

Abstract

Organizations under public ownership have earned the dubious distinction that non-performance is the hallmark of public ownership and even any improvement can at best be only ephemeral. Several agencies based and democracy-based theories have explained why they cannot perform. Public ownership is not a homogeneous concept and the agent manager's discretion, which largely determines the strategic behaviour of the organization is conditioned by the type of demands the Government puts on the organization and the diligence with which the Government's goals are pursued. In the case of electric utilities, literature is inconclusive in suggesting a particular type of ownership (private or public) for better performance. However, we find wide variation in performance of electric utilities under the same public ownership. We do not find studies addressing this kind of performance differentials within the same type of ownership.

The focus of present dissertation is to study and analyze the variation in performance and identify the environmental and organizational factors responsible for this differential performance. The study explores the connection between the expectations of the external actors, the Government on the strategy formulation of the organization, which in turn shape the structure, controls, incentives and processes of the organization, which ultimately determine the performance.

We have studied two public electric utilities (State Electricity Boards) in India and one public electric utility in Thailand, and found that there were striking differences in performance of these three public utilities. The comparative analysis shows that there are differences in the strategies, structure, control systems and processes (SCP) of these organizations. These differences have an impact on their performance. Then we trace the differences in the SCP to the strategic behaviour of the organizations. The differences in strategic behaviour are analyzed using political economy framework (Zald, 1970). We have found that these differences are influenced by the Government's expectations on the one-hand and utility's managers' interests on the other. The resource dependence perspective (Pfeffer & Salancik, 1978) - which explains how resource dependence outside affects the goal setting and performance of the organization, - and the power

configuration perspective (Mintzberg, 1983), - which explains firms' strategy as a resultant of the power play between internal and external coalitions, - are able to explain differences in the organizational factors for these organizations.

Based on our findings from this study, we have developed a theoretical framework to understand the top management's strategic orientation, which shapes the strategies of the organizations in response to the demands of the resource provider, political interests and control mechanisms adopted by the owner (Government).

The finding of this study would help the Governments to frame policies and implement a system of clear objectives, autonomy and effective controls for the better management of public utilities. The identification of environmental and organizational factors affecting performance, along with understanding of the conceptual and theoretical frameworks provided in this study would help the managers of public electric utilities in improving the performance of their organizations. This study also provides a conceptual basis and framework for the understanding of variation in performance of other similar types of public utilities; like water, gas and telecom.