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Office Hours: MW 10:30am-11:30am or by appointment  

Course: MGMT 736, Inside Indian Business  
Prerequisites: MGMT 621, MGMT 652, MGMT 654, MGMT 655  
(Whole first year Management core sequence)  

Class Times: MW 9:00am - 10:20am  
Location: JMHF F90  

COURSE DESCRIPTION  

India, and Indian business, is in the news. Rarely does a week go by without a story in the headlines of mainstream newspapers or leading business magazines concerning Indian business. This should not be a surprise to thoughtful observers of the global business landscape. On Purchasing Power Parity terms, the Indian economy is already the fourth largest in the world behind US, China, and Japan. Moreover, a 2003 report from Goldman Sachs about the global economy in 2050 AD suggested that, in real dollar terms, the Indian economy will be the third largest in the world, behind China and US, in that order. Clearly, these economic projections may well be wrong in their specific details; the direction of India’s economic trajectory seems firmly in place, however. Since this initial report was published, in an update in 2007 suggests that “based on increased and sustaining growth, more inflows into foreign direct investment, Goldman Sachs predicts that "from 2007 to 2020, India's GDP per capita in US$ terms will quadruple", and that the Indian economy will surpass the United States (in US$) by 2050” (see http://en.wikipedia.org/wiki/BRIC ). Following the financial crisis in the last year, their current projections suggest that India and China’s rise may be even faster than earlier predicted. And, of course, during the current global recession that we are slowly emerging from, it is worth noting that while its GDP growth rate did
slow down, India still managed to grow at 6.7%, and managed to avoid a recession completely (see http://en.wikipedia.org/wiki/Economy_of_India).

Against this macroeconomic framing of India’s development trajectory, an important question concerns Indian businesses and their contemporary challenges. It is useful to delineate the scope of Indian business as I have used the term in the context of this course. There are at least six sets of firms which belong to this domain. First, there are a group of firms which are of Indian origin, and, while some of them do export to other countries, most of their current business focuses on the Indian market (for example, Bajaj Auto in two-wheelers, or IndiaBulls in online brokerage). A second set of firms have their origins in India, but now, while their management teams and culture are still distinctively Indian, their revenue streams are primarily global (for example, Infosys Technologies, Wipro and Tata Consultancy Services). Thirdly, a group of firms have until recently been India focused but are now actively seeking greater participation in global markets (for example, ICICI Bank). A fourth group is a small set of Indian led firms which are headquartered outside India and have relatively little business in India at this time (for example, Mittal Steel, now Arcelor Mittal). Another group of firms consists of multinational firms with operations in India, especially those firms that have taken on an quite Indian identity (for example, Hindustan Lever) as differentiated from other multinational firms that function in India but are less Indian in their culture and processes (for example, IBM or Microsoft). Finally, there are some global firms that have extensive back end operations in India, although they are legally foreign entities (for example, Cognizant Technology Solutions headquartered in New Jersey, or 24X7 Customer in California). The challenges and opportunities differ somewhat for these different groups of firms. While this course will examine a sampling of all these different firms, the primary emphasis will be on the first three categories.

Studying Indian business is significant for several reasons. First, after several decades (1947-1991) of operating in a relatively closed economy, the economic reforms of 1991 led to a dramatic opening of the Indian economy. The received wisdom from management theory would suggest that firms that were well adapted to the old politico-economic regime of the ‘Licence Raj’ would not succeed in the post reform environment. Whereas this has been true for many firms, there have been some remarkable success stories which have interesting more general lessons to teach about adapting to discontinuous change. Secondly, unlike earlier examples of Taiwan, Korea, and Japan, whose economic development was led largely by manufacturing exports, India’s resurgence has been led by the services sector, particularly software services and outsourcing of business processes, for instance. Thirdly, unlike China and Russia, which relied primarily on state control of all sectors of their economies until their reform processes began, India had a mixed economy, with about half each in the public and private sectors. Perhaps related to this, as early as the 1960’s, the higher education system invested in high quality management education, beginning with the Indian Institutes of Management. Given the high quality of management talent at the upper
end of the distribution, the absorptive capacity of Indian business has been higher than some other countries. This has led to rapid growth across various business sectors in the last decade and a half. Importantly, while much work still remains to be done, this growth seems sustainable for some time. Finally, Indian business has a significant proportion of family owned firms, not unlike several other countries in Southeast Asia and Latin America, and their transformation over time may have lessons for other countries as well.

This course focuses on Indian business. The emphasis is integrative, and the course builds upon the several required first year courses in Management. While the course will draw upon various social science disciplines from time to time, the main perspective of the course spans several subfields of Management: Organization Behavior and Theory, Strategy, Technology, Entrepreneurship and Human Resources.

There are several themes underlying the course. We will examine the nature of the economic reforms of 1991, and how established Indian firms, particularly Indian conglomerates, adapted during the 1990’s to the changed competitive landscape. We will focus on software services and the remarkable global success of several firms, and their contemporary globalization challenges. We will selectively study the experience of MNC’s in India, with a particular emphasis on innovative business models (including the ‘bottom of the pyramid’ models). A specific focus on telecommunications seems apt, considering that market growth in the wireless telephony sector in India has just recently outpaced growth in the Chinese market, which had been the hottest in the world for some years. We will end the course with a comparison of China and India, and some of the convergences and divergences between them.

This is a project oriented course and students will work in teams on a topic related to Indian business. The learning objectives of the course are to help students develop a deep understanding of the contemporary challenges facing Indian businesses, while remaining grounded in relevant theory. Inevitably, developing this knowledge base will also require a better understanding of cultural differences that exist in Indian firms versus US firms (how authority is exercised, for instance, or the nature of power relations), the nature of the contemporary Indian institutional context, the historical backdrop of the economic reforms of 1991, and the challenges faced by Indian businesses across various industries as they become increasingly integrated with the global marketplace, among others. The pedagogy will be a mix of background readings and selected cases of Indian businesses, as detailed in the course outline. On occasion, I will also invite a selected number of leaders of Indian businesses, some of whom will be protagonists from scheduled cases, to visit the classroom and share their perspectives on leadership of their firms and their current management challenges.
READING MATERIAL

A bulk pack of reading materials and cases can be purchased by you from Wharton Reprographics. I will distribute any additional materials, as appropriate, in class.

GRADING

The overall course grade will be based upon the following:

(1) **Class Participation (35%)**

Since this is a relatively new course being offered for the third time, it seems likely that the moderate size of the class will enable us to design a quite personalized learning experience, with plenty of air time for every student.

An integral part of the course grade will evaluate the quality of the input each student makes during class discussions. All students are expected to prepare in advance all the readings and cases for each class. *I expect you to attend every class. If there is a serious schedule conflict, please take my permission before the fact.* Participation is strongly encouraged and the onus is on each student to get his or her views aired. However, I will reserve the right to call upon any student at any time.

(2) **Group Term Paper (55% for term paper; 10% for presentation)**

The key objective of the term paper is to help participants study a real life situation in an organization of their choice using the ideas from the course. Although the choice of specific project topic is left up to the participants, there is a minimum criterion of overlap with at least one of the topics covered in the course. I would urge you to discuss your ideas for a paper topic with me at the earliest opportunity.

ADDITIONAL REFERENCES

Our focus during the course will be on the readings assigned for each session. However, I have recently been involved in two book projects, one of which is dedicated to Indian business and the other which is partly relevant to Indian business. While one book is
already in print (purchase is not required for the course, but if you wanted to buy a copy, it could be a good source of ideas about multinationals from China, India, Russia, Brazil, among other countries), the other will be out in March 2010.

Here are the references:


I will make copies of The India Way manuscript available to you on WebCafe and we will read it during the course, including an opportunity to talk with some of the coauthors.

For those of you that are interested in additional materials on India and Indian business, and South Asia more broadly, and some broadly relevant themes, the books below, which constitute a partial list based on my own interests, may be a useful starting point.


There are also some papers that are broadly relevant to India and Indian business:


Some very interesting and relevant background research is available from McKinsey Global Institute by following the URL: [http://www.mckinsey.com/mgi/publications/India.asp](http://www.mckinsey.com/mgi/publications/India.asp)

In addition, if you are interested in contemporary Indian culture, a good starting point may be to mine the quite rich seam of Indian writers writing both fiction and non-fiction in English or non-Indians whose subject is India. The list of their names is long; my personal taste leans toward Vikram Chandra, Shashi Tharoor, V.S. Naipaul, Salman Rushdie, Suketu Mehta, Sudhir Kakar, William Dalrymple and Mark Tully, to name just a few.

I want you to form three or four person project teams, such that there are eight and no more than eight project teams overall in the class. Depending on final enrolment in the class, I may modify the team size. By Monday, January 25th, 2010, I would like every project group to provide me with names of their project team members. By Monday, February 8th, 2010, I would like to have all project teams discuss their project topics with me and provide me with a one page project outline (if needed, we can resort to a conference call.) The final project reports will be due by 9:00am on Monday, April 26th, 2010, the last day of classes for our course. During the last two class sessions, each project team will also present the key findings of their projects to the other class members.

The final project report should be about 25-30 pages long inclusive of all exhibits or appendices. One format that has worked quite well in the past is to write a case study based on field data, then to analyze the case and suggest specific action recommendations. If such a format is used, the (A) case presents the data from the field context, and the (B) case describes the problems, presents the analysis using relevant theory from the course, and suggests specific action recommendations appropriate for the specific setting. I will provide a writing template for this in class. Of course, I am quite open to other project topics as well, depending on project team interests.
READING ASSIGNMENTS

Session 1 - 13th January 2010: Introduction

Readings:


Tarun Khanna and Danielle Melito. “Modern India.”

Lecture: Introduction to the Course

Optional Readings:


Session 2 - 18th January 2010: Political Economy of India

Readings:


Lecture: The political economy of India. Prof. Devesh Kapur, Director, Center for Advanced Study of India, University of Pennsylvania
See: http://www.sas.upenn.edu/casi/about/devesh.html

Optional Readings for Week 1:


Session 3 - 20th January 2010: Indian Business Leadership

Readings:

Case:

People Management Fiasco in Honda Motorcycles and Scooters India Ltd.

Guest Speaker (Invited):

Prof. Mike Useem, Wharton School

Optional Readings for Week 2:

“Singh When you are Winning”. The Economist, May 21st 2009.


“India’s Parsees”. The Economist, April 17th 2008.


Session 4 - 25th January 2010: Competitive Advantage of India

**********Project Team Names Due Today**********

Readings:

Bruce McKern and Lynn Denend. “The Competitive Advantage of India.”


**Cases:**

Taj Hotel Group

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**Session 5 – 27th January 2010: The Telecommunications Revolution I**

**Readings:**


**Cases:**

Reliance Infocomm

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**Session 6 - 1st February 2010: The Telecommunications Revolution II**

**Readings:**


**Cases:**

Bharti Tele-Ventures

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**Session 7 - 3rd February 2010: Project Preparation**
This is an optional session for which I do not need you to attend class. I expect you to work with your project team to prepare the plan for your term project. An outline will be due in the next session.

Session 8 - 8th February 2010: Indian Conglomerates I

**********One Page Project Outlines Due Today**********

Readings:


Cases:

House of Tata—1995: The Next Generation (A)

House of Tata—2000: The Next Generation (B)

Guest Speaker (Invited):

R. Gopalakrishnan, Executive Vice President, Tata Sons

Optional Readings:


Session 9 - 10th February 2010: Indian Conglomerates II

Readings:


Cases:

RPG Enterprises—1995

Guest Speaker (Invited):

Harsh Goenka, Chairman, RPG Group

Session 10 - 15th February 2010: Indian Conglomerates III

Readings:


Cases:

The Murugappa Group: Centuries-Old Business Heritage and Tradition

Guest Speaker (Invited):

A. Vellayan, Executive Chairman, Murugappa Group, Chennai, India

Session 11 - 17th February 2010: Media & Entertainment I

Readings:

Can Bollywood Go Global?
Cases:
Indian Premier League: Bollywood and Entrepreneurship Transform a Sport

Session 12 - 22nd February 2010: Media & Entertainment II

Readings:

The Changing Face of the Indian Television Industry: 2006

Cases:

Big Bazaar

Optional Readings:


Session 13 - 24th February 2010: Product Innovation

Readings:


Cases:

Mahindra & Mahindra: Creating Scorpio

Session 14 - 1st March 2010: Business Model Innovation I

Readings:

**Cases:**

Strategic Outsourcing at Bharti Airtel Ltd.

Strategic Outsourcing at Bharti Airtel Ltd.: One Year Later

**Guest Speaker (Invited):**

Manoj Kohli, CEO and Joint Managing Director, Bharti Airtel

Session 15 - 3rd March 2010: Business Model Innovation II

**Readings:**


**Cases:**

Dabbawallahs of Mumbai (A)

Dabbawallahs of Mumbai (B)

**Spring Break: 6th-14th March 2010**

Session 16 - 15th March 2010: Bottom of the Pyramid I

**Readings:**

Chapter 1: The Market at the Bottom of the Pyramid, pp. 3-22.
Chapter 2: Products and Services for the BOP, pp. 23-46.

Case:

Narayana Hrudayalaya Heart Hospital: Cardiac Care for the Poor

Session 17 - 17th March 2010: Bottom of the Pyramid II

Readings:


Chapter 4: The Ecosystem for Wealth Creation, pp. 63-76.

Case:

The ITC eChoupal Initiative

Session 18 – 22nd March 2010: Indian Services Sector: Health Care I

Readings:

Chi Kin (Bennett) Yim. “Promoting Healthcare Tourism in India.”

Cases:

Apollo Hospitals: First-World Health Care at Emerging-Market Prices
Session 19 – 24th March 2010: Indian Services Sector: Health Care II

Readings:

Chi Kin (Bennett) Yim. “Healthcare Destinations in Asia.”

Cases:

The Aravind Eye Hospital, Madurai, India: In Service for Sight


Readings:


Cases:

OfficeTiger

Tracmail

Optional Readings:


Session 21 - 31st March 2010: Indian Services Sector: Software I

Readings:


Cases:

Tata Consultancy Services

Optional Readings:


Session 22 - 5th April 2010: Indian Services Sector: Software II

Readings:


Bill George, Shailendra J. Singh and Andrew N. McLean. “Narayana Murthy and Compassionate Capitalism.”

Case:
Infosys Technologies Ltd.: Global Challenges (A) & (B)

Optional Readings:

Infosys Technologies Ltd. (A) & (B)


Session 23 - 7th April 2010: Indian Business in Global Context I

Readings:

Jerry Rao: Diaspora and Entrepreneurship in the Global Economy


Cases:

Dr. Reddy’s Laboratories Ltd.: Chasing a Daring Vision

ICICI’s Global Expansion

Guest Speaker (Invited):

Akhil Gupta, Senior Managing Director, Blackstone and Chairman, Blackstone India

For background information, see:

http://www.blackstone.com/team/pdfs%5CGupta_Akhil.pdf

Session 24 - 12th April 2010: Indian Business in Global Context II
Readings:


Cases:

Cipla

Optional Readings:

“India and Pollution”. The Economist, July 17th 2008.


Session 25 - 14th April 2010: China and India I

Readings:


Yasheng Huang and Tarun Khanna. “Can India Overtake China?” Foreign Policy, July-August 2003, pp.74-81.

Yasheng Huang and Harold F. Hogan Jr. “India’s Intellectual Property Rights Regime and the Pharmaceutical Industry.”

Bruce McKern and Lynn Denend. “The Competitive Advantage of India.” (Reprise)

Guest Speaker (Invited):
David Michael, Senior Partner & Managing Director, Boston Consulting Group, Beijing, China

Optional Readings:


“China, India and Climate Change”. The Economist, June 5th 2008.


Session 26 - 19th April 2010: China and India II

Readings:


Cases:

Haier: Taking a Chinese Company Global

Optional Readings:


Session 27 – 21st April 2010: Project Presentations I

Presentations: In Class Project Team Presentations

Session 28 - 26th April 2010: Project Presentations II

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75. The Outsourcing Bogeyman
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