

Leadership for India Inc: Practical Concepts and Constructs
Prof. C Bhaktavatsala Rao
Prof. Ajit Singhvi
Department of Management Studies
Indian Institute of Technology, Madras

Week - 10
Transformational Leadership Models - 2
Lecture - 47
People Leadership Model

Hi Friends, welcome to NPTEL course Leadership for India Inc: Practical Concepts and Constructs. We are in week 10 discussing Transformational Leadership Models part 2. In this lecture, we will focus on People Leadership Model.



(Refer Slide Time: 00:25)

People Leadership

People leadership takes charismatic leadership one step higher. Not all charismatic leaders could be people-oriented and not all people-oriented leaders charismatic. A charismatic people leader is an outstanding combination.

- Traditionally, task-oriented leadership and people-oriented leadership represented two polarities of leadership models—based on concepts of fear and caring as the respective drivers of human behaviour.
- The nuance is that each requires the other approach to be successful—it would, however, be counterproductive to opportunistically toggle between task and people orientation.
- People orientation must be natural and not cultivated—People-oriented leaders need to be able to train, coach, mentor, nurture, and in some cases even substitute for their team members.
- Leaders who are open with their teams and equidistant with and equally responsible for all functions and members of an organization nurture an ecosystem of people-oriented inclusivity and high performance.

People leadership is highly inclusive—the leader who is oriented towards people will remain with people in thoughts, expressions and deeds. Even in large, globally diversified corporations it is possible for leaders to be with people by adoption of digital means. People leadership includes task orientation as well for leaders and followers.



People leadership takes charismatic leadership one step higher. Not all charismatic leaders could be people-oriented and not all people-oriented leader's charismatic. A charismatic cum people leader is an outstanding combination. Traditionally, the theory used task-oriented leadership and people-oriented leadership as two extreme polarities of leadership models.

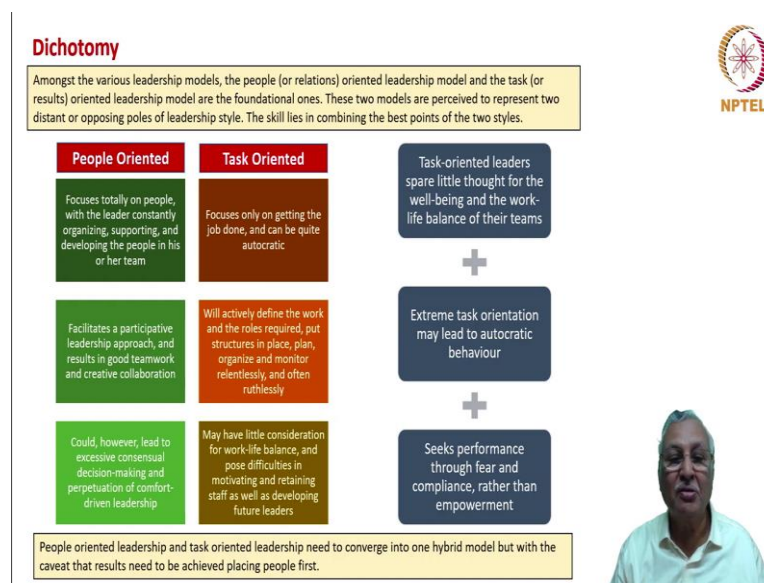
Respectively, these are based on concepts of fear and the consequences of fear and caring and the benefits of caring as the respective drivers of human behaviour. The nuance is that each requires the other approach to be successful. It would, however, be

counterproductive to opportunistically toggle between task and people orientation, unfortunately that is what many leaders also do.

People orientation must be natural and not cultivated. People oriented leaders need to be able to train, coach, mentor, nurture and in some cases even substitute for their team members spontaneously. Leaders who are open with their teams and equidistant with and equally responsible for all functions and members of an organization succeed in nurturing an ecosystem of people-oriented inclusivity and high performance.

People oriented leadership is highly inclusive, highly participative, highly facilitative and highly empowering. The leader who is oriented towards people will remain with people in thoughts, expressions and deeds. Even in large globally diversified corporations, it is possible for leaders to be with people by digital connectivity and various other means. People leadership includes task orientation as well for leaders and followers; this is again another subtlety which needs to be grasped by leaders.

(Refer Slide Time: 02:20)



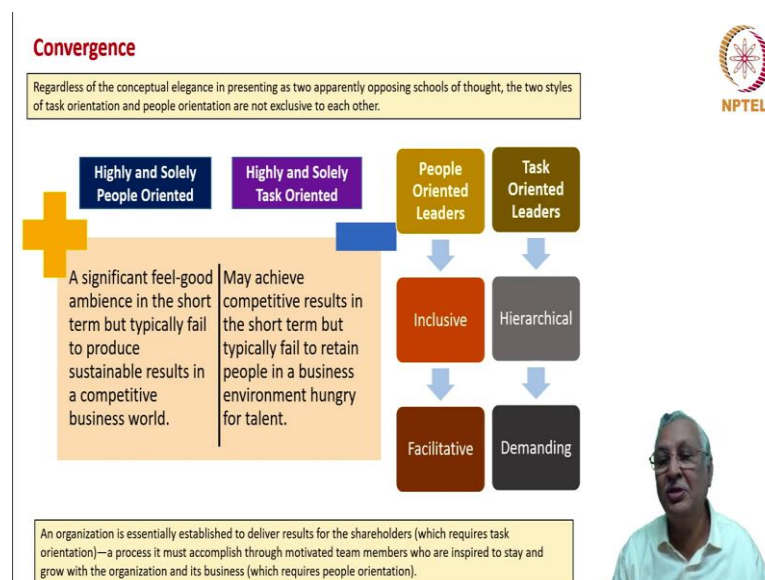
Amongst the various leadership models, the people or relations-oriented leadership model and the task or results oriented leadership model are the foundational ones. These two models are perceived to represent to distant or opposing poles of leadership style. The skill lies in combining the best points of the two styles.

Let us look at the fundamental features of the people-oriented style. It focuses totally on people, with the leader constantly organizing, supporting, and developing the people in his or her team. It facilitates a participative leadership approach and results in good teamwork and creative collaboration. It could however, lead to excessive consensual decision-making and perpetuation of comfort driven leadership.

On the other hand, task-oriented leadership focuses only on getting the job done and can be quite autocratic and dictatorial at some points of time. Will actively define the work and the roles required, put structures in place, plan organize and monitor relentlessly and often ruthlessly. May have little consideration for work life balance and pose difficulties in motivating and retaining staff as well as developing future leaders.

Task-oriented leaders especially spare little thought for the well-being and the work life balance of their teams. Extreme task orientation may lead to autocratic behaviour. It seeks performance through fear and compliance rather than through empowerment and enablement. People-oriented leadership and task-oriented leadership need to converge into one hybrid model, but with the caveat that results need to be achieved placing people first.

(Refer Slide Time: 04:06)



How does this convergence take place? We need to understand what these two styles achieve and do not achieve, what are the strengths and what are the pitfalls? Regardless

of the conceptual elegance in presenting as two apparently opposing schools of thought, the two styles of task-orientation and people-orientation are not exclusive to each other.

If the leadership style is highly and solely people oriented, what would happen is as follows. A significant feel-good ambience in the short term, but a style which typically fails to produce sustainable results in the competitive business world; If this style is highly and solely task oriented, this may happen, it may achieve competitive results in the short term, but typically fail to retain people in a business environment hungry for talent.

An organization is essentially established to delivered results for the shareholders, which requires task orientation, and it is a process that must be accomplished through motivated team members who are inspired to stay and grow with the organization and its business and this requires people orientation. It is easy to see how both the styles, the task oriented style and the people oriented style are required, but not in extreme polarities, but in togetherness.

People oriented leaders are inclusive and facilitative whereas task oriented leaders are hierarchical and demanding.



(Refer Slide Time: 05:33)

Complementarity

In practice, most successful leaders use both task-oriented and people-oriented styles of leadership. Successful leaders use **visible** people leadership with **latent** task leadership.

Strengths of People Leadership	Pitfalls of People Leadership
Visible ability to engage with people, motivate and inspire them	Missing the wood for the trees and focusing solely on the affable sheen of people orientation
Underlying theme of setting targets, defining a strategy and monitoring execution	Inability to develop people without foregoing tough agendas for effective performance

The two leadership styles are distinct and different in terms of the organizational ecosystems they propound and develop. In fact, the people leadership style attracts talent while the task style makes people cautious.



In practice, most successful leaders use both task oriented and people-oriented styles of leadership. Successful leaders use visible people leadership with latent task leadership.

Strengths of people leadership are visible ability to engage with people, motivate and inspire them that would be very apparent from the way the leaders interact with their followers.

However, the strength is that there would be an underlying theme of setting targets, defining a strategy and monitoring execution. This is not extreme people-oriented leadership; it is people-oriented leadership which is balanced with task oriented leadership.

If we do not do that and if we focus on only people leadership, the pitfalls would be as follows: missing the wood for the trees and focusing solely on the affable sheen of people orientation that is the feel-good fact.

Inability to develop people without forgoing tough agendas for effective performance. The two-leadership styles are certainly distinct and different in terms of the organizational ecosystems they propound and develop. In fact, the people leadership style attracts talent while the task type makes people cautious.

(Refer Slide Time: 06:45)

Natural or Cultivated?

There is a considerable body of knowledge in the organizational behaviour domain that covers many experimental and theoretical insights on motivation and management in organizations. These insights throw pointers for strengthening people oriented leadership. The two broad streams: People Motivation and Transaction Efficiency.

Motivation	Efficiency
• Douglas McGregor's Theory X and Theory Y (1960)	• Project Management (1957) of Elvahu Goldratt
• Abraham Maslow's need hierarchy theory (1943)	• PERT (1956) and CPM (1957) developed by the US Navy and Du Pont
• Hawthorne experiments of Elton Mayo (1914-22)	• Frederick Taylor's time and motion study (1911)

The motivational theories mentioned, and the subsequent variations thereof, guide our understanding of the essential motivational triggers for people in an organization.

The considerable body of knowledge in transactional efficiency guides our understanding of how to achieve competitive efficiencies.

Both streams of thought look at people in organizations from two entirely different perspectives—the challenge being that both the approaches are equally required.

The essential difference, however, is that while the tools and techniques for task efficiency can be learned and mastered through education and practice, the behavioural approaches for people motivation can at best be appreciated but not internalized merely through such learning and development programmes.

NPTEL

Should we be natural or cultivated, that is the question one must address when one thinks of people-oriented leadership. There is a considerable body of knowledge in the organizational behaviour domain that covers many experimental and theoretical insights

on motivation and management in organizations. These insights throw several pointers for us to consider strengthen people-oriented leadership.

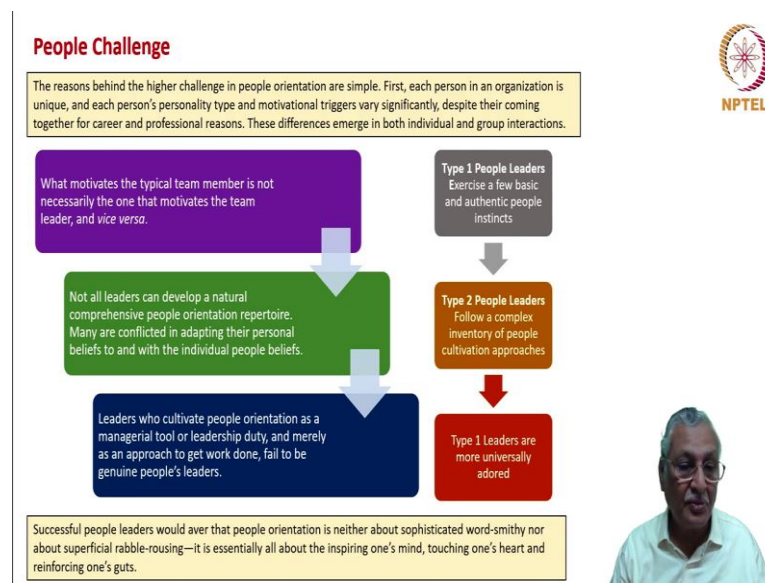
The two broad streams are people motivation and transaction efficiency. We have considered several of the theories as we coasted through the first couple of lectures. Motivation: Douglas McGregor's Theory X and Theory Y 1960. Even earlier, Abraham Maslow's need hierarchy theory 1943 and foundational Hawthorne experiments of Elton Mayo 1924 to 32.

Efficiency, project management 1997 of Eliyahu Goldratt, PERT 1950's and CPM 1957 developed by the US Navy and Du Pont, Frederick Taylor's time and motion study again a foundational approach 1911. The motivational theories mentioned, and the subsequent variations thereof guide our understanding of the essential motivational triggers for people in an organization.

Whereas the considerable body of knowledge in the transactional efficiency field guides our understanding of how to achieve competitive efficiencies. Both streams of thought look at people in organizations from two entirely different perspectives, the challenge being that both the approaches are equally required, but in prudential balance.

The essential difference between the two approaches is that while the tools and techniques for task efficiency can be learned and mastered through education and practice, the behavioural approaches for people motivation can at best be appreciated, but not internalized merely through such learning and development programs. We need a keen aptitude and also observation for ensuring that our behavioral aspects are in tuned with the motivational theories.

(Refer Slide Time: 08:51)



The people challenge is a great challenge. The reasons behind the higher challenge in people-orientation are simple. First, each person in an organization is unique and each person's personality type and motivational triggers vary significantly, despite their coming together for career and professional reasons. These differences are bound to emerge in both individual and group interactions.

It, whenever a job is given from team constitution to role definition to responsibility for execution and claim for credit of execution, there could be several differences within the team and between the teams. What motivates the typical team member is not necessarily the one that motivates the team leader and vice versa because they come from different perspectives. Not all leaders can develop a natural comprehensive people orientation repertoire.

Many are conflicted in adopting their personal beliefs to and with the individual people beliefs because leader by and large is either someone who is motivated by performance and results or someone who has got the higher level of wisdom and maturity. When that happens and when young executives join and they are part of teams, then their perspectives would be completely different.

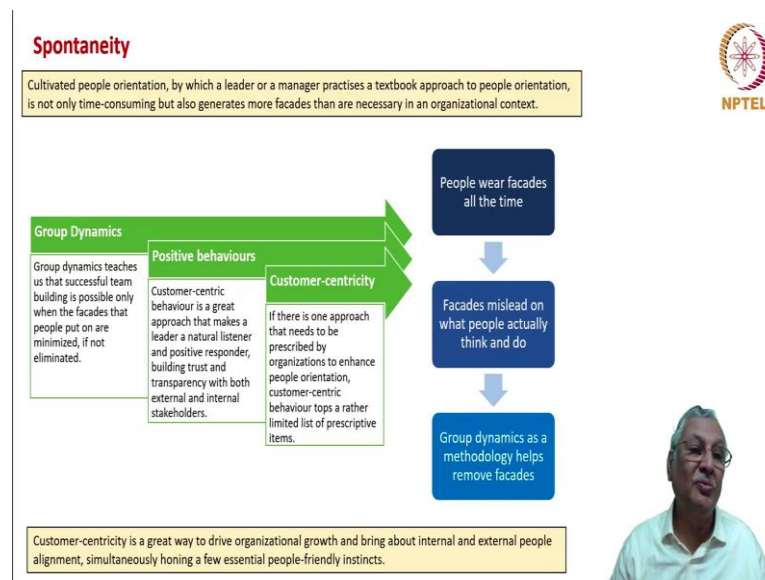
So, how do we ensure that there is a natural comprehensive alignment between the leader's perspective and the team members perspectives? Under such circumstances, leaders must understand the true people orientation. Leaders, who cultivate people

orientation as a managerial tool or leadership duty and merely as an approach to get work done, fail to see and feel the genuine people's leadership.

Successful people leaders would aver that people orientation is neither about sophisticated word-smithy nor about superficial rabble-raising, it is essentially all about inspiring one's mind, touching one's heart and reinforcing one's guts. There are two types of people leaders: type 1, they exercise a few basic and authentic people instincts. Type 2, they follow a complex inventory of people cultivation approaches.

Type 1 leaders are more universally adored and true people-oriented leaders are type 1 people leaders.

(Refer Slide Time: 11:18)



Spontaneity is other characteristic of genuine and authentic people leadership. Cultivated people orientation by which a leader or a manager practices a textbook approach to people orientation is not only time consuming, but also generates more facades than are not necessary in an organizational context. You may have an open office or an open chamber, but the way a leader response when an executive enters the chambers, speaks volumes for the people orientation.

Again, in terms of the spontaneity, there are several aspects of teams and team behaviours that a leader must know. There is group dynamics involved in every team.

Group dynamics teaches us that successful team building is possible only when the facades that people put on are minimized, if not eliminated.

We also require positive behaviours not merely on the part of the leader, but also on the part of every individual in the team. Customer-centric behaviour is a great approach that makes a leader a natural listener and a positive responder, building trust and transparency with both external and internal stakeholders. Leaders are always observed and looked upon as guides and the moment leaders have positive customer centric or other internal customer centric traits, the followers follow such traits.

Customer centricity is the bond that could cut across several departmental differences and several hierarchical differences. If there is one approach that needs to be prescribed by organizations to enhance people orientation, customer-centric behaviour should top a rather limited list of prescriptive items.

Important point to note is that people wear facades all the time and the facades will stay on as long as the individual feels that the group is not yet ready to be open and therefore, facades mislead on what people actually think and do. Group dynamics as a methodology to be adopted by a leader helps remove facades and customer centricity could be one great way to drive organizational growth and bring about internal and external people alignment, simultaneously honing a few essential people friendly instincts.

And customer centricity is also a great way to start to keep applying group dynamics as a continuous methodology. Because when you talk about one departmental viewpoint versus the other departmental viewpoints, the facades actually deepen, but on the other hand if we talk about a third element and an element which is actually the reason for the sustenance of the corporation that is the customer.

There could be a unifying force across the teams and within the teams, across the team members that is how spontaneity could be bred in terms of people leadership.

(Refer Slide Time: 14:15)

People Characteristics

While there would exist myriad factors that could affect people interactions and influence outcomes in a social context, there are only a few factors that are truly relevant in an organizational context.

An organization exists to serve its markets and customers as its overarching goal.

The team members of an organization exist to serve each other as internal customers to fulfill the goal.

Four parameters of people orientation dictate the team's and organization's success in a business context.

A leader who displays these characteristics naturally emerges as a truly successful people's and business leader.

People Orientation



The flair to understand

The ability to empathize

The inclination to listen

The willingness to serve

In contrast, any amount of time spent in interacting or indoctrinating people without the context of business or operation solutions could be ineffectual and, in many cases, counterproductive.



What are the people characteristics? There would be many factors that could affect people interactions and influence outcomes in a social context. However, from an organizational context, there are only a few factors that are truly relevant. So, people leadership is not such a complex thing that it cannot be managed by leaders. People should only understand the typical, foundational, important aspects of people characteristics.

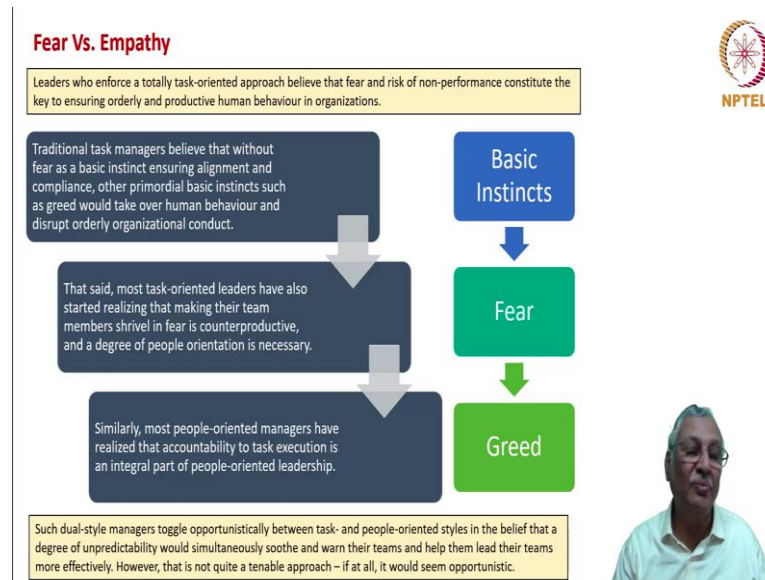
An organization exists to serve its markets and customers as an overarching goal. The team members of an organization exist to serve each other as internal customers to fulfill the goal. It, these two statements are extremely important to get to the core of people leadership. An organization exists to serve its markets and customers as its overarching that is as its superordinate goal. The team members of an organization exist to serve each other as internal customers to fulfill the organizational goal.

Four parameters of people orientation dictate the team's and organization's success in a business context. A leader who displays these characteristics naturally emerges as a truly successful peoples and business leader. So, people orientation must have the flair to understand the people issues, the business issues, the ability to empathize with the people, the inclination to list and the willingness to serve.

When a leader provides these facets of his personality openly, transparently and genuinely he or she will be seen as a people-oriented leader. Any amount of time spent in

interacting with or indoctrinating people without the context of business or the operation could lead to ineffectual solutions and in many cases, such solutions would be counterproductive.

(Refer Slide Time: 16:08)



Then, there is the issue of the fundamental driver of the task-oriented leadership style and the people-oriented leadership style. These two respectively are fear and empathy. Leaders who enforce a totally task oriented approach believe that fear and risk of non-performance constitute the key to ensuring orderly and productive human behaviour in organizations. Traditional task managers believe that without fear as a basic instinct ensuring alignment and compliance amongst the team members.

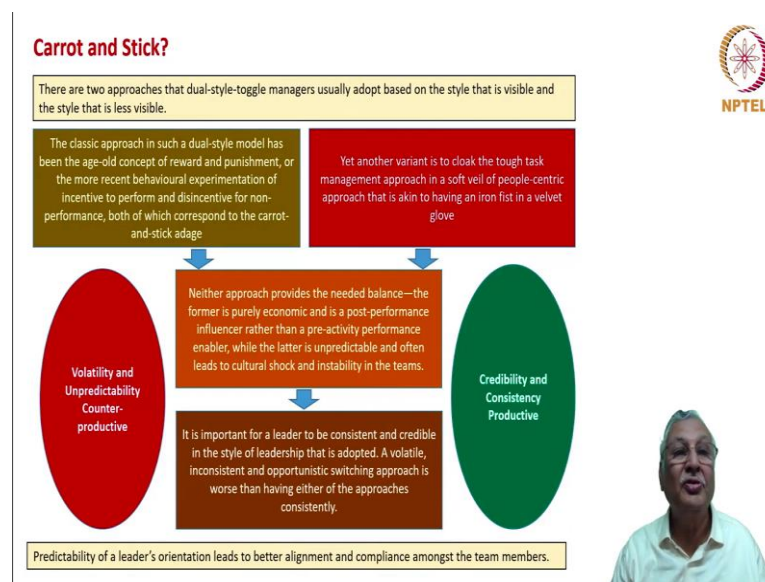
Other primordial basic instincts such as greed, laziness and various other negative emotions would take over human behaviour and disrupted orderly organizational conducts that is an extremely traditional view. That said, most task-oriented leaders have also started realizing that making their team members shrivel in fear, cover in fear is counterproductive and a degree of people orientation is necessary.

Similarly, most people-oriented managers have also realized that accountability to task execution is an integral part of people-oriented leadership. So, if the task-oriented leadership tries to curb rather dictatorially the basic instincts of fear and greed, the people-oriented leadership style tries to make the subtle instincts of wanting to contribute blossom.

If people are trying to toggle between the fear-oriented task behaviour and empathy-oriented people behaviour only for an opportunistic leverage, then such leaders would be seen as opportunistic and not genuine leaders. So, the degree of unpredictability that such toggling would happen actually will be counterproductive to the entire leadership process.

It is not at all a tenable approach in fact, it will be definitely seen as an opportunistic approach to toggle between the two styles depending upon whether results are more important, or people retention is more important for example.

(Refer Slide Time: 18:26)



So, should we have carrot and stick policy, and many dual style toggle managers actually believe that carrot and stick is the right policy. The classic approach in such a dual style model has been the age-old concept of reward and punishment or the more recent behavioral experimentation of incentive to perform and disincentive to punish for non-performance.

Both of these correspond to the carrot and stick adage. Yet another variant is to cloak the tough task management approach in a soft veil of people-centric approach that is akin to having an iron fist in a velvet glove. But, both the approaches hit the individuals hard.

Neither approach provides the needed balance, the former is purely economic and is a post performance influencer, it is not a pre-activity performance enabler, it is not an

empowering approach to work life while the later that is the iron fist in a velvet glove is quite unpredictable often leads to cultural shock and instability in the teams in the process.

Given this, it is important for a leader to be consistent and credible in the style of leadership that is adopted. A volatile, inconsistent on opportunistic switching approach is worse than having either of the approaches consistently. Okay, if task-oriented approach is bad at least be consistently bad. If people-oriented approach is too soft and too pally pally okay but be that consistently.

Trying to toggle between the two extremes is not at all good for organizational health. Volatility and unpredictability counter-productive whereas, credibility and consistency would be productive; Predictability of a leader’s orientation leads to better alignment and compliance amongst the team members.

(Refer Slide Time: 20:15)

People Leadership Model

People Leadership Model comprises five important characteristics of leader behaviour that mould durable, sustainable and trusting relationship between the leader and the followers.

<ul style="list-style-type: none"> Articulate leaders who are open with their teams 	Theory T on People	Theory P on People
<ul style="list-style-type: none"> Willingness of the cadres to solve the problems of teams 	Need instructions	Need only guidance
<ul style="list-style-type: none"> Equity, transparency, openness, and equi-distance in dealings with businesses, functions, and people 	Need control	Need mentoring
<ul style="list-style-type: none"> Spontaneous and wholesome in approach; enables creativity and empowerment in organization 	Need to know consequences	Need to know benefits
Characteristics of people-oriented leadership	Incapable of self-development	Capable of self-development

People Leadership Model requires the leaders to extend their helping hand empathetically and helpfully proactively to the followers. It also requires the followers to show openness and willingness to accept support.

So, given this I would formulate the people leadership model as comprising five important characteristics of leader behaviour that mould durable, sustainable and trusting relationship between the leader and the followers. Five characteristics, one, leaders must be articulate and open with their teams.

Two, the cadres including the leaders and ones below that should be willing and forth coming to solve the problems of the teams. Equity, transparency, openness, equidistance

in dealings with businesses and equipoised nature towards various issues should characterize business, function and people dealings of leaders. There should be spontaneity and wholesomeness in the approach of the leaders because that enables creativity and empowerment in organization.

This people leadership model is based on theory T as I would say vis a vis theory P. Theory T on people is the conservative one which powers the task oriented leadership style that is people need instructions, people need control, people need to know consequences and people are in capable of self-development whereas theory P on people believes that people need only guidance, people need mentoring, people need to know benefits and people are capable of self-development.

People leadership model requires the leaders to extend their helping hand emphatically and helpfully proactively to the followers.

It also requires the followers to show openness and willingness to accept support and this is the most important fifth principle, that is the leader must be willing to extend the helping hand empathetically and helpfully and proactively to the followers, then only all the other aspects will fall into place and people leadership model must be based on theory P on people as articulated here.

(Refer Slide Time: 22:24)

Open Teams

People oriented leaders have certain unique characteristics that constitute both their strengths and weaknesses. The characteristics and the influences are discussed below.

- People-oriented leaders tend to dwell on the impact of problems on people more than the contribution of people to the problems.
- They tend to ignore the fact that problems are almost always a result of people's actions or inactions.
- Leaders need to certainly protect people from a fear complex that punishments follow errors or problems, as fear is sure to curb all creativity.
- However, when people are ill-equipped or ill-tuned to avoid or correct errors and solve problems, leaders are expected to be open about it.
- Pussyfooting problems in such a scenario with the misplaced goodness of people orientation causes more difficulties to the teams than solves any of their problems.



Elimination of Fear

Effusive Empathy

Cannot mean non-accountability to issues

Problems need to be dealt with empathetically and firmly by leaders

Being excessively evocative and effusive is an infirmity of people-oriented leadership as much as being excessively questioning and demanding is in the case of task-oriented leadership.



Let us also look at the need for having open teams. People-oriented leaders have certain unique characteristics that constitute both their strengths and weaknesses. The characteristics and the influences are discussed below. People-oriented leaders tend to dwell on the impact of problems on people more than the contribution of people to the problems.

That is people would spend enormous time on the hygiene factors, enormous time on the risk people face when undertaking a project rather than trying to solve for them. They also won't see how the people themselves have contributed possibly to the problems. They tend to ignore the fact that problems are almost always a result of people's actions or inactions.

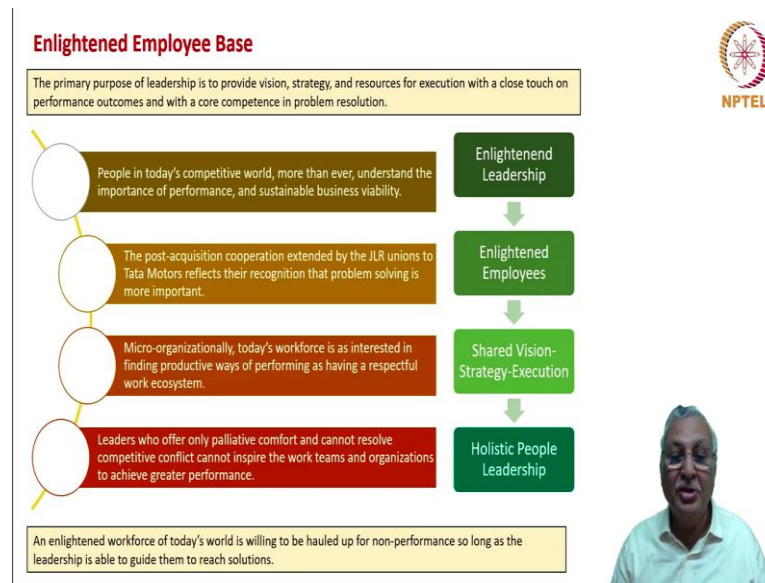
Leaders need to certainly protect people from a fear complex that punishments follow errors or problems, but fear is sure to curb all creativity. However, when people are ill-equipped or ill-tuned to avoid or correct errors and solve problems, leaders are expected to be open about it that is leaders should be willing to coach and counsel people who are deficient and who are not able to correct the errors or overcome the problems or worse still are contributing to problems by themselves.

So, pussyfooting problems in such a scenario with the misplaced goodness of people orientation causes more difficulties to the teams than solves any of their problems. So, it is very important that people-oriented leaders must understand what is superficial goodness and what is genuine goodness that helps the teams.

Elimination of fear is certainly called for, but effusive empathy is probably not called for because people-oriented leadership cannot mean non-accountability to issues, problems need to be dealt with empathetically, but with firmness by leaders and that is actually the true people-oriented leadership.

Being excessively evocative and effusive is an infirmity of people-oriented leadership which is not understood in its full depth. It is also as bad as being excessively questioning and demanding as in the case of a brutal task-oriented leadership that also is not good.

(Refer Slide Time: 24:46)



So, how do you also see the employee base itself in these two styles which need to be converged? The primary purpose of leadership is to provide vision, strategy and resources for execution with a close touch on performance outcomes and with a core competence in problem resolution. If you have enlightened leadership, you will also have enlightened employees and vice versa. So, we will have shared vision strategy execution and holistic people leadership.

People in today's competitive world, more than ever, understand the importance of performance and sustainable business viability. The post-acquisition cooperation extended by the JLR unions to Tata Motors after the JLR acquisition reflects their recognition that problem solving is more important. Micro-organizationally, today's workforce is as much interested in finding productive ways of performing as having a respectful work ecosystem.

Leaders who offer only superficial palliative comfort and cannot resolve competitive conflict cannot inspire the work teams and organizations to achieve greater performance. So, we need to have an enlightened leadership along with enlightened employee base. An enlightened workforce of today's world is willing to be hauled up for non-performance so long as the leadership is able to guide them to reach solutions.

I always said that one of the good virtuous model is to set tough goals, guide on the path that should be taken, assess the results, coach in case the results are being met by

providing solutions or enabling them to come up with their solutions under guidance and then, celebrate the success that happens. An enlightened employee base develops based on such an approach.

(Refer Slide Time: 26:41)

The Touch of Totality

People-oriented leaders need to solve problems for their team members. This capability would come up from being in touch with the technology, commerce and totality of the work system.

The simplistic view that it would suffice for a leader to be a generalist at the top is not true.

All things being equal, leaders with knowledge of the people, technical and commercial matters prove themselves to be superior performers.

By solving problems on the shop floor or in the market place, leaders demonstrate their willingness and ability to apply their shoulder to the wheel.

Such problem-solving ability truly makes leaders people-friendly. The famous Japanese concept of *Gemba Kaizen* mandates that factory problems be solved not in offices but in the workplace where they occur.

The continuous improvements in Japan occur based on workplace interactions of the supervisors and workmen on a daily basis through observation and discussion.

NPTEL

KAIZEN
The Key to Japan's Competitive Success
MASA-AKI IMAI

GEMBA KAIZEN

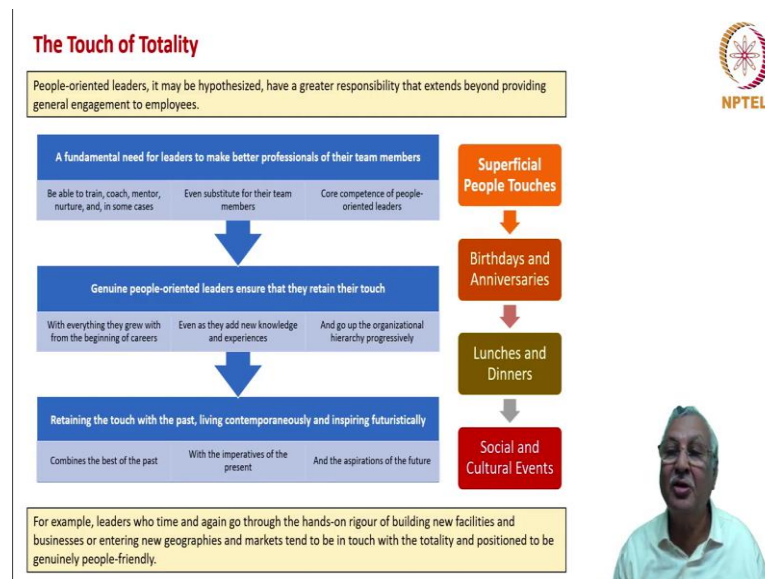
We should also have the touch of totality in people-orientation. When we say the touch of totality, it is not just the people, the people, the machines, the equipment, the inputs, and the total workplace system that is the totality. Any leader who cannot look at the total workplace together will not be a people-oriented leader because people-oriented leaders need to solve problems for their team members.

And this capability would come from being in touch with the technology, commerce, the workplace and the totality of the work system. The simplistic view that it would suffice for a leader to be generalist at the top and asking for only results against the goals that is not true. All things being equal, leaders with knowledge of the people, technical and commercial matters prove themselves to be superior performers.

By solving problems on the shop floor or in the marketplace, leaders demonstrate their willingness and ability to apply their shoulder to the wheel. Such problem-solving ability truly makes leaders people friendly. The famous Japanese concept of *Gemba Kaizen* that is working in the field near the problem issue mandates that factory problems be solved not in offices, but in the workplace where they occur.

The continuous improvements in Japan occur based on workplace interactions of the supervisors and workmen on a daily basis through observation and discussion. In doing so, the leaders not only converse with the people, but they also converge with their man machine systems and the total workplace and workforce systems that are applicable on a shop floor and that gives the real touch of totality.

(Refer Slide Time: 28:25)



People-oriented leaders may be hypothesized to have a greater responsibility that extends beyond providing general engagement to employees. The fundamental need for such people-oriented leaders used to make better professionals of their team members. We should be able to train, coach, mentor, nurture and in some cases even substitute for their team members and that is the core competence of people-oriented leaders.

Genuine people-oriented leaders ensure that they retain their human touch or their touch with the employees. With everything they grew with from beginning of the careers even as they add new knowledge and experience and go up the organizational hierarchy progressively, genuine people-oriented leaders ensure that they remain committed, and they remain in touch with the fellow passengers who started on this journey of executive ship or leadership.

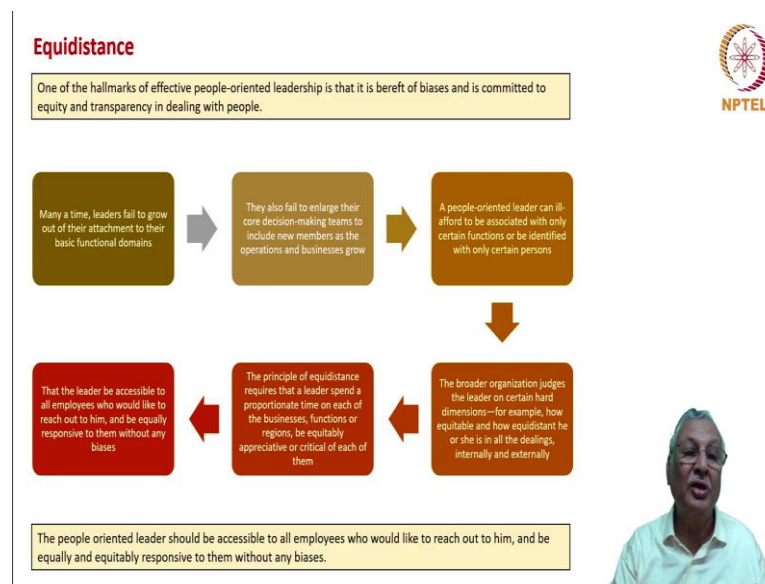
Retaining the touch with the past, living contemporaneously and inspiring futuristically that is the leader must not forget the past including the past relationships, the leader must stay in the present, but should think of the future and should inspire the organization

towards a futurism that combines the best of the past, with the imperatives of the present and the aspirations of the future.

For example, leaders who time and again go through the hands-on rigour of building new facilities and businesses or entering new geographies and markets tend to be in touch with the totality and position to be genuinely friendly. We have many superficial people touches in organizations including fun at work programs, birthdays, anniversaries, lunches and dinners, social and cultural events.

They may improve the camaraderie, but they have only limited purpose, the basic business paradigm must be understood, must be shared and people should feel competent to be handling the business problems and business issues and that only provides the people strength.

(Refer Slide Time: 30:38)



Equidistance is another important aspect of people-oriented leadership. A leader may need to coach someone else far more than others, but that he is equidistant from all the people, equidistant from all the functions must be very clearly visible. Many times, leaders fail to grow out of their attachment to their basic functions. If someone has come up from the production-orientation, they have some level of extra empathy towards production people.

On the other hand, if they come from an R&D background, they may tend to say that organizationally R&D people are more creative I mean there could be these kinds of fallacious assumptions that are brought forward into the apex leadership approach. Such leaders fail to enlarge their core decision-making teams to include new members as the operations and businesses grow.

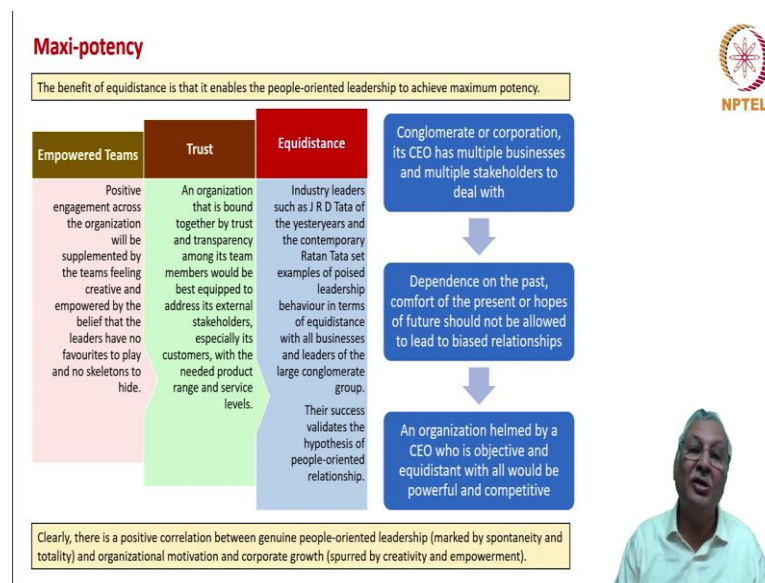
Because when the businesses grow, you need to include people from all functions and all domains in an equitable manner to be able to make the right decisions and implement the right actions. A people-oriented leader can ill-afford to be associated with only certain functions or be identified with only certain persons.

The broader organization judges the leader on certain hard dimensions for example, how equitable and how equidistant he or she is in all the dealings internally and externally. The principle of equidistance requires that a leader spend a proportionate and equitable time on each of the businesses, functions or regions, be equitably appreciative or critical of each of the functions.

Suppose the company has grown by growing its Russian business over a period of time, but the company also wants to grow the India business, there is no point in continuing the center of gravity of discussions only with the Russian team saying that it is the Russian team, which is performing, you should be in a position to turn your attention and provide equal attention to the India team which is in a fledgling state. This principle of equidistance is very important,

That the leader should be accessible to all employees who would like to reach out to him and be equally responsive to them without any biases is also another underlying principle of equidistance. The principle-oriented leader should be accessible to all employees who would like to reach out to him and be equally and equitably responsive to them without any biases that is the fundamental fact of equidistance.

(Refer Slide Time: 33:16)



Apart from equidistance, we also should have maxi-potency as a concept. What is maxi-potency? It is the empowerment of teams, positive engagement across the organization which is supplemented by the teams feeling fully charged, fully creative and feeling empowered in the believe that leaders have no favourites to play and no skeletons to hide that leads to empowerment and that is capped up further by trust.

An organization that is bound together by trust and transparency among its team members would be best equipped to address its external stakeholders, especially its customers with the needed product range at service levels. Someone trying to pull drug under someone else's feet is the worst thing that could happen in an organizational setting particularly when they are tackling issues.

On the other hand, a belief that even if I am faltering, someone else is there to provide the helping hand and to balance me is the trust factor that is one which will change the organizational potency and of course, equity distance, industry leaders such as J R D Tata of the yesteryears and the contemporary Ratan Tata set examples of poised leadership behaviour in terms of equidistance with all businesses and leaders of the large conglomerate group.

Their success validates the hypothesis of people-oriented relationship. Conglomerate or corporation, a CEO will have multiple businesses and multiple stakeholders to deal with

only the scale and scope could be varied. Dependence on the past, comfort of the present or hopes of future should not be allowed to lead to biased relations.

As I said, all the three are important, but any one cannot be more important than the other two. An organization helmed by a CEO who is objective and equidistant with all would be powerful and competitive. Clearly, there is a positive correlation between genuine people-oriented leadership which is marked by spontaneity and totality and organizational motivation together with corporate growth which is spurred by creativity and empowerment.

I have seen it with my own eyes that leaders who provide empowerment, trust and are seen to be very objective have motivated their organizations to higher levels. But organizations wherein the CEO tried to play the role of a functional specialist or one who is very much concerned with the ones where he would like to be strong has upset the organizational balance and caused more issues than solved any issues.



(Refer Slide Time: 35:55)

Institutional Ecosystem

People oriented leadership cannot be only an individual leader phenomenon. The objective of such leadership is to empower people and support natural leadership development. This needs institutional ecosystem.

- Leaders need to create an organizational ecosystem in which leadership development, by way of potential leaders working with established leaders, is a natural way of life in the organization.
- Natural leadership development is reinforced by the competitive drive, and leadership harmony of an organization—it is weakened by the environmental unpredictability, and cultural millstones of the organization.
- Regardless of whether the firm is in a growth or turnaround mode, if the leadership challenges are harnessed and percolated down in the organization, the natural leadership development will bloom well.
- In the challenging world of competitive career development, leaders constitute the beacon and inspiration for young executives and leaders—the making of leadership thus happens by design, and organizations that facilitate natural leadership development are bound to be successful.

People oriented leadership and natural leadership development are positively correlated with each other. The leader's approach and organizational ecosystem are the two pivots on which this correlation works.



We also look at institutional ecosystem as part of the people-oriented leadership. It cannot be only an individual leader phenomenon. The objective of people-oriented leadership is to empower people and support natural leadership development. Leadership development in a people leadership model will be natural leadership development, it is an institutional ecosystem.

Leaders need to create an organizational ecosystem in which leadership development by way of potential leaders working with established leaders is a natural way of life in the organization. Natural leadership development is reinforced by the competitive drive and leadership harmony of an organization. It is weakened by the environmental unpredictability and cultural millstones of the organization.

Regardless of whether the firm is in a growth or turnaround mode, if the leadership challenges or harnessed and percolated down the organization, the natural leadership development will bloom well. In the challenging world of competitive career development, leaders constitute the beacon and inspiration for young executives and leaders. The making of leadership thus happens by design and organizations that facilitate natural leadership development are bound to be successful.


People-oriented leadership and natural leadership development are positively correlated with each other. Natural leadership development is the subset of people-oriented leadership, but people-oriented leadership is a behavioural syndrome or behavioural cultural aspect of the leadership whereas, natural leadership development makes leaders happen naturally. The leader's approach and organization ecosystem are the two pivots on this correlation works.

(Refer Slide Time: 37:38)

Leaders and Potential Leaders

Leaders can make and unmake future leaders. Ratan Tata could make a relatively unknown Cyrus Mistry the Chairman of India's largest conglomerate in 2012, and, as unexpectedly, could unseat him four years later and again support the elevation of Chandrasekaran to the coveted role—leaders need 'touch' with reality.



Tata Group as a conglomerate has several companies and several leaders at helm. The Chairman of Tata Sons as the apex leader needs to be in touch with business performance of all constituent companies and their leaders



Though all the three moves happened through board processes, the moves could happen because Ratan Tata as the overarching leader kept close touch with events, performances, and people.

Leaders, almost by definition, are those who look for a future for the organizations they lead, which are far beyond their own tenure or even their own professional lifespan. Such prospecting is done ideally internally, and when inevitable externally.

The availability and development of a capable pool of future leaders needs to be an essential objective of a leader. It is, therefore, paradoxical that several organizational contexts and leadership settings involve unmaking as much as making of future leaders.



I have personally experienced natural leadership development when I was an executive assistant more than 4 decades ago, I was asked to solve a problem related to excessive

furnace oil consumption in the plant and that plant which manufactures two-wheelers was having a brand new ultramodern paint shop, it also had its design specifications for a production of hundred thousand scooters per year and the class of the paint was absolutely phenomenal

And the company took pride in the fact that every product that comes out of the plant was a gleaming product that was the kind of pride that was also set with that modern paint plant, but furnace oil consumption was excessive. The Chairman and Managing Director who chose me to solve the problem of excessive furnace oil consumption saw this as an opportunity for natural leadership development in me. So, he said that he would not that is CB Rao would not look at only one aspect of furnace oil consumption.

He told all the leaders that he is free to go into any department, question any of the standards that are applicable and understand end to end what can be done to reduce furnace oil consumption. So, I had the freedom and I felt motivated to talk to various divisional heads and understand why the paint shop had to be designed in that manor, why the paints specification meant this level of primary coating,

This level of super primary coating and what is the baking time and what happens when the flow of the components gets reduced and why should you have two paint booths, why not we have one paint booth and who supplies furnace oil and what happens at the time of unloading of furnace, how does the pipeline flow take place and what are the other feed stocks which are available.

So, I made such thorough study of the entire end to end chain of furnace oil induction as well as consumption and also the paint quality that I could make several suggestions which could reduce furnace oil consumption by half while retaining the quality of the paint and that was a great learning for me that there is leadership potential in me and even if there are divisional managers who firmly believed that whatever they were doing were the right things,

They were open to questioning by me, they were open to curiosity getting the better of me and asking several questions, they provided me with lot of knowledge and as my contribution, I could furnish certain alternative ways of doing things which benefited the company as a whole that was the first blossoming of natural leadership in me.

And similarly, in today's situation as well, many leaders can make their young executives blossom into their leadership positions through natural leadership development. Over the year as I became the leader, becoming head of an organization, head of a corporation, I ensured that whoever worked with me had enough opportunity and space to experiment with ideas and come up with solutions.

And that times I was pleasantly surprise to have the solutions being probably better than what I envisaged originally. So, that is the collective development of people and collective enablement of natural leadership across the organizations. But to be able to do that, we need to have touch with everyone, we should be in touch with the reality, we cannot say that I have become the CEO therefore, I only will look at the senior leadership team and nothing else.

You need to remember the roots from which you have grown. Leaders can make and unmake future leaders under the natural leadership development paradigm. Ratan Tata could make a relatively unknown Cyrus Mistry the chairman of India's largest conglomerate the Tata Group in 2012 and as unexpectedly could help unseat him four years later and again support the elevation of Chandrasekaran into the coveted role.

This happened because Ratan Tata as the leader had touch with reality, what was happening when Cyrus Mistry came in and what could happen Chandrasekaran would come in. Tata Group as a conglomerate had several companies and continues to have several companies and several leaders at the helm.

The chairmen of Tata Sons as the apex leader needs to be in touch with business performance of all constituent companies and their leaders. Similarly, if you are the CEO of a corporation, you need to be in touch with the operational and business performance of each and every function, each and every domain and for that you need to devise your own review mechanisms without micromanaging issues.

Though all the three moves in Tata Group happened through board processes, the moves could happen because Ratan Tata as the overarching leader kept close touch with events, performances and people. Leaders almost by definition are those who look for a future for the organizations they lead, which are far beyond their own tenure or even their own professional lifespan. Such prospecting is done ideally internally and when inevitable externally.

The availability and development for a capable pool of future leaders needs to be an essential objective of a leader, time and again, we have considered this aspect as being one of the important litmus test for an apex leader that is why it is so paradoxical that several organizational context and leadership settings involve unmaking as much as making of future leaders.

That means, we are not in touch with the forthcoming leadership challenges, we are not in touch with the profile of the leader who is said to take the chair and that causes these slippages between the expectation and the performance between the perception and the practice.

(Refer Slide Time: 43:53)



Natural Leadership Development (NLD)

While organizations have several structured programmes of leadership development, natural leadership development (through continuous experience and observation of masterly leaders) is a highly effective approach. This requires real-time, on-the-job leadership development.

People leadership ensures real-time problem solving and personality shaping, rooted in context and culture.

Leadership development occurs naturally and continuously when potential leaders are associated with proven leaders from the inception of their career.

There are several interesting pathways by which natural leadership development (NLD) occurs.

The fundamental prerequisite, of course, is the presence of capable leaders as the heads of functions, locations or businesses, and an iconic leader at the helm of the organization as the CEO.

Under such a virtuous scenario, leadership development occurs on a two-track basis: Even as functional, business, and site leaders are developed by their CEO they, in turn, develop the young executives working under them into future leaders. This is people oriented leadership at its best.

While this process is largely hierarchical, potential exists for young leaders to directly interact with the CEO and for young entrants to directly work with site, business, and functional leaders.

A model of natural leadership development that is decidedly desirable and executable is proposed as an extension of people oriented development. It also offers clear insights into the factors that reinforce or impede natural leadership development.

This natural leadership development process is continuous, all through the careers of leaders as well as aspirants. As with other leadership tasks, established leaders and aspirants must own natural leadership development as a cultural essence of leadership in the organization.



To avoid these kinds of pitfalls, we have natural leadership development. While organizations have several structured programs of leadership development, natural leadership development through continuous experience and observation of masterly leaders is a highly effective approach. This requires real-time, on the job leadership development.

We can learn a lot about how to manage supply chain, how to manage marketing relationships, how to ensure field force efficiency, how to improve market share, how to overcome production shortages, how to ensure operational excellence. However, if as a young executive, you are part of a leadership team, it could be for taking minutes, it could be for keeping track of projects that does not matter.

As long as you are part of a higher echelon meeting and are given the opportunity to observe and absorb the happenings, there cannot be any better learning than that, it is natural leadership development. If you are not the right young executive, you may shrivel at this opportunity and run away.

But if you are the right young executive, full of eagerness and curiosity to observe and learn, you will make the best out of such opportunity and become a full-fledged leader very early on you will get the strength and resilience. One of the key factors for my elevation as a CEO is that at a very young age, I have worked with leaders who are very strong, very tough, very intellectually capable and very people-oriented and committed of course, to growth of the organizations and businesses.

This provides the competencies and resilience to coast through the leadership journey. So, people leadership ensures real-time problem solving and personality shaping, rooted in context and culture. Leadership development occurs naturally and continuously when potential leaders are associated with proven leaders from the inception of their career.

Fortunate is the young executive who gets mentored by the best possible leader in an organization that is why leadership is also being at the right time in the right place that is the right place being the not only the right domain, but the right leader or the right boss. There are several interesting pathways by which natural leadership development occurs.

The fundamental prerequisite, of course, is the presence of capable leaders as the heads of functions, locations or businesses and an iconic leader at the helm of the organization at the CEO. I emphasize this very much because getting to a right leader should not be a random occurrence, it should not be a matter of choice or a matter of sheer luck, the more capable leaders there are in an organization, the more assurance a young executive would have of association with the right leader.

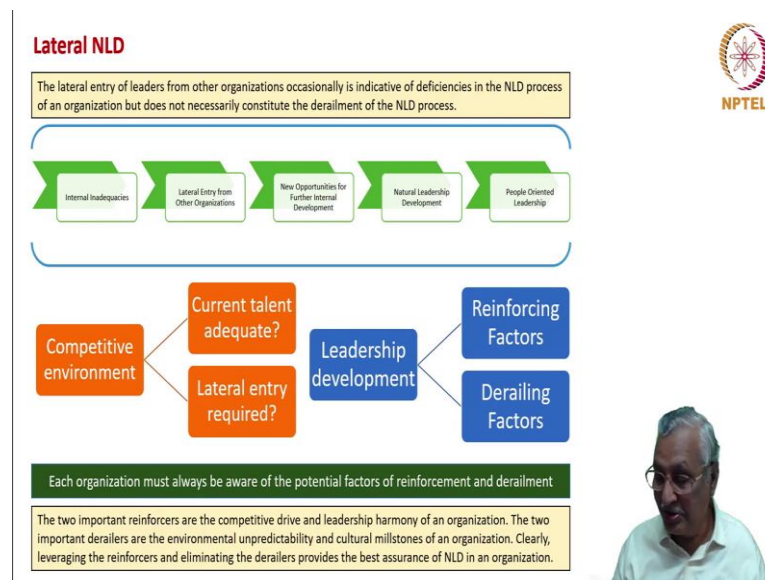
So, by having a good SLT bench by having good next to SLT bench, we will ensure that natural leadership development is possible for a large number of executives and managers. Under such a virtuous scenario, leadership development occurs on a two-track basis: even as functional, business and site leaders are developed by their CEO, they in turn developed the young executives working under them into future leaders. This is people-oriented leadership at its best.

It is like charismatic leaders having companion charismatic leaders. Similarly, people-oriented leaders have companion people-oriented leaders who can develop others and when I am saying people-oriented leaders, I am also including task-orientation as part of the people-orientation as we discussed in the beginning part of our lecture.

While this process is largely hierarchical, potential exists for young leaders to directly interact with the CEO and for young entrants to directly work with site business and functional leaders that flexibility is today available and even if it is not available, we can change the organizational configuration to make this happen. A model of natural leadership development that is decidedly desirable and executable is proposed as an extension of people-oriented development.

It also offers clear insights into the factors that reinforce or impede natural leadership development. This NLD process is continuous, all through the careers of leaders as well as aspirants. As with other leadership task, established leaders and aspirants must own natural leadership development as the cultural essence of leadership in an organization.

(Refer Slide Time: 48:27)

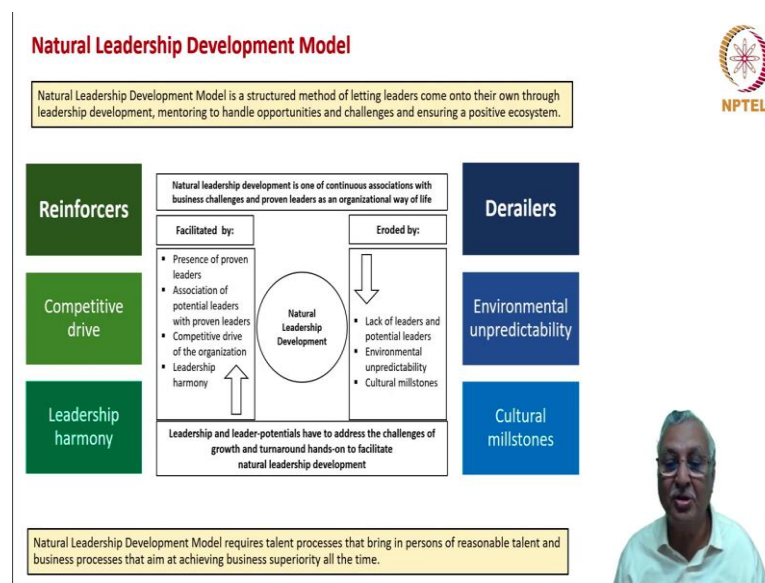


There could be also lateral NLD, that is the lateral entry of leaders from other organizations occasionally is indicative of deficiencies in the NLD process of an organization from an organic perspective, but it does not naturally mean that naturally leadership development cannot occur in such an organization.

It did not necessarily derail the NLD process yes, there are internal inadequacies, we have to take leaders from other companies to strengthen the organization, but these provide new opportunities for further internal development because people in the organization are able to see new ways of doing things and new skill sets and new competencies and will role model and that leads to natural leadership development and finally, the people-oriented leadership.

We have a small algorithm which we should follow, is our environment competitive and of course, the answer will be yes in most cases. Is the current talent adequate? Is lateral entry required? And for leadership development, what are the reinforcing factors and what are the derailing factors. Each organization must always be aware of the potential factors of reinforcement and derailment. We will see what these are.

(Refer Slide Time: 49:42)



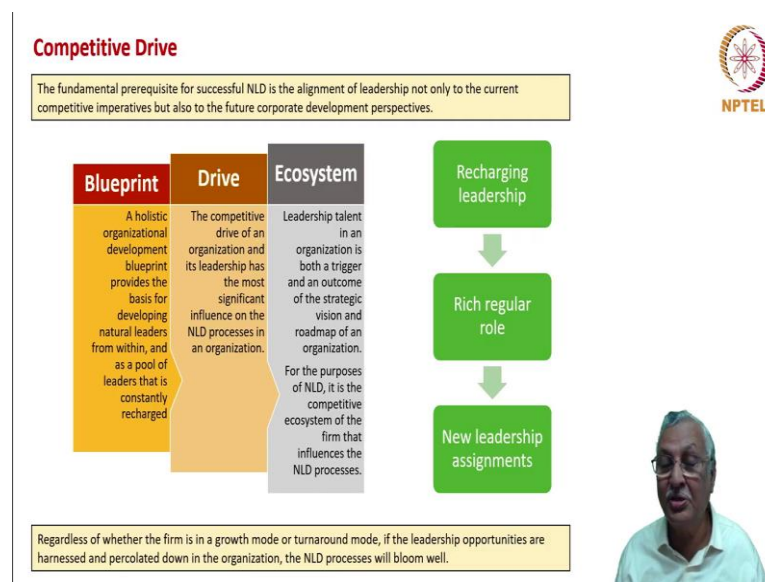
In a full-fledged natural leadership development model, we should understand the reinforcers for an organization as well as the derailers. Typically, on a generic plane, the reinforcers would be the competitive drive of an organization and the leadership harmony. The derailers would be environmental unpredictability and cultural millstones.

Natural leadership development model is a structured method of letting leaders come on to their own through leadership development, mentoring to handle opportunities and challenges and ensuring a positive ecosystem. It is one of continuous associations with business challenges and proven leaders as an organizational way of life.

This is facilitated by presence of proven leaders, association of potential leaders with proven leaders, competitive drive of the organization and leadership harmony. It is eroded by lack of leaders and potential leaders, environmental unpredictability and cultural millstones, but within all these factors, competitive drive and leadership harmony are the two fundamental reinforcers and environment unpredictability and cultural milestones are the two fundamental derailers.

Leadership and leader-potentials have to address the challenges of growth and turnaround hands-on to facilitate natural leadership development.

(Refer Slide Time: 50:59)



And what is competitive drive? Let us understand that. The fundamental prerequisite for successful NLD is the alignment of leadership not only to the current competitive imperatives, but also to the future corporate development perspectives. The leadership has to recharge itself continuously.

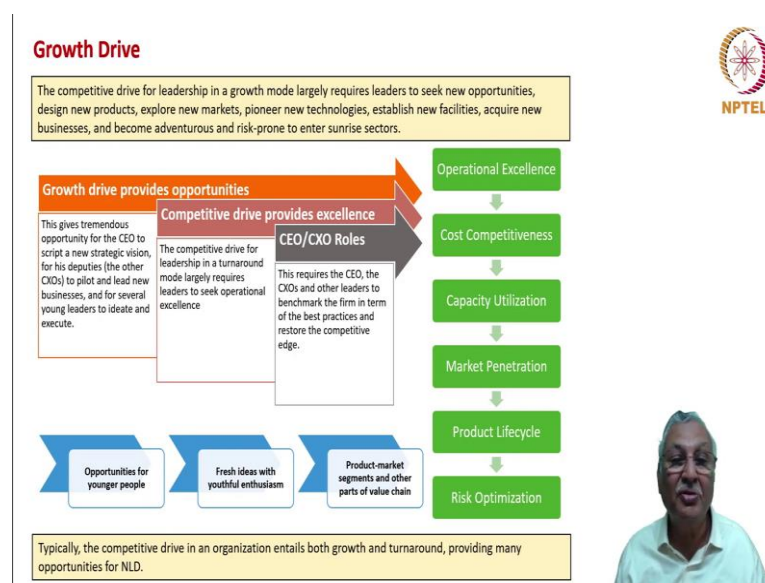
We have to look at enriching the regular role and having new leadership assignments, for that we need an organizational development blueprint which provides the basis for developing natural leaders from within. What are the kinds of projects we are having? What are the problems which are beyond resolution by the normal ways? And those problems should constitute the blueprint for giving NLD opportunities and promoting NLD.

The competitive drive of an organization and its leadership will be the most significant influence on the NLD processes in an organization. If people who are undergoing the NLD processes get these projects, but they think and are given to understand that these problems are for academic's problems solving reasons or to establish how good they are and how meritorious they are, then the NLD process falls flat.

If they understand that the solution to these problems is the way for making this company more competitive and more prosperous, then there would be a competitive drive to make these blueprints become reality. Then, the ecosystem: Leadership talent is both a trigger and an outcome of the strategic vision and roadmap of an organization.

For the purpose of NLD, it is the competitive ecosystem of the firm that influences the NLD processes. Regardless of whether the firm is in a growth mode turnaround mode, if the leadership opportunities are harnessed and percolated down in the organization, the NLD processes will bloom well.

(Refer Slide Time: 52:55)



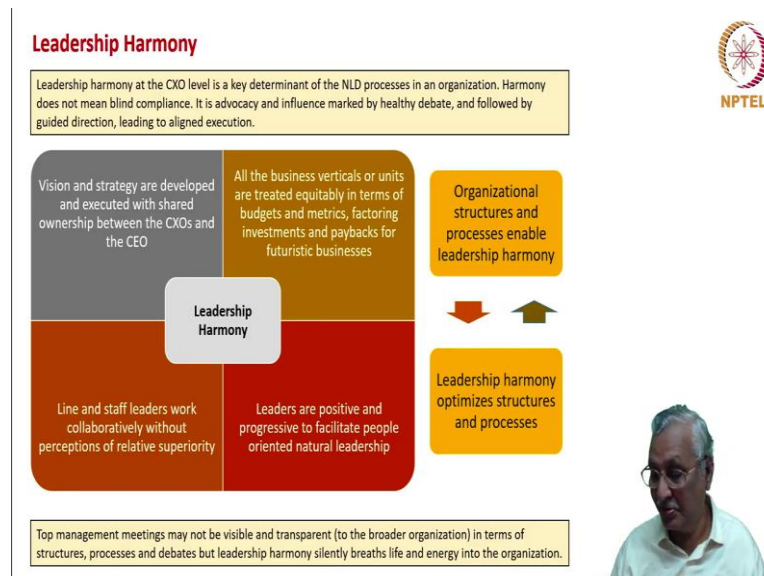
Secondly, the growth drive. What is the kind of growth mode that is expected of the leaders by the leaders? It should be to seek new opportunities, design new products, explore new markets, pioneering new technologies, establishing new facilities, acquiring new businesses, become adventurous and risk prone in these processes.

So, growth drive essentially provides opportunity, it opens up the business canvas, it opens up the operational canvas for the young executives to come up with their own problem discoveries and problem solutions, it also provides role for the CXO's to depute their people to pilot and lead new initiatives.

Competitive drive provides excellence because the growth of the company is contingent upon the issues getting resolved and new initiatives getting taken and this requires the CEO, CXO bench and other leaders to benchmark the firm in terms of the best practices and restore the competitive edge. Some of the areas in which NLD could occur are operational excellence, cost competitiveness, capacity utilization, market penetration, product life cycle, risk optimization, price recovery etcetera etcetera.

Enough number of opportunities would be there for young people in an organization. Fresh ideas can be brought in with youthful enthusiasm. These could cover product market segments or all the other parts of the value chain. Typically, the competitive drive in an organization entails both growth and turnaround and that provides many opportunities for NLD and these should be available for young executives as well as middle level managers.

(Refer Slide Time: 54:35)



Another aspect I said was very important for getting the NLD going that is leadership harmony. Young executives, middle level managers should see that the top leadership is

in complete harmony within itself. It is a key determinant of the NLD processes in an organization. Harmony does not mean blind compliance.

If there is no debate at all at the SLT level, everybody else in the organization would keep quiet, it is not a good sign at all. People should be able to see a healthy debate even at the SLT level before the final line of action, line of thought are taken. It is the advocacy and influence marked by healthy debate followed by guided direction, leading to aligned execution that would determine the leadership harmony.

There are four aspects of leadership harmony. Vision and strategy are developed and executed with shared ownership between the CXO's and the CEO. All the business verticals or units are treated equitably in terms of budgets and metrics, when we say equitably not equally. If a business requires more funding, it will be done. If, even if a business has higher risk, if the reward ratio is likely to be higher, probably there will be more funding.



So, equitable means that investments and paybacks will be factored in appropriately for businesses in various horizons. Line and staff leaders will work collaboratively without perceptions of relative superiority and finally, leaders will be positive and progressive to facilitate people oriented natural leadership and for this the organizational structures and processes are as important as leadership harmony because they have virtuous relationship.

If we have facilitative organizational structures and processes, we will get leadership harmony as a consequence. If leadership harmony exists, it will optimize structures and process as a result that is the virtuous synergy of leadership harmony across business verticals and across structures, processes and people.

Top management meeting may not be always visible and transparent to the broader organizations in terms of structures, processes and debates, but leadership harmony which people are able to see silently breaths life and energy into the organization. Leadership harmony as I said is different from leadership compliance.

Leadership harmony in a genuine fashion comes out of debate, discussion, alignment, advocacy and guided direction, all of these are concepts which we have discussed in the earlier lecture.

(Refer Slide Time: 57:15)



Benefits of Leadership Harmony

Young leaders, and CXOs themselves, are greatly benefitted by an environment of collaborative leadership that is nurtured by the CEO on organization through people oriented leadership.

In such an internal environment, the leaders tend to engage amongst themselves openly and synergistically providing the needed impetus for collaboration, which cascades horizontally and vertically at all levels of the organization.

For organizations in growth mode, leadership harmony provides mutual reinforcement and risk optimization. Multiple skills become available to debate and diagnose the unknowns of growth.

For organizations in turnaround mode, leadership harmony eases the pain of restructuring and leads the company to successful turnaround faster.

Leadership harmony provides higher levels of empowerment across the organization enabling speedier and focused decision-making and execution. Needless to add, the factors of reinforcement, competitive drive and leadership harmony need to coexist for each to be successful.

Without leadership harmony, competitive drive gets blunted. Without competitive drive, leadership harmony leads to corporate smugness. Both situations lead to eventual stagnation.

The benefits of leadership harmony are many. Young leaders and CXO's themselves are greatly benefitted by an environment of collaborative leadership that is nurtured by the CEO on organization through people-oriented leadership. In such an internal environment, the leaders tend to engage among themselves openly and synergistically providing the needed impetus for collaboration. This cascades horizontally and vertically at all levels of the organization.

For those organizations which are in growth mode, leadership harmony provides mutual reinforcement and risk optimization. People will be willing to take risks and go in for a high reward, high investment projects provided that they are fully in understanding of a leadership that is willing to harmoniously back the risk takers. Multiple skills become available to debate and diagnose the unknowns of growth.

For organizations in turnaround mode, leadership harmony eases the pain of structuring because everyone is in together in the travails and troubles as well as the challenges and opportunities of turnaround. It leads the company to successful turnaround faster. Leadership harmony provides higher level of empowerment across the organization enabling speedier and focused decision-making and execution.

Needless to add, the factors of reinforcement, competitive driver and leadership harmony need to coexist for each to be successful. Without leadership harmony, competitive drive gets blunted and without competitive drive, leadership harmony could lead to corporate

smugness. Both situations lead to eventual stagnation of companies. So, we need to have leadership harmony which is kept in an energetic and vibrant state by competitive drive that is essential.

(Refer Slide Time: 59:07)

Environmental Unpredictability

Economic cycles have long been a fascinating aspect of economic analysis with leaders of the governments and businesses always trying to bring some predictability of economic environment to decision-making. However, no one has foreseen the occurrence of a global pandemic like Covid-19, with attendant economic devastation.

Economic environments are more unpredictable and volatile, with several countries staying in deep recession and economic health becoming more dependent on the central bank stimuli than on genuine industrial growth.

Funding environment being uncertain, neither the growth plans nor the turnaround plans can be implemented decisively in the current milieu.

Prices of oil, commodities, industrial metals and precious metals become unpredictable while trade wars and currency exchange rates become major distorters of orderly globalization. Global investment flows become unpredictable while the global banking institutions fragile.



Even if competitive drive and leadership harmony exist, economic unpredictability destabilizes all plans, and even the most well-knit organizations get affected.

Massive investments in infrastructure and sector-specific stimulus programmes may support global recovery but may not result in global growth. Economic and financial instability in the wake of Covid-19 pandemic has weakened globalization and economic growth.

In addition, the forces of environmental and social activism as well as governmental and legal review processes tend to block or reopen the apparently well-settled projects.

Even economies such as India and China that were expected to sustain world-leading economic growth rates based on strong domestic demand have begun to slow down even before Covid-19 and are now facing GDP contraction. Recovery has also been equally dramatic.

Organizations are often forced to tailor leadership aspirations and expectations to what geo-economic and geo-political considerations allow.

While the world economy even in good times tended to be volatile, Covid-19 pandemic truly changed the world economic scenario, marked by GDP contraction and emergence of unknown 'next normal'. For a detailed analysis and leadership cues on economic forces, a reference may be made to my book, *Competitive Strategy: A Contemporary Retake*.

There is also this issue of environmental predictability. Economic cycles have long been a fascinating aspect of economic analysis with leaders of governments and businesses always trying to bring some predictability of economic environment to decision-making. However, no one has foreseen the occurrence of a global pandemic like Covid-19, with attendant economic devastation.

The leaders must be preparing themselves and their organizations to a future where anything can happen at any point of time. So, apart from strength, building of resilience is one of the key aspects of leadership and natural leadership which starts from the ranks is an extremely efficient way to build resilience in the organization at all levels and across all domains.

We have to bear in mind that economic environments are more unpredictable and volatile. Today as we speak in the month of December, liquidity is on a high globally. So, everybody is in a state of happiness with more liquidity being available to pursue any growth plan, there is no guarantee however that the liquidity will always be available at this level, there could be again depression in the availability of liquidity levels, then what would companies and nations do?

So, we should prepare ourselves for any types of circumstantial turn around that could happen, these, some of these could be for the better and some of these could be for tough times. So, economic environments being more unpredictable and volatile with several countries staying in deep recession and several countries also being in buoyancy, globalization is always a challenge.

And many nations are dependent on central banks stimuli rather than on genuine industrial growth. India for example, has chosen the path of a helpful central bank, but a self-reliance oriented internal strengthening of our industrial and economic infrastructure. So, no helicopter money is sort to be brought into the country, just to ensure stimulus and quick fixes.

The effort is to strengthen the economic foundations and economic processes of the company and that would have a longer-term sustainable resilience for the company. Prices of oil, commodities, industrial metals, precious metal they become unpredictable.

We have a steel cycle until a few months ago, today there is an up cycle of steel and 2-3 years later, there could be down cycle of steel also so, how do we cater to this? We can cater to that by having a very strong domestic demand in all its facets which means that the leadership should understand what it means to stake Indian production levels, Indian consumption levels to the next higher level.

There could be trade wars, there could be currency exchange rate volatility, these could distort the orderly globalization approaches. Global investment flows could become unpredictable, global banking institutions themselves could become fragile, we should be able to handle all of these volatilities and unpredictability.

We at the same time would require massive investments in infrastructure and sector specific global initiatives to strengthen infrastructure, but it may not be easily feasible, how do we handle all of these things when there is unpredictability in the wake of Covid-19 pandemic? How do we ensure that the funds will flow into the sectors we want to revive and grow?

So, even economies such as India and China that were expected to sustain world leading economic growth rates based on strong domestic demand had slowed down in the wake of Covid-19. We faced GDP contraction as did several other countries, but our recovery

has been equally dramatic which means that there is strength, there is resilience in the Indian economy and the industry infrastructure.

And there is a strong consumption demand which is there in the country and there is more than that optimism in the population that things would get better. Funding environment being uncertain, neither the growth plans nor the turnaround plans can be implemented decisively in the current milieu and if competitive drive and leadership harmony exist, economic unpredictability which destabilizes plans can get countered.

The forces of environment and social activism as well as governmental and legal review processes which tend to block or re-open the apparently well settled projects, they can be overcome. Organizations can tailor leadership aspirations and expectations to what geo-economic and geo-political concentrations allow.

Therefore, be a negative way of looking at the environment volatility and economic unpredictability and the consequent impact on businesses. On the other hand, the businesses could through competitive drive and leadership harmony look at these challenges as opportunities and precisely, try to remedy what we are seeing as the limitations.

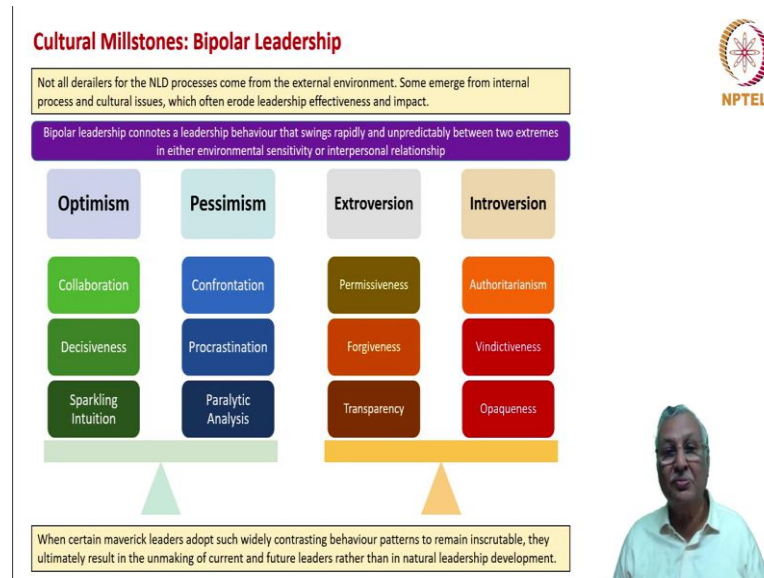
So, you can see the impact of Covid-19, US oil price less than minus dollar 37 at one point of time that was the per barrel price to which it has plummeted of course, today crude price has kind of balanced it out and is stable in positive zone. Interest rate cycles have bottomed out and they have gone into the negative zone. Interest rates have fallen deeply and have seen negative rates. Global GDP contraction has happened to the extent of 25 percent in certain cases as we have seen in this graph.

So, this is the kind of volatility and predictability, the environment has faced, but at the same time there is a positive side to it that is the recovery can be faster. Strength and resilience, leadership harmony and competitive drive are the drivers for faster recovery for businesses and for industries and for economies; we have to be prepared for all times for the next normal that could come up.

And that next normal could be from liquidity angle, could be from technology angle, could be from people angle, could be from health angle or it could be from all of these things together. So, our understanding of the forces that impact the industry and the firm

has to be expanded to cover unpredictable economic forces. I have talked about some of these aspects in my book on Competitive Strategy: A Contemporary Retake.

(Refer Slide Time: 65:45)



We also talked about cultural millstones being problematic. To talk about cultural millstone, we should also talk about bipolar leadership that is the internal leadership which has got variation or swing between two polarities; it is a leadership behaviour that swings rapidly and unpredictably between two extremes in either environmental sensitivity or interpersonal relationship.

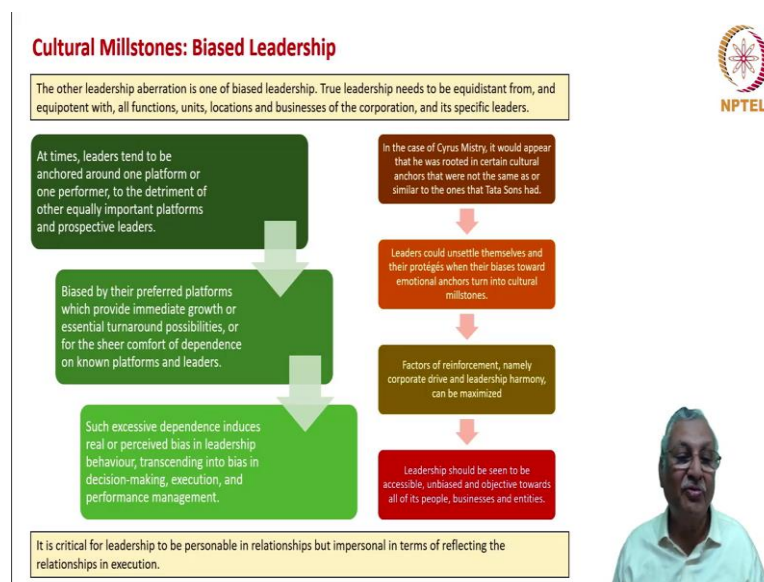
People tend to be highly optimistic or highly pessimistic. Leaders tend to be extroverted or introverted in terms of people relationships. Extreme optimism is reflected in collaboration, decisiveness, and sparkling intuition. Extreme pessimism is reflected in confrontation, procrastination, and paralytic analysis.

We need to get out of these extreme polarities and have a balanced way of working. Collaboration with competitiveness, decisiveness with due analysis, sparkling intuition, but based on good conceptualization and good analysis; Extroversion similarly is seen in terms of permissiveness, forgiveness, and transparency at the extreme. Introversion is seen in terms of authoritarianism, vindictiveness, and opaqueness. Both should be eschewed completely.

We need to have a balanced personality which looks at empowerment and enablement, which looks at ability to forgive genuine mistakes, but counsel and correct non-genuine mistakes and present openness to each and everyone in the organization. Maverick leaders adopt such widely contrasting behaviour patterns to remain inscrutable, they believe that remaining inscrutable is a way to ensure leadership power and leadership control over followers, but that is a wrong approach.

It will only result in the unmaking of current and future leaders rather than in making of leaders through natural leadership development. Therefore, bipolar leadership needs to be avoided.

(Refer Slide Time: 67:51)



Another cultural millstone is bias leadership that is leadership which is biased towards certain functions, biased towards certain individuals and biased toward certain ways of doing things. I have talked about being equidistant from functions, but being unbiased leadership is a much larger concept. We should not be anchored around one platform.

Biased leadership can be viewed in terms of the following three aspects. Leaders should not be anchored around one platform, or one performer to the detriment of other equally important platforms and prospective leaders. Leaders should not be biased by preferred platforms which provide immediate growth or essential turnaround possibilities, or which provide comfort of dependence on known platforms and leaders.

And thirdly, excessive dependence should be eschewed. Leaders should not be dependent on any one factor excessively, it could be an excessive dependence on one market, excessive dependence on one product, excessive dependence on one type of leadership, excessive dependence on one group of people, we should not have those bias in leadership behaviour.

Such bias would transcend into the decision-making, execution and performance management of such leaders. Therefore, it is important for leadership to be unbiased. In the case of Cyrus Mistry, it would appear that he was rooted in certain cultural anchors that were not in the same league or not in the similar constitution as there was the Tata Sons had.

Leaders could unsettle themselves and their protégés the biases toward emotional anchors could turn into cultural millstones better we remember this. Factors of reinforcement, namely corporate drive and leadership harmony can be maximized with due attention against biased leadership.

Leadership should be seen to be accessible, unbiased and objective towards all of its people, businesses and entities equitably. It is critical for leadership to be personable in relations, but impersonal in terms of reflecting the relationships in execution. We should be empathetic, emotive, but objective and clinical in the way we go about execution.

(Refer Slide Time: 70:09)



Natural people-oriented leadership is like life experience. People-oriented natural leadership here, I am combining two concepts of people-oriented leadership and natural leadership development which I call natural people-oriented leadership. People-oriented natural leadership for employees in organizations is akin to individual gaining life experience, moulded by caring and discipline parents and diligent and committed teachers. Leaders play that part.

In the challenging world of competitive career development, leaders constitute the beacon and inspiration for young executives and leaders. Learning experientially with leaders committed to leadership development is fruitful and long lasting for aspirants. Competitive drive and leadership harmony in an appropriate organizational ecosystem enable and reinforce natural leadership development in organizations.

People oriented leadership breeds competencies and opportunities and that results in natural leadership development. We have to integrate environmental opportunities and risks, enhance company strengths and overcome company weaknesses, ensure we have an aligned company vision, strategy and execution and make people and leaders the core for sustainable competitive advantage.

The making of leadership thus happens by design. Organizations that facilitate natural leadership development are bound to be successful in creating a vast pool of leadership talent for sustainable competitive advantage and this is the truism in organizations, there is no better leadership development process than natural people-oriented leadership development process.

Thank you, we will meet in the next lecture.