

IMPEDIMENTS DRIVE STRATEGIC PLANNING: A REVIEW OF INDIA'S FIVE-YEAR PLANS

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Abstract

Planning¹ is an exercise to visualize or anticipate or project the future ... and act accordingly (Terry 1953; Allen 1958, 1973; Earl Strong 1965). Hence, visualizing the future and making adequate provisions to deal with the same can be termed as Planning. On the other hand, Planning is an intellectual process, the conscious determination of course of action, the basing of decisions on purpose, facts and considered estimates (Koontz, Harold & O'Donnell, 1986), such as need based objectives. Planning involves decision making through alternative courses of action, with a view to implement the same in future to synchronize with the changing environment. Should plans exist to show directions and not prophesize by rigidly fixing unalterable boundaries for any action in future? Future remains unpredictable and planning remains an effective way to meet the same in an efficient manner. However, it is seen that planning sometimes misses its mark completely. The reason for this radical miss is explained through the complexity of the elements that affect the whole planning process. The planning process, after the cerebral stage asks for an approach to form an action-plan necessary for implementation. Therefore, the essential elements of planning start with a thought, a system, an approach, a framework, before any implementation is done. The framework proposed in this paper is flexible-planning with the help of complexity theory, which holds the potential to aid planning, explain approach to planning, and overcome planning impediments as well as to indicate the idiosyncrasies that exist in achieving the planning objectives generated from the economic development of India. The methodology considered is the analytic induction technique with the case of economic development of India that has moved from socialist ideology to market ideology during the past few decades.

Keywords: Economic Development, Five-Year Plans, Complexity Theory, Planned Socialism, Market Capitalism

Research Puzzle: Planning Complexity?

It is evident that the fundamental elements of planning include current objectives and future opportunities, where complexity prevails. This complexity seems to be the causal effect of turbulence that makes the planning elements extremely dynamic and seemingly random. Paradoxically, planning, with its elements is mostly done to overcome turbulence, coupled with trouble shooting. Moreover, the pull from both sides – objectives and opportunities, magnifies the turbulence that is prevalent in the economic or business environment. Interestingly, the change in objectives (based on immediate requirement or necessity of the time), and new opportunities are the outcome of the turbulence (of the environment) itself.

This raises a fundamental question: *Should planning be done considering the current objectives or considering the future opportunities?*

¹ Summarising in basic management terms, Planning is a process of analysing Strengths and Weaknesses with respect to the ambience and relating them to Opportunities and Threats arising out of the changing environment through the course of action designed to achieve the desired objective (Kotler, 2000 pp76-79).

The assessment of the above question is sought to be answered considering the case on economic development of India, which further questions: *What should the approach to planning be? Should it be socialist ideology driven or should it be market ideology driven?*

This paper proposes a model that captures the dynamics of factor elements in planning and suggests ways to manage them. This is required, considering the research puzzle (question) as outlined above.

Methodology: Analytic Induction Technique

As suggested earlier, the overall intention of this paper remains to explain the approach to planning and a practical solution to overcome the impediments (such as turbulence in environment) with the help of data instance from the economic development of India. However, to do so, it is essential to describe the appropriate method for analysis of the above research puzzles.

It is important to note that statistical and probabilistic techniques cannot be used on instances of planning instance for a nation, as these composite instances are far too less for any quantitative relevance. This leaves with the option of qualitative analysis, where the elements are described with detailed qualitative importance. Hence, this study warrants the use of *analytic-induction*² technique, where the underlying ‘process’ of the system is explained in qualitative terms.

Analytic induction commences from an existing theoretical position, and then compares the theory, or emerging theory, with the evidence obtained by idiosyncratic instances selected on the basis of its possible contribution to theory, and theory is then modified in the light of such scenario instances from the case (Wollin, 1995). This iterative process of systematic comparison-analysis of instance and theory is repeated until the theory becomes empirical, evidenced by idiosyncratic instances.

Theory³ of Complexity⁴

Complexity theory seeks to explain the behavior of complex systems. When multiple variables of the *economy-system* interact with each other, they behave in a non-linear way and operate with nested type (network) feedback loops and are mostly turbulent, chaotic and lacking order (Wollin, 1999). They are in fact complex systems with inherent dynamic properties of non-linearity. These complex systems acquire information by finding, comparing and filtering out regularities from its environment to form a pattern or schema, and interacts with the environment based on this schema. The existence of pattern show that complex systems are not forms of pure random. However, the complexity of pattern (schema) appear random and the cause-effect relationship although exists, becomes difficult to understand.

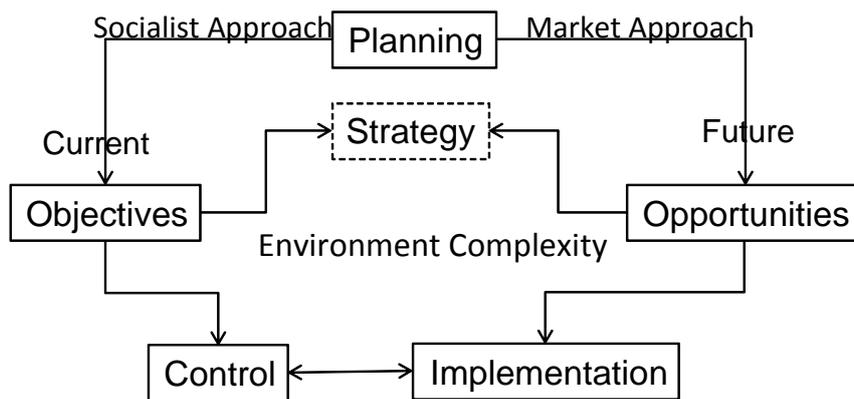
² It is seen that similar studies mostly incorporate a modified form of *analytic induction* (Denzin, 1978:191-196; Yin, 1994), combined with *case* (Wollin, 1996), as a flexible technique for obtaining, ordering and analyzing primarily qualitative instances (Wollin, 1995; Eisenhardt, 1989; Pettigrew, 1995). As such, the *case(s)* include the retrospective longitudinal and processual analysis techniques of Pettigrew (1995:6-7), including his emphasis on *content*, *context* and *process*.

³ Theory is a simplified explanation of Practice (Wollin, 1999). Some amount of simplicity is needed to understand the complexity of Practical instances. An analogy of theory would be a road-map that has some convenient scale to help us understand the direction and road to be taken.

⁴ Complexity arises when multiple elements affect each other and get affected in return, outlined in popular terms as Lorentz Effect, where flapping of butterfly wings causes rain elsewhere.

A small initial change or event can dramatically change the outcome in complex systems (Gell-Mann, 1994). The environment that provides change and information is considered as a socially constructed reality, an artifice (Simon, 1996). Hence, the initial conditions of the environment and the system however exhaustive are considered inaccurate. Moreover such systems are “path dependent” (David, 1985), which is reinforced by the lack of transparent link between the cause and its effect.

Complexity offers a new insight by moving away from other conventional paradigms that assume that industry-system behave in a relatively static and predictable way. Therefore, this theory promises to explain the dynamism and unpredictability that is inherent in planning, by acknowledging the complexity of the industry-system and the environment.



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