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How to manufacture billionaires

By Gaurav Dalmia

When I was asked to write a commentary on what makes Marwari billionaires tick, I was initially apprehensive. I was not a Marwari in a true sense; I had been globalized and followed only a few of the core Marwari edicts. And I was not a dollar billionaire, though some of my cousins were and I was some years away from crossing that threshold. Nonetheless, the Marwari formula, for whatever it's worth, was alive in kicking in me. Hence this piece.

To start, I should point out there is no unique Marwari potion. People from many backgrounds exhibit a winning mix. In the late 90's, Harvard organized a symposium called Culture Matters. Their conclusion: however politically incorrect it may sound, cultural values are powerful factors in promoting prosperity. Sociologist Joel Kotkin's separate research found common characteristics amongst the five distinct ethnic groups that were rising to prominence globally: ethnic identity, global trust networks and a passion for technical knowledge.

Marwaris share many values with immigrants of all hues. Yale professor Amy Chua's "triple package" -- superiority, insecurity and impulse control -- is considered a predictor of wealth and power amongst immigrant groups in the US. Marwaris have immense self-confidence about their abilities, yet they are sufficiently insecure to be humble. Their preference for investment over consumption is the key to wealth creation. Frugality also has character building implications. Avoiding temptations leads to focus, less dissipation of energy, and provides the grit to persevere.

The Five Factor Model is a robust framework for understanding personality. Its five domains are a reliable proxy for most traits and behaviours. In my assessment, the Marwari community would score well: A- on openness, A+ on conscientiousness, B+ on extraversion, A on agreeableness, and B on neuroticism, the only variable where a lower score is a positive. Such a scorecard would put Marwaris in the top quartile, though these may not come out as surface characteristics in casual interaction.

Just like the Protestant-Calvinist ethic was an important force behind America's historic ascent, the Marwari mix of Hindu beliefs is influential. Of the four forms of Hindu religiosity -- *bhakti-marg*, *gyana-marg*, *vir-marg*, and *karma-marg* -- Marwaris are adherents of the

latter. This has helped them embrace commerce. It is not surprising that Marwaris are amongst the wealthiest in their peer groups, whether one takes a sample in India's metropolitan centres or in small towns in north-east India.

Marwaris have an extraordinary sense of community. They live by Ratan Tata's famous words: "If you want to go fast, go alone; if you want to go far, go together". Marwaris make sacrifices for the sake of their families, businesses and community. This has profound ramifications. Last month, a leading banker was telling me that Tamil, Gujarati, and Marwari owned businesses have less succession challenges and accounting surprises than average. Such things compound to create stronger businesses and larger wealth.

With respect to building scale, the Marwari ecosystem is a platform for growth. This is the same tool Bangladeshi entrepreneurs have used to get 80% share of the Indian restaurant business in the UK, and to break ahead from other groups such as Pakistanis in terms of education levels or monthly incomes. Political economist Francis Fukuyama has shown that prosperous countries are those where business relations can be conducted on the basis of trust: informally, flexibly, without much transaction cost, and with speed. Extrapolating this to communities, Jews stand out in Europe and the US and Palestinian-Lebanese in the Middle East and Western Africa. In India, there are case studies on Gujarati community networks; Marwari networks are a close second.

One could easily substitute the word Marwari with Gujarati or Punjabi or Baniya or Tamil, and one will see similar characteristics amongst the members of the Billionaires List. The only differences will be how universal these qualities are in different ethnic groups and the minor cultural nuances. There is no guarantee these values will transcend multiple generations. The Marwari hold on the super-rich league tables has weakened considerably over the past half-century; the list is now populated with a dynamic cross-section of Indian society. Irrespective of cultural diversity, amongst the super-achievers, a common thread will be a weak mental correlation between success and material wealth. For most, money has reached a point of diminishing returns, and at best, they regard it as a form of keeping score. In that sense, they will tell you that money is far more exciting than anything it buys!

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