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Moral quotient as important as IQ, says Nitin Paranjpe

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Nitin Paranjpe CEO and Managing Director of Hindustan Unilever

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Chennai, Jan. 29:

Companies need to come up with new models of doing business that maximise what they give back to society, rather than just maximising returns to their shareholders, said Nitin Paranjpe, CEO and Managing Director of Hindustan Unilever, at a keynote address in Chennai on Tuesday. He was speaking at an event organised by the Great Lakes Institute of Management.

“Trust and confidence in business are at an all-time low today,” he noted and that is ironic because “if ever there was a time when job creation was imperative, this is it.”

The seismic changes triggered by the global financial crisis are forcing managers to reinvent business models around factors such as better governance and a smaller environmental footprint, he added. He felt that businesses that didn’t adapt to this quickly would be forced into extinction by societal and consumer pressures.

This change will require companies to go back to the original belief that the purpose of business is to fulfil a need and that being profitable is merely incidental to this, he said. He cited the example of William Hulmes Lever, who decided to make bar soaps to solve the problems of disease, squalor and drudgery that he saw around him and thus ended up founding FMCG behemoth Unilever. This is how Unilever’s initial brands – Lifebuoy and Sunlight – were born. Given this backdrop, managers today are recruited not just for their IQ (Intelligence Quotient) or EQ (Emotional Quotient), but also for their Moral Quotient (MQ), he said.

Asked by students whether it was possible to do business in the real world without compromises, Paranjpe said it was certainly possible. He cited an instance where Hindustan Unilever had to idle a new manufacturing unit for six months because it did not want to pay the small bribe demanded for the electrical connection. He also recounted how, on one occasion, the company decided to evacuate all its staff from Assam, since it did not want to bend to extortion threats from militant groups.

Joining his voice with Paranjpe, Lakshmi Narayanan, founder and Vice-Chairman of Cognizant Technology Solutions, said that being “socially conscious, tolerant and able to interact with everyone” were the qualities that he looked for in today’s students aspiring to be managers.

Both speakers were here to attend L’atitude 13’05, the annual fest at Great Lakes Institute of Management’s sylvan campus at Manamai. They addressed a group of over 300 management students who are set to graduate this year.

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