The Global Indian Manager: Developing The Global DNA

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Abstract

Many of the Indian organizations are flexing their muscles in the global economy after becoming convinced of their ability to compete globally. The Indian companies have announced more than 661 foreign acquisitions in 2007. Continuing this trend, more and more Indian organisations are shopping abroad for their suppliers of technology, materials, talent, capital etc. In the current Indian economy, private as well as public sectors are becoming more and more aggressive in acquiring foreign customers and markets. As more and more Indian managements are setting out to create global footprints, Indian managers and CEOs are coming under the scanner. Does their Indian DNA allow them to perform effectively in an alien culture? Can they blend Indian management practices and Indian values seamlessly with European, American and Eastern practices? Fierce competition is forcing Indian companies in India also to work to global standards of efficiency, productivity and customer service. But is the Indian manager equipped?

The paper therefore, attempts to look closer at the human dynamics of the Indian journey addressing various strategic dimensions related to the globalisation journey being undertaken by Indian organisations.

Introduction

With more Indian companies going international to invest, set up and acquire Greenfield projects, and with more foreign companies coming to India and the Indian environment becoming much more competitive, what are the various influences that would have a bearing on the Indian manager? What should be done in order for them to achieve their objectives? The answer to this question lies in the diversity of India and its multicultural work environment which in many ways is the greatest strength of India. Here, an analogy can be drawn with Europe. India is almost the same size as Europe is. Also, both the countries are equally populated. The countries of Europe have come together under one common platter. However, it is seen that they are facing huge problems. The problems arise due to the differences in the way they ground themselves, culturally and socially. Likewise, India also has a very rich diverse culture. But this very cultural diversity on the other hand gives India an advantage over Europe. The cultural values have always been and will always underpin the Indianess that its people have. One cannot really take away the Indianess from the people no matter where they function. The kind of philosophies, the kind of values India has is truly unparalleled. India however needs to build a stimulating environment around so as to

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become productive and prepare itself for the future challenges.

India: The future destination

India is the destination not only because of the low cost environment but also in its ability in arbitraging in its knowledge. The benefits of globalization bought both by the economic liberalization and technological change are widely recognised. However, globalization is a word that brings in different kind of meanings and connotations to different people. Liberation represents opportunities, for instance, the technology of internet, communication and transport. The topic of globalization manuscript holds great relevance today. Globalisation is important for every sector but every sector must write its own manuscript. Each sector will have to change its growth pattern. Technology of today has enabled all that to change to enter the value chain leading to innovation and therefore, to low cost and efficiency. Today there are standalone companies with no backward integration. And these are the companies that are challenging the world class companies of the likes of BP's and Shell's and are giving them a run for their money. There are the companies that are standalone marketing companies that are again taking the market share from these established companies. New players are entering the arena since the entry barriers have been lowered. For getting equal opportunities, the companies need to write a radically different globalization manuscript, so that the manuscript of one company is different from the manuscript of the other company. Besides, all the companies need a vision and a consistency. For example, The Shell Group of Companies in India is very clear that it is an oil and gas company, and that they are also into base chemicals. But they are not into nuclear energy, water, power, however.

New challenges

The success of the companies today will depend on how they use technology and how efficiently they are able to deploy the technology and execute projects that run into billions of dollars. Companies need to be more competitive than their competitors, they need to be innovative, use new and efficient technology to bring in large implications and standardization and have a global mindset.

Successful managers and leaders of today are those that can see the changing trend of technology and internet and implement the same by making it into an opportunity. They are also careful on how all this can impact their own organisation. This has parallel to the telecom story in India. For instance, when telecom came into India people were unable to imagine the kind of trend it would actually set. But ICICI identified this challenge and made it into a profitable venture.

Mangers of today have a challenge and that is to take the philosophies of these 30-40 decades and to put these philosophies aside. These philosophies need to be reviewed as things around have changed radically. They need to get on to the balcony, step back and see the pattern from a completely different angle. Indian managers are truly global. Working in India is no longer an issue with them. Therefore the Indian manager should step away from the maze and see an emerging pattern. Indians need to see a new perspective. Indians are time poor but intellect rich nation. Therefore, they need to identify a different pattern of new emerging technologies and see the complete picture. Indians are so seeped in information that they need to sift through and look at the emerging technology. Mangers will have to see the opportunity else they will be doing the same thing which would be irrelevant very soon.

It is quite astonishing that 80-90% of ICICI's customers in Canada are local Canadian customers. It is the responsibility of the manager of ICICI therefore to be able to identify the gaps in its customer service and bring in innovation and personlisation accordingly. For instance, a small school going girl who had come with her parents for insurance was given a box of pencils and good wishes. The manager must imagine the customer's mind and understand the unstated needs of the customers. Organisations today are focusing on the profits rather than on the potential of the opportunities. Mangers need to focus on both by connecting the two together.

Talent is a big issue these days. India has half a million people graduating every year. The big question therefore is will India be able to use this half a million graduates effectively. It is not necessarily the age of marks but the age of the value the employees bring with them. This will bring in revolution in the talent crunched country. The Indian managers should take up this challenge and see the invisible happening around them.

There's nothing more global than local and nothing more local than global and Coca Cola India is one such example and a case study of that. Coca Cola is one of the most respected and one of the established companies of the world. The advantages of Coca Cola India are its strong foundation, the international opportunities at their access and their executing growth plan. The company has operations in 205 countries.

The growth opportunities of Coca Cola India and how they take a global strategy is something to be in awe of. They are not the only largest soft drink company in the world but also largest juice, tea and coffee companies in the world. They are in the top two sports drinks of the world. They have been able to define what they want to be and what their priorities are. They wanted to be in the non-alcoholic and ready to drink category. However, they are not the biggest company turnover or the biggest company profits but the most valuable company nonetheless. They do all this because of the Coca Cola system - partnering with the bottling companies and strong distribution networks, marketing divisions and franchisees. They have over a million employees across 205 countries having a global vision in to local strategy and mission. They have tied up with all the local companies that make it happen today. The big question is, "where is the opportunity for them?" This is a competitive business for them. They have tremendous opportunities for them and they do this with a well balanced approach. Their opportunity is to expand their share of categories internationally. As a global company they have to see if they have the local connects. They have to be culturally sensitive and make a local connect.

Managing challenges

Being a global company, Coca Cola India makes it relevant for India by refreshing India and by offering a well balanced portfolio of beverages. They do so by having local connects. They connect by successfully adapting their global strategies to local customer connection. For the company, by being culturally sensitive, new opportunities are opened up for instance, adding local flavouring, adding a little orange in the taste, serving it chill cold. This is how they are able to connect locally. And how do they connect with consumer's mind? They do so by integrating local passion. They build brand equity by integrated marketing and by connecting with the local consumer passions. They drive recruitment by frequency focus and expansion of consumer base. They use the efficient system alignment. They are a global brand but also local. For instance, China did not have much entertainment consequent to closed economy earlier. Coca Cola identified this and found an opportunity when cyber cafes opened, which connected them to the world. Coca Cola served them beverages on the seat. Local distributors reached those guys in the cyber cafes.

The companies in order to become truly global need to understand the consumer insight, mindset and communicate the same. Coca Cola enhances the experience of its Indian consumer through the Indian festivals and also through cricket. They have local brands like Thums up and Maaza. They have a large distribution network for these local brands as well.

There's an inherent culture in every country and therefore, they promote this diversity and align people to this culture which facilitates their training for culture sensitization. Most companies have values and they are quite religious about them. Therefore, it is important that the company train its people on these values.

Coca Cola's key operating strategy for India involves a healthy portfolio. They are genuine products, engaging partners with distributors and retailers. Their commitment to the environment comes from the local connect which they emphasise on.

Global is local and local is global. Differences between global and local have therefore, vanished. Hence, it is important to keep the strategy and the vision in mind so as not to deviate from the global/ local vision.

Regulations: Rules Across Geographies

Acquiring a company or a customer overseas is the easy part. Understanding and mastering the regulatory framework of a foreign country usually takes much longer, as many Indian companies are now realizing. Managing risks and regulations and some of the regulatory practices prevalent in North America and Europe, especially those relating to taxation, IP and transfer pricing need to be looked at.

Rules, regulations and governance of law across border is a difficult subject because rules in a country cause a lot of problems and when the ministry frames rules to be implemented across borders one can imagine the kind of minefield one is getting into. The moot point is whether India is suffering from over regulation or a multiplicity of rules, laws and regulations very often not implemented properly. It becomes important because economies of scale as well as opportunities due to globalization usher an era of mergers and acquisitions. M&A's happen due to many reasons like technology, easy access to raw materials or to get a particular market share. But what ever the reasons may be India is witnessing today a huge number of equity of these M&A's. According to an estimate outward FDI is expected to exceed if not equal the inward FDI. Inward FDI is expected to be in the range of 10-12 billion dollars which means that the outward FDI is also going to be in that region. This shows that Indian companies have come of age and they are as busy as anybody in acquiring companies overseas in the software sector, financial services sector and so on. This activity is likely to be accelerated in next few years as a large number of trade agreements both bi-lateral as well as regional as well as investment agreements entering into the region. The problem with M&A's is that they create global powerhouses which essentially are operating across the globe. Nothing is wrong with the size but since businesses are borderless, regulations are national. Therefore there is a growing mismatch between the limited authority of the national regulator and the global reach of the financial intermediateries. We could have a situation where we have the brokerage in country A, the exchange in country B and the issue of the security in country C. The fact that there are differences in legal traditions in country A, B and C, complicate this further. Is it not possible to harmonise the market regulators across these 3 countries as this would simplify issues. But is it possible and desirable. Over the last few decades the factors of holding and disposal of the securities have undergone a tremendous metamorphosis, unlike the past where investors used to help in the securities through a chain of intermediateries. But the legal framework was sometimes not adequate or sometimes in place. And this led to problems.

Today information technology and internet are used for transactions but this also has a downside to it. Electronic records can be altered and can be manipulated by unauthorized persons to the detriment of the nation. Therefore, the question is what should be the jurisdiction of the authorities in such cases as it is difficult to identify the law breaker. For instance, an investment advisor who is regulated often gives the advice through websites to the prospective investor. However, this website might have links to other websites which may not be regulated. The investor may not know when he's leaving the regulated website and entering the unregulated one. In fact technological revolution has challenged some of the basic functions of the state.

Another point to ponder on is the taxation Issue. How does the country tax its people who are making profits on the internet? How does the state control the operations of such companies if they are not legally registered in that country?

The next point is the FDI. Countries welcome FDI's on the premise that it adds to the investment in the economy. But this is only down tripping. Is it possible to control and regulate that? Most countries reserve the right to refuse M&A's or investments on grounds of national security. But such refusals may be for economic reasons which masquerade as national security concern. Who has the authority to interpret which concerns are for national security concerns?

As far as the Indian regulations are concerned, in the financial sector there are coordination committees known as HLCCFCM (High level coordination committee on financial and capital markets). This committee meets as often as necessary and tries to coordinate action. It tries to see that that too many regulators with overlapping jurisdiction do not arise.

Role of technology

Technology brings in liberation and liberation is bringing in a lot of changes. It allows us to do many things that we are trying to do cheaper, faster and more efficiently, more productively. If we look at all the industrial sectors, they have done extremely well in the last 10-15 years. It is the first time that the industry, social organisations and the government are beginning to come together in their role of nation building. Should we help the government in achieving this role? We have more illiterates today than we had in 1947, it is really shocking. But the good thing is that the percentage of population is smaller than it was. As a nation we have another challenge, there is no rule book today for the billion people democracy and in trying to write the rule book we are mistaking, stumbling, we are fighting huge challenges. The government has become collision and it's interesting to see how the regional parties are playing a much more critical role. We are evolving politically, economically and socially.

Conclusion

Successful Indian global mangers are those that are able to catch the trend very easily that seem invisible and help to achieve the impossible. Partnerships hold the key. We are all connected and how can we enhance this connection? The gap between the haves and the have nots is almost gone. How can we have an intervention to roads, connectivity, economic development, and rural business hubs – whole new initiatives that are on today and empower those who do not have a direct access to development?

It is imperative for companies to ask "what is my company's commitment towards the society?" Equally important for each one of us is to ask "what am I as an individual?, What is my contribution?" It's important to connect and be open to enhance our productivity. Can we find opportunities in threats? India is trying to take advantage of these threats. Key is knowledge whatever be the aspect. How can we use our biggest resource which is people and harness knowledge to enhance our productivity? Culture is the backdrop of Indian ness. Key to learning is learning and that can happen with awareness. We need to make mistakes and learn from them faster and faster.