



Indian business leadership: Broad mission and creative value



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ABSTRACT

While general models of business leadership have drawn extensively on American companies, we find that two distinctive leadership principles have emerged among Indian companies. We conducted interviews in 2007–09 with top executives, primarily the chief executive, of 102 of the 150 largest companies listed on the Mumbai stock exchange. Though aware of Western leadership principles and applying some of them, Indian business leaders have developed their own guiding principles that emphasize 1) *broad mission and purpose*, servicing the needs of stockholders but also focusing on family prosperity, regional advancement, and national growth; and 2) *creative value propositions*, devising new products and services to meet the needs of large numbers of low-income consumers with extreme efficiency. Business leaders in the U.S. have long stressed total shareholder return, and while business leaders in India also focus on owner interests, Indian business leaders have embraced goals extending beyond their company's financial calculus.

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For fifty years, the study of business leadership worldwide has been dominated by models based on the U.S. experience. With the triumph of American-style capitalism in recent decades, at least until the financial crisis of 2008–09, managers around the world had often sought to understand if not emulate the leadership methods of successful U.S. companies such as General Electric (e.g., Djelic, 1993).

Looking to the U.S. for business leadership models might not have been surprising in countries like India that had long suffered an anemic 2 or 3% annual growth in gross domestic product. But the 2000s represented a sharp change in direction for the Indian economy. In some years annual growth rates topped 9% and many companies grew at more than 20%. Infosys Technologies, for instance, employed 10,700 in 2002 and drew \$545 million in annual revenue; eleven years later, it employed 160,000 and drew more than \$8 billion in revenue. The growth rate slowed in the 2010s, though it still doubled the rates observed in many Western economies. The rapid expansion of the Indian economy was partly the result, we believe, of Indian business leaders approaching their jobs in ways that are different from the U.S. model. While they draw upon some Western leadership principles, they also applied leadership principles of their own making and combined them with established practices in novel ways.

Business leadership principles

By national business leadership principles we mean the distinctive business values, norms, and capacities that help define how executives generally operate their companies across a given national context. These are akin to what Reinhard Bendix (2001) early characterized as the “ideologies of management,” and what Mauro Guillen (1994) more recently termed “models of management.”

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Though the principles are relatively conceptual and abstract, they carry implicit templates that help users map the principles onto a host of operational decisions. This is analogous to the way that the “spirit of capitalism” in Max Weber’s (1958) famous formulation had led northern European entrepreneurs after the Reformation to invest, reinvest, and grow their own enterprises.

A number of cross-national studies of company leadership have reported that some business leadership principles are common to most countries, while other principles are found in some but not all countries. Consider the work stream of Robert House, Mansour Javidan, and colleagues. They appraised mid-level manager preferences for company leadership qualities in the early 2000s with survey data from 17,000 middle managers of 825 companies in 62 countries – from Albania to Zimbabwe – in three industries – financial services, food processing, and telecommunications. Their surveys asked managers to evaluate which leadership qualities enhanced or impeded management of their firms, and they found that managers almost everywhere favored dynamism, decisiveness, and honesty; an ability to motivate and negotiate with others; and a focus on performance. At the same time, the researchers found other leadership principles to be valued in some but not all countries, including status consciousness, self-effacement, and subordinate empowerment (House et al., 2004; Javidan et al., 2006; see also Martin et al., 2013; Palrecha et al., 2012; Zhang et al., 2012).

Other investigators have reported that executives of publicly-traded U.S. companies place special emphasis on total shareholder return, and that that principle has guided their decisions on acquisitions, allocations, and compensation with greater weight than is commonly found among executives elsewhere (Davis, 2009; Mayer, 2013; Useem, 1996). Though aware of Western leadership principles and applying some of them at home, a process no doubt facilitated by the dynamics of institutional isomorphism (DiMaggio & Powell, 1983), Indian business leaders, we find, have also blazed their own path, with less emphasis on the principle of shareholder value and more emphasis on broader purpose and customer value.

Research method

We focused on India’s largest firms since they have played a major role in India’s business community and private-sector growth, and they have come to serve as models of business enterprise and leadership for other managers in India (e.g., see, Hamm & Tiger, 2007; Piramal, 1996). We approached 150 of the largest publicly-listed companies by market capitalization on the Mumbai stock exchange, the country’s premier exchange, and we secured personal time with the top executive, usually the CEO, of 102 of those companies in 2007–09. The company sectors were diverse, ranging from steel and airlines to pharmaceuticals and finance. Among the business executives that we interviewed were Reliance Industries chief executive Mukesh Ambani, ICICI Bank CEO Chanda Kochhar, Infosys Technologies chairman Narayana Murthy, and Tata Sons’ R. Gopalakrishnan (Cappelli et al., 2010a).

We asked the business executives – as uniquely placed participant observers – to characterize their leadership actions and decisions, and we then worked to extract the most widely shared and distinctive leadership principles from their accounts. Building on a common set of twelve questions (available in Cappelli et al., 2010a), we probed for the leadership actions and decisions that the executives deemed most critical for their leadership of the firm. We also asked the most senior human-resource executives at the firms where we had interviewed the top executive to assess the top executive’s leadership style with questions previously developed for Western business leaders. Here we drew upon several surveys including a widely-used assessment of leadership qualities, the Multifactor Leadership Questionnaire (Bass & Avolio, 1993). We chose to focus on this relatively small set of large firms and their executives since that allowed for a deeper look at complex behavioral patterns not otherwise discernible (Eisenhardt, 1989; Marshall, 1996; Yin, 2003).

We cross-checked information from the executives with supplementary data on the firms and their executives from a host of company websites, media accounts, industry publications, research studies, and our own survey of each company’s human-resource director. The four of us independently reviewed the interview transcripts to identify the dominant leadership themes running through them, and we combined the interview and secondary data to identify the most prevalent leadership principles across them (Corbin & Strauss, 1990; Eisenhardt & Graebner, 2007; Jick, 1979; Miles & Huberman, 1984).

Two distinctive Indian business leadership principles

Four distinctive business leadership principles emerged from this approach, and for reasons of space we focus here on two of them. For brevity we have termed them broad mission and purpose, and creative value propositions:

Broad mission and purpose. Indian business leaders place special emphasis on personal values, a vision of growth, and strategic thinking. Besides servicing the needs of their owners – a necessity for CEOs everywhere – Indian business leaders also stress broader mission and purpose. The leaders of Indian business take pride not only in enterprise success – but also in family prosperity, regional advancement, and national growth.

Creative value propositions. Given the large and intensely competitive domestic market with discerning and value-conscious customers, most of modest means, Indian business leaders have of necessity learned to be highly creative in developing their value propositions. Though steeped in an ancient culture, we find Indian business leaders inventing new product and service concepts to satisfy the needs of demanding consumers and to do so with extreme efficiency.

Two additional business leadership principles also became evident from our research: holistic employee engagement, and improvisation and adaptability of managers. Indian business leaders see their firms as organic enterprises where sustaining employee morale and building company culture are critical foundations for their success, and they have learned to rely on their own wits to

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