“Micro and Macro Political Behavior in Non-Western Context: the Case of Strategy Making in a Major Sudanese Enterprise”

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ARTICLE INFO

RELEASED ON
Tuesday, 22 May 2007

JOURNAL
"Problems and Perspectives in Management"

FOUNDER
LLC “Consulting Publishing Company “Business Perspectives”

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Abstract

This paper focuses on micro and macro political behavior within a major Sudanese enterprise and its influences on strategy-making processes. To explore and understand the influence of micro and macro power on strategy making processes within the Sudanese context, this author used a phenomenological rather than a positivist approach based on grounded theory and case study methods. Using such an approach the paper suggests that strategy-making processes in this enterprise is an outcome of two types of relations: ‘core relations’ and ‘boundary relations’. Core relations (CR) express relationships that exist within an enterprise describing what happens inside. Boundary relations (BR) depict those relations that exist between an enterprise and its outside context. Mutual interest between actors at the core relations’ sphere (CRS) and boundary relations’ sphere (BRS) drives the strategy making processes.

Key words: core relations, boundary relations, interest, grounded approach.

JEL Classification: M10.

Introduction

This paper presents the idea of organizational power and politics as simply as a tool that managers of developing countries’ organisations resort to and rely on when making major strategic decisions. The paper outlines the assumptions upon which the political model of strategy making is based and empirically demonstrates that managers engage in political action in many obvious ways, particularly during times of strategy making. The paper agrees with the main stream literature on power and strategy making that developed in the western contexts in some respects, and disagrees on others.

Objectives of the Research

Based on the concept of power in the contemporary organisation theory, the objective of this research paper is to develop a description and explanation of the strategy making processes that contribute to a better understanding of the behavior of such an enterprise. Moreover, the intention is to generate a guiding framework rather than a comprehensive theory that could help in understanding the strategy making processes in the enterprises, which are subject to similar circumstances.

Literature Review

The concept of power and its relationship to the strategy making represent the bedrock for the core concepts developed within this paper, that is, the ‘core relations’ and ‘boundary relations’. The subsequent sections of this part endeavour to examine the theoretical foundations of the relationship between power and strategy making processes.

In their work ‘A Behavioral Theory of the Firm’, Cyert and March (1963) argue for viewing an organisation as a coalition of individuals. Such a view of organisation has been widely supported by several empirical studies (e.g. Pettigrew, 1973, 1985a; Quinn, 1980; Eisenhardt and Bourgeois, 1992; Allison and Zelikow, 1999). The fact of the existence of different coalitions indicates the possibility that the individual participants in an organisation may have substantially different objectives. Johnson and Scholes have strongly confirmed the existence of different
interested groups inside and outside organisations that carry different expectations and objectives, in their statement that:

“...different interest groups or (stakeholders) may have different expectations and may even be in conflict; there may be differences between groups of managers, between managers and shareholders, or between powerful individuals” (1999: 61).

In consideration of the existence of interest groups inside and around organisation, Mintzberg et al. (1998) distinguished between two aspects of power, which might influence organisational processes concerned with strategy making, namely the micro and macro. Micro power deals with the play of politics – of ‘illegitimate and a legitimate power’ – within an organisation (e.g. Bower, 1970; Pettigrew, 1973, 1985a; Mintzberg, 1983; Eisenhardt and Bourgeois, 1992; Dean and Sharifman, 1993; Allison and Zelikow, 1999). The focus of this aspect on conflicts among the organisation’s internal actors is usually developed from personal interest. Macro power, on the other hand, concerns the use of power by an organisation. According to Mintzberg et al., this view sees:

“the organisation acting out of its own self-interest, in conflict, or co-operation, with other organisations” (1998: 235).

The classification of Mintzberg et al. (1998) for power into micro and macro seems to be convenient for discussing the relevance of power and politics for the strategy making processes. The following sub-sections, therefore, review both aspects of power, micro and macro, emphasising how they inform strategy-making processes.

The concept of micro power stands on the premise that firms are coalitions of various individuals, each of whom brings his/her own dreams, hopes, jealousies, interests, fears, personal objectives and cognitive biases to the organisation. The fact of existence of different coalitions of different individuals creates a conducive atmosphere for the emergence of political behavior within an organisation. At the group level, the existence of political behavior is attributed to the division of works in the organisation. At the individual level, it usually emanates from associated career, reward, and status systems (Pettigrew, 1985a). Pettigrew identified a number of potential sources whereby the interest groups could be formed in an organisation. He notes that:

“Interest groups are formed in organisations around the particular objectives, responsibilities, and intention of functions or business areas; they also are formed around differences between groups at varying hierarchical levels, or around collectivities such as newcomers or old timers, or progressives and conservatives. Interest groups may also form around the issues of the day; whether to grow or not to grow; to diversify or not to diversify; to bring in new technology, or to continue to use old methods and procedures” (1985a: 42).

Indeed, the division of work in an organisation creates sub-units. The functioning of an organisation as an integrated system necessitates an interdependency to exist between these sub-units. A fertile arena in which this interdependence may be played out is the strategy-making process. Pettigrew notes that:

“...this process will include debate about which dilemmas should receive organisational attention and the choice of which alternative courses of action should be adopted to resolve those dilemmas” (1977: 80).

Pettigrew acknowledged that the most critical aspect of the strategic decisions process is issue identification and issue resolution. The debate about issue identification and resolution is likely to end in a conflict because, as Dutton and Penner state:

“...what events, developments or trends that are perceived to be strategic issues, and how they are interpreted are not objective facts but are social constructions created in an organisational context” (1993: 91).
Adding to that the ambiguity and equivocality associated with strategic issues, the situation would turn eminently complex. Based on such conflicting interpretations certain demands are made by various parties in organisations. Every individual/group tries to mobilise power around his/its generated demands in order to legitimise them. The process of demand generation and mobilisation of power around the generated demand activates a political behavior in the organisation. Pettigrew defined such types of behavior:

"as behavior by individuals or in collective terms – sub groupings within an organisation that makes a claim against the resource-sharing system of the organisation" (1977: 81).

Elsewhere he links the existence of political behavior to the scarcity of resources within organisation:

"...as long as organisations continue as resource-sharing systems where there is an inevitable scarcity of those resources, political behavior will occur" (1973: 20).

According to Pettigrew (1973, 1977, 1985a), at the heart of such political behavior is the creation of legitimacy for certain demands. Making a new strategy or maintaining the old one are, to a substantial degree, likely to change the homeostatic balance of organisational resources as represented in salaries, in promotion opportunities, and in control of tasks, people, information and new areas of a business. Such a change, indeed, threatens the positions of certain groups while opening opportunist avenues for others. Pettigrew described succinctly how such processes could happen in organisation arena by noticing that:

"...additional resources may be created and appear to fall within the jurisdiction of a department or individual who previously had not been a claimant in a particular area. This department or its principal representative may see this as an opportunity to increase its/his power, status, and rewards in the organisation. Others may see their interests threatened by the focus on the new dilemma and its resolution, and needs for security or the maintenance of power may provide the impetus for the release of political energy" (1977: 81).

It is worth noting here that the interest groups’ relationships and dominance of one group over others are not set in concrete, and as Pettigrew put it those relationships are “always subject to intra-organisational and environmental change (1985a: 43)”.

By the same token, Eisenhardt (1997) and Mintzberg et al. (1998) confirm that people engage in political tactics such as co-operation, coalition formation and the use of information to enhance their power in the face of their rivals.

Contrary to micro power, macro power is concerned with the use of power by an organisation. The central theme of such a concept is managing the interdependence between an organisation and its environment. The environmental constituencies include suppliers and buyers, unions and competitors, investment bankers and government regulators, public at the large and so on. Mintzberg et al. (1998) argue that from a macro power perspective, strategy consists of two aspects: first, managing the demand of these actors, and second, of selectively making use of these actors for the organisation’s benefits.

The complexities and interconnectedness shaping organisational life in today’s world make the management of interdependence a critical theme. In this respect Mintzberg et al. (1998: 249) contend that an organisation has three basic strategies at its disposal that may help in managing its exchanges and its relationship with the diverse interests affected by its action:

♦ An organisation can simply deal with each demand as it arises. This is similar to Cyert and March’s (1963: 36) notion of ‘sequential attention to goals’ however in this case it is at an inter-organisational level.

♦ An organisation can strategically withhold and disclose information. In so doing the organisation can manipulate expectations and shape outcomes. Pfeffer and Salancik note that:
“...a group’s satisfaction is largely determined by its aspiration level; a group is satisfied relative to what it expects to get. Aspiration levels are affected both by what the group has obtained in the past and by what competing groups obtained” (1978: 96).

- An organisation can play one group against the other. For example, as cited by Pfeffer and Salancik:

“The demands of public employees for higher wages can be juxtaposed with the demands of local citizens’ groups for lower taxes” (1978: 97).

In a similar vein, Pfeffer and Salancik identified a couple of strategies at the organisation’s disposal by stating that organisations can:

“...adapt and change to fit environmental requirements, or...can attempt to alter the environment so that it fits [their] capabilities” (1978: 106).

The macro power concept is much concerned with the latter view – the process of acting upon or negotiating with, rather than passively reacting to, the external environment.

Generally speaking, as Mintzberg (1983) argues, organisations could end up in different places, which Mintzberg et al. explained by noting that:

“at one extreme some became the instrument of an external power group, functioning as directed from the outside – for example by a single owner. At the other extreme the organisations are relatively closed to external influence – monopolies, for example, so widely held by shareholders that none has any real influence. In this way the organisation becomes the exerciser rather than the receiver of influence. In between are those subject to several focused groups of influencers, and so finding themselves faced with a rather divided system of power” (1998: 250).

All in all, macro power sees the organisation as a unit striving to promote its interest through controlling or co-operating with other units (organisations), through the use of strategic manoeuvring as well as collective strategies and various kinds of networks and alliances.

Although considering strategy from the angle of power has significantly contributed to the field of strategy, it has been also a subject of criticism. The power stance has seriously taken the reality of organisational life and introduced a useful vocabulary to the strategy field such as coalitions, political games, networks and so on. The power stance also plays an important role in organisations particularly in promoting necessary changes blocked by the more established and legitimate forms of influence. On the other hand, the power stance is criticised as being a source for great deal of wastage and distortion in organisations.

Research Methodology

This part presents the methodology utilized in this paper. To explore and understand the influence of micro and macro power on strategy making processes within the Sudanese context, this author used a phenomenological rather than a positivist approach based on grounded theory and case study methods. The ground for such a choice is that the strategic management field is poorly researched in Sudan. In this respect this study represents the first of its kind to explore strategy making from such an angle in that particular context.

Two criteria have been used for selection of the site for conducting the in-depth investigation. These include suitability and relevance of enterprise for observing strategy making processes and the quality of access achieved. The selected enterprise is the Gum Arabic Limited Company (GAC). The GAC is responsible for international marketing of one of the most important Sudanese export products.

1 Gum Arabic is a trade name for a natural, organic forest product from the genus Acacia. Sudan monopolises its production by producing 85 to 90% of the total annual world production. Gum Arabic represents one of the main Sudanese export products.
modities in the country. This company is organized as public limited company according to the ‘Company Law 1925’ in which the government is assumed not to be the prime shareholder.

A single strategic issue within the selected enterprise has been identified for in-depth investigations. A wide spectrum of research on strategic decision-making has justified a selection of strategic instances for studying strategy processes. Cray et al. (1991) argue that one track for studying strategy processes is to analyse a decision or a series of decisions in a single organization. The works of Allison (1971), Pettigrew (1973, 1985a), and Mintzberg et al. (1976) contain some examples to the point. Such an approach was also used effectively by the London Business School’s SID (strategic investment decisions) research during the 1980s (see Yamamoto, 1998: 147).

The steps followed for identification of the strategic issue were as follows: firstly, this researcher contacted the general manager of the selected enterprise and the purpose of the study was presented. Secondly, the contacted person was asked to nominate issue that had strategic importance to the enterprise and that had recently completed. Although allowing the contacted persons to identify issues ensures both interest and first-hand knowledge (Nutt, 1998), is also not free from pitfalls. The contacted person was also asked to identify the main actors associated with each selected issue (Hafsi and Hafsi, 1989; Nutt, 1998). The selected issue within GAC was:

Moving and warehousing Gum Arabic in Dubai free zone area for depositing and exporting.

Data collection relied heavily on the in-depth interviewing. Interviews carried out by this researcher should be categorised into a semi-structured one. Interview guides were prepared before each interview took place. Each interview’s questions were based on feedback from the previous interviews. The focus of the interviews was on the conditions that stimulate the identified strategic issue, actions/interactions of the key players and the consequences of these responses. The emphasis of this researcher’s intention was to discover the processes through which these strategic issues were carried out. During interviewing, this researcher was maintaining a balance between excessive passivity and over-direction. Furthermore, data obtained from interviews were cross-checked with interviewees against each other, and against the documentary evidence (i.e. triangulation). The people interviewed include chairmen of the board, board members, general manager, relevant departmental managers, and top government officials in relevant ministries. Informal discussion was also held with some other concerned people outside the enterprises, ‘consultants, and academicians’. 38 interviews were conducted resulting in 49 tape-recorded hours. Alongside the primary data, considerable materials were collected about the issues, enterprises and the broader context of the study. The main source of these materials was the enterprises’ files and official reports.

For data analysis, this researcher uses ‘grounded theory analytical procedures’ (Strauss and Corbin, 1998) supported by the ‘within case and across case analysis’ recommended by Eisenhardt (1989) and ‘replication logic’ suggested by Yin (1989).

Discussion

Two basic types of relations emerge when an enterprise makes strategic decisions. The author of this paper calls them the “core relations” and the “boundary relations”. “Core relations” (CR) express relationships that exist within an enterprise, describing what happens inside. On the other hand, “Boundary relations” (BR) depict those relationships that exist between an enterprise and its outside context. Mutual interest, between actors at the core relations’ sphere (CRS), and between them and the actors at the boundary relations’ sphere (BRS), drives the strategy processes in the Sudanese enterprise studied. In developing the “core relations” and “boundary relations” concepts, this researcher has been inspired by the work of Hafsi (1981), and Mintzberg et al. (1998). Hafsi (1981) coined the terms “core process” and “boundary process” to describe the inside and outside processes, when a firm makes important decisions. Hafsi’s study emphasises the strategic decision making process in state-controlled enterprises (SCEs) in three countries; Canada, France and Algeria. Mintzberg et al. (1998) used the terms micro and macro power to describe the inside and outside boundary relations respectively, in the case of strategy-making.
“Core relations” within the GAC describes the ‘inside’ relationships between different interest groups and actors. Two power centres emerged within the GAC (Cyert and March, 1963; Eisenhardt and Zbaracki, 1992; Eisenhardt, 1997), in association with the issue of moving gum to the Dubai free zone area, for depositing and re-exporting. The first power centre already existed before the emergence of the second one, and consists of the former chairman of the BoDs and his supporters from the BoDs and directorates’ managers, and the GAC’s external agents. The second power centre was established by the new general manager who took the office in Jan. 1998, and was supported by government and its supporting political party. The new general manager was appointed in association with the realisation of some political gains for the government and its supporting political party which led to an exceptional concentration of power in his hands.

“Boundary relations” describes the relationships between the GAC and its outside context. Several constituencies exist at the GAC’s external milieu (Johnson and Bailey, 1992; Johnson and Scholes, 1999), the most influential ones, being the government and its supporting political party on the one hand, and on the other hand external agents. The government was represented by institutions that had a direct relationship with the GAC such as the ministry of Foreign Trade (MFT) and the Bank of Sudan (BS) as well as some institutions and individuals who have no direct relationships with the GAC, such as the National Assembly (NA) and the leaders and top men of the supporting political party.

The interests of actors at GAC’s core relations’ domain and actors at GAC’s boundary relations’ domain are the key influential factors in the processes of strategy making, within the GAC (Pettigrew, 1985a; Hickson et al., 1986; Simmers, 1998).

At the core relations’ sphere, the relationships between the two centres of power began to mould as early as the arrival of the new general manager to the office in January 1998. The appointment of the new general manager was associated with the intention of ending an enduring conflict between the former minister of Foreign Trade and the former general manager. The reason for conflict was that the former general manager disagreed with the minister’s decision for replacing the chairman because of his political disloyalty to the ruling regime. He (the former general manager) believed that the interest of the GAC was to keep the chairman in his post. The conflict ended with the compulsory resignation of the former general manager, while the chairman kept his post. Based on such a background the new general manager judged that if the chairman of the BoDs continued to assume the same duties as with the former management, he may also potentially threaten his personal control over the GAC. Therefore, since he took over, the new general manager exploited his relationships with the minister of foreign trade, and installed two policies that gravely reduced the scope of the power of the BoDs. These policies changed the existing balance of power (Pettigrew, 1977, 1985a) inside the GAC. The policies directly affected the position of the chairman of BoDs and his supporters, who assumed the actual responsibilities for managing the GAC before 1998. Although these policies were backed up by some actors at the boundary relations’ sphere, in this case the minister of Foreign Trade, the policies also disappointed another actor within the same sphere, in this case the external agents of the GAC (Pettigrew, 1985a).

On the grounds of such a relationship-based political move against the power’s centre of the chairman and his supporters, the new general manager had defined the GAC’s problem without involving the BoDs. The directorates’ managers were also excluded, from taking part in the definition of problem, because the general manager had alleged that those directorates’ managers were incompetent in debating financial issues, which were thought to be at the heart of the GAC’s problem. Ultimately the general manager with the backup of government and its supporting political party defined GAC’s problem without participation and the consensus of an existing power centre led by the chairman (Pettigrew, 1977; Fahy, 1981; Lyles, 1981; Papadakis et al., 1998).

Based on his interpretation of the situation, the new general manager problematised the GAC’s situation in terms of dependence on unstable financial resources and mismanagement as a further political move. The general manager defined those two areas as problematic within the GAC, in order to legitimate any further action to be introduced towards them (Pettigrew, 1977). Such a political move was considered to be a major attack against the chairman and his supporters' camp.
because it constituted the basis for all consequent moves by the general manager and his supporters. Unlike the previous political move such a move was based on expertise of the general manager as a trained economist with a previous professional experience in leading Islamic financial institutions in the country.

The chasm between the two power centres that is described by core relations within the GAC became very wide during the search phase of the GAC problem. The search process indicates the extent of the discrepancy between the two centres regarding the interpretation of the competitive position of the GAC. When it was in the office before 1998, the chairman’s group kept buffer stocks of gum inside Sudan to ensure for external agents and dealers that there were enough stocks to enable the smooth flow of gum supply at reasonable prices in international gum markets. Such a group judged that this tactic would enhance the competitive position of the GAC. Given this was true, the tactic would also keep the relationships between such a group and the external agents warm and cordial. Consequently, as a political move to prevent introducing any change that might disturb its current relationship with external agents, the chairman’s group manipulated language to emphasise the competitive position of the GAC (Pettigrew, 1977). Notwithstanding the latter, the general manager decided to use the buffer stocks as a deposit to obtain finance, in the belief that such a tactic would enhance the competitive position of the GAC. Obviously, the two conflicting groups developed different interpretations of the nature of the GAC’s problem. This argument is in line with Fahy (1981) who argues that the search phase of the decision process is a complex and multi-organisational level phenomenon that is frequently characterised by a high degree of political activity. The general manager, however, insisted on his vision and negotiated the issue with some local commercial banks at the BRS. These banks, however, refused to accept gum as a deposit because of the government association with the international gum trade in Sudan. The association of the government with the international gum trading weakened the bargaining power of the GAC inside Sudan. Such a situation encouraged the general manager to search within less familiar sources (Mintzberg et al., 1976) for other actors at the BRS, which resulted in finding a depositor who accepted the gum given that it had to be moved to the Dubai free zone area.

To recap, the general manager initially problematised the GAC’s situation in terms of the dependence on unstable financial resources and mismanagement in order to legitimise any further actions to be introduced within these two dimensions. Moving gum to the Dubai free zone area was thought to contribute to the solution of the GAC’s problem in two ways. First, it would secure stable and cheap financial resources. Secondly, it would change the gum selling policy, which was widely based on existing relations with external agents. The general manager and his supporters believed that the chairman’s group established such relationships based on mutual self interests with the external agents. As a political move against the chairman’s camp, the general manager alleged that the existing relationships with external agents serve neither the GAC nor the country. By linking the interest of the GAC to the overall interest of the country, the general manager through manipulating language created legitimacy in Pettigrew's (1985a) terms, for his actions.

The authorisation process of the issue involved a couple of political moves by actors at both CRS and BRS. The path of the authorisation process was dictated by the perceived magnitude of influence of different parties involved in the process. The general manager perceived that some actors at BRS, namely the BS and MFT, were the most influential players, and their approval of the issue should be secured before debating the issue with the BoDs. At BRS, the BS was perceived as the most influential actor in the authorisation process for a couple of reasons. On the one hand, the BS was controlling uncertain aspects for the GAC (Crozier, 1964; Hickson et al., 1971) including controlling export procedures and provision of financial subsidies during the bottlenecks. Based on such a dependence relationship (Pfeffer and Salancik, 1978), the consent of the BS was perceived as a critical factor for the progress of the issue. On the other hand, the issue would render some benefits to the BS, its governor and the whole political party that supported the government. Such a point indicates the existence of a mutual interest relationship between the BS and the GAC, in association with the Dubai issue. In consideration of such an interest the BS approved the issue,
subsidiised the GAC and made prescriptions to be followed in implementing the issue. Based on this agreement between the BS and the GAC, the minister of MFT also approved the issue.

Having secured the approval of the issue from the actors perceived as most influential at BRS, the general manager turned to debate the issue at CRS with the BoDs. The general manager was expecting an objection from the chairman of the BoDs and his supporters. Therefore, the consent of the government officials at both the BS and MFT had been used as a weapon to press the BoDs’ members, especially the government representatives, to approve the issue in the case of disagreement with the chairman and his supporters within the board (Johnson and Scholes, 1999). The latter indicates the breaking of the normal channels of authorisation of a decision within the GAC was a political move by the general manager against his rival at CRS.

During the board meeting the two groups entered into direct confrontation. The government supported the view of the general manager, for changing the existing methods of selling gum through execution of the Dubai issue, on the one hand. On the other hand, the chairman and his supporters supported the existing relations of the GAC with external agents. This indicates that the conflicting interests at CRS, were well entrenched in the BRS in line with Pettigrew (1985a) who argues that the micro politics of the firm are inextricably linked to the macro-politics of the firm. The power of the chairman and his supporters stemmed from their support of the external agents who controlled marketing information and channels in the international gum markets. Before 1998, the external agents’ relationship with the GAC was based on mutual interest, which was established through a compromise between them. The chairman and his supporters well served these mutual interests on the grounds that the competitive position of the GAC in international markets was extensively based on the quality of its relationships with the external agents and dealers. They also served this relationship, because they had developed personal relations with some external agents. What adds to the complexity of the situation was the fact that the personal dimension of relationships with the external agents was intricately linked to the interest of the GAC. Obviously, the general manager and his supporters overlooked such interdependence relationships (Pfeffer and Salancik, 1978; Mintzberg et al., 1998) that existed between the GAC and its external agents. A reason for overcoming the interdependence phenomenon could be that the rival (chairman’s) group supported these relationships. Both conflicting groups made an extensive mobilisation of power (Pettigrew, 1977), to defend their positions. The general manager mobilised his personal relations, political and formal status, and the support of representatives of government within the board, whereas the chairman and his supporters stressed the competitive position of the GAC by reconstructing the GAC’s past relations with the government in the form of myths and stories (Pettigrew, 1977, 1985a; Brown, 1994) to show that the latter intervention was destructive. Ultimately, the general manager’s group, with remarkable backup from the government and its supporting political party, superimposed its view and approved the issue. There was no bargaining and no compromise in real terms; the issue was superimposed using edict in the words of Johnson and Scholes (1999). Furthermore, mobilising his relationship with the minister, the general manager made a further political move by replacing any opponents of the issue within the BoDs, including the chairman of the BoDs. The implementation of the issue was completed according to the prescriptions made by the BS, which indicate the extent of influence the BS (Pfeffer and Salancik, 1974; Salancik and Pfeffer, 1974) had on the GAC.

Moving gum to the Dubai free zone area would realise short-terms gains; most of which accrued to the government and its supporting political party. Obviously, the strategic development of the GAC, to a substantial extent, hinged on maintaining a productive relationship with external agents because they represent gatekeepers to international gum markets. The situation of the GAC indicated two points of concern. First, the government was a most influential player at both the CRS and BRS levels of the GAC. Secondly, the excessive government intervention in this particular context had seemed to suffocate the strategic development of the enterprise. The latter seems to be consistent with Jaeger and Kanungo (1990), who have warned that the political interference in the management of organisations is widely known to contribute to organisational failure.
Findings

The foregoing elaboration using the “core relations” and “boundary relations” concepts revealed six important implications.

First, “core relations” (CR) indicates the existence of two key interest groups, with at least partially conflicting goals within the GAC. This finding is supported by a wide stream of studies that have considered an organisation as a political system that consists of a coalition of individuals and groups with conflicting goals (Cyert and March, 1963; Pettigrew, 1973, 1985a; Quinn, 1980; Eisenhardt and Zbaracki, 1992; Eisenhardt, 1997; Simmer, 1998; Allison and Zelikow, 1999). The key assumption of viewing an organisation as a political system as stated by Eisenhardt and Zbaracki is that:

“organizations are coalitions of people with competing interests. While these individuals may share some goals such as the welfare of the firm, they also have conflicts. For example, some people in a business may favour growth while others may favour profitability or public service. These conflicting preferences arise from different bets on the shape of the future, biases induced by position within the organization, and clashes in personal ambitions and interests” (1992: 23).

Second, analysis using core relations reveals that the competing groups within the enterprise studied have conflicting interests. Such interest drives the actions and reactions of each of the competing groups inside the enterprise. For instance, the strategic issue studied within the GAC was related to moving the gum to be deposited and re-exported from Dubai free zone area. The new general manager and his supporting groups (government and its supporting political party) advocated the issue, because it was serving their interest. At the same time the group of the chairman and his supporters opposed the issue because it was opposing their interest. One could, therefore, argue that interest is the dynamo that energises the actions and reactions of conflicting groups within GAC. This finding is consistent with several previous studies (Pettigrew, 1985a; Hickson et al., 1986; Simmers, 1998). Pettigrew, for instance, rightly states that:

“These interest groups are likely to have different goals, time orientations, values and problem solving styles. In short, they may have different rationalities, which provide the motives for their actions and reactions, ...strategy formulation and change processes in organization may be understood in part as the outcome of processes of competition between these rationalities...etc.” (1985a: 42-43).

Third, analysis using core relations reveals that the conflict between competing groups at GAC occurred at the top management level (general manager level, boards of directors and its committees’ levels, and ministerial level). Before drawing implications from such a situation, a brief reflection about the theoretical basis for composition and role of boards of directors in GAC will be given. The composition of the board of directors in GAC is based on assumptions that the boards should involve in and contribute to the articulation of the firm mission, development of firm strategy and setting of guidelines for implementation and effective control of the strategy. Furthermore, it was also based on resource dependency theory's assumptions, which argues that by increasing the size and diversity of the board, the links between the organisation and its environment and the securing of critical resources would be strengthened (Pfeffer and Salancik, 1978). The managerial hegemony theory, which describes the boards as a de jure, but not the de facto governing body of the organisation (Stiles, 2001), is found to be applicable to the GAC’s case. The ensuing analysis has revealed that the general manager of the GAC had a power to influence the decision of the nomination and dismissal of the board's members. The domination of the management, and its control of the board according to a managerial hegemony approach (Stiles, 2001; Pfeffer, 1972; Mace, 1971) were driven by the fact that management is the actual governing body of the organisation. In the case of GAC, however, this happened as result of the government intervention of appointing a general manager with an exceptionally powerful status for the realisation of a high level political agenda. All in all, the government and its supporting political party extensively
dominated the boards of GAC. Such a situation made the theoretical assumptions about the role that the boards are expected to play far from being achieved within that particular context.

The implications of the findings that the conflict between competing groups occurred at top management level of GAC are twofold. On one hand, such findings indicate that in such particular contexts the strategy-making processes were highly centralised and in the hands of top management. Consequently, one could argue that the strategy making in these particular contexts followed a top-down approach, which is opposite to the most widely predominant bottom-up Western approach. Moreover, the ensuing analysis of strategy-making processes in GAC revealed that the role of departments and sub-units as well as middle management, was very trivial in strategy-making processes. On the other hand, such a finding contradicted with the streams of the literature (Hickson et al., 1971) alleging that the conflicting interest groups emerge only at sub-units or at departmental levels. The ensuing analysis proved that the interest groups within GAC form around particular objectives (Pettigrew, 1985a), at the top management levels. For instance, changing the selling policy of gum Arabic within the GAC was advocated by the general manager and supported by the minister of Foreign Trade, and was opposed by some members of the BoDs. This example has obviously demonstrated that the departments and sub-units were not involved in the issue of strategy development within the enterprise studied.

Fourth, the competing interest groups within GAC evolved into a series of political moves and counter political moves for a realisation of their interests, and the influencing of decisions’ pathway and outcome. Such a finding is consistent with a wide stream of research findings that have recognised that people at least sometimes engage in politics (Pettigrew, 1973, 1977, 1985a; Hickson et al., 1986; Eisenhardt and Zbaracki, 1992; Pfeffer, 1992; Mintzberg et al., 1998). Analysis using core relations has revealed that the political moves and counter political moves by the competing groups within the enterprise studied are built on several tactics. These include mobilisation of relations with top political party members and top government officials (Peng and Luo, 2000); expertise (Pettigrew, 1973); and lobbying and coalition formation (Eisenhardt and Zbaracki, 1992; Eisenhardt, 1997). The tactics also include using language and playing with words for the legitimisation of particular demands and the de-legitimisation of others.

Fifth, “boundary relations” (BR) indicates the existence of various actors in the outer context of GAC, including the government and its supporting political party and external agents (customers). The ensuing analysis has revealed a resource dependency situation in Pfeffer and Salancik’s (1978) terms, especially a financial one, between GAC and some players within its outer context. The influence of such a dependency relationship manifested itself in the dominant role played by the governor of the Bank of Sudan, in influencing the decision-making processes within the GAC. Moreover, the ensuing analysis has proved that the competing groups within the CRS of GAC, were extended to and backed up with other interest groups at BRS (outer-context). For instance the GAC’s general manager and his supporters at CRS are supported and being supported by the government and its supporting political party at BRS. At the same time, the chairman of the board and his supporters at CRS are supported and being supported by external agents at BRS. This finding is aligned with Pettigrew who states that:

"The micro politics of the firm are inextricably linked to the macro-politics of the firm" (1985a: 43).

Sixth, the ensuing analysis using the elaboration of ‘core relations’ and ‘boundary relations’ has revealed that the government and its supporting political party was the most influential player within both CRS and the BRS of GAC. According to "the Company Law 1925" GAC was classified as public limited company as opposed to state-owned enterprises (SOEs) where the government is the principal owner, and to private enterprises where there is no government involvement. The government owns only 30% of the GAC. Moreover, the government had the formal power to appoint the chairman of the board, the majority of the board members and the general manager of the GAC. Hafsi has explained the circumstances when such a situation could happen with regard to state-controlled enterprises 'SCEs' (SCEs are different from SOEs in the sense that the govern-
ment is not necessarily the principal owner), which are somewhat similar to the Sudanese public limited companies by stating that:

"This may happen because the government has majority or, more rarely, because of special legal or institutional arrangements giving the government quasi-ownership power. The latter may, in particular, happen where the government is dominant buyer or a dominant provider of funds or where the firm's products are essential to national security" (1989: 2).

In Hafsi's terms special legal arrangements giving the government quasi-ownership power over the GAC are driven by the fact that, in most circumstances, the former is the fund provider, and the gum commodity is essential to the national security. Similarly, Lioukas et al. (1993) and Aharoni, (1981) have identified several variables in association with the degree of discretion available to managers in SCEs including among other things, the degree of dependence of the firm on the government; the legal organisation of the firm; and the percentage of government ownership. Generally speaking, resource dependency situation enabled the government to exercise extensive informal controls in addition to formal controls (Lioukas et al., 1993) on the GAC. However, the strategic nature of the gum commodity could only justify the attempts of government for 'controlling internal processes' (Ramamurti, 1987: 99-104) of GAC. The striking finding, however, as demonstrated by the ensuing analysis using "core relations" and "boundary relations" was that the influence was not only exerted by the government, but also by its supporting political party. The seriousness of such a point is that it violates the conventional notion that the government represents the interests of the whole community. In some circumstances, the political party agenda might not be in harmony with the public and enterprise interests. This in turn indicates that the government has transcended the limits that justify its intervention in the interest of the public. The approaches of the government, for controlling the internal processes in GAC were through appointing a manipulative general manager and board members (Al-Rayaam, Sep. 12, 2001) to facilitate the realisation of the political agenda, which could be understood using Weber's (1978: 943) 'domination by virtue of authority'. Turok (1984) had reported similar findings on his study on the Zambia Industrial and Mining Company (ZIMCO) where he found that the structure and composition of the board of directors and management guaranteed maximum government and political interference in the management of ZIMCO and its subsidiaries. ZIMCO's board of directors was made up of the chairman and managing directors of the subsidiary companies, who were in turn personally appointed by the president of Zambia. In Hafsi's (1985) terms the government wanted the GAC to stay at the co-operation stage (where the enterprise's management is dedicated to the government objectives). Therefore, the influence of government, although it was excessive, appeared to be direct and overt in the case of the GAC.

The Western literature that deals with the organisation as a political system has rarely considered the government and its political interest as part of the conflict (Pettigrew, 1985a; Bourgeois and Eisenhardt, 1988). The government is often assumed to play a routine role in the regulation of businesses. This research paper, however, uncovered that the government and its supported political party were the most influential player in the whole game. Having been largely overlooked by the wide stream of Western literature indicates the peculiarity of such a situation to its context. Hence, the findings of this research paper about government intervention and its influences in decision processes and outcomes is consistent with the stream of research findings that have generated from empirical studies conducted in developing contexts in general, and particularly in the contexts of African countries. Most of these studies have asserted the view that the salient hurdles that organisations may encounter in the developing contexts are government interference, political influence and political instability (Kiggundu et al., 1983; Jaeger, 1990; Kiggundu, 1990; Hafsi and Hafsi, 1989; Blunt and Jones, 1992; Miller et al., 1998; Jakobsen and Torp, 2001). Kiggundu, (1990) argues that governments play a dominant and pervasive role in managing organisations in developing countries. Whilst considering African contexts, Blunt and Jones (1992) have contended that the political realities are a crucial element of the contexts in which African organisations function. By the same token, Leonard (1987) notes that politics still dominate all organisational and policy considerations in Africa. Similar to this research when commenting on government involvement and politicisation of decision-making in sub-Saharan Africa, Miller et al. state that:
"... decision making in Sub-Saharan Africa, where government involvement is closer and instability usually greater, is widely authoritarian and politicized" (1998: 309).

Hafsi and Hafsi (1989: 162) through an empirical study in some Algerian organisations have demonstrated that the government was highly involved and that 'the high-level political interplay was a determinant of the decision outcome'. The similar situation in the GAC could be straightforwardly understood by considering the economic philosophy followed in the country (Miller et al., 1998). To recap, Sudan has just recently in the 1990s started initiatives to move from a planned and controlled economy towards a free market (Sudanow, 1992). Therefore, the country is still under the influence of a long-standing controlled and planned economic philosophy. Considering such influences, Miller et al., have contended that:

"Indeed, planned or controlled economies of a kind not found in the Western nations always reduce the scope of decision to be taken by the managers of operating organizations, and centralize those decisions that are allowed to them as for instance in countries as Egypt...and China..." (1998: 309).

Similarly, it was found that in several developing countries including Ghana, India, Malaysia and Indonesia, the structure and policies of the state have major effects on organisational processes (Jakobsen and Torp, 2001).

The situation could also be understood by considering the cultural dimension of paternalism within Sudanese society. In his study of culture and organisational change in a major Sudanese organization, Siddieg (1988) has demonstrated that there is a reciprocal relationship between superiors and their subordinates, which places the superiors in the role of "father figures" at work. The top government officials' interference in strategy making within the enterprise studied could be understood with reference to this paternalistic dimension.

Summary

To sum up, analysis using the "core relations" and "boundary relations" concepts revealed that the enterprise studied could be viewed as political systems that consist of individuals and groups with conflicting interests. Such interests were found to represent the main driver of actions and reactions of the competing groups. These findings are supported by Western literature on strategy formation. However, unlike the predominantly main-stream Western literature on strategy formation, the conflicting groups were found to exist at the top management level (including general manager level, BoDs and its committees levels, and ministerial level) as opposed to departmental and sub-units levels. Similar to the findings of research conducted in the Western contexts, the conflicting groups within GAC were found to be engaged in politics for realisation of their interests, and influencing the decision pathway and outcomes accordingly. The tactics used in such political games include mobilisation of relationships with political party's top members and government officials; use of expertise; lobbying and coalition formation; using language and manipulating of words; and reconstruction of myths and stories. Such tactics were fairly supported by the research conducted within Western milieu. The analysis has revealed strong dependency between the GAC and its outer context, especially the financial one. In addition, the competing groups within GAC were found to be reinforced by other interest groups outside the enterprise. The resource dependency situation and links between micro politics and macro politics observed within the GAC were also found to be in alignment with an extensive stream of Western literature on strategy formation. Finally, the ensuing analysis has revealed that the government and its supporting political party are the most influential players in the strategy making processes within the GAC. The tactics of the government and its supporting political party for controlling the strategy processes within the GAC include the appointment of manipulative managers and board members, and lobbying and coalition building. While the findings about the influential role of the government and its supporting political party, are contradictory to the main body of literature developed in Western contexts, they are strongly supported by the literature developed within the developing context in general and specifically in the African contexts.
References


88
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