

Leadership in a Knowledge Economy*

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Leadership is in great demand. Leaders are in short supply. The reason 'Leadership', is in such great demand is because it is the key driving force behind the success of any individual, society, organization or country. Leaders are in short supply because it requires courage and character, belief in the core values, compelling modesty and commitment to a cause – something that does not come for free and something that can't be bought in any shopping mall.

Leadership is not a static phenomenon. As societies move towards knowledge economy, there is going to be a paradigm shift in the skills and qualities necessary to be a successful leader. A leader has to recognize that in a knowledge economy, it is knowledge that gives him a competitive advantage. Nevertheless, he also needs to remember that the shelf life of knowledge is slowly declining. One may have a competitive advantage by virtue of his knowledge, but it may not be sustainable. If you cling to old knowledge, anybody can pull the carpet out from under your feet, no matter how firmly you plant your feet. The technology in this knowledge economy can make an expert out of a layman. With a good quality 'all features included' camcorder, anyone can produce a quality video. 'You Tube' took advantage of this opportunity and became successful overnight.

It is obvious then, that success in businesses in future will revolve around new ideas – ideas that also have the added advantage of being incremental and serendipitous. A leader in this scenario begins by asking these sorts of questions: "How can we provide a hotel room to customers at Rs 9?" "How can we provide cardiac care to patients at a price that is 30% less than the cost of such operations in countries like the US?" "How can we provide a small car to people at a price of Rs 1 Lakh?" For a leader in this situation the issue of competing with others becomes extraneous, insignificant and irrelevant. He believes in being a rule maker rather than a rule taker.

As success in business moves around new ideas, people become a critical factor for its success. It then becomes a leadership issue rather than a management issue. Rose Perot was quoted as saying (and quite rightly), "People cannot be managed - only inventories can be managed." People need to be led. In order to get people to join him on the journey towards new ideas, he becomes a member of the team, he engages them, nurtures and develops them, and he leads them and is willing to be led.

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As leadership takes center stage in the businesses of tomorrow, it is imperative for future leaders to know what is right leadership and what is flawed leadership. To a society or an economy, there is no greater threat than the danger of flawed leadership. When flawed leadership takes over, you have dictators like Hitler, Stalin, Mao and cases like Enron, World Com and recent ones like Satyam. If you apply any management test, Satyam had everything in place. It had a bold, well-defined vision, a mission and a value statement.

For the record, it reads, “ Business Transformation Together”. It speaks of “Execution: Ordinary people, doing extraordinary things”, “Demystifying business challenges” is one of its other claims. Management was able to inspire the troops to rally around that vision, they were able to attract some of the best and brightest people in the world. They were able to create a fast paced, highly innovative and entrepreneurial culture. It had independent directors who were prominent figures in their respective fields. But alas, it lost out on the basic foundation of good leadership – values and ethics.

In this age of media activism any compromise with values and ethics is discovered, sooner than later. It will not be out of place to mention that most people do not want to be successful; they just want to appear successful. While a person may get what he wants, he may find it difficult to keep it.

The business landscape is changing. Economic, political and complex social transformations are demanding change from the business leaders at a faster rate than ever before. The changing cultural and ethnic makeup of our societies and the changing political / social environment in the context of the new globalised economy are undeniable factors that leaders need to address today. The business world, long characterized by stability, autocracy and strictly bound processes would have to become more change embracing in today’s ever changing landscape.

Author's Profile

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