

V S Das: Leadership, performance and transformation through personnel management

Inaugural address by Mr V S Das, Executive Director of the Reserve Bank of India, at the seminar on “Leadership, performance and transformation through personnel management” held at the Jamnalal Bajaj Institute of Management Studies, Mumbai, 15 July 2012.

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I thank the students of Jamnalal Bajaj Institute of Management Studies (JBIMS), Mumbai for inviting me to this Seminar, aptly titled “The CATALYST”. For me, being here, in my Alma Mater, is special, and being the Chief Guest today is therefore doubly special. I am also happy to be sharing with you my thoughts on a subject, which has been close to my heart: Leadership. I remember having studied Transformational Leadership and its Impact on Organisational Climate and Unit Effectiveness as a part of my MAM programme here several years ago.

Leadership, Performance and Transformation through Personnel Management, at a time when near-seismic changes are taking place, especially in our global economy is, to put it mildly, a difficult and daunting task. What I would try today is to aim at putting into perspective the theme as an integrated issue and prompting further reflection on this significant subject.

Performance has long been a focus for organizations concerned with increasing efficiency and productivity. The management of “leadership capacity” is, however, a relatively more recent consideration. Organizations across all sectors now regard leadership as a key enabler of organizational performance and competitive advantage and are investing increasingly into leadership development activities. Many have now turned their attention to how best to manage their leadership talent to ensure succession, progression and the delivery of organizational objectives.

The present global scenario is so paradoxical, confusing and filled with contradictions, dilemmas and ambiguities that, as someone put it, “if you’re not confused, you don’t know what’s going on”. In these baffling times, predictability and certainty are being replaced by a more relational concept of the universe, what was bad yesterday is often considered good today and what worked for decades is suddenly old fashioned. There is a rapid questioning of what is acceptable and what is not, driven by the values of today’s changed structures. In this relativist world, leadership styles too are necessarily relative to imperatives of the time, the personality of the leader and the location of the institution in its growth trajectory.

Recent research in this area suggests that one must look beyond just the personal qualities of a leader to understand what leadership is all about. Scholars broadly agree that some major variables involved in leadership include: (a) the characteristics of the leader; (b) the attitudes, needs and other personal attributes of the followers; (c) characteristics of the organization or the movement, as the case may be, such as its purpose, its structure as also the nature of the tasks to be performed; and (d) the social, economic and political milieu. This basically signifies that though the leader may, indeed, be at the heart of the leadership discourse, it is, in the ultimate analysis, a complex relationship among the aforesaid variables. Since by definition each leader is unique, what he or she learns from the interplay of these variables and how he or she uses it to shape the future is unique to him or her too.

Throughout our lives, each of us makes thousands of decisions or judgment calls. Some are trivial like what vegetables you will be buying. Some are monumental like whom to marry or what career to pursue. How many of these decisions that we make turn out to be good ones? More importantly, did we make good decisions on things that really mattered? Our ability to exercise good judgment determines the quality of our individual lives. And, as we rise to positions of leadership, the importance and consequences of our judgment calls are

magnified exponentially by their increasing impact on the lives of others. The cumulative effect of leaders' judgment calls determines the success or failure of their organizations.

For many organizations, investment in leadership and leadership development remains a leap of faith, informed through gut instinct and the current rhetoric on the value and significance of leadership in organizations. Few organizations articulate a clear "theory of action" that argues why and how particular leadership development and performance management activities will enhance leadership capacity, at individual, team and organizational levels, and, in turn, how this contributes towards organizational performance, however defined.

Scholars have often suggested that the effectiveness of leadership development is determined more by "how you do it" rather than "what you do". Thus, when faced with a proliferation of leadership development tools and initiatives, the effective organization reflects on the purpose, principles and assumptions involved and how they relate to current and future organizational needs and performance – opting for an integrated and holistic approach, comprising a "bundle" of complementary practices, rather than a suite of poorly connected initiatives

In today's times, the significance of corporate leadership vis-à-vis corporate performance is, perhaps, best illustrated by the relative impact of the global financial crisis on major financial institutions. The severity of the crisis has forced academics, regulators and policymakers to do some serious rethink on the current financial system. Many have also seen this crisis as a failure of leadership, both on the regulatory and participant sides of the financial universe. Debates and discourses on the current regulatory architecture have also since got more intense and louder. Much as the regulatory issues have become more and more complex and nuanced, the role of the leaders in the system has also got increasingly in focus, both for future financial stability, as also for efficiency and innovation.

This, indeed, is a time for transformation. There are, in fact, significant differences between change and transformation. Change is the way things will be different, and transformation is how you move people through the stages to make change work. Change is a shift in the externals of any situation, for example, setting up a new programme, restructuring a business, moving to new location, or a promotion. By contrast, transformation is the mental and emotional transition that people must undergo to relinquish old arrangements and embrace new ones. There are other distinctions too. Change is made up of events, while transformation is an on-going process. Change is visible and tangible, while transformation is a psychological process that takes place inside people. Change can happen quickly, but transformation, like any organic process, has its own natural pace. Change is all about the outcome we are trying to achieve; transformation is about how we will get there and how we will manage things while we are en route. Getting people through the transition is essential if the change is actually to work, as planned.

It is important to ensure that change management strategies are driven by the changes that need to occur, but that they do not lose focus on the more personal transition activities needed to ensure the success of the programme. Transformation occurs as a result of a well-orchestrated and well-led change strategy and transition plan. The result is a metamorphosis to the desired state in which there is a deep seated adoption of the changes and the associated values, principles and/or processes. This leads to an embedded, and marked, change in organizational culture and reinforces a journey of continuous improvement.

Transformational leadership

Clearly, transformational leaders have a role to play in the today's organizations to effectively cope with the rapidly changing environment. Transformational leadership allows dramatic improvements in management effectiveness. Transformational leaders make subordinates

aware of how important their jobs are by providing feedback to the worker; enable subordinates become aware of their own need for personal growth and development; and motivate subordinates to work for the good of the organization, not just themselves.

Transformational leaders are *charismatic* and have a vision of how good things can be. They are excited and clearly communicate this to subordinates. Transformational leaders *openly share information* with workers. Everyone is aware of problems and the need for change. Transformational leaders *engage in development of workers*. These qualities make a transformational leader an effective change agent to transform the organization in response to the internal and external changes, both current and anticipated.

Given these aspects of transformational leadership, it can succeed only if people will follow a person who inspires them, who has the vision and passion to achieve great things and are willing to become enthusiastic and energetic. The typical aspects of a transformational leadership are: developing the vision, selling the vision, finding the way forward and leading the change.

Thus, the Transformational Leader seeks overtly to transform the organization, and promise the followers that they also will be transformed in some way, perhaps to be more like this amazing leader. In some respects, then, the followers are the *product* of the transformation.

My dear students! Before I conclude, let me suggest certain important steps to develop your Leadership skills:

- **Integrity:** Integrity means alignment of words and actions with inner values. It means sticking to these values even when an alternative path may be easier or more advantageous.

A leader with integrity can be trusted and will be admired for sticking to strong values. They also act as a powerful model for people to copy, thus building an entire organization with powerful and effective cultural values.

- **Dedication:** Spending whatever time and energy on a task is required to get the job done, rather than giving it whatever time you have available.
- **Openness:** Openness means being able to listen to ideas that are outside one's current mental models, being able to suspend judgment until after one has heard someone else's ideas.
- **Creativity:** means thinking differently, being able to get outside the box and take a new and different viewpoint on things. Creativity provides the ability to think differently and see things that others have not seen, and thus giving reason for followers to follow
- **Magnanimity:** Crediting the people with success and accepting personal responsibility for failures.
- **Humility:** Humility is the opposite of arrogance and narcissism. It means recognizing that you are not inherently superior to others and, consequently, that they are not inferior to you. It does not mean diminishing yourself, nor does it mean exalting yourself. Humble leaders do not debase themselves, neither falsely nor due to low self-esteem. They simply recognize all people as equal in value and know that their position does not make them a god.

History books are filled with leaders who are soft-spoken, introverted and quiet. A quiet and simple Gandhi or a soft-spoken peanut farmer named jimmy Carter, who became the President of the United States and won a Nobel Peace Prize, have been just as effective world leaders as a loud and flamboyant Churchill, or the tough leadership style employed Britain's iron Lady, Margaret Thatcher.

- **Be a Giver.** Leaders are givers. The more you give, the more you get. If you want more love, respect, support, and compassion then give love, give respect, give support, and give compassion. As Sir Winston Churchill once said, "We make a living by what we get, we make a life by what we give."

In conclusion, let me leave you, with four types of knowledge that I feel are imperative for weaving together the ideas subsumed in the theme of today's Seminar: (i) *Self-knowledge* or personal values and goals; (ii) *Social Network Knowledge* that involves those who surround you daily; (iii) *Organizational Knowledge* that extends to knowing and understanding people at all levels at the work-place; and (iv) *Contextual Knowledge* which engages myriad other stakeholders that your organization directly or indirectly works with.

Finally, you are the future captains of industry and I exhort you to be transformational leaders and be the catalysts who will lead your teams and organizations to greater heights.

I wish the Seminar all success and compliment the MFM students for choosing a theme which is so relevant today.

Thank you