

Strategies for Designing Corporate Leadership: Developing Indian Culture and Values

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Abstract

The Action By objective (ABO) approach in management with all its ethical notes and value-orientation, seeks the organisations grow in an environment which could be conducive for the Indian Management Philosophy. ABO, on the other hand, with all its components such as Self-Management Teams (SMTs), ABO plans, treatment programmes etc., has its global aspect as well as this theory is able to contribute to three major strategic factors that are essentially required for a competitive world: creation of 'Critical Capabilities', fostering of 'Core Competence', and building up of 'Knowledge Creation'.

There is a need for two elements- explicit knowledge and tacit knowledge for building up of knowledge. Explicit knowledge deals usually with manuals and procedural. Tacit knowledge, on the other hand, is learnt only through experience and communicated individually with the use of metaphor and analogy. In essence, tacit knowledge can be compared to a craftsman who, after years of experience, has a wealth of expertise at his fingertips. Explicit knowledge can be processed by a computer or stored in a database.

It is observed that for building the above mentioned three strategic 'resources' or competences, ABO model fits well. In the today's dynamic milieu as its ethical approach along with all the rational and appropriate components aims at effective operation under the able leadership with clear vision, which is having the skill of team building for required maturity.

Keyword: Corporate Leadership, Action By Objective, Self-Management Teams, Human Resource Management, Common Management Responsibility

Since developing countries like India are seriously affected by a chronic productivity crisis, high incidence of industrial sickness, poor corporate financial results, and unfavorable balance of payment, there is an urgent need for adopting Human Resource Management (HRM) practices.

As Schuster (1985) confirms by conducting a 'validity study' involving 460 largest US industrial and 138 non-industrial companies that there exists a statistically significant relationship between HRM practices and superior financial performance. Morita (1987) also reveals that the secret of the extra-ordinary business success of Japanese corporations lies in their ability to create a family like feelings among the employees. Based on these case studies and observation made by Schuster and Morita, Fig. 1 shows the trend of modern management philosophy which seeks to integrate individual needs and organisational needs into a composite set of unified goals (Das Gupta, 1996).

The thrust of modern management philosophy is that it tends to believe in the genius of the whole-man and tries to become more and more employee-centred rather than production-centred. The change is reflected in the progressive adoption of HRM techniques in modern organisations. Many companies now follow what is called a 360 degree evaluation where the assessment and the consequent emoluments are based on not only the views of one's boss but also those of peers as well as juniors. With the emphasis on helping employees to achieve their full potential, especially as team-players it is only natural that companies exercise equal care in selecting personnel. One of such techniques is Myers Briggs Type Indicator (MBTI). This well-developed a psychometric technique involves determining and

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typifying the applicant's personality into one of the eight well-defined personality types making the selecting much more scientific and less open to bias. Modi Xerox, Usha International *et al.* used MBTI in recent times for developing leadership qualities among their managers by stressing and developing individual personality traits. Another model is Hay Model (HM) where the evaluation is based on individual's knowledge base, problem solving ability and his accountability to the organisation. Eicher, Ford New Holland, a recent entrant to the tractor industry used the HM model for organisational development. From the structural point of view, however the anatomy of HRM consists of four basic components of elements-acquisition, development, motivation, and maintenance of employees. In Fig. 2, we present a chart elaborating the four elements of HRM.

Crisis of leadership can be solved through a growth which is directed towards fulfilling social needs. There is a need to have 'bottom-up' approach in the leadership, involving the people right from the lowest level. A participative (neither autocratic nor free-reign) leadership will necessarily be able to grow through direction (Stage 2) to solve the crisis of mobility in the organisational milieu. Through a broad-based approach, growth through co-ordination will be possible (Stage 4) with a back-up of more empowerment at the hands of work force (through Kaizen small Group Activity, Quality Circles etc.) to solve the problems (Stage 3). The crisis of vision of the decision-makers can be solved by striking a balance between the 'ego' (organisational needs) and 'eco' (individual and social needs) (Das Gupta, 1995).

For the organisational development and the human resources management, Management By Objective (MBO), a philosophy developed by Peter Drucker has steps: (i) setting objectives, (ii) developing action plan, (iii) conducting periodic reviews, and (iv) appraising performance. But, of late, the disadvantages of MBO are coming to the fore since quantitative goals are only over-emphasized even when they are not applicable and qualitative goals are thereby sacrificed. Second, under MBO process, performance appraisals may be dreaded by the supervisors and the subordinates thus restricting free interchange of ideas, thereby giving rise to defense mechanisms in the form of rationalisation for failures. Finally, without commitment from the top management, the proper climate of participation in goal-setting may fail to develop, thereby reducing the effectiveness of the

MBO, so, in the face of MBO concepts, as the 'Indian Management' philosophy is emerging and gaining a strong foot-hold (see note), a very new concept of developing human resources qualitatively through a holistic approach has emerged in the name of Action By Objective (ABO).

The entire human resources development scheme, if enshrined in the Indian context without adopting photocopied theories from the western text will yield fruitful results as the crisis in business is spiritual. Spirituo-technical approach makes a fundamental shift from the current reductionism ('lean-manufacturing' and other concepts of the west emphasizing on lower cost, faster production etc.) fragmentist, materialist paradigm to one which recognises relationships, consciousness and spirit as the right approach. Peter Drucker admits with a rare frankness that although he has tried to see the new dimensions of modern management, he has not been able to deal either with the moral horror or the spiritual agonies arising out of modern management culture. There lies only one truth. If we want to develop human resources through a quality-oriented strategy, there is a requirement for a paradigm-shift. The ABO model may prove to be a solution and a better alternative process to solve the 'psycho-material' problem, if applied in a wider context in the Indian management arena.

Swami Someswarananda (1991) prepared a model of decision styles based on the vedantic ideas of human nature (Table 1). According to this model, managers display the following orientation of Karma, Jnana, Yoga or Bhakti:

Karma-oriented manager is a no-nonsense person, and is organised.

Jana-oriented manager is basically an analyzer always asking for logic, facts and figures.

Yoga-oriented manager is very creative, always bubbling with the new ideas and is always on the move.

Bhakti-oriented manager gives importance to feelings.

Swami Someswarnanda points out that managers with Karma and Jnana styles think that the intellect is more important, but managers with Yoga and Bhakti styles think that it is the feeling that is more important. Metaphorically, Karma styles is represented by 'hand' i.e. action; Jnana is represented by 'head' i.e. intellect; and Bhakti is represented by 'heart' i.e. emotion. Thus,

hand, head and heart represent the decision styles in a commonsense language.

On the other hand, the consciousness approach to management denotes that there is direct correspondence between man's inner life of thoughts, feelings and emotions – his consciousness – and the circumstances and events in his outer environment. The external situation is an extension of his inner consciousness expressed in outer life. This principle is derived from the most university accepted spiritual knowledge 'the truth of oneness'. This consciousness approach to management can be practiced and implemented through three stages:

- Aspiration
- Consecration, and
- Self-introspection

Aspiration forms the basic altitude because a manager has to take the decision with intense aspiration, deepest devotion, perfect objectivity, Yogic approach and strongest conviction towards global welfare. Consecration means compete surrender communion. Let the manager consecrate to the Divinity his institution, organisational hierarchy, all systems and sub-systems, manpower and everything. By consecration one leaves oneself wholly to the care and charge of the Divine. Then faith develops, conviction comes in and communion grows.

Self-introspection says 'search thy first'; for any fault, for conflict we have to see within, peep into our inner-being and discover if we are on the wrong side any way.

Swami Ranganathananda (1996) says that progress and development can be realised only through the combined efforts and co-operation of all the personnel of an organisation. Then he puts forward the seven spiritual values which are:

- National service through industry
- Fairness
- Harmony and Co-operation
- Struggle for betterment
- Courtesy and humility
- Adjustment and Assimilation, and
- Gratitude.

In this context, Japan's corporate giant Matsushita's management philosophy may be taken into consideration as an important one. They believe that the inherent

preference of organisations are clarity, certainly and perfection. The inherent nature of human relationships involves ambiguity uncertainty and imperfections. How one honours, balances and integrates the needs is all trick of management.

The western model of performance appraisals through Common Management Responsibilities (CMR) has earmarked different functional areas for focussing on evaluation (Table 2). As a propagator of Indian Management, we may discover a few weaker points that lie in the model. These include:

- Absence of 'treatment programmes',
- 'Action By Objective plans' have been ignored, and
- Importance has not been given to periodic reviews.

Thus, along with the components mentioned in CMR, we may develop the model. To start with, the treatment programmes should be divided into four segments:

- for rank and file level,
- for supervisory level,
- for management level, and
- for all levels.

Segments rearranged, the main emphasis should now be given on the: *defining* the role of the organisation *setting* the goals, both particular and general (particularly means the objectives of various departments/units which will ultimately culminate into the general goal and general goal means the main aim for achievement by the organisation). *pointing out* the focus i.e. the gap between the mission and the general goal, and *finding out* various solutions to bridge the gap.

The treatment programme involves all the people of the organisation regarding how the goal can be achieved or the gap can be bridged through Self-Management Teams (SMT) in various units (Table 3) as against the western HR strategy model, which ultimately stresses on individual achievement rather than group achievement – a crucial factor that has been underlined in our SMT model. SMT model encompasses autonomy (Mukti) and creative joy (Ananda) that motivate people more than anything else. So, SMT can produce better results.

Secondly, ABO plans put focus on team-building purposes for which shared-vision building, systematic thinking, building 'mental models' empowering people

and inspiring commitment, enabling better, and positive results are to be established and augmented through 'designing learning process' and the consciousness approach. At this point we may give the example of an empirical study made by Khandwalla (1992) which revealed a number of factors, similar to those of ours, that contribute to organisational learning process. This is being given on a comparative scale in (Table 4).

Thirdly, periodic review of the training programmes, in our model consists of:

- reaction of participants i.e. their response towards the programme and beyond that
- learning i.e. participants' intellectual assimilation of the concepts, ideas and principle of the training programme.
- behaviour changes i.e. whether the training caused people to alter their behaviour on-the-job.
- impact of organisational effectiveness i.e. whether the modified behaviour caused positive results and;
- subjective and objective criteria i.e. subjective criteria call for opinion of participants and objective criteria relate to effects of training by measuring specific outcome.

Finally, the model results into three 'immediate-goal-achievement' factors:

- direction setting,
- resolution of conflicts, and
- team spirit

which further culminates into 'ultimate-goal-achievement' i.e. the self-reliance the centre of halo from which the following four result oriented factors are being diffused:

- Knowledge based performance,
- Value-based management,
- Development forward excellence, and
- Shared goals.

The ABO approach in management with all its ethical notes and value-orientation, thus seeks the organisations grow in an environment which could be conducive for the Indian Management Philosophy. ABO on the other hand, with all its components such as SMT, ABO plans, treatment programmes etc., has its global aspect as well as this theory is able to contribute to three major strategic factors that are essentially required for a competitive world:

- the creation of 'Critical Capabilities',
- the fostering of 'Core Competence', and
- Building up of 'Knowledge Creation'

Hayes & Pisano (1994) have observed that traditionally, companies have viewed investments in new facilities, technology and R&D as the primary means to enhance their existing manufacturing capabilities. But according to the new approach to manufacturing strategy, managers should think about investments more in terms of their capacity to build new capabilities. Capabilities that provide enduring sources of competitive advantage are usually built over time through a series of investments in facilities human capital and knowledge. A company's capabilities are more than its physical assets. In fact, they are largely embodied in the collective skills and knowledge of its people and the organisational procedures that shape the way employees interact.

Prahalad & Hamel (1990) concluded that in the long-run competitiveness devices from an ability to build, at lower cost and more speedily than competitors, a well-integrated complex of production skills and streams of technologies, collectively called as a 'core competencies' in a company. First, a core competence provides potential access to a wide variety of now and emerging markets. Second a core competence should make a significant contribution to the perceived customer benefits of the product. Finally, a core competence should be difficult for competitors to imitate. And it will be difficult if it is a complex harmonisation of individual technologies and production skills. A rival might acquire some of the technologies and production skills. A rival might acquire some of the technologies that comprise the core competence, but to duplicate the comprehensive pattern of internal co-ordination and learning is not an easy task. Nonaka & Takeuchi (1995) stress the need for two elements explicit knowledge and tacit knowledge for building up of knowledge. Explicit knowledge deals usually with manuals and procedural. Tacit knowledge, on the other hand is learnt only through experience and communicated individually with the use of metaphor and analogy. In essence, tacit knowledge can be compared to a craftsman who, after years of experience, has a wealth of expertise at his fingertips. Explicit knowledge can be processed by a computer or stored in a database. With some highly interesting case studies, the researcher illustrate how the 'knowledge creation' theory has been successfully implemented in Japanese companies like Canon, Matsusita, Honda etc.

Finally, at the close, we observe that for building the above mentioned three strategic ‘resources’ or competences, ABO model fits well in the today’s dynamic milieu as its ethical approach along with all the rational and appropriate components aims at effective operation under the able leadership with clear vision, which is having the skill of team building for required maturity,

maintains its organisational culture and is having a dynamic, decentralized and flexible organisational structure – moving towards encouraging innovations and ‘creative’ personnel.

Such organisation will survive, grow and develop in the present business environment.

Fig. 1: Trend of Modern Management Philosophy

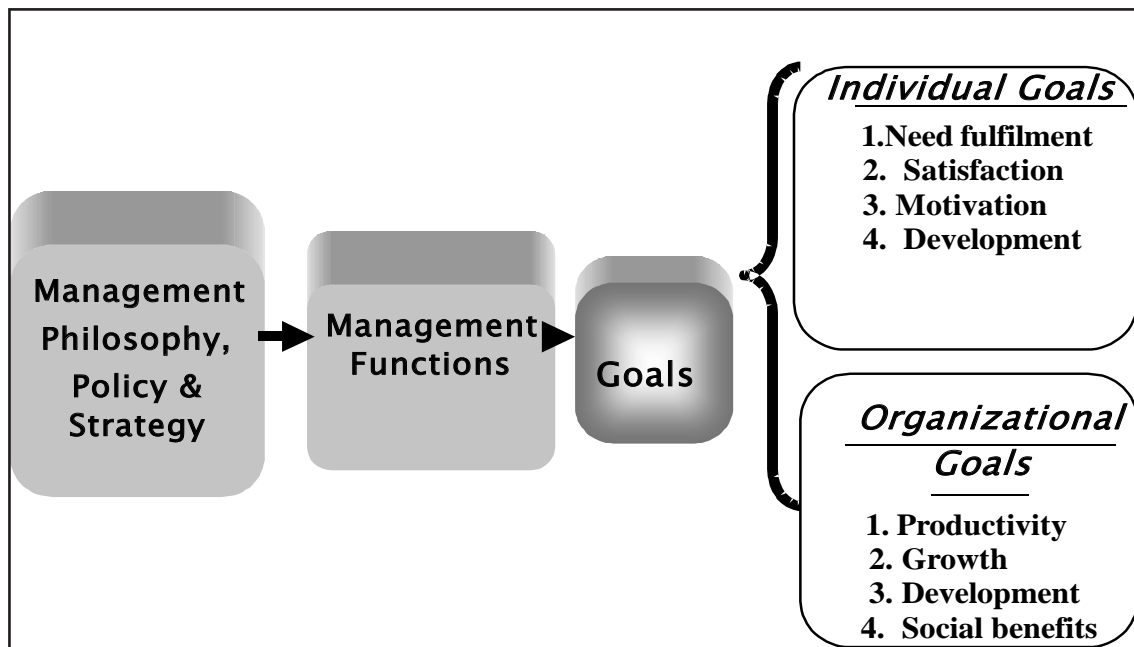


Fig. 2: Anatomy of HM: An Integrated View

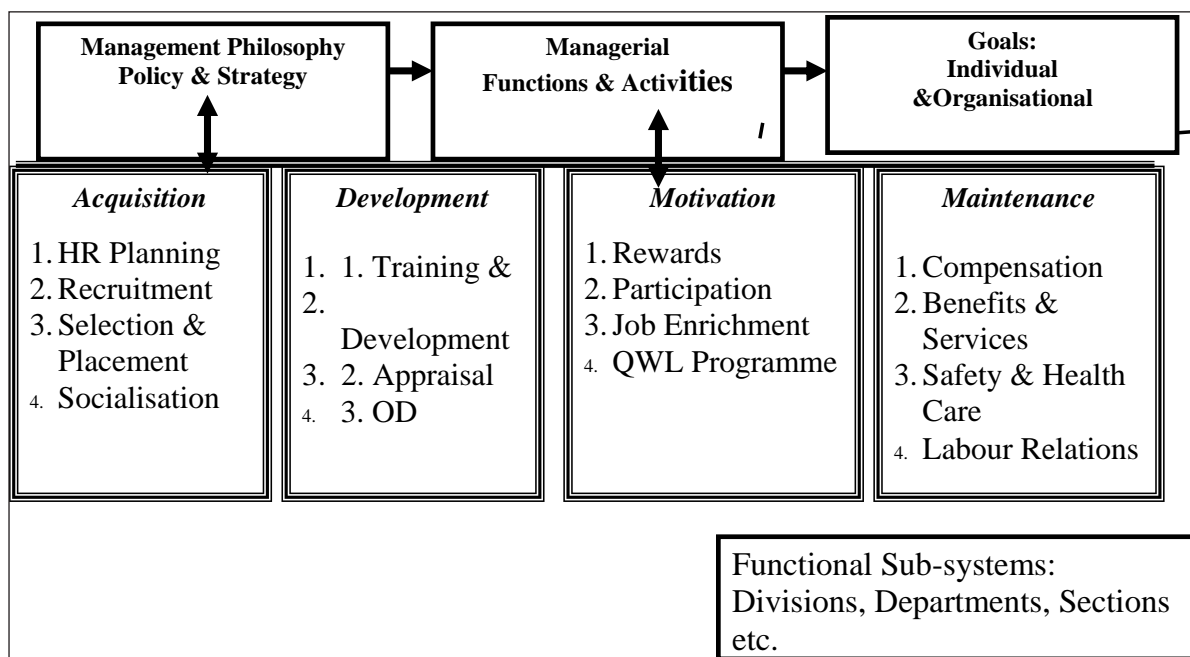


Table 1: Model of Decision Styles Based on the Vedantic Ideas of Human Nature

| S N | Characters/Traits | Karma (Work-oriented) | Jnana (Logistic) | Yoga (Supra-Conscious's/ Visionary) | Bhakti (Feeling'-oriented) |
|-----|--------------------------|--------------------------|---------------------------------|---|-------------------------------|
| 1 | Defining Characteristics | Implementor | Analytical | Imaginative | Collaborator |
| 2 | Mind set | Pragmatic | Rationally Oriented | Creative | Emotive |
| 3 | Inclination | Practical methods to act | Data, figures, Charts models | Alternatives | Informal meetings |
| 4 | Motivation | Practical approach | Intellectual Approach | New Ideas | Emotional Approach |
| 5 | Dislikes | Vague ideas | Mental pictures | Details | Non-human Factors |

Table 2: Performance Appraisals: Common Management Responsibilities

| | |
|-----------------------------------|--|
| <i>Planning</i> | <i>Develops and Implements effective plans. Plans include long range considerations establishment of quantitative/qualitative work goals</i> |
| Organisation | Organizes staff consistent with a thorough understanding of job responsibilities and effects change |
| Decision | Accepts responsibility for making decisions making qualified decisions by considering all points of view |
| Human Resource Development | Provides for subordinate training HR planning and career development Subordinates' developmental needs are specifically documented |

| Missing Areas as Envisaged in ABO | |
|-------------------------------------|---|
| a. Treatment Programmes | - |
| b. Action-By-Objective Plans | Shared-vision building Systematic thinking Dialogue and integration of diverse views ('mental models') Empowering people and inspiring commitments "Consciousness Approach" Designing Learning Process |
| c. Periodic Review | - |

Table 3: Self-Management Team

| | |
|-------------------------------------|--------------------|
| "Tat Tam Asi" | Self-Confidence |
| "Atmonomokartha Jagatditaya Cha" | Understanding |
| "Jnan/Bhakti/Yoga/Karma" | Man placement |
| "ParasparaBhaabayanta" | Team Spirit |
| "KarmashuKaushalam" | Excellence in Work |
| "Moksha" | Empowering |

Table 4: Self-Management Teams

| <i>Khandwalla's Study</i> | <i>ABO Model</i> |
|---|----------------------------|
| Commitment to innovation and experimentation | Components of ABO Approach |
| Review and evaluation of Project including mid-course correction | Treatment programmes |
| Avoiding Functional Myopia | Vision through SMT |
| Active interest of management in sensing problems at operational level | Components of ABO Approach |
| Obtaining ideas from lower level staff and encountering them to participate | Building of SMT spirit |

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