The Economic Times

Hyderabad 01 Nov 2021

Page No: 12
Page Name: The Edit Page
Size: 240 sq. cm.
AVE: INR 152,925

Type: Newspaper
Language: English
Circulation: 20,540
Frequency: Daily

PDF HTML

News monitored for: **Dr Reddys**

CORPORATE CULTURE

World is a CEO Oyster for India Inc

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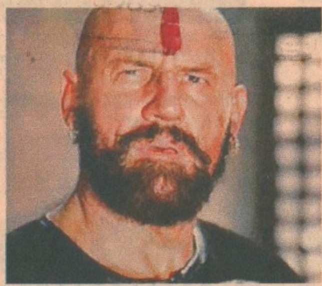
An Indian-origin CEO appointed by an MNC may make headlines, but no longer raises eyebrows as being a flash in the pan. Rather, there's now a growing trend of global CEOs scripting success stories for Indian companies.

For India Inc, with a traditionally poor record of hiring expat CEOs, the stints of people like Paris-based Frenchman Thierry Delaporte (Wipro), Israeli national Erez Israeli (Dr Reddy's Laboratories), British national Jonathan Hunt (Syngene, Biocon), American Brian Bade (Reliance Retail Digital) and German Guenter Butschek (Tata Motors) have been quite a feat. These executives have turned around the growth trajectory of their companies on the ground as well as on the bourses. TVS Motor, a traditional family business group, has roped in former Jaguar Land Rover CEO Ralf Speth as a non-executive director on the company's board to succeed current chairman Venu Srinivasan in 2023.

In what can be considered as signs of changing times and increased globalisation, several Indian companies are responding to the need to have a globalised resource at the top as they gear up to compete globally. Some of them do so by roping in foreign directors on the board to seek advice. A few do it by appointing an Indian-origin expat CEO while a few others get a non-Indian, a cultural novice without baggage, to disrupt for the better.

So, is it a trend worth sustaining? Much depends on the level of orientation and ambition of the company's founders, its culture of governance and transparency, appetite for strategic disruption, and demand for change by investors. Precedents have already been set.

Some may argue that there is enough home-grown talent to choose from. But the ingredients that enabled companies to become the largest in India may not be the same or enough to be among the largest globally. In a largely homogeneous composition of corporate managements in India, expat CEOs bring in a much-needed diversity of thought, culture, and vision. Their stints puncture the age-old stereotypes that India is 'too difficult' a market for a foreigner to understand, and that governance levels are too complex for outsiders to get their heads around.



FILE PHOTO

Hmm, these quarterly figures look bad

The appointments are a plausible sign of improved corporate governance and maturity of company promoters in the wake of a globalising business environment. It also conveys that India and its market are better understood now for executives from the rest of the world. Most importantly, it depicts that Indian companies are now amenable to pay what is required to 'poach' the best talent available in a bid to thrive globally, beyond the proverbial pond. Non-Indian CEOs can be given the freedom to make tough decisions, shut down non-accretive businesses, make acquisitions, and chalk out unconventional strategies — a tough ask for a promoter-driven management. This culture may even seep in to become SOP to the benefit of India Inc, whether fronted by a foreign helmsman or not.

To be sure, most Indian companies are unlikely to follow this expat trail. Besides, the deterrence of high cost of remuneration, challenges unique to India — such as trust issues, language barriers and inadequacies related to governance and infrastructure — remain. These could still prove to be sufficient disincentives for cultural outsiders. Remember, in March, Marc Llistosella pulled out of succeeding fellow German Butschek as Tata Motors CEO.

Effectually, it will be the better-governed, aggressive, and ambitious Indian MNCs and new-age businesses that will, for now, be keen to tap the global CEO talent pool.

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