

Importance Of Leadership In Private Sector Within Indian Economy

Dr. Sangeeta Saxena

Abstract-This paper examines the importance of leadership in private sector within Indian economy which helps in the development of the economy. "For a company to achieve the desired result, its culture – what people think and do – must be aligned with the result."

-Roger Connors, Author of the Oz Principle: Getting Results through Individual and Organizational Accountability.

Leaders and managers are different. By definition, a manager works within a system to maintain existing goals and direction. They use people and equipment to meet a goal or they use a process to produce results. A leader by contrast, sets the direction for projects. They bring vision to reality by gaining commitment from the people in the organization. Successful organizations need both managers and leaders. Management activities are critical to any business. Most often, management is providing the "what" that needs to be done in the daily operation. Leadership provides the "how" those management activities get accomplished. Companies should have the "what" and "how" aligned for optimum results. Inspire. Leaders create the energy for There are 3 common traits that leaders possess: employees to do their best.

Inspire.

Leaders create the energy for employees to do their best. They clear roadblocks and encourage creativity.

Communicate.

Leaders keep employees informed about the organization. They build relationships at all levels in the organization.

Support.

Great leaders create environments where employees feel safe to speak up.

The business environment is constantly changing, but the leadership component remains steadfast. It's important for managers to work collectively to identify and develop leaders in the organization. The success of this collaboration has a direct impact on a company's future. So for the proper and smooth running of the private sector which tends to be fruitful for the growth of the Indian Economy leadership plays an eminent role.

I INTRODUCTION

The private sector plays a key and pivot role in the development of the Indian economy. This sector in the past few years had given a significant development in terms of investment and its share in Gross Domestic Product. The central government has decided to abolish MRTP Act and incorporate a Competition Commission of India to bring the public sector and the private sector on the same platform.

About- Assistant Professor, Future Institute of Management & Technology, 18 km NH-24, Bareilly- Lucknow
Highway Faridpur Bareilly (U.P.) 094570-11630 Prtsaxena087@gmail.com, Saxenasangeeta4@gmail.com

Previously the Indian market was ruled by the govt enterprises but the scene in the Indian market had completely changed as soon as the role of private sector had increased in terms of investments. This gave rise to the Indian private sector companies which prioritized customer's need and satisfaction. This all is possible only with the effective and key role of the leadership which helps the private sector to manage the things and achieved the desired objective. It can be clearer by the following quote given by

Peter. F. Drucker: "Leadership is the lifting of a man's visions to higher sights, the raising of man's performance to a high standard, the building of a man's personality beyond its normal limitations"

II NATURE OF LEADERSHIP

The spirit behind management in action is leadership. All the management activities such as planning, organizing, staffing, decision making are lifeless or inactive shell covers without the effective leadership. The life in the whole management process is poured by the essence of leadership. Leadership has taken on a greater role in the development process with the existence of private sector in an Indian economy. The behavior of the leader directly affects the motivation of workers, because leadership is all about is all about getting results for your followers if the results are positive in nature the people will support you. The leader is a vital medium of communication to people.

As in words of K. Davis:

"Leadership transforms the potential (of machines and people) into reality (of organization)"

Leadership is the activity of influencing people to strive willingly for mutual objectives. This helps a lot to private sector which recently showing its inclination to serve the society through the activities of serving peoples like giving aid to the peoples suffering from natural calamities, launching women empowerment programme, providing help to street children and so on. The Govt of India is looking after the number of agencies in order to identify the areas that had blocked the entry of the private sectors; these areas are like infrastructural development like legal procedures, regulating policies etc. The overall participation of the private sector is comparatively less than that of the public sector. The investment by the private sector in the recent past years i.e. in the first quarter of 1990 registered approximately 56% which arose to nearly 71% in the next quarter accounting for an increase of 15%, certain steps have been taken by the govt which proves to be an stepping stone for the private sector which helps a lot in the journey to success, which includes industrial dilicensing,

devaluation that was previously implemented. The participation of the private sector in Indian economy is desired by the govt of India for infrastructural development including specific sectors like power, development of highways and so on.

The main reason for slow contribution of the private sector in infrastructural development activities are:

The small and medium scale companies in the private sector of Indian economy mainly suffers from shortage of finance which affects their business to other states or diversify their product range.

The private sector of Indian economy also suffers from the absence of appropriate regulatory structure.

The above mentioned shortcomings had been solved and sorted out up to a great extent by the role of leadership. This quality alone can convert cherished dreams into realities. Managers by carrying their managerial functions such as planning, organizing, staffing and controlling may get some results but the contribution induced by leadership ability of the managers can be increased by the proper utilization of all the available employee resources.

III NEED AND IMPORTANCE OF LEADERSHIP

It is an important element of management process that impels others to action. Leadership alone can guide feeling, thinking and action of other people towards a set of objective, because good leadership is essential for effective management. The wheels of an organization must be propelled by leadership. Leader is the fulcrum on which needs of the organization are properly balanced, it is the quality of leadership that usually determines the fame of an organization. The significance of leadership can be understood as follows:

a) *Morale Building*

Good leadership helps in raising morale of the employee in the private sector. The leader lifts a man's vision to higher sights, raises his performance and builds up his personality. He shapes the thinking and the attitude of the person according to the situation and maintains a coordination and cooperation among his followers which helps to be fruitful in the working of the private sector for the development of the Indian economy.

b) *Creating Confidence*

A true leader sustains confidence among his followers. It serves as an aid to formal authority through which desired results can be achieved easily which helps a lot in the smooth functioning of the private sectors with in Indian economy.

c) *Motivation*

Leadership works as a motivating force for the individuals to achieve the desired results. He gives character to the groups and set the tone of the organization which helps in increasing the working efficiency of the working factors for the achievement of the predetermined objectives.

d) *Coordination*

A good leader creates a community of individuals by their way of interest and also by harmonizing organizational goals. He resolves internal conflicts and let the employees to work in the given situation in order to prove his skills. In the words of **Mr. Narayana Murthy: "Leadership is all about courage to dream big"** It means the quality of leadership helps in making a person courageous so that he is able to work and face any situation easily. It also helps in increasing the working efficiency and also to welcome the ideas of others.

IV ACHIEVEMENTS THROUGH LEADERSHIP IN PRIVATE SECTORS

1. Through leadership free market and private enterprise must be given wide scope.
2. The state has encourages and facilitate private sectors in terms of exporting goods and services.
3. It helps to promote efficient production.
4. It helps in extreme and rapid liberalization of imports of locally and regionally produces products.
5. It helps in promoting informatics and telecommunications.
6. Private sector is drawing well targeted programme to reduce unemployment and poverty.
7. As public utilizes are being privatized the state should establish regulatory commissions like a Fair Trading Commission to keep price movements of basic commodities.

V CONCLUSION

Leadership has a pivot importance in smooth running and functioning of the private sector during the present scenario because with the quality of leadership private sectors can help upto a great extent in the economic growth as well as economic development of the country. The importance of private sector in Indian economy over the last 15 years has been tremendous. The opening up of Indian economy has led to free inflow of foreign direct investment (FDI) along with modern cutting edge technology, which increased the importance of private sector in Indian economy considerably. Previously, the Indian market was ruled by the government enterprises but the scene in Indian market changed as soon as the markets were opened for investments. This saw the rise of the Indian private sector companies, which prioritized customer's need and speedy service. This further fueled competition amongst same industry players and even in government organizations. The importance of private sector in Indian economy has been very commendable in generating employment and thus eliminating poverty. Further, it also affected the following -

- Increased quality of life
- Increased access to essential items
- Increased production opportunities
- Lowered prices of essential items
- Increased value of human capital
- Improved social life of the middle class Indian

- Decreased the percentage of people living below the poverty line in India
- Changed the age old perception of poor agriculture based country to a rising manufacturing based country
- Effected increased research and development activity and spending
- Effected better higher education facilities especially in technical fields Ensured fair competition amongst market players
- Dissolved the concept of monopoly and thus neutralized market manipulation practices

The importance of private sector in Indian economy can be witnessed from the tremendous growth of Indian BPOs, Indian software companies, Indian private banks and financial service companies. The manufacturing industry of India is flooded with private Indian companies and in fact they dominate the said industry. Manufacturing companies covering sectors like automobile, chemicals, textiles, agri-foods, computer hardware, telecommunication equipment, and petrochemical products were the main driver of growth. The Indian BPO sector is more concentrated with rendering services to overseas clients. The KPO sector is engaged in delivering knowledge based high-end services to clients. It is estimated, that out of the total US \$ 15 billion KPO service business around US \$ 12 billion of business would be outsourced to India by the end of 2010. However, private enterprises of all sizes must be encouraged by the state to become more efficient and internationally competitive. At the same time, the economy and the wider society cannot be left to be completely run by private enterprise. Some balance, good judgment and common sense must be exercised by the social partners. The state may have to be involved in joint ventures with local, regional and foreign private firms for minerals extraction, telecommunications and public utilities. In cases of divestment the employees must be offered shares in the enterprise. Some may view a "management contract" with an extra-regional firm as an alternative to divestment. The danger here is that the firm undertaking the management will not be facing any risk, so Management contracts should always be combined with some ownership of shares by the management firm.

- 1) Economic growth and development must protect, and restore the environment.
- 2) Economic development in the context of greater self-reliance must come internally from both above and below and externally from diversified patterns of extra-regional exports of goods and services.
- 3) The social partners should vigorously seek to increase domestic savings by the public sector, the private sector and the household (or personal) sector.
- 4) There must be widespread participation in economic activities and in national decision-making based on the principle of social partnership.
- 5) Trade unions should pay more attention to: the stabilization of employment levels within the enterprises of their membership; employment

generation in other enterprises and sectors; and concentration on securing higher wages and other benefits from the enterprises in which their members are employed.

- 6) A rounded view of social justice calls not only for the satisfaction of economic and social rights of individuals and groups within the country, but also for the proper discharge of obligation to society and to the state. This must be explicitly spelt out in any national or regional charters of social rights, which should be termed charters of social right and obligations.