

Towards Establishing Organizational Legitimacy: The Early Years of Amul (1946 - 1965)

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Abstract

Taking the case of a successful Indian cooperative- Amul, this paper examines the role of organisational legitimacy in the sustainability of cooperatives. Adopting a rigorous methodological approach of pattern matching, thematic analysis and text mining of various primary and secondary sources, we showcase how Amul achieved sustained success and legitimacy through the alignment of its goals and objectives with those of its key stakeholders. We focused majorly on three major stakeholders that contributed heavily to Amul's attainment of sustained competitive advantage—customers, farmers & cooperative members, and the government. Customers are integral to pragmatic legitimacy, focusing on the quality and reliability of products. Farmers and cooperative members contribute significantly towards moral legitimacy as they prioritise fair practices and equitable benefits. The role of farmers and cooperative members is also seen through the theoretical lens of Common Good HRM (CGHRM), and the authors have extended the theory to include the role of trusteeship in CGHRM practices. As for the role of government, we have analysed how Amul's strategic decisions and operations were closely aligned with the Indian government's objectives, which helped them achieve long-term stability and success. The synergy achieved by the interaction of these three stakeholders is the key to Amul's success.

Keywords: Amul, CGHRM, India, Milk, Stakeholder, Organisational Legitimacy

Introduction

According to the International Cooperative Alliance (ICA, 2005), a cooperative is a democratically controlled organisation formed by a group of people who meet voluntarily to fulfill mutual economic and social needs, such that the benefits obtained through cooperation outweigh the benefits achieved through individual efforts. Scholars have historically positioned cooperatives as appropriate channels to reduce poverty, enhance empowerment, and create employment (Barton, 1989; Philip, 2003; Van Niekerk, 1988). They play a critical role in developing institutional variety in the market economy by offsetting oligopolies, monopolies, and monopsonies (Levi & Davis, 2008; Normark, 1996). The guiding philosophy is that it works for the mutual benefit of producers and consumers based on the development of social networks (Normark, 1996). They can provide the workers with meaningful work, job safety,

and security, all while ensuring individual agency and control over their work (Tortia, 2018; Iliopoulos & Valentinov, 2018). There are many examples of successful cooperative organisations, such as Zen-Noh, Corporación Mondragón, and REWE group, among others (Lechleitner, 2022). In fact, the belief in their efficacy is such that, in recent years, workers have taken recourse to technology in forming cooperatives. Accordingly, the literature is witnessing an increased interest among scholars in ‘platform cooperatives’ (e.g., Schor, 2020; Bunders, 2021; Bunders et al., 2022; Mannan & Pék, 2021), which are positioned as an antidote to the investor-owned platforms and the associated ills.

However, the survival of the cooperatives has always been a matter of concern among scholars. A little more than four decades ago, Jones (1979) estimated that few producer cooperatives in the United States survived beyond 30 years. In fact, the failures of large-scale cooperatives in recent decades, such as the cases of Fagor in Spain, the Saskatchewan Wheat Pool in Canada (Fulton & Larson, 2009), and the near meltdown of the Cooperative Group in the United Kingdom (Davis, 2013) have lent credence to these fears. Scholars have identified a number of reasons for cooperative failures, such as a lack of understanding among members on the purpose of a cooperative, their obligations and rights, or how to manage their business (Chaddad & Cook, 2004; Zhang & Donaldson, 2017). Cooperatives’ failure to provide transport for the delivery of members’ purchases, lack of membership identity with their cooperatives, and lack of understanding of members’ roles were also contributory factors (Machete, 1990). Some other authors attribute the failure to limited trust within the group, lack of business management skills, resistance to professional management, and shortsightedness among members (see Kasabov, 2016 for a discussion). Even there are concerns about the survival of the platform cooperatives. Bunders et al. (2022) suggest that workers earning low income may be unable to invest in a platform requiring complex technology. Further, platform cooperatives may not be sustained if gig workers depend on them to earn part-time (Bunders et al., 2022). Bunders & Moor (2023) have also identified nine paradoxes that platform cooperatives suffer from, which can frustrate their members and quicken their extinction. Finally, Basterretxea, Heras-Saizarbitoria, & Lertxundi (2019) have presented evidence on how HR practices (or rather difficulty in implementing HR practices) in cooperatives can lead to their deterioration.

This research, therefore, sets out to answer the following research question: *How can cooperatives become sustainable?* Towards that, this paper examines Amul, an Indian cooperative that has been around for close to eight decades. It grew from a small, regional,

purely marketing organisation into a nationwide diversified and multiproduct company with expertise in producing milk and dairy products (Bellur, Singh, Chaganti & Chaganti, 1990). The story of Amul is interesting, for, like any cooperative, it was initiated as an alternative to the exploitation by a privately owned dairy, the Polson Dairy, which had the backing of the Government. However, Polson could not match the competition from Amul, so it had to close down eventually. The “Amul Model” of cooperative growth later became the blueprint for the National Dairy Development Board (NDDB), which pioneered dairy development as a means of socio-economic progress in India through Operation Flood in 1970 (Jain, 2020). Cooperatives mushroomed throughout the nation allowing the rural farmer to control the markets and the processing units directly. Surplus rural milk was used to diversify the rural economy and expansion of markets (Achaya & Huria, 1986).

Studying various primary and secondary data sources, we argue that sustainability in cooperatives can be achieved through organisational legitimacy. We have focused on organisational legitimacy, as it helps us understand how, under the visionary leadership of Dr. Verghese Kurien, Amul strategically aligned all its operations with societal norms and values that resonate deeply with its stakeholders. This alignment facilitated Amul's acceptance and support within the community and became a medium to reinforce its long-term sustainability. To showcase this, we explored the role of three major stakeholders that contributed heavily to Amul's attainment of sustained competitive advantage—*customers, farmers & cooperative members*, and the *government*. The synergy achieved by the interaction of these three stakeholders is the key to Amul's success. Organisational legitimacy revolves around the perception that an organisation's actions are socially desirable and appropriate per the environmental and situational demands. For legitimacy to manifest, it is assumed that the organisation functions on a set of norms and values, which is critical to driving its success (Suchman, 1995). For instance, Amul's responsiveness to the needs and expectations of its customers has solidified its market presence, which, in turn, helped it foster long-lasting trust within the consumer base.

As for the farmers and the cooperative members, we adopt the theoretical lens of Common Good HRM (CGHRM) to illustrate Amul's forward-thinking, sustainable practices. CGHRM is a new type of sustainable HRM practice that scholars (e.g. Aust, Matthews, & Muller-Camen, 2020; Duvnjak & Cohont, 2021) are positioning as the core of sustainable development and corporate accountability. CGHRM principles focus on social and ecological welfare; they shift away from the profit maximisation mindset and work towards the common good of the

stakeholders, climate, and society (Aust, Matthews, & Müller-Camen, 2020). It is interesting how Amul had embraced the CGHRM principles much before the term or even the UNSDG was conceptualised. Furthermore, Amul exemplified legitimacy by aligning its operations and goals with the broader interests of the Government, the most influential stakeholder in the country, thereby securing essential support and resources for its growth and sustainability (Suchman, 1995; Hudson et al., 2019).

This study makes three major contributions. Firstly, it underscores how cooperatives like Amul can achieve sustained success through the strategic attainment of organisational legitimacy. Secondly, it makes a theoretical contribution by contributing to the under-researched framework of CGHRM. It also extends the concept of CGHRM to the literature on cooperatives. Furthermore, introduces the notion of trusteeship and extends the theoretical discourse on CGHRM. Lastly, it adopts a unique historical methodology by employing pattern matching and thematic analysis to study the Indian cooperative movement spearheaded by Amul.

Indian dairy industry before Amul

From being a milk-deficit nation to now the largest producer of milk in the world (Ministry of Fisheries, Animal Husbandry & Dairying, 2022), India has undoubtedly come a long way. As per the recent report by the National Dairy Development Board ¹(NDDB), during 2022-23, India exported milk and milk products worth Rs 3.36 thousand crores, roughly equal to \$405 million (National Dairy Development Board, 2023). A significant chunk of this success can be traced back to the cooperative movement successfully implemented in the small district of Anand (in the state of Gujarat, India), later crowned as the Milk Capital of India (Priyan, 2015).

The story of the modern dairy industry in India began much before in the pre-independence era when the English set up military dairy farms in the famous cantonment regions in 1891. The first of these farms was set up in Allahabad in 1913; subsequent facilities were established at Bangalore, Ootacamund, and Karnal (Banerjee, 1994). These military dairy farms initiated the crossbreeding practices between Indian cows and imported bulls (Chawla, 2007). Improvement in the herd was also made using artificial insemination (Banerjee, 1994). However, the produce of these farms was not accessible to the urban consumer.

¹The National Dairy Development Board (NDDB) is a statutory body that promotes, plans, and organises programs for the development of dairy, agriculture, and allied industries. It was founded in 1965 by Dr Verghese Kurien & Lal Bahadur Shastri, former prime minister, to replace exploitation with empowerment.

The urban consumers instead depended on the milk vendors, who kept cattle in the cities. Milk was often sold door-to-door. The growing population in the urban areas led to a higher demand for milk. Cities, therefore, witnessed the mushrooming of several cattle sheds (Banerjee, 1994). This resulted in truckloads of cattle feed and fodder being transported to the cities, putting the roads and railroads under stress. Cattle waste, dung, and litter choked the overloaded sewage systems of the cities, making their environment unhealthier and unsustainable (Kurien, 2005).

Moreover, the living conditions of the cattle were pitiable. Often, the calf will accompany the mother to stimulate milk production. In a matter of days, the she-buffalo will be trained to produce milk without the calf. Then, the calves will be killed either by starving or drowning. Additionally, once the she-buffalo stopped lactating, she was sent to a slaughterhouse. It was not economically viable for the cattle owner to look after and nurse these ‘unproductive’ animals. As a result, the country was systematically drained of its genetically superior breeds, significantly reducing milk production (Kurien, 2005).

The milk that finally made to the consumers’ homes was unhealthy and unhygienic, with diminished nutritional value. Moreover, since the amount produced was insufficient to meet the cost, water was added to it to increase the volume. More often, the water added would be impure, and hence, the consumer would be purchasing milk that was both highly priced and adulterated (Kurien, 2005). A laboratory test reported the following at that time, “The milk of Bombay is more polluted than the gutter water of London” (Kurien, 2005).

Thanks to World War II, private dairies received a stimulus to grow, with Polson, Keventers, and Express Dairy being some of the pioneer urban processing dairies (Banerjee, 1994). Pestonji Edulgi Polson, the promoter of Polson’s Dairies, arguably pioneered the transport of milk over 350 km from Anand to Bombay. He pasteurized milk in his cream pasteurizer and transported it in cans wrapped in gunny bags with chilled water splashed on them (Kurien, 2005). However, private dairies hardly cared about the quality of the milch animals and instead solely focused on maximizing milk procurement from farmers through middlemen or their staff (Banerjee, 1994). Polson actually demanded that the Government pass an order that he be the only collector to whom the farmers could sell their milk in the Kaira region². When the Government relented, Polson effectively became a monopoly. Polson would not share the gains with the farmers, nor could the farmers sell the milk elsewhere, essentially leading to their

²Anand city is in Kaira district, which is in Gujarat state, India

exploitation (Kurien, 2005). In summary, the dairy industry in India before Amul was largely unorganised (Banerjee, 1994).

Organisational Legitimacy, Sustainability and Stakeholder Influence

Organisational legitimacy has been a topic of interest for nearly six decades now, and it has proven to play a critical role in an organisation's sustained success and viability within its environment. Suchman (1995) described legitimacy as the generalised perception that an organisation's actions are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions. In his description, he further delineated the concept of legitimacy into three types- *pragmatic*, *moral*, and *cognitive*. In pragmatic legitimacy, stakeholders perceive that the organisation's objectives align with their personal interests. Moral legitimacy involves aligning organisational practices with broader ethical standards and societal values, while cognitive legitimacy depends on stakeholders understanding and accepting the organisation's purpose and methods. There is extensive empirical work that shows such a strong link between the existence of organisational legitimacy and the long-term sustainability of the organisation. For instance, in a study of hospitals, Ruef and Scott (1998) consistently found that organisational survival was more likely in organisations with high levels of managerial and technical legitimacy. Kostova and Zaheer (1999), likewise, examining a multinational enterprises case, looked at how notions of organisational legitimacy eased coordination of exchange and diminished regulatory compliance costs. Díez-Martín and colleagues looked at the influence of different dimensions of legitimacy on economic performance and access to business resources in Spanish Mutual Guarantee Societies (2013). These studies together help us understand the multifaceted nature of legitimacy and also highlight its importance in the long-term sustainability and success of any organisation.

Organisational legitimacy has been well studied in the scholarly arena; however, most studies focus on conventional forms of organisation, and not enough work has been done assessing what this could entail in the context of cooperatives. As cooperatives are by their nature unique, they make for a difficult case to assess for legitimacy. Unlike the typical organisational setup, cooperatives need to balance between getting the work done and being democratic, implementing a sort of democratic efficiency. This requirement, therefore, requires tailored legitimacy strategies in function of the form of organisation (cooperative). These strategies must consider the particular social and environmental context. This paper sets out to explore

the role of organisational legitimacy influenced by a variety of stakeholders in order to consider this.

Stakeholders have a critical role in shaping organisational legitimacy. They include any individual or group of individuals who affect or are affected by the organisation's actions and whether or not it meets its objectives (Freeman, 1984). It is imperative for organisations to identify and understand the stakeholders' expectations, needs, and values to achieve sustained legitimacy. Hudson and colleagues (2019) noted that successful stakeholder engagement enhances the legitimacy of an organisation while simultaneously influencing the stability and performance of the organisation. Managing legitimacy also involves the complex interplay between maintaining continuity and enhancing credibility (Suchman, 1995). Organisations must balance the need for stable operations with the requirement to adapt and respond to changing environmental and societal expectations. In this paper, as mentioned before, we focus on three important stakeholders- customers, farmers, members of the cooperatives, and the government. Customers are integral to pragmatic legitimacy, focusing on the quality and reliability of products. Farmers and cooperative members contribute significantly towards moral legitimacy as it prioritise fair practices and equitable benefits.

Under pragmatic legitimacy, Suchman (1995) discussed the notion of influence legitimacy. This form of legitimacy is achieved when an organisation's actions and goals are perceived to align with the broader interests of its stakeholders, particularly the influential ones. It goes beyond forming transactional relationships as, under the influence of legitimacy, organisations align their operations and strategies with the larger goals of powerful stakeholders, thereby earning their support for the organisation's overall mission and role in the community. This concept of influence legitimacy is clearly demonstrated in the case of Amul. During the period following India's independence, Amul's strategic decisions and operations were closely aligned with the Indian government's objectives, which helped them achieve long-term stability and success. The subsequent sections will discuss the role of each stakeholder in detail while also highlighting specific instances where the complex interplay of these stakeholders can be seen in action. Highlighting the role of each stakeholder helps us understand the narrative. Also, it looks at how the synergy caused by the stakeholder management strategies leads to maintaining continuity and enhancing credibility in organisational legitimacy, thereby influencing the stability and performance of the organisation.

The cooperative structure of Amul

“What use is democracy in Delhi if we do not have democratic institutions at the grass-roots level?”

– Dr. Verghese Kurien (p. 82, 2005)

The above statement is the foundation on which Amul was created and continues to thrive. In response to the exploitative practices of Polson and as an expression of resentment against its middlemen, the farmers of the Kaira district in Gujarat went on strike. On the advice of Sardar Vallabhbhai Patel, Morarji Desai led the initial struggle of the farmers in 1946. Desai, the then Secretary of the Gujarat Provincial Congress Committee, arrived at Kaira district on a cold January morning and conducted his first meeting in Chaklashi village. Only two resolutions were passed in that meeting. First, no milk would be sold to Polson dairy henceforth by any farmers. The second is to have a cooperative in each of the villages in the Kaira district for the collection of milk. Further, a union of these cooperatives at Anand will be responsible for milk processing. As a result, the farmers will have full supervision of the entire value chain.

When Desai insisted that the Government (through its Bombay Milk Scheme) purchase the milk from the farmers' cooperative, it was refused, owing to previous agreement with Polson. As a result, the farmers called for a strike and poured all the milk that was collected on the streets, but not a drop was given to Polson. Polson's milk collection came to a standstill, and so did the Bombay Milk Scheme, through which the city of Bombay supplied milk. This forced the Government to agree on a business relationship with the farmers' cooperative. Once a market had been assured, Tribhuvandas Patel, a farmer leader and a Gandhian, walked relentlessly across the villages of Gujarat and persuaded the farmers of the Kaira district to form cooperative milk societies. By December 1946, five societies were formed, which came together as the Kaira District Cooperative Milk Producers Union Limited (KDCMPUL), the precursor to Amul. Soon, India became independent, and the KDCMPUL was able to request and procure a part of the old government research creamery for a monthly rent of INR 9000/-³ for milk processing (Kurien, 2005).

Fig. 1 summarises the cooperative structure of Amul. The ownership of the organisation is completely pillared on the farmers. It has three tiers, with the primary cooperatives at the village level, a cooperative union at the district level, and a cooperative federation at the state level. The village cooperatives have farmers as members (usually 200 or more) and are governed by an elected Managing Committee consisting of 9 – 12 elected representatives. The

³Based on the inflation rate from the time period of 1960 to 2024, the equivalent rate today of INR 9,000 from 1946 would be approximately INR 1,378,215.

Managing Committee elects a Chairman from among them and appoints a Secretary and staff. Village cooperatives aggregate milk from milk producers at the village level and pay them based on quantity and quality. They also provide support services to the members, such as veterinary first aid, artificial insemination breeding service, sale of cattle feed, mineral mixtures, and fodder seeds. They are also responsible for training on animal husbandry and dairying (Gandhi & Jain, 2011).

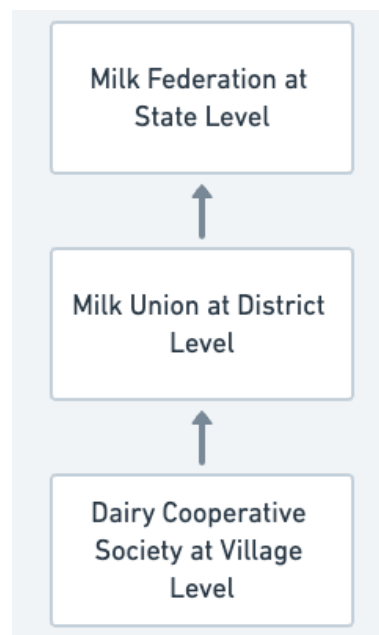


Figure 1: Cooperative Structure of Amul

The Chairmen of each village cooperative represent their village as a member of the district-level Milk Union, which is the second tier in the three-tier structure. The Milk Union is governed by an elected Board of Directors with 9 – 18 elected representatives from among the village cooperative Chairmen. The Board of Directors elects a Chairman and appoints a professional Managing Director and staff. The Milk Union's primary role is to procure raw milk from the village cooperatives of the district, transport it from the villages to the dairy plant owned by the Milk Union, and process it into pasteurised milk and other milk products. It also supports the villages in terms of veterinary services, breeding services, and cattle feed. It also supervises and trains the village cooperatives (Gandhi & Jain, 2011).

Finally, the State-level Federation is situated at the apex level of the three-tier structure. While all the Chairmen of the Milk Unions are its members, it is governed by a Board of Directors elected from within the Chairmen of the Milk Unions. The Board elects a Chairman and appoints a professional Managing Director and staff. The Federation primarily strategizes the marketing of the milk and milk products manufactured by the Milk Unions. It also manages

the distribution network for the milk and the milk products as well as the supply chain network. It also supports the Milk Unions with technical inputs, management support, and advisory services (Gandhi & Jain, 2011). Table 1 reveals the size of Amul as of 2023.

Members		18 District Cooperative Milk Producers' Unions
No. of Producer Members		3.64 Million
No. of Village Societies		18,600
Total Milk Handling Capacity per Day		41 Million Litres
Milk Collection (Daily Average 2022-23)		25.9 Million Litres
Cattle Feed Manufacturing Capacity		10,000 MTs Per Day
Sales Turnover (2021-22)		Rs. 55,070 Crores (US \$7.2 Billion)
Year	Sales Turnover (Rs. Million)	Sales Turnover (US \$ Million)
1994-95	11,140	355
1995-96	13,790	400
1996-97	15,540	450
1997-98	18,840	455
1998-99	22,192	493
1999-00	22,185	493
2000-01	22,588	500
2001-02	23,365	500
2002-03	27,457	575
2003-04	28,941	616
2004-05	29,225	672
2005-06	37,736	850
2006-07	42,778	1,050
2007-08	52,554	1,325
2008-09	67,113	1,504
2009-10	80,053	1,700
2010-11	97,742	2,172
2011-12	116,680	2,500
2012-13	137,350	2,540
2013-14	181,434	3,024
2014-15	207,330	3,410
2015-16	229,720	3,500
2016-17	270,850	4,100
2017-18	292,250	4,500
2018-19	331,500	4,800
2019-20	385,500	5,100
2020-21	392,480	5,300
2021-22	464,810	6,200
2022-23	550,700	7,200

Table 1: Amul Financial Report

Methodology

In this study, we used various data sources. The primary source is the memoir of Dr. Verghese Kurien, *“I Too Had a Dream”* (Kurien, 2005). This memoir details his experiences as an “employee of the farmers”. He has carefully documented the history of the Indian dairy industry as well as his role in building the cooperative dairy that is Amul, acknowledging almost all the principal actors who co-created the organisation with him. He has also documented his challenges with his characteristic candour as he tried to revolutionise the Indian milk industry by replicating the Anand production pattern throughout the nation under the Operation Flood program. Previous research has illustrated that memoirs and autobiographies have the potential to offer rich, in-depth insights about an individual’s life, shedding light on critical incidents that shaped their leadership journey (Mathias & Smith, 2016).

To ensure a robust analysis and corroborate our findings, we also coded another book on Dr. Verghese Kurien, *“The Utterly Butterly Milkman,”* edited by his daughter, Nirmala Kurien (Kurien, 2021). The book is a birth centenary commemorative, which includes narrative stories by 70 individuals, colleagues, collaborators, family members, students, and others, recollecting their time and experience with Dr. Kurien. The book also provides distinct insights on the culture of Amul and how Dr. Kurien kept the cooperative together despite many opposing individual and institutional forces. In the memoir and commemorative book, Dr. Kurien and various others speak about the role played by various stakeholders in shaping the legacy of Amul. This makes these two sources ideal for answering our primary research question. While there are numerous instances in the book that talk about the long-term sustainability of the cooperative, our analysis is limited to the year 1965. There are two reasons for this criterion. First, Dr Verghese Kurien left for NDDB in 1965 to spearhead Operation Flood⁴, and second, we have focused our analysis to include the first three five-year plans set by the government of India to understand how the organisational legitimacy of Amul was impacted by its strategic alignment with developmental objectives of the nation.

Apart from this, we also studied the speeches made by Dr Kurien during his tenure as the Chairman of Amul and his published research papers. Refer to the table below for more details about the sources used. These sources serve as a medium for triangulation, wherein we adopted the pattern-matching approach (Langley, 1999) and overlaid the themes from Dr Kurien’s autobiography with the recollection of incidents from others’ perspectives. Adopting this

⁴ While he was in charge of Operation Flood, he remained the chairman of Amul till 1998.

approach ensures the mitigation of unintended biases like single-source and retrospective biases. The pattern-matching technique also helped us avoid confirmation bias (Almutairi et al., 2014), as by comparing different themes across the books and speeches, our analysis found a consistent narrative, reducing the influence of unintended preconceived notions.

S.No.	Resource Type	Reference
1	Books	Kurien, V. (2005). <i>I Too Had a Dream</i> . Kurien, N. (Ed.). (2021). <i>The Utterly Butterly Milkman</i> .
		Speech of Chairman, Dr V Kurien: 31st Annual Report 2004-2005 Speech of Chairman, Dr V Kurien: 30th Annual Report 2003-2004 Speech of Chairman, Dr V Kurien: 29th Annual Report 2002-2003 Speech of Chairman, Dr V Kurien: 28th Annual Report 2001-2002 Speech of Chairman, Dr V Kurien: 27th Annual Report 2000-2001 Speech of Chairman, Dr V Kurien: 26th Annual Report 1999-2000 Speech of Chairman, Dr V Kurien: 25th Annual Report 1998-1999 XXV Dairy Industry Conference, March 24, 1994 Vallabhbhai Patel Memorial Lecture, August 30, 1991 Cooperative Leadership & Cooperative Values, 1991 Sardar Patel University, December 15, 1990 Bal Dattatraya Award Lecture, December 12, 1990 Shri Ram Memorial Lecture Cooperatives and Capital, December 13, 1989 Presentation of the World Food Prize, October 17, 1989, Washington Convocation Speech at Indian Institute of Management, Ahmedabad, April 4, 1988 Shastri Indo-Canadian Institute Dimensions of Development, March 9, 1988 South Gujarat University, January 16, 1988 Prof.J. C. Kane Memorial Lecture, February 10, 1987 Third Jawaharlal Nehru Memorial IFFCO Lecture, September 3, 1986 Maharaja Sayajirao University of Baroda, May 13, 1986 Socio-economic Impact of Operation Flood, December 10, 1983 1st Sardar Patel Memorial Lecture, January 29th, 1982 Mohan Kumaramangalam Memorial Lecture, November 2, 1982 Breed improvement and milk production, August 28th, 1982 All India Women's Conference, October 17, 1981 Dr. Vikram Sarabhai Memorial Lecture, March 7, 1978 National Investment and Finance anniversary, December 20, 1975 Rajmitra A. D. Amin Memorial Lecture Series, December 16, 1972
2	Speeches	
3	Research Papers	Kurien, V. (2000). India's milk revolution. <i>Ending Poverty in South Asia</i> , 37.

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- Chakraborty, S. K., Kurien, V., et al. (2004). Management paradigms beyond profit maximization. *Vikalpa*, 29(3), 97-118.
- Kurien, V. Gujarat Cooperative Milk Marketing Federation Ltd. (GCMMF).
- Kurien, V. (2001). Operation Flood: Milk: India's Food Security. *World Affairs: The Journal Of International Issues*, 40-50.
- Kurien, V. (2004). India's milk revolution: Investing in rural producer organizations. *The World Bank, Gujarat*.
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Table 2: Data sources used for analysis

We applied purposeful sampling in selecting incidents based on their relevance and the role played by each of the stakeholders. While the overarching theme is how Amul achieved organisational legitimacy through the role played by various stakeholders, specifically for the farmers and members of the cooperative, we applied the CGHRM framework to ensure a focused and theoretical-driven analysis analogous to the standard set in the scholarly domain (Patton, 2005; Short, Ketchen, and Palmer, 2002).

Customer-Centric Legitimacy: Amul's Strategic Focus

As an organisation, Amul has always strived to strike the right balance between the producers and the consumers to maximise everyone's utility. This balance helped Amul achieve legitimacy in the eyes of not only the producers and the cooperative members but also another critical stakeholder of Amul, i.e., its customers. Gaining legitimacy in front of customers was essential for Amul's success. After India gained independence, there was a lot of turbulence in the market, stemming from increased competition and regulatory changes. Initially, Amul faced many difficulties in gaining acceptance in the market due to the taste and quality of its butter and other milk products. Initially, India imported all milk-related products, and as compared to the sourced products, customers were not impressed by the taste of Amul butter and described it as "flat" (Kurien, 2005). Reacting promptly to this, Amul incorporated a chemical additive- diacetyl, which worked as a taste enhancer. While this solution was well within the legal standards, the company ensured transparency at the time of product marketing, where it was clearly mentioned that "permitted flavours added" to the packaged good. This transparency and responsive approach was well appreciated by the consumers and led to the quick adoption of Amul butter in the domestic market (Kurien, 2005).

Apart from taste modification and enhancement, Amul focused heavily on other quality dimensions like salt content, moisture levels, and colouration. These dimensions were not just taken as technical decisions but were looked at from the point of view of ethical considerations, keeping in mind the needs of the customers and what they value. For example, the shelf life of

their butter could have easily been extended by increasing the salt content, and this would have led to higher savings and profitability, but the guiding principle of Amul was and still is- to not compromise on product quality and provide the customers with a value for their money.

“One of the basic principles that Amul stood for – giving the customer quality products – would never allow us to cut corners. Value for money was then, and has remained, the fundamental principle for Amul.” (Kurien, 2005)

“As the Chief Executive of their cooperative, my main goal became to ensure the best deal for the farmers, within my capacity, without exploiting the consumer. The best way to do this was, of course, to give the consumer products of extremely high quality and that is what we at Amul worked hard to do.” (Kurien, 2005)

Fast forward to many years later, the customer-centric practices of Amul became much more pronounced following the liberalisation of India's dairy sector in 1991. Amul again adopted responsiveness and proactiveness to align itself with the evolving demands of the market, where customer preferences and quality expectations were becoming increasingly crucial. Owing to this approach, Amul gained legitimacy again and again through various iterations by keeping the customer-focused approach and strategy in mind.

Amul and Farmers: Sustained by CGHRM

Common Good Human Resource Management (CGHRM) marks a paradigm shift from the traditional and outdated approach to sustainable HRM. The need for this model of sustainable HRM arose when traditional models like green HRM and double-triple bottom-line HRM could not address societal and ecological issues (Daly & Cobb, 1994; Dyllick & Muff, 2016). This approach integrates social and ecological responsibilities while achieving the organisation's economic objectives (Aust, Matthews, & Müller-Camen, 2020). It goes beyond mere conventional CSR initiatives of an organisation and adopts a holistic approach to promote social equity and work towards the common good (Aust, Matthews, & Müller-Camen, 2020). CGHRM is built on practices designed to enhance the overall well-being of the employees and develop a positive working relationship, which again has the potential to improve individual and organisational performance (Guest, 2017). It fosters creativity and innovation within the organisation (Chiva, 2014) and can effectively align the goals of individuals, organisations, and the economy towards the common welfare (Arjoon, Turriago-Hoyos, & Thoene, 2015).

Much like any other sustainable HRM initiative, the success of adopting the CGHRM approach also depends on the organisation's leadership (Singh et al., 2020). As the CGHRM approach aims to address the grand challenges associated with the new age of business, such as climate

change, youth unemployment, poverty, and others, various leadership qualities are associated with the CGHRM framework to address these challenges. Leadership qualities like self-discipline, trusteeship, empathy, listening, and mindfulness in decision-making are essential for leaders so that their focus always remains on the common good, even while facing adverse and challenging situations. These qualities ensure that the leaders recognise the importance of a fair and inclusive workplace and consider the long-term implications of their actions and their impact on the environment and society (Badaracco, 1998; Gardner, 2007; Gellerman, 2003).

As highlighted by Aust and colleagues (2020), there are four principles to the CGHRM approach – *outside-in perspective*, *equity and fairness*, *democracy*, and *the psychological contract*. The *outside-in perspective* is the fundamental principle behind the approach; it shifts the focus from the traditional HRM approach, ‘inside-in’ (profit-seeking), to outside-in, profit alongside welfare (Dyllick & Muff, 2016; Hollensbe et al., 2014). The objective is to contribute to the grand challenges and address some UN Sustainable Development Goals (UNSDGs). The *equity and fairness* principle focuses on building long-term trusting relationships within and beyond the organisation’s boundaries, which leads to organisational success (Cohen et al., 2012; Muller-Camen & Elsik, 2014). The third principle, *democracy*, focuses on the organisation’s culture, where each employee has an equal right and voice in decision-making (Bal & de Jong, 2017; Battilana, Feuerstein, & Lee, 2018). The final principle is about upholding the *psychological contract* at the workplace, which includes providing meaningful work, job safety and security, and a commitment towards the overall well-being of the employees (Felber, 2015; Honeyman, 2014). If and when applied to the cooperative context, the CGHRM framework offers promising potential for success, wherein the social welfare of the employees alongside economic gains would be attainable. Our analysis reveals that a strong CGHRM orientation in Amul supports the three-tier structure. Below, through the memoirs of Dr. Kurien, we discuss how Amul's culture abides by each element of CGHRM.

Centered on an outside-in perspective

“It was my fortune or fate, call it what you may, that Tribhuvandas took a fancy to me and that I recognized an opportunity in what he was asking of me. An opportunity not only to serve myself but also to work for the larger good. This is one of the most important lessons in life that I was to learn. Working with Tribhuvandas and Kaira’s dairy farmers, I saw that when you work merely for your own profit, the pleasure is transitory; but if you work for others, there is a deeper sense of fulfilment and if things are handled well, the money, too, is more than adequate.” (Kurien, 2005)

As explained before, the outside-in perspective focuses on solving the world's challenges, like climate change, corruption, migration, and youth unemployment. Here, the focus of the business shifts from a purely profit-based logic to a profit-welfare-based logic. The aim is for organisations to use their resources and competencies to address a few of the challenges mentioned above (Dyllick & Muff, 2016). The apprehension comes when organisations think this is not sustainable from the long-term perspective. However, Amul and its leadership had never doubted this.

Income security and equality

To begin with, Amul's primary objective was to ensure economic security for the dairy farmers. In the words of Dr. Kurien, *"My main goal became to ensure the best deal for the farmers, within my capacity, without exploiting the consumer."* (Kurien, 2005). Nirmala, his daughter, who witnessed her father managing the cooperative on a regular basis mentions, *"Inclusivity, or the more fashionable term of today-double bottom-line-was something he practised even before it became popular as a word. For him, that was true empowerment. And many leaders were inspired by this. Some acknowledged him in public, and many in private."* (Kurien, 2021).

However, Amul had a larger vision, too. It inspired equality at the grassroots level. It ensured that the farmer did not just see it as a vehicle for economic progress but also moral progress.

In the words of Dr. Kurien-

"The story of Amul, however, is not merely the story of garnering profits for the farmers. As the cooperatives started functioning, something far more unique began taking place in the villages of Kaira district.....Imagine the situation when 5,40,000 farmer members stand in line at 960 village milk collection centres across the district, irrespective of sex, religion and caste. What does it do to a 'high-caste' Brahmin to stand behind a Harijan because he came after him? What does it do to the Harijan to stand in front of the Brahmin because he came earlier? Is it only an orderly milk collection? Is it not a blow to the caste system? What does it do to both of them to watch their milk flow into the same can?" (Kurien, 2005).

Standing up for the nation

However, Amul did not just limit itself to altering its farmers' livelihood and approach to life. It transcended its engagement beyond the boundaries of Kaira for the nation during the 1962 Sino-Indian conflict. Through the Government, Amul was approached by the Indian Army with a critical request: to provide the military with enormous quantities of milk powder. Without missing a beat, Dr. Kurien, on behalf of Amul, calculated and assured his support. At that time, Amul didn't have the operational resources to fulfil the demand, but he calculated that with the

support of the local government, he could leverage the core competencies to fulfil the request. True to his words, he delivered 2750 tons of milk powder to the Indian Army within six months at the standard rate, forgoing the profit Amul would have earned had it sold it to regular consumers. Although the Government was willing to meet any and all of Amul's demands, he only focused on the common good. According to him, *"If Amul uses this emergency to squeeze money out of the Government, then it is an unworthy organisation. I want nothing."* (Kurien, 2005). The farmers got a fair price, and Amul could serve the nation as a worthy corporate citizen.

Seen from a social exchange lens (Cropanzano & Mitchell, 2005), Amul's activities were reciprocated with increased engagement from farmers and a long-term friendship with the government. The anonymous farmer in an isolated district of Western India was suddenly transformed into a warrior for the cause of the nation. This resulted in increased farmer participation in the cooperatives, which resulted in higher milk production, while the relationship with the Government presented Amul with the opportunity to 'steer' the economic policies of the country. The Amul model of cooperative growth became the prototype for NDDDB. It also helped the brand position itself later as a national emotion, "Amul – The Taste of India" (Chandra & Tirupati, 2003).

Upholding the psychological contract

Under the CGHRM principles, upholding the psychological contract protects human needs for employment by providing job security, safety, and meaningful work. The psychological contract reflects an ongoing commitment toward employee well-being, ethical labor practices, and job creation (Felber, 2015; Honeyman, 2014), all of which can be seen in Amul. As established in the literature, psychological contracts upheld by employers in the workplace motivate workers to hold up their end of the bargain, which may include higher commitment, better performance, and organisational citizenship behavior (Turnley et al., 2003; Rousseau, 2004).

The one thing that helped him achieve his vision of creating a successful cooperative structure was his timely recognition of the potential of the farmers. He gave them a voice and the right to equitable participation in the value chain, thereby fostering a collaborative culture. The farmers felt a sense of psychological ownership in the cooperative structure; Dr. Kurien just managed the structure professionally.

“This I learnt very early on through my years of working closely with Tribhuvandas and the farmers of Kaira district: true development is not development of a cow or buffalo but development of women and men. However, you cannot develop women and men until and unless you place the instruments of development in their hands, involve them in the process of such development and create structures that they themselves can command. What, therefore, is a government at its best? It is a government that ‘governs’ least and instead finds ways to mobilise the energies of our people. Amul – or the Kaira Cooperative, or the ‘Anand pattern’ of cooperatives – demonstrated without a doubt that the biggest asset of India is its people.” (Kurien, 2005).

This ideology led India to be the largest producer of milk globally. It also illustrates how impactful the fulfilment of psychological contracts can be when leveraged within the CGHRM framework.

Another famous incident that showcases the fulfilment of the psychological contract was the one recalled by Nirmala Kurien in her book (Kurien, 2021). In the summer of 1954, there was a construction disaster at the Amul dairy site, where the beam fell, and several workers were trapped under it. Dr Kurien reached the site immediately and took control of the situation; he operated the bulldozer and saved the workers' lives. Despite just having undergone an abscess surgery, he didn't skip a beat and jumped to action as per the situation's demand. Dr. Kurien saved the workers' lives and unknowingly reinforced trust and respect between him and the cooperative's workers. The psychological contract here extends beyond the mere employer-employee relationship. His response signalled to the workers a sense of safety and protection by the management during adversity. Dr. Kurien was questioned after this incident if he was afraid while operating the bulldozer, to which he gave a selfless response- *“I am not afraid as I can die only once.”* (Kurien, 2021). This again resonates with the CGHRM principles, where leadership is seen not as a position of power but as a medium that safeguards the community's interests and contributes to the common good.

Fostering equity and fairness

The equity and fairness principle ensures equal treatment of all the employees in an organisation. It promotes social mobility and safeguards human rights within and beyond the organisation's boundaries. It is an essential principle of the CGHRM framework as it helps build trust, a long-term driver of an organisation's success (Dirks & Ferrin, 2001). Literature also shows the long-term positive implications of the perception of fairness in an organisation to be linked with employee citizenship behavior, including extra-role behaviors (Moorman, 1991). Below, we present two incidents that illustrate Amul's equity and fairness culture.

The first incident involved the former Indian Prime Minister, Pandit Jawaharlal Nehru, and the farmers of Anand. The local community was keen to meet Nehru during one of his visits to Anand. Looking at the crowd, the security personnel refused to let anyone inside the factory, citing safety concerns for the Prime Minister. Moreover, one of the senior founding members of Amul, Harichand M. Dalaya, was concerned that the farmers would destroy the entire factory if let in. Despite many warnings, Dr Kurien let the farmers inside the factory. He reasoned with the Dalaya, *"We can always rebuild the dairy. But if we destroy the institution, we can never rebuild that."* (Kurien, 2005). He never forgot that he was the "servant of the farmers" and that the Prime Minister must meet the dairy owners (i.e., the farmers) and not just him. He prioritised sustainability, trust and integrity of the institution over material assets (Kurien, 2001).

The second incident closely related to this principle is his approach towards fairness in the workplace. Being a hands-on manager and leader, he often made surprise visits to different departments within his organisation. On a specific visit to a cold store, he saw an employee covertly consuming milk cream. Instead of reprimanding the already scared employee, he made some changes in the system.

"The very next day, I told the Manager that every worker had to be given half a litre of milk. These men were handling vast quantities of milk all day long, and they were hungry. It was not fair that they did not have a share of the milk." (Kurien, 2005).

Committed to cultivating a democratic workplace

Finally, fostering a culture of dignity, information sharing, and democratic processes inside the workplace is the main essence behind the principle of democracy (Bal & de Jong, 2017; Battilana, Feuerstein & Lee, 2018). Democracy offers all stakeholders equal rights, voice, and representation in decision-making processes. Workplace democracy literature also suggests that democracy is essential for enhancing the psychological capital of employees, which leads to better organisational outcomes (Han & Garg, 2018). Albeit time-consuming, a democratic culture also ensures heightened stakeholder participation in value creation and governance, which contributes positively towards organisational goals and the society at large (Harrison & Freeman, 2004).

Because he was subjected to racial discrimination during his studies in the United States, he made a lifelong commitment to himself to foster an equitable, just, and democratic environment in all the organisations he is associated with. He was clear, *"Each member, regardless of how*

rich or poor they may be, has a single vote in the affairs of their cooperative. Membership is open to all who are willing to accept the responsibilities of membership. No privilege is accorded to capital - returns are divided on the basis of patronage, how much milk the member pours.” (Kurien, 2021)

The success of Amul and its model cooperative structure under Kurien's stewardship is not only a testament to his visionary leadership but also an embodiment of the core values of democracy-inclusivity, participation, and collective decision-making (Young, 2002).

“‘Where cooperation fails, there fails the only hope of rural India’. Interestingly, this was a statement made by the Royal Commission of Agriculture before independence, but very few in our country recognised the truth behind it. Unfortunately, as things stand today, many Indian cooperatives do not function efficiently because they have been made official, bureaucratised, politicised and therefore, they have been effectively neutralised. If, on the other hand, these cooperatives are restored to the farmers, and the farmers are left free to manage them, they will become truly democratic structures.” (Kurien, 2005)

This quote captures the essence of what Kurien achieved and strived for throughout his career. By restoring cooperatives to the farmers and ensuring their autonomy in management, Kurien not only revitalised the dairy sector but also empowered countless rural farmers by giving them a voice and stake in their own economic futures (Kurien, 2000). His work illustrates the transformative power of democracy when applied to economic and organisational structures, emphasising participation, equity, and collective ownership.

The implications of Kurien's approach extend far beyond the dairy industry. They offer critical insights into the importance of democratic principles in the workplace and, by extension, any collective endeavour. History, through the example set by Kurien, teaches us the enduring value of these principles and their relevance in various contexts. Despite the changes in the economic landscape, including the rise of digital platforms and the gig economy, the ideas and mindset pioneered by Kurien remain fresh and strikingly applicable today. They serve as a reminder that at the heart of successful organisations and movements is the fundamental respect for democratic values and the active participation of all stakeholders. No wonder Amul could bring in synergies across a diverse set of stakeholders over the seven decades of its existence and could achieve the figures, as depicted in Table 1.

Trusteeship: The psychosocial foundation for CGHRM

We argue that Dr. Kurien's enlightened leadership is why Amul embraced the CGHRM principles, especially in a resource-constrained environment. It is a leadership approach rooted in the Gandhian philosophy of Trusteeship.

Mohandas Karamchand Gandhi (or Mahatma Gandhi) was a lawyer and politician who led India in her struggle against British rule through the principle of *Ahimsa* (or non-violence). In the course of the struggle, Gandhi attempted to prepare the citizens for life after independence. As a result, he forwarded many socio-economic philosophies (such as Sarvodaya, Hindu Universalism, etc.) based on his reading and reflection of the literature of the East (e.g., *Bhagavad Gita*; *Isopanishad*) and the West (e.g., *Unto his last and other essays* by John Ruskin, 1862).

In a detailed discussion, Chakrabarty (2015) argues that Gandhi presented Trusteeship as an economic philosophy to integrate the businessmen of India into the nationalist struggle. He was against the socialist idea of forcible dispossession of their wealth by the State, for it is antithetical to *Ahimsa*. Instead, he appealed to the conscience of the businessmen. He asked them to earmark themselves as Trustees of the society's wealth and spend their surplus for the underprivileged as well as the larger good. Gandhi reasoned in his *Theory of Trusteeship*, "*I must know that all wealth does not belong to me; what belongs to me is the right to an honourable livelihood, no better than that enjoyed by millions of others. The rest of my wealth belongs to the community and must be used for the welfare of the community*" (Gandhi, 1960).

Chakrabarty (2015) argues that Gandhi's vision coheres with the ideas of Andrew Carnegie, which he discussed in the *The Gospel of Wealth* (Carnegie, 1989). Just like Carnegie, Gandhi was not against capitalism. Instead, he was against industrialism, which he understood to depend on one's capacity to exploit (Chakrabarty, 2015). He, on the other hand, advocated that businesses engage their excess capital in executing social good. Carnegie suggested that surplus wealth should be administered and guided to fitting causes, such as building educational institutions, churches, and hospitals. He emphasized that "*Under its sway, we shall have an ideal state, in which the surplus wealth of the few will become, in the best sense, the property of the many, because administered for the common good, and this wealth, passing through the hands of the few, can be made a much more potent force for the elevation of our race...*" (Carnegie, 1989). Gandhi echoes a similar sentiment. According to him, "*Everyone must have a balanced diet, a decent house to live in, facilities for the education of one's children, and*

adequate medical relief." (Gandhi, 1960). For that, *"moneyed men may earn their crores (honestly only, of course) but so as to dedicate them to the service of all..."* (Gandhi, 1960).

Trusteeship arguably is the appropriate philosophical crucible that supports adherence to CGHRM principles in an organisation. A leader aligned with trusteeship allows space for individuality, where every stakeholder can exercise their voice in directing their destiny and the organisation's destiny. Here, the *"charter of production will be determined by social necessity and not by personal whim or greed"* (Gandhi, 1960). In summary, the organisation's vision would not be limited to economic profit or doing better than the competition; instead, it is a place where every stakeholder actively participates in building a sustainable community. Gandhi puts it even simply- *"if people meditate over it constantly and try to act up to it, then life on earth would be governed far more by love than it is at present"* (Gandhi, 1960). This supports the outside-in principle of CGHRM. Further, trusteeship makes the leader conscious of upholding the psychological contract as well as constantly appraise one's actions through the lens of fairness and equity. Else, Gandhi cautions of *"...impending chaos into which...awakened but ignorant, famishing millions will plunge the country and which, not even the armed force that a powerful Government can bring into play, can avert"* (Gandhi, 1960).

So, how did Dr. Kurien imbibe the Trusteeship philosophy? Scholars (e.g. Hall & Norris, 1993; Decker, 1986) have agreed that leadership is largely learned through "social learning," i.e., from visible role models of the desired behavior. While Dr. Kurien had never worked or been associated with Gandhi directly, we believe that the philosophy of Trusteeship was ingrained into him by his close association with three individuals early in his life: Cherian Matthai (his maternal grand uncle), Tribhuvandas Patel and Maniben Patel (daughter of Sardar Vallabhbhai Patel). Of the three, the latter two closely worked with Gandhi, identified themselves as 'Gandhian,' and have been part of numerous movements he launched.

At the age of twenty-two, Dr. Kurien lost his father. However, the large-heartedness of his Cherian Matthai, his grand-uncle, and other family members ensured that he had *"glorious memories of [his] childhood"* (Kurien, 2005). Cherian Matthai was the Director of Public Instruction at Cochin State. He willingly took Dr. Kurien under his tutelage and helped him and his mother, Annamma Kurien, relocate to his family home in Calicut. Matthai was wealthy, but he spent most of it on the welfare of his family. He even sponsored the education of his siblings in England. Years later Dr. Kurien would learn that the magnanimity of his grand-uncle is how Trusteeship works. He remarked, *"In living this privilege called 'Life', you must accept responsibility for yourself, always use your talents to the best of your ability and contribute*

somehow to the common good. That common good will present itself to you in many forms every day. If you just look around you, you will find there is a lot waiting to be done: your friend may need some help, your teacher could be looking for a volunteer, or the community you live in will need you to make a contribution. I hope that you, too, will discover, as I did, that failure is not about not succeeding. Rather, it is about not putting in your best effort and not contributing, however modestly, to the common good” (Kurien, 2005).

In his memoirs, Dr. Kurien writes repeatedly that the leadership of Tribhuvandas Patel was responsible for the success of the experiment, which was Amul. The philosophy of Tribhuvandas was simple, “let the people’s energies be unleashed”. In support of that, as Chairman, he played three principal roles: trusting the professionals’ judgments, arranging necessary resources, and protecting the cooperative from motivated political interference. Dr. Kurien recalls an incident when he sought Rs. 2 lakhs from Tribhuvandas for Amul’s advertising needs. Despite not agreeing with this amount, Tribhuvandas arranged the funds. Further, he always kept interference from political parties and political leaders at bay. Although he was one of the most respected politicians in Gujarat, with sufficient clout, he never utilized Amul to his political advantage or allowed anyone to do so. Such behavior is consistent with Block’s (1993) notion of stewardship, where leaders ensure that followers and other resources within the organisation will be responsibly developed. Not surprisingly, Dr. Kurien expresses, *“Working with Tribhuvandas and Kaira’s dairy farmers, I saw that when you work merely for your own profit, the pleasure is transitory; but if you work for others, there is a deeper sense of fulfilment and if things are handled well, the money, too, is more than adequate”* (Kurien, 2005).

Finally, Maniben Patel impressed upon Dr. Kurien an impressive example of how to live the philosophy of trusteeship in public life. Although not directly related in any capacity with Amul, she was welcome at Anand as the daughter of Sardar Vallabhbhai Patel. Dr. Kurien recalled her as a *“rather formidable woman and had a crusty exterior”* but with *“a very soft heart.”* What interested Dr. Kurien was that when Sardar Patel passed away, Maniben handed and met the then Prime Minister of India, Jawaharlal Nehru, and handed him INR 3500000⁵ in cash, which was the Congress party fund and a book detailing the party accounts. Moreover, true to the spirit of trusteeship, although she was eligible to travel first class as a member of Parliament, she continued to travel only third class in the railways. She wore only khadi saris

⁵According to Historicalstatistics.org, INR 3500000 in the year 1950 could buy 605594.1777944472 grams of gold. The price of the above weight of gold in the year 2015 was 22586721.941394802 US dollars

that she spun herself. Also, wherever she went, she took her spinning wheel. She lived by Gandhi's dictum fully, "*Therefore whoever appropriates more than the minimum that is really necessary for him is guilty of theft*" (Gandhi, 1960).

Towards a Sustainable Cooperative: The Role of Government

At this juncture, it will be interesting to note that the Government of India was also responsible for Amul's sustainability. The CGHRM principles followed by Amul and its initial success in bringing participation, economic security, and dignity to the dairy farmers in the Kaira district were in tune with the mode of national development envisioned by the Government through the First Five-Year Plan (1951 – 56). For the development of the newly independent nation, the Government desired that there should be "*effort and sacrifice on the part of the entire body of citizens*" (Planning Commission, 1953). Towards that, it envisioned cooperatives as one of the significant instruments for "*democratic planning, combining initiative, mutual benefit, and social purpose*" (Planning Commission, 1953). It desired to have a cooperative organisation in each village, which it believed would cater to the multiple needs of its members. It was convinced that the organisation of cooperative sale and purchase societies would secure a fair deal for the producer. Amul, as a cooperative, provided much credibility to the thinking of the Government. It was a readily available experiment that was being closely watched, with its every success backing its structure and purpose. In other words, Amul had acquired legitimacy in the eyes of the Government (Suchman, 1995). As a result, there were numerous visits to Amul by many senior political representatives (such as Rajendra Prasad, the first President of India; Jawaharlal Nehru, the first Prime Minister of India; Lal Bahadur Shastri, former Prime Minister of India; and many others). Further, Cabinet Ministers such as C. Subramaniam (former Minister for Food and Agriculture) and T.T. Krishnamachari (former Minister of Commerce) took an active interest in the functioning of the dairy.

Further, the government being the most powerful stakeholder in a socialist economy, Dr. Kurien strategically chose those outside-in goals that were consistent with the objectives of the government and contributed to the profitability of the cooperative. For example, Amul's decision to enter the baby food space was not easy. But the national context needed that. Research (e.g., Rao, Swaminathan, Swaroop & Patwardhan, 1959) revealed that many of the Indian households had an income below INR 100 per month in the first decade after independence. This deterred them from procuring baby food and necessary supplements, which in turn affected the child's development. So, Amul paid a premium to the Central Food Technology Research Institute (CFTRI) for a baby food formula that was not initially usable.

Hence, the cooperative modified the formula and launched the product only to experience a backlash from the activists, who charged it with undermining breastfeeding. Instead of backing down, Amul came out with a booklet explaining the benefits of mother's milk for the child while emphasising that the product is only for those mothers who could not breastfeed the child. Moreover, scholars (Rao et al., 1959; Gopalan, Venkatachalam & Bhavani, 1960) determined that children in those times especially suffered from a lack of Vitamin A in their growing years. Therefore, Amul went a step further to fortify the baby food with Vitamin A (and Vitamin D for absorption of Vitamin A). We also text-mined his memoir to discover that “government” and “minister” are among the top ten words that populate the text. This indicates Amul's close relationship with the administration of the day. (see Table 2)

Rank	Word	Frequency
1	milk	630
2	dairy	430
3	cooper	378
4	minist	262
5	farmer	259
6	govern	252
7	anand	233
8	india	215
9	work	190
10	people	178

Table 3: Top 10 words- memoir

As a result, Amul acquired an influence based on which it could bargain a favourable deal for itself from the Government. Especially in the years following the independence of India, there was a demand from many quarters for “Indianization” of the nation. Consistent with this philosophy, Indian businesses especially wanted the Government to limit the entry of foreign capital and goods and prevent the existing foreign firms from further lowering the price of their products (see Rivers, 1955 for a discussion). Amul joined its voice in this call and actively lobbied with the Government to ban the import of dairy products. Dr. Kurien provides the following example-

“Initially, when we started marketing our butter, we found it extremely difficult to put it in the market. The markets were already flooded with the New Zealand Dairy Board’s Anchor butter and Pestonjee’s Polson butter.”

I immediately thought of T.T. Krishnamachari and wrote a letter to him:

“Dear Shri Krishnamachari, When you visited Anand, you told me, if I needed anything, you would be able to help. I need your help now. I am not able to market my butter. Will you order a cut on the import of butter by 25 per cent”

The reply came back:

“My dear Kurien, As desired by you I have ordered a cut of 25 per cent ...”

In the future, he wrote to him again to restrict the import of butter by 67.5% and then a complete ban, which was executed by the government. The government also agreed to it for it saved necessary foreign exchange.

However, Amul strived to never abuse the legitimacy it had earned and instead remained committed to serve the customers better. According to Dr. Kurien, *“One of the basic principles that Amul stood for – giving the customer quality products – would never allow us to cut corners. Value for money was then, and has remained, the fundamental principle for Amul”*. (Kurien, 2005) In other words, *“the business was to maximise the price paid for the milk, not in order to maximise the dividend, as is the case in the private sector. We did this by manufacturing value-added products which allowed us to give farmers a higher milk price every year”*. (Kurien, 2005)

A social network analysis revealed that apart from the Government, Dr. Kurien's social network spanned a diverse spectrum of very influential figures in India (see Fig. 2). These individuals helped him stabilise and grow Amul at different periods of time. For example, Eustace Fernandes of Advertising and Sales Promotion Company (ASP) created the Amul mascot – the mischievous, endearing little girl with the tagline “Utterly, Butterly, Delicious” that soon made the brand the most recognised one. Also, he tried to develop excellent relationships with his adversaries, such as Dara Khurody, the Milk Commissioner of Bombay Milk Scheme. There was respect between both of them. When formalin was found in the milk of the cooperatives, the Milk Commissioner allowed Dr. Kurien to rectify the problem at the source instead of taking action. He also credits his wife, Molly Kurien, for holding his home together.

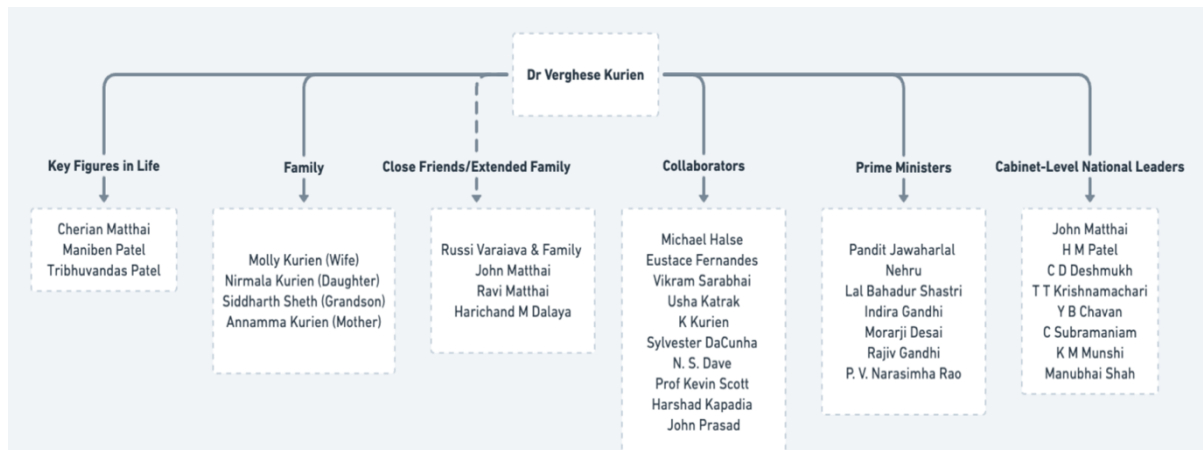


Figure 2: Social Network Analysis of Dr Verghese Kurien

In his own words, “I worked late and travelled a great deal and Molly had to fend for herself... I could not have been an easy person to live with during that period and I still recall how on occasions, during our little disagreements, I would tell Molly that I should never have married because at least then she would not be occupying space in my house which was so desperately needed to host more official visitors to the cooperative! But Molly, with her poised and serene manner and an enviable inner strength, put up with my impatient and idiosyncratic ways”. That he and Amul had the trust of the Government made the management and maintenance of all other relationships easier. Fig. 3 summarises our discussion.

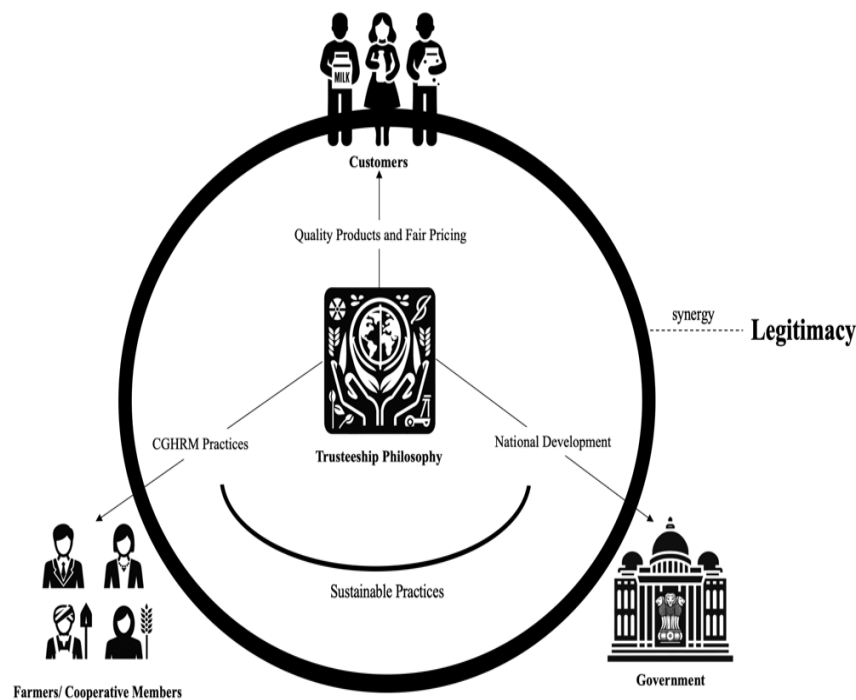


Figure 3: Sustainable Cooperative

Conclusion

By exploring the case of Amul, the paper successfully answers the research question- *How can cooperatives become sustainable?* This historical analysis underscores the pivotal role played by its key stakeholders—customers, farmers & members of the cooperatives, and the government—through the lens of organisational legitimacy. Our analysis revealed how Amul cultivated a robust and viable model for cooperative success by seamlessly aligning its operations and strategies with the interests of its key stakeholders and societal norms.

Like any other study, this is not one without any limitations. The authors acknowledge that the historical examination of individuals and organisations is a valid and viable way to apply history lessons in practice. Yet, adopting practice should be done with a sense of caution as the contextual factors may differ. Established techniques like pattern matching and purposeful sampling were used to ensure theoretically-driven and focused analysis. Despite using established techniques, the authors concede that there is still potential for unknown biases to creep in as the interpretation of historical events influences the study. We suggest that future researchers interested in business history recognise these limitations and strive to advance methodological rigour.

Another area ripe for future research is the thriving concept of platform cooperatives and how CGHRM practices can be applied in that arena. Keeping up with the pace of technological advancements, the authors suggest the model of platform cooperatives can be beneficial in the long run as the basic principles of shared ownership, democracy, equity, trusteeship, and solidarity are the same; the context is just infused with the new age technology. Finally, the papers also call for future researchers to conduct case studies with the theoretical lens of organisational legitimacy and CGHRM to deepen our understanding of these concepts and understand how the practices can be fine-tuned and integrated seamlessly in modern organisational workplaces.

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