



Values-Based Control in Land Acquisition for Infrastructure Projects

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INTRODUCTION

Land acquisition is one of the biggest roadblocks in the development of infrastructure projects in India. Mckinsey in their 2010 study titled ‘Building India—Accelerating Infrastructure Projects’ had attributed 50% of the delays on infrastructure projects in India to land acquisition proceedings which was the subject matter of archaic laws that originated during the British rule. In order to expedite the land acquisition process, the United Progressive Alliance (UPA) government passed a Fair Compensation and Transparency in Land Acquisition Rehabilitation & Resettlement (LARR) Act, 2013. While LARR 2013 was perceived as competent, consultative and participatory, it was criticized by the opposition legislators in parliament as well as industry for including complex procedures and fixing arbitrary land prices that could lead to unending litigations. Both industry and state governments were wary of projects stalling due to increased consent require-

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ments, compulsory Social Impact Assessment (SIA), increased project costs due to high land compensation rates and rehabilitation and resettlement (R&R) package for displaced families.

When the ruling National Democratic Alliance (NDA) came to power in May 2014, they bowed to the pressure of industry and diluted some of the progressive clauses in LARR 2013. The specific clauses include the requirements of the mandatory SIA study of projects in the areas of defense, rural infrastructure, affordable housing, industrial corridors and social infrastructure projects, which included public-private partnerships (PPPs). Consequently, public protests erupted, parliament proceedings were stalled and since they could not get the bill passed, the NDA government got an ordinance promulgated titled the Right to Fair Compensation in Land Acquisition, Rehabilitation and Resettlement (RECTLARR) Ordinance 2014.¹ Owing to continuing protests by social activists and strident opposition in parliament, the government adroitly added a provision in the ordinance permitting the states to pass their own laws. Thus, the ordinance has died a natural death and implementation of land acquisition has fallen squarely on the shoulders of the states.

The Government of India (GoI) claims that land acquisition delays have come down and a number of stalled projects have been revived. However, there are reports that many government departments are sidestepping RECTLARR-based land acquisition citing exorbitant costs—both compensation for land and the associated Rehabilitation and Resettlement (R&R) costs (Times of India). The new legislation is an approach to induce appropriate behavior amongst various stakeholders including government entities, private players and people affected by compulsory land acquisition which in management control terminology is called ‘behavioral control’. Is this form of control enough, that’s the moot question? This point has been examined from the risk perspective in this paper which is presented in four sections. Section “Introduction” focuses on the risk contours of land acquisition and the conventional control system thereof and section “Management Control Systems (MCS) for Land Acquisition” looks at the conventional control mechanisms and their inadequacies. The following section “Evaluation of Risk Drivers vis-à-vis Laws Related to

¹The Parliament of India is the supreme legislative body of the Republic of India. The Parliament is composed of the President of India and two houses: the **Rajya Sabha** (Council of States) called the Upper house and the **Lok Sabha** (House of the People) termed as Lower house.

Land Acquisition” evaluates the risk drivers in the land acquisition process, section “Supplementary Control Mechanism-Values Based Control Approach for Land Acquisition” introduces the concept of Values-based control (VBC) as a supplementary control mechanism and section “Conclusions” presents the findings and suggestions for further research.

MANAGEMENT CONTROL SYSTEMS (MCS) FOR LAND ACQUISITION

According to Lowe (1971), MCS emanates from the need to tackle internal and external risk/uncertainties apart from needs such as ensuring goal congruence between organizational objectives and managerial members and monitoring human effort/resources while achieving the given set of objectives. Risks affect the ultimate goal/objective and hence have to be managed effectively and efficiently which calls for a sound MCS. Land acquisition delays are a major risk in the Indian context as stated in the Introduction and hence the need for an effective MCS assumes immense significance.

Risk Factors

Al-Bahar and Crandall (1990) introduced the term ‘uncertainty’ as the likelihood or probability of the occurrence of an event and defined Risk in project management terms as ‘*the exposure to the chances of occurrences of events adversely or favourably affecting project objectives as a result of uncertainty*’. Thus, if an event is certain to occur the probability of uncertainty is zero and there is no exposure to risk; on the other hand if say, the probability of land acquisition delays are 50%, then the project is exposed to land acquisition delay risk with a 50% probability of the risk event happening. Li (2003) introduced three categories of risks namely (a) Macro level exogenous risks which are external to the project at the environment level—national, political, legal (b) Meso level endogenous risks relating to project level implementation and (c) Micro level endogenous risk relating to stakeholder relationships such as conflicting objectives of the public and private partners—social welfare of government versus profiteering by private partner. Ng and Loosemore (2006) categorized risks into project-related risks which are linked to macro environment and general risks which are internal to PPP projects and said that the importance of each risk depends on the project and contractual environment.

Perspective of Risk vis-à-vis Land Acquisition

To meet the major macroeconomic goal of sustained (+7%) growth, infrastructure is a key driver and its rapid development is one of the primary goals of Government of India (GoI). The essence of the contextual macro level risk perspectives is:

Macro level (government)

Risk event	Slow infrastructure capacity creation
Risk driver	Delays in land acquisition for infrastructure projects
Impact	Drop in GDP growth
Impact driver	Inadequate infrastructure capacity

Further, land acquisition could be delayed due to non-readiness on the part of land owners to part with land. This would then be the risk event and the risk perspective at the meso level would appear thus:

Meso level (project)

Risk event	Non-readiness of land owners to part with land
Risk driver	Unfair compensation rates Social/human costs of displacement
Impact	Not obtaining consent of minimum 80% land owners Opposition from community against displacement
Impact driver	Trade-off between returns from sale of land and long-term sustainability

Control Mechanisms

Ouchi (1979, 1980, 1981) posits that there are three forms of control to achieve organizational objectives: *outcome-based control*, where compensation is on the basis of the outcome; *behavior-based control*, that entails monitoring behavior; and *clan control*, which involves control via the implementation of social norms. Outcome-based control and behavior-based control could be viewed as contracting mechanisms between principals (shareholders, top management, etc.) and agents (subordinate managers, brokers for land, etc.) that help to minimize the divergence/conflict of interest between them (Eisenhardt, 1985, 1989; Ouchi, 1979, 1980).

Behavior Control and Outcome/Output Control

Ouchi (1979) states that if control in organizations is about monitoring, evaluation and feedback, then the question is what is it that is being monitored and evaluated? He elaborates that only two kinds of phenomena can be monitored or measured, namely behavior and outputs resulting from behavior. Behavior control is achieved through processes, rules/regulations. Having to meet legal requirements prescribed by law, adherence to contractual clauses such as timely exchange of information, timely submission of designs/drawings and progress/MIS reports, conduct of meetings and minutes thereof are all examples of behavioral control. Ouchi (1977) states that for behavior control to be applied, *'the organization must possess at least agreement if not true knowledge about means-end relationships'*. Behavior control works best when output measurability is low but task programmability is high, that is, the managers have sufficient knowledge of the process of transformation from inputs to outputs; whereas in output control, knowledge of process transformation is not required but a reliable and valid measure of the desired outputs should be available (Ouchi, 1977). Since land acquisition is subject to the vagaries of human action and reaction, output measurability is low necessitating a law for controlling behavior. On the other hand for construction, it is possible to lay down clear project specifications/deliverables which implies outcome/output-based controls. While outputs measure the quantity, quality and timeliness of the infrastructure service and are in the short term, outcomes measure the intermediate results (in the medium term) generated by the project outputs including change in people's behavior (if any).

Clan/Social Control

According to Eisenhardt (1985), the essence of 'clan control' is minimizing the divergence between organizational preferences/views which would lead to members cooperating in the goal seeking activities thereby achieving goal congruence. This is enabled through selection, training and socialization that lead to members internalizing goals. The same principle can be applied to a PPP where goal congruence between the private and public sector partners is desired. With respect to land acquisition, convincing land owners may not be entirely possible by the private partner who may require the support of the government in talking to the land owners, village headman, panchayat and so on. Therefore, even if the responsibility

of land acquisition rests with the private partner, governmental support through mutual interaction and socialization to get a grip on the issues involved and support for land acquisition, statutory approvals are essential. Through socialization, partners become more committed and share views to influence the members. Social control thus reduces perceived relationship risk as well as perceived performance risk. It is appropriate when both output measurability and knowledge of transformation processes are low.

Efficacy of Control Mechanisms

Lebas and Weigenstein (1986) state a general approach to control should revolve around the following factors:

- **Markets**—external market forces control managerial behavior and hence the use of policies like transfer pricing, variable management compensation
- **Rules**—involves input controls through externally imposed procedures such as planning, budgeting, adherence to law together with outputs that are measured such as performance reports, variance analysis, and
- **Culture**—something nebulous that through shared vision enables members of the organization to internalize goals, policies, rules and procedures obviating the need for internal supervision.

Lebas and Weigenstein (1986) studied these with respect to Hofstede's work-related value characterization, and concluded that although no one approach to control can be seen as superior, organization size, industry characteristics, technology, cultural context affect the nature of MCS. More importantly, they added that in the evolution of MCS there has been a lessening of rules-based controls. The future portents are increasing emphasis on controls embedded in organizational culture and the market and cultural approaches because of the following factors:

- Slow response times of the rules-oriented approach,
- Increasing environmental uncertainty, and
- New technologies and changing attitudes to work.

The clan/social control mechanism and culture-based controls posited by scholars are with respect to internal organizational members. Land acquisition necessitates controlling the behavior of external members such as landowners, project affected families, village panchayats and as such, clan/social control mechanism is not relevant.

EVALUATION OF RISK DRIVERS VIS-À-VIS LAWS RELATED TO LAND ACQUISITION

The prevailing law relating to land acquisition is critically analyzed in the context of the risk drivers namely, compensation policy resettlement and rehabilitation.

Shortcomings of Compensation Policy

The world over, compensation for displaced persons has generally been through payment in cash or kind and is given only to those with undisputed legal title (Bartolome et al., 1999). Tenants, sharecroppers, wage laborers, artisans and encroachers are out of the ambit of compensation. However, paradoxically, they are most vulnerable and severely affected. Loss of community assets and common resources like grazing lands and forests are also not being accounted for while determining the compensation. Non-land owners engaged in agriculture who are among the poorest do not receive any compensation for their livelihood and more importantly the displaced persons/families, hereinafter referred to as project-affected families (PAF) are not in a position to challenge the government decision on compensation as they are unaware of their rights as well as the legal nuances and cannot afford expensive litigations.

The general practice has been to fix compensation for loss of fixed assets like agricultural land at the prevailing market rate calculated at an average of registered sale prices in the recent past. This is value in exchange rather than value of replacement. The erstwhile policy as per the 1894 Act assumed the displaced person to be a willing seller and accordingly compensation was deemed only the market value of property on the presumption that it is a sale-purchase agreement. However, this in itself is questionable since the displaced person far from being a willing seller is one who has been forced to sell and therefore the policy based on compensation merely for loss of property is blatantly unfair. Further, several

studies have shown how cash compensation is depleted by a PAF in a short period for repayment of old debts, in liquor and conspicuous consumption, thus lifetime livelihood and shelter is squandered within weeks or months. Compensation thus addresses only the loss of assets but not the loss of rights of individuals.

In view of the shortcomings of the archaic compensation policy, RECTLARR 2014 fixed compensation at four times the market rate in rural areas and twice the market rate in urban areas in addition to R&R package. Kelly (2010) argues that the proposed rates of compensation may benefit owners of large tracts of land who may get exorbitant sums but would not significantly benefit those having smallholdings. On the other hand, critics from industry opine that the proposed rates are too high, but Medha (2015) opines that past experience indicates that the real (unrecorded) market price within India could be 10 times the official rates. Hence, the policy norms of 2–4 times the market price appear arbitrary—one is not sure whether the PAFs are getting a fair deal and at the same time industry and government administrators perceive it to be exorbitant. In the USA and UK, the ‘just’ compensation policy is followed wherein it is deemed that the seller receives as much compensation to render him in a position as if the land was not taken away from him, that is a compensation that is not less than the loss imposed on him and also not greater than the loss.

Shortcomings of Rehabilitation and Resettlement (R&R) Policy

Displacement

It can be defined as ‘Uprooting of communities and individuals out of their homes/ homeland for the purpose of economic development’. At the international level, it is treated as violation of human rights. Governments justify displacement in the larger national interest citing the long-term good that merits sacrifice of a few in favor of the larger group. Vora (2009) quotes Jawaharlal Nehru² (India’s first prime minister) as having said to the people affected by the Hirakud dam ‘*if you are to suffer, you should suffer in the interest of the country*’. On the other hand, the World Bank views displacement ‘*as a result of a model of development that*

²Jawaharlal Nehru was the first Prime minister of independent India and had a 17-year tenure from August 1947 to May 1964.

enforces certain technical and economic choices without giving any serious consideration to those options that would involve the least social and environmental costs?. Most displacement in the world has been forced on the people without their meaningful participation in the planning and implementation of R&R aspects. More often than not, the displaced/affected people are the last to receive information on the project which in itself is very limited.

Kelly (2010) says that the element of ‘sacrifice for the public interest’ is key to the thinking that has influenced displacement and softened the disorientation that causes immense physiological, psychological, social, cultural, economic and ecological damage to the PAFs apart from loss of land, resources and livelihoods. Therefore, it appears logical to expand resettlement objectives beyond improving the current standard of living of the PAF by offsetting the above damages and moving toward a just R&R package. Various movements led by social activists around the world have challenged this perspective of displacement with physical relocation at the core of the remedial measures. They have vehemently argued that the alienation of individuals and the community and the loss of legal and customary rights and dislocation of the socio-economic organization is not accounted for. Bartolome et al. (1999) state that displacement refers not only to those who are forced to physically relocate to facilitate the project, but also those who are displaced from their resource base and livelihood through loss of land and disruption of socioeconomic relationships. Cernea (1998) states that risks subjected on PAFs are not a component of conventional project analysis and adds that forced displacement tears apart the existing social fabric leading to social, and cultural disarticulation. The loss of economic power with the breakdown of complex livelihood systems leads often to irreversible decline in living standards and marginalization of the PAFs. In recent years, the subject matter of debate is not so much on the magnitude of suffering but on the morality thereof; Sathe (2015) argues that whether people suffer willingly is a moot point and states that of late, the entire discourse of development has changed and that it may not be morally right to ask people to sacrifice even in public interest.

Resettlement and Rehabilitation

The import of the term resettlement which involves physical relocation of the displaced population is quite obvious. Resettlement has its set of socio-economic risks outlined in section “Displacement” and accordingly

Rehabilitation is envisioned as a process that would reverse the risks of resettlement. Jain (1999) states that rehabilitation is only possible 'when development takes place' and thus resettlement must be planned as an integral part of the comprehensive development project. In other words, rehabilitation is an outcome of resettlement that is conceived not merely as physical relocation/restoration of incomes but as development. To understand development in the context of R&R, Dreze and Sen (1996) say that 'in terms of real freedom that citizens enjoy to pursue their objectives, they have reason to value and in this sense an expansion of human capability can be broadly seen as a central feature of the process of development'. Therefore, the resettlement program in order to qualify as development should revolve around (a) enhancement of capabilities (b) expansion of social opportunities by addressing social and personal constraints that restrict people's choices. The success of a development program would thus not be measured in terms of the impact of income/compensation but on more tenable benefits like loss of mortality, morbidity, increasing level of education increasing income through opportunities for employment and livelihood and more importantly participation of the displaced people in the decision-making process. The need is to move from the context of forced evictions or involuntary resettlement to the scenario where displacement is voluntary and takes place on the basis of negotiated agreement between developers and the affected people.

R&R Plan by Looking Through the Lens of the Displaced

Human displacement has multi-dimensional impacts, it leads not only to loss of property but also to loss of sources of livelihood, disruption of socioeconomic relationships and comfort factors such as access to places of worship, schools, medical facilities as well as community oneness. Arising out of these, some of the major aspects that need to be considered while designing a R&R package are:

- Land owner-centricity to be replaced by 'Affected families' that would include, apart from the landowners, tenants, agricultural or non-agricultural laborer, landless person, rural artisan or self-employed person
- Anyone who is deprived of carrying on his job and/or opportunities for self-employment to be compensated for loss of livelihood

- Education/measures to obviate possibilities of poor people who suddenly see large sums of money from squandering through actions like excessive drinking
- Provide for loss of future appreciation, that is to compensate land-owners for the increase in future prices as a result of development
- Sustainability of resettlement measured across objective indices and subjective criteria as employed by those relocated.

van der Ploeg and Vanclay (2017) view project induced displacement and resettlement as a Human Rights issue and identified a set of human rights from key documents and instruments and named it as the Human Rights-Based Approach to Resettlement (HRBAR). They evaluated HRBAR and the standards outlined by the International Finance Corporation (IFC) and recommend avoidance of displacement and where avoidance is not possible minimization of displacement and most certainly, avoidance of forced eviction. Meaningful participation of the affected communities in the design of the R&R plan and obtaining their prior consent with a view to minimize adverse social, environmental and economic impacts is according to them an essential prerequisite. Implementation of the R&R plan would entail providing full and fair compensation for loss of livelihood, restoring and improving access to essential public services at resettlement sites and ensuring that resettlement activities are adapted to vulnerable groups.

SUPPLEMENTARY CONTROL MECHANISM: VALUES-BASED CONTROL APPROACH FOR LAND ACQUISITION

The objective of GoI while enacting the RECTLARR 2014 was to ensure minimum delays in respect of land acquisition, a major risk factor hindering infrastructure development and thereby satisfy the strategic need of faster economic development. Through RECTLARR 2014, GoI aimed to arm the major stakeholder groups, industry, administrators, farmers/land owners in the project area and other affected families with an appropriate behavioral control mechanism through law that would shape their individual and group behaviors and act such that individual/group needs are satisfied and the national objective is concurrently met. However, as cited in the Introduction, behavioral control mechanism through law alone has not been found to be entirely useful in attracting private industry to invest

in infrastructure PPPs and nor has it sufficiently incentivized owners of land in project areas to part with land from the viewpoints of 'just compensation', living standards and sustainability. Therefore, other supplementary forms of control are required to arrive at a win-win situation. At the same time, it is not as if no land has been compulsorily acquired, or that projects have been at a standstill and the displaced population have been totally unhappy and outraged. There have been a number of instances of PPP projects successfully overcoming the hurdles to the fullest satisfaction of various stakeholder groups. Ashwin Mahalingam and Vyas (2011) after evaluating land acquisition and compensation processes in the world state that while there is no 'single best' process, number of innovations are possible and many such examples are available from India. Accordingly, these examples serve as experiential cases to study alternate control mechanisms.

Innovative Approaches

In the following projects, closure of land acquisition was successfully achieved with actions/decisions outside the purview of law and to the satisfaction of buyers and sellers.

- *Tamil Nadu Urban Development Project (TNUDP) Phase III*

In this project anchored by the Chennai Metropolitan Development Authority (CMDA) and funded by World Bank, a government order was issued by the Government of Tamil Nadu (GoTN) to constitute a committee to negotiate and assess land values. This order empowered the committee to go beyond guideline values, sale deeds and code provisions to determine the compensation to be awarded to affected stakeholders. Land owners were compensated between 142% and 150% of the guidance value plus a building allowance at 25% of the compensation, plus subsistence allowance at Rs. 1800 per month for six months, plus a shifting allowance of Rs. 1000 and compensation for lost assets.

The guidance values were generally lower than the true market value as sellers and buyers suppressed transaction value to save on stamp duty. Thus, the true value was not provided to the owners and besides the compensation was lower than the World Bank mandated 150% of guidance value. Yet, there were no protests or court cases, primarily because the PAFs were involved in the negotiations, the

process was transparent and the apprehension that if the Land Acquisition Act was followed, the compensation would be lower and disbursements would take longer.

- *Bangarman Bypass*

For the acquisition of 202 hectares of land for the Asian Development bank (ADB) funded Bangarman Bypass, the Government of Uttar Pradesh (GoUP) passed an order in 2005 permitting negotiation with the landowners. Consultations were held with local NGOs to calculate land values. Using the registered prices of land for the preceding five years, prevailing circle rates, and the agricultural productivity rate (with a multiplier for 20 years), the land values were determined. A multiplier of 20 was employed which was made possible by the Government Order (GO) and attractive compensation values were achieved through the agricultural productivity rate which satisfied dispossessed landowners (ADB, 2007).

- *Surplus-Reallocation Model—Rajasthan*

In practically all cases, the land prices increase after development and this benefit, which does not accrue to the erstwhile/dispossessed landowners but accrues to those residing on the fringes of the project area causes heartburn. From a ‘Just compensation’ point of view, this is unfair. To counter this issue, Dan, Guhathakurta, and Gupta (2008), propose that surplus land be acquired than what is actually necessary for the project and this excess land, which is likely to be more valuable, post-development, could be reallocated to the displaced people. This model, followed by the Urban Development and housing department of Jaipur has allowed landowners to benefit from an increase in land values (Gupta, 2008).

- *Land Pooling and Share Ownership, Pune*

To build Magarpatta city, a cybercity-cum-residential complex near Pune, 123 farmers pooled together 400 acres of farmland along with a private limited company. They continue to own the land, own shares in the company and collect dividends on these shares as well as rents from the tenants in the city (Magar, 2008). This is an outstanding example of a win-win situation for the dispossessed and developers.

- *Land Readjustment and Pooling, Gujarat*

Herein, planning authorities acquire and ‘pool together’ a group of adjoining lands and then replan the entire area such that land parcels are provided for infrastructure, civic amenities and development

projects, and land is allocated to the erstwhile landowners (Ballaney, 2008). Thus, there is no forcible acquisition of land and exploitation of the erstwhile land owners.

- *Salboni, Bengal*

JSW Steel offered landowners cash compensation, shares in the project company as well as one job per family (Kakani, Raghu Ram, & Tigga, 2008).

In addition to the above innovative solutions that have been practiced in India some of the other solutions that have merit include:

- *Unlocking land value*: If the increase in land prices is considered as unlocking of land value due to development, then this extra value could logically be allocated between the landowners, the government and private developers. Eckart (1985) suggests employing Shapely value solutions, a game theoretical method that develops a basis for the equitable allocation of such excess land value.
- *Voluntary sale*: An alternative to displacement/compulsory acquisition is to negotiate with landowners to acquire some of the parcels of land out of several potential parcels for development. Landowners have the option to retain their holdings if they so wish and developers will then pursue other land parcels. This approach permits negotiations to proceed within a competitive framework and ensure that sale prices reflect market realities. Since sale is voluntary, it aids in augmenting the satisfaction quotient of land owners.
- *Stock options*: To counter the argument against unfairness of compulsory land acquisition, loss of future profits an approach suggested is the provision of common stock in the project company/PPP for subsequent distribution directly or as stock options to people whose lands have been acquired for the development. Herein, over and above a fixed compensation, displaced land owners are able to participate in the benefits accruing from the development venture and would be ‘partners’ in the venture. The shortcoming of this approach is that returns from shares are futuristic especially with long gestation infrastructure projects and developers often buy back the shares at very low prices at the start of the project, depriving the displaced parties of a share in the long term returns.

The foregoing examples illustrate that innovative solutions leading to win-win situations are possible provided officials from government and industry empathize with PAFs, exhibit a value-mindset in which social responsibility and justice are paramount. This is corroborated by Sathe (2016) who says that while farmers have been accused of being rigid in not parting with their land, he finds that farmers are willing to sell land if the compensation is fair and that farmers increasingly want to move out of agriculture and look for alternate opportunities. Therefore, if they are given a fair compensation and accepted as partners, more and more farmers would be willing to sell land. He also finds that concurrently the State has become more accommodative particularly because of the pro-farmer/pro-people movements led by social activists. However, all these examples pertain to land acquisition and are centered around tackling land acquisition/owners of land. The question of fair resettlement and rehabilitation of other stakeholders namely tiller of the soil, laborers, sharecroppers, tenants and artisans is yet to get the desired attention. Two projects, which focused on these neglected stakeholders, were the Krishnapatnam port in Andhra Pradesh and the Vadodara Halol highway in Gujarat. In the Krishnapatnam port, the public-private partnership has:

- Proactively carried out a survey of the needs of the villagers
- Provided jobs to youths in local areas
- Provided rehabilitation package and civic amenities to the displaced families
- Created a security force by coopting local fishermen youths as security guards, and giving other facilities including training facility by retired army officers and,
- Established kitchen establishments, for example, Pickle making units where women from the coastal community could find employment.

In the Vadodara Halol Toll Road (VHTRL) project, the Environmental and Social Impact Assessment study estimated around 300 families to be affected by this project. A systematic analysis of various alternatives was undertaken and bypasses were introduced at various critical locations. The extent of resettlement was hence reduced and resulted in the resettlement of only 10 project-affected households. VHTRL also undertook voluntary relocation of temples, schools and environmental infrastructure and created additional facilities such as pedestrian subways and compound walls and provided additional houses for the relocation of the community. This

project was designated by the World Bank as a ‘best practice’ example for its environment risk mitigation and social rehabilitation plan in India amongst World Bank assisted projects.

Applying a Values Mindset to Land Acquisition

Durkheim (1897/1964) and Weber (1905/1958) opined that values were crucial to explaining personal and social organization and change. Schwartz (1992) filled the gap of an acceptable construct and proposed the theory of basic individual values in which he identified ten values that are recognized by all cultures. Schwartz defined basic values as ‘*trans-situational goals that vary in importance and serve as guiding principles in the life of a person or group*’. The ten values have different motivations but are related, some are compatible while others conflict with one another. Comprehension of the values can expand decision making, attitudes and behavior.

Schwartz (2012) characterizes values as being beliefs, desirable goals that motivate action, as transcending actions, serving as standards for guiding selection or for evaluation, as having relative order of importance; and the relative importance of multiple values guides action. The motivation expressed by each value distinguishes them.

Schwartz enunciated ten values namely, power and achievement under the broad category self-enhancement; hedonism, stimulation and self-direction under the category ‘Openness to change’; universalism and benevolence in the category ‘Self-transcendence’; and conformity, tradition and security in the category ‘Conservation’. The above values in the order mentioned are adjacent to each other and in a continuum. Across countries, societies and cultures, Schwartz found that Benevolence, Universalism and Self-direction are most important while Power and Stimulation were least important. Campbell (1975), Parsons (1957) and Schwartz and Bardi (1997) posit that in view of the adaptive functions of values in maintaining societies and the commonalities in human nature, the pan cultural similarity in the hierarchy of values is not surprising but is to be expected as the basic social function of values is to motivate and control the behavior of group members (Parsons, 1957).

Of these, the values that are relevant to evolving a control mechanism in the subject matter of forced land acquisition are security, conformity and universalism as exhibited in Table 14.1:

Table 14.1 Values relevant to evolving control mechanism for forced land acquisition

<i>Value/s</i>	<i>Motivations</i>
Security	Preserving existing social arrangements that give certainty to life
Conformity	Subordination of self in favor of socially imposed expectations
Universalism	Transcend selfish interests and look to transcend others interests

The above three values have a social focus. Schwartz et al. (2012) view security as composed of two facets namely personal security that relates to one's immediate environment and societal security that is concerned with safety and stability of the society at large. It is the latter interpretation that is relevant while dealing with compulsory land acquisition. Leaders/senior managers from both government and industry who possess the Security value such as in the VHTRL project would ensure that minimum resettlement is necessitated. Further, Schwartz et al. (2012) look at Conformity from two angles, rules conformity, that is compliance with rules, laws and formal regulations; and interpersonal conformity that is avoidance of upsetting or harming other people. Both these are important values to be possessed in the land agreements and R&R, respectively. In the TNUDP, the officials concerned did not display the conformity to rules value since despite a World Bank mandate of compensation of minimum 150% of guidance value they contracted with landowners at 142–150%. Schwartz et al. (2012) describe universalism as comprising Universalism-concern which is commitment to equality, justice and protection of all people; Universalism-nature which is preservation of the natural environment; and Universalism-tolerance that is acceptance and understanding of those who are different from oneself. Universalism-concern was exhibited in the Bagarmau Bypass project, by the Jaipur Urban Housing Development Authority, in the Magarpatta cybercity project in Pune, in the Gujarat projects where land readjustment and pooling was done, in the Krishnapatnam Port PPP and by JSW Steel at Salboni in Bengal. In these projects, the officials transcended selfish interests and took care/protected the interests of the displaced population. In some cases such as in the Magarpatta cybercity, the displaced population would potentially get more than they could have ever dreamt of-this is akin to 'customer delight' in marketing terminology.

Taking R&R as an integrated package, the values that merit adoption by implementers of projects are mapped below with the essential steps involved as per the guidelines of the International Finance Corporation (IFC):

<i>R&R activity</i>	<i>Influencing value</i>
Selection and preparation of resettlement site	Conformity-rules Security-social
Influx management	
Socialization with host community	Security-societal Universalism-tolerance
Relocation schedule and assistance	
Physical movement of people	Security-societal
Temporary arrangements	Security-societal
Facilities for women including those pregnant	Security-societal
Replacement of services and enterprises	
Social services	
Schools	Conformity-interpersonal
Hospitals/clinics, Shops, etc.	Security-societal
Livelihood restoration	
Land based	Security-societal
Wage based	Universalism-concern
Enterprise based	Universalism-concern

Although it appears that values of security and universalism primarily protect the interests of a different section of society, with whom one does not share a relationship/bond, project implementers should realize that ultimately pursuit of these values are in their own interest in terms of realization of goals. Values-based approach could be detrimental to their goals by way of opposition from the community that stymie project implementation plans. Thus, the Values-based approach is a control mechanism as much as the behavioral, or outcome/output controls albeit of an informal nature but decidedly superior in the context of risks presented during land acquisition. It is different from the informal clan/social control mechanism put forward by Ouchi (1979, 1981) and control through culture posited by Lebas and Weigenstein (1986) as their writings focus on motivating the behavior of internal organizational members toward goal congruence; they have not dwelt on tackling external (displaced) members of society. Thus, the essential difference between the Social control mechanism postulated in literature and the Values-based control posited by us is that the former mechanism targets organizational members only through

the medium of organizational policies and organizational culture leading to a shared vision. Such policies would potentially promote appropriate behavior, whereas the latter targets external societal members (landowners/displaced population) through the medium of internal organizational members exhibiting values of security, conformity and universalism. With particular reference to R&R, the Values-based control approach would result in a graduation from the existing ‘value for exchange’ principle to ‘value of replacement’.

In his treatise ‘Levers of control’, Simons (1995) propounded the concept of ‘Belief Systems’ wherein organizational values and culture shape behavior of employees. If the Security, Conformity and Universalism values are incorporated in their Belief systems, infrastructure implementing organizations would find it easier to tackle the challenges of land acquisition together with R&R.

CONCLUSIONS

We started off questioning the adequacy of the prevailing law in India for managing the risk of non-readiness of land-owners to part with land required for public purpose. We examined the conventional control systems and found that they were not adequate to deal with external uncertainties thrown up during land acquisition. There are shortcomings in the compensation policy as well as R&R. Officials tend to neglect the fact that the sale of land by the displaced is not voluntary and hence mere market rates or some multiple thereof is not fair as their lives are uprooted. Besides, non-land owning PAFs are more badly affected through loss of jobs drastically impacting their livelihoods. Rosanas and Velilla (2005) after reviewing the conventional literature on MCS concluded that *‘the illusion of control can mislead managers into believing that everything can be controlled and monitored’*. But in practice, this does not happen and based on personalized phenomenology they showed that the development of technical and moral values is crucial to the long run survival of companies.

Despite the shortcomings in the law, many projects have managed to successfully complete land acquisition. An examination of the solutions employed in these projects reveals a fair and humane approach toward achieving the goal of ‘just compensation’ based on discussions and negotiations. These projects served as logical cases for analysis. We related the actions employed for finding solutions in the projects and linked them to Schwartz’s (2012) theory of basic values wherein he has characterized values as beliefs that motivate action. Out of the ten values propounded by

Schwartz, we identified three values that eminently described the actions that led to satisfactory solutions during land acquisition. These values are (a) Security—preserving existing social arrangements that give certainty to life (b) Conformity—subordination of self in favor of socially imposed expectations and (c) Universalism—transcend selfish interests and look to transcend others interests. If leaders and managers from industry and government can imbibe these values, much of the risk of delays during land acquisition can be mitigated. We, therefore, believe that in addition to the Behavioral, Outcome/Output and Clan/Social control mechanisms in management control literature, there is need for the Values-based control mechanism (VBC). VBC is not meant to be a substitute but would supplement the conventional control mechanisms. We have postulated VBC as a control mechanism based on live cases in India. There is scope for further research by studying the impact of VBC on project productivity that is efficiency of project completion as well as the impact on living standards and sustainability. We believe that VBC is applicable wherever there are issues like land acquisition challenges in developing and developed countries and particularly where the support of external members of *society/community is crucial to project implementation.*

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