

Hermeneutics of the External Factors shaping the Leadership of Tomorrow

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Abstract :

There has been a lot of theories of leadership and also a plethora of research papers are there by the research scholars interested in the topic of Leadership. Going through various writings available on the topic of leadership, in the present paper, the researcher has made an attempt to enumerate and elaborate a non exhaustive list of external factors which work as structural and regulative variables from the perspective of leadership of tomorrow.

Introduction

The changing environment, over time, has created more challenges for the leadership. Dynamic business environments have made this situation more complicated. Changes in external environment have caused shift in thoughts about leadership and its implementation.¹

The following Exhibit shows some of the external factors that are shaping the Leadership of tomorrow.

External Factors shaping the Leadership of Tomorrow

- Volatile, Uncertain, Complex, and Ambiguous (VUCA)
- Technological Changes and Innovation
- Government Influences
- Increased Competition
- Rapidly Changing Systems, Processes, Structures
- Need for Talent
- Emerging New Business Approaches
- Concern for the Society
- Consideration for Rural Environments
- Cultural Impacts
- Traditional Middle Class Values and Attitudes

Exhibit : Factors affecting Leadership

Detailed Analysis of External Factors

1. Volatile, Uncertain, Complex, and Ambiguous (VUCA)²

- The changes in today's business environment are unpredictable and the phrase VUCA is used to describe the new environment in which leaders must work.
- Volatile: Change happens rapidly and on a large scale.
- Uncertain: The future cannot be predicted with any precision.
- Complex: Challenges are complicated by many factors and there are few single causes or solutions.
- Ambiguous: There is little clarity on what events mean and what effect they may have.

As country and regional economies become more integrated and interconnected, the world's economic systems have become much more volatile, uncertain, complex, and ambiguous (VUCA). Low crude oil prices, a strong US dollar, increasing interest rates in the United States, and the slowdown in China—all of these factors move in tandem and increase volatility globally.

Closer home, political uncertainty and infrastructure bottlenecks add to the uncertainty and unpredictability in the business environment. Another aspect of complexity has been the volatile nature of financial capital flows and the financial market indicators. Key characterization of this complexity is the difficulty in making predictions in a deeply uncertain local and global environment.

Leaders at the helm of Indian organizations, therefore, must deal with an increased number of variables, and there is a growing interdependence between organizations and the macro-environment.

2. Technological Changes and Innovation³

The external environment and organizational context in which Indian leaders operate define the challenges they may face, and individual values and beliefs influence how these leaders respond to such challenges. Indian leaders have witnessed a dramatic shift in context over the last few decades—from a stable, low-growth economy comprising of government-controlled businesses using rudimentary technology, to a relatively volatile, moderate- to high-growth intense competitive environment comprising of large and small enterprises embracing cutting-edge technical know-how.

Advances in technology are fundamentally changing the macro-environment, with media, IT, banking, telecommunications, and retail sectors leading the way, thanks to leaps in big data analytics, mobile technology, and robotics. Irrespective of the industry, Indian organizations are impacted by these changes, especially as it pertains to making investments

and managing risk. For instance, large telecommunications players such as Bharti Airtel, Reliance, and Vodafone have invested in 4G technology, and must manage the risk of influencing a relatively immature market to embrace new services. This calls for a Technology and Digital Savvy leadership.

Financial services organizations are increasingly providing services via the Internet or mobile technologies to meet the needs of current and future customers. According to the survey, Indian leaders consider the speed of technological change as a top new threat. More than two third of the respondents surveyed, are concerned about the influence the speed of technological change will have on their organization's growth.

3. Government Influences⁴

In addition to the external macro environment, organizational capabilities and circumstances also affect the leadership influence. The government is the biggest aspect now when it comes to business. It is well understood that the government has the power to intervene and regulate how organizations do business. As observed the industry is now increasingly having interventions from the government, which at times are very sudden and have far-reaching variations in the way business is conducted. This in turn affects the top level and bottom level performances, the organization composition, and internal working systems.

To mitigate uncertainty and unpredictability, it is necessary for the organizations now to seek ways to influence and work with the government. The challenge of partnering with the government is a proactive response to what would otherwise be completely outside of the organization's control.

4. Increased Competition⁵

With increased use of technology, access to information it is now possible for the businesses to easily reach their prospective customers. It is also become equally important to retain the existing customers. Such kind of immensely dynamic marketplace now offers a considerable challenge in terms of business growth and market share. Customers choose between existing large organizational players and smaller, newer entrants who do not always play by the same rules. More discerning and savvy customers mean organizations must become more customer-centric by understanding their needs and motivations to provide value-added services and products. Organizations are shifting from transactional customer relationships to longer-term, value-added relationships. The main question now asked is, 'are you customer oriented?' It was understood that the real challenge would lie in aligning every process, every resource allocation, every people capability building, to meet the customer's needs. Being "Impact Driven" has become today's prominent aspect as well as one of the challenges for every business.

5. Rapidly Changing Systems, Processes, Structures⁶

As the external environment changes, organizations are facing the daunting task of streamlining their internal systems, processes, and structures to better meet the needs of customers and stakeholders. Such streamlining of the systems may vary from organization to

organization and it may also depend on the nature of the industry, the organization, and the customer. For example, one progressive Indian organization may streamline their sales related team in a way such that they are very comprehensive in nature and are in a position to offer a wide range of services and solutions (to their demands) instead of maintaining product specific or service specific teams. Such modifications may result in more efficient operations and inter- connected organization structures.

6. Need for Talent⁷

The most frequently mentioned challenge from within any organizations is the ability to attract, develop, and retain people with the capabilities and commitment needed for current and future organizational success. According to the past research about more than half of the respondents who participated in this survey, i.e. about 58% of Indian organizations, face talent shortages, compared to a global average of 38%.

Shortages of talent in the employee marketplace are indications of more demand and more competitive market. In such environment it is obvious that there is more need of talented individuals and it underscores the need for organizations to develop talent internally to some extent. For example, in the context of an Indian organization which is on a growth track one can never have enough talent. In reality, especially in Indian organizations in high growth segments, there is a huge shortage of talent. Now a days it has become more difficult to find a challenger, a successor for every important role.

7. Emerging New Business Approaches⁸

Today it is observed that new business approaches are in vogue. In addition to three basic and traditional business approaches - asset builders (build, develop, and lease physical assets to make, market, distribute, and sell physical things), service providers (hire employees who provide services to customers or produce billable hours), and technology creators (develop and sell intellectual property), new-age enterprises prefer to function as network creators (create a network of peers in which the participants interact and share in the value creation).

Recent examples in India include Flipkart, Ola, Pumpkart, and pepperfry.com. Such new-age enterprises are not following the traditional ways of doing business; they have their own rules and systems. They are flat, agile, and without any layers.

8. Concern for the Society⁹

There is growing awareness about concern for the society amongst the corporate sector. It was observed that the social infrastructure in India is in nascent stages till date. According to the past research there are about 290 million Indian adults who are illiterate. In fact one in three illiterate adults in the world lives in India. The physical infrastructure such as roads, electricity, transport, housing, etc., is also missing in most of the parts of the country.

Also, according to another research done earlier, roughly one in 20 Indians earns a daily income of more than ten US dollars, so there are a huge number of people at the bottom of the pyramid in India. Operating amidst “yelling” demands for the development, Indian organizations are increasingly trying to mix and match their corporate needs with the community requirements.

Progressive organizations in India understand that they cannot work alone; they need to look beyond their immediate gains to build sustainable businesses. This calls for a “Socially Responsible and Environment Conscious” leadership.

For example, well known Tata group organization’s Tata Steel has developed and managed the city of Jamshedpur, where its steel plant is located, for more than nine decades. Tata Steel works in conjunction with the local government, district administrations, and international organizations to create a strong and resilient economy in urban and rural areas around Jamshedpur.

9. Consideration for Rural Environments¹⁰

This calls for encouraging and supporting the good works in the rural society. This may be termed as recognizing the importance of rural environments by supporting the grassroots innovation. Uncertainty, hardships, and intense focus on frugality have cultivated an ability in organizations to improvise around obstacles - getting most out of least for many.

National Innovation Foundation is promoting Rural Technologies under the scheme (GTIAF) - Grassroots Technological Innovation Acquisition Fund, which is aimed at dissemination and social diffusion. Coconut husker, Manually Operated Water Lifting Pump, Hand Operated Pump, Centrifugal Sprayer, Improved wood cutting machine, Bullock operated sprayer, Nursery bag filler, sprayer, gum scrapper, etc., Parboiled paddy spreader, Portable stove fueled by paddy husk, Variable gear system for cycle rickshaw, are a few examples of consideration of rural environments.

10. Cultural Impacts¹¹

Although evolving every day, India largely remains a hierarchy-conscious society, particularly among older employees. Most attribute this psyche to family upbringing, where the senior-most is to be respected and obeyed, the caste system, or the political environment where hierarchy was used to organize and manage the huge population. This hierarchy mindset has seeped into the corporate environment as well, much more so in government enterprises and family-owned and managed enterprises, than multinational corporations. The leadership should also take this into account and align their mindset towards a more “Multicultural and Culturally Competent” approach.

11. Traditional Middle Class Values and Attitudes¹²

The middle class is dominating in the country. While there are differing opinions, according to National Council of Applied Economic Research (NCAER) estimates, India's middle-class population is estimated to be about 270 million. An average Indian leader therefore grows up in a household with a deep focus on education as a vehicle to progress. Since there is a large population competing for limited resources, middle-class values also fuel an intense spirit of competition. Other values that middle-class parents impart to their children are modesty, respect for hard work, and the value of good deeds. That being said, having a "Consideration to Work-Life Boundaries" is an important quality for the new leadership so that the same values can be passed on to the future generations.

Conclusion:

All the above eleven factors are derived from various literature available in the domain of leadership. On the basis of review of such literature, the researcher derived the eleven external factors as listed above and discussed them in respect of their relative merits and relevance to work out on a model of leadership of tomorrow. In other words, these factors can be regarded as the conditions which make a leadership model of future possible. Hence they can be regarded as constructive and regulative as well.

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