

LEADERSHIP FOR INNOVATION AND ENTREPRENEURSHIP



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The outcome from World Economic Forum, Annual Meeting, 2018 at Davos; and India's budget proposals for 2018-19 are available to us as the background documents. The world has passed through serious turmoil and political upheavals bringing in uncertainty in social and economic growth. The statement on imposing Tariffs and counterattack by China has put the process of globalization in a state of uncertainty. Every country has started reviewing inwards for a bright future. Sustainable Development Goals achievements depend more on private sector than on governments. Leadership has become more important – and it has to support innovation and enterprise.

Growth, Growth and more Growth

Both these events reflect that global leaders are focused on higher growth at the global level; and our leadership is focused on national level. The silver lining was that the CEOs at Davos expressed hope and one of them said “Look at how the mood changes. A year ago, it was doom and gloom. Now the Sun is shining. It is time to stop talking and start doing”. The mood was very upbeat, with a strong consensus that the synchronized economic advance we are seeing around the globe is real. A WEF Survey of 1,300 executives captured the bullishness, with 57% convinced the economy will improve over the next 12 months – the most upbeat reading since the survey began 7 years ago.

What could go wrong?

The prevailing optimism was also accompanied by a number of worries which is the healthy sign to guard against any over-optimism.

- The financial risks associated with massive liquidity and high debt levels.
- Threats to cyber security – “We need a Digital Geneva Convention” as one technology leader suggested. Cyber security is the foremost concern with companies locked in an arms race to stay ahead of highly sophisticated cyber criminals.
- Intensifying geo-politics that may spark small shocks or worse, large mis-judgements that can lead to conflict. As one senior technology executive said: “There has never been a time when the macro economic outlook and the geo-political outlook have been so disconnected.” However on the Indian scene the Finance Minister has emphasized that the budget proposals are ensuring that 'good politics' is 'good economics'.

Power politics:

Global leaders made strong statements on job-creating investment. China's ambitious Belt and Road Initiative, which could drive investment across Eurasia at a level 12 times that of the post – World War-II Marshall Plan, dominated conversations on what will likely be a renewed global push for more and better infrastructure. All this jostling for investment and influence, however also increase anxiety that was the big fear last year – an outbreak of renewed protectionism and trade

tensions – could become real in 2018.

Davos opened with the announcement of new US tariffs on solar panels and washing machines, mostly from China and South Korea, and concerns about the future of the North American Free Trade Agreement (NAFTA). This just shows that entrepreneurship and innovative spirit which helped manufacturers in China and South Korea (and could also become against India if our enterprise becomes more competitive) – could be neglected.

Get Ready for even more Intensive Wave of Corporate Transformation

A review of leading business organizations and interviews with a significant number of CEOs of many large and well performing corporates, from telecom to pharma to banking to energy and more, gave a convincing clue that the radical restructuring of portfolios that have been observed in the recent past is just a prologue. The driver is a quest for new engines of growth. One extreme example was a company that is considering shifting its core business to something entirely new – and at the same time moving its headquarters to a completely new geography.

The Next Innovation Imperative will be Social Innovation

Business's role will be critical here. The tech giants are fast learning that low cost and convincing are not sufficient and major countries in India like Tech Mahindra, TCS, Infosys, WIPRO etc are not exception. There is large criticism over their market dominance, use of data, privacy policies and the like. “Society is demanding that companies both public and private, serve a social purpose.” Even in a large number of applications for the Golden Peacock Awards for CSR the leading technology companies have strongly reflected on this message.

Two societal changes remain unchanged from last year's WEF: 're-skilling workers' to keep with technology advances; and ensuring that 'the gains from growth are more widely shared'.

Adding to these is a need to radically re-think education systems to meet the life-long learning requirements of the 21st Century. As automation, robotics, and artificial intelligence are entering on a larger scale in the market place, the education system needs to be re-oriented to focus on functional and operational aspects and ensure that man-machine interface in the artificial intelligence domain goes smoothly. Innovation has led to disruptive technologies taking centre-stage. These disruptive technologies are bringing in factor-change in productivity levels and thereby the competitiveness rather than incremental improvements. The operational changes that are accompanied with disruptive technologies require a fundamental and fast pace change in companies.

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