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GLOBAL MANAGER: INDIAN PERSPECTIVE

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Introduction

The old concept of Multinationals is changing towards transforming themselves as Transnationals. The three strategies adopted were national responsiveness (Multinationals), global efficiency (Global) and transfer of technology (International). These three strategies are currently being combined to build a new design of organization called Transnational. In view of these changes it is necessary to review the role of manager in this changing context. The first section deals with the global manager as perceived by the current Multinationals. Second section gives an overview of the Indian situation and corresponding skills required by the managers. Section III gives the nature of role dimension under different organizational set up in Indian context. Section IV gives the current practice of recruitment and placement of expatriates in Indian enterprises overseas.

Paper Submitted for a Seminar on **Business Strategies for Globalization**, held on Feb.19 & 20th, 1993 at Coimbatore, organized by The Department of Management Sciences, PSG College of Technology, Coimbatore, in collaboration with Confederation of Indian Industries (Southern Region).

SECTION I: GLOBAL MANAGER

The global managers are supra-national corporate players who do not have any allegiance with any particular country. The significance of this is due to the changing nature of multinational corporations. First the old pattern of managers at the headquarters deciding on the subsidiaries is getting blurred. The second feature is the cosmopolitan management team where different nationalities are representing in the management of operations. The global activities in a country and global companies are trying to maximise profits around the world. They are sensitive to the bottom line and try to change the shape, size, location and operating principles (Reich, 1991).

The transnational companies are trying to cope with the changing situations by combining three strategic capabilities like global scale efficiency, national responsiveness and leverage learning on worldwide basis. Bartlett and Ghosal (1992) have tried to highlight the changes in the role of managers in transnational companies. They have selected three cases and identified the role of managers as follows:

Manager	Company	Type of Manager	Roles
Lief Johansson	Electrolux	Business Manager	Strategist + Architect + Coordinator
Howard Gottlieb	NEC	Country Manager	Sensor + Builder + Contributor
Wahib Zaki	Procter & Gamble	Functional Manager	Scanner + Cross-Pollinator + Champion

The managers in global business have three roles to play, viz., as strategist, the architect of worldwide assets, and coordinator of transactions across national borders. Lief Johansson of Electrolux was able to enhance the scale economies and operational flexibilities through indirect management and informal communication channels. Howard Gottlieb of NEC was able to convince the parent company the new designs required for American customers. He acted as a builder and contributor for the company. On the other hand, Wahib Zaki was able to champion for the coordination of P&G's technical team. All these examples are illustrations of the existing multinationals trying to become transnational. These may not be directly appropriate for the managers of the Indian business (except subsidiaries) who are moving towards inter-nationalization.

SECTION II: INDIAN PERSPECTIVE

Indian Perspective

Indian managers can be classified into several roles depending on the organizations they are currently operating and expected to play a global role. During 1951-1990 there were about 15,060 foreign collaborations approved in India. Out of this 3,067 had the financial collaborations. The financial collaborations are either in the subsidiaries of multinationals or a part of joint ventures with Indian business. Besides, Indian business have tried to have joint venture of 193 as on 1989 abroad (Shiva Ramu, 1992). With this background one can look at the Indian business from the following angles: subsidiaries of MNCs, joint ventures, technical collaborations, collaborative ventures, independent Indian companies and SMEs.

There are seven habits (skills) which are to be internalised by the Indian managers. These habits are part of the building of a combination of knowledge, skill and desire. Knowledge decides on what to do and why, skill how to do it and desire is motivation, want to do. There is a continuum of maturity from dependence to independence to interdependence. The dependence is mostly directed and sustained by others, while independence is trying to become independent of the others directing. The maturity comes when there is interdependence where there is a relationship with others.

Stephen Covey (1992a) elaborates on seven habits which will increase the effectiveness of the managers through production - production capability balance. The seven habits are:

- **Be Proactive:** they are mostly reject the past behavior and accept the challenges

- **Begin with the End in Mind:** the leadership focusses on developing relationship and specifying organizational missions

- **First Thing First:** the individuals are proactive and act on the basis of their values and principles which will determine their priorities. The high priority activities get more attention

- **Think Win-Win:** This habit tries to seek mutual benefits instead of classical win-lose experience.

- **Empathic Communication:** Through this they try to understand the mutual needs and ideas to achieve constancy of purpose towards improvement of product and services.

- **Synergy:** The leadership tries to foster and nurture through their management styles, supportive structure and systems.

- **Sharpen the Saw:** This requires a continuous improvement consistent with commitments and performance in the refining and expanding their abilities. This is called learning organization (Stephen Covey, 1992b).

The first three skills: Proactive, Begin with the End in Mind and First thing First are necessary to move from dependent situation to independent status. Next three skills: Think Win-Win, Empathic Communication and Synergy are required to play an interdependent role of managers/organizations. The seventh skill of Sharpen the Saw is essential to survive in the competitive situation.

The nature of leadership tries to change from dependence to independence to interdependence. This can be noticed in the nature of globalization one tries to attempt. The following section tries to combine the nature of the enterprise and the nature of leadership required in Indian context.

SECTION III: ROLE DIMENSIONS

Subsidiaries

One can classify subsidiaries into five groups based on strategies followed by foriegn owned subsidiaries (Taggart 1992). They are:

Miniature Replica: It is a replica of the parent company where it tries to adapt to local conditions or innovates a related product suitable for the local market.

Marketing Satellite: It acts as a simple wholesaling to distribution support to the parent company.

Rationalised Manufacturer: The subsidiary tries to produce components due to lower cost or economies of scale for the global market, but the decisions are centralised at the parent company.

Product Specialist: Subsidiaries will have self-sufficiency in applied R&D, Production and marketing of a limited range of products. It may have regional or worldwide product mandate.

Strategic Independent: The parent company is a passive investor. Most of the activities are decided by the subsidiaries.

The managers of Indian subsidiaries may fall into any of the above categories. Right now the last three categories are very few in number. Supposing Indian subsidiaries of MNCs wants to move towards rationalised manufacturer, product specialist or strategic independent, then they have to move from being dependent to independent leadership.

Subsidiaries have to identify their core competencies and capabilities for competition. This requires the subsidiaries to form their corporate strategy based on business processes, transforming key processes into strategic capabilities, making strategic investment in support infrastructure and cross-functional capabilities. The core competency emphasises technological and production expertise along the value change, while the capabilities cover entire value change (George Stalk, et al, 1992). This means the leadership requires to build strategic architecture and building competencies to become an independent subsidiary.

Technical Collaborations

There are more than 12,000 technical foreign collaborations with Indian companies. The move of these companies to become a global player can be illustrated with a Japanese company. Dai Nippon Ink & Chemicals was founded in 1908. It acquired technology from Reichhold Chemicals of U.S. in 1950. It also acquired technology from Sun Chemicals, U.S., for mixing the synthetic resins with pigments to produce modern ink. DIC started its international growth by acquiring small U.S. ink producer in 1976, another in Indonesia in 1977. It also acquired a larger American producer in 1979. By 1980 it had developed its own technology to produce high quality specialised inks for digitised printing technology. In 1986 it acquired the erstwhile technology suppliers Sun Chemicals in 1986 and Reichhold Chemicals in 1987. This shows the development of DIC from a dependent position in 1950s to an independent international player by 1980s(Carl Kester 1991).

On the other hand the Indian companies Eicher Goodearth and Enfield tried to take over their erstwhile technical collaborators in West Germany. They were not successful, partly due to external constraints of having less liquid assets. However, they were successful as a management contractor to run the sick parent companies. This indicates that though Indian companies are capable of imitating Japanese pattern but are constrained due to uncontrollable factors. With the changing economic policies in India these possibilities may be available in future (Shiva Ramu, 1986).

These cases indicate the possibilities of moving from dependency to independent actor in the global scene.

Joint Venture in India

There are several joint ventures which are able to internalise the capabilities and introduce technical changes before becoming an international player. Some of the examples are Usha Martin Black which had a foreign collaboration which were able to design their own equipment by raw material substitution and tried to integrate vertically with sister companies to provide innovation. Similarly Mahindra & Mahindra and Telco developed their own capabilities in R&D. These were the cases where they try to move up in the technological ladder through learning and penetrated the other countries market through the strategy of "industrial niche".

There are also some Indian companies who have been able to develop new products though, earlier, they were dependent on imported equipments like Asian Paints, Godrej Boyce, etc.

Collaborated Ventures Abroad:

During recent years number of Indian firms are trying to enter global market through collaborations with other companies. Some of the cases are illustrated here.

- Tasty Bite is trying to export 50% of its turn over during 1992. It has tied up with Australian fish major **sefcon** to set up a manufacturing facility in Russia. The project is expected to start soon. The venture concentrates largely on red meat.

- Arvind Mills are trying to enter overseas market and plans to export textiles up to Rs.5 bil. by 1994. This is expected due to collaboration with **Cluett, Peabody**, the US clothing group for the joint manufacturing of shirts.

- Antrix Corporation, subsidiary of ISRO was started in 1992 to sell technologies developed by ISRO for its space programmes. Europe has cartels for space systems. Antrix plans to act as a subcontractor initially till it joins a consortium. It has already entered the export market by giving tracking support to the German space agency, propeller systems for Brazil etc.

The above cases indicate the initial move by Indian companies to become global player through collaborations with the existing major players. The role of managers in such ventures becomes more interdependent as well as independent. That means all the seven habits enumerated earlier are required by the managers of such organizations.

Independent

There are a few Indian companies who are trying to play a global role either establishing independent units or through acquisition overseas companies. Some of the examples are:

- ISPAT Group has started its expansion through acquisition of Carribean Ispat of Trinidad and Tobago on a 15 year lease, 51% stake in ISPAT Mexicana, SA de CV and has set up a hot strip mill in Indonesia. It is also trying to acquire three divisions of Bethlehem Steel Corporation in US. However it has failed in its efforts to acquire Irish Steel Mill, setting up steel plan in Moscow, acquiring iron ore mine in Peru, a hot strip mill in Thailand.
- UB Group is trying to acquire a majority share in Wiltshire Brewery in UK which is famous for Old Grumble and Stonehenge Beers. It wants to try to sell Kingfisher Beer through 40 Pubs in UK.
- Indian firms have gone to Eastern Europe and former Soviet Union. It has acquired four East German Textile companies with the assistance of Uberoi, German consultants.

Small Medium Companies

There are several hidden champions who have achieved the first ranking in world market position. Some of the examples of German **Mittalstand** can be illustrated. They are:

Heidelberger Druckmaschinen for offset printing machine, Heidenhain for measurement and control instruments, and Hymmen for machine for continuous pressing and heating.

The characteristics of these SMEs are their products used in manufacturing processes and shy of publicity. They achieve their prominance through a combination of strategic focus with geographic diversity, emphasise customers values, blend technology and closeness to customers and rely on their own technical competency. They have got a strong commitment to global expansion through investment and people, while many US companies are finding difficult to enter Japanese market the German SMEs are able to enter the Japanese market(Herman Simon,1992).

Similarly one can find a few cases from India who have moved international through their technical know how. Fuse Gear Electric Co. has provided technical knowhow for the production of HRC fuses. It has a joint venture in Malaysia. This product is a substitution of the silver element by copper, resulting in lower production cost and higher short circuit levels in tests. Similarly, Thermopack Engineers Pvt. Ltd., has licenced its knowhow to a Malaysian company and an Australian company. This was able to transfer design and manufacturing knowhow for cooling towers. The technology involves jet tower which has non-moving parts and is made of fibre glass (Shiva Ramu, 1986).

SECTION IV: INDIAN PRACTICE

Expatriate Selection

A small survey was conducted to identify the reasons for the appointment of staff in the overseas operation by Indian companies. Most of the them utilised either Indian or host country nationals in their joint ventures abroad. The major reasons for appointing parent company nationals are technical expertise and the person considered best for the job. The reasons for appointing host country nationals are greater familiarity with local culture and knowledge of language. Sometimes Indian companies were not able to get work permit in the host country due to restriction of recruitment of local personnel in their joint venture. The major criteria used are:

- Experience in the company
- Technical knowledge
- Overall experience
- Managerial talent
- Interest in overseas experience
- Communication skill and
- Maturity.

Other criteria such as respect of laws of the people, families adaptability and flexibility in new environment are not considered.

Majority of the companies use the candidate's technical competence more than relational abilities of the candidate. Sometimes they use the foreign assignment on a rotation basis. Most of the training imparted for the overseas assignment was on the business practices like marketing system and no emphasis on environment. There was complete lack of orientation on cultural sensitivity (Shiva Ramu, 1991).

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