

Leadership in the Era of Conscious Capitalism
(Mary Clubwala Jadhav 19th Endowment Lecture)

by

B.Santhanam

President, Flat Glass, South Asia, Malaysia and Egypt

It is my honour and privilege to deliver the 19th Mary Clubwala Jadhav Endowment Lecture. Padma Vibushan Mary Clubwala Jadhav is a person who single handedly made the field of Social work what it is today. The Madras School of Social Work was founded soon after independence is one of her finest creations. The institution has contributed immensely to the nation building process through its illustrious and distinguished alumni.

The Changing Business Context:

I begin my lecture taking you back four decades. The famous economist and Nobel laureate Milton Friedman made a statement regarding the purpose of business and I quote “There is one and only one social responsibility of business -- to increase the profits”. The Washington consensus representing this school of capitalism became a passport for growth, development and prosperity for the last four decades and this economic framework has been widely adopted by developed and emerging countries. However the financial meltdown in the US followed by the European debt crisis has impacted the global economy. The era of relentless pursuit of economic growth at the cost of environment and equity is coming to an end. The large western economies went through a period of deleveraging that led to the economic stagnation for the past 5 years. The world is now slowly recovering led by the growth in the US, Japan and a more balanced approach by China. However, the world of business has changed forever.

If you asked someone a few years ago, what is the most important characteristic that you must possess in order to succeed in business, most people would have answered that to be competitive is at the heart of being successful. Currently businesses and countries face social, political and ecological challenges that are more complex and

interlinked. Being narrowly competitive no longer guarantees success. The ability to collaborate is now an absolute necessity. It was the World Wide Web initially, later Cloud and now Social media that bind us together to form a large complex network. The world is much more interconnected now. Increasingly, led by the revolution in Information and Communication Technology, the world is becoming much more innovative and creative; be it in the way business is done or in ushering in new products and services. The last and the most important dimension of change, is that the world is suddenly beginning to wake up to its conscience. Capitalism is now focused on building trust, compassion, Collaboration and value creation. The Era of Conscious Capitalism has just begun.

In this changing business context, being collaborative, being creative, staying connected and bringing your conscience to the world of work is exactly what your institute has trained you for. You now have a major role to play.

The Leadership Traits that matter:

Over the years I have worked with many talented leaders and have observed the traits that have made them different. It is important to know why some are more successful and understand the essential characteristics to succeed in the new world order; whatever be the field one chooses, entrepreneurship, music, sports or profession.

Leadership behaviour is one of the most researched and talked about phenomenon of the modern business environment and I propose a framework '10 Leadership Traits' drawn from success stories of many leaders and if inculcated, will lead to increased impact. The framework has ten interrelated traits, which contribute to effective leadership.

Intelligence and Information

Intelligence not Analytical but Emotional and Social

The first and foremost differentiator of the leader from other persons is Intelligence. More often, the society analyses people on Analytical Intelligence, but real leadership demands more than just that.

Analytical Intelligence is a prerequisite for an effective leader. Most of the current research points out to the need for a threshold level of analytical ability to understand the social, scientific, human phenomena in order to make meaningful connections and conclusions. However, other forms of intelligence, viz., Emotional and Social Intelligence are even more crucial for a successful leader. An Emotionally intelligent leader is aware of her and empathizes with others. A socially intelligent leader leverages networking with others, collaborates, persuades and influences people over whom he has limited authority. We can find no better person than Barrack Obama, who perhaps excels in all dimensions. Obama displays deep understanding of social, economic, political issues and has the uncanny ability to align and collaborate with other world leaders for larger cause.

Information through Knowledge, Framework, Linkages

'Information is power' is an old adage, but one that holds true in leadership, situations. Information is easily accessible in today's era. However, the ability to generate knowledge, develop frameworks and draw linkages through the use of information is fast becoming a true source of competitive advantage for effective leadership. An example of the power of information is evident through the example of Google. It had a humble beginning that took root in a Stanford University dorm room and quickly spread to information seekers around the globe. Larry page and Sergey Brin chose to develop a search engine that would organize information on the web and the power of information has guided Google to a leadership position. Truly, it lives by its vision - 'to organize the world's information and make it universally accessible and useful'.

Insight and Imagination

Insight into Market, Customer and Industry trends

In today's era of easy information accessibility, the differentiating factor of effective leadership is the ability to create insights from data and information. Insight, when capitalized upon, leads to innovation

and further contributes to the organization's competitive advantage and leadership position. Understanding consumer psychology by studying the market, customer behavior and industry trends are useful sources of generating insight. There are many companies which bank upon these insights to develop innovations in products, business processes, distribution channels, value chains, people management and even in management functions. An example of one such company is CavinKare which launched the key product, "Chik Shampoo" in innovative sachet packing at a strategic price of Re.1 and 50p. After 3 decades, that insight has now become a main-stream idea. In a highly competitive FMCG category that seemed impenetrable to most marketers, Chik Shampoo identified a humongous opportunity in rural and semi urban India and created waves with its entry into these markets.

Imagination is envisioning the future and being unconstrained by resources.

Effective leadership involves working with imagination and being unconstrained by resources. Leaders with imagination have their eyes not only on the task at hand, but also focus on the horizon. They have the ability to build scenarios, see the bigger picture, think strategically and come up with out of the box solutions. A.P.J. Abdul Kalam is a leader who used his imagination to draft 'India 2020: A Vision for the New Millennium'; which offers a vision of how India can emerge to be among the world's first economic powers by 2020. Such leaders possess the ability to look into the future and create scenarios that act as an Inspiration for others to follow. To be able to build effective leadership vision and garner support on the initiatives, imagination is a crucial tool.

Intensity and Inspiration

Intensity through Passion, Drive and Involvement.

Ram Charan in his book, 'Leadership in the Era of Economic Uncertainty', reiterates the need of intensity as a leadership trait. I believe leadership is about intensity as demonstrated in passion, drive and involvement in the task ahead. Without this intensity of thought and

action, leadership will have little influence. The intensity translates itself into rapid force with which organizations adapt to changes in the business scenario. In 1996, Hyundai then an aspirant in the Global Auto Industry, decided to enter India. Most industry analysts were more enamored by other auto majors. However, the intensity with which top Korean Leaders, who were deputed to India, pursued their audacious goals and ensured that they captured the heart of India, made all the difference. The Korean leaders went about understanding the Indian consumers' mind, designed a World Class Car, developed an ancillary base, recruited top talent and invested in a state-of-the-art facility. The result is that their Chennai complex, in just a decade, reached an annual production of over 5,00,000 cars. The result is, today they are 10 times bigger in India than the US auto majors. What differentiated the two teams was the passion and intensity of the top leaders.

Inspiration be a Visionary, Role Model and get others to commit.

Leadership does not operate in isolation but in continuous interaction with others. Leadership derives its very meaning from its association with the 'other' the followers. By becoming an inspiration for others, leaders create a shared vision, get others to commit to the common goal and motivate people to achieve more than they may have ever dreamt of. Inspiration is the spark for motivation that leads to action. Leaders motivate others for a common purpose and inspire others to do things normally beyond their realm. The best example to demonstrate inspiration as a trait of effective leadership is Mahatma Gandhi, who without any military aid, economic force, violence or devious politics made the British to leave the country. Gandhiji's nonviolent ways and peaceful methods were the foundation for gaining independence from the British. Through inspiration, leadership enables others to emotionally commit and identify with the goals, leading to success.

Influence and Impact

Influence through Persuasion, Consensus, Team-work and Collaboration.

Influence is a key component of Leadership. Being able to persuade

others, build Consensus amongst the contending parties, create a cohesive team and collaborate effectively are keys to influential leadership. An example of influence is illustrative in the case of Dewang Mehta, ex-chief of NASSCOM. He played an important role in lobbying with the government on behalf of the fledging Indian software industry. Mehta's knowledge of the right people to connect with and his collaborative stance with IT-related departments enabled him to gain concessions, while other industries struggled. Recognizing the potential of the software and services segment as a major foreign exchange earner, Mehta launched the India Inc. crusade, where he personally presented the country's software industry to the world. Leadership talent is closely related with the ability to influence, not just the consenting parties but also dissenting parties. To develop leadership skills, it is imperative to develop the ability to persuade others and collaborate effectively.

Impact is through Clarity of Communication, Personality and Connect with people.

Largely, leadership is about impacting others and getting them involved in the task ahead. Since leadership is based on interaction with others, it is important to build connection. In this, communication plays a vital role. Clarity of thought and the ability to communicate effectively is pivotal in developing leadership competence. Barack Obama, the President of United States, is someone who has risen from nowhere in a short time and today has become a person to reckon with. Although Obama always stays cool, his speeches energize the audience and stir the mind. Having heard Obama first as a candidate and now as the President, people around the globe have put their faith and hope in him. His powerful communication style creates maximum impact on people across the globe. Therefore Leadership is not only about an inherent value or substance but also about outward style which makes it attractive and impactful to the masses.

Integrity and Independence

Integrity not just Personal but Ethical, Moral & Social.

There is a common theme among research papers written about

leadership in recent times Leadership and its relationship with integrity. Effective leaders serve as role models who are looked upon to set examples and lead. Integrity is that factor which makes leaders trusted, helps them build credibility and create an impact on the masses. The Tata Group has been in existence for over 100 years and has always focused on integrity as an important value for the organization. The Tata Group is not only a code of ethics, but a code of Conduct, which specifically addresses behavioral expectations from employees - right from the CEO to the staff level employees. The Tata Group has ensured consistency of exhibiting moral values & integrity across its illustrious life span and in all its dealings with numerous stakeholders. Effective leadership flows from the display of the highest standards of integrity in all types of situations normal and high stress.

Independence being Autonomous, Self-Motivated, possessing Edge and Power Balance.

Finally, Leadership stems from independence of thought, Self-motivated leaders who are autonomous in their thinking and in the execution of their plans, come up with original models and their conviction paves the way for leadership success. E.Sreedharan, who is over 70 years old now, is the architect of the metro rail project in Delhi. It is well ahead of Schedule and the pace of work is admirable. His success is driven by his independent streak and self-motivation. His relentless pursuit towards excellence is exhibited in the turn around speed of projects he rebuilt the Pamban Bridge after it was washed off, in less than 60 days. When the mandate given to him was six months. Varghese Kurien, father of the white revolution, driven by the challenge left his government job and set up Amul. He gave autonomy to the farmers and under Kurien's leadership, India became the largest producer of milk in the world. What differentiates both these leaders is the edge of 'independence' - of themselves and their followers. Thus, Effective Leadership is preceded by a relentless pursuit towards excellence, equipped with the tool of independence of thought.

The 10 principles highlighted are not meant to be a judgment on all the traits a leader must possess. However, based on my personal

experience as well as observations of instances of great leadership, I believe that the elements of the i10 framework encompass essential attributes that have served leaders well in the past and are bound to prove their worth if applied in the right context and in the appropriate manner. These are not necessarily innate but can be cultivated through observation, listening and feedback.

The Era of Conscious Capitalism

Capitalism is an unparalleled vehicle for meeting human needs, improving efficiency, creating jobs and building wealth. But a narrow conception of capitalism has prevented business from harnessing its full potential to meet society's broader challenges. The opportunities have been there all along but have been overlooked. Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues that we face. The moment for a new conception of capitalism is now; society's needs are large and growing, while customers, employees, and new generations of youth are asking business to step up.

Conscious Capitalism is the combination of capitalism with focused efforts to build trust, compassion, collaboration and value creation. Global business and political leaders have attempted to redefine how to incorporate consciousness into business practice. Interestingly, while we have well developed mechanisms to measure performance on the economic and ecological parameters, criteria for the other two i.e. social and ethical aspects are yet to reach the same level of sophistication. The Shared Value approach by Michel E. Porter of Harvard University reiterates the importance of combining economic value and social impact for ensuring sustained growth. This implies that business in order to remain sustainable must incorporate economic, social and ecological sustainability as its core value. We now need a new framework for measuring business performance and many global and Indian corporations are now incorporating in their pursuit of business goals.

Conclusion

To sum up, the world of work has changed and you need to be Collaborative, Creative, Connected and driven by Conscience. The i10 leadership traits provide you with a framework to be successful in this changed business and social contest. Increasingly many companies have adopted this new model of growth that is sustainable and inclusive and that simultaneously optimises economic and social values.

You are entering the world of work in the era of Conscious Capitalism. Your institute have trained and equipped you to be in an unique position to shape the society in the new era.

I wish the Madras School of Social Work, the Principal, the faculty members and the students of Social Work and Human Resources a bright future in this new world order.

Thank you.