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Feature Article: Leadership in Indian Corporations Through the SDi Lens

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Is there a case to understand leadership in a developing nation differently from Leadership in a developed economy? I do not suggest that I know the answer by I do realize that an enquiry into this question will be worthwhile. By comparing my experience of working with a few organizations in India, I am hoping to draw attention to some important aspects of the question.

Let me first put down a few assumptions I am making:

Firstly, leadership does not happen in a vacuum. The “Life condition” the leader experiences are determined by the dynamics of the organization as it encounters its business ecology, its living culture, and stakeholder expectations to a name a few key variables.

Secondly, the key actions of a leader are :

One, to study the business ecology and the organizations culture, practices, processes, systems, policies and the like and effect changes so that the organization has the “requisite variety” and adequate levels of competence to carve its destiny. The most visible way in which this can be experienced is in the roles people play. The leader therefore impacts the meaning making, choice making and role shaping processes in the organization in a manner that equips the organization to navigate through the ecology and accomplish its goals.

Two, the leader is sensitive to the unintended consequences of the present ways of organizational engagement, is willing to take responsibility for them and dialogue with the voices that reflect these unintended consequences.

There have been two important periods of change in the process of modernizing of India. The first began soon after Independence and lasted for about a decade. It set the tone for the next three. The second started in the 90s and is accelerating even as I write this paper.

The Early Transitions

The leadership challenge in each of these periods can be examined through the SD framework and seems to follow an evolutionary path. The early phase of

industrialization had three types of organizations: the large public sector organizations, fledgling family managed organizations, and established multinationals. With Nehruvian socialism being the governing philosophy, the business context was clearly 'Blue'—hierarchical, controlled, closed system, role bound and bureaucratic. The market context was also, closed and bureaucratic since the creation of industry was through the mechanism of licensing, and competition was taken out of the equation.

Leadership at this stage was focused mainly on creating a “professional” out of the average employee who was socialized in strongly familial values. The organizational culture was very heavily influenced by two factors— i) who were the promoters of the organization? ii) Where was the technology sourced from? Looking at this through the SD lens, the average employee had strong Purple influences, his Red aggressive values were subdued (displayed in passive aggression and rarely expressed), his Blue role boundedness was very visible. The public sector organizations tended to have a strong bureaucratic Blue, the multinationals were systematic and therefore had a different shade of Blue—tinged with Orange, and the family organizations had a Blue tinged with Purple. To illustrate, the rule bound and bureaucratic functioning of public sector organizations would be obvious in almost every interaction with the organization. People referred to by designation, peons and errand boys dressed in specific uniforms flitting from desk to desk while the officers and executives stay put in their chairs, separate dining spaces for the seniors managers, executives and staff etc. The multinationals would be more active and more casual, but many of them differentiated between the senior management and executives and staff in more subtle ways. Profitability and market orientation was more tangible in their analysis and discussions. Family managed organization, typically had strict controls on decision making, especially financial and closeness to the family was a clear source of influence and power.

Leaders & Managers of the Early Phase

Successful managers in these organizations were people who had to learn to “assimilate and contain”. They were individuals who grasped the technology at an intellectual level, conformed and operated in a rule bound fashion, suppressed their aggression, and retained their familial socialization in private spaces. Perhaps, the ability to “transcend and contain is at the heart of the Indian genius of assimilation, adaptation and tolerance. This pattern of a centre of action in Blue, centre of thought in Orange and centre of identity in Purple is an interesting combination. The energy deployment is then to subordinate aspiration to “systemic role” and withholding individuation, repressing self?

In family managed organizations, there would be two parallel structures. One comprising of trusted and loyal people drawn largely from the extended family or community of the promoter family placed in strategic positions that are “cash flow nodes”. The parallel structure with professional and technologists would operationalise the site technology. The Leaders at this phase were people who were efficient administrators. Their key abilities lay in managing the dynamics of key polarities of decision making:

**Orange purposive
& technological imperatives**

**Purple Clannish &
familial compulsions**

**Organization culture of the
Technology partner**

**Role taking propensities
of indigenous cultures**

Few organizations like Hindustan Lever, were focused on marketing and distribution of FMCG goods and therefore had a robust external orientation. Others were protected by a “license raj”. It was widely accepted that organizations with a good market orientation were “professional;” In the organizations, a few Orange practices like problem solving and data analysis were followed. The organizations were very systematic in their operation and an overt socialization in the culture of the parent company.

India Poised

It is important to understand the societal context also while looking at leadership. Both the leaders and their followers come from this pool. Indian society at the time of an Independence was a strong Blue–Purple society. Families were largely what is called the “undivided family” with the patriarch and several generations living together often in the same dwelling and income being pooled and shared. Education was valued. Most families followed a guru as a spiritual anchor for the family. (Many gurus were enlightened spiritual leaders and not narrow religious leaders. In India priests perform the functions of temple and family worship, they are not teachers.) In a sense the national context at the time of Independence was also Blue–Purple with Red taking the form of Gandhijis Satyagraha—nonviolent, conviction-based confrontation. Gandhi himself was a deeply spiritual man. Blue–Purple with Yellow–Green leadership might capture the spirit of the land.

Today, family is largely nuclear and community is not based on a religious familial basis in the economically advanced sections. Maybe there is no community amongst the citizens of the fast growing metropolis. Orange is being advanced as a way to be, and celebrated in the media. But in the context of weakening Blue structures and family bonds, Red seems to rear its head more often in the guise of pursuing Orange values. Government policy making has opened up the economy, the earlier socialist policies are being dismantled. The upward mobility of the classes and communities that were historically suppressed is impressive both in the political front and as participants in the economy. Here again, the price being paid is an opportunistic surge that breaks traditional norms without replacing it with new reliable and appropriate Blue rules. New knowledge and skills from an Orange universe, opportunities created through an Orange global business context, weakening Blue and Purple structures, and regressive Red tendencies would describe “India Poised” raising the question, poised for what – Growth and evolution, or chaos?

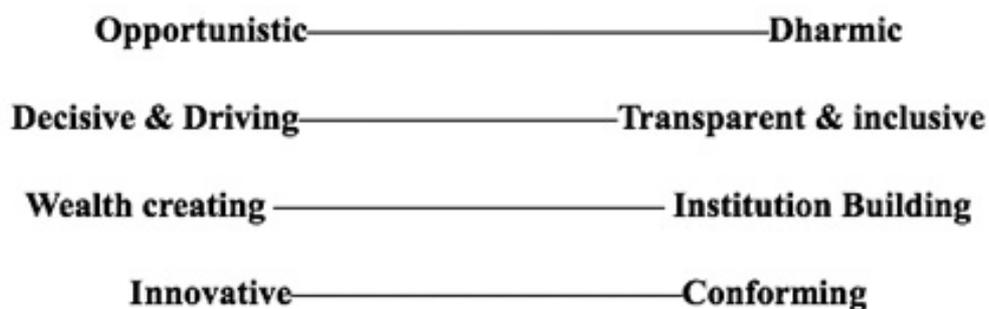
Today, India is poised at a new threshold in its organizational growth and leadership. The early attempts at industrialization and modernization have paved the way for a confident movement of Indian industry into the global stage. Organizations face intense global competition for markets, money and people. The business ecology is not only global and competitive; it sits on a foundation of indifferent governance by regulatory institutions. In the Indian context, where there are good laws for corporate governance the enforcing institutions are very young and developing and therefore

weak. In some areas, institutions have yet to be created. Unlike developed economies this context creates a very dynamic, unpredictable and at times predatory force for an Indian organization to contend with.

The business ecology i.e., the life conditions for the organization have a strong “Orange” flavor to it, but an Orange that can easily be co-opted to serve Red ends. In fact one often reads editorials in business magazines and papers where terms like “Robber Barons” are used to describe the new entrepreneurs and their “rags to riches” stories. One therefore sees in India two divergent pulls—one symbolized by the TATAs and the other by the Reliance group. In popular perception, the TATAs are seen as “value oriented”. While a reading of their values reflects a strong “Orange” orientation, this idea of a “values-oriented organization” in the popular imagination means “it appeals to my Blue conservatism”. The values they uphold in their lives would be referred to would be deference to hierarchy, sacrifice and hard work, life time employment, security and safety ensured through a strict adherence to a set of “shoulds” and “musts”. Reliance on the other hand is seen as “dynamic” which translates to a Red aggressiveness. Influencing government policy, challenging boundaries of legality and creative accounting are expected behaviours from these types of organizations. Both “professional behaviour” and “leadership behaviour” therefore have very different meanings in these two types of organization. “Professional behaviour” in the TATA’s context would mean a strong anchorage in Blue role boundaries, demonstrable Orange competencies and technological orientation, and Green sensibilities. The TATAs take their corporate social responsibility seriously and expect their employees to put in time and effort to support some of these initiatives. “Professional behavior” in the Reliance context would mean a high bottom line and results orientation where systemic adherence is paramount at operational levels. Expediency defines the managerial mode at senior levels and pragmatism in choice making in favor of business goals is perhaps more valued than longer term consequences for the overall context.

Leadership in the ‘TATA’ Type of Organizations

Leadership behaviour in this context calls for a balance between the following polarities:



It is fascinating to hear the dilemmas faced by leaders of these organizations in the coaching sessions. Many of them entered the organization when India was in its earlier phase. They have honed their “assimilating—adaptive” tendencies. With horizons opening up and competency taking precedence over loyalty, many of them grapple with their inherent avoidance of gladiatorial fights and open competition. Infosys, another icon of the “value-based” variety has epitomized the convergence of high ambition for wealth creation with the inward discipline of Gandhian simplicity. This metaphor has helped it to become a preferred destination for the intelligent, growth oriented and conservative professional, the kind of Indian youth who have

done exceptionally well in the US.

In the coaching sessions for those leaders-in-the-making one is helping them value their resilience, their ability to absorb pressure and aggression and transform these into an ability to assert one self and to draw boundaries. They also tend to value humility and take a “come discover me” kind of an attitude where they work hard and do creative work, but find it very difficult to stake a claim for what they deserve. Helping them value a legitimate pride in their own capabilities and accomplishments is both difficult and where it happens, unleashes a lot of dynamism. While these aspirants discover their latent potentials, helping them discover ways to challenge their peers and superiors while retaining their commitment to building lasting relationships and to building teams makes them excel in Leadership positions. Some of the areas that seem to come naturally to this group are investing in learning and being technologically savvy.

Leadership in the “Reliance” Type of Organizations

The “Reliance” model though, offers an interesting comparison. Most of these organizations have understood the value of efficient and high quality execution. In these organizations, the operating layers are largely populated by managers who are ‘conformistic–Blue”: People who have to display high efficiency but do not take initiative or act with autonomy. There is a layer of people above them who form the decision influencing groups. These are experts in various fields who are expected to provide the best in class creative alternatives to the variety of technical, legal, marketing, brand building, resource mobilizing questions. Decision-making is the prerogative of a very few, the Promoter-Entrepreneur and his very trusted aides.

Leadership in these organizations has very different demands. Up till a middle management level, leadership is not called for. Loyalty and agency that resembles a “samurai” focus on getting things done is rewarded. Many of these organizations have honed the delivery system and process to a nicety and achieve very high efficiencies. However, there is no regular improvement efforts, all changes in systems and procedures are initiated and followed through by a crack team. The heads of these operational units are Blue administrators with high technical ability. The organization structure is a combination of very efficient Blue hierarchies managed by a networked top management team, with the all powerful Entrepreneur-Promoter at the centre of the network. The network houses experts who can be put together into “trouble shooting task forces”. These teams manage both the project stage of the organizations created by the Promoter, as well as any redesign of the ongoing operations. People heading this commando like teams span a Blue administrative capability with Orange capabilities of high technological competency combined with a flexibility that allows them to truly network across projects. Experts here are like live Lego pieces that get plugged into and out of projects at short notice, and become effective team members very quickly.

The Promoters team that directs these task forces comprises of highly entrepreneurial people with a fanatical commitment to the promoter and to wealth creation. These are like small tribes that preside over the empire, while having a great focus on opportunity and wielding great influence over the political structures. A Red-Purple inward cohesiveness, Blue hierarchical authority over the operating structures and an Orange focus on data analysis and technology savvy. Leadership here would seem predatory from one point of view, have an armed forces kind of authority and efficiency from another, and Orange openness to the new and

successful and as far as shareholder returns and growth indicators go, the latter are stock market darlings! Indian organizations are in a churn. Will a distinctly Indian way of managing emerge? It seems very likely and both models are anchored on the core strengths of the average manager: firstly, “assimilate-adjust-perform” and secondly, “assimilate and contain”.

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