Management Challenges in Uncertain Environment

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The final phase of last century has witnessed dramatic and drastic changes in the spheres of business around the globe. The advancement in science and technology has conquered the space, time & distance, thus transforming the world into a global village. Change is the operating lever of the 21st Century business. The present business is driven by technology and business is knowledge based. The twin forces of globalization & technology revolution has orchestrated a whole new wave of changes across economies, societies thereby radically impacting the way we lead our businesses. Excellent businesses across the world have a Heart Beat!

1. Introduction

The final phase of last century has witnessed dramatic and drastic changes in the spheres of business around the globe. The advancement in science and technology has conquered the space, time & distance, thus transforming the world into a global village. Change is the operating lever of the 21st Century business. The present business is driven by technology and business is knowledge based. The twin forces of globalization & technology revolution has orchestrated a whole new wave of changes across economies, societies thereby radically impacting the way we lead our businesses. All great companies have some kind of success formula emulating from a unique set of strategic frames, resources, processes, relationships & values. But, when the formula hardens, companies lose a vital ingredient for continued success.

Managers tend to adopt impersonal if not passive attitudes towards goals. Managerial goals arise out of necessities rather than desires and hence are deeply embedded in their organizations history & culture. The example of Polaroid camera where there elapses a shot interval between snapping the picture and gaining pleasure by seeing the shot suggests as to how business leaders think about goals. Business leaders are active instead of reactive, shaping ideas instead of responding to them. They should adopt a personal & active attitude towards business goals. The influence a leader exerts in altering moods, invoking images & expectations and in establishing specific desires and objectives determines the direction the business takes! The Result-Influence changes the way people think about what is desirable, possible and necessary.

Business leaders take a personal interest in the long-term development of their employees using their tact and social skills to encourage employees to achieve their best. It isn’t about being nice or understanding, but it is all about tapping into individual motivations in the interest of furthering business goals.

It should be noted that management works in the system, while business leadership works on the system. Authentic business leaders are characterized by influence, integrity, impact, insight, initiative, know the purpose of their leadership and have self-discipline.

Business leaders should take the opportunity as it comes, bearing in mind the bitter truth of the luck, giving you an opportunity but does not give you the result!

It takes optimism to dream about a better tomorrow, vision to chart a course to get there, tenacity to confront challenges and overcome obstacles, administrative acumen to desire & implement projects & programmes that catapult people from deprivation & despair to hope & prosperity.

Business leaders should appreciate the fact that the stronger the brand gets in a particular category, the weaker it gets in others and it is also a fact that businesses cannot win on price since there is always somebody who finds a way to make it cheaper! It’s ok with delayed cash flows but focus more on growing market and once businesses get enough top line, a lot of obstructions can be fixed. In a corporate environment when people with good ideas have to fight people with good businesses for resources they usually lose out. Over a period of time, better processes and professional commitment make a big difference. If the organizational culture doesn’t fit your strategy it is akin to opening a Pandora’s Box. Excellent businesses across the world have a Heart Beat!

It isn’t the incompetent who destroy an organization. The incompetent never get in a position to destroy it. It is those who have achieved something and want to rest on their laurels clog things up!

Findings show that 90% of the businesses have failed in their original plans, for their plans are based on too many assumptions. Business needs leaders who do not try to anticipate the future so much as create it.

Traditionally, in countries across the world, in any sphere of activity, be it economic or philanthropic, people have always tended to follow in the footsteps of a “leader”. In the political field too this is conspicuous in countries like North Korea, China, Vietnam and even India although within India itself, the loyalty towards the leader varies in degrees across the country’s vast expanse. If
one considers Indian industry, one will realize that most of the budding entrepreneurs of the day would regard a Dhirubhai Ambani or a Narayananmurthy (mentor of Infosys) as their role models; only a few of them would see the 150 year old industrial house of the Tatas as their role model.

What accounts for the higher level of popularity of the Reliance business or Infosys none of which has been around for more than, say 45 years, as compared to the Tatas which has been around 150 years? The Ambanis were amongst the few Indian industrialists who firmly believed in scale economies. They went in for backward integration at a time when it was considered passé at least in the Indian context. They went for mass production against the backdrop of the global market during pre-liberalization phase! Today, some of their facilities are ranked amongst the top three or five in the world in terms of production and productivity.

Similarly, Infosys spotted opportunities much earlier than others that the information technology sector presented to a country like India on a platter. India’s corporate sector and people in general are comfortable in English. The medium of instruction is English at institutions of higher learning in India which made it easier for our graduates to pursue higher education in countries like USA. Additionally, although educational institutions of the mediocre and substandard kind have proliferated all over the country, there are a few of them which are simply world class. Infosys realized soon enough that if the graduates emerging out of the hallowed portals of such world class educational institutions of India are adequately rewarded, cost advantage of the highest level could be achieved in the knowledge-based IT industry. IT industry being a knowledge-based industry, Infosys realized that if it were the early bird, it could, in one full swoop, grab as much business as it wants from the global market. That is what it did and the rest, as they say, is history!

India Inc’s corporate leaders are as motley as they come – from aggressive Vijay Mallya, to the soft-spoken Narayana Murthy; from the disciplined Azim Premji to the visionary Ratan Tata. But one thing they have in common is that they are world-beating leaders whose reputations outweigh their personality. Their commitment and focus are bywords in the world of business and their zeal, enterprise and firm sense of ethics sets them apart from the pack. More importantly, they symbolize the new and improved Indian corporate leader, ever ready to break out of the mould. As Indians, these leaders also possess qualities that are unique only to them. This is corroborated by a Hay Group / CEO Magazine study entitled “Confronting the Leadership Crisis” that enlists Indian leaders’ strengths and weaknesses. The study also points out specific areas that require improvement. So where do Indian leaders stand vis-à-vis their global counterparts? Business executives try and answer this question in the context of India’s new business climate.

During the first four decades of independence, India’s annual economic growth was sluggish at about 3.5 percent. The focus for business executives then was on consolidation of resources. At the same time, the government’s top priorities were to protect and nurture indigenous industries to help them grow. But when the floodgates were flung wide open post-liberalization, leaders found themselves confronted by several competitive challenges. In recent times, with employable talent becoming scarce, hiring and retention have assumed prime importance in the priority list of business leaders. Not only that, new management mantras have evolved and the focus has shifted towards innovation, communication and risk-taking. The Indian environment today is highly competitive and the constantly increasing global pressure of optimization puts leaders through constraints which are new and did not exist in old economy. “Leaders today have to deal with the increasing factors of the new economy and at the same time manage growth”, says Rajesh Chandiramani, General Manager, Sales & Marketing, Tech Mahindra”.

The Hay group study says that Indian leaders seem to excel in the entrepreneurial drive, adaptive thinking and networking, where they need to strengthen their understanding or organizational politics, exert influence in complex and sophisticated ways’ and assess individual aptitude and strengths and leverage them for business benefits.

Tharuma Rajah, GM, Asia Pacific and Thought Leader – Leadership Consulting – Hay Group, believes that leaders in Indian corporation tend to be more obsessed with “business results”. “Having almost grown and developed themselves without any internal or external assistance, these leaders do not know how to go about developing other people” says Rajah. “Leaders here have to face challenges like changing aspirations of employees as an impact of globalization and spiraling costs of talent and growing expectations” comments Girish Wardadkar, President and Executive Director, KPIT Cummins Infosystems Ltd.

Nikhil Maini, Head, Employee Development, 3 Global Services, believes that sailing through change is the biggest challenge Indian leaders come across today. “One cannot ‘manage’ change as it is a paradox of sorts. To stay ahead in the game, you either ‘anticipate the change’ or you create the necessary change in your business environment”.

Talent acquisition and retention too is something that is a constant worry for Indian leaders. Indeed, going by the mood at industry conclaves and meetings, there is nothing more important than dealing with the talent crunch as far as senior managers are concerned.

Ramesh Vaswani, President, Intex Technologies, feels that finding and retaining the right people and organizing funds for growth at competitive rates (in the case of small scale enterprises and first generation entrepreneurs) are what leaders need to get better at.

Typically, family-owned entities and PSUs are said to be weaker in terms of the quality of their leadership. However, almost all industry experts tend to believe that no matter what kind of organization you talk about, the only differentiator is the initiative shown by leaders. “The environment for growth in an organization is defined by the attitude of the Managing Director / CEO / Owner,” says Vaswani.

“Indian leaders maintain a single-minded focus on innovation, growth, people and business results, as we voraciously seek out new technologies and ideas to adapt to customer’s unique needs and opportunities”, says Chandiramani, adding, “Further
shouldering the needs of corporate social responsibility and taking business risks to address society’s needs are some qualities where Indian leads display a more altruistic business philosophy”.

Most senior managers are also comfortable working with a multi-cultural workforce. Prashanth L J, Global Chief Marketing Officer, Infinite Computer Solutions says, “The Indian leadership talent with strengths in social values, analytical abilities and balancing diverse cultural requirements is well poised to take on the challenges of global businesses. This makes them competent to multi-task, manage risks holistically, proactively innovative and manage cross-cultural workforce.

So how can India Leaders learn and unlearn new skills to make themselves more relevant? Is it an excruciating task for Indian companies?

Specialized leadership institutes have a key role to play in accelerating the change in the mindset of old-fashioned leaders and grooming new leaders, Vaswani feels. Organizations like Satyam and Infosys have set up their own leadership training institutes to build and strengthen the quality of leadership internally.

All too often, leaders do not realize the importance of being directly involved in employee affairs. This is a challenge faced by leaders everywhere and not just in India. However, Indian leaders have begun to tackle it in varying degrees. They are beginning to identify employees as their biggest stakeholders. Besides, top-down systems are beginning to make way for collaborative cultures where the CEO works with management teams instead of doing everything on his or her own. But are the effects of globalization and competition accelerating the rate at which our leaders are transforming? Yes and no!

Mere financial success is not a sure-fire indicator of a great leadership at the helm. In addition, leadership is as much an individual quality as an organizational one. This makes it much harder to distinguish between a good leader and a bad one. This makes it much harder to distinguish between a good leader and a bad one. The best leaders, irrespective of where they are, know that greatness comes from sharing power instead of hoarding it. Great leaders don’t just lead by example they know when and where to delegate. The best leaders concentrate on honing their strengths and find others who can make up for their limitations. As Maini says facetiously, sometimes leadership is about showing the vision and getting the hell out of the way!

The discussion begins with, inter alia, what Mr. Kumar Mangalam Birla, Chairman of the Aditya Birla Group has commented on leadership challenges.

Businesses today are being buffeted by major gale force winds – globalization, liberalization and technology among them. The end result is constant churn, competition and change. In such a hostile environment, incremental change will not suffice; organizations have to radically transform themselves, not once or twice but continuously and many times over. At the broadest level, the topmost task is that of positioning an organization along a permanent transformational track. As Alvin Toffler said, “The illiterates of the 21st Century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn. Let us now enumerate what we believe is the key challenge facing organizations and leadership today.

Employee engagement is the latest buzzword in HRM. It is the level of commitment and involvement employees have towards their organization and its values. Engaged workers contribute to the firm’s increased productivity, higher financial returns, lower attrition, greater talent pool, higher morale and create emotional engagement and loyal customers. Employee Engagement is a critical element of competitive advantage for organizations and is an amalgamation of commitment, loyalty, productivity and ownership. Firms that constantly keep themselves aware of their employees needs with the help of employee satisfaction surveys will have a competitive advantage over those who do not. It is the emotional bond that exists between employer and employee, that makes all the difference.

While ineffective leaders may drag down employee engagement, chasing away some employees while demotivating others, highly effective leaders can create and maintain a work environment marked by loyalty, trust and open communication and inspire employees to give 100 percent. These leaders are successful at driving employee engagement because they possess the following characteristics that define these high engagement leaders.

- Passion to lead
- Select right employees for the right job
- Connect with the employees
- Promote accountability
- Develop employee’s talent
- Recognize the star performer

In a nutshell, only those firms recognize opportunities to foster employee engagement are successful in the long run.

Succession planning is a part of the process of preparing the future plan of the organization. It saves the cost and time of external personnel researches. Every key position and every highly talented person in the organization is a prospect for succession. The firms should identify the strengths of the potential successor and nurture him to fit into the position, which he is aspiring to achieve. To develop and nurture its human capital, firms have to assure a continuing sequence of qualified people to move up and take over, when the current generation of managers and key people retire or move on. Succession planning improves employee morale, lessens the effects of reengineering and downsizing and creates a diverse talent pool within an organization. This will lead the organization way head of its competitors and will help to yield a greater return on investment in future.

Thus leadership is ultimately to do with people. You can have the most forward-looking vision and strategy, but unless you have a passionate and committed team to execute it, you cannot translate your vision into reality. It is important to muster the emotional and intellectual equity of the people and to gain their trust and commitment to the vision. Leadership is all about rallying them around to a compelling and exciting vision of the future. It is about plucking into the minds and hearts of people. It
is about upping the quality of imagination of the organization. It is about encouraging a spirit of intellectual ferment and constructive dissent so that people are not bound by the status quo and star performers are given space and free play. It is about building the highest levels of empathy, without compromising on fairness and running a popularity contest. Thus, the process of change is perhaps 90 percent about leadership and only 10 percent about managing.

2. References