They would explain you will get this; you will get medicines, fodder. The main thing is that Veterinary Services were perceived to be very important to villagers...back then people did not have access to proper medicines, they administered only Desi Dawa (traditional medicine). So dairy development took place, the baseline was Veterinary Service and this service was the vertebral column of the dairy.

So Amul's number of societies increased because main attraction was Vet Services will be available. Medicines were available if animal is sick, the doctor would arrive at your doorstep whether there were discharge problems, problems with calving, calf is sick or dies and the buffalo does not allow the farmer to milk her. So because of all these problems there was a huge need for Vet Services and later on the number of veterinary vehicles would not be sufficient...there would be long queues of people in routes.

Once a week, a mobile would visit the village. A route would be assigned to each mobile van. Another route would be assigned to another mobile van covering other villages. Once veterinary routes started in 1960, thereafter the number of societies increased like anything. When in 1960 Gujarat was separated from Bombay state, Aarey grant stopped and AMUL ...supported it. In fact after Bombay split Amul invested money into AI centre plus Amul would get reserve funds from profits as new societies came up. So there was an increase in AI service. After 1960 emergency veterinary visits also started and these were provided free of charge. (Interview Mr. SBR and Dr. UVV, 12/5/2008 and others)

Therefore organizing of village coop societies (VCS) which has a direct impact on quantity of milk procured, was expedited by the allure of Veterinary Service. This is very significant considering that milk is the 'lifeline' of a Dairy Coop. From around 1960 the veterinary service was offered regularly through "weekly routes" (where each VCS of AMUL would be visited by an AMUL mobile vet once a week) and through "special visits" for emergency cases. Table 6 below shows the growth of extension services:

**Table 6***Growth of Extension Services over Time, 1950-1970*

Year	# of AI Centres (YTD)	# of Artificial Inseminations (YEAR)	Pregnancy Diagnosis Cases (YEAR)	# of Mobile Vet. Dispensaries (YTD)	# cases treated by Vet dispensaries - Route (YEAR)	# of Special Vet visit cases (YEAR)	Vet first aid cases (YEAR)
1950	5	578	50	2	0	0	0
1951	11	786	62	2	0	0	0
1952	7	1314	250	2	0	0	0
1953	6	1673	479	2	0	0	0
1954	6	2574	577	2	0	0	0
1955	7	3854	816	2	0	0	0
1956	14	5533	2220	2	7796	20	0
1957	14	6434	2726	2	6435	65	0
1958	14	6287	2656	2	6958	153	0
1959	14	7700	2989	3	6986	174	0
1960	26	9077	4774	4	16453	421	0
1961	44	12839	6997	4	18811	907	10829
1962	75	19232	13972	5	24669	1794	24047
1963	102	26148	23338	5	33520	3192	37480
1964	138	31582	24160	6	30000	4344	42195
1965	261	41841	28718	7	31777	6102	44000
1966	312	87445	56647	12	46583	7798	62682
1967	332	104306	84907	12	45829	9403	77105
1968	362	137808	113384	15	60548	13238	92915
1969	475	151985	118354	16	62842	17283	135244
1970	523	157547	113821	16	70078	22862	141227

Source: Files and records of Kaira District Cooperative Milk Producer's Union

In “weekly routes” for each mobile van, there would be a driver, a trained veterinarian, and a para-vet (or stockman) and this team would be assigned to visit a list of 6-7 villages each day along a specific route. The route system was necessary given the scarcity of vets and mobile vans compared to member's growing demands. In the route service, the mobile vets would visit a VCS once a week. The villages on the route that day would be informed in advance about the vet's itinerary so that farmers whose animals were sick could bring them to the central village trevis for the vet to examine. At the village, the animal would be tethered to the trevis by the stockman and the veterinarian would

examine the animal and provide the necessary treatment. The vets on “special visits” were like vets-on-call. The role of these vets was to attend to those farmer’s animals which needed urgent treatment. These services were provided 24 hours a day free of charge to begin with.

Besides veterinary service, AMUL also trained a few village workers in providing first aid for minor cases of injuries. This service was also started in 1961 and was meant to reduce the burden on vets who were already over-stretched. It was not unusual for the vets to spend 36 hours on the field (especially during calving season) with night stopovers at the house of one of the members. It was not surprising then that the vets would come to be regarded as a “family member” over time.

It would not be unreasonable to argue, that, an untapped market for Veterinary and other services, gave AMUL better access to the (supply) market for milk procurement, which in turn helped AMUL make more dairy products to tap the growing demand and profitability of the market for dairy products during this time. The strong identification of the members with the vets of AMUL obviously expedited VCS formation and membership. A virtuous cycle had been set in motion. Besides, AMUL now in Gujarat state, found itself in a more congenial environment for its growth. This was revealed in my interview with Chairman of the National Dairy Board:

I think, the Congress government, and at that point in time just before independence, for a structure like this to grow was very important for politics also when nothing else was...this was development of its kind...So Gujarat (Government) too was very proud of it...and it was no burden on Gujarat, so Gujarat allowed it to happen. So the greatest contribution of Gujarat was to be hands-off...let this body come up....In every state the experience with coops was that they were creatures of the Department so unlike in Gujarat. Gujarat is the only state that did not have a Dairy Department. In the 70s every state (we went to) had a Dairy Department and a Milk commissioner. [These government’s]

Animal Husbandry Departments also found it as a conflict as we had vets as a part of our system. (Interview # 78, Ms. AMRP, 18/11/2008)

In the early 60s, AMUL conducted a survey<sup>108</sup> of its operational area. This is explained in the following quote from a senior AMUL vet:

They found that for more than 200 buffaloes there is only 1 breeding bull. This was done by Kaira Union through school teachers in villages. They realized that... If you have more than 100 animals per bull then you cannot service them properly and there will be a number of animals which will not be pregnant. So a bull can service between 60-80 animals per year. But it used to be that in a village there used to be 1 bull and the number of buffaloes about 500-600. Because of that the inter-calving period was long 18 – 19 months. (Interview # 63, Dr. SMTT, 11/10/2008)

This not only meant less milk for AMUL, but also a loss to the farmer, who would have to feed the buffalo during its long dry periods. Also during this time it was found that the price of cotton-seed which was traditionally fed as cattle feed, was increasing rapidly thereby making the business of milk production less profitable to the farmer. Also the trend of milk procurement was marked by a decline in the period 1959 to 1961 reflecting adverse seasonal conditions. Extension services had the potential to reverse this trend and enhance production. Thus there was an urgent need to restructure the whole “village organization” by restructuring the outreach of AMUL through its various services. It was at this point that AMUL’s famous 7-Year Plan<sup>109</sup> was conceived.

### **AMUL’s Seven-Year Plan, and Government’s Intensive Cattle Development Programme**

The manager of AMUL in charge of Dairying and Animal Husbandry – Dr. MK Shah – embarked on a seven-year plan to bring about a tangible shift in the nature of AMUL’s animal husbandry practices to enhance the returns to the farmer through

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<sup>108</sup> An animal survey is conducted by AMUL in its operational area every four years.

<sup>109</sup> The Seven-Year Plan was **not** in response to Amul’s proposed AMUL-2 dairy post Indo-China war; its purpose was to enhance member’s realization from the dairy business and increase member engagement.

profitable dairying and to enhance AMUL's milk procurement. The Plan was conceived in late 1962, early 1963. My interviews with many managers, extension officers, breeding specialists and veterinarians revealed that the seven year plan was widely regarded to be a very innovative plan and brought about considerable changes. Through its style of implementation, the Plan managed to capture the imagination of, and enthuse and engage veterinarians, breeding specialists, society managers, and supervisors like never before.

The 7-year milk plan to double milk production in Kheda district was nothing elaborate. The following excerpt from an interview reveals the components of the Plan:

“Dr. Shah prepared a seven year plan on how to double milk production. That became sort of a bible that how to increase milk production. There he quantified...what will be the contribution of good feeding, good healthcare, extension, and breeding....all those type of things that are required for milk production he had identified those concepts.... So then it was identified that these are the components which will increase the production to that extent which was assumed....so veterinary was one of the areas which was also contributing – by better treatment, better health – was contributing about 10-20% of increase in milk production. Say maximum was from fodder which will contribute 30-40%. Second was the next generation – breeding/AI. Immediate after that was veterinary and extension. So these are the areas which were covered under 7 year plan. (Interview # 63, Dr. SMTT, 11/10/2008)

One of the ideas was to get Kheda's native Surti buffaloes to be more productive not only through genetic (selective breeding) interventions but also through raising their nutritional standards as it was recognized that the effects of better breeding can be largely negated if the animals were not properly fed and looked after. Nutritional deficiency was found to be a major source of infertility and low productivity<sup>110</sup> at the farmer level because the farmers of Kheda mostly fed wheat straw and cotton seed as concentrates to buffaloes. This did not provide balanced nutrition to buffaloes, which resulted in low procurement at the organizational level thereby eroding the member's profitability and

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<sup>110</sup> AMUL had conducted an animal census/survey in 1961 to understand the existing situation in the villages.

the organization's cost competitiveness. It therefore became necessary to engage AMUL's members in order to have them adopt innovative practices in a way that did not threaten their traditional beliefs, while also incorporating the wisdom that members had accumulated from years of practice. Looking back on his experience with AMUL, Dalaya<sup>111</sup> said to Thomas Carter:

“One of the *changing points* in the history of Kaira Union was Dr. Madhukar Shah making some forecasts. I asked him to make a comprehensive seven year plan...The plan covered AI, veterinary services, feed, marketing of cattle. We got the funds and totally changed the breeding pattern of Kheda district. Building on this plan we were able to forecast the number of successful inseminations followed by forecasts of the number of pregnancies and deliveries and final a forecast of the milk production” (K.U., 1996).

### **Origins, Context, and Rearrangements – Seven Year Plan Implementation**

In an interview a Society Manager who was very close to Dr. MK Shah, recollected the reason behind the formulation of the seven year plan:

He (Dr. MK Shah) thought, about how to get better prices for farmer's milk. Better price can be had from products...but better price has limits. He thought better way is – better feeding and nutrition, better breeding and better management. He thought about how we could do this. The seven year plan was initiated by him. Better breeding meant retention and multiplication of superior genetic material as well as removal of inferior genetic material. Dr. Madhukar Shah thought farmers can get better prices for their produce by decreasing cost of production through better breeding, feeding, and management. He made a plan, a blueprint for doubling milk production per animal. (Mr. NBP, 15/4/2009)

My interview with a senior Society Manager (now retired) who joined AMUL around 1964 recalled how the seven-year plan came – its creator, its origins, the functional rearrangements created by design, and the context in which it was conceived:

“The Societies Division was then in a major expansion mode as they were trying to organize Societies for the Defense dairy which was about to come up. Also around that time Dr. Madhukar Shah came up with a brilliant plan called the “7-year milk procurement plan to double milk production” which was put into action.

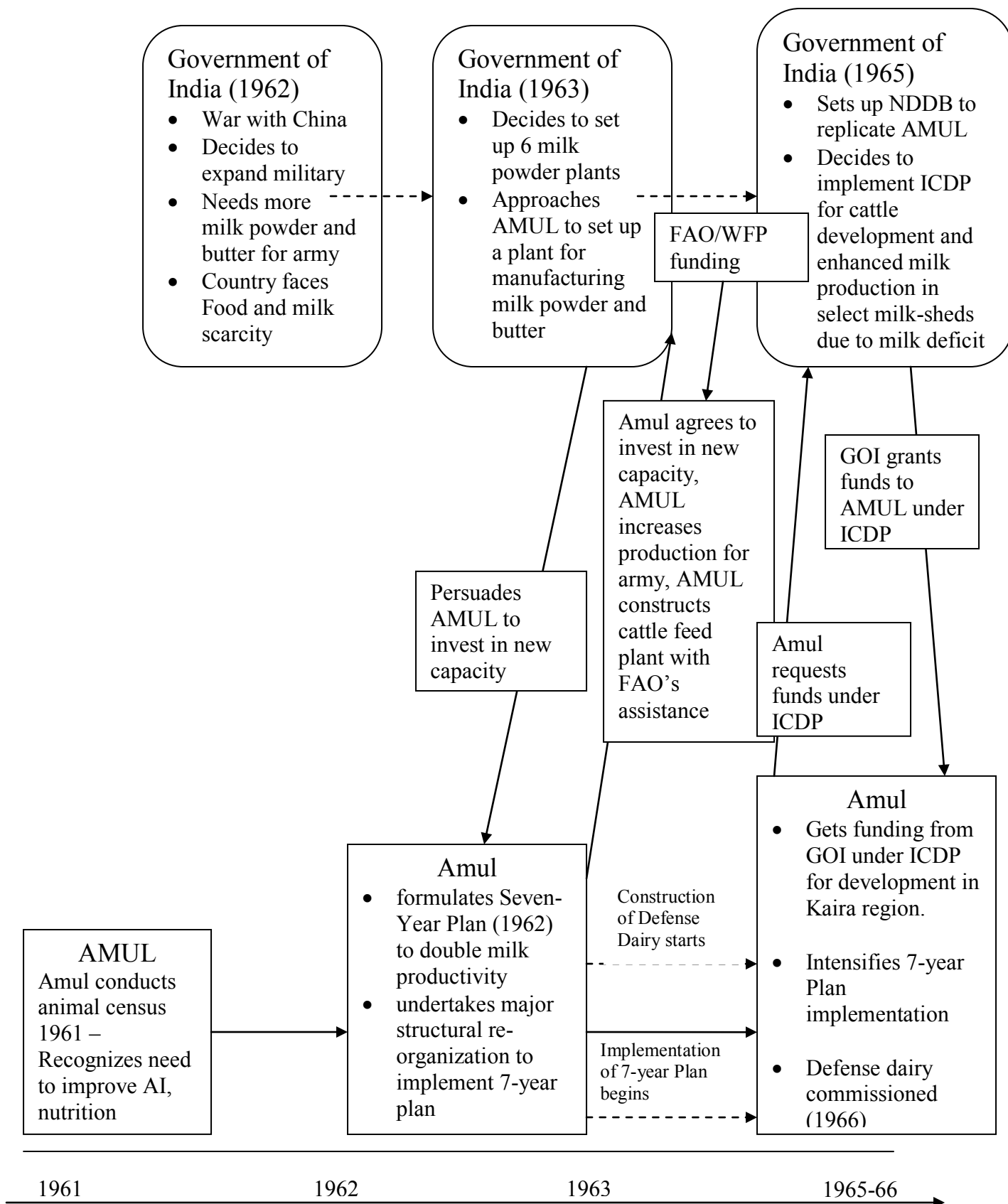
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<sup>111</sup> Kurien mentioned twice during his interviews, “without Dalaya, AMUL would not have been possible”.

This was entirely Dr. Madhukar Shah's idea. I remember Dr. Shah telling us how that plan was conceived. One night Dr. Shah was in deep thoughts...and he started getting some brilliant ideas and he woke up and scribbled those ideas on a piece of paper. That was it...the plan! (Gesticulates...).

To implement the 7-year plan, Dr. Madhukar Shah proposed to Dr. Kurien to integrate veterinary and society activities into 3 cross-functional groups. These 3 groups were to be headed by 3 group leaders – Dr. H.C. Gupta, Narendrabhai Patel, and myself. Dr. H.C. Gupta was formally given the designation of Project Officer (ICDP) to meet ICDP's requirements. Dr. Chothani was made in-charge of cattle-feed sales. Each group had about 8 stockmen, around the same number of society supervisors, 1 or 2 Veterinary officers, and a milk supply officer. These group members were trained in each other's functions – for example, though I was a society person, I had to learn how to convince members about the need to feed Lucerne to enhance their animal's productivity, and how to engage them in discussions about animal health and hygiene. I even had to learn how to diagnose a buffalo for pregnancy!" (laughs...) (Mr. Shr, 15/11/2008)

The dynamic of AMUL – government interactions through the 60s which involved financial support for AMUL's Defense dairy (mentioned in the earlier chapter) and funding through ICDP for AMUL's seven-year plan is represented below:



**Figure 6. AMUL – Government Reciprocal Interactions, 1960s**



## **Need for Innovations in Extension Services: Campaigns and Cross-Functional Groups**

In late 1963-64 AMUL deciphered ominous trends in milk collection relative to previous year's levels despite organizing more than 100 new village cooperative societies that financial year. Though the number of milk cooperative societies organized increased by 50%, the procurement of milk only went up 24%. The Annual Report of that year reflects this somber mood, "The year 1963-64, therefore, was a lean year from the overall collection of milk." Again in 1964-65, milk collection fell below 1963-64 levels by 2.66% despite an increase in number of milk societies by 11.4%. The Annual report declared "Again the year 1964-65 has not come up to our expectations. There has been an unusual decline in collection of milk during December, 1964 and January, February, and March, 1965, which resulted in considerable under-production." In fact the low production was attributed to lack of availability of feed in adequate amounts.

While on the one hand AMUL had committed itself to supplying increasing quantities of milk powder to the Defense Forces, and to investing in a second plant to further enhance production, AMUL was facing a reduction in procurement on the other hand despite organizing more societies. Now with the Defense dairy coming up there was a greater need for enhancing the productivity of Kheda's Surti buffaloes under the Seven Year Plan. If AMUL wanted to increase milk production while keeping farmer's cost of production<sup>112</sup> low, they had to invest in a cattle-feed factory which would manufacture low-cost, high-quality balanced cattle-feed concentrate. They also had to provide other

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<sup>112</sup> Almost 70 percent of the cost of milk production is directly attributable to feed costs (<http://www.fao.org/DOCREP/003/X6930E/X6930E14.htm>).

extension inputs to stimulate milk production. A cattle feed factory which was indeed a “break-away”<sup>113</sup> idea, formed a part of the plan to suggest its potential value.

Two things were happening around this time. First, new societies were organized at full throttle<sup>114</sup>; second, the existing functions at AMUL were re-organized to enable the Plan to be implemented effectively and to facilitate strategic change in the required direction while not unduly hampering routine operations. For this purpose the *Division of Co-operative Organization and Animal Husbandry* (two functions) underwent shuffling. Veterinary/Breeding and Society activities were integrated to form 3 (later 4) cross-functional teams, where each group member had to quickly undergo training in the other group member’s profession. Society (Co-operative Organization) people whose routine function it was to organize new societies, audit the ones in operation, and arrange procurement of milk from the villages (VCS) were given a refresher course in animal health, hygiene, AI, and PD. Likewise, veterinarians were taught how to organize societies, convince farmers to grow Lucerne, take orders for cattle feed, while carrying out their routine activities. Reflecting on the strategy that unfolded, and on the dynamics of “campaigns” which led to “healthy competition” between the 3 groups, a retired Society Manager who led one of the three groups stated:

“The cross-functional groups were formed for a specific purpose. Dr. Shah distributed the village cooperative societies into groups of 200 to be handled by each group on an intensive basis. The VOs in these groups were required to work as extension agents...they were facilitated by society supervisors and stockmen. The ICDP program enabled Amul to recruit many veterinary officers. Dr.

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<sup>113</sup> The plan to develop cattlefeed and have a factory to manufacture cattle feed was **strategic** because it entailed large investments that would allow Amul to provide a critical input to the farmer’s production process over a long period, besides taking Amul into a new area of business leading to backward vertical integration and service diversification.

<sup>114</sup> During 1963-1964 some 120 societies were organized (378 up from 256). Again between 1964-65 some 50 societies were organized (421 up from 378). Another 100 societies were organized during 1965-66.

Madhukar Shah's contribution was to infuse healthy competition between the various groups. Dr. Shah conducted campaigns for the three groups.

The first one was an intensive campaign to popularize and create demand for Lucerne. During those days Rachko (Lucerne) was not very popular in Kaira district. As part of our 7-year plan we were assigned the task of generating awareness of Lucerne and taking orders for Lucerne seeds from members. It was known that if green fodder in the form of Lucerne was popularized, then milk production will pick up. For one month we visited every village in our group, met farmers, explained to them the economic and nutritional benefits of Lucerne and then took their orders for Lucerne seeds based on their commitment to allocate X acres of land for Lucerne cultivation. The group members, me included, would start early in the morning and return late at night. The feeling among group members was "let us see how much demand we can create and how we can beat the other groups". After meeting the farmers we would take down details of land possessed, irrigation facilities, animals owned, and then take orders for Lucerne seeds and then give it to the compiling (statistical cell) office to work out the village-wise orders received. All this while, we closely watched the demand created by the other groups and in the end our effort paid off....our group won! The operation was well coordinated...since Lucerne seeds were hard to procure and one had to go to Saurashtra to get them, we ordered these seeds in advance from seed distributors to avoid rush orders and the possibility of not being able to meet demand.

A health campaign was also organized to improve health of milch animals through vaccination, deworming, infertility camps...Moreover we also tied up with the District Cooperative Union and prepared a program to educate village women members on animal health and hygiene....our veterinary staff trained the lady officials of the DCU in extension work so that they in turn could spread their message...in the village coops...

Since the inter-calving period for Surti buffaloes was very long – 18 – 20 months in some cases, a breeding campaign was organized. The procedure of collecting all animals at the AI centre and examination for pregnancy was started. The AI centres had been established in most villages, but intensive AI and PD were not done earlier. Moreover we realized the benefits of explaining the need for AI to women and so our teams would divide themselves into sub-groups and go into Falias (hamlets). Upon seeing us, the women in the Falias would assemble out of curiosity. We would then explain to the women what AI was, and how it could help improve their cattle progeny. Moreover we also explained to them that AI was a scientific process which could help reduce the period between two calvings, thereby ensuring that the farmer got milk for an additional 2-3 months, and more money in the process. So we also emphasized the economic benefits of AI. The message would then be carried to other women...by word of mouth.

A special campaign was also arranged for the visit of village women to the cattle-feed plant, the dairy, and the AI centre where proven Surti buffalo bulls were kept. Upon seeing the buffalo bulls they would realize that if the buffalo bull was so healthy, so would their progeny be. They would witness how cattle feed is made and watch the ingredients that go into it.

Also, we went for “milk collection centres” – buildings for hygienic milk collection. Before the plan, milk would be collected in temples, from some ramshackle rented premise, under a tree...For this purpose, subsidies were provided to the VCS by the Union when they decided to build their milk collection centers.” (Mr. Shr, 15/11/2008).

Recollects a pioneer vet who was a team leader during the seven-year plan

implementation:

“The Seven Year Plan really worked wonders. It really worked...it became a base for us...every department and every subject was progressing as per merits. From that everything happened, such as from feeding – emerged cattle feed, green fodder projects. So it was very successful. They formed 3-4 groups which were cross-functional. Dr. C, Dr. S, Dr. Mdv and myself. In the beginning we used to take care of only our own sections. Looking at the needs of the whole society, things were arranged such that we learnt about functioning of society management. All of us got training on all other extension functions and campaigns of 7-year plan. If society is to be organized then the group will go. In one group were 3 officers and 5-6 juniors from each function. There were 150 villages assigned to each group to cover 600 villages and there was competition between groups. So daily a group has to cover 4-5 villages. The groups would voluntarily not take weekly off because of competition. Later we would ask them to take leave for a week once targets were achieved. We would say, “Now this week you enjoy”.

The Plan reached all the way to FAO. Why was seven year plan happening done – to be independent from government in most respects. Later keep asking for government funding. Farmers had to organize on their own. Second was to bring competitiveness.

Campaigns were a big hit and induced competition. These included campaigns for Lucerne, AI, CD programme. The idea behind 7-year plan was not to cater to the upcoming defense dairy. The idea was to strengthen the existing village activity and to bring about trust among farmers by ensuring that the village organization was strengthened. The fact that defense dairy is coming up was not the main reason for the plan.” (Interview # 73, Dr. ARS, 7/11/2008)

Recollects a society manager who was also a group leader at that time how the specific idea of Lucerne (within the broad domain of “feeding” in the Plan) came up:

You know we call Lucerne “Ghaas No Raja” (king of green fodder). We called it such in our Amul Patrika (Newsletter). Now in Charotar, most big farmers cultivate tobacco. There was a village Undera in Matar Taluka which was cultivating Lucerne. Now in our division, we had weekly meeting of Society Supervisors who would discuss what they saw...whether they saw something unusual during their visits. One society supervisor reported that in Undera the milk collection of 1<sup>st</sup> year doubled in the next year and in the third year it had registered a 10% growth. I asked the supervisor what are the reasons. He said, our competitor had given up collection; people brought more buffaloes and started cultivating Lucerne. Now, it so happened that, one Professor Arkari, Chancellor of Mysore Agricultural University and was an MP was sitting in Dalaya’s office. I asked Arkari, should I cultivate Lucerne? He said it will give you very good dividend. I was worried about telling Charotar farmers who cultivate tobacco to go for cultivation of Lucerne. So I took Kurien’s permission to start distribution of Lucerne seeds at cost. The permission was immediately granted.

[F]or promoting Lucerne we started distributing seeds and then giving subsidy on the sale of these seeds. Now Lucerne was being grown from Diwali to March. We talked to them about retaining Lucerne during winter and also part of summer. We told them that Lucerne has N<sub>2</sub> fixing bacteria in its roots which it fixes in the soil. Also if you feed this... it is as good as cattle feed as it has 16-18% protein and it helps in digesting dry fodder. We would tell them the name of a nearby farmer who is growing Lucerne and that he may go and ask him about his experiences.

Some farmers used to get water for irrigation from other farmers who had pump sets. We told them to charge less money for the irrigation of Lucerne for every farmer who needs water to grow Lucerne. Like that we approached tube well owners. We explained to the farmers that if they grow Lucerne, it will fix N<sub>2</sub> in the soil and so the crop that follows Lucerne will be better. (Mr. NBP, 15/4/2009)

Veteran FAO expert Michael Halse<sup>115</sup> who was working with IIM Ahmadabad at the time recalls what he saw when he visited Amul in 1963:

“I returned a little later to Amul, to find the division of Co-operative Organization and Animal Husbandry in *productive turmoil (italics added)*. The Animals people had been given a crash course in Co-operation by the Co-operative People – and vice versa. The entire division had been temporarily divided into three Multi-disciplinary Teams, each being responsible for implementation of the seven-year plan for one-third of the Union’s member-villages. Each of the Teams visited their villages intensively. Many of these visits had to be made in the evenings, as this was the only time when they could talk at length with the farmers and their wives. Green fodder demonstration plots were set up, artificial insemination

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<sup>115</sup> Halse’s association with AMUL, particularly NDDB, was significant and he is credited with having planned and co-written the “Operation Flood” document which facilitated the use of EEC dairy surpluses as aid to finance replication of AMULs across India. He was to work as FAO/UNDP expert at NDDB.

lectures delivered, cattle feed sales organized in each village coop – Madhukar's troops were weary, battle scars were showing.” (KU, 1996).

All the above quotes show how detailed the implementation of the plan was, and how structural changes were made post-planning to parts of the existing division to carry the plan forward. These were not half-measures as substantial numbers of people were involved in the 3 cross-functional groups. Besides, the plan was wholesale and holistic in attending to a variety of factors that were thought to affect milk production. This was reflected in the variety of the campaigns that were carried out and in the variety of professionals who helped carry out these campaigns. The reality was recognized as *complex* and so it was necessary perhaps to have a *complex* integrated cross-functional structure to deal with it – one that balanced change and continuity without sacrificing either and one that allowed change to happen fast through interaction among co-dependent elements.

In their study of Varian, Eisenhardt and Brown (1996) found that when “long term insiders...had a strong feel of the conditions at hand and were in a better position to maneuver the firm...Such insiders often driven by a *deliberate strategy* surged ahead and employed new structures and strategies thereby bringing about tangible strategic change which was swift, comprehensive and radical.” Amul's implementation of the seven-year plan showed quite similar cognitive and behavioral dynamics. Faced with a seemingly insurmountable paradox, Amul took the paradox as is, and did not trade-off paradoxes like “change” v/s “continuity”. For them, it was not either one or the other, but both.

The Plan as earlier mentioned had breeding, feeding, health, and management as its broad domains. The other major component within feeding was cattle feed. The accidental funding of the cattle feed factory is mentioned in this quote:

“This (cattle feed manufacturing) was included in the seven year Plan. Once Dr. Kesteven (from FAO/UN) who was an Australian came to Amul. He was looked after by Madhukar Shah who invited Kesteven to his place. Now Dr. Kesteven was considerably impressed by the 7-year Plan. Dr. Shah’s approach to increasing production and productivity of the milch animals as laid out in the plan impressed Dr. Kesteven. It was mentioned in the 7-Year Plan...there were mainly 3 parts to the Plan – breeding, feeding and management. He took a copy of the Plan and pasted it in his office room. Kurien was showed this copy by Kesteven and he told Kurien that this plan was really good. The problem was how to finance the Plan. Kesteven managed to convince Oxfam to donate a cattle feed factory. Kesteven helped us as he got us food grains from FAO which we could mix with the locally available ingredients to prepare cattle feed the sales of which would generate returns sufficient to keep the cattle feed factory running. After concept of 7-Year Plan was drawn, we started manufacturing cattle feed commercially. So Dr. Kesteven’s coming to Anand in Dr. Kurien’s absence and his understanding of the 7-year Plan and its validity for implementation, and his enthusiastic acceptance of Mr. Shah’s idea and how the Plan can be implemented...that helped AMUL. So Kesteven was instrumental in getting Oxfam’s assistance. (Mr. NBP, 15/4/2009, 14/5/2009)”

Dr. Kurien recollects how AMUL was able to finally formulate balanced cattle feed:

“We got a lady from Scotland who came as an FAO expert. Our counterpart expert was Dr. Amrita Patel. Once that expert from FAO came and we provided Amrita Patel, then that feed plant became a viable operation. It was given by FAO. FAO provided...and then the boss of FAO (dairying) asked me how will you buy feed? You have to buy feed, process it and distribute it. Have you got the money? I said No. He said, why don’t you ask me for it. I said, what do you mean? He said; ask for 600 crores, and we will give you the money. Everything got done, thanks to this Australian guy called Kesteven, wonderful guy. He was the head of Animal production and health division of FAO in Rome. This was a grant to us. No loans.” (Interview # 46, 3/7/2008)

The cattle feed factory began production on 31<sup>st</sup> October 1964 with an initial installed capacity of 150 MT. It was inaugurated by the then Prime Minister of India, Late Mr. Lal Bahadur Shastri. The cattle feed factory would be situated at Kanjari, 5 miles from Anand, as it was possible to get railway siding there. The Cattle feed factory helped AMUL a lot as cotton seed cost a lot, and cattle feed turned out to be much cheaper. Formerly the farmers were not willing to accept it. Initially the fat percentage of the milk went down and as fat went down they would get less payment. Since buffaloes have

bacterial culture in their stomach which converts feed to various nutrients, when the feed is suddenly changed, the bacterial culture does not change immediately. Naturally it changes over time. So initially fat goes down, but then it comes up<sup>116</sup>. This scientific fact had to be explained to the farmers. Moreover they had to be assured of free vet service by the veterinarians should the buffalo have any digestive problems whatsoever. Typically influential leaders<sup>117</sup> of the village would be targeted first to have them try cattle feed. Once they found the results beneficial, they would convey this to the village by word of mouth which would lead to quick uptake.

To further the sales of cattle feed, AMUL's vets and society supervisors who collected orders for cattle feed directly from the VCS would tell farmer members that right before calving, the calf gets nutrition from the buffalo. The buffalo mother requires nutrition which is being taken by calf from the buffaloes' body. If the buffalo does not get enough nutrition, in the next lactation, the buffalo will give less milk. So the members were asked to make sure they fed 1kg cattle feed a day to the buffalo in its last month of pregnancy. This was good for the developing calf and the buffalo would give more milk in the next lactation. So one of the ways in which the various innovations were promoted to members was by explaining to them the financial benefits of doing so.

### **The Role of Intensive Cattle Development Programme**

Incidentally AMUL got lucky around this time as the Government of India sought to implement its Intensive Cattle Development Programme (ICDP). A society manager recalls:

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<sup>116</sup> Interview of Mr. NBP, 14/5/2009

<sup>117</sup> Ibid



“By a stroke of luck, around that time, say 1965-1966, the ICDP (intensive cattle development program) was announced by the Government of India to be financed and implemented in selected districts. Kaira Union was charged with the responsibility of implementing the ICDP in its own district – Kheda. The main objective of the ICDP program was to help selected milk-sheds enhance their milk production by providing facilities for maintenance of health and hygiene of milch animals, providing green fodder for buffaloes and so on.” (Mr. Shr, 15/11/2008)

A senior manager in the Society division said:

“I think the ICDP gave us Rupees 1 crore (100,00,000) for 5 year period. Out of that about 80% was to be paid out as staff salaries. The scheme was prepared by the government. Kurien saw this and said he cannot accept this. So I and Madhukar Shah sat and revised the scheme and brought the salary down to 30% of total expenses. Finally we agreed. It was Dr. Shah’s skill...he was great in drafting and proposing things. Then we approached the government with the revised budgetary provision and it was approved. We recruited 25-30 boys in the Society section. They wanted to implement 4-5 things. It helped in looking after items of 7-year Plan as ICDP was on the same pattern. We started implementing various parts of the plan.” (Mr. NBP, 18/5/2009)

As mentioned, the Intensive Cattle Development Program (ICDP) was initiated by the Government of India in 1965 during its 3<sup>rd</sup> Five-year Plan period. Prior to the ICDP, the Government of India had experimented with the KVS (key village) scheme in its first and second 5-year Plans. The KVS was guided by one key objective – controlled multiplication (through AI) of superior germplasm from established farms, in breeding tracts of indigenous breeds, for improved progeny in other areas (Chakravarti, 1985). Though conceived as a coordinated programme, the KVS in practice showed few signs of an integrated approach and degenerated into a programme for general development of cattle as the scheme was also set up in states which had no recognized breeds, and even in areas of non-descript cattle (Bhasin, 2008) thereby losing its intensity.

Each Key Village Block became a small island of organized activity surrounded by extensive areas of large non-descript cattle without much effect. Thus, the Crisis Report of the Ford Foundation, formed in response to the food grain crisis of 1957-58,

was in 1959, also assigned the task of evaluating the KVS and remarked “the only tangible evidence” that such a scheme was undertaken “has been the calves produced by artificial insemination”, and whatever “beneficial possibilities” could result from this were “largely eliminated” because of “failure to improve feeding practices” (Sen, 1975).

In the meantime around 1961, the Government of India, with the assistance of the Ford Foundation<sup>118</sup>, set up an important pilot program called the *Intensive Agricultural District Program* (IADP) or the “package programme” in seven districts of India. The program was established with the goal of tripling the rate of increase in agricultural production by providing a “comprehensive package” consisting of field demonstrations contrasting farmers’ methods with the “package of improved practices” – treated seeds, fertilizer, weeding, and pesticides – which would be the main responsibilities of village level workers in the program (Barker, Herdt and Rose, 1985).

It was only halfway through the Third 5-year Plan (1961-66) that the Government of India came to realize that “cattle development programs started in the earlier Plans (namely KVS) could not make much impact on improvement of stock due to lack of sufficient inputs and absence of tie up of the production programmes with proper marketing systems” (Report of National Commission of Agriculture [NCA], 1976). The Crisis Report of 1959 had emphasized the urgency of an integrated approach and like the “package programme” for crops, it helped apply the “package concept” to livestock as well (Sen, 1975).

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<sup>118</sup> The team from Ford Foundation visited India in October 1959, following India’s food grain crisis in 1957-58 and developed an intensive programme to increase food production and their recommendations were outlined in their “Suggestions for a 10-Point pilot programme to increase food production.” This was the IADP or package program.

Thus the Intensive Cattle Development Program (like its IADP counterpart in Agriculture)<sup>119</sup> was designed to provide cattle owners a “package of improved practices” and envisaged intensive coverage of 100000 cows and buffaloes (per project) of breedable age for achieving marked impact on milk production (Planning Commission Evaluation). The ICDP embraced all aspects of cattle development i.e. controlled breeding for genetic development, AI, increased production of feed and fodder, disease control and maintenance of animal health and better management practices (Sen, 1975). Complementary elements were designed into one package not only to obviate the risk of progress being impeded by “some missing or lagging factors,” but also to “ensure rapid progress through quick interaction among interdependent elements” (ibid).

The ICDPs incorporated an “area development approach for cattle development” (Report NCA, 1976) and were selectively located in the breeding tracts of indigenous breeds of cattle and buffaloes, and in the milksheds of large dairy projects (for assured marketing) which had good potential and conditions to respond to cattle development programmes. AMUL’s Kheda district was one of these milk sheds. This event proved to be fortuitous for AMUL, because AMUL needed more finances to execute its ongoing 7-year plan, the objectives of which broadly concurred with those of ICDP<sup>120</sup>. The Government of India selected Kheda as one of the districts for Intensive Cattle

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119 Chakravarti (1985) notes that the ICDP “resembles in some ways the Intensive Agricultural District Program (IADP) for the diffusion of high yielding variety seeds for increased food grain production in India.

<sup>120</sup> It is *hypothesized* that the ICDP of the GOI might have emerged from their study of AMUL’s 7-year plan (Singh and Kelley, 1981).

Development appointing AMUL as nodal agency<sup>121</sup> for this purpose upon AMUL's request (Interviews # 26, 41, and Mr. Shr. 16/5/2008, 12/6/2008, 15/11/2008).

This context (failure of Key Village Schemes, recommendation of an integrated approach by Crisis Report of Ford Foundation, and the recognition of the possibility of application of “package concept” being used in Agriculture to the domain of cattle development) led the government to announce the ICDP and allowed AMUL to implement its 7-year Plan more effectively than would have been the case without the government's ICDP funding. A few “cosmetic” title changes were made to AMUL's restructured organization to satisfy ICDP requirements including appointment of a “Statistical Officer” and “ICDP Project Officer.” The funding from ICDP allowed AMUL to recruit 100 additional employees – stockmen, veterinarians, and society supervisors to reach out to their constituents more effectively (Interview # 26, 27 Dr. ARS, dated, 16/5/2008, 20/5/2008). Therefore with the generous funding from the Government of India, under ICDP, AMUL was able to implement its innovative 7-year Plan in a successful manner as it was able to recruit more veterinarians and society supervisors.

### **Role of the 7-Year Plan in Inducing Innovation and the Contribution of Vets**

While some strategy scholars have criticized “planning” (Mintzberg, 1998, 2001), my experiences suggest, this was clearly not the case for AMUL's seven-year plan described. Planning, though in this case not so elaborate (formal), seemed to be able to

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<sup>121</sup> This incidence of the government appointing AMUL as agency for its ICDP programme in Kheda district instead of the State Government's Animal Husbandry Department is noted as being “unprecedented”.

bring about desired changes for AMUL, even in an unstable<sup>122</sup>, if not “high velocity environment” (Eisenhardt, 1989). Perhaps this had to do with the fact that the Plan in this case was not “rigid” and accounted sufficiently for the “ground realities” as well as the “complexity” of the problem. This manifested in the multifarious competitive campaigns and the cross-functional structure that the plan incorporated to deal with this complexity. Perhaps the financial support from Government of India’s ICDP was also instrumental in keeping up the intensity of the seven-year plan.

The frequency of contact established, especially through vets, allowed AMUL to take its campaigns into the villages more organically, modifying them as necessary based on interactions. In the implementation of the plan, anyone who had a good idea would be encouraged by Dr. Madhukar Shah to share it with colleagues so as to facilitate its discussion and uptake. Besides interviews revealed that Dr. Madhukar Shah was held in very high regard for the person he was, and his leadership style might also have contributed substantially to the high levels of motivation displayed in implementation:

I would say Dr. Shah’s technique for motivation was really good. For example on numerous occasions, he would initiate things. He would not say, please clean office files and remove unwanted papers. He would himself start working with the files, find useless letters and destroy. He would do this for an hour and then move out, and the activity will be continued by others till it is finished. So no job was beneath him...[W]hen campaigns were being carried out for AI, Lucerne, etc. he would personally join the campaigns. He would go to the village and with the supervisors and AI workers participate in the work. He treated his juniors like his family members. If we were in trouble, he would try to understand our situation and help. In fact TKP himself started this. If M.K. Shah did not know anything, he would ask his colleagues or subordinates, he was very open-minded.

A big advantage was that, if something went wrong, Madhukar Shah would take responsibility. He in turn learnt this from Kurien and Dalaya. Think of the morale of boys...the boys need not think about rules and will have full confidence in their boss. (Mr. NBP, 15/4/2009; 21/9/2009)

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<sup>122</sup> The uncertain environment presented itself as supply constraints which Amul was already facing and which would get potentially exacerbated after the second dairy was commissioned.

A pioneer veterinarian narrated how Dr. Shah helped him with his work to determine how many cupboards were to be ordered to store AMUL's veterinary medicines for a stock of 3 months. This veterinarian who was hard pressed for time sent a note to Dr. Shah requisitioning a larger number of cupboards than would really be required. Dr. Shah saw this and went to the senior vet's office and asked for a measuring ruler and set about measuring the sizes of various bottled medicines to be stocked and asked for some help from the vet to help calculate total space required for each medicine type given the stock requirements and arrived at a number (of cupboards) half that requisitioned. This, according to the senior vet, was not meant to embarrass him, but it was a genuine demonstration of how to save space by paying attention to detail. The type of leadership can have a substantial impact on whether a "plan" is successful or not. Besides, AMUL had the advantage that thousands of members had visited the Dairy itself and their villages had been regularly visited by the Union's veterinary doctors. A retired AGM of AMUL (and a pioneer vet) who was associated with this plan from the beginning said:

"Whether Amul wanted to either introduce or spread, or convince, or manage, anything in the villages, they used to say vets are a must...because we go to villages first as a doctor, we go to every household, we treat the animals, we cure them, we get the credit and blessings of people, good wishes, and then we say brother please do this for us. Becomes easy! Other people, only going and preaching and say we want this done. We don't do that....We would first go and ensure his welfare...how are you, how is your animal, how are things in the village...and then talk about the programs we wanted to introduce. This made things very easy for us to get done, as we were family. We were not mere preachers, we were doers." (Interview # 26, 16/5/2008)<sup>123</sup>

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<sup>123</sup> I also observed this phenomenon on several occasions, especially during Village Awareness Programs where a senior vet would normally accompany an AMUL extension worker/stockman. These programs turned out to be "pious ceremonies" for re-affirming unity of purpose and means by which to spread information on an innovation.

The above quote illustrates how “daily face-to-face contact” with members, and the concomitant “familyness” that comes from farmer’s understanding of the vet’s concern for the farmer, and the subsequent acceptance of the vet (by the farmer) that accrues, can help people achieve the most difficult tasks – introducing novel concepts and practices.

Besides AMUL’s veterinary doctors commanded the highest respect from the farmer members due to frequency of contact which their profession entailed. A Senior Society Manager who devoted almost his entire career to AMUL recalls the special relation that vets had cultivated with the farmers and their special role in ensuring the success of extension programs under the seven-year plan:

“If you treat a sick man or animal, the type of affection he (farmer) develops for you is incomparable...whatever you (veterinarian) say carries a lot of weight. If the buffalo is about to die and the veterinarian ensures that the animal survives, then the feeling the member has for vet for what he did is.....then whatever the vet says carries a lot of weight. Through their actions, veterinarians were able to save animals which were worth a lot of money to the farmer. The vets were very helpful in conveying the advantages of societies to farmers.

You see, they accepted whatever the vet said on face value. They (vets) had created this belief in them through their personal contact with them through routes and emergency visits. In bullocks there is a problem with their leg...the leg needs to be operated. Dr. Seth did this operation in a village and it was very successful...everyone was so happy. After all...a sick animal when it gets better, they think the man who cured it is wonderful...he is accepted, his thoughts are accepted.” (Mr. NBP, 14/5/2009)

This special relationship and bonding that the vets shared<sup>124</sup> came in handy for AMUL’s purposes in implementing the seven year Plan as the vets played a spearhead role in their respective groups. The success of the Plan was reflected not only in the “statistical

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<sup>124</sup> I observed this special bonding between farmer members and vets on my numerous trips with vets to Village cooperative societies.

figures” of achievement, but in the animated body language<sup>125</sup> of all those who were interviewed about the various aspects of the seven-year plan.

The leeway that the government allowed AMUL reflected its trust in AMUL’s leadership, and its recognition of AMUL’s capabilities for knowing what its members wanted because of their grass-rootedness<sup>126</sup>. This autonomy was reflected in AMUL’s strategies in the initial years of the ICDP where it deliberately chose *not to* proceed with cross-breeding of indigenous breeds of cattle with exotic breeds like Jersey, Holstein Friesian and others. despite the fact that cross-breeding strategies were given prime importance under this scheme, elsewhere in the country. It also reflected a certain bias towards buffaloes<sup>127</sup> for two reasons – they were known to be highly adaptable<sup>128</sup> to the Kheda tract, and the milk they produced had a high fat percentage<sup>129</sup> relative to cows. Fat was in greater demand since butter and ghee were the two main products then. While the seven-year plan can be described in more detail, I leave it here.

### **Emergence of the Cooperative Development Program**

In 1974, to further the popularity of AMUL’s breeding programs, especially in traditional non-Patel villages, it was decided to conduct special classes and training programs for ladies at the village level. In what was Dr. ARS’ golden year, he describes the challenges faced which led to this new strategy:

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<sup>125</sup> In qualitative research such animated body language also constitutes data for practical purposes.

<sup>126</sup> The extent of this grass-rootedness was observed and felt by me repeatedly during my visits to VCS with vets, during my visits to VCS with stockmen /extension officers and during my discussion with countless farmers. While sometimes farmers were disappointed with service delivery – no one thought of those delivering it as useless or dispensable. With few exceptions, they demanded more of what they had already taken for granted.

<sup>127</sup> Some interviews revealed that cow milk would present “technical problems”. A senior manager (retired) said: “Besides they thought that our technology is based on buffalo milk, so if we collect any other milk we might have standard variations.” (Interview # 26, dtd. 16/5/2008)

<sup>128</sup> Discussions with veterinarians and breeding experts of AMUL

<sup>129</sup> Ibid



“It was in 1980 December that we started CD (co-operative development) program for ladies training. That was my idea. In villages especially where there are non-Patel communities, the adoption of AI was low. Ladies were the ones to detect heat in animals and maintain animals. So ladies’ training was a must. But in most meetings, attendees would be men. Whatever we told the men about AI or something related to animal health, they would not communicate to the women.” (Interview # 27, Dr. ARS, 20/5/2008)

“In society meetings and general meetings men showed up. I would talk to men. But who has to manage buffaloes? Women! Women have to manage buffaloes! So...inspite of our hard work we got no results. Do you think men would communicate the same thing to women that we talked to men? The way in which we explained, he cannot explain to his wife. So we decided to talk about AI...a delicate scientific subject...directly to women in simplified village language. Some village leaders objected to our talking about AI to women. They were conservative people. We asked them, if their womenfolk had a reproductive problem, would you talk about it to doctors? Otherwise how would you get cured? Likewise we said, do you think your buffaloes should get pregnant frequently and timely? That...it should be healthy and give milk at low cost...do you want that or not? We are doctors here talking about buffaloes, so if we do not speak to the real person who manages it, how will it help?” (Interview # 36, Dr. ARS, 5/6/2008)

“So we collected initial data in 20-25 villages, did ladies meetings, followed up and after 2-3 years we saw the results. Results were very encouraging. Then we presented it to the Board through our bosses. To scale this up we needed staff...the Chairman Manubhai Patel suggested...you cannot have so few vets to do this work, why don’t you replicate in the whole district and hire some ladies to do this job?” (Dr. ARS, 5/6/2008)

“The Board said let us employ a special package...A programme containing information on cooperation i.e. what are society rules, what are the responsibilities of members etc. was prepared. We framed a training program for cooperatives and the District Cooperative Union (DCU) – a district institution of the government which is common for all types of cooperatives - formed a cell and employed ladies to carry out cooperatives’ education through a cell. These ladies were trained by Amul. This program was supported by AMUL grants. The CD program cell was run by the DCU with the help of education funds from AMUL. Kaira Milk Union has much sway over the District Cooperative Union because milk cooperatives are strong in Kheda and its Chairman was usually the Chairman of the District Cooperative Union. The first batch started in December 1980 and we trained the trainers.” (Interview # 27, Dr. ARS, 20/5/2008).

Explained another pioneer vet exactly how the CD idea came about:

“The first thing that we told management was that the milk producing job is mainly done by ladies members. We have to train and educate ladies...How to do

that was the question. Take example of AI or cattle feed. If you want to be successful in AI and feed cattle feed to animals.... The men work in the fields whereas the buffalo is proximate to the ladies as it is tied just outside the kitchen. So the lady is to be trained first.

The next question was how to train the ladies...not only by giving lectures. So we thought why not show them what we are doing. So the first program arranged was ladies' visits to show them how we collect milk, what is AI, how we collect semen, we told them nothing is artificial about AI...the semen is collected from the bull and only the procedure for introducing semen in right place is artificial. So we brought them to the AI station, showed them the bulls, the collection of semen, its collection in ampoules and its injection using insertion of pipette. So they realized and then they started seeing good results too. We explained to them why we must do AI.

Then for cattle feed, they thought it is fecal material...so we brought them to the cattle feed factory, we showed them the raw materials – its conversion into powder and then into pellets. They saw the process in real time. This concept was accepted...instead of only giving lectures, show them. In the seven year plan a large amount was spent for training ladies on the spot. Then we started classes for ladies ...different vets and professionals would give lectures and some literature to read.

Around 1980, the work of CD program was taken up by District Cooperative Union. Initially it was a question of employing so many ladies and AMUL did not want to take responsibility of employing so many ladies....so they were handed over to DCU for management. The technical knowhow for the program however was provided by us, and our officers also went there (to villages) to give lectures. The topics that they talked about were cattle feed, artificial insemination, family planning, animal health etc. Women's leadership programs were also started.” (Interview #, Dr. MRS, 19/5/2009).

A veteran of AMUL who became the first Manager of the Cooperatives Development cell just narrated the job that they actually carried out:

“In the past we had granted subsidy to the District Cooperative Union (DCU), Nadiad. They had recruited 10 girls to educate village women. Prior to that we had 1 girl (extension worker)...but then we had problem. So I said let us have 12 girls or no girl. In those days we were inviting ladies from VCS to Anand to see the dairy, cattle feed plant, AI station etc. We thought instead of inviting them let us send the girls to the villages. These girls worked like extension workers. If they encounter a problem, they would give us feedback and we would give them technical suggestions. So the girls were employees of DCU and they visited villages.” (Interview #, Mr. NBP, 21<sup>st</sup> May, 2009).

“We targeted ladies because milk business was looked after by women, men would never know when buffalo is in heat. So we worked out a system where local DCU was requested to employ girls to go to villages and educate women. As Manager (Cooperative Education) I went to villages where girls were educating ladies. I had 1 veterinarian Kodagali as assistant who trained ladies. 12 ladies covered 6 villages in a day. They would go in pairs of two.” (Interview #, Mr. NBP, 15<sup>th</sup> April, 2009).

“the girls would talk about AH i.e. better breeding, better feeding, AI. These girls were also given one month training in AI. So they would talk about AI and its benefits, about PD and how it is done, when the buffalo is to be taken for breeding, better feeding i.e. why AMUL Dan is to be fed and advantages of feeding cattle feed, need to feed colostrum to calf, benefits of a coop – cooperative will make services available to them at cost while trader would make more profits. Then they would teach them about benefits of cooperation, what assets the VCS has created in last 10 years. Had they not cooperated all these assets would have gone to the trader.” (Interview #, Mr. NBP, 21<sup>st</sup> May, 2009).

Then under the aegis of the CD program, one thing led to another as described hereunder:

“In that (CD program) it was decided....they did not limit...AI was just one subject. Then they started various subjects such as educating on principles of coops and society coop management as well teaching managing committee and members their duties and rights. New functions were developed. A system was developed. From that a development issue of ladies leadership came up, since ladies asked various questions at meetings. This was about individual villages. Then we started calling meetings together of whole Talukas (sub-districts). Some societies showed interest and started hosting – food and drinks they arranged. Only we experts had to be there. So now the ladies too started saying that this was good work. So this is how leadership developed. We gave ladies the platform and resulted in development of ladies leadership. They started speaking about their accomplishments. (Interview # 36, Dr. ARS, 5/6/2008).

One of the reasons the CD cell started was because around this time the ICDP program formally came to an end. Sometime later, in 1976, Dr. M.K. Shah left to join FAO as an advisor to Bangladesh. The CD cell would allow AMUL to maintain its extension contact especially with the women in the village coops. The CD cell continued to be operated mainly by the District Cooperative Union (DCU) of the government only to be brought back into AMUL later as a full-fledged division- the CD division headed by a Manager.

Thus the DCU arm of the government played an important pedagogic and outreach role of AMUL under the guidance of technical AMUL professionals. In this case though, AMUL provided funds to a government body to carry out an important function. This was again possible because of the contacts that the top leadership of AMUL had with the DCU which was Congress controlled. Besides DCU had its largest representation and funding from Milk Coops in the district compared to other coops. I argue that the CD function's emergence clearly demonstrates that government institutions need not be exogenous forces to "reckon with", but on the contrary, they could be products of endogenous control by people's institutions (and representatives), who can persuade them to take on functions congruent to their interests, especially in the early stages, when the cooperative may not be willing to commit large amounts on its own account.

In the next section I discuss my results and findings in light of my earlier literature review and theoretical framework to highlight how my study illuminates and extends the literature on strategy formation. In juxtaposing my findings alongside the conventional wisdom of the literature I intend to make explicit the theoretical and practical contributions that my study of AMUL makes.

## Chapter 7

### Discussion and Conclusion

This study was motivated by the desire to understand the dynamics of strategy formation of a cooperative and how the embeddedness of cooperatives within their unique socio-political context affects the dynamics of their origin, growth, and evolution over time. While much has been said about the formation of strategy, my thesis especially attends to the embeddedness of strategy in extra- and intra-organizational contexts. This has been missing from much of strategy process research (Tsoukas, 2009; Whittington, 2007). The acknowledgment of multi-level embeddedness of strategy in context allows us to develop a more dynamic and nuanced understanding of how and why strategies are formed during the course of a social enterprise's evolution. In the following paragraph I briefly summarize the contributions from my empirical fieldwork. Later I elaborate on each of these, and draw broader conclusions based on my findings. This chapter concludes by providing some directions for future research.

This thesis makes the following theoretical contributions. These contributions are broadly related to the embedded dynamics of strategy formation during various phases of a coop's evolution. Given that processes of creation of social enterprises in *resource constrained environments* is under-theorized (Mari and Marti, 2009), my first contribution is to provide a dynamic and embedded understanding of the organizing strategies implicated in the process of creation of a coop in such an environment. My second contribution is to provide a deep understanding of the dynamics of embeddedness - multi-level processes of strategy formation that underlie the growth of cooperatives. I show how strategies are formed in the interplay of purposive strategic intent, strategic initiatives of actors acting within the bounds of the broad intent, and their interaction with

processes unfolding at multiple levels of the wider context in which the actors are situated. My third theoretical contribution is to extend our understanding of processes by which organizations can trigger major growth processes, which underlie both economies of scale and scope. Specifically I demonstrate how planning processes can be used fruitfully in the context of enterprises, and how these processes in conjunction with the efforts of boundary actors can trigger significant growth. It challenges conventional wisdom – the claim that planning does not in any way contribute to strategy formation. By bringing to bear the role of grounded middle managers in the processes of planning and restructuring I show that the popular understanding of planning as a ‘science’ may be limited. Given the unique embeddedness of middle managers in the corporate hierarchy and given their deep understanding of ground issues, planning takes on a different dimension – that of a craft. I make a contribution to the existing theoretical literature on strategy formation by depicting in great detail the salience of boundary actors in providing a major impetus to growth processes. This relates directly to the salience of economies of scale in coops, especially dairy coops, and how boundary actors might provide the trigger for growth process to achieve such economies. Below is Table 7 meant to summarize the elaborate discussion (that follows) of my contributions in relation to the gaps in the literature:

**Table 7***Summary of Gaps in Literature and Thesis Contributions*

<b>Gaps in Literature</b>
➤ Strategy making in more ‘pluralistic contexts’
➤ Strategy process underlying the ‘emergence’ phase of organizations is under-theorized.
➤ Micro activities of strategy making and its connections to extra-organizational contexts
➤ Studies of coops – static outcomes versus dynamic processes – to understand economies of scale and scope
<b>Thesis Contributions</b>
➤ Embedded understanding of the strategy process underlying organizational emergence with special attention to social processes and political influences.
➤ Embedded (multi-level) dynamics of strategy process underlying growth in scale and scope.
➤ Micro Understanding of intra-organizational embedding of strategy underlying growth.

By using two strands from the social movement literature, namely, resource mobilization, and political opportunity perspectives to inform my analysis and interpretation of the process of creation (emergence)<sup>130</sup> of social enterprises, I contribute to the existing literature in strategy formation, which has paid scant attention to the organization processes implicated in the creation of organizations from scratch into real, durable entities. Indeed Peter Drucker views strategy making by entrepreneurs, both in terms of creating new firms and running ongoing enterprises (Mintzberg, 1973). Yet, most studies of strategy formation have ironically proceeded after the formation of firms – a phenomenon that by itself involves strategizing. Little is mentioned about the hard labor of entrepreneurs and others that goes into the actual formation of organizations from ‘visions’ and ‘ideas’ to real firms. Also, few of the existing studies describe in vivid detail the micro-macro interactions that embed the emergence phase of such

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<sup>130</sup> Please note that the words creation, formation, emergence, and initiation have been used interchangeably in the literature.

organizations I use my empirical study of AMUL to contribute to an understanding of the strategy process underlying this particular phase of the organization's evolution which has been described by several scholars as being crucial in so far as it has a bearing on future strategies. My study provides an answer to the question "how are the strategies for organizing firms during their origins formed?"

The study finds that the creation of an enterprise is not merely a simple process of visioning (Mintzberg, 2007). Visions do not spontaneously get transformed into durable organizations; they need to be enacted through laborious, purposive, and systematic efforts. My study shows that the process involves social entrepreneurs using organizing mechanisms to coordinate the novel combination of varied resources made available by society. I find that social entrepreneurs involve a whole host of actors – friends and relatives, conscience constituents, political activists, government functionaries, and political personalities in the formation of a coop. Given the vast numbers of potential beneficiaries that such social enterprises may benefit, the study makes an important contribution by depicting the interaction between micro efforts at the individual and community level and macro level political factors that enable and constrain these efforts in the process of formation.

For example, one of the insights of this study is that, social entrepreneurs may leverage opportunities manifest in large scale political shifts by amplifying grievances within the community regarding conventional modes of organizing. They may facilitate the creation of unconventional people-centered organizations by *embedding* community level grievances in the energy of larger movements and organizing structures available at the macro level. This finding seems to corroborate recent findings of Schneiberg et al.,



(2008) who show how the anti-corporate Grange movement in the US influenced the formation of coops. Heeding Whittington's (2007) call for social embeddedness, I specifically attend to the embeddedness aspect of creation which depicts the interplay of strategies underlying the creation (and early growth) of a coop and the larger political context which enabled, constrained, and constituted its emergence. I find support for Stinchcombe's (1965) hypothesis that conditions surrounding the founding event are crucial. The process of creation of AMUL is found to be uniquely embedded in India's changing political context which afforded opportunities through structural upheavals inherent in India's nation-building process. This finding also supports Noonan's (1995) contextual claim that movements are embedded in a specific socio-political context which affords opportunities through structural changes. Absent the conditions of the World War, the series of non-violent movements, the consequent weakening of the larger British – Indian regime, the release of political prisoners, the availability of party organization - the Indian National Congress (and its grass-roots chapters), and the gradual transfer of political power (after the Second World War) to Indians in the progression towards self-rule leading to favorable policy shifts, the emergence of the coop would have been a miracle (see Chapter 4).

The realization that the emergence of coops may be intricately embedded in social conditions and political dynamics, with national leaders providing the guiding vision for their establishment and political activists providing the energy for organizing it from scratch is significant. This realization extends our current understanding of the formation of organizations (especially coops), which has predominantly been focused on economic and ahistorical reasons (Spear, 2000) underlying formation such as the need for achieving

scale economies, or the need to counter market failures (Cook, 1995). Given that these enterprises may have an important associative aspect, my study fills a gap in our understanding by drawing our attention to social movement factors and political influences (Spear, 2000; Schneiberg et al., 2008) in their formation.

For example, my study lends credence to Stinchcombe's (1965) contextual axiom that structure of an organization often reflects the age of their founding - much invoked in organizational literature. Reflecting this argument, I find that, the reason AMUL was constituted as a cooperative had much to do with the prevailing Gandhian philosophy of people-centered development, and with the notion of socialist<sup>131</sup>, cooperative commonwealth that held a pride of place in the minds of India's nationalist leaders of that time and age (see Chapter 4). Given that the founding conditions entailed the involvement of some of these leaders it is not surprising that a cooperative form was adopted. The organization form chosen reflected political preferences for structures that were consistent with principles of "Swadeshi" and "people-centered development." Likewise, the famous '14 village Satyagraha' (milk strike), which provided the ignition for the formation of the coop, was, in effect, utilizing the popular "social technology" (Stinchcombe, 1965) available – that of "non-cooperation" against the British government and Polson, (see Chapter 4) which lent significant energy to the organization creation process. When the organizing process is understood within the broader context of the nationalist movement, the process of formation acquires a whole new political dimension. Once again, this underlines the significance of seeing the process of organization creation within its macro context, only one part of which is economic.

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<sup>131</sup> This is evident from India's evident pursuit of the principles of socialistic self-sufficiency and the salience that was accorded to people-centered institutions like cooperatives.

I find that though conditions matter, creativity, and purposiveness are crucial for mobilizing resources for organization creation. An intriguing finding in relation to structural embeddedness of the creation process is how social entrepreneurs purposively make use of both horizontal as well as vertical strategies to obtain valuable resources needed in the process of organization creation. The horizontal strategy entails substantial recruitment attempts by community leaders and activists *mobilizing* grass-roots commitments from potential members using informal, pre-existing ties to kinship networks to provide material support and loyalty. This strategy brings together ordinary constituents to achieve a common purpose. The horizontal strategy is use to reach out to friends, relatives, conscience constituents, ordinary members, volunteers, and fellow activists. The vertical strategy for creation involves social entrepreneurs using *brokerage* that connects constituent members to powerful political leaders by extracting support and patronage from the powers that be. The strategy of brokerage is found to be particularly salient during the nascent stages when the organization is resource constrained. This is even more the case in poor developing nations. The vertical strategy is used to obtain resources not available through horizontal strategies.

I find that the interaction between various levels of the government and coops can play a substantial role in their survival during the formation stage. My thesis illuminates the reciprocal interchange between AMUL and the government during its nascent stages and how this embeddedness allowed AMUL to survive despite resource constraints (Chapter 4). It demonstrates that organizations which enjoy strong linkages with the broader context (read the Government) are more likely to survive past the stage of creation and early growth. It was through the dynamic interaction between the horizontal

and vertical resource combining activities of social entrepreneurs and the larger political context, especially the Government, that the enterprise was created. To the extent that this study theorizes the interactive, multi-level dynamics which attend the organizing and resource-combining processes underlying the creation of a social enterprise in a resource constrained context, this study makes a salient contribution to the extant strategy formation literature by answering the question “how are strategies for organizing firms during their origins formed?”

Second, this thesis makes a theoretical contribution to understanding how processes of strategy formation associated with growth are embedded in an evolving “extra-organizational context” (Tsoukas, 2009). In particular, I focus on the ongoing interactions between an emerging social enterprise with a broad and visionary strategic intent, and unfolding processes in the larger political economy comprising the government at various levels, its agencies, and intergovernmental organizations. I demonstrate the cooperative’s unique nature of embeddedness, arising from presence of public-minded politicians on its Board and their concurrent occupation of, or linkages to political offices at multiple levels of the context. I show how this overlap allows cooperatives to leverage their linkages to government bodies and agencies to obtain “favors” for the cooperative’s growth.

Since the focus of strategy process has predominantly been on what is happening inside the organization, historically its scholars have treated the environment as mostly exogenous to the process (Sminia, 2009). However, by studying *strategy in its context* I emphasize reciprocal interaction and embeddedness. My study shows that the context of the government and its agencies must be seen not so much as exogenous as being

involved and endogenous to the strategy formation process. This effect is particularly exaggerated in the case of the coops, given that, a co-op's constituents may constitute a significant voting bloc and their representatives, who are politicians, may provide direct or indirect access to levers that influence policies. These linkages may allow coops' leaders to use policy-making bodies to benefit their member constituents rather than simply being determined by exogenous policies. Thus the notion of embedded strategy where context enables and constitutes action, and where actions reciprocally and recursively enact context, helps explain the dynamics of growth of enterprises, which are uniquely socially and politically embedded in their context. I elaborate this below with reference to the phase of AMUL's growth through new product development (Chapter 5). My study pays attention to the interaction of three things – the role of strategic intent, social embeddedness of strategies, and creative strategic initiatives – in order to heed recent criticism of process research (Whittington, 2007; Tsoukas, 2009).

As discussed in Chapter 5, during AMUL's growth through product diversification, I argue that AMUL's product development strategies were embedded in the larger political economy of the nation. This context included national level challenges of ensuring availability of adequate food for India's burgeoning population, and the government's desire to promote indigenous (Swadeshi) efforts to realize its socialistic goals of self-sufficiency through import substitution. The context also involved a situation where the nation faced an acute crisis of foreign exchange making import substitution even more important. AMUL was able to connect itself to this larger context through its leadership which included both AMUL's Board of public-minded politicians connected to the Indian National Congress, and AMUL's top management which was

‘attuned’ to the national agenda and its imperatives. Embedding of product diversification strategies in their national context involved AMUL’s leadership purposively lobbying the Congress government at the state and national levels to obtain various favors (see Chapter 5).

For example, when faced with a milk surplus crisis, on account of the unfavorable policies of Bombay Milk Scheme, AMUL pursued its strategic intent of diversifying into manufacturing with renewed vigor. The leadership pursued efforts to acquire land for the construction of a new plant and obtain loans from the Bombay Government for the same. However, the Congress-led Bombay Government (an extra-organizational actor) also played an important part as it connected AMUL to UNICEF’s officials who were concurrently looking to assist milk conservation efforts in order to remedy nutritional deficiencies of children. UNICEF and the Government of New Zealand (extra-organizational actors) for example provided donations to assist AMUL in obtaining machinery for converting milk. Likewise the Government of Bombay and India provided loans and grants for AMUL’s first dairy and for subsequent product development efforts. The Government also provided AMUL with licenses for importing milk powder and foreign exchange for importing machinery. AMUL’s connections with the politicians in the Government also allowed it to access technical help from multilateral organizations like FAO during their product development efforts.

While most strategy formation studies characterize strategies as being either “deliberate” or “emergent”, the notion of embeddedness helps us transcend this dichotomy (Markides, 2001; Whittington, 2007; Jarzabkowski, 2005) and appreciate that strategies are formed in the interaction between purposive efforts of actors and the wider

context in which their activities are embedded. My study of AMUL demonstrates how AMUL and the government were reciprocally embedded and how deliberate and emergent processes intricately intertwined. As AMUL successfully demonstrated that its new product development initiatives were supposedly making the nation self sufficient and saving foreign exchange, the government reciprocated favorably to AMUL's lobbying by providing policy support such as restricting economic competition through bans on imports of various milk products, and by providing AMUL with foreign exchange for importing machineries enabling AMUL's growth. While UNICEF's sudden appearance on the scene (see Chapter 5) may be seen as unintended and be labeled as 'emergent' (indeed one is at risk of labeling AMUL's move into manufacturing as being entirely emergent), it would be inappropriate to neglect the fact that, AMUL's leadership, in view of its continuously increasing membership, broadly intended to set up a new plant and had taken purposive actions such as acquiring land, and approaching the Bombay Government for loans (Chapter 5).

Moreover, the appearance of UNICEF did not automatically translate into a new plant for AMUL. AMUL's leadership and technical personnel made deliberate efforts to convince both UNICEF and the BMS that it was indeed possible to convert buffalo milk into milk powder despite the opinion of Western experts to the contrary. To the extent the process involved AMUL's team convincing external stakeholders about the viability of the project going forward, it was forward looking, not some retrospective justification of strategy that had suddenly emerged from vacuum. Such purposive efforts allowed AMUL's strategic intent to be enacted. True, unintended events mattered, but these were strategically appropriated by AMUL and the government to benefit both AMUL's

members and the country at large and to further the broad strategic intent. For example, though AMUL's leadership intuitively knew and deliberately discussed what they must do going forward, when faced with the surplus milk crisis, they did not know how specifics would unfold. They could not have foretold the benign intervention of UNICEF at that point in time and to that extent emergent processes played an important role. These findings lend support Whittington's (2007) claim that strategies must be seen as being socially embedded in order to better understand their formation. It also supports Tsoukas' (2009) claim that purposive and goal-directed actions are systematically built into formal organizations and that habitual actions are not so pervasive as to replace forward-looking purposive actions.

Likewise, the development of specific new products did not occur in the 'absence of intention'. They emerged within the broad intent of making AMUL independent of BMS through diversifying into product manufacturing in order to "serve the farmers" by conserving their surplus milk. In other words, a broad strategic intent of diversifying into product manufacturing provided an umbrella for specific strategic initiatives to emerge in interaction with the context. This context involved competitors, the government, research laboratories, and multilateral organizations like FAO – extra-organizational actors who influenced the initiatives.

Also, as can be seen from Chapter 5, the process of developing specific new products like cheese or baby food from buffalo milk involved emergent trial and error and involved a lot of creativity on the part of the committed technical personnel; yet they occurred within broad deliberate intent of developing new products. Deliberate efforts involved convincing the Board of directors about the need to develop these products, to



order machinery for pilot trials before experiments could begin, about the possibility that substantial amounts of milk would be “wasted” in conducting trials and in perfecting products from buffalo milk. There are limits to emergence. For example one cannot surreptitiously buy a very expensive pilot plant. Such things do not and cannot happen in “absence” of top management and Board member’s intention. These findings demonstrate that, while events may have an emergent trigger<sup>132</sup>, their realization in practice, needs focused and deliberate effort, persuasion, and experimentation. My findings bear out Regner’s (2005) assertion of this deliberate effort in strategy making. He argues that chance needs to be captured, and that purposive effort, attentiveness, and experimentation is needed even though the lucky flow of events in the context is essential for strategies to materialize. He argues that ‘voluntaristic’ forces interact with ‘deterministic’ ones in the creation of strategies (pg. 27) thereby emphasizing the interactive aspects of deliberate and emergent processes which the notion of embeddedness underscores.

Moreover, ongoing strategic initiatives were once again purposively embedded in the broader context by the leadership to secure their survival. Strategies are formed as creative and purposive managers’ efforts and initiatives, unfold within a broad strategic intent, or within broad but focused corporate challenges and interact with the larger context in which they are embedded. The larger context includes customers, competitors, suppliers, multilateral agencies, and the government and its agencies. It is this reciprocal

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<sup>132</sup> UNICEF’s offer of aid to AMUL to help it conserve milk surpluses was an emergent trigger; yet to convert this trigger into “reality” required Kurien and Dalaya to negotiate with UNICEF and BMS officials. The latter were skeptical of AMUL’s ability to manufacture powder from buffalo milk, even producing letters from dairy experts in UK and New Zealand. These preconceived notions had to be dispelled and Dalaya and Kurien had to demonstrate through experiments that indeed conversion of buffalo milk to milk powder was possible. All this required deliberate effort and experimentation. (Refer to Chapter 5)

interaction between purposive efforts of AMUL's managers and processes at various levels in the larger context that led to the formation of various strategies. This study therefore makes a contribution by revealing embedded, interactive dynamics which attend the real nature of strategy formation – one that elides deliberate/emergent dichotomies (Jarzabkowski, 2005) for which the literature has been criticized (Markides, 2001; Whittington, 2007). This study corroborates received wisdom from Hamel and Prahalad (1989) that strategic initiatives that provide the basis for development of capabilities arise neither from an “undirected process of intrapreneurship” nor as a result of “skunk works.” They are driven by a broad strategic intent that remains stable for considerable time periods, and is clear about ends and flexible about means (ibid).

The role of the leadership is particularly shown to be salient in setting strategic intent and in the embedding of strategy. For example, AMUL's leadership purposively embedded its ongoing strategic initiatives in the larger context in an attempt to enable AMUL to grow through product diversification. The leadership successfully convinced policy makers that AMUL's effort was not only making the nation self-sufficient in dairy products, it was also conserving the country's valuable foreign exchange. Such purposive embedding of its ongoing product development strategy within the national imperatives and avowed socialistic policies allowed AMUL to secure a favorable policy environment in its favor – one that substantially reduced economic competition allowing an indigenous effort to flourish. This study makes a contribution to existing strategy process literature that has, for the most part, ignored strategic intent and limited the role of the leadership to “retroactive rationalization” of strategies post-hoc (Burgelman, 1983). What this means is that the top management merely observes initiatives emerging from below and once some

of them become successful, they impute intent to them ex post facto calling it ‘strategic’ and including it within the companies definition of strategy (Burgelman, 1983). While this may be true for large multi-divisional firms like Intel, this appears less the case for the coop that I studied. My study demonstrates that this understanding of the leadership’s contribution may be limited and it reinforces the role of strategic intent and that of leadership.

To elaborate, one of the important findings of my thesis is that strategy formation involves deliberate and emergent processes that intertwine inextricably at multiple levels of analysis, but within the realm of a broad, albeit implicit, strategic intent. I make a theoretical contribution to the exiting literature by arguing that emergent strategies do not arise de novo as the phrase ‘absence of intention’ suggests; they arise in the service of a prescribed end. This thesis supports Hamel and Prahalad’s (1989) claim that creativity comes in the service of a prescribed end. Though “creativity is unbridled, it is not uncorralled, because top management establishes the criterion against which employees can pretest the logic of their initiatives” (pg. 66). For example, AMUL’s specific new product initiatives (cheese, baby food, condensed milk and others) arose within the broad intent of diversifying into product manufacturing from mere collection and supply (Chapter 5).

Like Hamel and Prahalad (1989) and Lovas and Ghoshal (2000) I find that the leadership provides a broad strategic intent which provides a sense of direction and ambition for strategic initiatives to emerge. The strategic intent arises as the leadership engages itself with the needs of the market or that of its members and through discussions with other managers. The strategic intent or teleo-affective structure (Tsoukas, 2009)

underscores the purposive nature of organizations. It provides a broad umbrella within which specific initiatives emerge. Also, by revealing leadership's role in kick-starting exploratory initiatives during critical situations and in securing survival of ongoing strategic initiatives, this study salvages the critical scope of the leadership's task. While "retroactive rationalization" may be one part of their job, especially in large private organizations (Burgelman, 1983) relatively unaffected by the broader context, the other and more critical role that I ascribe to the leadership, especially in organizations that are highly embedded in their contexts, is setting the strategic intent to guide initiatives and "purposive embedding" to secure ongoing initiatives.

Finally, my third contribution is to further our understanding of the nature of intra-organizational embeddedness of strategy. This further extends previous efforts of process scholars like Burgelman (1983), Burgelman (1991), and Lovas and Ghoshal (2000) who have focused on intra-organizational aspects of strategy making. While models of resource allocation and intrapreneurship have been posited for internal corporate ventures (Bower, 1970; Burgelman, 1983), the specifics of detailed characteristics of managerial activities and their contextual embeddedness are under-explored (Regner, 2003). My findings extend these efforts as to the process by which strategies are embedded within the intra-organizational context and how this process allows social enterprises to benefit primary stakeholders and set the enterprise on an extra-ordinary path of growth in order to achieve outcomes like economies of scale and scope.

Crucial to this process of intra-organizational embedding of strategies, I argue, is the role of middle management and boundary actors. The former plays a crucial role in

setting specific corporate challenges and reorienting structural mechanisms that allow boundary actors to translate the challenges into creative strategic initiatives in interaction with member constituents. The role of boundary actors in embedding strategic initiatives in a traditional context using social mechanisms is especially emphasized. This study, by focusing on the micro-level, provides a deeper understanding of activities at multiple levels within the organization that combine to create strategy. It contributes to filling the gap in strategy studies identifies by Regner (2003), that is, to go beyond technological invention in studies of entrepreneurial innovation and strategy. Strategy formation in the context of social enterprises goes beyond profit seeking and entails the provision of various services to constituent members, even if that means incurring a collective economic loss in these. The logic that guides the provision of services is often welfare and convenience oriented compared to that which guides the commercial aspect of the business (Michelsen, 1994; Spear, 2000). Given these different rationales, I make a contribution to existing strategy making studies by investigating both the rationales and the processes that guide these service strategies. This has been an under-studied feature of strategy making so far.

Burgelman points out (1983) that longitudinal studies, carried out at multiple levels of analysis, are necessary to conceptualize the multilayered, simultaneous, and sequential activities that constitute the strategy-making process. Regner (2008) argues, analysis of the micro-foundations (meaning detailed activities) of strategy dynamics and their social embeddedness would provide a potentially *significant contribution* to strategic management. Since strategy making is multi-tiered or embedded in contributions originating at multiple levels within the organizations, my findings with

respect to the role of middle managers and boundary actors in strategy formation is particularly relevant. It shows how strategies with a significant social and associative component to them, form in the interaction of the various levels of an enterprise's employees and how it is embedded in a social context, making a contribution in an area identified by Regner (2008).

For example, Regner (2003) has noted the two fold nature of strategy formation involving fundamentally different strategy activities in the periphery and centre reflecting their diversity and social embeddedness. Based on his study of four multinational companies, he found that “strategy making in the periphery was inductive, including externally oriented and exploratory strategy activities like trial and error....experiment and the use of heuristics” (pg. 57). He also found that the nature of strategy making at the centre was more deductive with activities like planning and analysis. My study corroborates Regner's (2003) intuition and extends it by showing the interplay of these divergent activities as they coalesce in the strategy formation process. The recognition of the periphery's uniqueness might constitute the very bedrock of potentially successful strategic initiatives and efforts meant to connect the organization deeply with clients so as to enhance clients' loyalty and trust towards it. In my model, I highlight the unique embedding of boundary actors in the social context provided by the encircling of the organization's clients around their role and person. While the role of boundary actors has been recognized in strategy, their centrality to strategy making has been less studied. This study makes that leap. It contributes to our understanding of their activities which contributes to their centrality even though they might otherwise be considered peripheral. My study by elaborating the multi-level nature of the formation of service strategies and

how this involves the pragmatic use of both the deductive and the inductive (Regner, 2003) makes a contribution to strategy formation literature which I elaborate below.

The middle management makes serious contributions to the process of strategy formation through organizing efforts by operational personnel which includes supervisory staff and boundary actors. Since the role of middle management in strategy formation has been long recognized (Burgelman, 1983; Schilit, 1987; Wooldridge and Floyd, 1990; Westley, 1990; Floyd and Wooldridge, 1992; Dutton and Ashford, 1993; Huy, 2001, 2002; Rouleau, 2005; Wooldridge, Schmidt, and Floyd, 2008) this study makes an incremental contribution to the understanding of their role. Floyd and Lane (2000) claim that an organization can survive only if its internal environment generates sufficient variety of autonomous strategic initiatives. While I concur with this view, findings from my study underscores that autonomous strategic initiatives arise in the service of a prescribed end which is typically provided through a “top-down” or a “middle-out” process. It is the middle-out-middle process of planning involving middle management and boundary actors that I elaborate in my study (refer to discussion of seven-year plan in Chapter 6).

Research in strategy formation has largely taken as given the notion that planning is ineffective in the formation of strategies and that learning is effective (Burgelman, 1983; Mintzberg, 1991; Mintzberg, 2001). It is often claimed that there seems to be relatively little opportunity for generating innovation from within the operating system using a planning approach (Burgelman, 1983). Through my study, I transcend this popular dichotomy. I specifically draw attention to the unique embedding of middle managers within the organizational context and their grounding in the operational details

of the firm. Middle managers play a crucial role in organizing strategies using the tools of planning. This deviates from most process research which holds planning to be either inefficacious or too rigid to accommodate innovative activities. By bringing to bear the role of grounded middle managers in the processes of planning and restructuring administrative systems I show that the popular understanding of planning as a ‘science’ may be limited. Given the unique embeddedness of middle managers in the corporate hierarchy and given their deep understanding of ground issues, planning takes on a different dimension – that of a craft.

The empirical data on AMUL’s famous 7-year plan (see Chapter 6 for specific details) shows that, the middle managers with a profound understanding of ground level problems committed AMUL to a bold corporate challenge of developing a range of innovative service strategies. These strategies were undertaken within a planning framework which worked wonders in terms of involving AMUL’s traditional farmer members in various new initiatives. It also had an exhilarating effect on the boundary staff that, despite back-breaking work, discovered a unique sense of accomplishment and engagement as they participated in translating the broad components of the plan into specific strategic initiatives and modified its details by incorporating feedback from members as they went along.

The planning process was purposive and it had its origins in the middle layer of the enterprise rather than at the level of top leadership. This finding is intriguing and questions the definition of deliberate strategy which is typically understood as being top down – intent from the central leadership preceding action by numerous foot soldiers. However, in the case of AMUL the process had its origins not in the central leadership



but the middle management. It was also emergent in the sense that the leadership's knowledge about the planning process and associated restructuring was limited. Also the plan showed emergent qualities in that though it provided a sense of direction, specific details were discovered or worked out in interaction with the social environment in which the initiatives were embedded. The process was dialogic and informal rather than hard-analytical. It was found to be neither rigid nor detached. It deliberately changed the extant rules of organizing by reorienting the structure thereby providing an enabling context for novel initiatives to emerge (Chapter 6).

The strategic intent of an organization, often implicitly understood, needs further elaboration<sup>133</sup> and clarification for it to be understood more lucidly by those at the operational levels in terms of what it means for their careers, and the larger whole in which their contributions are embedded<sup>134</sup>. In this regard, I find that the role of middle management is unambiguously salient. The middle management takes cues from the top management's expectations woven within the strategic intent. These expectations provide broad imperatives within which the details of roles can be worked out (Floyd and Lane, 2000). They use their understanding of ground-level details and situation facing the firm, their deep understanding of the firm's capabilities and the motivations of operational personnel to deliberately craft a series of medium term corporate challenges or plans intelligible to operational personnel. These challenges resourcefully utilize the skills and talents of the operational personnel to steer the firm toward unreasonable ambitions

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<sup>133</sup> For example, Komatsu's strategic intent, "encircle Caterpillar" (Hamel and Prahalad, 1989) called for creative elaboration in operational terms – say improvement in quality of machinery.

<sup>134</sup> Often times, people at the operational level may be so engrossed in their day to day functions that they may not be able to see the wood for the trees. This lack of distance might constrain change of direction. But an engaged middle management with a sense of ground details and the "big picture" might be able to see both to facilitate change.

(Hamel and Prahalad, 1993). What is most important in these endeavors is not so much the ability to *predict* the future as much as the willingness to *enact* it by orchestrating a focused, yet creative, effort from operational personnel.

My contribution is to show two things a) that deliberate strategies may arise from levels below that of the leadership extending our current understanding of deliberate strategies as being top-down; b) planning processes may be used by the middle management to set corporate challenges and to reorient the current administrative structure and rules of organizing to facilitate the emergence of creative initiatives. This is where ‘crafting’ and ‘planning’ surprisingly blend, thereby, dissolving all artificial distinctions created between the two (see Mintzberg’s (2001) critique of “plan” and “planning” which are supposedly un-craftly). In the hands of a grounded management, planning is not so much a science as it is an art of blending various organizational capabilities. While the middle management is constrained in terms of matching expectations of the senior management and the routine activities of the operational personnel, it can turn these constraints into advantages through effecting a reorganization<sup>135</sup> of how things are done on a routine basis.

My study makes a significant contribution to how planning processes used by middle management should be understood. While plans may turn out to be sheets of paper which never get acted upon, they can also be *plans of action*<sup>136</sup>. In other words, planning should be seen not as something that ends with ‘formulation’ of a concrete,

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<sup>135</sup> Routines can be adapted to daily exigencies so that they are performed more creatively. Exploration does not necessarily mean discarding existing routines; it could be pursued through reorganizing routines such that existing operations are not hampered and creative initiatives are also allowed to sprout.

<sup>136</sup> There is nothing inherent in the nature of planning to make it “mechanical” or “formal” or “scientific”. Planning is a tool like any other which may or may not be enacted in a creative manner depending on context. What it is depends on how it is put to use. A baseball bat, a tool, can be used for both creative and destructive purposes. To brand it inherently diabolical is questionable.

irrevocable product – a ‘plan’. It must be seen as a tool meant to enact the future – to convert a fuzzy strategic intent into a reality through strategic initiatives that unfold within a broad, informal planning process. This process provides a specific sense of direction so that emerging strategies are not unfocused and rudderless resulting in movements in all directions, and therefore, no real movement. The emergent strategic initiatives that unfold within this framework are creative efforts that are locally responsive to, and triggered spontaneously by the needs of the moment and may emerge through discussions and interactions, and perfected through trial and error.

The middle management can use the planning process rather creatively to enact a change that is desirable and appears to further the strategic intent. The planning process does not occur in vacuum, as a formal analytic process within the CEO’s head (Mintzberg, 1990, 1998)<sup>137</sup>, but rather as a result of multiple contextual influences bearing upon the middle management’s stream of consciousness. These influences could be interactions with top management, colleagues, dissatisfied stakeholders, or some detailed report of actual conditions perceived to be less than satisfactory that set into motion the process of thinking collectively and creatively for the benefit of the organization’s future. While some of this thinking (and ideas) may be intuitive, it may not necessarily be an individual or solitary effort, but a social thinking-aloud process involving interactions and debates. Interactions with multiple stakeholders could promote deep immersion in situations and trigger a creative thinking-aloud process among

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<sup>137</sup> This is an assumption often made by design school theorists, and one ironically preserved as *what happens in practice* in Mintzberg’s critiques of “strategic planning”. While this might be true in some cases, there is no reason to believe that this is a “universal law” in practice everywhere.

people<sup>138</sup> engaged in the process of planning<sup>139</sup> to make thinking more visible if not explicit. In that sense, an informal, dialogic planning process can be used to craft<sup>140</sup> strategies visually (Eppler and Platts, 2009), if not formulate them analytically. This perspective of planning is very different from Mintzbergian (2001) assertions about the nature of planning (see footnote 142 and 143) which seem to have been crafted to fit his conception of planning as a “science.” The nature of a tool that planning is, much like a baseball bat, can only be known by exploring how it is/was used in practice<sup>141</sup>. Debates and back-and-forth dialogs in an informal process of planning may lead to out-of-the-box ideas and frameworks suggesting focused directions in which efforts may need to be concentrated to get the most out of the least. The finer points of the new direction are developed through interactions among many people, each of whom has a piece of the knowledge needed to suggest novel action (Huff, Huff, and Thomas, 1992; Floyd and Lane, 2000). While the ends are more or less clear, the means are less clear and are formed through adjustment to specific situations allowing ample room for dialog and creativity.

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<sup>138</sup> The planning process need not be elitist, it can be democratic and inclusive to harness the organization’s creative potential fully.

<sup>139</sup> The process of planning is understood as broad, and not restricted to “formulation” alone. It also includes dialog, implementation, feedback, evaluation, re-formulation, and implementation in a recursive manner.

<sup>140</sup> It is my explicit intention here to dissolve dichotomies between “planning” and “crafting” (see Mintzberg, 2001). I argue that a planning process need not be formal, centralized, analytical, rigid, and detached (Mintzberg, 1987) by default. It might well be democratic and discursive giving concrete shape to ideas and refining them through dialog and action over time without becoming a recursive annual routine. An ongoing discursive process that is iterative and responsive to feedback might be used to “craft” ideas going forward. Planning is no more a “science” than a baseball bat is a murder weapon. What they are depends on how they are used in practice. As Whittington and Caillaet (2008) argue, “Strategic planning can support creativity and respond sensitively to diverse and changing circumstances.”

<sup>141</sup> For an early statement on how planning may be *used* creatively and to good effect, please see Delbecq and Van de Ven’s (1971) “Program Planning Model”, which follows a “socio-logical” model rather than a “rationalistic econo-logical” model. I find this conception of planning to be much more democratic, flexible, and realistic in acknowledging how planning can be used innovatively for the benefit of diverse constituents. For more nuanced views on planning than Mintzberg’s Learning 1, Planning 0, see Jarzabkowski and Balogun (2009), Whittington and Caillaet (2008), Whittington, 2007, Jarzabkowski and Seidl (2008), Andersen (2004), Jarzabkowski and Wilson (2002).

Moreover the role of social mechanisms used by boundary actors in embedding strategic initiatives in the community was found to be salient. These social mechanisms provided social tools to promote technical innovations and enable them to be sustained. Among other things these tools included group meetings, visits to technical facilities, group lectures in villages, use of demonstration plots, and members' visits to neighboring farms to appreciate how the adoption of initiatives might benefit them. The role of boundary actors (especially vets) was found to be unparalleled, as they had to be able to relate their technical knowledge to their knowledge of social problems and the challenges members faced in their day to day lives. This was a complex social accomplishment that acknowledged the need to work within the constraints of a democratic set up and their special effort allowed strategy to be formed more naturally rather than in a typical top-down dictatorial process. This effort also allowed them to develop a unique identity in the minds of the farmers. My description of the process of social embedding of service strategies in traditional contexts enhances our collective understanding of the problems and challenges faced by boundary actors and the mechanisms they evolve in the course of practice to deal with these. These mechanisms evolve in their interaction with knowledgeable experts in their domain as well as in interaction with the members they serve. My results show that once provided broad, yet specific challenges, adequate resource support, and an enabling context, operational personnel and boundary actors find a way to translate their deep insights into the nature of members' problems into specific strategic initiatives which provide a basis for future growth and development of the enterprise (see Chapter 6). They embed these initiatives socially by convincing members of their utility using various social mechanisms mentioned earlier. Moreover

they innovate as they go about implementing various novel initiatives in response to members' feedback to obtain greater support and loyalty of members for the enterprise. Such strategic initiatives arise primarily to benefit stakeholders who play an important role in vetting initiatives, suggesting initiatives, modifying initiatives or ignoring them.

Although in terms of organizational chart, the operational and supervisory personnel are low in the hierarchy of status (Hamel, 1996), in my model, this team of individuals occupy a special pride of place. This is because they may occupy a role that is in some ways privileged from the viewpoint of those that the enterprise ultimately serves – the owners of the enterprise as well as the customers. These are the people the clients most relate to. Given the unique proximity that they enjoy with the organization's clients, it is only natural that a social enterprise concerned about the larger interests of its constituency would make special efforts to utilize the unique skills of these employees.

These employees may occupy a position that is often down and out into the organization, as Hamel (1996) puts it, or on the organization's peripheries. Therefore they may be called boundary actors or peripheral actors. For example, in a bank offering micro-credit, village level supervisors may perform the role of talking directly to the community to enlighten them about the rights and duties of membership, businesses that yield good profits, health insurance, and so on. Not surprisingly, it is here that a lot of the interaction between the organization and its surrounding member community occurs. While the owners or clients of organizations are those to whom the organization belongs, they are also in some sense spatially disconnected from its headquarters. In that sense they are "outsiders". The supervisory personnel and line managers on the other hand, being employees of the organization, have inside knowledge and are "insiders". Yet,

these boundary actors (Stevenson and Greenberg, 2000; Prottas, 1978) are also “outsider-insiders” in the sense that though they represent the social enterprise (an outsider for the client), they also represent the clients to the organization (as an insider). This delicate boundary spanning role is complex to put it euphemistically. Not only is the peripheral actor expected to speak his technical language – the language of the “technocratic organization”, he is also expected to speak the language of the clients – the “democratic organization” which the clients represent. Therefore, peripheral actors find themselves uniquely embedded in a spatial mosaic called the techno-democracy (Shah and Wagle, 2003)<sup>142</sup> which a coop represents. In such an organization, the demands of technical logic and expertise must be combined with sensitivity to the democratic context of the enterprise. These actors are not only generators of successful technical initiatives; they also help implement and promote initiatives by socially embedding them in their contexts. An organization with a wise leadership might realize early on the indispensability of these actors given their unique relations with and embeddedness in their client’s needs and problems. They may therefore enable this pro-change constituency to find its voice (Hamel, 1996).

Regner (2003) has noted the two fold nature of strategy formation involving fundamentally different strategy activities in the periphery and centre reflecting their diversity and “social embeddedness”. Based on his study of four multinational companies, he found that “strategy making in the periphery was inductive, including externally oriented and exploratory strategy activities like trial and error ....experiment and the use of heuristics”. He also found that the nature of strategy making at the centre

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<sup>142</sup> <http://www.sasanet.org/documents/Case%20Studies/Participatory%20Approaches%20in%20Budgeting%20-%20Brazil.pdf>

was more deductive with “activities like planning, analysis, formal intelligence and the use of standard routines”. The recognition of the periphery’s uniqueness might constitute the very bedrock of potentially successful social innovations and efforts to connect the organization deeply with clients so as to enhance clients’ loyalty and trust towards it. In my model, like Regner (2003), I highlight the unique embedding of boundary actors in the social context provided by the encircling of the organization’s clients around their role and person.

Since line managers and boundary actors engage in repetitive day to day activities, it is easy to presume that their activities belong to the realm of what Garfinkel (1967) calls "the routinized taken-for-granted world of everyday life" (Davis, 1971). There may be some truth to this. But, it is also true that these actors continuously face the most problems and challenges in their day to day activities, engage as they do with novel situations. This tends to break the routine or make them enact what might seem the routine in modified ways. While facing these challenges, these actors tend to adapt their skill to the specific situation faced. They tend to spontaneously improvise and it is in these improvisations in response to interactions with novel situations that interesting practices or artifacts emerge.

In addition to engaging with novel ‘situations’, these actors must physically interact with actors who have a stake in the organization - its products and services. In the case of the cooperative I studied, milk supply officers, supervisors, veterinarians, and stockmen represent these operational personnel and boundary actors who occupy positions on the organizational peripheries. By periphery I mean that they work at the interface of the organization and the community it serves. Among these, the last two –



veterinarians and stockmen – operate on the absolute periphery given their nature of work. The nature of their work, though routine, was back-breaking. Passion for work and compassion for farmers was an inherent part of their jobs and who they were.

While boundary actors may be lower in the status hierarchy, they appear to be very high in the hierarchy of imagination (Hamel, 1996). A significant part of their performance consists of discourse with those who are directly concerned with their practice. This involves talking to clients and colleagues to gain understanding of the situation and context in which the problem might have arisen, of the constraints faced in solving the challenge, to convey a feel of impediments that may arise given the implementation of various courses of action, and to communicate solutions that might have been tried in the past successfully or otherwise. This continuous dialog with clients and colleagues not only gives them a better understanding of the nature of the challenge that they seek to address, and the problems they routinely face; it also lets boundary actors into the lives of their clients. Boundary actors develop specific knowledge and privileged insights into their clients' backgrounds, their expectations, their propensities, even their deep feelings. This deep connection between boundary actors and client members may allow the former to develop family-like relations with the latter lending them a special identity. Their activity therefore gets involved in the wholeness<sup>143</sup> of social context, whereby emotions and genuine concern play a pivotal role quite separate from the exigencies of technical performance.

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<sup>143</sup> During my several visits to the field with veterinarians and stockmen, I saw how they were welcomed (almost like demi-Gods), the general nature of discussions that took place about matters relating to family, education, hygiene, health and the like. Invitations to lunch, weddings and other “family” ceremonies were commonplace which AMUL’s vets often had to politely turn down given their hectic schedules.

Given their privileged position in the hierarchy of expertise, and their unique insight into the nature of problems that derives from their deep engagement with the organization's clients, it is only natural that these actors be handed the responsibility for major changes. Talking about peripheral actors, Hamel (1996) argues, "The objective is not to get people to support change but to give them the responsibility for engendering change, some control over their destiny. You must engage the revolutionaries....in a dialog about the future." (pg. 75)

Boundary actors are the real 'doers'. Their rootedness in their practice, their unique social relations with their clients, and their relative autonomy given the nature of their jobs - technical and on the periphery with minimal supervision- allows them the leeway to experiment, and improvise (Daft and Weick, 1984). It is the interactive and action-oriented nature of their job that makes them best positioned to make major, albeit silent contributions to the strategy process.

Hamel (1996) argues that the capacity to think creatively about strategy is distributed widely in an enterprise. Since people at an organization's periphery are underrepresented in strategy making process, and since they may carry revolutionary ideas, the net must be cast wide to include them. My field experience and my readings of the existing literature on boundary actors seem to corroborate Hamel's convictions. Wise managers, partly because they are wise, and partly because they know the constituencies they serve no better, allow the strategy formation net to be cast wide (Hamel, 1996) and allow orthodoxies to be challenged by those at the periphery (Brown and Duguid, 1991), by deliberately allowing them voice and autonomy in strategy formation processes that they rightly deserve given their unique characteristics.

Since efforts at experimentation, innovation, and change may threaten the existing status quo or certain values that coops hold to be paramount, such as values of democracy and participation, these efforts need to be implemented in a way that the status quo of values is not threatened and yet change occurs. These are complex social maneuvers that need to be learnt with experience or through apprenticeship. These are learnt through observation and practice. At times the status quo may need to be challenged by demonstrating and explaining the efficacy of alternative ways of doing things. These challenges must not however result in damaging of social relations – the very material that allows technical and social experiments to be carried out in an efficacious manner. Boundary actors therefore learn to walk a fine line in their technical and social discursive performances which proves to be invaluable in carrying out this complex task. In democratic enterprises, initiatives cannot be forced upon people just because a technical person has some “brilliant” idea.

Endless one-on-one conversations, group meetings, demonstrations, political persuasion through “respected” or elderly people, arranging personal/group visits to neighboring villages, farms, or plants, are only a subset of the numerous tasks that need to be organized for a strategic initiative to be successful. These subsidiary social mechanisms help buttress the main experimental initiatives and therefore promote their propagation. These mechanisms and the sense of commitment to a common cause<sup>144</sup> that boundary actors often share, largely, determine whether novel initiatives gain momentum or meet a premature death.

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<sup>144</sup> In the case of AMUL’s boundary actors, this social cause was “upliftment of farmers” through social innovations.

One of the most salient roles that “boundary actors” play is to enact initiatives at the field level based on deep contextual knowledge gained through social interactions and observations and based on technical discussions with colleagues in the community and knowledgeable others. Moreover they attempt to provide a context through subsidiary “social mechanisms” to reinforce these initiatives, and, to that extent, promote their adoption by and propagation among member owners. I call this complex effort of boundary actors the role of “social embedding” of strategic initiatives. Most initiatives arise spontaneously in response to social problems faced and communicated by member owners during their interactions with boundary actors. In that sense, the process of generation of initiatives is embedded in societal problems. Spontaneous and novel initiatives that emerge in the course of interactions between boundary actors and members, and among the boundary actors, are, through subsidiary “social mechanisms” and member’s willingness and attention, embedded into the context thereby changing the context forever. This process accomplished by boundary actors with the help and suggestions of members is what I call “social embedding” of strategy. The above discussion serves to highlight the unique role played by boundary actors and operational personnel. While they may be geographically peripheral from the viewpoint of the headquarters, they are socially central to the coop’s members who think of them as “insiders” and who share with them the most subtle nuances of their context – their problems, challenges, desires, and emotions as they do with no other actor of the enterprise.

Another important task that “boundary actors” come to be expected to perform is “smoothing out” rough edges which might disrupt continuity. In this role, boundary

actors go beyond the canons of their “technical” duties to enter the fray of persuasion and politics, albeit unwittingly. In this role, boundary actors may find themselves performing the role of political mediators between warring factions of member owners, chief mentor, and evaluator of performance of members’ local institutions, especially when these seem to face major problems like corruption, or lack of liquidity. They may at times, even perform the role of facilitators as they seek to facilitate change in power in village level coops (from a group seen as ineffective to one seen as effective), or they may facilitate discussions between village-level member owners and “powerful” and “reputed” members who live close by to effect change in their traditional ways of thinking. As complex a role this is, it is usually guided by very simple underlying rules of “passion” for learning and of “compassion to serve” those who are in need. Of course, it must be remembered that the boundary actors must get the autonomy they deserve for two important reasons: 1) they are closest to the organization’s clients and therefore have the most nuanced understanding of their context and problems, 2) they have both technical and social expertise gathered from years of apprenticeship from knowledgeable others and from interactions in the course of day to day practice.



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# Appendix

## Appendix 1 - Sample Questionnaires

### Sample Questions from Interview with Dr. Kurien

- If you were to divide Kaira Union's life history into distinct phases what would these phases be? How would you describe each phase in terms of its distinctiveness?
- What were the most significant events that happened during these phases from your standpoint? Why do you consider these to be significant?
- Who were the principal actors during these phases and what was their contribution? How did the political, economic, and social context change during these phases both at state and national level and how did this impact Amul?
- If you were to go back in history and reflect upon "key strategic areas" – what would these be? Can you please describe how these strategic areas changed over time?
- Describe to me in detail what would happen when BMS would reject Kaira Union's milk saying Bombay could not absorb any more milk. How did you as a manager deal with this situation?
- Going back to 1954-55 when the Union finally managed to set up its first new dairy plant. Was Aarey already in operation then? How did you fight off other competitors who were interested in funds from UNICEF for setting up their own plant? Was this dairy planned in advance? Who all helped you in setting up this dairy? How long did it take and what major obstacles did you face?
- What did this dairy mean to you and the farmers at a deeper level? Were additional DCS organized and new farmer members recruited before the dairy was set up? In other words did you plan for additional procurement or did that just happen on its own as the dairy was set up?
- Did you now face a situation when capacity exceeded procurement?
- Did you have arrangements for distributing and marketing your butter and SMP? What were these?
- Was there a specific pattern in the way you went about organizing VCS after 1955 and before 1955.
- Can you please tell me more about the period between 1959 and 1965? I see that Kaira Union set up two plants – an extension to manufacture baby food and cheese



and the Defence Dairy in 1964? What social, economic and political forces enabled Kaira Union and what forces constrained it?

- Please tell me about MK Shah's plan to double milk procurement in 7 years. Please give me a background of MK Shah? Did his plan work? What other factors allowed this plan to be realized or not?

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### **Sample Questions from Interview with veterinarians and breeding specialists**

- Tell me in detail about how and why you joined AMUL cooperative?
- When you came to AMUL, how was it like? Describe to me how AMUL was organized and how your division was organized. What was your role?
- How did the members receive the veterinary service in the early years?
- Any special incidents you remember from your early days in AMUL? What was most significant about this period?
- What was the role of the organizational leader? What did he tell you?
- After this initial period how did activities change? What changes were carried out in how things were done previously? What was the role of your leader, if any?
- Describe to me the seven year plan and its components. Describe to me the process in detail. What was the role of the leadership during that period?
- What were the changes in the veterinary strategy, breeding strategy, feeding strategy, extension strategy? How were these changes carried out?
- What problems did you encounter during this period and how did you and your colleagues deal with it? What was the role of the leader in this?
- What was the result of implementation, if any, of these new strategies on AMUL and its members? What was the effect on you and your colleagues?
- How were vets important to AMUL and how would it be different without vets?
- During the course of your career how did your job profile change? Over time did your interactions with farmers change?
- During your career how did you change the members? Narrate specific activities that you did to bring this change. Any specific instance that you can recollect?

- Narrate to me some of your deepest experiences during your career at AMUL. What was the source of your job satisfaction?
- You told me that over time you became like the member farmer's family member. When did this happen and how?
- Did the farmers play an important role in formation of veterinary, breeding, feeding, and extension strategies? Narrate specific instances of farmers suggesting strategies.
- How long did the ICDP project to implement the 7-year plan continue? After its completion, how did the structure change?
- After that what happened? What other new initiatives or strategies were taken up and how did these strategies come about? What effect did they have on the participants if any?
- What major initiatives were taken up in the breeding domain? How were these initiatives evaluated? Who came up with these initiatives? Describe to me the process of implementation of these initiatives? How did these initiatives impact other domains – say feeding or animal health domains?
- Since when did AMUL start accepting cow milk and why? What were some problems associated with this shift and how was it managed?
- What was the result of animal induction and how did this affect the animal health domain? Which community and which area bought most cross-bred animals? Why do you think this was the case?
- What major problems did you face as a result of this induction? What was the role of your team in helping members overcome these problems?
- How did the cross-breeding strategy and the pure-bred heifer strategy come about and why? Whose ideas were these and did they take off? How did you and your team go about implementing these strategies? Explain the process. What difficulties did you face?
- How did the veterinary strategy change over time? Any major changes made to the strategy and if so, how were these changes effected? How did the members react to these changes?
- Do you know why routes declined and how that were completely replaced by emergency vet services?
- How was extension arranged and who did the extension work primarily? What was the effect of these strategies? How would you advise the farmer? Explain specific

instances where you brought about change through extension. In what specific areas did you bring about change?

- What was the need for veterinary sub-centers? How did this strategy originate? When were the various veterinary sub-centers opened and where? What impact did this strategy have?
- Please tell me what you know about CD strategy at AMUL. How and under what circumstances did it start? Whose ideas was it? How was it organized initially?

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### **Sample Questions from Interview with Top officials of NDDB**

- Please narrate to me your experience with replication of AMUL pattern in the other states of India. What were typical routines and processes used to replicate the pattern in other states? What were the major problems faced?
  - Qualitatively speaking what were/are the differences between the milk coops in Gujarat and those in other states and how they grew? Why do the milk coops in other states not function as effectively as the Gujarat milk coops?
  - Narrate to me the origins of the ongoing conflict between NDDB and GCMMF. How did the nature of this conflict change over time? What was the impact of this conflict on GCMMF, Kaira Union, NDDB?
  - As a body responsible for overseeing dairy development at the national level, what major steps did NDDB take after Dr. Amrita Patel took over as Chairman?
  - Describe to me how the producer company legislation came through and why was it deemed necessary at that point? How is this going to be different from its predecessor? Why did AMUL or GCMMF not become producer company?
  - Tell me more about the Perspective Plan 2010. What were its achievements? Why was it necessary then?
  - How did the idea of floating 51:49 JVs between Mother Dairy and State Federations come about? Did the idea take off? If not, why not?
  - How is the producer company idea being actually implemented on the ground? If so, where? Has it met with any success?
  - Given your tenure at Kaira Union Board and the GCMMF board, how was policy actually made in these boards? How did the directors on the Board contribute to strategy making?
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- Describe to me some of your most memorable times during your tenure at NDDB
- Once Operation Flood started from 1970, what all interactions did NDDB have with Kaira Union during the various phases? How did NDDB enable or constrain Kaira Union whether in terms of funding or technical assistance.
- Since when did Mother Dairy begin to compete with GCMMF and what circumstances led to this competition? How has Mother Dairy been able to fight this competition? Are you worried that GCMMF might gradually eat away Mother Dairy's dominant market share in Delhi? What do think Mother Dairy is doing in response? Why have they not been able to enhance their visibility in the Ahmadabad market?

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### **Sample Questions from interview with Director's on AMUL's board**

- What all things do you typically discuss in your monthly Board meetings? What all things did you discuss today?
- Was the main purpose to make strategy or to approve strategy already made?
- Give an example from your previous experience wherein you all constructed strategy.
- What do you think about the current state of affairs of Amul's management? What all things can be improved?
- In making strategies, are there conflicts in the boardroom and on what issues do these conflicts arise and why do they arise?
- How important is loyalty and identity of the member producer to AMUL vis-à-vis say price?
- Does the ordinary farmer influence Amul dairy's strategy? If so, how?
- What has been AMUL's main thrust in its strategies in the last few years?
- What explains the gradual increase in cow milk in total collection? Why does AMUL seem to emphasize cow milk?
- What is the role that the Board members play in terms of the coop's strategy?
- Speaking of big strategies, like your Mogar plant or your more recent Khatreji cheese plant and so on, in these strategies, what is the voice input of the small member farmers from the village level?

- From your past do you remember instances where the DCS Chairman made innovative suggestions which appealed to you which you then forwarded in the board meeting for discussion?
- Please help me understand the politics in the Board of Union. What is the nature of politics and political influence in Amul's Board?
- If you look at the level of nation state, we have a Congress led UPA administration. In Gujarat however the administration is BJP led. Does that somehow affect your interests say in terms of getting loans, subsidies?
- Tell me about the recent relations between Amul dairy and NDDB following Dr. Kurien's exit.

## Appendix 2 – Record of Interview Details

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
46/47	Dr.KRN	52, 1950-2006	3/7/2008 12/7/2008	10:00 10:32	KRN's residence	M.D. GCMMF (former), former GM, AMUL	Y Y	A very important person who has seen it all. Pioneer and knew TKP and Dalaya.
72,77,78,79	DR.AMRP	38, 1971-Till Date	24/11/2008 25/11/2008 27/11/2008 28/11/2008		NDDDB Office	Chairman NDDDB	Y Y Y P	To get a perspective on inter-firm relations, views of NDDDB and its contribution to helping Unions in Gujarat.
31, 39, 43, 45, 70, 71, 004	Mr. RK	2003-Till Date	30/5/2008 9/6/2008 16/6/2008 20/6/2008 13/11/2008 15/11/2008 _____	16:03 16:05 14:32 12:30 14:35 15:16 _____	AMUL	Managing Director AMUL	Y Y Y Y Y P P	To get at a whole range of issues, strategy making, planning, board of directors, touch with grass-roots, ability to know environment, core competencies.
75	Mr. RSS	1982-Till Date	26/11/2008	17.30	GCMMF	General Manager, GCMMF (Marketing)	N	To understand the function of GCMMF and its role in strategy formation in Kaira Union.
26, 27, 36, 67	Dr.ARS	1961-1994	16/5/2008 20/5/2008 5/6/2008 7/11/2008 and numerous informal chats	10:38 11:10 13:35 10:32	IRMA (my office)	Assistant General Manager (AMUL), Pioneer vet	Y Y Y Y	Pioneer Vet – repository of knowledge in AHE. Sense of evolution of AMUL, politics, strategy making, leadership, organization of AHE.
18	Dr.MRS	1960-1996	29/4/2008	12:30	Anand, residence	Assistant General	Y	Pioneer Vet. Similar reason as

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
					of MRS	Manager (AMUL), pioneer vet		above. Triangulation.
41, 47	Dr.AAC	1960-1996	12/6/2008 12/7/2008	10:48 10:32	AAC's residence, KRN's residence	Acting M.D. (Amul) and Sr.Mgr NDDDB, MD NCDFI Retired Pioneer Vet	Y Y	Pioneer Vet, also worked with NDDDB, was acting MD at AMUL during strike. To get stories of the early years until 1965 and formation of GCMMF.
	Mr. NBP	1959-1982	15/4/2009 14/5/2009 16/5/2009 18/5/2009 21/5/2009		Telephone Interviews and numerous informal chats	Manager (Societies)	Y	A Pioneer of AMUL. To get stories of career, societies division, 7-year Plan, and evolution of AMUL.
52	Dr.SDS	1973-2007	27/8/2008	19:01	Anand	AGM –AH Division Retired AMUL	Y	To understand breeding strategies, animal health strategies, career progression of vets, problems, issues.
	Dr.MCS		25/11/2008 Not recorded		Anand	Senior Manager AH divn. Retired AMUL	Y	To understand Heifer (Canada) strategy and cross-bred strategy.
	Mr.Shr	1965-	Not recorded		Anand	Manager (Societies) Retired Pioneer in Societies Organizn. AMUL	Y	To understand his career progression, 7-year plan, campaigns and CFG's – how designed. Issues/Problems, Politics.
63	Dr.SMT T	1962-1971, 1971-	11/10/2008	18:32	Anand	Pioneer Vet, Sr. Mgr (AMUL,	Y	To understand his contribution, to understand various

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
		1995				NDDB)		strategies, issues, problems.
62	Dr.KO M	1966-71	27/9/2008	18:15	Anand	Retired Manager AH (AMUL, NDDB	Y	To understand his contribution, views on leadership of KRN, strategy making.
64	Mr.NGT		23/10/2008	17:15	Anand	Retired Society. Division AMUL	Y	To understand societies function, problems, issues, strategy
72, 74	Mr.PKS		20/11/2008 21/11/2008		Mogar Plant, Anand	Manager (Mogar Operation), AMUL	Y	To understand launch of new products, strategies, personal journey
54, 57, 1X, 3Y	Mr. BKB		3/9/2008 5/9/2008 8/10/2008 12/10/2008	10:30 11:25	BKB's residence	Manager (Prodn. and Procurement) Retired AMUL	Y	To understand various issues – strategy making, ingenuities in practice, problems in procurement/production, politics of leadership, contribution of Dalaya, Kurien
6, 7, 28	Dr.UV		10/4/2008 10/4/2008 22/5/2008	10:30 13:28	AMUL	Manager (Breeding and Extension and AI training) AMUL	Y Y Y	To understand strategies in vet section, in AI, route and emergency visit strategy, VVCU strategy, personal journey.
10, 11, 12	Dr.HA	2003-2008	18/4/2008	10:30 11:27 12:28	AMUL	Associate research scientist AMUL	Y Y Y	To understand how various activities in breeding section are organized, breeding and extension strategies, personal contributions.
13,	Dr.GS	2003-	21/4/2008	10:50	AMUL	Associate	Y	Same as above,



Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
14		2008	22/4/2008	14:12		research scientist AMUL	Y	Triangulation and to understand DDF strategies
8, 9	Dr. AMP	2003-Till Date	14/04 15/04	11:02 11:30	AMUL	CEO ARDA (AMUL)	Y Y	To understand CEO's perspective on how things are organized, problems faced, how they are resolved, commercial DDF strategy, personal journey
15	Dr.RHU	Till Date	24/4/2008	13:32	AMUL	In-charge vet section Anand center AMUL	Y	Various strategies, innovations adopted, failed, personal journey, role and responsibilities.
17	Dr.SDB	Till Date	25/4/2008	11:32	AMUL	Asst.Mgr (Animal Health). AMUL	Y	Understand his personal journey, role, motivation to work, problems, issues, strategies.
2	Dr.VB (I/C)	Till Date	Not recorded		Virpur vet centre, AMUL	In-charge Virpur centre, AMUL	Y	Understand role, personal journey, motivation and problems as well as strategy making.
33, 34	Dr.PNC	Till Date	4/6/2008	11:22 17:35	AMUL	Manager (Societies) AMUL	N	Understand procurement functions, installation of BMCs, souring/curding.
23, 24, 29, 30	DR.SKIP	Till Date	9/5/2008 9/5/2008 26/5/2008 28/5/2008	10:31 10:49 11:12 13:32	AMUL	Dy.Mgr (Societies) AMUL	N	Same as above
61	RPR	Till Date	10/9/2008	10:32	AMUL	Officer (Societies)	N	To know society mgmt, applications

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
						AMUL		from villages to form societies – board recommendn. for same, negotiation of secretary wages
32, 35	Dr. PDI	Till Date	2/6/2008 5/6/2008	10:30 11:00	AMUL - DDF	Manager Dairy Demonstration Farm AMUL	Y	To understand AMUL's gradual shift to commercial farms, loan policies, beneficiaries, understand SJSY scheme.
37	Dr. DV	???	6/6/2008	10:34	AMUL	Breeding Consultant, AMUL	Y	To understand breeding strategy and compare vis-à-vis Mehsana
22, 69	Dr.SAV	Till Date	8/5/2008 12/11/2008	14:30 14:26	AMUL	CD Division Manager, AMUL	Y (P)	To understand the role of CD division in breeding, milk quality, and women's empowerment.
38, 40, 42	Dr.RTN	Till Date	9/6/2008 11/6/2008 13/6/2008	12:31 14:23 13:30	AMUL	General Manager (Oprns.) AMUL	Y	To understand the role of Quality and how production is planned with GCMMF, how the goals of prodn. and quality are prioritized. Various Quality initiatives.
48	BMS	Till Date	26/7/2008	14.25	AMUL	Director, AMUL	Y	How policy is made and politics of decision making
51	RSP	-2003	20/8/2008	12:40	Anand (RSP's office)	Long serving Director (previous) AMUL	Y	To understand why he lost the elections and the gimmicks played. His role in policy making at

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
								Amul
53	MDP	????	1/9/2008	17:15	Nadiad (MDP's office)	Long serving Director (previous) AMUL	Y	How Policy was made and influence of various actors on Board. Role of TK Patel.
56	PBC	????	4/9/2008	12:15	PBC's office in FES, Anand.	Director (previous) AMUL	N	How Policy was made and influence of various actors on Board. His contribution strategy making. Why did Board constitution change?
58	MSR	????	8/9/2008	12:16	MSR's home, Nadiad	Director (Previous) AMUL	N	How Policy was made and influence of various actors on Board. His contribution strategy making. Board constitution change.
59, 60	RKP	????	9/9/2008	16:06	RKP's home, Anand	Founder Life member (Director) AMUL	N	Various issues in policy making
65	Dr. STD	Till Date	4/11/2008	15:27	GCMMF Office	Gen. Mgr. Cooperative Services Division GCMMF	Y	To understand the role of GCMMF in relation to CD program.
66	Mr. TPY	Till Date	6/11/2008	15:30	GCMMF Branch Office	Zonal Manager Ahmedabad, GCMMF	N	To understand the procedure of milk marketing and how they entered market of Calcutta.
68	Mr.YSB	Till Date	11/11/2008	11:26	AMUL	Officer on Special Duty,	N	Not much from this interview

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
						AMUL		
80	Mr.AJT	????	21/11/2008	10:30	Mr. Talati's house	Retired Sr. Mgr. (Projects) AMUL	Y	To get some information on 1955 Dairy and on VH Shah
19, 20, 21	Mr. LBR	Till Date	30/4/2008	11:14	Ode semen station, AMUL	AI attendant -AMUL	Y	To get information on AI station and how services were organized initially
25	Mr. SBR		12/5/2008	17:34	Sangram-pura	Previous AI attendant - AMUL	Y	To get information on AI station and how services were organized initially
05	Mr. BPP	Till Date	9/4/2008	11:05	Khatrej Satellite Dairy	Dy. Mgr (Production) AMUL	N	To understand production strategies.
16	Mr. NSP	—	24/4/2008	15:31	Amul Dairy	Visiting member to Amul	N	Understand member's strategies for production.
44	Mr. JPR	—	17/6/2008	7.30	Chikhodra VCS	Member Farmer	N	Understand member's strategies for production.
49	Ms. APR	—	9/8/2008	12:25	Bhimtalav VCS	Member Farmer	N	Understand member's strategies for production.
50	Mr. DYP	—	11/8/2008	15:10	Undel VCS	Previous VCS secretary and Chairman, UNDEL	N	Understand role of secretary in VCS. Understand interactions with members.
55	Mr. JP	—			Dhandhodi VCS	VCS Secretary DHANDHODI	N	Understand what makes a "good secretary", member's relations and strategies at VCS level.
81	Mr GBP	-	21/6/2008	9:35	Gopalpura VCS	Member Gopalpura	N	Old farmer who would know about history of Gopalpura's

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
								formation and its growth.
82	MR GBP	-	21/6/2008	9:44	”	”	N	”
83	MR GBP	-	22/6/2008	10:05	”	”	N	”
84	MR JBP	-	24/6/2008	11:12	”	”	N	Member who knows a lot about the village and its politics. Belongs to Baraiyya caste. Small farmer. Production, services received.
85	Mr.MBP	-	26/6/2008	15:12	”	”	N	Small farmer from Patel community. Innovative farmer.
86	Mr.KBC	14	28/6/2008	10:14	”	Secretary Gopalpura VCS	N	To get a relatively unbiased view of the Chairman, the members and politics of VCS. To get performance data of VCS.
87	Mr. PSP	-	28/6/2008	14:15	”	Member Gopalpura	N	Farmer of Parmar community – to know about his production strategy, member relations, services received, contribution to strategy making.
88	Mr.JBP	-	1/7/2008	12:18	”	Enterprising member, earlier landless labor	N	Very enterprising member, to know about mobility, member production strategy, services received, contribution to strategy making.
89	Ms.	-	5/7/2008	13:30	”	Committee	N	Rich farmer

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
	SMP					member of Gopalpura		household, owns cross-bred cows, production strategy, member services, contribution to strategy making. Sarpanch of G'pura
90	Mr.BP	-	6/7/2008	12:32	”	Member Gopalpura VCS	N	Small farmer, parmar community, production strategy, member services and contribution to strategy making.
91	Mr. KBP	-	10/8/2008	12:30	”	Secretary Ajarpura VCS	N	Secretary, knows members, performance data, provide information on village caste politics, strategy making.
92	Mr. RUP	-	10/8/2008	14:05	”	DDF Owner and past Chairman of Ajarpura VCS	N	Knows village well, politics, member service strategy, strategy making, caste politics information.
93	Mr.RVP	-	14/8/2008	12:30	Nana Kalodra VCS	Secretary Nana Kalodra VCS	N	Secretary of VCS, performance data, get information on membership, strategy making at VCS, member service.
94	Mr.RVP	-	14/8/2008	13:40	Nana Kalodra VCS	Secretary Nana Kalodra VCS	N	”
95	Mr.RBP	-	15/8/2008	12:15	”	Chairman Nana Kalodra VCS	N	Chairman, caste politics, member services, strategy making.

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
96	Mr.PMP	-	15/8/2008	15:30	”	Former Director on AMUL Board	N	To get information on strategy making at VCS and AMUL levels. Caste politics. Personal information.
97	Mr.PMP	-	15/8/2008	17:25	”	Former Director on AMUL Board	N	”
98	Mr. KVP	-	16/8/2008	11:05	”	Top Cow milk pourer	N	Large Patel DDF farmer, production strategy, member service, strategy making at member level.
99	Mr. RSP	-	16/8/2008	11:55	”	Member Nana Kalodra	N	Medium farmer, buffalo milk pourer, Parmar caste, caste politics, strategy making, production strategy.
100	Mr. NT	35 years	16/8/2008	12:54	”	AI worker Nana Kalodra	N	To understand the difficulties faced in AI work in the beginning and understand his personal contributions.
101	Mr.RJP	-	16/8/2008	16:03	”	Member Nana Kalodra	N	Small buffalo farmer, production strategy, member services, strategy making.
102	Mr. RSS	-	17/8/2008	11:24	”	Member Nana Kalodra	N	Small buffalo farmer, production strategy, member services, strategy making.
103	Mr. RVS	-	17/8/2008	12:22	Nana Kalodra	Member farmers	N	Landless laborers (3 brothers).

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
					VCS			Production strategy, members service, strategy making.
104	Ms.JKS	-	17/8/2008	14:10	”	Member farmer	N	Woman member, production strategy, member service, strategy making.
105	Ms.KB	-	20/9/2008	9:16	Malasoni VCS	Member farmer, Malasoni VCS	N	Woman member, production strategy, member service, strategy making.
106	Mr.GGB	-	20/9/2008	10:07	Malasoni VCS	”	N	Production strategy, member service, strategy making, Understand politics of the village
107	Ms.MKB	-	20/9/2008	11:05	Malasoni VCS	”	N	Woman member, production strategy, strategy making, member service.
108	Mr.VGB	-	20/9/2008	12:10	Malasoni VCS	”	N	Production strategy, small farmer, strategy making.
109	Mr.VKB	-	20/9/2008	13:12	Malasoni VCS	Committee member, Malasoni VCS	N	To understand strategy making at VCS level, understand VCS politics, member service.
110	Mr.BKB	-	21/9/2008	10:35	Malasoni VCS	Committee member Malasoni VCS	N	”
111	Mr.KBB	-	21/9/2008	11:44	Malasoni VCS	Member Malasoni VCS (3 brothers)	N	Small farmer, understand strategy making, production strategy, member service.
112	Mr.RGB	-	21/9/2008	15:32	Malasoni VCS	Member Malasoni	N	”
113	Ms.JNS	-	15/10/2008	10:01	Vagjipura	Member	N	Small farmer



Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
					VCS			
114	Mr.HK V	-	15/10/2008	10:44	Vagjipura VCS	Member	N	Small farmer
115	Mr. BRV	-	15/10/2008	11:25	Vagjipura VCS	Member	N	Medium farmer
116	Mr.MK S	-	15/10/2008	12:37	Vagjipura VCS	Member	N	Medium farmer
117	Mr. ADJ	-	15/10/2008	15:34	Vagjipura VCS	Member	N	Large farmer
118	Mr. GAJ	-	15/10/2008	17:05	Vagjipura VCS	Member	N	Small farmer
119	Mr.CM M	-	18/10/2008	9:31	Bochasan VCS	Member Bochasan VCS	N	Low caste member, politics of caste, member services, strategy making.
120	Ms.KP	-	18/10/2008	10:07	Bochasan VCS	Member	N	Woman member, strategy making, member service.
121	Ms.SCP	-	18/10/2008	10:14	”	Member	N	Same as above.
122	Mr.KCP	-	18/10/2008	10:29	”	Member	N	Very Progressive and aware, member service, production strategy, strategy making.
123	Ms.MR P	-	18/10/2008	10:43	”	Member	N	Woman member, Totally unaware, same as above.
124	Mr.VP	-	19/10/2008	8:43	”	Member	N	Knowledge of VCS and village politics, strategy making, member service.
125	Mr.KBP	-	19/10/2008	9:00	Bochasan VCS	Member	N	Medium farmer, member service, strategy making.
126	Ms. KR	-	19/10/2008	10:20	”	Member	N	Woman (low caste) member, politics, production strategy, member services.
127	Mr.NRR	-	19/10/2008	10:40	”	Member	N	Medium farmer, Rabari caste .

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
128	Mr.MK V	-	20/10/2008	10:10	”	Member	N	Low caste member, strategy making, caste politics, member service.
129	Mr.HRR	-	20/10/2008	10:53	”	Member	N	Rabari caste, Strategy making, member service.
130	Mr. FD	-	20/10/2008	11:25	”	Member	N	Strategy making, member service, production strategy.
131	Mr.RRR	-	20/10/2008	11:50	”	Member	N	Same as above.
132	Mr.NBP	-	20/10/2008	13:07	”	Member	N	DDF owner, understand strategy making, production strategy.
133	Mr.BSB	35	20/10/2008	14:10	Bochasan VCS	Previous secretary, Bochasan VCS	N	Based on his understanding of VCS history and its growth, knowledge of politics, strategy making.
134	Mr. KMP	-	21/10/2008	10:02	”	Member	N	Small Patel farmer, understand caste politics, production strategy, member service.
135	Mr.ASP	-	21/10/2008	10:35	”	Member	N	Farmer of Patel caste , understand all strategies
136	Mr.SAP	-	21/10/2008	11:30	”	Member	N	Small farmer, Patel caste, understand various strategies
137	Mr.SHP	-	21/10/2008	12:27	”	Member	N	Patel caste, understand various strategies
138	Mr. TSP	-	22/10/2008	12:45	”	Member	N	Patel caste, understand various strategies
139	Mr.HAP	-	22/10/2008	13:32	”	Member	N	Patel caste, understand various strategies

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
140	Mr.NM P	-	22/10/2008	14:03	”	Member	N	Patel caste, understand various strategies.
141	Ms.SKP	-	24/10/2008	9:35	Haijer-abad VCS	Member Haijerabad VCS	N	Woman member, production strategy, member services, strategy making
142	Mr.PAP	-	24/10/2008	10:02	Haijer-abad VCS	Member	N	Very Old Patel member, member service, strategy making
143	Mr.THP	-	24/10/2008	12:30	”	Member	N	Old member, member service, strategy making, production strategy
144	Mr.BLP	-	24/10/2008	15:38	”	Member	N	Very old member, service strategy, production strategy etc.
145	Mr.DM P	-	24/10/2008	16:44	”	Committee Member and previous Chairman	N	Present Committee member, earlier chairman, strategy making, and history of VCS.
146	Ms. SP	-	25/10/2008	12:47	Haijer-abad VCS	Member	N	Woman member, strategy making, production/service strategy
147	Ms. KKP	-	25/10/2008	13:38	”	Member	N	Woman member, strategy making, service strategy, production etc.
148	Ms.MSP	-	25/10/2008	14:10	”	Member	N	Woman member, strategy making, service strategies, production etc.
149	Ms.RL M	-	25/10/2008	14:45	”	Member	N	Woman member, Muslim, strategy making, service strategy etc.
150	Mr.FSM	1	25/10/2008	15:16	”	Past	N	To obtain historical

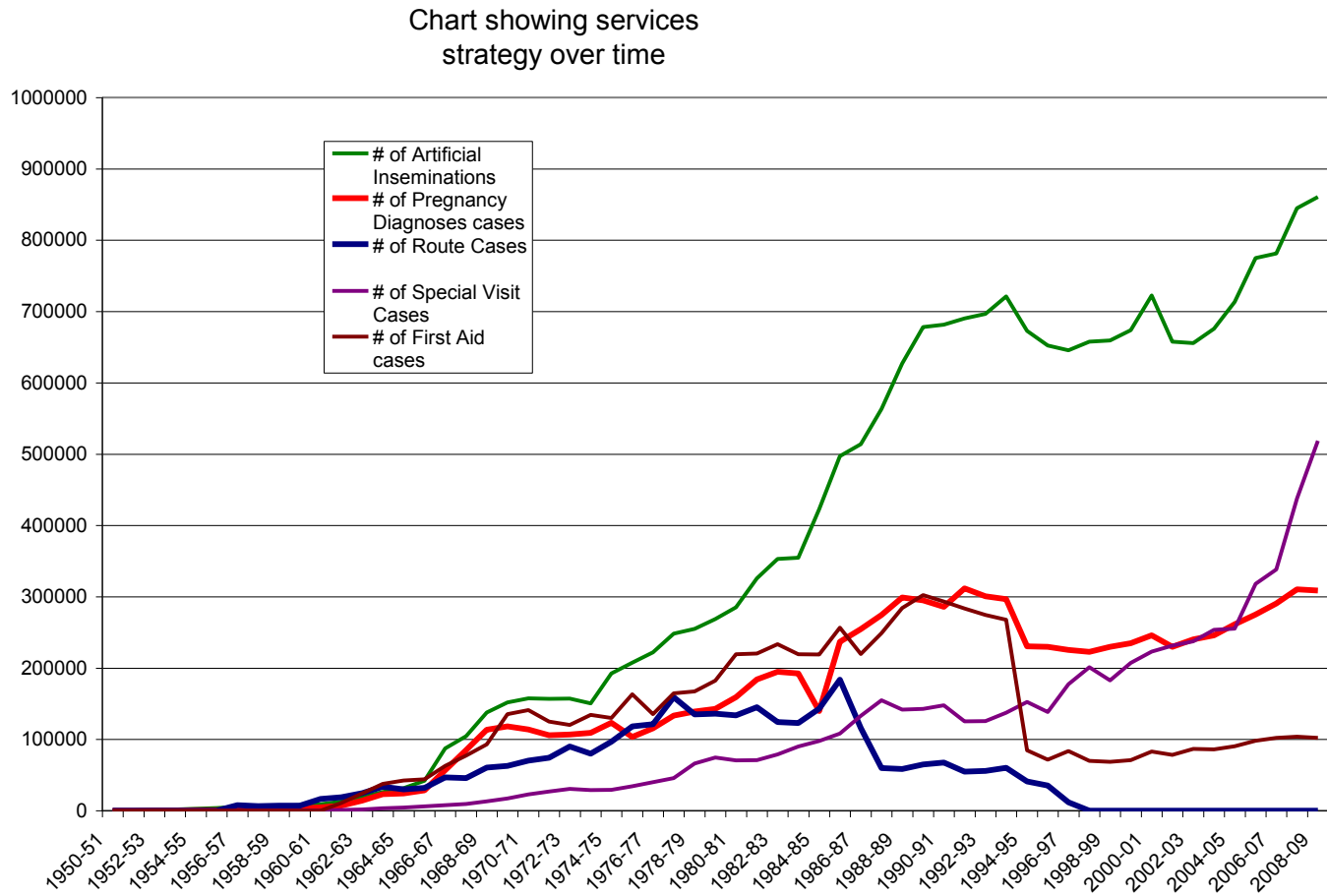
Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
						Chairman (2005-6)		context of VCS, understand problems, politics
151	Mr.IAP	-	25/10/2008	16:15	”	Member	N	Muslim member, politics of religion, service strategy, production etc.
152	Mr.HM	-	25/10/2008	17:02	Haijer-abad VCS	Current Chairman (3 months)	N	Muslim member, politics, service strategy, production strategy, etc.
153	Ms.JSM	-	26/10/2008	11:35	”	Member	N	Woman Muslim member, strategy of production, service strategy.
154	Ms.SRV	-	26/10/2008	12:20	”	Member	N	Woman, lower caste, service strategy, strategy making, etc.
155	Mr.BM	-	26/10/2008	13:24	”	Member	N	Woman Muslim member, strategy of production etc.
156	Mr.KHP	32	26/10/2008	14:04	”	Chairman (1970-2002)	N	Muslim member, knowledge of VCS, strategy making and past performance.
157	Mr.AJP		27/10/2008		Debhari VCS	Member, Debhari VCS	N	Cross-bred cow farmer, production strategy, service strategy etc.
158	Mr.ALP		27/10/2008		Debhari VCS	Member Debhari VCS	N	Big DDF Farmer, production strategy, historical knowledge, service strategy, politics.
159	Mr. AP	-	27/10/2008		Debhari VCS	Member	N	Small farmer, production strategy, member service etc.
160	Mr.BLJ	-	27/10/2008		”	Old member	N	Old member, historical

Inter view No.	Abbrev Name of Inter-viewee	Years worked	Date	Time	Place	Position	Transcribed Y/N	Logic of selection
								knowledge, member service strategy, production strategy.
161	Mr.CHR	-	27/10/2008		”	Recent Chairman, Debhari VCS	N	Strategy making, Politics, production strategy, information on members.
162	Mr. GP	-	27/10/2008		”	Comm. Member Debhari VCS	N	Strategy making, Politics, production strategy, information on members.
163	Mr.MP	-	27/10/2008		”	Member	N	Small Buffalo farmer, production strategy, member service.
164	Mr.SRP	-	27/10/2008		”	Sarpanch of the Village	N	Powerful person knows other people, information of political context.

#### **List of Abbreviations:**

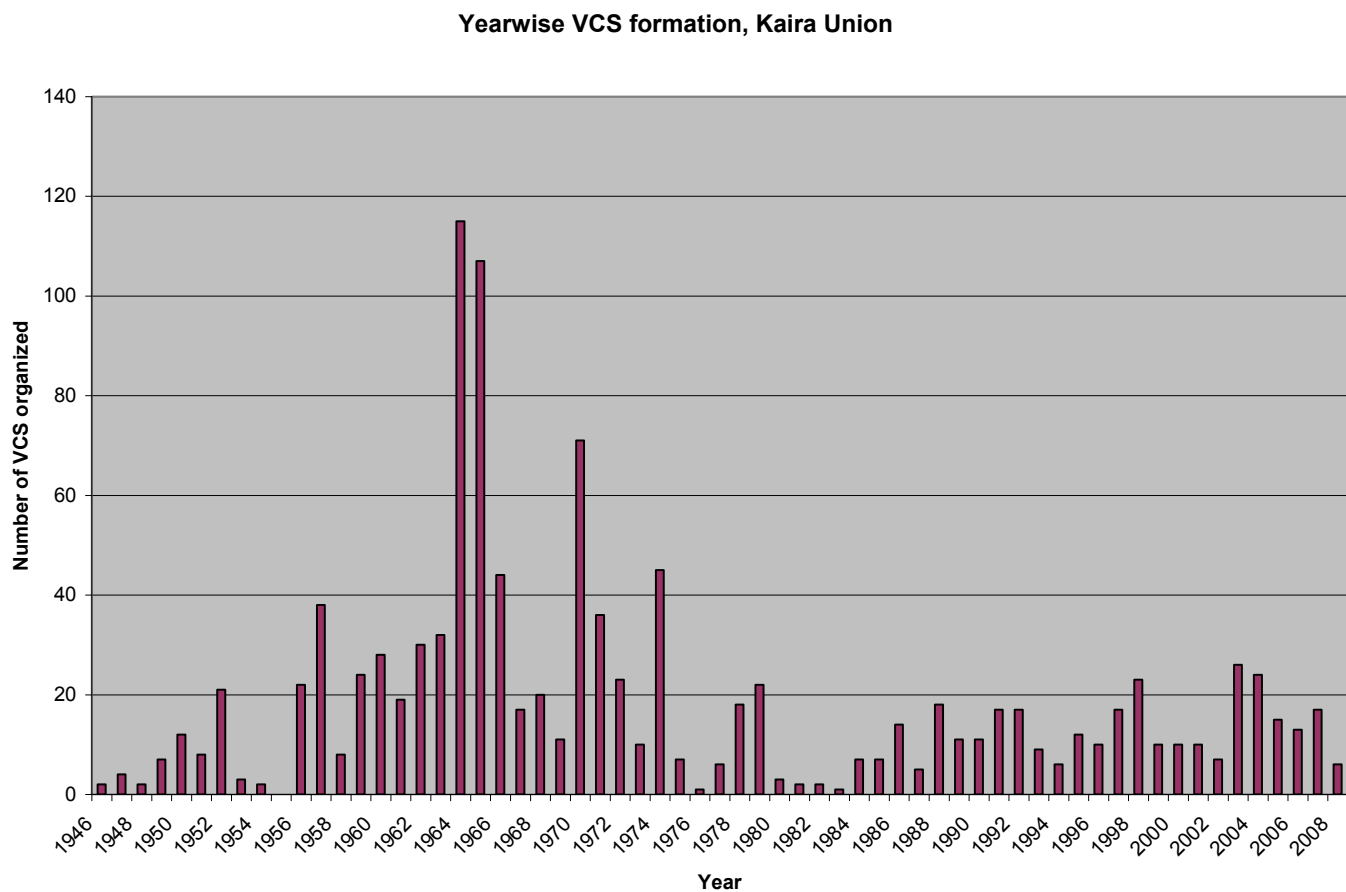
GCMMF: Gujarat Co-operative Milk Marketing Federation  
 NDDB: National Dairy Development Board  
 NCDFI: National Cooperative Development Federation of India  
 VCS: Village Cooperative Society  
 DDF: Dairy Demonstration Farm

### Appendix 3 – Chart showing Services Strategy over time



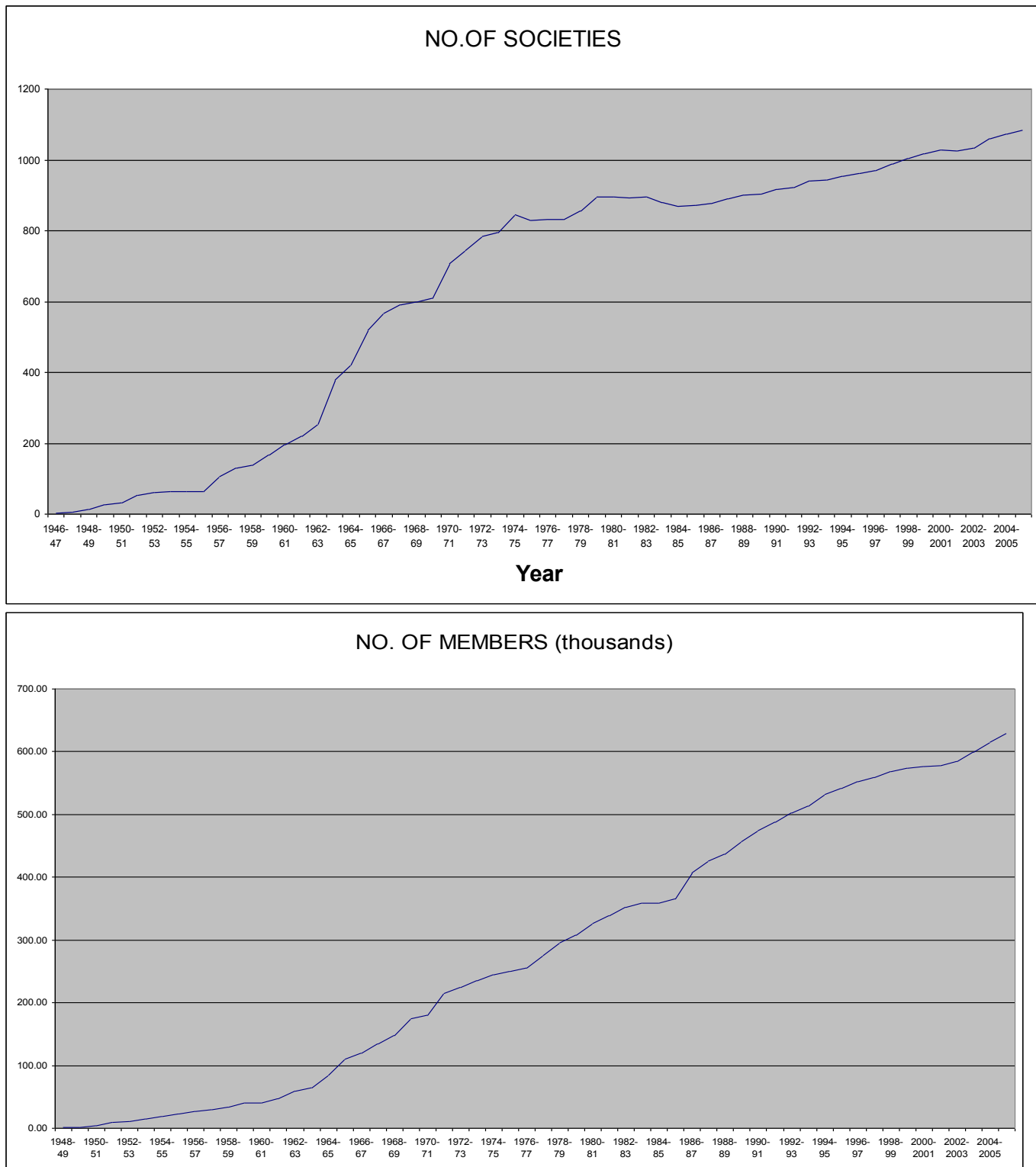
Source: Author's elaboration based on data from Kaira Union.

## Appendix 4 – Graph showing Year wise VCS formation



*Source:* Author's elaboration based on data from Kaira Union.

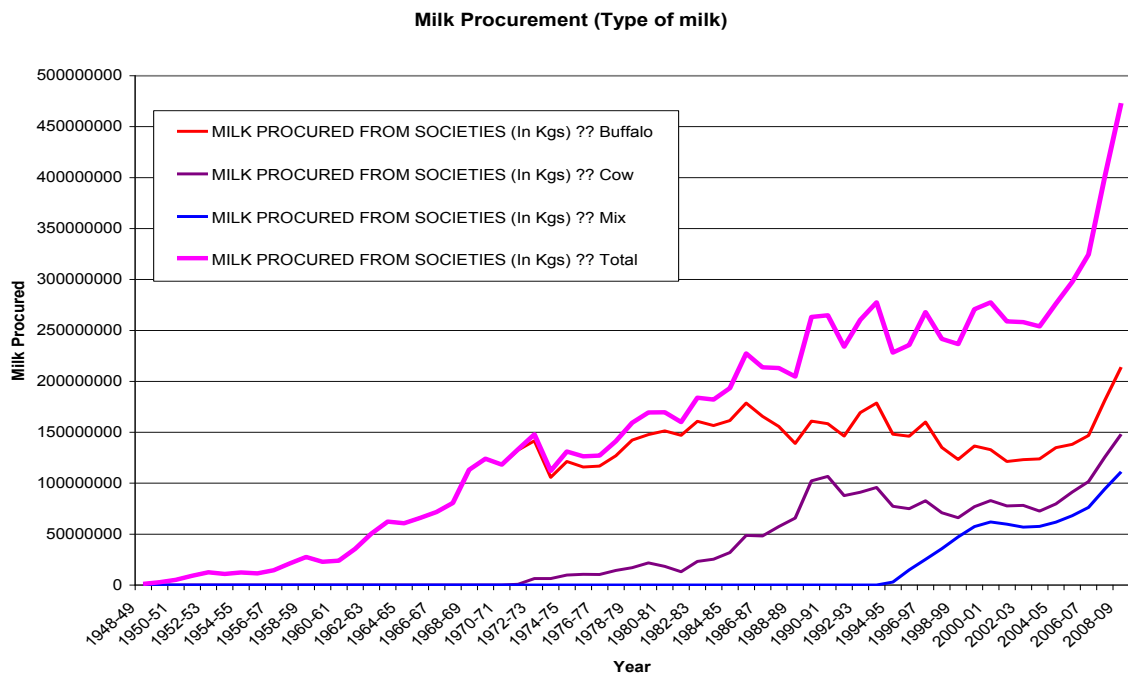
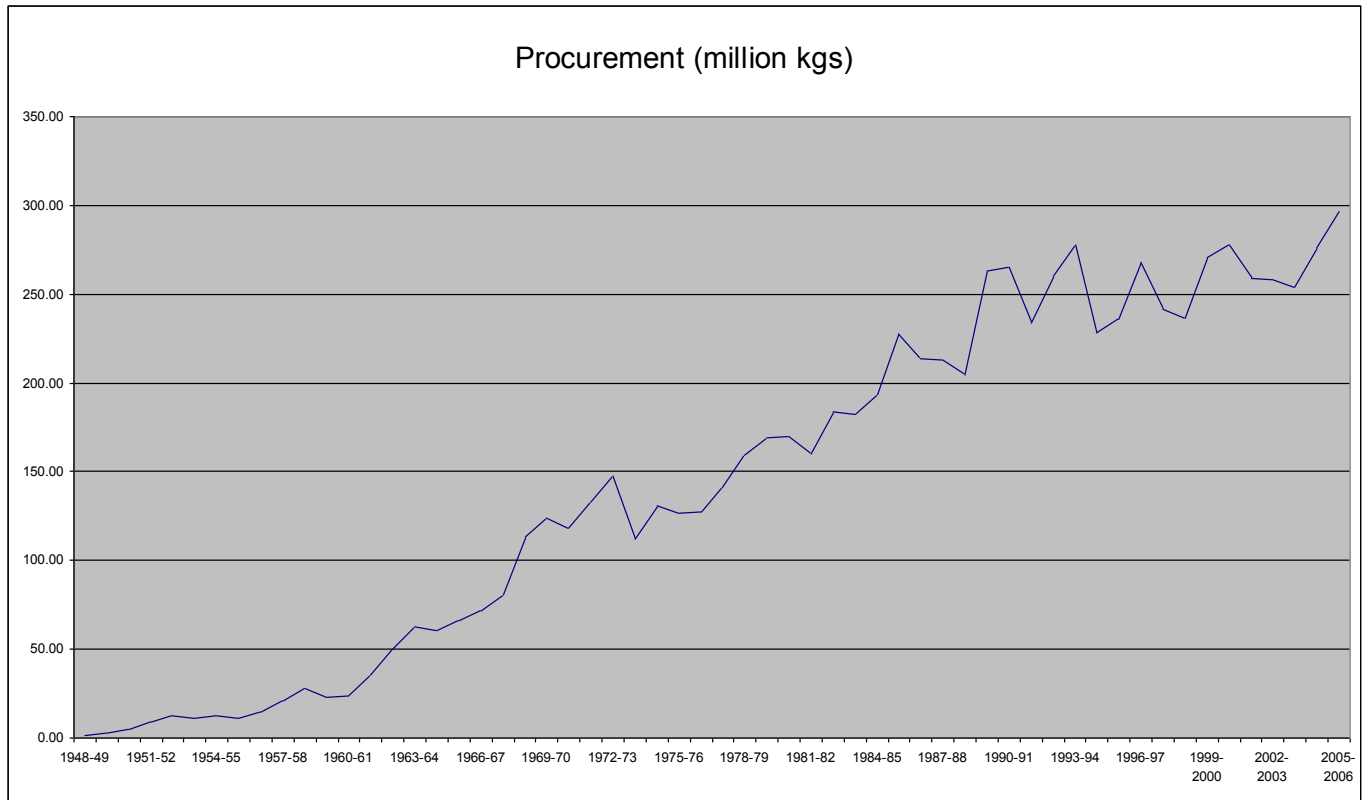
## Appendix 5 – Number of Societies and membership over time



Source: Author's elaboration based on data from Kaira Union.



## Appendix 6 – Graph showing procurement trend and milk type over time



Source: Author's elaboration based on data from Kaira Union.