

Stakeholder management

STANLEY COUTINHO

In a sort of me-too response to the overwhelming success of Japanese manufacturing, Tom Peters and Robert Waterman Jr had brought out their landmark work on US management practices. Having chosen 43 companies, they had found eight common themes which included Bias for Action, Closeness to the Customer, Productivity through People, and Top-level commitment.

REVIEW

Experts still question the popularity of the book (over 3 million copies sold) despite heavy criticism particularly over their criteria for the selection of companies.

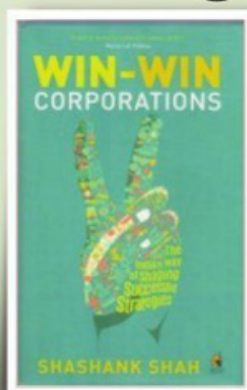
The HBR (Nov-Dec 1983) and BusinessWeek (1984) carried articles showing that several of those companies had failed to remain "excellent" soon after publication of the book. Other articles highlighted the fact that stakeholder-interests were not included in the 8-theme formula of corporate success as defined by the authors. The book under review, however, has its foundation on stakeholder-interest.

Written by a visiting scholar at Harvard Business School and Project Director & Fellow at the Harvard University Asia Institute, the book covers six of the biggest organisations in India, taking into account their origins, their downward trends and

their comebacks with a great deal of facts and figures, and some anecdotes. Though the book has been criticised for getting "a little too hagiographic", we have to accept that the passage of India's corporate citizenry through the Licence Raj to India Inc has not been the most comfortable of journeys.

Shashank Shah, the author, says that his research for the book involved two surveys (one an exploratory one and the other, a perception study) for each of which he received 1100 responses from around 400 companies. The second survey had 125 parameters which gave him an "insightful set of 50,000 data points". He also conducted interviews with industry leaders. A little later in the introductory chapter, he says that in the perception study he received responses from over 700 managers representing 325 companies. Numbers lose their significance, apparently, in the context of 50,000 data points.

Each such respondent was asked to list companies that they "believed were well-known for integrating stakeholders' interests with long-term organisational strategy..." and these six companies were among the top ten. So we find HDFC Bank, L&T, Taj Group of Hotels HUL, BPCL, and TVS Motor Company featured in the book while Infosys Ltd, Wipro Ltd, RIL, IBM, Birla Group, HSBC Bank, ITC Ltd,



WIN-WIN CORPORATIONS

- Author: Shashank Shah
- Publisher: Penguin
- Pages: 444; Price: Rs 599

ONGC, Standard Chartered Bank and Citibank are among the also-rans. All are professionally managed companies though their patterns of ownership vary widely from Family Owned (TVS) to Taj Group of Hotels (Tata Sons & its philanthropic trusts) to BPCL (Govt ownership). Taj Group of Hotels and HUL have grown with India over the 20th century, L&T and BPCL took concrete shape in inde-

pendent India; TVS and HDFC are products largely of the liberalised Indian economy. But the common feature is that all six are industry leaders, with high standards of all-round performance, including long-term shareholder value creation.

Shah says that identifying and analysing these companies in the "transition era of post-Independence India" was difficult – as compared with the tasks before the authors of In Search of Excellence (1982), Built to Last (1994) and Good to Great (2001) which afforded them a "free enterprise system [that] has stabilised for nearly two centuries". Shah therefore concentrates on the way Stakeholder Management is put into practice by at least these six companies – thus the analysis centres on Customers, Employees, Shareholders, Society/Local Community, Supply Chain Partners, Natural Environment, and The Government.

Accordingly, the challenges before L&T were several. Having to deal mostly with institutional customers, the Govt and its tendering systems being one of them (from Municipal Corporations to State/Central Governments), their Customer Focus had its own peculiarities. In this context, the 70-Day Wonder at the Tirupati Temple is worth reading about. There is also an interesting account of the wooden bridge built for the Hollywood movie: *The Bridge on The*

River Kwai, Sri Lanka. Amidst all this, their continued belief in "Empowering Employees..." is impressive.

The Taj brand is discussed in detail including the 26/11 events and the attitude of the management towards its employees – and, more so, the attitude of the employees towards the guests when the building was under attack. The TVS obsession with quality is brought out along with their concept of equality among all – whether in matters of uniform work-clothes or the use of the canteen, without forgetting the passionate adherence to "values congruence". HDFC Bank, on the other hand, had to adopt the affordable aspects of the till-then preponderant Public Sector Banks, and at the same time, give customers the service quality of an MNC Bank; which meant introducing technology for better service rather than merely as a cost-saver.

In the meantime, it is a pleasant surprise to find that Aditya Puri, the HDFC Bank MD, has been rated in March 2017 as one of the "world's best 30 CEOs" by Barron's (a US-based financial magazine) for transforming the start-up private bank into "one of the world's highest-quality banks". It's a sort of confirmation of Shah's assertions about HDFC Bank, at least. In the story of BPCL and its initiatives, it is heart-warming to see the circumstances in which Ashok Sinha, CMD, could tell the Principal Secretary to the PM: I have Navratna Powers! Hagiographic or not, the book is a useful pointer to what can be done in India in spite of all the ranting about our non-business-friendly atmosphere.

