

Leadership in tata group



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Introduction:

Leadership is integrated part of our life. According to corporate chief and former US presidential candidate Ross Perot, “ the principles of leadership are timeless because, in a rapidly changing world, human nature remains a constant”. We all experience leadership in our life from early childhood in our families, through friendships, social, recreational and sports activities, school and higher education, to politics and government, and, of course, in our work, we all recognize leadership in other people and often in ourselves. In government, global corporations and small businesses alike, the leadership role is becoming more demanding, more open to scrutiny and more difficult [Roger Gill].

The development of leadership theory also parallels the development of organizational theory. The bureaucratic form of organization is characterized by 'laissez-faire leadership' - whereby so-called leaders tend to avoid taking a stand, ignore problems, not follow up, and refrain from intervening - or transactional leadership, in which leaders practise management by exception, focusing only on deviations from what is required, and contingent reward, rewarding people (either materially or psychologically) for achieving what is required. The emergence of the post-bureaucratic form of organization in the late nineteenth century reflects the development of the concept of transformational leadership.

Theory & Approaches to Leadership: Number of Leadership theories and approaches has been evolved on the basis of Style, Trait, Behavioural, Transformational, Situational and Charisma. Many researchers made efforts linking some of the theories across these leadership approaches. But each model has its own pros, cons, assumptions and limitations. Latest researches are conducted on Situational & Transformational leadership styles.

Leadership gurus presented new models as variations to the already existing models. Max Weber, MacGregor, Bernard Bass, Warren Bennis & Nanus are few important researchers in the area of transformational leadership.

Understanding the difference between transactional and transformational leadership is vital in getting the whole concept of transformational leadership theory.

In general, a relationship between two people is based on the level of exchange they have. Exchange need not be money or material; it can be anything. The more exchange they have the more stronger the relation.

Manager's expects more productivity from employee in order to give good rewards. In this way, if something is done to anyone based on the return then that relation is called as ' Transactional' type. In business, leaders announces rewards in turn to the productivity. These relations are all about requirements, conditions and rewards. In life, at one point of time, things happen without expectation from other side. Say, mom's dedicated service to her kid. Mom doesn't expect anything from the child and the service she provides in raising the child is unconditional, dedicated, committed. Mom plays a major role in shaping up the kid's future life. This type of relation is called as ' Transformational'. Leaders do exist in this world with these behaviours. Transformational Leaders work toward a common goal with followers; put followers in front and develop them; take followers' to next level; inspire followers to transcend their own self-interests in achieving superior results.

Leadership Approach in TATA Group:

TATA Group founded in 1868, is an Indian multinational conglomerate headquartered in the Mumbai, India. The Group has 500, 000 employees spread over six continents (more than 80 countries). TATA Group current market capitalization is worth \$80bn and is the largest private corporate group in India. TATA Group is biggest employer in UK, employing more than 50, 000 people. TATA Group has interests in communications, IT, engineering, materials, services, energy, consumer products and chemicals. Its chairman, Ratan Tata is one of India's and the world's most influential person right now. The Tata Group is known for its good business ethics and corporate governance.

TATA Group's leadership development programme aims at grooming the managers of today into the leaders of tomorrow. The leadership development programme conceived by JRD Tata, the late chairman of TATA group in 1950's. The idea behind the leadership programme known as Tata Administrative Services (TAS) was to select and groom young managers, provide them opportunity for professional growth, and make them leaders of tomorrow. This is TATA's in-house programme and has goal is to provide training to high performers, act as a cradle of change and develop the leadership qualities. Most of the TATA Group companies are traditionally led by these groomed leaders.

The Group leadership style has been quite consistent from its existence since 1868. The Group has incorporated some more leadership changes which are essential in current century to drive towards more competitive. In terms of leadership style, TATA Group has adopted a team-led culture.

With Ratan as a leader, the management style of the entire TATA Group has changed; trust became a huge facet and theme of the group. Ratan Tata has put a complete organisational restructuring when he took over by taking a more matrix-style approach building teams. These changes would have obviously transformed a lot in the business, senior managers would have had to be on their toes and flexibility and adaptability became essential qualities to have. The leadership changed from a centralised, command centre to a much more distributed form with employees and all managers enjoying greater responsibility and knowledge about the Group, which would have in turn; motivated them to work harder and as a group. From distinctive leadership models available such as the McGregor Theory X and Y; where a <https://assignbuster.com/leadership-in-tata-group/>

theory X manager believes workers dislike work, are not creative and avoid all responsibility while a theory Y manager believes that workers get as much enjoyment from work as they can derive with leisure, accept responsibility and are creative; it can be seen from this, that Ratan wanted all his managers to be modelled as closely to Theory Y and he himself could be called a Theory Y manager. He encouraged managers to be innovative and share all their ideas, consulting actively with them and giving them more responsibility and importantly encouraged team-working.

Five Factor Model (Big Five):

Emotional Stability: Ratan Tata has very low anxiety within him and has great sense of security with his future leadership.

Extraversion: Even being a bachelor Ratan Tata is very sociable. He has produced very positive affect on future leadership of TATA Group.

Openness: He believes in originality and versatility. By making £1200/- car he has shown his great interest with and innovation seeking personality.

Agreeableness: Within his management team Ratan Tata is well trusted and very friendly.

Conscientiousness: He is very dutifulness. He spent most of his life working for TATA Group without any self-interest. He is very well organised as well.

Style (Behaviour) Theory in TATA Group:

As per style theory, there are three types of leadership models are evident in leadership. These are as follows.

- Autocratic
- Democratic
- Laissez-faire

Ratan Tata is a leader who engages more democratic style of leadership approach. However at previous occasion has used other two kind of style as well. He is more democratic because he always encourages his group leadership to be creating good communication and participation. Future leadership are well informed about future strategy and they are very well engaged in decision making process. Most of the group long-term and short-term strategies are formulated by the lower rank of the leadership. They are treated as stake holders. Until now TATA Group has got leadership within them. Ratan Tata has occasionally shown some form of autocratic style of leadership. Sometimes when needed especially when quick and informed decisions have to be taken, but he is never too commanding in his nature, being a man of few words and being more of a man of action, this is evident from the manner he aggressively pushes for bold international deals, such as during the global acquisitions of business powerhouses such as Corus, Jaguar and Land Rover, and Tetley Tea. One of his senior leadership team member, Muthuraman(Executive Director) refers him “ Ratan was the chief architect of the Corus deal. I was worried about the magnitude and the amount of money. But he instilled confidence.”

In daily routine matters and in developing the leadership, Ratan Tata also uses facets of the Laissez-Faire model such as the delegation of important duties and decision-making, he also does not in any way interfere with any manager’s functioning, he might make a broad strategic assessment but he

does not interfere in operational issues and details, this shows that he has complete trust and faith in his managers and believes in their ability, this quote from Gopalakrishnan, an executive director of the company, shows how much value Ratan Tata places on his trust, this can be highly motivating for managers and workers alike, “ I remember what Ratan told us at a meeting. He said that he will continue to trust all his managers, but once they lose that trust, he will go after them. I think that is a very fair deal.”

Max Weber’s Leadership Model in TATA Group:

Looking at Max Weber’s Transactional and Transformational Leadership models, where a leader is classed in three forms which are Bureaucratic, Charismatic and Traditional, where a bureaucratic leader is one who is always bound by the set rule and does not want to go beyond them; a Traditional leader is one who does and follows everything from a long past or history and always loyally obeys these ‘ traditions’; a Charismatic leader is one who uses his own laurels or abilities to inspire and is one who can be described as radically opposed to administrative rules and legal principles. From these models, Ratan Tata falls into the Charismatic form because he is one who leads by example, coming up with highly innovative ideas such as £1200 (Rs. One Lakh) car the ‘ Nano’, budget hotels or low-end watches, he brought radical change to the Tata Group as a whole, changing it from its ‘ Traditional’ mindset to new more flexible and adaptive cultural mindset.

Bennis & Nanus Transformational Leadership Model in TATA Group:

We can see from Bennis and Nanus’s Transformational Leadership model that the transformational leaders groom their followers into self-empowered

leaders and their main focus is to articulate vision and values clearly so the newly self-empowered leaders know where to go. Their traits include logical thinking, persistence, empowerment and self-control. Bennis and Nanus has evolved the model which emphasis on the four I's of Transformational leadership, which are

- Idealised Influence (being a role model)
- Inspirational Motivation (creating a team spirit, motivating and provide a challenge)
- Intellectual Stimulation (innovation and creativity)
- Individual Consideration (mentoring and providing support for followers)

Ratan Tata, Chairman of the TATA Group has been proved a true transformational leader. We can see all I's built-in in Ratan Tata. He is the leader with great vision hence he knows right approach to groom future leadership. He has implemented the team spirit in whole group at every level. He empowers all his managers and executives and has complete faith in them, he is extremely innovative and is credited for much of the Group's new products, he places a great deal of importance to his R&D department and he definitely cares deeply about the welfare of all his employees and managers. During the Mumbai's terrorist attack in Taj Hotel, he took front line in leading at the time of crises. In his vision statement he articulated " One hundred years from now, I expect TATA Group to be much bigger, of course, than it is now. More importantly, I hope the Group comes to be regarded as being the best in India. Best in the Manner in which we operate, best in the products we deliver and best in our value system and ethics.

Having said that, I hope that a hundred years from now we will spread our wings far beyond India, that we become a global group, operating in many countries, as Indian business conglomerate that is at home in the world, carrying the same set of trust as we do today”.

As a leader of a global business group, Ratan Tata knows the fierce competition experienced by his business empire. He makes all effort to make his business competitive at global level. Through transformational leadership process TATA Group has made their processes and technology up to date. Once Ratan Tata said to his managers in his vision speech “ A company or business which remains static is a business that will die; a company that constantly changes and accepts that there are better ways to do things than the way they are done today, is a company that will survive in the global market that we face.” From this statement we can infer that he knows the importance of developing a good leadership within group to take TATA Group to new heights. Ratan Tata involves strategy in leadership. He is a deep thinker and a brilliant strategist as is described by one of his Executive Directors, Alan Rosling, “ He is a deep thinker and extremely strategic. He is always 2-3 steps ahead”. Ratan Tata is a man of strong integrity, ethics and valued principles. He cultivated the same across the TATA Group companies. One of his companies CEO said “ Tata has shown that there is no other way he will do business other than do it ethically.” He believes in strong value based leadership approach in doing business. Ratan Tata has led the TATA Group to transforming from local business group to become a global leader.

Conclusions:

Ratan Tata of the Tata Group is a more kind of transformational leader. He made Tata Group as global brand. He has provided inspiration to leaders within his own company. In Tata Group leaders are engaged in decision making at every level. Ratan Tata has successfully lead and motivated its CEO/MD of the group companies to be ambitious. He has always adopted a ethical approach in group business.

Appendix: Reference List

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Sometimes referred to as the ‘ chairmen’s chairman,’ JRD adopted a management by consensus style: ‘ When a number of persons are involved I am definitely a consensus man,’ he once said, adding: ‘ but that does not

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mean that I do not disagree or that I do not express my views. Basically it is a question of having to deal with individual men heading different enterprises. You have to adapt yourself to their ways and deal accordingly and draw out the best in each man. If I have any merit it is getting on with individuals according to their ways and characteristics. In fifty years I have dealt with a hundred top directors and I have got on with all of them. At times it involves suppressing yourself. It is painful but necessary. To be a leader you have got to lead human beings with affection.'

Be that as it may, Tata spotted talent easily. And once he was confident that a manager would perform, he gave him (alas, no women) a long rope. If they wanted to be on their own, like Sumant Moolgaokar, he left them to it. If they occasionally wanted a shoulder to cry on, like Darbari Seth, JRD was there.