



Emerging Market Leaders Should Give Up Some Power

Attracting and retaining talent is one of the top priorities for emerging market executives. To succeed, yield some intellectual leadership to the front lines.

Emerging market leaders have their work cut out for them. As investment-led growth now dries up, leaders in the emerging world are looking to grow and lead organisations based on productivity, innovation and best practices. But it is the sector's three major challenges: corruption, policy and talent, which are keeping emerging market leaders awake at night and dominating discussions at industry events, such as the recent **INSEAD Emerging Market Conference**.

Of the three, the most challenging is talent. Leaders often complain of shortages, mismatched skillsets or the constant demands of a restless workforce seeking greater pay and greater say. With a lower median age in emerging markets, millennial attitudes are becoming more prominent and are set to challenge emerging leaders as much, or even more, than those in developed markets. Many now realise that the answer to the challenges facing them rests on how this workforce is managed.

"There are very few large organisations in Asia today that are truly innovative," said Henrik Bresman, INSEAD Associate Professor of Organisational Behaviour and a panelist at the recent conference. This is down to the fact that "there is a reluctance to let go of power at the top." Leaders, he insisted, must learn to "distribute

leadership tasks to wherever the best information and capabilities reside."

Intellectual leadership

Other panelists agreed. Grant Kelley, CEO of Singapore-based City Developments shared how he motivates his mostly young, dynamic Singaporean workforce. "You need to provide intellectual leadership to a modern executive", he noted, adding that "ultimately, your duty as a leader, no matter where you are is to develop home-grown talent. Companies succeed best when they've got a local pipeline of leadership and a succession plan that is robust."

As Elaine Yew, Managing Partner at Egon Zehnder, explained, "Emerging market customers increasingly want to see local leaders. Until recently, many expatriates have filled the top jobs. That's changing as companies realise that a leader may be transformational in one setting but completely different in another".

For foreigners leading in emerging markets, Yew emphasises the importance of cultural sensitivity and adaptability – not relying on institutional models and formulae that work at home. While this is true for leaders everywhere, there is a heightened need

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in emerging economies.

Long-term commitment

Corporate leaders must realise that for their organisations to grow, they must also assist in institution building, and partner with governments to solve the social problems of the markets they are operating in. Ganesh Natarajan, Vice Chairman and CEO, Zensar Technologies said noted that, “We need business leaders in emerging markets who have the interests of the local economy at heart. Only then can emerging economies succeed.”

As Bresman pointed out, this presents an opportunity for leaders to capitalise on eager talent that is increasingly interested in doing social good. He points out that in his **study on millennials**, “leaders of this generation want to be seen as specialists but they want to lead in the context of collaboration in a team...so if the future of leadership is collaborative, then Asian millennials are well-placed to take on these roles”.

This served as a fitting solution to Julie Kozack, IMF economist’s call for stronger, institutional growth. “The kind of easy, and in some cases, credit-fueled growth that emerging markets have experienced seems to have come to an end,” she said. “Looking ahead, growth will be dependent on reforms and institution building.” Panelists agreed that leaders would do well to take part in fostering a better environment and working directly with government to build standards for a more conducive long term business environment.

To do this leaders need to perform beyond their corporate targets. They need to demonstrate long-term commitment to these markets and use their intellect and expertise to assist with the development of the institutional framework and societal fabric of their host countries. Without this cooperation, the shortfall of these basic environmental aspects will soon become a roadblock to continued business success. Even today, the best designed office building in Gurgaon, India, or Jakarta, Indonesia, opens up to a road full of potholes. Until developers of these buildings start taking ownership of at least the last kilometre of road that leads to their offices, progress in emerging markets will not reach its true potential.

Delegating power

This all means leaders need to open their minds and their hearts to their younger workforce. While panelists advocated delegating more power to the front lines of rising emerging market firms, they acknowledged the difficulty, especially in Asia, of giving others intellectual ownership in a region where the boss historically is supposed to have all

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the answers.

Yew says among the leaders she’s coached, four magic words can go a long way to achieving better relationships and empowering others: “What do you think?” “In those words you’re inviting diversity of thought, you’re empowering and we are collectively problem-solving. And the best part? You don’t have to say “you don’t know”, she said.

At the same time, when it comes to technology, the youngest member of the team probably knows more than the boss. It is important to handle this proactively and in fact optimise it for success. I remember the former CEO of Unilever in India, Nitin Paranjape, mentioning that he had one of the youngest managers in the company “mentor” him on technology aspects. When the top manager of the company acknowledges that he still has learning to do and when leaders take on direct accountability for providing the opportunities required for developing future leaders, then companies can better meet the needs of their talent and their organisations in emerging markets.

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