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All hail Jugaad? Understanding the latest management fad from India

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Abstract

What do India's huge blackouts this month have to do with the latest fad for CEOs? Forget guanxi, the Chinese art of networking; forget the Japanese-inspired disciplinary regime, the Six Sigma way. The latest fad to hit the CEO conference circuit is the Indian notion of jugaad. Its supporters include, amongst others, Saatchi and Saatchi's CEO Worldwide Kevin Roberts. Borrowing a term for the cobbled-together cars the rural poor drive, this new "Indian way" means throwing out all of the complex and costly organisational burdens that clog up smooth and seamless business: occupational health and safety and risk management just for starters. But is jugaad all rosy?

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All hail Jugaad? Understanding the latest management fad from India

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A jugaad is not only the name for the jalopies driven by India's rural poor; it also refers to a management technique that refers to that country's capacity for indigenous innovation. lut4rp

What do India's huge blackouts this month have to do with the latest fad for CEOs? Forget guanxi, the Chinese art of networking; forget the Japanese-inspired disciplinary regime, the Six Sigma way. The latest fad to hit the CEO conference circuit is the Indian notion of *jugaad*. Its supporters include, amongst others, Saatchi and Saatchi's CEO Worldwide Kevin Roberts. Borrowing a term for the cobbled-together cars the rural poor drive, this new "Indian way" means throwing out all of the complex and costly organisational burdens that clog up smooth and seamless business: occupational health and safety and risk management just for starters. But is jugaad all rosy?

Jugaad innovation

According to Navi Radjou, Jaideep Prabhu and Simone Ahuja, jugaad is a form of innovation combining frugality with flexibility and, in typical MBAese, they say that "Western companies can adopt jugaad to succeed in our hypercompetitive world".

According to these management experts, there are similar words in other cultures: *zizhu chuangxin* in China, *gambiarra* in Brazil, D.I.Y. in the United States, *jua kali* in Africa and *système D* in France (and perhaps 'bodge' in Australia). However, according to these experts, none of these cultures have made it a way of life like India has.

So what is jugaad and why has it got management gurus and CEOs so excited? On the ground in India, the Hindi word *jugaad* is the slang term for the cobbled together vehicles

driven by the rural poor. These jalopies are, in many cases, the front end of a motorbike attached to the back end of a truck, with some clever rewiring and customisation of the engine and suspension. This is certainly making do, but not in the exciting way these management experts envisage.

Jugaad - The Movie

This value system captures the Indian way of doing things so well they even made a Bollywood movie about it. Jugaad, written and produced by Sandeep Kapur and directed by Anand Kumar, revolves around the exploits of a CEO who is a victim of the Delhi "sealing drive" that saw the enforced closure of shops in residential areas by municipal authorities. To work around this crackdown, the CEO had to mobilise his jugaad. In this movie, the self-empowering connotations of jugaad contrast with the dilapidated and jury-rigged Ambassador car the protagonist drives manically around Delhi as he attempts to mobilise his informal networks and residual capital.

But this is not the jugaad innovation that management gurus are peddling. India became an economic power by tailoring cost-cutting, and corner-cutting, information technology services, applying outsourcing, parachuting, bodyshopping, and all sorts of other techniques to undercut other countries' local wages and skills. And this is where jugaad innovation meets the global economy.

Despite some criticism, this systemic, strategic jugaad allowed thousands of Indian businesses to win the market and power India's economy. Outsourcing coding and call centres to India has waned in popularity from the dizzy heights these services attained in the early 2000s. But the no-holds-barred way of doing business in India has captured the imagination of global CEOs and made them look more closely at Indian business.

Power cuts

Surprisingly, aspirational consumers in China and India - the new "middle class" - were unaffected by the global financial crisis, as these countries' high growth remained relatively intact. Consumers mostly had only nominal debts in the first place.

Upon closer inspection it appeared that those living on the periphery of the global financial system were innovating in some surprising ways. Rather than buying a new car every couple of years through a loan contract, they simply repaired the one they already owned as best they could. Rather than suffering regular brown and blackouts, they go out and cobble together a generator or jerry-rig a solar panel. And when the grid is working, they don't pay for electricity, but instead steal it from their neighbour, who steals their neighbour's power and so on, all the way up the line. This jugaad of electricity theft is part of the story behind the vast blackouts in August this year that left half of India's population without power. Seeing this huge potential market Indian companies cleverly adopted jugaad innovation in their product lines with mixed results.

Carmaker Tata released the "bottom of the pyramid" (BOP) price-point Tata Nano car, essentially a motorbike engine with a car exterior and four wheels. While much lauded in the international media as the world's cheapest car, ultimately the Tata Nano was less of a success within India as those at the BOP tended to carry on as usual, making do and getting by, repairing and reusing their jalopies.

And so it's not all as rosy as it seems. According to the World Health Organization (WHO), India has the highest number of road fatalities a year in the world (105,725 at last count) and surely jugaad has something to do with this tally. The word jugaad is also slang for "corruption," and is too often the face of criminal activity. It should be applied with some caution, and is not necessarily a shining example of innovation for world business.