

Importance of ownership in building institutions

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Two weeks ago I wrote about the fertile environment of north Bengaluru, for institutions and vineyards. That led to a conversation about what makes good institutions with one of the leaders of the institutions that I had written about. It was obvious many things are required for the sustained success of institutions. We didn't even talk about most of these factors, for example: clarity of purpose, sustained financial support, a strong functional culture. What we talked about was—ownership.

Ownership is visceral. It is about owning the institution in its entirety. Its purpose, its culture and its people. It is owning the past and owning the making of the future. It is about responsibility and belongingness. It is the intense and sustained feeling that “this is my place. I will make it work. No matter what”. The most successful of institutions have such ownership developed in many people. But it is most important that this visceral sense of ownership be there in the leadership of the organization. If the leadership doesn't have this kind of ownership, it will soon leach away from the entire culture.

The importance of ownership is an uneasy topic in most places, public and not-for-profit private institutions alike. Hardly anyone will deny the importance of ownership by the leadership, but the unease sets in at any next level of detail.

This unease has many causes, but the most common are three. One, the current leadership doesn't have this ownership. And whether or not people speak about it, they know it. Two, while the current leadership has it in abundance, they have not given enough thought about this matter in the context of succession. Worse, they know that there is no successor with such ownership. Third, there is a sense of diffidence about accepting the reality of the importance of individuals. Such feelings are widespread, often having roots in politically correct but flaky and woolly-headed notions, such as “institutions are bigger than people; people don't matter” or “there is no leader(ship), the collective will lead”.

Beyond the sense of unease, the dynamics in public and private institutions are somewhat different. Let us take private not-for-profit institutions first, and in this category we will also include good not-for-profit social sector organizations, not just educational and research institutions.

Most such places have been founded by people who are good, often outstanding. They also have complete ownership. In fact, that is how these institutions have become what they are. But rare is the institution that has given enough thought to succession and acted. It is

only when the age of the founder(s) starts forcing the issue that thought is given to succession.

And by then it is often too late. People from within have not been developed and nurtured to lead. In fact, in many cases it is the very people who had the potential to lead who have left the organization. Often because the budding ownership that they demonstrated was seen as a threat and not nurtured. Sometimes it is the kind of flaky unreal notions about leadership that I have referred to. When the time of reckoning of transition comes, almost all leaders realize that these notions are flaky. But by then they have become so committed to these ideas through years of mouthing them publicly that they do not know how to get out of the tangle.

It doesn't help matters in any way that the funders of such institutions rarely, if ever, are willing to support these most crucial aspects of organization capacity building, including succession. Most funders classify such expenses as "overhead", and want to minimize them. And yet they also demand that the organizations be strong and high-capacity, cavalierly ignoring the contradiction.

As a result of these and other factors, many such organizations start looking for successors from outside. Even if they get a competent person, she cannot have the ownership that is required. Too many organizations I have seen, and am seeing, are struggling with this crisis.

Public institutions often have the same problems as private ones, and in addition have a structural problem. They often are large bureaucracies. Ostensibly working according to rules, they become insensitive to all that is subtle and non-mechanical. The process by which the heads of public institutions are appointed does not consider ownership as a criterion at all. In fact, the process seems to make a fetish of appointing people from outside that institution. This ensures that the new leader has little or no ownership of the institutional culture and purpose. Instead, the new leader sees setting a new direction as the first task. This is partly the reason that most of our public institutions have become dysfunctional or have plateaued to self-satisfied mediocrity.

After Vikram Sarabhai, Satish Dhawan was crucial to the making of Isro (the Indian Space Research Organization), as was M.G.K. Menon after Homi Bhabha for TIFR (Tata Institute of Fundamental Research). Institutions need sustained commitment to a purpose and direction, and the hard grind of building a culture. This is particularly valid for institutions in their early stages, say, the first 20 years, and those of any age that are doing well. Only dysfunctional and degenerate institutions need a deliberate discontinuity on all these matters, brought on by a leader from outside who doesn't own the place.

To build good institutions, leadership needs to work on building inter-generational continuity of ownership. Those who lead should carry the fire that started the institution.

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