



G20: India

As subscribers to our newsletter will know, we are looking at the G20 group of major economies and this month our attention returns to India. India is the world's largest democracy and a multi-lingual federal state. The Hindu nationalist Bharatiya Janata Party (BJP) won 2014 elections by a landslide, replacing the long-governing secularist Congress Party.

From the late 1980s India began to open up to the outside world, encouraging economic reform and foreign investment. It is now courted by the world's leading economic and political powers, including its one-time foe China. However, India has many challenges that it has yet to fully address, including poverty, corruption, violence and discrimination against women and girls, inefficient power and infrastructure, ineffective enforcement of intellectual property rights and accommodating rural-to-urban migration.

India has three of the world's top ten megacities - one more than China. According to the UN, Delhi is now the second-largest urban agglomeration in the world, with Mumbai ranked seventh and Calcutta tenth. Six other Indian cities - Chennai, Bangalore, Hyderabad, Ahmedabad, Pune and Surat - feature in the UN's top 100 urban agglomerations. Water remains a major problem - with many households not having a regular supply.

The precise number of languages spoken in India is probably over 1,000, but it is often hard to define when one language begins and another ends. The big six languages - Hindi, Bengali, Telugu, Marathi, Tamil and Urdu - are each spoken by more than 50 million people. India doesn't have a national language but Hindi and English are both official languages.

There is a huge demand for labour in sectors like infrastructure, banking, insurance, real estate and construction. In infrastructure alone, nearly \$1 trillion of investment has been planned in the years to 2018. Therefore, India regularly tops the world charts for attrition; one in four employees will change jobs this year. "Organisations in India must give serious thought to what drives employee commitment," said Mohinish Sinha, Practice Leader of Hay Group India recently. Firms need to place more effort in skills development programmes, how they communicate and their employees' work/life balance and management styles. So is there a specific Indian management style?

Unlike many other countries, India has many family-owned and run companies with Indian entrepreneurs staying with their business till the end. It's also a norm for the owner's children to take over which is less common in the US or other western countries. Legacy issues are much stronger in India. This does lead to decisions still being made at the very top of the leadership chain. Status, age, position and rank still continue to be important in terms of authority and respect seen in the workplace. At the same time, the family conglomerates recognise the need for professional managers who can work alongside them seamlessly - this is clearly visible in Tata, Birla, Mittal, etc.

Indian business is characterised by its dexterity, greater employee engagement, an ability to improvise and creatively deliver value to customers. It's not that Indian managers are inherently more creative than their counterparts elsewhere but they work in a complex, unpredictable environment with much bureaucracy. They, therefore, have to be able to move with a constantly-changing and evolving policy framework, low quality of infrastructure, corruption and bureaucratic procedures. Indian managers are

used to finding ways around obstacles, including lack of resources. It's a mindset captured by the Hindi term "jugaad", which means an innovative fix or simply bending the rules to find a creative solution. But, there is also a downside to jugaad - it often leads to less sustainable or lower quality solutions which do not create lasting improvements.

In addition, some 80 per cent of all Indians have Hinduism as their core belief. As a result, many Indians still today operate with their age-old traditions. Babel's Cultural Trainer, Deepak Mahtani, comments "although it has been outlawed and many modern Indians in the big cities will quickly tell you it does not exist, one of the key beliefs in the caste system is that of status, which still pervades the mentality and mindsets of many Indian managers". Whilst the system may have less of an influence that it did in the past, its impact is evident in the hierarchy found in India today.

This then translates in a number of observable behaviour patterns: tight control at the top, limited delegation, manager's value status and power, staff awaiting and expecting directions, personal instructions, ability to cope with uncertainty and a fertile ground for creativity. Deepak adds "Workers are often told what to do and how it is to be done. This is one of the key criticisms of Westerners doing business in India".

Also significant is leadership style. In contrast to many Western cultures that have adopted a participative or empowering leadership, which stresses active participation, initiative, idea generation and a greater delegation of responsibility throughout the organization, Indian leadership style tends to be more directive. This is common to India and much of Asia. Directive leadership stresses the direction given by senior managers to those junior to them. It looks to the boss for instructions, knowledge, wisdom and strategy, and does not encourage much initiative or feedback. This, of course, is not the full picture as evidenced by the CEOs of some of the largest IT conglomerates in India today, such as Infosys and Wipro, to name but two. However, these would be the exception to the rule rather than the rule themselves.