Cultural competence of Successful Indian Leaders

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Abstract:

What characterizes global leaders of Indian nationality with high performance indicators?

This conceptual paper examines the behavior preferences of Indian corporate leaders while

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leading people across various cultures. It is based in the environment of leaders in multinational

firms in the Information Technology industry. It explores the multi-way dynamics of these

interactions through semi-structured interviews with leaders and also validates those preferences

through a strong literature study of both Indian and international authors with a higher focus on

works of the last decade. We find that while some elements of cultural competence exist in most

leaders, this could be attributed to their transnational exposure. They attribute their personal

success largely to their ability to lead in cross-cultural environments.

Key Words: Culture, Indian Leaders, Multinational corporates

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Introduction

The last 3 decades have seen some targeted acquisitions by Indian corporates worldwide. The value of the top 10 deals ranged from \$Mn 12000 to 239 and varied across geographies like Canada, UK, Germany and Belgium in the West to Kenya and Romania and further Singapore and Korea in the East. (Rizvi, 2008). The value of the top 10 of international companies mergers with Indian corporates range from \$Bn 10 by Vodafone with Hutch Essar to the NTT DoCoMo-Tata Tele services valued at \$Bn 2.7. (asiancorrespondent.com, 2009).

The nature and pattern of M&A strategies implemented by the Indian companies disclose mostly horizontal and vertical types, suggesting Indian companies are focusing on their core areas and expanding in related areas of strength which is helpful in realization of synergistic benefits. It has also been observed that M&As that happen in India are of strategic nature; and that the motives for these range between growth and expansion to the talent and strong brand presence and global identity, from knowledge of human resources to market leadership. A definite spurt in the value and volume of these deals has been observed since 2005. "Among the emerging economies, India today, after China, has the largest number of global multinational corporations", Chitoor (2012).

In Amartya Sen's words, 'Globalization should stand for bringing about global closeness'. This closeness is the end result of relationships (Khare, 2008). Given this changed business scenario since 2005, negotiations with clients while winning deals and the consequence of the leader preferences on teams that deliver to these demands are impacted (Kumar 2009). The study of Indian Leadership styles and preferences in these contexts provides for immense opportunity. There is evidence of successful leaders reconciling opposite preferences (Trompenaars, 2002),

however on the preferences of Indian leaders, there is limited conclusive study. In this paper, when we study culture we will refer to the working definition 'Shared motives, values, beliefs, behaviors and interpretations or meanings of significant events that result from the experiences of members of collectives and are transferred across age generations' (GLOBE study, 2004). Leadership would be the 'Ability of an individual to influence people in their work environment, motivate and enable them to add to the success of their organization' (GLOBE study, 2004). There are also competencies for management and leadership that are unique to business contexts and common to the role (Betzaluz, 2012).

The motivation behind this study is encompassed in the need to surface the Indian leader preference given the huge expectations and the rising business need for such competent leaders.

Literature Survey

The Literature Survey has been conducted in three primary areas. It includes a study of the range of Leadership Theories including the Barriers to Leadership Synergies, Effects of Culture and Alternative Choices for Leaders in Intercultural Contexts, with focus on Indian Leaders.

Leadership Theories

Of the Classical Leadership Theories, some that call attention to Management by Situation include the Contingency approach and the Situational Leadership Theory. The Contingency Approach (Cole, 2004) emphasizes the importance of situational influences on management and questions the existence of a single right way to manage. Of the five elements of management as proposed by them including Planning, Organizing, Command, Coordination, and Control, there is emphasis in

two of these elements on the leader knowing and understanding strengths and weaknesses of their team. The Situational Leadership theory also suggests that one single style of leadership doesn't always work. It says that effective leadership is task dependent and successful leaders are the ones who adapt their style to the capacity and willingness of the individual or team that they lead (Hersey and Blanchard, 1969). 'Understand people through their assets and flaws and work then with these strengths'. This is the measured insight a leader at a multinational shared, when interviewed about personal characteristics that describe a good leader in a global context.

Of the theories that focus on Management by Exchange, Leader Member Exchange rests its premise on leaders developing different types of relationship exchanges with their followers with the quality of these relationships affecting important attitudes and behaviors of leader and member (Schriesheim, et al, 1999). This further re-iterates that it is the quality of the multi-way dynamics in the relationship between the leader and the lead that looks to affect the outcome of these relationships. Being sensitive to the signals people share, is the competence some Indian leaders focus on when leading in a multinational context. Also flexibility on relationships before tasks or tasks before relationship depending on the permutation of the situation and the people the leader works with, is considered crucial.

While these theories propagate the motives for Leadership Synergies, there are also some that present the possible Barriers to Leadership Synergies.

Self-Reference Criterion suggests that building relationships is perhaps not critical whereas research suggests that this is seen as not just essential to building business but also essential to achieving tasks in projects. As per Hansen (2009) Weak ties, where there are no strong relations to ease transfer result in 30% additional time to finish when they had to transfer tacit knowledge.

Another area educators may watch out for is the possibility of ethnocentrism, which is described as the belief that one individual's culture is superior to that of another. As per Guan and Totter (2012) Organizations often fall into the trap of the self-reference when entering foreign markets. Their business representatives are perhaps unconsciously applying own cultural experiences and values to business communication in another culture.

Some complexities while synergizing are the dilemmas that partnering organizations may face.

Collaborate v/s Compete is one of these complexities. Organizations need to be cognizant of their objective for partnering.

tejah hi sandhana-hetuh tad-arthanam

Canakya makes it clear that any collaboration must be only for improving capabilities of both parties which wish to collaborate. Unless the capabilities are complimentary and both parties stand to gain, the collaboration will not take place and certainly will not be sustained (Garde, 2007). Harmonizing to facilitate organization success with communication being the prime coordinating mechanism, is also an element of management advocated in early classical leadership theories (Taylor and Fayol, 1960's).

Another possible barrier is about whether the partnering firms should be Employee driven or Market driven. Especially during times of the economy being down and firms are focused on enhancing revenues, leadership often faces the dilemma of prioritizing between employees and shareholders. (eg: leadership of Scandinavian Airlines, IT Organizations).

Whether firms should focus on Traditional or Modern Leadership is a complexity that also has a possible country norm as a preference. Indian Leaders tend to have a preference for a task

orientation, called 'Nurturant task' by Sinha (1997), as subordinates gain experience and prefer autonomy and participation, the leaders shift to a more participative leadership. This may seem inconsistent but is a blend of Western style participation and traditional (autocratic) leadership. (Sinha and Kanungo, 1997).

The Hire v/s Retire policy implemented by firms also surfaces as a complexity in intercultural teams. In the early days of negotiations with clients while winning deals, acquisitions as well as leading teams, there is a high need for leaders to 'prove' themselves. This short term view can add additional pressures leading to them setting up higher expectations for themselves and their teams. For example, acquisitions funded primarily by debt can tempt acquirers to set extremely high targets on the target firm. (Kumar 2009). To choose between old or new management, companies tend to retain the existing leadership for reasons including the familiarity with local regulatory environment and cultural nuances and the need to maintain diversity. However an advantage in replacing the old leadership with new Indian leadership is the flexibility and willingness demonstrated in accepting higher business targets (Kumar 2009).

The choice of Speed or Restraint in the early days of a partnership is one that Leaders often have to make. This is about the choice between demonstrating restraint and caution in dilemmas as versus accelerating in execution with a moderate risk appetite. In today's environment with the demands of constant transformation, speed is considered an essential dimension of successful leadership in modern technology business (Lawton 1993 and Damian 2002).

Effects of Culture

Culture is known to have both positive and negative effects. When studying the impact of culture on individuals, a term one encounters often is Culture Shock. Culture shock could be described as the wave of emotions an employee feels upon entering a foreign country. It has been described as the 'stress induced by the behavioral expectation differences in the new environment and the uncertainty of this environment with which the individual must cope' (Black and Gregersen, 1991). While studying Leadership in the intercultural context, there are additional factors to observe. For example the primary objective of the two partners, the leader and the led in terms of collaborative behaviors versus competitive behaviors, or the influence power and knowledge versus network. The interplay amongst these objectives in the intercultural context is an area to be studied further. In the context of acquisitions there are multiple additional dimensions that play up. Cultural differences between the partners of acquisitions have been found to be a key reason why some of these initiatives fail, and a well-designed cultural due diligence is critical (O'Donovan, 2006). When considering the influence of culture on organizations and their growth, one must consider that Organizational Culture can differ in varying contexts, according to the behaviors, values and local traditions, from one geographical region to another as mentioned by Hofstede (1980). It is important then, to revisit and research behaviors of Indian Leaders in the context of growing intercontinental business, and interactions with stakeholders of different cultural preferences. An additional view is that company citizenships of different organizations, based on their unique and prevalent organizational cultures, but not on their national and geographical cultures, are emerging as an organizational form in this global era. As per Jai BP Sinha, 'Just like societal culture organizations also have a culture that facilitates the collective behavior of its employees in order support them with continuously renewing adapting changing and to the to

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environment.(Sinha,2008) Eg: Indian Public sector organizations tend to have their roots in Indian culture in taking care of the people.

Alternative Choices for Leaders in Intercultural Contexts, with focus on Indian Leaders

Given that the trends in Indian leadership are seeing a change in the new millennium (Ranadivé, 2003), as these continue to evolve, there is certainly the need for conscious choices as they navigate business and cultural dilemmas to lead their organizations to success. A deeper understanding of differences regarding the context in which business leaders have to operate and the associated behaviors of those who have succeeded in such contexts could significantly contribute to all the previous streams of research. (Gutierrez et all, 2012)

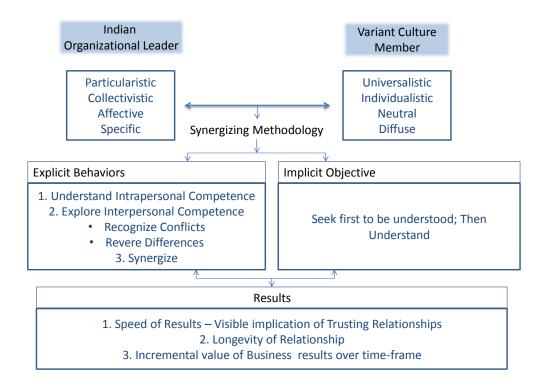
Relationships with People ((Tompenaars (1993) and Tompenaars and Hampden-Turner (1997)) is one of the three groups of cultural factors, (the other two being time and relating to nature). Relationships with people are considered under five subdivisions of: universalism versus particularism; individualism as against communitarianism; affective versus neutral cultures; specific versus diffuse relationships and achieving versus ascribing status. The authors concluded that an individual's relative position along these dimensions guides their beliefs and behaviors through life. There is limited study at present to validate the similarity in the preferences of Indian leaders across all these dimensions. Although it is recognized that Indian culture is Relationship Oriented (Jai BP Sinha, 2008) and that Indian Leaders tend towards being collectivist (Hofstede, Sinha et al, 2002), task orientation and people orientation are found in many leadership models today with earlier researchers (Blake and Mouton 1964) hypothesizing their existence.

In every group there evolves a deeply held view of whether nature, the perceived total environment, can be subjugated and controlled, whether nature must be harmonized with, or whether one must subjugate oneself to nature. (Schein, 1992) It is critical to look for these patterns by the members of the acquired organization. Another point of view by Hooker (2008) is that business transactions should favor the cultural norms of the social systems on which they primarily rely. This will be evaluated as we understand the preferred frame of Indian Leaders.

The reason for an acquisition should emanate from a SWOT analysis of self and own objectives. The motives are varied for undertaking an acquisition including increasing shareholder wealth (Salter and Weinhold, 1979), creating more opportunities for managers (Meeks 1977) and enhancing market share. If leaders make these choices consciously, it will be the facet of leadership that organizations today demand. As mentioned by Jai BP Sinha, 'Response to change varies in the extent to which people vary on the continuum between letting the change take its own course and drift along or trying to foresee change and plan to cope with it and even engineer a change that serves their individual purpose and aspirations.' (Sinha 2008) Indians are likely to prefer a blend of individualist orientations in their collectivism, especially in areas that are more affluent. Corporate contexts tend to offer the environments for Indians to tend more towards the blend including individualist orientations. (Sinha et all, 2002)

Research Framework

The visual below calls out some of the variables considered in this research. Studying the Cultural preferences of leaders of Indian origin as per the norms (Tompenaars, 1993), discussions revolved around the explicit behaviors they demonstrated in their work interactions with their team members.



The norms describe the Indian Organizational Leader with a preference for being Particularistic. This preference plays itself out in the seeking out differences, uniqueness and exceptions in interactions in comparison with the belief that one can apply standards and procedures uniformly. The implicit or unstated objective that they nurtured was also probed on. Collectivist preferences are those which focus on affiliation with groups and value on dependence. Affective preference is depicted in expressive interactions versus being neutral and diffuse in their range of involvement.

The assumption made is that the member of the variant culture has the opposite behavior preferences. The preferences include being universalistic where one rule should apply to all, individualistic with a sense of individual accomplishments over group accomplishments and in terms of interactions being neutral and diffuse.

The synergizing methodology includes a few steps. It starts by focusing on self and understanding one's intrapersonal competence, followed by exploring another's preferences and one's inter personal competence through the lens of recognizing conflicts and revering differences. The final move in this direction is to have the conversation to dialogue about the commonalities and discords and then explore synergies.

The results expected were considered and evaluated to be enhanced by three parameters. One of these was the speed by which they achieved results; a more long-term focused result was evaluating the longevity of their relationships. The third was to monitor and track the incremental value of business results achieved through these synergies.

Research Methodology

This study was conducted through semi-structured interviews of Indian Leaders in the Information Technology industry with an average of 18 years corporate experience and managing fairly large teams spread across at least 5 geographies. They were responsible for large integrated client facing accounts and were responsible for managing and influencing teams in a matrix structure without necessarily clear and direct reporting lines to themselves except for project expectations. The selected respondents were high performing on the organization's key performance indicators defined for their roles.

They were interviewed on their own preferences as well as what they believe were preferences demonstrated by successful leaders as experienced by them. They were also interviewed on the changing expectations from their roles and the competencies they were expected to demonstrate in the current dynamic environment.

The study looked at leadership preferences in the context of Team Management. The acquisitions of multinationals by Indian firms, while not a completely new phenomena, there is limited study on the cultural interaction dynamics and frameworks used to build relationships in team contexts.

Early Research Findings

Interviews with Indian leaders in transnational assignments bring us to a working definition of successful leaders. The focus seems to primarily revolve around three dimensions, viz. 'How much growth the leader added', 'How profitable was the growth generated (margins)' and 'How quickly the leader culturally adapted into the regional organization'.

The early research findings are presented here in two parts, part one presents the interviews conducted and respondent inputs while part two presents the theoretical implications that emerge.

Interview Responses

While growth in new markets were the tangible expectation of any leader and amongst the most common metrics used to evaluate a leader, a few respondents were of the opinion that their success was a function of the speed of results and a visible implication of trusting relationships. One leader went on to describe trusting relationships as the outcome of cultural competence in these varied contexts and named them 'soft skills'. With their typical number of interactions per week with members of various nationalities ranging from 30 to some leaders mentioning that 50% of all their

interactions fall into this grouping, most of them attributed their competence to a combination of exposure and training.

With relation to the dimension of cultural adaptation into the regional organization, one leader said, and I quote, 'high-performing leaders from countries like India are reconciling variant cultural preferences and synergizing to building relationships while conducting business'.

One leader with about 21 years of corporate work experience said, 'I attribute as much as 40 to 50% of my leadership success to my ability to lead in cross-cultural settings'.

It has been observed that Cultural Competence significantly influences the conduct of business in multinational organizations and has significant effects on the decision making of executives both internal to their firm as well as external with the numerous relationships they develop with stake holders, customers and suppliers in many countries (Tse, Lee, Vertinsky, and Wehrung, 1988). Even in Indian companies setting up offices in international locations, about 50 % of leader interactions are with people of other nationalities. Given the earlier data on mergers and acquisitions by Indian corporate houses, the number of Indian leaders being pushed into assignments of this nature, leader competence in cross-cultural contexts is critical.

Many of these existing leaders attribute their competence to a combination of preliminary training and on the job-learning. Exposure to working with multi-national employees and having no alternative but to work out how to do business with and through them brought about the need to be sensitive. Training came from being aware of one's own preferences in interaction and thinking styles. Taking this to the next level was about exploring the preferences of multinational team members in their interaction and thinking styles.

This came from the exposure to these varied preferences not limited to the demographics of the employee population. Indicating that people of a certain nationality had certain preferences and that these could be stereotyped was a limitation to the initial exposure and tendencies of individual to form opinions of people based on single stories. Both exposure and experience lead to the competence of the leader working with each individual and group based on their preferences.

Theoretical Implications

Leaders see benefit in focusing on four primary skills to maximize the benefits of this idea exchange. They include the Awareness of self – Mindfulness, the Awareness of other – Attentiveness, the Dialogue between the two – Responsiveness and Exchanging – Changing ones' preference based on the current context.

Awareness of self – Mindfulness is about the calm mind and will it takes to be aware of one's own preferences. It is possible to test some of these preferences or to observe the play out of these preferences over a period of time to check for patterns of behaviors. Either way, self-awareness is a practiced skill that leaders need to constantly to enhance by looking inwards.

Awareness of other – Attentiveness focuses on Listening which is often underestimated in the western world as to paying attention to what the other is saying. Indians have a preference for not just paying attention to the said but also to that which is not said. This has been studied by researchers and is term as high or low context behaviors (Hall, 1976).

Dialogue between the two – Responsiveness is demonstrated in the fact that not all contexts allow for interactions between people to explore each other's preferences. But certainly successful Indian leaders believe that the scope for these interactions exist in leader member exchanges. The ability to discuss and dialogue each other's preferences in the context of conflicting situations is a skill

that successful leaders possess. This is said not to happen over every interaction but when the individuals find a behavior or a pattern in their behaviors that leads to conflicts. These exchanges based on responsiveness is known to surface the reasons for conflicts and provides opportunity to evaluate the possible interaction style the pair or group should chose in certain types of contexts. Exchanging – Changing ones' preference based on the current context is an easily propagated skill, while it is known to be amongst the toughest to implement. Flexibility is touted as one amongst the crucial skills every leader must possess. Given that the Indian leaders studied, have an average of 18 years of corporate exposure and are approximately 40 years of age, their preferences have been cast in a mold that is difficult to influence if not break. While it is not being proposed that these leaders need to 'change' their preferences in all contexts, the flexibility they demonstrate in modifying their behaviors to suit the preferences of the individuals or the teams they lead as well as the context that they are operating in, does have a significant impact on the outcomes and results they jointly demonstrate.

These four skills are suggested to be considered in combination and in recurrence of the varied contexts that play out in managerial and leadership interactions across cultures.

Contributions

This research makes contributions to practice in the fields of management in corporates and leadership in the Indian organizational context, at a time when business across continents emerges in a seamless format. From a practice view point, the results of this research are relevant directly to the Indian Management Education system. The outcomes contribute to both academia and corporates.

In Academia, this research has the potential to make three specific contributions the fields of Intercultural management and Indian management in practice.

It seeks to expand the current knowledge of Indian Management practice and

Leverage the inherent quality of building relationships of an Indian Manager for the benefit of the organization as well as larger community.

This research would also provide sets of patterns of behavior in Leadership in inter-cultural business space that can be leveraged in the training and development of emerging Global Leaders.

In corporates, this research provides organizations with a means to the following.

Assessment and prioritization of management resources can be done for choosing assignments in certain intercultural interactions to the mutual economic benefit of the organization and its stakeholders.

It also provides educators a framework they can use to enable leaders in organizations on the approach to be used in intercultural interactions.

Future Direction

An essential direction this preliminary work would take, would be to study a larger, more varied sample of leaders and check for comparisons and trends with behavior preferences of successful leaders.

Some of the barriers and alternate choices for leaders also present varying contexts in which the leader behaviors can be studied.

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^{*} Successful Indian Leaders = Leaders in the top percentile of Performance as per key performance indicators set by organization for them (including Customer Satisfaction scores for Client Interactions and Employee Engagement Scores for Team Management)