

# The India Way

By Peter Cappelli, Harbit Singh, Jitendra Singh and Michael Useem

Over the last two decades, many of India's leading companies have been achieving double-digit growth even in the midst of a global recession. Understanding the Indian business juggernaut is an imperative no manager – in any part of the world – can afford to ignore. In this book **'The India Way'** professors Peter Cappelli, Harbit Singh, Jitendra Singh and Michael Useem of the Wharton School India team reveal the secrets of India's top-performing companies: an innovative, unconventional and exportable set of management principles they call, **'The India Way'**.

This term is coined to signify a particular style of business management which they argue is the unique encapsulation of the culture and history of India. The book's major claim is that there are certain practices prevalent in Indian business, such as paying special attention to the management of human resources and engaging in corporate social responsibility, which could be extremely beneficial to other models of business, particularly to those in the West.

The authors surveyed leaders of 150 of the largest publicly listed companies by market capitalization and identified four distinctive Indian business capacities that are vital to the nation's growth:

1. **Holistic engagement** with employees. A primary difference between Indian and Western business styles lies in the degree to which corporate goals and strategies reflect company core values. Because Indian executives motivate their employees with larger company and social goals, they are afforded significantly higher levels of trust and respect from their workforces and communities than their Western counterparts. The personal mantra at HCL, the fast-growing international IT service firm is “Employee First, Customer Second”. Thus people are viewed as assets to be developed, not costs to be reduced; as sources of creative ideas and pragmatic solutions. Creating ever-stronger capabilities in the workforce is a driving objective.

2. **Improvisation and adaptability.** In a complex, often volatile environment with few resources and much red tape, business leaders have learned to rely on their wits to circumvent the innumerable hurdles they confront. Sometimes peppering English-language conversations, the Hindi term 'jugaad' captures much of the mind-set. Anyone who has seen outdated equipment, nursed along a generation past its expected lifetime with retrofitted spare parts and jerry-rigged solutions, has witnessed jugaad in action. Adaptability is crucial as in another English-Hindi hybrid, 'adjust kar lenge' — "we will adjust or accommodate."

3. **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, Indian business leaders are inventing entirely new product and service concepts to satisfy the needs of demanding consumers and doing so with extreme frugality.

4. **Broad mission and purpose.** Besides servicing the needs of their shareholders — a necessity of CEOs everywhere — Indian business leaders stress broader societal purpose. They take pride in company success — but also in family prosperity, regional advancement, and national renaissance.

These principles constitute a distinctive model that contrasts with combinations found in other countries, especially in the United States, where the focus is on delivering shareholder value.

In India, business leaders have come to be emblematic of national achievement and fortitude. When Secretary of State Hillary Clinton visited India six months after the terrorist attack in November 2008, she arrived first in Mumbai, the business capital, not in New Delhi, the political capital. There she began by meeting with Indian business leaders, including Mukesh Ambani, executive chairman of Reliance Industries, and Ratan Tata, head of the \$62 billion Tata Group.

Many heads of business are deeply involved in diverse issues from climate change to child nutrition and care as much about national purpose as financial results. Many companies are committed to social betterment through philanthropic giving and investment in infrastructure near their facilities and believe national growth is essential for their own profitable expansion.

Thus the co-chairman and former Chief Executive of Infosys Technologies, Nandan Nilekani, is directing India's mammoth effort to provide a unique digital identification number for every one of its 1.1bn citizens, to enable effective delivery of social services. Hindustan Unilever has launched Project Shakti (sacred force), which uses microfinance to create a sales force in the subcontinent's most remote regions. And big-name businesses have built community hospitals, grade schools and virtual universities across the country. This Indian way of doing business has fuelled an economy that even in perilous global times remains a dynamo, driven by big companies that are bent on growing at prodigious rates. India's GDP has been expanding more than twice as fast as the U.S. Infosys Technologies employed 10,700 in 2002, and 100,000 just seven years later.

The essence of **The India Way** is best expressed by R. Gopalakrishnan, the executive director of Tata Sons, the holding company of the Tata Group: "think in English and act in Indian." For the Indian manager, R. Gopalakrishnan explained, "his intellectual tradition, his y-axis, is Anglo-American, and his action vector, his x-axis, is in the Indian ethos. Many foreigners come to India, they talk to Indian managers, and they find them very articulate, very analytical, very smart, very intelligent — and then they can't for the life of them figure out why the Indian manager can't do what is prescribed by the analysis." As ICICI Bank chief executive K.V. Kamath summed up 'Time and again it has been proved that the Western model of doing business would not be a success here!'

In commencing this study of Indian business leaders, the authors had anticipated a cross-national convergence on American terms, with Indian companies looking to adopt the management methods of Steve Jobs, Jack Welch, and other icons of American enterprises. What they found instead was a mantra of "not invented there." Though well aware of Western methods, Indian business leaders have been blazing their own trails. And though rooted in the traditions and times of the subcontinent, the value of their distinctive path can, they believe, transcend the milieu from which it arose.

When Indian companies, for instance, take over publicly traded American firms — such as Tata Motors' acquisition of Ford's Jaguar and Land Rover divisions in 2008 — research confirms that the acquired firms increased both their efficiency and their profitability. Rather than appreciating the value of **The India Way** only upon acquisition, Western firms might be well advised to have a careful look in advance.

Understanding **The India Way** and its drivers has become important for business managers everywhere.

**Impact Executives is a global market leader in the provision of senior interim management.**

When you need a top quality, experienced interim manager for:

- A business turnaround or restructure
- Post-merger integration
- Project / Programme Management
- Managing IT systems implementation
- Urgent senior or board level vacancies

Call Impact Executives and we'll provide a cost-effective solution immediately, for these and many other business challenges.

To learn more about our global network, visit:

[www.impactexecutives.com](http://www.impactexecutives.com)  
+44 (0) 20 7314 2011

**impact**  
**executives**  
HARVEY NASH GROUP