AN EXPLORATION OF LEADERSHIP STYLE WITH REFERENCE TO RATAN TATA: A CASE STUDY

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ABSTRACT

Business organizations differ only in the degree and rate of change. To survive and succeed in the ever changing environment, businessmen have to be creator and master of change. It is essential for business organizations to adopt suitable change programs and change strategies, if they want to meet the challenges of change. When organizations are going in for change, they have to build new capabilities in terms of various parameters and have to transform such capabilities into result oriented actions. The leader is an important determinant for the success of any organization, society and country.

Effective leadership in change process is particularly important because all these factors involved in organizational change. The competencies such as emotional intelligence, integrity, drive, leadership motivation, self confidence, intelligence and knowledge of business are essential for effective leadership for change.

Ratan Tata started his career as a chairman to Tata Group of Companies in 1991. He took charge from J.R.D. Tata. It was a period of economic reforms such as liberalization, privatization and globalization of business.

The constantly changing business environment needs the business leaders like Ratan Tata for managing the change. Ratan Tata during his tenure led the Tata Group of Companies for 21 years and established Tata as a world brand. He used the various leadership styles such as transformational, transactional. He also used product orientation as well as people orientation concern. He led the Tata Group with the qualities such as courage, creativity; risk bearing ability, social sense, sense of employee training and development and ultimately having a quality concern about the product.

**Keywords:** Effective Leadership, Leadership Style Transformational & Transactional Leadership, Creativity, Change Management.
INTRODUCTION

Business organizations differ only in the degree and rate of change. To survive and succeed in the ever changing environment, businessmen have to be a creator and master of change. Faced with great deal of environmental changes, it has become essential for business organizations to adopt suitable change programs and change strategies, if they want to meet the challenges of change. When organizations are going in for change, they have to build new capabilities in terms of various parameters and have to transform such capabilities into result oriented actions. The leader is an important determinant for the success of any organization, society and country.

RATIONALE OF THE STUDY

It is a leader who navigates and provides vision and mission for his people. Leadership is the life force and the spirit of an organization that holds everything together. The wise leader uses the force from within to inspire and motivate his people. Without the leader, an organization, a society and a country are merely collection of people (Sheh, 2003). The behavior of leaders have been found to account for organizations overall performance. Leadership styles and effectiveness of interactions between leaders and their subordinates are important determinants of team success in any hierarchical organization. To be an effective leader each person must analysis his own style and determine the scope of his zone of leadership. Therefore, it necessary to study the approach of the leader and leadership style of corporate leaders in particular and leaders of the business organizations in general who have contributed towards well being for the organizations, country and society at large.

CONCEPTUAL ASPECTS

Leadership style denotes the way in which the leaders themselves behave by of exercising their influence and power to affect responses of other through which they have to get things. Renesis Likert (1967) conducted a research on different leadership styles. Based on his research findings, he developed an important conceptual background to understand the leadership behavior and he classified it into four alternative styles. viz. Exploitative Authoritative Leadership style, Benevolent Authoritative Leadership style, Consultative Democratic Leadership style and Participative Democratic Leadership style. The other leadership styles are – Free-rein leadership style, Bureaucratic style and Neurocratic style. The leadership styles practiced by corporate leaders or managers ranging from autocratic to follower- centered. The leadership style is more likely to be effective in an organization depends upon the following factors:

1. Organisation value system and traditions
2. Stage of evolution of an organization
3. Nature of task of organization, job profile of employees
4. Personality and value system of leader
5. Willingness of subordinates to assume responsibilities
6. Knowledge, experience, competence and level of tolerance for ambiguity of the subordinates.
Leadership is imperative for molding a group of people into a team, shaping them into force that serves as a competitive business advantage. The strength of a leader is measured by the ability to facilitate the self leadership of others. Leader must lead first themselves and ---

- Recognize that he is role model and act accordingly
- Be visible and listen to concerns
- Be consistent in what you say
- Be empathetic to concerns
- Process in supportive, positive and constructive way
- Ensure that business runs smoothly during change process
- Involve people and explain what is happening
- Focus on team work and team development needs
- Be aware that people respond differently to change

A variety of approaches and leadership styles will be needed to deal with this. Transformational leadership as compared to transactional leadership has a major impact on the quality and efficiency of their subordinates (Burns, 1978; Bass, 1985; Bycio, Hackett and Allen, 1995). Transformational leadership includes inspirational leadership, intellectual stimulation, individualized consideration and charisma. However transactional leadership includes passionate commitment to a new vision for the organization’s future and their ability to share that vision. This leadership strengthens concerns for existence to concerns for achievement and growth which lead to the development of competences among the lower levels (Vaishali and Kumar, 2001).

**OBJECTIVE OF THE STUDY**

To study the leadership style and approaches of leadership in general and the leadership style and approach of Ratan Tata in particular.

**RESEARCH DESIGN & DATA COLLECTION**

The present study is a case study of Ratan Tata- an Indian businessman and a successful business leader. The published literature in relation with Tata group of companies and also on Ratan Tata is the source of the data of this research work. Therefore, the data and references used for this work are secondary one. It is case study i.e. descriptive research.

**LIMITATIONS**

The study is based on the secondary data. The statistics is collected through various published books by Tata group of companies, Tata trust and other publishers.

**EFFECTIVE LEADERSHIP FOR CHANGE**

Organizational change is a constant challenge to the leaders. The ever changing technologies make yesterdays choices obsolete. The economical, social and legal factors in the environment make organization to go for change. Corporate restructuring (mergers and acquisitions) are on the rise. Customers drive is based on better faster and cheaper. The volume of information is overwhelming. This situations being an effective change agent necessitating a leader not to copy a single leadership style but to have the combination of different styles and strategies which shall work every time systematically.
Effective leadership in change process is particularly important because all these factors involved in organizational change. According to McShane and VonGlinow (2004), a leader must be able to influence, motivate and enable others to contribute towards the effectiveness and success of organization. McShane and VonGlinow outlined the competencies such as emotional intelligence, integrity, drive, leadership motivation, self confidence, intelligence and knowledge of business for effective leadership for change.

When drastic organizational changes are involved having leaders who are people oriented as opposed to task oriented will be better able to anticipate the needs of the employs as they motivate and enable them to change. Also, by using Lewin Kurt’s three stage model for change which involves initiating change (unfreezing), managing the change (changing), and stabilizing the change (refreezing), a leader can effectively manage the change.

The leadership styles that are effective in leading change and that are essential for leaders to maintain vigor and interest right through, nurture and organizational culture where work is not static and reciprocally rewarding and handle the stress effectively in the times of change. To understand the types of leadership styles, no one can tell that a specific leadership style is successful and effective in all the situations. Therefore a leader need not be perfect in all situations. However he should be familiar with some of the common issues which immerge in day to day management. These are ----

1. Along with good management – realize a focus on people in long run, get balance between task orientation and people orientation and have a flexibility to adopt particular leadership style for particular situation.
2. Leadership is required and the form of leadership style that focuses organizational goals values, high order needs and gives meaning for people.
3. The importance of people centered leadership that address peoples’ anxieties and fears, realizes emotional turbulence, keep people under control.

PROFILE OF THE TATA GROUP

The Tata group is an often large Indian multi-industry and multinational group of companies having it’s headquarter in Mumbai, Maharashtra. The group is functioning in seven business sectors: consumer products, chemicals engineering, energy, materials, communication and information technology and services. The group was founded by Jamshedji Tata in 1868 and chaired till 1904. The Headship is followed by Dorab Tata (1904-1932),Nowroji Saklatwala (1903-1938),J. R. D. Tata (1938-1991),Ratan Tata (1991-2012)and Cyrus Mistry (2012-Present) . Today, it has operations in more than 80 countries in the world. Over 100 companies of Tata group are operating independently and the key products of these companies are: automotive, airline, steel, electricity generation, chemicals, beverages, telecom, retail, consumer goods, engineering, construction and financial services. The Tata group generated revenue US$ 105 billion (2012-13) and earned a profit of US $6.23 billion (2012-13). The total assets of the group are US$ 107.17 billion (2012-13).The number of employees working in the Tata group are 4, 55,000 (2012-13). The Tata group receives more than 58% of its revenue from outside India. The group remains a family owned-from the Tata family- as majority stake own by Tata family. Tata Sons is the promoter of all important Tata companies and holds the bulk of shareholding in these companies. As per ASSOCHAM survey the Tata group and its companies is perceived to be India’s best-known global brand. The group recommended in1917, a medical-services policy for employees of the company and launched the schemes such as workers’ compensation, maternity benefits, and profit-sharing plans first time in the world. The Tata group has helped in establishing and financed for numerous quality research, educational, and cultural institutions. For the philanthropic activities Tata group established the following institutes:
EFFECTIVE LEADER — RATAN TATA

Ratan Tata born on 28-12-1937, an Indian businessman who became the chairman of Tata Group in 1991 and stepped down in 2012, a Mumbai based conglomerate. He completed his schooling in Mumbai and Shimala, B. S. in Architecture with structural engineering in Cornell University, USA and Advanced Management Program from Harvard Business School. Career as A leader to Tata Group of Companies Ratan Tata started his career as a Chairman to Tata Group of Companies in 1991. He took charge from J.R.D. Tata. It was a period of economic reforms such as liberalization, privatization and globalization of business. He is recipient of Padma Bhushan award in 2000 and Padma Vibhushan Award in 2008 of Government of India.

DISCUSSIONS

After having the study of conceptual aspects of leadership style and approaches of leadership as well and the literature, the data relating to the performance of the Tata group of companies under the leadership of Ratan Tata the discussion reveals the following:

ESTABLISHMENT OF CONTROL

Ratan Tata took charge from J.R.D. Tata, at that time the share of Tata Sons in the group of Tata companies was very low. It was 3% in TELCO, 12% in Indian Hotels. In all the share of Tata family in all the companies under Tata Group came down to 1.5%. Under his leadership the share of Tata Sons has increased up to 26%. It is the result of his vision towards exercising the control by increasing the share in the companies. For this he handled every situation carefully, worked together with all officers and gained cooperation from his team members. This change has been effected by the leadership of the Ratan Tata by using unity of command and unity of direction. He expanded CEO’s concept of community philanthropy to be included in the workplace. The Tata group instituted an eight-hour workday, before nearly any other company into world.

ESTABLISHED TATA BRAND

When Ratan Tata took charge there were different brands under Tata Group of Companies. The various companies under Tata Group were competing among themselves (TELCO, TISCO, TOMCO, etc.). Therefore Ratan Tata decided to have a Tata brand for all the companies and TELCO transformed in Tata Motors, TISCO transformed into Tata Steel and TOMCO transformed into Tata Oils. He also brought the peculiar monogram of ‘T’ letter. It was his vision to give the brand identity
of Tata Group. It is also decided by Ratan Tata to use the brand by all the companies under Tata Group. With this he established the identity of Tata Group. However, the established brand such as Taj Group of Hotels kept as it is. Because of this it helped to codify the companies under Tata brand.

COMMUNICATION OF BRAND

Ratan Tata used systematic communication to reach the Tata brand to common people. He wanted to know the people that the name Tata is not only related to iron and steel but it is also related to technologies, chemicals, textiles, information and communication, etc. In 2002-03 and 2004-05 through advertisement Ratan Tata used the slogan such has ‘A Century of Trust’ and ‘Improving the quality of life’. He was determinant to communicate the values of Tata group of companies, i.e. faith, reliability and service to the nation. Because of brand and trademark, it brought a coordination and relevance to communicate the values of Tata Group to the common people.

CREATIVITY AND INNOVATION

Creativity and innovation are the important aspects of Tata Industries. Ratan Tata says creativity is a nucleus of business excellence. He used this excellence in Titan watches. The thinnest watch or the low priced car in the world i.e. Nano and supercomputer are manufactured by Tata Group. These are the examples of Tata Group. To motivate the creativity Ratan Tata established Tata Innovation Forum in 2007. The forum works for generating the idea among the people and tries to bring it in practice. Tata nano, Tata Swach and a software to teach illiterate adults in 40 hours are few examples.

PROTECTION OF BRAND

The established brands are not free from the danger of ‘tall poppy syndrome’. When brand establish and becomes popular worldwide the other manufacturers unduly copy the brand. Tata trademark was facing a problem of such copy/piracy. In this connection Ratan Tata is soft. According to him one should not be behind such a common manufacturer, who imitates a strong brand. However, if it becomes dangerous to the customers and sold illegally on such circumstances Tata Group shall defend legally at national level and it will take help of World Intellectual Property Organization (WIPO) at international level.

THE NANO: PEOPLE’S CAR

When Ratan Tata was passing on the road he saw a four members’ family was travelling by a scooter. He saw a dream that shall I give a small car to such middleclass family which uses motorcycle/scooter. This generated the idea to manufacture a small car in Rs. 1 lac and he showed a model of it in Auto Expo, New Delhi, 2009. For the manufacture of Nano car he established a plant Singoor, West Bengal and invested Rs.1500 corer. Unfortunately some political leaders agitated against the project on land acquisition issue. As a result Ratan Tata announced the closing of Singoor plant and shifting it to Sanand, Gujarat. It was a tough time for Ratan Tata, however he solved it calmly. Because he thought that these are uncontrollable factors and it was a solution to such a problem. Nano was a promise about commitment to the creativity. When you succeed people expect more. Ratan Tata responded to this expecting that we too are human beings.
TATA WORLD BRAND

Tata Tea (now Tata Global Beverages Ltd.) acquired Tetley Tea in 2000. Tetley had a well established distribution network and experience of selling tea bags in markets such as the US, UK, Canada and Europe. In 2005 Tata Chemicals acquired Bruner Mod. The Tata Group’s biggest acquisition was of Anglo-Dutch steel maker Corus Group Plc. in 2007. The company has renamed Tata Steel Europe. The acquisition of Corus brought the Tata Group as seventh largest steel producer in the world.

Another more fruitful acquisition than Corus was Tata Motors’ acquisition of iconic British car maker Jaguar Land Rover. This acquisition provided hedge against the weakness faced by the companies’ domestic passenger car business. There have been several acquisitions: TCS bought CMC Ltd.; Tata Sons acquired VSNL (now Tata Communication Ltd.); Tata Motors bought heavy vehicle units of Daewoo Motors in Korea; Tata Steel acquired Singapore’s NatSteel; Indian Hotels Co. Ltd. took over the management of The Pierre in New York. These are the efforts of Ratan Tata’s courage and risk bearing abilities to have a worldwide business of Tata Group.

TATA SWACH (CLEAN)

Tata swach is a compact in-home water purification device. The Tata group is developing this device for clean drinking water for the people at low cost. It is the idea that has been generated by Ratan Tata because of the tsunami tragedy of 2004 in the Indian Ocean. The device will work without electricity and will fulfill the need of clean drinking water to the family having five members and cost less than Rs. 1000. He also gave a vision to TCS, Titan group and Tata Chemicals to develop water purification device – Tata Swach.

SOCIAL SERVICE

Tata Group has established Tata Trust. Each company under Tata group channels 4% of its operating income to the Tata Trust. The institutions founded by the group - TIFR, TISS, Tata Memorial Hospitals are the important examples of social services, these are supported and cherished by the group. The Tata Medical Centre was inaugurated by Ratan Tata to provide medical facilities to the needy people. From 1931 Tata Group donated Rs. 1888 corer (436 million dollars). These donations are divided in:


After Mumbai attack Ratan Tata personally visited the families of employees that were affected. He also compensated to the railway employees, police staff & pedestrians. He paid a salary to the employees despite the close of hotel due to Mumbai attack and provided food, water, sanitation and first aid through employee outreach program. A psychiatric institution was established to council who were affected from attack and needed help. Ratan Tata also granted the education of 46 children’s of the victims of the terrorist attack.

THE VALUES

The values of Tata Group of Companies are faith, reliability and service to the nation. Training and development is an important aspect of Tata culture. The leadership qualities of Ratan
Tata are coupled with: social service, faith and commitment, justice and responsibility, trust, creativity and industriousness, global aspiration, quality and real value of money, good understanding.

CONCLUSION

People within and outside Bombay house assumed that Ratan Tata is not competent and do not possess the charisma as JRD Tata, when he took the charge of Tata group in 1991. After 21 years when he handed over the charge of the Tata group to Cyrus Mistry in 2012 he proved his charisma and achieved his own agenda when he stepped in Tata Group in 1991 at Rs.3.46lakh crore, The Tata Group revenue is gone up 40 times and net profit gone up four times in 2012. The constantly changing business environment needs the business leaders like Ratan Tata for managing the change. Ratan Tata during his tenure led the Tata Group of Companies for 21 years and established Tata as a world brand. He used the various leadership styles such as transformational, transactional. Ratan Tata identified the needs, aspirations and drives of the people and accordingly responded to provide it in various ways (automobile, tea, power, health, fundamental research). He has given the hope to fulfill it through words and actions (Nano). Considering the financial performance he transformed the people into followers. He also used product orientation as well as people orientation concern. He led the Tata Group with the qualities such as courage, creativity; risk bearing ability, social sense, sense of employee training and development and ultimately having a quality concern about the product.

FUTURE RESEARCH

There is scope for further research studies on ----

1. Management process in Tata group
2. A study of organizational culture in Tata group
3. Ratan Tata: A leadership model

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WEB RESOURCES

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