

Tharuma Rajah: Why Indian CEOs are Different

There are many articles on CEO competencies, but few people have studied how CEOs vary from one country to another. Tharuma Raja is an exception.

Tharuma is the General Manager of Hay Malaysia and concurrently the Managing Director of Hay Group South-East Asia. He worked with a team from the Hay Group including the renowned Dr. Signe Spencer to do a serious study of outstanding Indian CEOs.

The results were surprising..

DC: How did you come to study Indian CEOs?

TR: The work was sponsored by India's Public Enterprises Selection Board (PESB) and Bharat Petroleum Corporation Limited (BPCL). The PESB advises the government on appointments to the top management posts of government owned companies. PESB recognized that in an era of deregulation they needed to be more sophisticated in how they chose CEOs.

DC: What method did you use in your study?

TR: We did behavioural event interviews of average CEOs and outstanding CEOs then looked for differences in their competencies. We've done similar research in other countries so we could do international comparisons.

DC: Where are outstanding Indian CEOs strong?

TR: Indian CEOs are far ahead of outstanding CEOs in other countries in their ability to think analytically and strategically. They also have a single minded focus on profitability and growth. Of course all CEOs care about these things, but surprisingly our studies show outstanding international CEOs more often relate stories about internal politics, succession planning, cultural change, prestige and so on. When asked about critical incidents Indian CEOs far more frequently tell stories directly about getting results.

DC: Where are they weak?

TR: Indian CEOs show one very striking weakness compared to CEOs in other countries, they don't tune their behaviour to individuals. They don't pay attention to individuals one-on-one; they think in terms of groups. A European or American CEO would be far more likely, for example, to talk about how they picked an individual for a job because of certain personality characteristics or because it would help their development.

Let me give you a sense of scale, 3/4s of outstanding international CEOs demonstrate this competency of tuning into others vs. only 1/8th of outstanding Indian CEOs.

DC: What else is unique in India?

TR: It's very dramatic how much time Indian CEOs spend influencing and lobbying the government bureaucracy. This requires a competency we call boundary management. Almost half of the Indian CEOs chose to tell a story about boundary management whereas less than 1% of outstanding executives in other countries gave us stories even remotely related to boundary management.

DC: Why is that?

TR: David, the number of government constraints and rules in India would amaze you. Even worse, often it's not at all clear what you are or are not allowed to do. It requires intense influencing efforts. CEOs have to be extraordinarily resilient to manage government relations. I found that the outstanding CEOs draw on deep spiritual roots to succeed; they show remarkable inner strength.

DC: What most impressed you about the CEOs you interviewed?

TR: Outstanding Indian CEOs are not just focused on the growth of their own enterprise; they are focused on the success of India as a whole. They take on extra risk and put in extra effort for projects they believe India needs. For example, they might take on a project like developing a tractor that will help struggling Indian farmers even if it is not the easiest way to make money. They have a real sense of social responsibility; we rarely see anything like that in the West.

DC: What are the implications of this work?

TR: Leaders in other countries should learn from the special strengths of Indian CEOs, especially their striving to provide benefits for the larger society as an intrinsic part of business decisions.

On the other hand Indian CEOs have to work on paying attention to individual differences, they really need to tune into people at the individual level. This kind of interpersonal understanding competency is something they can learn from Western CEOs

I feel that in Indian Business schools there is too much emphasis on financial acumen but not so much about leadership, empathy and tuning into people. Too many Indian managers are strong on thinking, but poor on execution. Our research shows learning to tune into people helps a lot with implementation.

And we advised the government that India has to clear up the regulatory issues—it's a real burden on business. We said to the Prime Minister why don't you tell these CEOs what they need to do, set standards, set service level agreement and then really empower the CEOs to get the job done. They should follow the models found in Singapore and Malaysia and stop micromanaging them.

DC: Are our leadership models too Western-centric?

TR: Yes, I believe so. The economic equilibrium is shifting towards China and India and these countries are tapping into a whole new world of leadership.

We need to understand their leadership approach. In India we see CEOs who lead business initiatives that genuinely help the 300 million at bottom of pyramid. In China we see outstanding CEOs who focus on creating harmony. These sorts of ideas don't appear in most competency models. Let's take the best of the West—the logic, analysis, good governance—and combine it with the best of the East.

Take for example, Wang Shi chairman of China's Vanke. Vanke is the market leader in home construction, but Wang Shi imposed a strong position that they should not abuse their market position, he said let's build affordable homes. They're suppressing prices and because they're the market leader, others also

need to keep the prices low too. He said lets not be greedy; let's ensure people can afford shelter. Whereas in Western firms they would just go for more profit Wang Shi is saying lets show self constraint. .

Companies have a moral purpose of participating in solving societal problems not just getting the stock price high; business schools should be drumming this broader perspective into their students.

* * *

*You can learn more in **The Indian CEO: A Portrait of Excellence** by Signe Spencer, Tharuma Raja et al.*

For more articles like this one go to www.creelmanresearch.com and subscribe to our newsletter.

If you have a colleague doing business in India feel free to forward this document to them.