

**Knitting a new socio-economic fabric: *The arts of leadership to inspire the divine within***

Partha S. Ghosh  
Partha S. Ghosh & Associates, Tokyo, Japan

Over the last several years, in view of the rapid changes that are taking place in the geo-economic, geo-political equations world wide, and the chronic lack luster performance of India (since its independence), our firm have had the opportunity to interact with Indian leadership group in an effort to create a "new movement" towards a more positive nation building dynamics. I have always viewed this dynamics to include:

1. Cultivating a shared vision of the future and then developing national competitive strategy to convert the vision into reality
2. Humanizing the economic processes such that we could go beyond financial engineering and focus on grass roots social engineering
3. Building a new India with a new mind set *with* a new sense of pride which will celebrate the values and principles embedded in our ancient philosophies

Accordingly the theme of the All India Management Association's 21st Annual convention in Calcutta - "*Human Dimensions of Liberalization: The Task Ahead*" is indeed very close to my heart. My interactions with people around the world, possibly in more than 15 countries, both at the Board rooms and Tool rooms of large, medium and small size corporations, have time and again convinced me, there is essentially only one dimension which drives a "progressive process" of any socioeconomic advance - it is the human dimension. This dimension will require us to manage - factors such as - the trust and pride that each individual cherishes, respect for each others efforts, and love for the environment that we live in.

Instead, over the last forty five years, lack of clarity in its economic policies, lack of commitment to bring fundamental changes at the grass root level, euphemism with short-term gains, all together have created in India, a dynamics which is "value subtractive and viscous". Time and again in national and international forums we have sounded positive, often over confident in our deliberations; in the process "by the act of talking big, we have failed to act big". In turn it has "led us to learn slowly", "led us to undermine execution", "led us to undervalue quality", "led us to under focus

on values", "led us to denigrate rather than celebrate champions", and above all "led us away from cooperation".

It is important that we acknowledge that India's past and prevailing systems have destroyed the intrinsic divine elements, which make the process of socioeconomic development a selfless and an enjoyable one. Consistent failures to deliver as a Nation in conjunction with the false sense of confidence in leadership speeches, have taken the "true courage to face the fundamentals", totally out of our national psyche. In short, we have become a nation without a "character"

As a result, today in a deregulated environment when individual and/or institutional choices are being made, India seems to very easily opt for quick-fix solutions spiced and colored by foreign brands, foreign services, for problems, unique to India, often at the cost of undermining quality of entrepreneurship in indigenous names, quality of thinking in indigenous institutions. What is more disturbing is that for services which require - devotion of emotions and passions, dedication of intelligence and inspiration, and total empathy for the local environment, Indian companies to secure quick gains, seem to have developed short sighted infatuation for overseas names - many of them totally unheard five years-ago. Unless corporate and government leaders cultivate the ethics and values of developing their own criteria which distinguishes superior value from the average, which are transparent and honest, demonstrates love for the nation, and encourages Indian entrepreneurship, to talk about work ethics at the grass root levels is, far fetched, if not foolish.

In view of the current macro policy adjustment processes in place, short of being reactive and not driven by a grand vision of the future, India must understand liberalization when stated in terms of de-licensing, privatization, convertibility of currency, openness to foreign investments, do not capture the essence of Nation building.

In addition with sudden import of buzzwords from the TRIAD environment is worrying; India must also realize the terms in vogue in developed societies, are products of problem solving/thinking processes which are geared to address the problems specific to the G-7 economies; most of the socio-economic issues in G-7 have very little to do with the problems of Indian business practices, and/or social habits. Accordingly what we are observing today, is a "total confusion in thinking" and "dis-harmony" of corporate and government initiatives (Exhibit 1) caused by superimposition of fashionable terms of the West, on the "value subtractive" thinking habits shaped in the protective and distorted environment of the past. As a result, as shown in exhibit 2, Indian industry and business responses, with a few exceptions, have been less than adequate, indeed quite superficial.

Looking ahead, to build on the current "will to change", on a positive note I will

like to share a quote from President John F. Kennedy, which has been a major source of inspiration for my colleagues and me in our firm: "*There are many kinds of courage - bravery under fire, courage to risk reputation and friendship and career for convictions which are deeply held. Perhaps the rarest courage of all - for the skill to pursue it is given to a few men - is the courage to wage a silent battle to illuminate the nature of man and the world in which he lives*". It is my sincere hope, today in India when we are talking of nation building, we first nurture this courage; we must recognize it will only surface when we could resurrect the values and ethics our ancient philosophies have evolved.

Indeed, if we could pledge during this session in Calcutta to catalyze the new dynamics of courage - a courage to decide on our own what is good and what is mediocre, a courage to take positions which may well be un-popular but address the fundamentals, a courage to develop and appreciate products and services which India produces (as opposed to being only impressed with foreign labels), only then, we will create a India which our next generations will be proud of.

In view of this back drop, I will discuss **four key** points (Exhibit 3): 4

Competing in a knowledge based society 4 The invisible soft factors

that make the difference 4 Towards a new symbiosis: "win win

solutions" 4 A new paradigm of leadership: "The need for a new

vocabulary".

*COMPETING IN  
-A KNOWLEDGE BASED SOCIETY.*

With the increasing influence of technology, both at the macro-economic and micro-economic levels most of the old principles of economy and corporate management has become of limited significance. In the past as the Exhibit 4 shows any organization whether a national government and/or a company could secure competitive advantage, by dominating and mobilizing any one or more of the three key components: Natural resources, Labour, and Capital. It is through this process nations could *command the economic space* within which they operated. In fact this dynamics led to the

development of East India company, The Seven Sisters (The Oil Majors), and many others who owned mines, agricultural lands and/or have had access to low cost labour. Most of these companies' (the winners') successes, depended on how they could harness these key components through organizational models which were essentially militaristic.

Now with knowledge gaining in significance, the rules of competition are becoming more volatile, less obvious, if not fuzzy, and above all global in scope. Rapid rise of firms like Apple, Amgen, CNN, Micro-soft, Nucor, Sun micro and hundred others from a small capital base relative to existing resource rich competitor\$, indicate, **knowledge** (intellectual capital) has clearly emerged as a distinct-fourth' component which drive the competitiveness of organizations (Exhibit 5). e--

It is important that we as a nation fully understand the significance of this *paradigm* shift - as wealth creation power of any nation in the future will increasingly depend upon its ability to harness the intellectual, emotional and spiritual energy of society. The new wealth of nations, new wealth of companies will accordingly be dependent on how the factor related to human development are innovated and managed (Exhibit 6).

Careful analysis of East Asian success stories indicate, indeed in tune with its Confucian and Zen Buddhist philosophies, the business enterprises in East Asia have been superior in harnessing the intrinsic qualities of the individual significantly better. As a result today in a Japanese Automotive body plant change over time for a die in a German made stamping machine is about 5 minutes, for which the German automotive companies take any where from 60 - 120 minutes. By the same token, because of better human relationship management, when one compares the effectiveness of Total Quality Control in Toyota and General Motors, there is a significant difference in the number of suggestions that come from the people in front the machine, and the rate at which suggestions are implemented (Exhibit 7).

As knowledge further influences the work place, societies' competitiveness in the border-less world will depend on their competitiveness in managing the human factor. As Mr. Morita (Chairman of Sony). once said ':Competitiveness of a company depends upon the quality of your last recruit in the same spirit Indian leaders must now take equal amount of care in shaping the emotions and skills of people of organizations and societies they lead, towards a common and inspiring direction,

Instead today, short of quality human resource management, we have serious in-adequacies in quality of human resources; with literacy level below fifty percent (Exhibit 8) and lethargic work habits (Exhibit 9) we suffer from substantive competitive disadvantage which India needs to correct in a hurry, in a strategic fashion. Furthermore with the growth.,in Asian Economies as the Exhibit 10 indicates that in the next fifteen years, 57 million new labour force will available from Indonesia, Malaysia, Thailand and South Korea alone. In addition, when China, Myanmar, Vietnam and Cambodia are included we will probably see another 250 - 275 million new labour force in the Asia Pacific. In the context of border-less world, India will need to develop clear strategies for coping with the suppliers of quality human resources in the Asian region. I have often suggested that India should consider switching to three shift education system, such that, at least with minimal

investments, we could instil in our people - discipline, the basics of cleanliness, and a fundamental desire to enhance his/her self esteem.

Our education system must find ways to harness and further cultivate the inherent qualities of people. New ideas on people management need to be evolved if India wants to compete in a knowledge intensive competitive environment.

*THE INVISIBLE SOFT FACTORS  
THAT MAKE THE DIFFERENCE:*

People are all born with intrinsic motivation, self-esteem, and dignity; we all have the curiosity to learn and we find joy in learning. The challenge in front of us today is how we invigorate these fundamental forces of nature that will enable India to switch from "value subtractive" to "value additive" socio-economic dynamics.

During the early sixties Martin Luther King Jr. talking about the racial problems of the US society mentioned "*Just as Socrates felt that it was necessary to create a tension in the mind so that individuals could rise from the bondage of myths and half truths - so must we create the kind of tension in society that will help men rise from the dark depths of prejudice.*"

'-In the same spirit, in building the future socio-economic fabric of India which is strong and resilient, we must rise to the challenge of building institutions which will - • continually cultivate those soft factors that will together shape the character of the future India.

Institutions - corporate or government, large or small, most view their role as *community* centers which bring together people to achieve a socio-economic purpose. Such a purpose as the Exhibit 11 indicates should be one of providing an environment in *which people could seek self fulfillment* in a sustainable and a competitive fashion: '

In order to achieve such a dynamics leadership of those institutions must enable to (i)generate mass energy by drawing energy from super ordinate meaning, an organization must stand for (ii)channelize the forces of self-expression of individuals toward a shared vision.:(iii)cultivate, a-spirit of fellow feeling through continual efforts to build self esteem and respect **for** the environment in which individuals works.

The above factors **a** although difficult to measure and quantify, are the ones that differentiates strong institutions from the weak, advanced nations from the less *ns*; .advanced. The successful rise of Singapore Airlines and the collapse and extinction' of Pam Am, clearly demonstrate it is not the size of resources, it is not the Brand, ..

name, it is not even the access to customers, but it is the software and human-ware that make the difference. Singapore Airlines management systems are tailored to bring out the best in the "front-line" people, and in-turn help them - earn a sense of self-fulfillment, attain a level of performance which defines the benchmarks of efficiency & service, in turn profitability.

By the same token, the importance East Asian societies attach to human relationships, human feelings and in turn self-esteem, have been the primary factor that enabled their rapid socio-economic advance. Particularly as the significance of human intellect (technological intensity) and human touch (the services) have increased, the East Asian principles seem to have worked in their favor.

In helping our clients to prepare for the 21st century competitive rules, we have found it extremely useful to work with a single equation (Exhibit 12) which views IQ of an organization as a product of Insight (I), Inspirational environment (I), its Integration ability (I). ( $IQ=I^3$ )

9 Insight of an organization into its business environment is developed by its ability look beyond the symptoms and understand the causal factors that shape the competitive rules; nurturing of each individuals curiosity to know the unknown, ability to learn and unlearn, in an on-going fashion, are given a lot of attention.

9 Inspirational environment is evolved by creating a dynamic which empowers each individual to continually seek higher levels of productivity, quality and timeliness with a true desire to maximize value while utilizing resources in a most effective fashion.

11 Integration ability to synthesize factors which often may look unrelated, into unique concepts and processes which bring to play new values for socioeconomic advance.

In building the future institutions which will stand above the winners of today, India must try to adopt the  $IQ=I^3$  framework which on one side will draw strength from India's own heritage and ancient philosophies, and on the other side enable India actively participate in trends that will shape the responses of the future.

As the Exhibit 13 indicates how through such an approach, Indian institutions will need to restructure its accountabilities and responsibilities for grass root reforms. As soft as these factors might appear, they make the hard difference. India must quickly switch from the "hard and quick gain" mentality to "soft and process" orientation to make tangible difference in its future development.

*TOWARDS A NEW  
SYMBIOSIS: "WIN WIN SOLUTIONS"*

Given the requirements that India needs to satisfy to create a vibrant and youthful society, we will now discuss how Indian institutions should leverage on the distinctiveness of Indian Heritage.

It is important that everyone in India recognizes how the several unique characteristics of Indian heritage (Exhibit 14) could be utilized to manage the IQ=1<sup>3</sup> framework.

4 Ability to embrace: India has over the last three thousand years have demonstrated a tremendous capacity to embrace ideas, thoughts and people from different parts of the world. As we move into knowledge intensive global society, the ability to embrace and synthesize could indeed be viewed as a distinctive strength of the nation - more now and in the future, than it has been in the past. As scientific disciplines merge, as technologies merge to create products and services of the future, India's ability to embrace and adopt could be sharpened to create a perceptible advantage in one of the key factors of competitiveness - learning and unlearning capacity.

4 Emphasis on higher meanings Indian philosophy has always encouraged people to raise themselves above day to day trapping of life, seek meaning with factors which go beyond the usual, and connect the purpose of life with a super-ordinate meaning. As we have discussed earlier, such an ability is very important requirement to draw on the intellectual, spiritual and emotional power of individuals in an organization. Leaders of organization must build on this inherent character of this nation to inspire people's lives in organizations toward meanings and values which transcend the conventional financial and marketing statement. As people in India could relate with the higher purpose, we must build on this ability in implementing the elements of higher purpose, in a commercially sustainable fashion.

9 Simplicity & Choices: Indian philosophy's emphasis on "keeping it simple", and its capacity to "provide multiple choices in pursuit of the ultimate" are distinctive characters that Indians should be proud of. They should be applied in organizing social and corporate processes. Instead of singular imports of Western buzz words. India should identify ways to innovatively put into use the principles of "simplicity" and "multiplicity" in multi-processing socio-economic development processes, while retaining the diversity of the Indian culture.

9 Divinity of man: Indian philosophy, as interpreted by various prophets and philosophers have viewed each individual, knowingly and unknowingly, trying to realize his divine identity. If Divinity is absolute, then the struggle to realize

the Divinity, is an enduring process of change. Indian government and corporate leaders, academicians and upholders of ancient beliefs alike, must find ways to energize this process of struggle to reach perfection through work. This continuous *search for excellence* is what makes superior organizations excel over the average one. Divine in each individual has to be surfaced by making work place, a place for self-realization, and the divine within.

9 Process orientation: In Geeta, Krishna is his dialogue with Arujuna continually reminds the readers it is through the focus on the quality of process we should seek fulfillment; quality results follow. The spirit with which TQC is practiced in Japan, celebrates the same basic belief - if decision making, work flow, manufacturing activities are followed with highest degree of faith in the process, the sanctify of the processes will ensure that the products of the processes are of the highest quality.

If these characteristics are professionally synergized and applied in our day to day activities in government organs and in industry, India will evolve the 'Vein-win' formula which has its roots in the inner depths of Indian philosophy.

in addition in view of India's exposure to multiple philosophies in the past and Indian population's ability to embrace multiple thought processes with grace, India must find ways to include in its "win-win" formula, the benefits of different ancient philosophies. As the Exhibit 15 indicates, through an innovative process of symbiosis - "Logic and Discipline" of Western Philosophy, "Human conduct and its relationships with immediate surroundings" of Chinese Philosophy, and "Individual dynamics in the Universe" of Indian philosophy, Indian organizations must enable people to gain self *fulfillment*.

We must realize in addition to the unique relevance of Indian philosophy in modern day business and economic processes, India's exposure to other ancient philosophies is also significant and unique, which it must package into a recipe for securing competitiveness of future India.

A NEW PARADIGM OF LEADERSHIP: "THE NEED FOR A NEW VOCABULARY"

Looking ahead, in view of the mega possibilities of building a nation, it's distinctive and unique strengths, India must adopt a new paradigm of socio-economic development. While the West and more advanced societies after a period of excesses, are now trying to adjust to the emerging rules through re-engineering and re-structuring of corporate processes, India instead must rejuvenate its own heritage to create the environmental friendly economic activities of the future. Only then will

India be able to take *the great leap forward* ahead of other nations into a state which others will want to emulate.

Change must begin from the top. People pick up either positive or negative signals from the people they see at the top of the organization they belong. To begin the process of change, the leaders of major institutions have to evolve leadership attributes which are fundamentally different from those of today. The corporate boards and heads of ministries should consider to re-design their thinking and work habits, keeping in mind that it is not through the import of buzz-words, management concepts, and/or hardware of the West, will they spark off the nation building process, it is through the innovative symbiosis of the principles embedded in Indian philosophy, with the transparent and candid problem solving processes of advanced nations, they will create the winners of the future.

The exhibit 16 illustrates the key components successful leaders will require to manage:

**Vision.:** A top leader must operate from the vision plain to enable the organizations he/she leads, deal with short term uncertainties of in the environment in a consistent and graceful fashion. Vision provides the much needed boundaries within which an organization will evolve, bonds people together towards a common future, and inspires individuals to rise to the challenge of overcoming obstacles in the development process. Indian leadership groups must understand vision is frequently the product of deep and disciplined analysis and creative thinking and only occasionally the result of a blinding insight. Visions frequently start out fuzzy and are refined through a messy process of trial and error: They generally only emerge in their full clarity when they are well on their way to being realized and are already ready for revision.

**Value Driven:** A visionary leader derives his/her decision making criteria from certain values and beliefs which are deeply held. Specifically in the Indian context to revive the sound principles of the past, leaders must work extra hard with strong convictions to make values as they relate to the work place, more visible and effective.

**Passion for front line work:** The most powerful and insightful vision is meaningless unless it is accompanied with effective execution. Great leaders in business and/or public work have all displayed the unique capability to relate with front-line by themselves spending significant amount of time in the front-line. If the organization is technologically driven, the leader spend considerable time in R&D laboratory and/or Design and Engineering centers to be able to express his/her vision and values on a critical elements of the business system. Through this process, organization culture are shaped and

the values are cultivated.

Focused & Fact based: Successful leaders are focused, and single minded about a super ordinate goal. Henry Ford's desire to manufacture cars which every American family can afford, Ted Turner's desire to develop a Global News TV - Network which every country could access, Bill Gates' desire to link the world through satellites to create an information highway which everyone could use, are manifestation of their focus towards a higher purpose shaped by their vision of the future.

Success through process excellence: All leaders without exception, I have met and/or have read about, believe in managing processes that will enable organizations go through the journey towards a vision in an effective and enjoyable fashion: Great leaders lead great organizations and their greatness are revealed in managing processes which bring the best out of people.

In order to adopt a process, which will cultivate these leadership qualities, and revive the principles of Indian philosophy - in building the forward looking organizations of the 21st century, I propose an experiment. It will involve introduction of new management terms while outlawing the ones which though commonly used in misplaced ways by Western and short-sighted Indian organizations, have become obsolete /irrelevant. If conducted with full faith, we will possibly observe development of a socio-economic dynamics which will build the new India.

We will now briefly discuss the essentials of each of the new terms that need to be internalized and the conventional ones that need to be discarded by different organizations (Exhibit 17).

FRONT-LINE not RANK & FILE WORKERS: In building a world class organization, it is important that the people who are managing the day to day interfaces are given the most attention. The term "front-line" indeed signifies the value of the tasks conducted by an organization in front of the machine, in front of the shipping truck, and in front of the customers. "Rank & file workers" on the other hand in-appropriately undermines the status of the work done on the floor, in turn down grades the spirit of team-work, and essentially underscoring the old militaristic approach to people management. Through the use of the new term, Indian management will be able to work in the trenches and in turn uplift the self esteem of people who work in difficult conditions.

NETWORK/FLUIDITY not HIERARCHY: In view of the increasing uncertainties in the global market place and in view of the increased intensity of knowledge on business practices, it is essential that any organization continually strives to increase its reflexes to the changing environment. Through cross functional team work and

innovative organizational mechanisms different approaches of sharing and co-working must be facilitated, while bureaucracies of hierarchical processes need to be dismantled. Organizational fluidity should be viewed as a factor which leaders must manage to ensure an institution's ability to adapt in a changing environment is continually enhanced.

**PROCESS not SOLUTIONS.** In order to deal with the complexities of high speed implementation, more progressive organizations in the future have to learn how to manage problem solving processes in a way that will enable any one in the implementation chain to develop and "own" the solutions, so that their implementation is fool-proof. In contrast, efforts to import and impose solutions create backlashes, slow down implementation, and finally are not effective. After all solutions are impermanent; they should continually evolve if the process of problem solving is sound.

**SHARE not CHECK:** To make the most out of the brain power of the people in an organization, meetings and reviews should be carried out in the spirit of sharing, not in the spirit of checking which by default positions one in the seat of judgement vis-à-vis others undermining the basic force of human mind to belong and be truly part of the sharing and co-working system.

**INSPIRE not IMPOSE:** With increasing specialization of functions in the business system, organizational units should develop ways to inspire each other so that multiple views to the problem solving process are taken into account, and as a result improved participation is made possible. In contrast top-down imposition of thoughts, ideas, and or projects, only help to create one-way traffic, "command down" "abdication of thinking up" which in the emerging environment could be fatal.

**CATALYZE not CONTROL:** When companies work with only control spirit, it not only slows down decision making but also inhibits creative thinking. In view of the emerging competitive dynamics while certain basic controls will be required, more emphasis need to be placed in developing systems which could help innovation and catalyze fresh thinking. Kaizen spirit along with the Total Quality Circle principles when ritually applied will help the process of catalyzation of creative thinking.

**MULTIFORM not UNIFORM;** With customization as a way of corporate life, even for single product business, organizations have to serve customer segments with totally different requirements. In order to enable corporate delivery systems satisfy the different requirements companies need to evolve different forms to meet multiple requirements within the same organization. In the spirit of uniformity particularly large organizations often undermine the unique requirements of small but fast growth segments. In order to pick up emerging signals, although multiple forms are often difficult to conceive in the same organization, companies will increasingly require to reflect the unique challenges of specific businesses within an unified

organizational concept. By the same token, to accommodate diversity of Indian culture and economic classes (although undesirable) Indian organizations will require to multiple formats bound together by threads of common philosophy.

**UNSETTLE not STABLE:** As change in the business environment accelerates, leaders have to find ways to stop people from feeling comfortably settled in their positions and/or jobs. The role of the leader will be to increasingly unsettle people from their routine chores so that through the process of unsettling people are continually exposed to the realities of the changing environment, and in turn foster innovation.

**EXTRIMIZATION not OPTIMIZATION:** As new technologies emerge, competition intensifies, supply exceeds demand, increasingly customers will be wanting to have the best of both extremes eg. fuel efficient high speed car, micro high speed computer etc. etc. Japanese management methods specifically when comes to service end inventory management, cost and quality management, have proven that often variables which on the surface appear as conflicting objectives, and are at the extreme ends of the spectrum, could be simultaneously satisfied 100%. Hence the term extrimization depicts a state of mind which enables an organization to operate at the two extremes with equal and hundred percent level of commitment.

**RE-HUMANIZE not RE-ENGINEER:** Re-engineering which some term restructuring, has been in vogue in the Western world for the past 5-6 years. Most companies who have adopted the concept successfully were able to become more efficient and cost effective; however because the human dimension was missing some of the early gains were not sustained and in some cases led to de-personalization of the work place. Indian organizations today in a nation with millions of different social tensions cannot justify the re-engineering route. What however we need to do is to get people involved in the nation building process by engaging them in re-creating the future business concepts and delivery system (with global benchmarks) Only then will India be able to create one side sustainable economic base which continually seek higher levels of efficiency, and at the same time increase the consumption power of the nation.

Our firm has worked with several organizations around the world in which these principles have been introduced. Today many of them are transformed into the new mode, - putting in motion a process of development which is enjoyable, forward looking and competitive. We must however realize while Indian philosophy is based on strong principles, very little of our philosophy is practiced today. The period of transition will not be an easy - it could well be a painful, up-hill struggle.

Finally, should we identify with the unique opportunity to create new world based on the unique heritage of India, should we want to follow a process of nation building in which every Indian citizen could proudly participate, should we desire to

build institutions which draw out the best in people, we must now face the challenge of change in building a new national character. In pursuing the process of change, may we remind ourselves of Swami Vivekananda's view on character building - *"The cause of all the miseries we have in the world is that men foolishly think pleasure to be the ideal to strive for. After a time, man finds that it is not happiness but knowledge, towards which he is going, and that both pleasure and pain are great teachers, and that he learns as much from evil as from good. As pleasure and pain pass before his soul they have upon it different pictures, and the result of these combined impressions is what is called man's character"*.

Let's pledge today to make a difference we must draw strength from our past, and inspire people towards an enlightened and a common future.

September 27th, 1994  
Calcutta