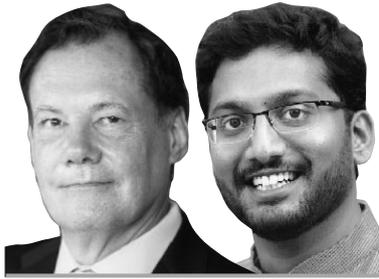


Business & patriotism, mutually exclusive?

Flipkart's sale to Walmart didn't signal that the founders of the online retail firm were less patriotic than an earlier generation of business leaders. It simply meant they were driven by a different value system



GEOFFREY JONES & VINAY SRIDHAR

Flipkart's sale to Walmart in April this year has caused widespread cheering amidst intriguing questions of business and patriotism. Reputed commentators have bemoaned the loss of India's premier start-up to owners from abroad. This transaction, and the associated fallout, occurred in an environment of increasing deregulation on foreign ownership in sectors ranging from defence to single-brand retail. We believe that this openness to sell to foreign owners develops from value systems that evolved based on the political and social context of a particular time, resulting in distinct generational mindsets of leadership.

The Creating Emerging Markets project at Harvard Business School has spent a decade looking at the evolution of business leadership in South Asia and other emerging regions across the globe through interviews of top leaders active over the last 40 years. The nearly 30 Indian business leaders featured belong to a diverse set of industries, regions and cultural backgrounds and are the founders of some of the largest corporations in India today. They are, on an average, 75 years old and constitute the proud, first generation of entrepreneurs of independent India.

We believe that this first generation

of Indian business leaders has unique characteristics shaped by the India they lived in. These beliefs influenced their decisions as they led their organisations through pivotal events including key partnerships, negotiations and strategic decisions. We discuss three themes that emerged from the study.

One, this first generation's leaders and their businesses were heavily shaped by their patriotism and national identity. They are proud of the Indian origins of their institutions and built companies that drew on their Indian experience. For example, Anu Aga's drive to make Thermax an inclusive, diverse organisation drew from her belief in the criticality of secularism in modern Indian history. Prathap Reddy discusses his view that there are deep insights in ancient Indian medicine that modern health care must draw from; a belief that drives Apollo Hospitals' focus on preventive health care. Zia Mody talks about her pride in the Indian Supreme Court and its role in shaping Indian society.

This trait is especially interesting as it is nearly absent in the same project's interviews of equivalent leaders from Latin America and elsewhere. We believe these leaders share this belief as they were nearly all born around Independence and grew up in a young, passionate country in a region that is home to one of the world's oldest civilisations. Many of their families were also involved in the Independence movement (the Bajaj family being a prominent example).

Two, these leaders are nuanced observers of India and have a deep understanding of the average Indian citizen's experience. We believe their keen analysis of India created a more thoughtful business strategy, sensitive to the market it operated in. Many of these organisations sold products to



Indian citizens well before liberalisation in 1991, a period when Indian consumers were just being acquainted with privately produced goods. It was imperative for leaders to truly understand how their fellow citizens think. For example, Ratan Tata talks about how the Indian middle class dislikes handouts and prefers perceptions of luxury to economy. Devi Shetty discusses how his passion for providing accessible cardiac care derives from meeting Indian women who were being widowed as their husbands died from heart-related conditions. These entrepreneurs created the first set of truly Indian companies: Indian employees based in India made products for the Indian consumer.

Three, these leaders almost universally possess a deep focus on social

upliftment and a belief that business has the potential and the responsibility to change society. It is curious that this is a prevailing belief in an era where the rest of global business largely believes that business only has a responsibility towards equity holders. For instance, MV Subbiah discusses his family's belief that Indian society is an integral member of their partnership and hence must receive a share of their profits. Suresh Krishna mentions how he derives great personal satisfaction from seeing Sundaram Fasteners employees advance in society — he ensures his employees' families have access to education. We believe that this belief is driven by the fact that these leaders ran organisations that employed Indians from across social strata, thus giving

them a vivid understanding of societal issues their employees and other Indians face.

What does this study imply for Indian business today? As India continues to change rapidly, there are lessons Indian managers can learn from their predecessors. To groom business leaders thoughtful about their role in society, they must be forced to interact with a larger swath of society. We believe that this has to be part of business-as-usual and more ingrained than a once-a-year CSR activity. Rahul Bajaj's decision to send his children to the same school where his workers' children went is a striking example. Shared experiences foster empathy, empathy fosters action and action fosters change. As India risks becoming more stratified, businesses have a powerful role in promoting such interactions.

Most importantly, what will the next generation of Indian leaders look like? The fact that Flipkart was willing to sell to a foreign corporation is a sign of changing times; the previous generation might well have been more skeptical. We believe this is overall a positive change as Indian companies compete in a world with better access to global markets. However, the trade-offs are worth considering. Will the next generation possess an even more internationalist outlook, and lose their Indian identities entirely? Does this matter? Will they continue to believe in a larger role for business in society and go beyond the boardroom to truly understand the Indian consumer? These are important questions. The DNA of the next Flipkart and the next period of India's development depend on it.

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