

Chazen International Study Tour Report The Emerging Growth Mindset of India

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Chazen International Study Tours

Designed to enhance the classroom curriculum, Chazen International Study Tours offer students and their faculty adviser an intense, firsthand experience of the business culture of their chosen country or region. Study tours are initiated by students and organized with the help of the Jerome A. Chazen Institute of International Business. During study tours students meet with leading executives and government officials while visiting businesses, factories and cultural sites. Destinations change yearly, as study tours are student-initiated. Recent destinations include Brazil, China, Dubai, India, Japan, Mexico, Romania and South Korea.

Introduction

In 2007, just two years ago, India celebrated 60 years of independence from British rule. To commemorate this historic event, the *Times of India* launched “India Poised,” a new campaign. As part of the campaign, the anthem “India v/s India” was published. It described a divided India—one side looking up to limitless possibilities and another side stuck in a rut, mired in seemingly insurmountable problems that include poverty, corruption, infrastructure and education. “One India is straining at the leash The other India is the leash. . . . One India lives in the optimism of our hearts. The other India lurks in the skepticism of our minds.”¹

This winter, a group of 30 students from Columbia Business School participated in a study tour to India, visiting media companies, conglomerates, politicians and government agencies. On the flight to India I read *Mindset: The New Psychology of Success*, a book that helped explain the dichotomy identified by the India Poised campaign. In the book, author Carol Dweck distinguishes between two kinds of mindsets: growth and fixed. The growth mindset is “the belief that your basic qualities are things you can cultivate through your efforts,” whereas the fixed mindset is “the belief that your qualities are carved in stone . . . , [which] creates an urgency to prove yourself over and over.”² Professor Dweck’s goes beyond applying her theory to the individual to describe how a mindset can impact companies, citing *Good to Great* by Jim Collins.³ In the book, he explores what differentiates great companies from others and finds the key to elevating a company to greatness is a leader with a growth mindset. These leaders all possess the uncanny ability to “look failures in the face, even their own, while maintaining faith that they would succeed in the end.”⁴

Given that this new psychology of success applies to individuals and organizations, it seemed reasonable to explore how the mindsets of organizations in India could affect the progress of the country. I was greatly surprised to see how similar the mindsets described in the book were to the juxtaposition of the mindsets that define this great country. “One India says, give me a chance and I’ll prove myself. The other says prove yourself first and maybe then you’ll have a chance.”⁵

During each company visit, I paid close attention to whether the opinions expressed and the language used by our hosts to describe their organization and the country conveyed either a growth mindset or a fixed mindset. In this paper I reflect on my impressions of India, show that

¹ Amitabh Bachchan, “India v/s India,” India Poised, <http://www.indiapoised.com/anthem.htm>.

² Carol S. Dweck, *Mindset: The New Psychology of Success*, New York: Random House, 2007.

³ New York: HarperCollins, 2001.

⁴ Dweck, *Mindset*.

⁵ Bachchan, “India v/s India.”

the growth mindset was more prevalent throughout the trip and, by that virtue, conclude that India is well poised for the future as long as the country can make progress on some of its major challenges, such as poverty, education and infrastructure.

Media Companies

Our first visit in India was to Mudra Communications, the only indigenous advertising agency to achieve top-five status in the industry. Madhukar Kamath, the managing director and CEO of the company, discussed his company's accomplishments and developments in his industry. He also gave us his impressions of where India was heading. He depicted a stark view of India's struggle with civic strife due to religion, the caste system, infrastructure and poverty. In fact, he presented figures showing that 79 percent of the population is categorized as either "destitute" or "struggling," with only 20 percent listed as "aspiring" and another 1 percent as "global."

That said, he painted a positive picture of the future. As a result of India's liberalization initiative in 1991, which allowed Western companies to enter the country, the growth rates of the aspiring and global groups are increasing at double to quadruple the rates of the destitute and struggling populations. While it would be presumptuous to assume that the middle and upper classes are growing faster because of a growth mindset, it seems that new business opportunities are empowering Indians to believe and participate in the economic development of their country.

In addition to describing trends that suggested a growth mindset in India, Mr. Kamath showed that he possessed the characteristics of a growth-mindset leader in spite of difficulties. In his industry, differentiation is difficult because of an oversupply of advertising companies, and metrics tracking is particularly problematic. Mr. Kamath navigates these issues creatively by delving into such new mediums of advertising as mobile phones, outdoor venues, viral marketing and user-generated content on the Web. He also offers customized services to clients, from complete advertising packages to à la carte solutions. Being flexible in a constantly changing media landscape has brought him success and many accolades from his peers in the industry.

Mr. Kamath recognizes that the key to his success lies in the development of his people. Channeling Jack Welch, he transformed his transactional HR group into a more strategic "Learning Leadership Change" team whose goal is to train managers to be leaders who help their staff learn from mistakes. He also commented that he celebrates creativity in any form. "As the leader of a creative company," he said, "that is paramount. We are a fun company and even encourage activities like playing cricket in the office." He is also open to failure as a way to foster creativity. Through a rigorous creative process governed by a culture that promotes the

“four freedoms”—freedom from fear, freedom to fail, freedom from chaos and the freedom to be—the company operates with a growth mindset that views failures as opportunities for learning and development.

Another media company we visited, Network18, is also pushing the limits of technology in media in hopes of becoming the one-stop-shop content provider for the average Indian. But more interesting than that were the growth-mindset views of a Network18 journalist who had just recently covered the terrorist attacks in Mumbai, where he reported from the roof of the Taj Hotel alongside the commando snipers.

The journalist talked at length about the questionable ethics of some reporters who had released information regarding the whereabouts of the police at times when this information should not have been revealed. Instead of accepting this unethical behavior, which has often plagued the Indian media because of the oversaturation of news channels, he was proud to report that many prominent business leaders and journalists have begun blacklisting these self-seeking journalists. “Ethical norms and laws against this type of journalism will only be effective,” he explained, “if the market demands it. And change is now being demanded by the business community.”

This journalist also shared with us his thoughts on the prospect of war with Pakistan. “We, as a nation,” he said, “have realized that making money is the best way to move forward. People realize the value of business, and we know that war will just bring everyone down.” To me, this statement was the quintessential depiction of India’s emerging growth mindset. From this comment and comments from other Indians we encountered on the trip, it seemed that the desire for peace was the common sentiment—that Indians would rather build up their country through business than tear it apart through war. Shortly after the visit to Network18, I saw a *Times of India* advertisement with a picture of Gandhi that highlighted the virtues of nonviolence. This only affirmed my views about the peace-seeking attitude of Indians.

The meeting at Aaj Tak, the No. 1 Hindi news channel, was also inspirational because the CEO was fiercely passionate about the impact television has had on Indian culture—people are becoming empowered through access to immediate news. Even the poorest communities have televisions, and that has given many the opportunity to choose the politicians who can give them the resources they need to move forward, such as a school or a road. Because of the information that television provides to the average Indian, he said, many are becoming empowered and are slowly coming to believe that progress is possible. Although some with fixed mindsets are

depressed by the images of opulence, most look at the shows and advertising as things that they too can one day achieve. From this, I could sense a shift toward the growth mindset.

Conglomerates

We visited Tata Group, a family conglomerate and arguably the most deep-rooted company in the country. Its advertising, for example, claims that the company touches every part of every Indian's life from "birth to death." Although impressed, I was more surprised to find out that 66 percent of the company is held by charitable trusts and that it donated about \$55 million in charity last year. The primary focus of Tata Group is to "improve the quality of life of communities." Instead of focusing on profits, the company exhibits a growth mindset by continually looking for ways to contribute to development. It invests in projects related to infrastructure and education, for example, which India so desperately needs.

Most of Tata's business decisions are based on the impact the business will have on the community. The HR director, for example, emphasized that the group's "core values are to give back to society." He claimed that the company "would not hesitate to exit a business, even if faced with heavy financial losses, if it cannot contribute to the community in a positive way." One participant on the trip posited that such a philosophy could not be sustainable in business, and the speaker was quick to respond that Tata has been around for 140 years and counting (the average *Good to Great* company has a lifespan of only 40 years). It could be said that Tata pioneered corporate giving and corporate social responsibility. The growth mindset of this company is certainly one that will help usher India into a new era of prosperity.

Bharti Enterprises, a conglomerate primarily involved in telecommunications, has a similar growth philosophy. The company's vision is to "enable India to live better," and one of its main operating principles is transforming communities for the better and having a "significant impact on the lives of people." Bharti recently entered the retail business, signing on to a joint venture with Wal-Mart to sell groceries and home products in India. But rather than identifying Bharti as either a telecom or retail company, Rajan Bharti Mittal, the managing director and lead director of the retail business, said that Bharti is a services company and that he "saw in Wal-Mart what India needed—value for money and low prices—and that the model is transferable."

Mr. Mittal also describes Bharti as "a company with a heart." When introducing its retail stores into communities, Bharti does not seek to replace mom-and-pop stores but rather looks to coexist with them by offering better job opportunities. For example, Mr. Mittal explained that many family-owned stores are having trouble convincing their children to take over for them,

because the children are often more interested in getting an education or finding a higher-paying job. The Bharti Foundation also provides a midday-meal program for employees and has established a school for underprivileged children. Bharti claims to be the only company with teachers on its payroll. Again, we see another company with a mission beyond profits seeking to improve its surrounding communities.

Politicians

Our meeting with Jotiraditya Scindia was particularly moving. Mr. Scindia is the maharaja of Gwalior and a member of the Lok Sabha, the lower house of the Indian Parliament, representing the Indian National Congress. It was inspiring to see such a young and charismatic politician with great optimism about the country. He described India as a place of big aspirations and tremendous entrepreneurial zeal. While he recognizes the issues that threaten to hinder the country's progress, such as poverty and low literacy rates, he is proud of how India has excelled in other areas. He contends, for example, that India has dealt with diversity more successfully than even the United States—that the country has thrived in relative peace despite its caste system, diverse religious groups and differences that can emerge from the thousands of languages and dialects spoken in the country. He said he feels that this culture of inclusion is representative of a mindset that would help propel India forward.

Mr. Scindia went on to comment about how this growth mindset has led to his own personal success. While he claims to abhor politics, because of corruption and other negative factors, he enjoys contributing to the progress of his country. He even went on to impart some advice to us, saying, “Devote more time to your family, and invest in quality time with them. And go to sleep with a clean desk; it gives you a good attitude in the morning.” All useful and important suggestions, but his best advice was about putting oneself in the mindset of giving back to society. “There's something to be said about making money,” he noted, “but look for opportunities to impact lives. There's nothing that gives you greater satisfaction within your soul.”

Sachin Pilot had similar sentiments about the progress of India. Mr. Pilot is a member of the Indian National Congress—the youngest member ever to have been voted into Parliament—and he represents the Dausa district of Rajasthan. “Even though we argue, shout and throw things at each other [in Parliament],” he said, “we constantly talk about what is best for the country, regardless of party lines.” Even though 65 percent of Parliament members fail to get reelected, because of the corruption and violence that often plague Indian politics, the people of India, he explained, now feel liberated because of India's democratic voting process. If they feel that a

politician is corrupt or has succumbed to bribery, for example, they feel empowered to vote the individual out of office. The Indian people are now changing their mindset even about politics, he said.

Because Hinduism is the predominant religion in India, many people believe in reincarnation and that one's station in life is a direct result of one's acts in past lives. As a result, Mr. Pilot said, many people have a somewhat fatalistic view of their position in life. They believe that they are destined to remain in their position and that it is outside their realm of control to change it. But, Mr. Pilot added, this mindset is slowly but surely changing. For example, citizens vehemently protested the violence of the Mumbai attacks, demanding that the government take a more active role in protecting them instead of passively accepting terrorism as a way of life. This is in stark contrast to the reaction people had in the past related to the terrorist attacks that plague India every day, which suggests yet another mindset shift among the Indian people.

One way that Mr. Pilot hopes to be a leader at the center of this change is to introduce new skills to the 65 percent of the population employed in agriculture. Mr. Pilot is also very optimistic about the youth of the country, citing that nearly half of the country's population is under 25 years of age. He says that expectations are very high for young people and that they are likely to succeed because there is a great deal of respect for the innovation and creativity that come from this group. He also sees a lot of promise in the young, rising middle class of the country, and he no longer fears the negative effects of the brain drain India experienced in the past. Although Mr. Pilot was the only one among his Indian classmates during his studies in the United States who returned to India when they graduated, he says that now more than 50 percent of his classmates have come back to India.

There is great hope resting on these two politicians. G. Krishnan, CEO of Aaj Tak, summed it up eloquently: "We have a weak political system, but there is a consciousness that's building up with younger politicians coming on to the scene."

Government Agencies

The formal meeting with the Reserve Bank of India (RBI) was quite different from our other visits. One of the topics discussed was what the United States could learn from India. Since India's nationalized banks helped to slightly insulate the country from the recent economic crisis, the bank representatives felt that their conservative approach was a wise decision and that it offered lessons for America.

Last October, an article published on Economist.com entitled “India and the Credit Crisis” seemed to validate this position. The article described how “the current global situation is . . . making India’s measured pace of economic reform look wiser than before.”⁶ The article supported this argument by reasoning that “India’s banks are well-capitalized and well-regulated, there is no domestic bad-loan crisis, and Indian banks have only a marginal exposure to overseas credit markets.”

Although RBI is also focused on growth, it appears that the bank has a more tempered approach to progress—one that emphasizes making careful decisions to help ensure the long-term economic success of the country. For example, the deputy governor explained that RBI leverages “preventive measures to combat potential bubbles, such as in the real estate market, which are used in complement to our monetary policy.” While RBI is primarily concerned with monetary policy, the bank is also involved in many other roles that will help elevate the country’s economic status, such as institution building and rural planning and development. Even within this government agency, the growth mindset was not hard to find.

Similar to the CEO of Mudra Communications, when asked about what keeps him up at night, the deputy governor of RBI was swift to comment that human capital is his biggest risk. “Our recruitment process is very important,” he said, “because we must have a highly skilled workforce, especially at the officer level.” He went on to describe the bank’s hiring process: “We designed our testing to test potential, not so much on skill level, but on attitude—if they have the right mindset of being flexible for training. Anyone can obtain the skills to work here,” he added, “but it is the ethical mindset and the ability to be open to feedback that we believe is critical to our organization.” He then proudly described that because of its innovative hiring approach, RBI enjoys an attrition rate of less than 1 percent. Here again, I had found an interesting hiring process—one that sees the value of selecting employees with growth mindsets. The bank is more focused on hiring people with the right attitude and potential, and less concerned about skill level.

We also met with the deputy chief at the U.S. embassy in India, and he reaffirmed much of what we had already learned from our other meetings. He confirmed that the Mumbai attacks were truly a wakeup call for the government, because people were turning against politicians instead of immediately turning to and pointing fingers at Pakistan. There were riots in the streets as never before, demanding an overhaul of India’s security measures. There is still a great deal of

⁶ Economist Intelligence Unit Briefing, “India and the Credit Crisis: How India Could Benefit in the Long Term,” Economist Intelligence Unit ViewsWire, October 14, 2008, http://www.economist.com/displaystory.cfm?story_id=12411151.

stress between India and Pakistan, the deputy chief conceded, but he agreed with all of our previous hosts that Indians believe a stable and prosperous Pakistan is in everyone's best interest.

It was refreshing to hear that the deputy chief is also extremely optimistic about the future of India and believes in the growth mindset of its people. He was up front in explaining that the country's overdependence on agriculture and the lack of infrastructure and sustainable energy sources are major barriers to immediate progress, but he insisted that "India is going to be a major global player in the next quarter century." To try to tackle some of these issues, RBI instituted a rural planning and development department, which formulates policies to manage and monitor the distribution of credit to rural agricultural activities, small-scale industries and employment programs.

The deputy chief also concluded, as did the author of the Economist.com article, that Indians are "doing just fine" despite the global economic crisis and in some respects are even coming out in better shape than the rest of the world. As we neared the end of the trip, I was overjoyed to see such positive prospects for India.

Conclusion

The formal meeting with the Reserve Bank of India (RBI) was quite different from our other visits. One of the topics discussed was what the U.S. could learn from India. Since India's nationalized banks helped to slightly insulate the country from the recent economic crisis, they felt that their conservative approach was a wise decision with lessons for America.

Throughout the trip, I was impressed and inspired to see the growth mindset alive and well at all of the companies we visited and present in the leadership styles of the politicians and company leaders we met. We were extremely fortunate to have met such passionate and optimistic individuals who acknowledge the many struggles the country will face but hold on to the hope of a better future. I know that most, if not all, of the people on the trip returned to the United States inspired to take those ideals and principles with us. I certainly came away from the trip revitalized and ready for the next challenge in my life.

To quote the "India v/s India" anthem, "And one India—a tiny voice at the back of the head—is looking down at the bottom of the ravine and hesitating. The other India is looking up at the sky and saying, it's time to fly."⁷ Upon completing this reflective exercise, I realized that there is much we can learn from the growth mindsets of our friends and business partners in India.

⁷ Bachchan, "India v/s India."