

A strategic review of market-based reforms in the electricity sector: cases from India and/or Sub-Saharan Africa

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Project Description:

The early 1990s witnessed the onset of a flurry of activities aimed at implementing market-oriented institutional reforms in the power sector in various countries (e.g., Kodwani, 2009, 2010; Nepal and Jamasb, 2015; Mbalyohere et al., 2017). After three decades of experience with different versions of these reforms, the results are generally judged to be mixed and not as unambiguously positive as was envisaged. The initial expectations included higher efficiencies across the sector's value chain, universal access to and affordability of electricity, improved service quality and reduced price-cost gaps (e.g., Sen and Jamasb, 2012). While a lot has been achieved on all these fronts, the extent of non-achievement has raised many questions and even doubts about the efficacy of the fundamental thinking behind these reform models. A key critique has been that the reforms were conceptualised and implemented based on standard textbook models from the 1980s and therefore lacked adequate adaptation to contingencies in the various reform settings. In many cases, the reforms have ended up getting associated with bad governance and corruption, thus seriously undermining the social and political acceptability and legitimacy that is so critical to their success (e.g., Dagnachew et al., 2020).

The institutional situation surrounding the reforms has become significantly compounded by the rapid emergence of off-grid power technologies as viable alternatives to the traditional central grid systems, especially in rural and suburban areas that are hardly served by the latter systems. In many countries, government attention was solely targeted at developing and regulating large dam projects, leaving emerging off-grids to assert themselves. But with time, these off-grids have come to represent the most promising route to significantly improving access to affordable electricity in these countries before expiry of the UN's SDG initiative in 2030. Regulators and policy makers have therefore been under pressure to get their act together in evenly supporting traditional central grid and emerging off-grid sub-sectors.

The study will explore these and related issues surrounding the reforms in the electricity sector in India and/or Sub-Saharan Africa (SSA) to inform our understanding of the situation and the strategic lessons that can be derived from it.

The study is informed by three indicative research questions:

- 1) To what extent have market-oriented reforms in the electricity sector in India and/or SSA from 2000 to 2020 fulfilled the original expectations?
- 2) How can the shortcomings of the reforms be explained?
- 3) How can India and/or SSA improve their approach to these reforms in order to achieve better outcomes in future?

The scope of study could be India and/or SSA.

Some of the indicative objectives the study will consequently pursue are the following:

- i) To study cases of market-oriented reforms in India or/SSA in order to determine the extent of success.
- ii) To examine the evidence for the shortcomings of the reforms in order to advance explanations.
- iii) To make recommendations for improved approaches to the reforms in India and/or SSA.
- iv) To disseminate the findings of the study using reputable conference/journal papers.
- v) To develop expertise at The Open University in a sector that is increasingly important to international development.

Theoretic focus and contribution:

We expect aspects of institutional theory to play a central role in explaining the various country situations and in making strategic recommendations for the future. Interpretations of institutional theory that are sensitive to the dynamics of emerging and new frontier contexts will play a particularly important role (Wright et al., 2005; Marquis and Raynard, 2015; Cuervo-Cazurra et al., 2016). This includes an understanding of not only formal institutions, but also informal ones that are particularly important in these new market contexts (e.g., Boddewyn and Peng, 2021; Mbalyohere and Lawton, 2022). The institutional transition from long-standing state-owned and managed systems has been particularly hard in some countries, though there are aspects that have worked well. This provides significant scope for the advancement of new explanations for this mixed outcome and for possibilities to develop improved outcomes.

In light of the challenges with governance in many of these reform settings, new contributions toward strengthening governance practices will be important too. This might draw on insights about the understanding and practice of governance ethics in the case countries and it might further relate to complex cultural perceptions about good versus bad governance (e.g., Keping, 2018; Aguilera and Haxhi, 2019).

Methodology of the study:

While the research student will ultimately make the requisite methodological choices best suited for the study, an in-depth case study approach as a pilot in the early stages will be useful in identifying the most important issues and refining the research design. This would then inform the development of a survey to attain generalizability of the findings. In effect, we foresee a mixed methods approach. A combined governance (e.g., Kodwani, 2010) and an

institutional (e.g., Peng et al., 2008) theoretic perspective is proposed as the basis of the investigation, but with compelling adaptations to the contexts in question. Elements from dynamic capabilities of institutions may also inform the study. In the interest of nurturing independent and compelling research skills, there will be room to further refine the indicative questions provided above. This could be informed, for example, by the insights from an initial pilot study and the emerging thinking of the researcher in interaction with the supervisors.

Practical impact and importance of the study:

In addition to the potential contributions from a theoretical lens, there are some practical considerations that further underline the room for impact and importance.

Firstly, given the growing importance of India and SSA to the global economy, a study that illuminates and helps improve institutional reforms in the fundamentally important electricity sector is of multiple benefit. Secondly, in light of millions of people in India and SSA still lacking reliable, affordable and sustainable access to electricity and given global efforts to change the situation, the insights from the study can additionally inform such development agendas, from an institutional reform perspective. Finally, the possibility to directly engage with some of the regulatory and policy institutions and the international partner agencies involved, both during fieldwork and during collaborative workshops at the lead institution (The Open University), offers an opportunity for the study to be relevant to practitioners too and to strengthen the interaction between academia and practice.

The study, in conclusion, positions the research applicant to play an important role in developing a dynamic research agenda and activity portfolio around the proposed research topic.

About the Supervisors:

Charles Mbalyohere's current research focuses on the strategies of multinational enterprises and technology start-ups in the energy, education, telecommunications and Agro-processing industries, especially in emerging markets. He is further interested in the alignment between market- and non-market strategies, pro-market reforms, institutionalisation and responses to fast change in all markets.

Devendra Kodwani's current research focuses on the evolution of regulatory institutions, corporate governance and ethics. He has been examining the reforms in the electricity, water and telecommunications industries in the UK, India and other emerging markets. His other interests include behavioural finance, management and accounting in utilities and derivatives.

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