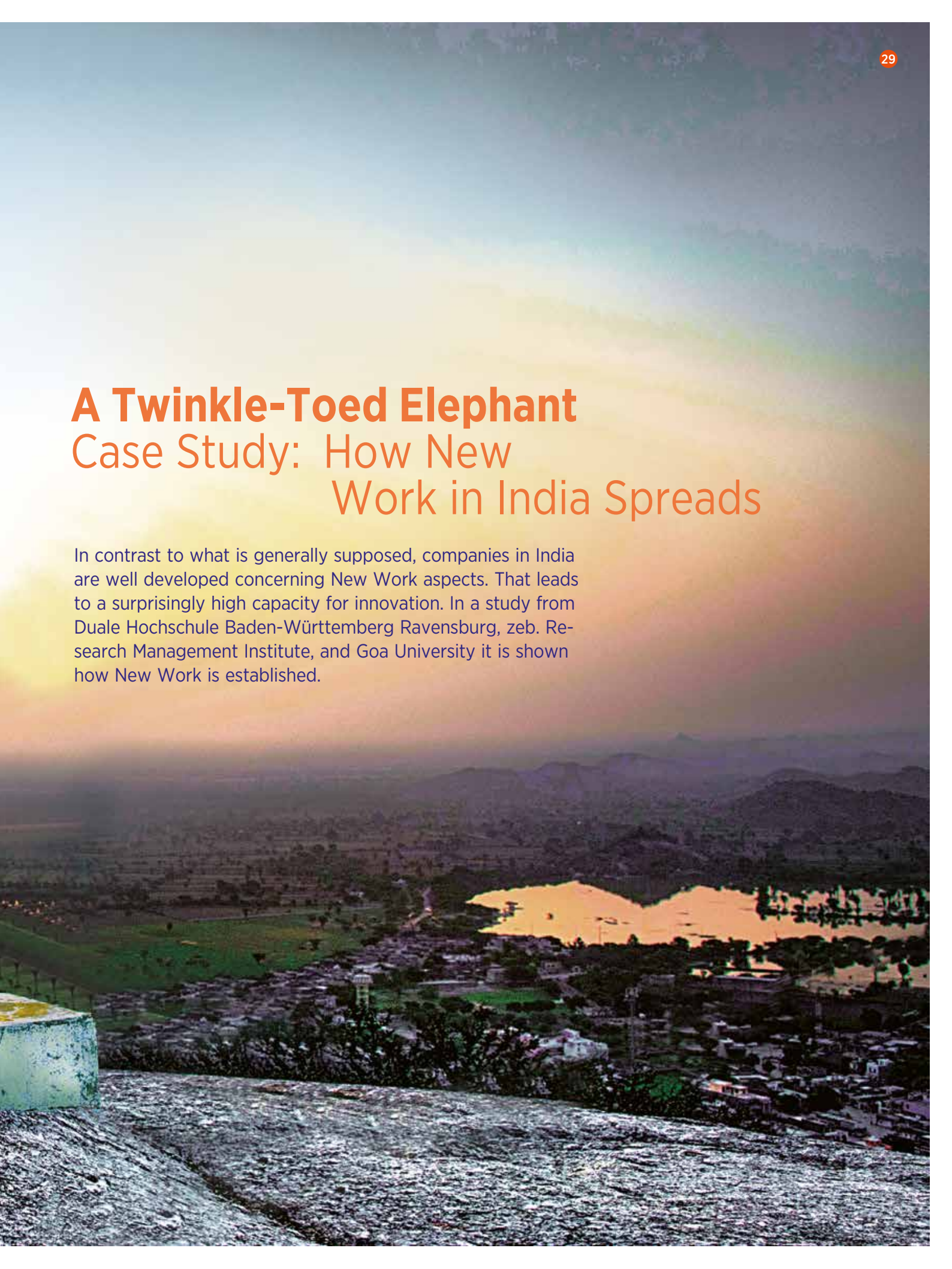


# A Twinkle-Toed Elephant

## Case Study: How New Work in India Spreads

In contrast to what is generally supposed, companies in India are well developed concerning New Work aspects. That leads to a surprisingly high capacity for innovation. In a study from Duale Hochschule Baden-Württemberg Ravensburg, zeb. Research Management Institute, and Goa University it is shown how New Work is established.



From October 2016 until April 2017 a cluster of scientists from India and Germany asked 153 companies operating in the two Indian states of Goa and Karnataka about how established New Work-Management activities (like certain innovation processes, extended decision-participation, individualization of learning, reduction of hierarchies et al.) is within their structures. It was shown that innovation, participation, and learning in the context of the “New Work environment” can be seen as core drivers for employee performance and satisfaction.

To put it in brief: The study shows that Indian companies which make large-scale use of New Work instruments are also strong in their capacity for innovation, employer attractiveness, ability to implement company strategy, and strategic goal attainment. But

of course, there are further observations, thoughts, and insights to share. To understand the results, it is beforehand important to look at the country of India itself.

### ECONOMIC AND BUSINESS DEVELOPMENT IN INDIA TODAY

India for long has been classified as a developing country by the United Nations. Being the second most populous country in the world, India has grown into a formidable economy that cannot be ignored by global players. After liberalization in 1991 and the opening of the Indian economy to international competition, many global organizations entered the Indian markets. The participation of these global firms took different forms, either wholly or partially owned subsidiaries; the most common form of participating being substantial investments in an existing business.

As India is rich in natural resources, it has a distinct advantage over other comparable nations and “is

regarded as the right nation for exploring business opportunities”, given its highly skilled and semiskilled manpower, technologies, an encouraging government, and a ready market with a growing middle-class segment (fig. 1).

**Business Environment:** The business environment in India is quite complex, being challenging while also flexible. Different types of organizations co-exist successfully in India; government-owned, public sector undertakings (government has major share of investment, but management is autonomous), private sector comprising multinational, global organizations of Indian origin, family run organizations, large, medium, small, or micro organizations with varying degrees of reach and operations. Each of these businesses face different sets of variables in the environment based on industry, sector, market, product, location, and stakeholders.

Once globalization and liberalization received impetus, many organizations have sought to establish their businesses in India, including transnational majors such as IBM, GE, or Samsung. Apart from these global organizations entering India, many Indian organizations also grew and expanded to make an impact across the globe, especially in the fields of computer software, mobile phones, automobiles, or steel.

“Ease of Doing Business” is now a national priority, with governments at the center and in various states taking up a plethora of initiatives to foster entrepreneurship in the country, to ease the legal, statutory, and compliance regime and reduce encumbrances when starting or doing business. The Indian government launched the “Make in India” initiative to promote innovation and to build manufacturing facilities in the country, which has generated enthusiasm across all sectors to start new enterprises and upgrade existing organizations. The government has also digitized the process of its tax compliances, such as the newly introduced GST, which was introduced during the current financial year. The emphasis in all these efforts and further governmental initiatives is on skill development, capacity building and entrepreneurship development.

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**Political Environment:** India is often referred to as the largest democracy in the world. The current government, enjoying the mandate of the people, is enabled to bring policies and procedures into action, which can foster and provide a stimulus to the above-mentioned schemes. While there is a stated desire and political will to improve the business environment, there are certain aspects which can be improved to facilitate the business environment.

**Social / Cultural Environment:** India's diversity is shown by the more than a thou-

sand languages (and their dialects) which are spoken by the people of India. With increased mobility of people across different states in the country and outside, it is not uncommon to find people from different cultures working together in any part of the country, and it becomes imperative for the organization to understand its people, their diversity, and to communicate an organizational vision in a manner where each employee is able to understand and own that vision, which in turn will ensure organizational success and performance. A

basic strength of the Indian population is that the average age is low; there is an aspirational youth. Given today's information reach and the all-pervasiveness of modern technology, most of the Indian youth speaks English, is technologically savvy, and harbors an entrepreneurial spirit.

**Technical Environment:** While technology costs can be prohibitive for small and medium organizations in many industries, adaptive tools and methods can be seen everywhere as continuous efforts are put into reducing costs. An Indian term that

**Learning Culture:** In India, learning culture varies widely from one organization to another. However, there is a sizeable proportion of organizations across different sectors, and of different characteristics, that realize the importance of providing opportunities for continued learning to their employees. They realize that learning culture not only improves current performance, but also helps to retain employees. However, there is a considerable number of organizations which do not have the same outlook towards investment in employee learning and development.



Samsung opens largest mobile experience centre in the world at Bengaluru's iconic Opera House. Once globalization and liberalization received impetus, many organizations have sought to establish their businesses in India, including transnational majors such as IBM, GE, or Samsung.

has become very popular, which resonates with its native innovative culture, is the term Jugaad. It means capturing the meaning of finding a smart and low-cost solution to any problem. Jugaad is a new way to think constructively and differently about innovation and strategy. The core meaning is to think less complexly and act more flexibly in terms of adapting quickly to unpredictable situations. The solutions do not aim to be sophisticated or perfectly designed but to be sufficient to get a job done.

INDIA'S ECONOMIC	
FIGURES AND BUSINESS PARAMETERS (as of 2016)	
Population	1,324 million
GDP	2,263 billion USD
GDP per capita	1,709 USD
GDP per capita PPP	6,572 USD
Purchasing power per dollar, compared to the USA	176 %
Surface area	93,030 km <sup>2</sup>
% of population living in urban areas	71 %
% of GDP added by agriculture - industry - services	-
Ease of doing business index (1 = best, 180 = lowest)	54

Source: allianceexperts.com fig. 1

## SELF ASSESSMENT OF NEW WORK AND INNOVATION IN INDIA

Considering India's situation, it shows quite clearly that India cannot be ignored by companies which claim global success due to the existing penetration of innovative elements, even though there might be deep differences in culture and friction during the founding and settling of foreign companies in India. In the context of this macro level examination, the initial research assumption was that even though innovation has spread as described, New Work topics have little influence on the capacities of innovation. This assumption

has, as mentioned before, not shown to be applicable.

Within the study, the participants were interviewed anonymously. The topics of innovation and New Work were measured by the three dependent variables: employer attractiveness, the implementation of the companies' strategy, and target achievement of the team. With the help of the data, two core indices were built: The New Work index, consisting of employee participation, learning motivation, and employee satisfaction and the innovation index including access to sources of innovation, support for innovation, implementation of innovation, and dissemination of innovation. With the

not any kind of monetary incentive, but rather intrinsic motivation followed by career prospects. This applies especially whenever the employer is quite attractive. Where the motivation seems to be a well-established factor, the team structures cannot be evaluated to be thoroughly positive. Where more than a quarter of team members describe their structures regarding different aspects to be positive, about half the participants can be seen in the mean and about 22 percent evaluate the team structure as not in good condition. Asked about what means of participation could be helpful to increase the job performance there is no clear picture: Independent learning, performance target development by the

Overall, the employees are just partly satisfied with their working conditions. In addition, more than 38 percent judge their employer to be less attractive than the average. There is a strong implicit correlation between job satisfaction and the dependent variables employer attractiveness, the implementation of the companies' strategy and target achievement of the team.

### INDEXING INNOVATION: SOURCES AND SPREAD OF INNOVATION

When speaking about innovation as a major factor of New Work developments, it can be said that the four requested factors of innovation (sources of innovation, pro-

motion of innovation, development of innovation, and dissemination of innovation) do not vary widely from another but gravitate towards the center. Nonetheless, when looking at variances between the interviewees, there are four groups to be built clustering around the sources of innovation and the dissemination of innovation. The extremes seem to dominate here: Whenever the sources of innovation are well developed the dissemination of innovation is more likely to be the same, as shown in the graph (fig. 2).

Looking more closely at those groups, it can be seen that the better innovation is spread throughout the company, the

better the dependent variables turn out to perform as well. The clearest impact shows looking at the attractiveness of an employer. When the dissemination and the sources of innovation are judged low, the attractiveness reaches a mean of 2.18 on a scale from 1 to 5. On the other hand, when both aspects are evaluated as high, the average climbs from 2.18 to 3.65. The same applies to the variables implementation of the com-



A basic strength of the Indian population is that the average age is low; there is an aspirational youth.

study we reached rather young (69.9 % were 30 years or younger) and mostly male (67.8 %) participants. In addition, 87.6 percent of the participants had a university degree. So as one might assume, the participants are younger and better educated than the average Indian inhabitant.

The observation itself begins with the fact that the major motivation for learning is

teams themselves, or participation in strategy development are all judged as somewhat positive but not as markedly good.

In general, the state of companies seems to be at least critical in the eyes of the wage earners: 59 percent of the employees stated that they may change their employer within the next year, another 17 percent even say that they are definitely doing so.

panies' strategy (2.41 vs. 3.76) and target achievement of the team (2.46 vs. 3.85).

In trying to make a statement about how New Work spreads in the companies, we built an index concentrating on participation, learning culture, and satisfaction. On the scale from 1 to 5, 40.7 percent of the companies reach an index between 3 and 4, while 16.3 percent even reach a value better than 4. Having analyzed those values, it was hardly surprising that there is positive correlation between the New Work index and the implementation of innovation as measured by the index of dissemination and sources of innovation. What we found is that whenever innovation is

### DIVERSE BUT HIGHLY DEVELOPED: LESSONS FROM THE STUDY

In essence, we see a two-step effect: When the participation of the employees increases, the innovation performance of a company also increases simultaneously. Looking at downstream effects, we can also see that the rate of innovation has a highly positive effect on the attractiveness as an employer.

While this observation might not to be surprising for a western economy, we would have hardly expected to find a concern with New Work aspects in India's otherwise strongly conservative and hierarchically structured business world. However, pre-

from the study yield impulses for management concerning the ways in which international and especially European companies can open up innovation potential on one of the most important global markets today.

Not only in highly developed and well-examined Western industries but also in a fast-developing country like India, managements should focus on New Work aspects such as employee participation to increase the capacity for innovation in their companies. The innovation-oriented management focus has a positive influence on three major aspects:

(1) The degree to which a company's direction can be determined,



Corporate video from GE India – for a better tomorrow. While technology costs can be prohibitive for small and medium organizations in many industries, adaptive tools and methods can be seen everywhere as continuous efforts are put into reducing costs.

well established, New Work is likely to spread better.

Considering matters the other way around, we analyzed whether innovation is dependent on New Work as well and found that at least the dissemination of innovation turns out to be more positive when New Work is widespread, as to be seen in the graph (fig. 3).

cisely these aspects play a central role in determining whether Indian companies are innovative or not.

Yet this does not mean that New Work has been well introduced into the whole Indian economy and that the country might be considered as a vanguard concerning a New Work environment. Still, the data gained

(2) the degree to which company goals are attained by teams,  
(3) the progression of employer attractiveness.

Obviously, Indian companies have recognized that those advantages might apply whenever the necessary changes are taking place. The results of our study suggest that

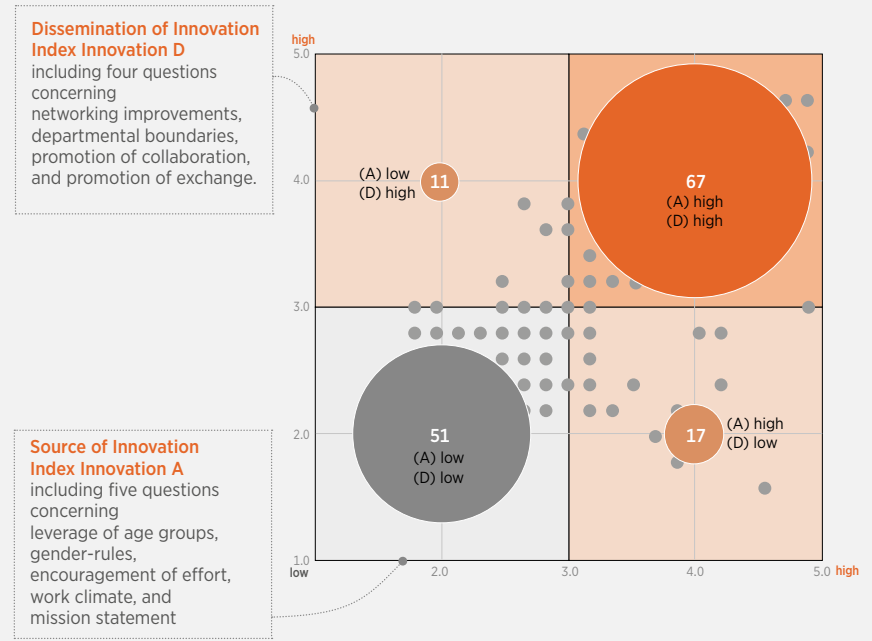
a change of mindsets and working structures is globally on its way – not only in Western countries where New Work might be a fashionable concept right now.

Wherever international enterprises are co-operating with Indian companies or running subsidiaries in the country, they should focus on New Work aspects discussed here, such as employee participation and the removal of hierarchical borders: They ought to be successful in India in very much the same way as they built their success in their home market. Positive effects on strategy realization, employer attractiveness, and goals attainment, however, are only made possible when a consistent New Work orientation goes hand in hand with comprehensive innovation management. The factors ‘New Work’ and ‘Innovation’ do not work in isolation from one another just as companies never work in isolation from the global market.

Yet it is not enough to bring established aspects of New Work and innovation management to subsidiaries and co-operations in India: There is much to learn from Indian companies about the way in which they embrace technological and organizational change. Traditional Western companies may learn “hands on” how new working styles may be applied and how cultural and social diversity can drive economies. India and its many religious and cultural groups form transnational communities, which are having a deep economic, social, and political impact: Due to its religious, ethnic, and social diversity India is among the largest recipients of monthly transfers from about 30 million diaspora workers all around the world. Regional languages and minority religions have established themselves as global community networks. Companies in Western countries, including Germany, are far from having such global resources at their command. Literally, it is possible to make capital out of India: The twinkle-toed elephant is able to turn faster than one would have expected. ●

THE EXTREMES SEEM TO DOMINATE

Correlation between the clustered Sources of Innovation and the clustered Dissemination of Innovation building four main groups

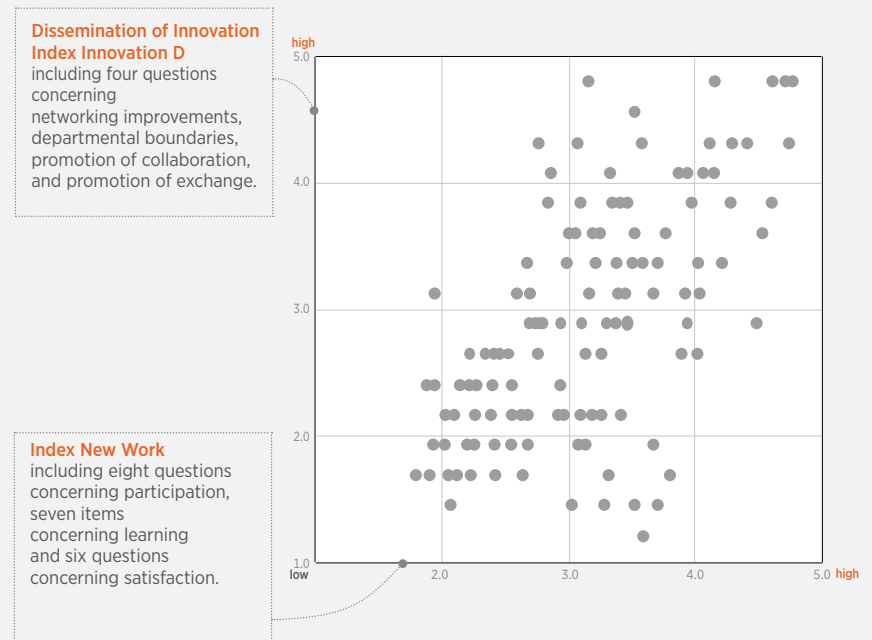


Source: Hackl / Hasebrook / Nirmala / Servatius

fig. 2

ON WHAT INNOVATION DEPENDS

Correlation between the clustered Dissemination of Innovation and the clustered Penetration of New Work



Source: Hackl / Hasebrook / Nirmala / Servatius

fig. 3