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ratan tata: ethical leadership[[1]](#endnote-1)

Ashok K. Dua and Sumita Rai wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Ethical behaviour in business—in every sphere and with all constituents—has been the bedrock on which the Tata group has built, and operates, its enterprises. This has been an article of faith for the group ever since its inception, a fundamental element of our cherished heritage and the essence of our way of life.[[2]](#endnote-2)

Ratan Tata, chairman (1991–2012) and interim chairman (2016–present), Tata Sons

Ratan Tata, the former chairman of Tata Sons Limited (Tata Sons), led the Tata group for over two decades (since 1991) before retiring in 2012. Under his leadership, the Tata group grew into a large confederation of companies in diverse businesses that touched the lives of millions of people through its products and services, both in India and around the world. On his retirement, he passed the leadership baton of the Tata group to Cyrus Pallonji Mistry, who continued as chairman of Tata Sons until October 24, 2016, when he lost the confidence of the board of directors. That same day, on the recommendation of the majority shareholders, the board decided to replace Mistry with Ratan Tata. So there he was, back as interim chairman of Tata Sons to once again guide the destiny of the Tata group of companies. Ironically, his philosophy had been to retire at the age of 75; however, for the sake of saving the Tata name, he took on the challenge of setting the right path for the group without compromising its values.

After his removal as chairman, Mistry publicly raised many ethical issues and filed a case with the National Company Law Tribunal, alleging that the trustees, led by Ratan Tata, were causing a complete breakdown of corporate governance at Tata Sons. On January 6, 2017, Tata Sons called for an extraordinary general meeting of shareholders to be held on February 6, 2017, to oust Mistry from its board. Then on January 12, 2017, the Tata group named Natarajan Chandrasekaran, age 53, a non-Parsee, as the new executive chairman of Tata Sons, to take effect on February 21, 2017. This appointment, however, was opposed by Mistry on the grounds that the matter was still under judgment. It remained to be seen whether the Tata group, under Ratan Tata, would be able to retain its glory.

TATA GROUP

History and Evolution

The Tata group was founded by the visionary Jamsetji Nusserwanji Tata[[3]](#endnote-3) as a trading company in 1868 with a paltry capital of ₹21,000.[[4]](#endnote-4) It eventually grew to include a large number of companies operating in various sectors such as information technology, communications, engineering, materials, services, energy, consumer products, and chemicals (see Exhibit 1).

Jamsetji Tata was instrumental in placing India on the industrial map by setting up Empress Mill in Nagpur on January 1, 1877. He also laid the seeds of an iron and steel company, a hydroelectric plant, and an academic institution of higher learning. Besides Jamsetji Tata, the Tata group had several illustrious and visionary leaders, including Jehangir Ratanji Dadabhoy (J. R. D.) Tata and Ratan Tata (see Exhibit 2), under whose leadership the revenue of the Tata group crossed the US$100 billion mark in 2011–12.

The Tata group was controlled by Tata Sons (formerly Tata & Sons), which held stakes ranging from 25 per cent to 75 per cent in the various companies of the group. The charitable trusts set up by Tata family members held a 66 per cent stake in Tata Sons. Thus, two-thirds of the income the Tata Sons received by way of its holdings in various companies of the group went back to the Tata trusts for charitable purposes.

In addition to the Tata trusts being the majority stakeholders of Tata Sons, Pallonji Mistry,[[5]](#endnote-5) the construction baron and chairman of Shapoorji Pallonji Group, held 18.4 per cent of the equity and was thus the largest single shareholder. The balance of equity was held by various Tata group entities and directors. Traditionally, the Tata group was headed by the chairman of Tata Sons (see Exhibits 3 and 4).

Since 1931, the Tata trusts had contributed ₹18,770 million in grants, of which more than 80 per cent was granted since 2000.[[6]](#endnote-6) The trusts contributed a great deal to society by setting up many institutions, including the prestigious Indian Institute of Science, the Tata Institute of Social Sciences, and the Tata Institute of Fundamental Research. In 2010, the Tata group comprised 98 companies operating in 80 countries across the world, with 350,000 employees; approximately 60 per cent of its revenue was generated from overseas operations.[[7]](#endnote-7)

Tata Sons held the bulk of shares in the Tata group of companies and earned its revenues through dividends from these companies, with Tata Consultancy Services being one of the major contributors. In addition, Tata Sons was the proprietor of the Tata trademarks and licences, which were used by various Tata group companies for a royalty. The royalty scheme, called Tata Brand Equity and Business Promotion (TBEP), was introduced by Ratan Tata in the mid-1990s. The royalty amount was revised from time to time, taking into consideration the financial ability of the Tata group companies and fixed in 2015 at a maximum of ₹750 million.[[8]](#endnote-8) The funds from the scheme were used for promoting and strengthening the Tata brand.

The Tata group leadership was always ethical and value-driven, even at the cost of the group’s growth. Russi M. Lala, the biographer of both Jamsetji Tata and J. R. D. Tata, once asked J. R. D. Tata why the Tata group had not grown as fast as some other groups. J. R. D. Tata replied, “I have often thought about it. If we had adopted the means some others have we would have grown twice as big as we are today . . . but we would not want it any other way.”[[9]](#endnote-9) This point was also highlighted by Professor Nirmalya Kumar of the London Business School in his book about India’s global powerhouse companies:

The Tata group is a source of Indian pride, a hugely successful global company run on ethical business principles. It is a company that has never been tainted by bribes. Its trusts provide substantive philanthropic projects in the alleviation of poverty, disaster relief, and the creation of Indian scientific and cultural institutions.[[10]](#endnote-10)

Core Purpose

“In a free enterprise,” said Jamsetji Tata, “the community is not just another shareholder in business but is in fact the very purpose of its existence.”[[11]](#endnote-11) Development of the community was always the prime focus of the Tata group since its inception, as was evident from its stated core purpose: “to improve the quality of life of the communities we serve globally, through long-term stake holder value creation based on Leadership with Trust.”[[12]](#endnote-12)

Core Values

“If someone were to ask me, what holds the Tata companies together, more than anything else, I would say it is our shared ideals and values which we have inherited from Jamsetji Tata,” said J. R. D. Tata.[[13]](#endnote-13) Since its inception, the Tata group was driven by universal values. The group was guided by five core values—integrity, pioneering, excellence, unity, and responsibility for its growth and business[[14]](#endnote-14)—but the three key values that people perceived to be associated with the group and its companies were trust, reliability, and commitment to the community[[15]](#endnote-15) (see Exhibit 5).

Mission

The mission, like the group’s core purpose, was “to improve the quality of life of the communities we serve globally, through long-term stakeholder value creation based on Leadership with Trust.”[[16]](#endnote-16) In addition, the Tata group was guided by a code of conduct created under the leadership of Ratan Tata in 1998. The Tata Code of Conduct[[17]](#endnote-17) enshrined the values and the core principles followed by the group since its inception in 1868, and laid down the ethical standards for the conduct of business activities by Tata colleagues and companies.

TATA COMPANy challenges UNDER RATAN TATA’s leadership

Turning Around of Nelco and Central India Textiles

Nelco and Central India Spinning, Weaving, and Manufacturing Company Limited, two of the Tata companies, were not performing well financially in the 1970s. Ratan Tata was given charge of Nelco and Central India Textiles in 1971 and 1977, respectively. He was instrumental in turning around both of these companies. Later, Central India Textiles was taken into voluntary liquidation when Tata Sons decided not to support the company financially due to recession in the textile industry. On the other hand, Nelco, which started as an electronics company in 1940, had experienced a troubled history, and the failure to make it a success was attributed to Ratan Tata. Nevertheless, from 1972 to 1975, Nelco did make a profit and wiped off some of its past losses, and was poised for growth. The demand for consumer goods, however, took a dive because of the declaration of a state of emergency in India in 1975.[[18]](#endnote-18) When demand did improve in 1977, Nelco faced reduced production from an industrial relations problem that eventually led to a strike. In 1980, a company lockout was imposed over a case of indiscipline arising out of a fracas between workers. The lockout continued for nearly seven months, after which a compromise was reached. However, four people involved in the indiscipline were dismissed from the company.

Ratan Tata, talking about his experience at Nelco in an interview, said:

I learnt a lot. I don’t think I could have learnt as much the hard way as I did in Nelco. I’m most grateful to the powers that be that they gave me Nelco and that they made me fight for three years, wondering where my next payroll was coming from, and to [fight] in a very competitive market place. In fact TELCO [previously Tata Engineering and Locomotive Company Limited] is the first company in which I could actually do something. In other companies, I was always put in a fire-fighting situation.[[19]](#endnote-19)

1983 Tata Strategic Plan

In October 1981, Ratan Tata took over (from J. R. D. Tata) as chairman of Tata Industries, a ₹6 million company with no business activities. He felt the “need to look into the future and to look at new business areas in a different kind of way.”[[20]](#endnote-20) When he was in New York for four months while his mother was undergoing treatment for cancer, he prepared an agenda for the Tata group; it was later renamed the 1983 Tata Strategic Plan. He saw a need to adopt newer emerging technologies, such as microprocessors and computers, artificial intelligence, information and communication technology, and biotechnology. He believed the Tata group should enter such businesses as telecommunications, oil exploration, computers, advanced materials, biotechnology, and energy storage systems, as these were the businesses of the future for India.[[21]](#endnote-21) Although, J. R. D. Tata was in agreement with this plan, it met with resistance from some of the senior directors from other business areas, as they perceived their interests would likely be affected if the plan was implemented.

Ratan Tata did go ahead with the plan, though in a less ambitious manner, as the availability of funds was a constraint. To begin, he established five new enterprises: Tata Honeywell Limited, Tata Telecom Limited, Hitech Drilling Services (India) Limited, Tata Keltron Limited, and Tata Finance Limited. He later added more enterprises to this list, and these enterprises together generated ₹5.87 billion in sales in 1995.[[22]](#endnote-22) Tata Industries, under the leadership of Ratan Tata, thus became a central point for emerging high-technology businesses.

Industrial Unrest at TELCO, Leading to a Strike

On April 7, 1988, Ratan Tata was appointed deputy chairman of TELCO (earlier known as Tata Engineering and Locomotive Company Limited), responsible for its day-to-day operations. In December 1988, when he formally took over as chairman from 82-year-old Sumant Moolgaokar, the tension in the company’s Pimpri plant was simmering. The trouble came in the form of a trade union leader, Krishnan Pushparajan Nair, better known as Rajan Nair, who joined TELCO as a machine miller in September 1976. In six years, Nair, the eldest son of a trade union leader, rose to be the general secretary of TELCO Kamgar Sanghatana (TKS), one of the two TELCO workers’ unions. Suspended in March 1988, he was later fired from TELCO after a few months of his suspension for allegedly threatening to kill a security guard. On the day he was fired, he vowed “to bring the TELCO management to its knees.”[[23]](#endnote-23)

On January 31, 1989, the workers on the shop floor of the Pune plant greeted Ratan Tata with a tool-down strike. On the same day, Nair was taken into preventive custody by the local authorities but released later as the workers besieged the district court. Ratan Tata denied playing any role in Nair’s arrest. Later, on March 15, 1989, Nair’s men, in different areas of the city, assaulted and stabbed 22 managerial personnel, including some belonging to the rival union, in retaliation for allegedly having slapped one of the TKS members on the shop floor.

Ratan Tata initiated multi-pronged measures to handle the situation. Finally, on September 29, 1989, the strike was smashed when police authorities rounded up Nair and his supporters. Ratan Tata, who believed that it was a victory of the principles and values for which the Tata group had always stood for, was hailed by the media as a leader par excellence.

Looking back at the TELCO crisis, Ratan Tata reminisced: “Perhaps, we took our workers for granted. We assumed that we were doing all that we could for them when probably we were not. We gave Rajan Nair—or any name—a chance to come and do what he did.”[[24]](#endnote-24)

After the strike, Ratan Tata worked tirelessly to build a trusting relationship between management and workers. These efforts led to TELCO declaring excellent results on March 31, 1991. Its production had increased by 26 per cent to 81,931 vehicles, sales had risen by almost a third to ₹26 billion, and profit before tax had increased by 58 per cent to ₹2.35 billion, making TELCO the biggest company in the private sector by sales.[[25]](#endnote-25)

THE TATA GROUP’s achievements UNDER RATAN TATA

The Tata group grew immensely under the leadership of Ratan Tata, who, as chairman of Tata Sons, set out to modernize the group and its image, and to set foot in the global arena.

Unifying the Tata Group

When J. R. D. Tata passed on the responsibility of the Tata group to Ratan Tata in 1991, it was not a cohesive group but a loose confederation of companies. Ratan Tata undertook the following reforms to create a unified group and, in turn, build an institution: retiring chief executives who had a personalized style of functioning and did not follow the value system on which the foundation of the Tata group had been laid; restructuring the Tata group and disposing of companies that were not performing well; creating the Tata group identity; rebuilding group culture and restoring integrity; increasing the shareholding of Tata Sons to 26 per cent, the level at which companies gained control in India; and bonding the Tata group through the Tata brand—requiring adherence to high standards of governance, service, and quality.

“This is the core of what I’ve tried to do. I inherited a loose confederation of companies that bore the imprint of the individual chief executives and have tried to create a unified group. We have been partially successful but if you ask me whether I’m satisfied, the answer is NO. There is more to do,” said Ratan Tata in an interview with the *Financial Times* (U.K. edition).[[26]](#endnote-26)

Delivering on Promise: Nano, the Common Man’s Car

Ratan Tata wanted to make a car that would serve the needs of ordinary people by providing them with safe transportation. The motive to make such a car was not profit but saving lives. It would be trustworthy, reliable, and affordable.[[27]](#endnote-27) “Ratan Tata insisted that this had to be a car we would be proud of,” said Prakash Telang, the managing director of India operations for Tata Motors Limited (Tata Motors, formerly TELCO).[[28]](#endnote-28)

Ratan Tata had a difficult time, as the Nano had earlier been planned to be produced at Singur in West Bengal, about 40 kilometres from Kolkata. However, despite an investment of ₹150 billion in the project, in October 2008, he pulled out of the project and shifted it to Sanand in Gujarat, as he feared for the safety and security of the plant and its workers.[[29]](#endnote-29) Nano was launched in 2009, and Tata Motors delivered on its promise by designing, developing, and making a small car for the masses that cost about ₹100,000, or roughly US$1,500. Nano, however, did not perform well in the market and was reported to have been a financial burden on Tata Motors.[[30]](#endnote-30) Set up with an annual capacity of 250,000 cars, Sanand’s plant had lately been running at less than one-tenth of its capacity, with continuously dwindling sales volumes from a high of 74,521 cars sold in 2011–12 to 16,903 sold in 2014–15.[[31]](#endnote-31) The sales dropped to as low as 481 cars in June 2016 and declined further to an average of about 900 cars per month in the12 months from December 2015 to November 2016.[[32]](#endnote-32)

Exercising Greater Control through Increased Shareholding

When Ratan Tata took over from J. R. D. Tata in 1991, the stockholdings of Tata Sons in the group companies had declined considerably. There were many reasons, including the issue of new shares by the companies. The Tata Sons share in Tata Iron and Steel Company Limited (TISCO; later Tata Steel Limited) was 7.5 per cent in 1991, whereas in TELCO (later Tata Motors) and Indian Hotels Company Limited, it was as low as 3 per cent and 12 per cent, respectively.[[33]](#endnote-33) “There was a question,” said Ratan Tata, “as to whether we had the right to claim to manage these companies. In fact we didn’t have the legal right, or even the moral right, to manage them.”[[34]](#endnote-34) Ratan Tata was instrumental in increasing the shareholding of Tata Sons in the group companies to at least 26 per cent or more, not only reasserting their right to manage but also to keep any takeover bid at bay.

Restructuring the Tata Group of Companies

In addition to overhauling the ownership structure, Ratan Tata reviewed the performance of the Tata group of companies with an aim to restructuring them to provide greater focus, business rationalization, and synergy. Restructuring the business operations was based on criteria such as a company’s ability to be in the top three in its sector, its ability to compete globally, and its profitability.[[35]](#endnote-35) Ratan Tata adopted a rigorous approach for the group so that the companies could emerge as strong and focused business entities. He stated:

Today, the world does not afford you the luxury of being a slow mover. Nor are there any holy cows. We have to be aggressive, be far-sighted enough to look into the future and we also have to be pragmatic enough to say that if we really are not in a leadership position in a particular business, we should look at exiting that business.[[36]](#endnote-36)

He decided to get rid of businesses that no longer fit the corporate vision, could not yield adequate returns, or were not generating adequate profits, such as ACC Limited, Tata Oil Mills Company Limited, Lakme Limited, Goodlass Nerolac Paints Limited, and Merind Limited. The group also pulled out of its joint ventures with International Business Machines Corporation, Mercedes-Benz, Timex, Timken Company, Lucent, and PepsiCo.

Creating the Tata Corporate Brand

According to Ratan Tata, the Tata group in the 1990s had a reputation but not a brand.[[37]](#endnote-37) The Tata companies used different symbols as their brand marks. In 1998, Tata Sons introduced a uniform brand mark with a single typeface for the Tata name and a stylized T inside a blue oval. In addition, to make the Tata name more visible and the connection clearer, the names of group companies, such as TISCO and TELCO were changed to Tata Steel and Tata Motors, respectively. However, the use of the Tata name and trademark was restricted. The group companies were allowed to use the Tata name and trademark only if they met certain terms and conditions, and signed the Tata Brand Equity and Business Promotion Agreement. The main facets of the agreement were adherence to the Tata Code of Conduct and Tata Business Excellence Model. The use was not free: a company was required to pay a royalty of 0.25 per cent of its revenue (less if the company did not use Tata name directly, such as Titan, Trent, or Taj) or 5 per cent of its profit before tax but not exceeding ₹750 million.[[38]](#endnote-38) “The usage of the brand is not forced on any one,” said R. Gopalakrishnan, the former executive director of Tata Sons. “So, companies such as Indian Hotels or Voltas operate without the Tata name, but yet ensure that it reflects the same tradition of trust, leadership and integrity.”[[39]](#endnote-39)

The Brand FinanceGlobal® 500 March 2010 report listed the Tata brand as 65th, with a valuation of US$11.2 billion.[[40]](#endnote-40) Nevertheless, Tata was perceived to be honest, fair, exciting, connected to the people, and reliable. Also, Tata was considered to be a good organization with good people and, above all, India was proud of Tata. These perceptions highlighted what the Tata group or the Tata brand was all about, and what *“*Tata-ness” meant.[[41]](#endnote-41)

Expanding beyond the Shores of India

Ratan Tata envisaged that the real growth of the Tata group was in infrastructural development through overseas acquisitions. Such acquisitions would facilitate the induction of newer technologies as well as research and development. Thus, the Tata group acquired Britain’s Tetley Group Limited in 2000 for US$450 million, Brunner Mond Group Limited UK in 2005 for about ₹5.08 billion, Jaguar Land Rover Automotive Plc. in 2008 for US$2.3 billion, and Corus Group Plc. UK in 2007 for about £6.7 billion,[[42]](#endnote-42) which became Tata Tea Limited, Tata Chemicals Limited, Tata Motors, and Tata Steel, respectively. In addition, Tata Steel acquired NatSteel Holdings Pte. Limited in Singapore and Millennium Steel Public Company Limited in Thailand; Tata Tea (now a part of Tata Global Beverages) acquired the Eight O’Clock Coffee brand in the United States; Tata Chemicals acquired General Chemicals Industrial Products Inc. in the United States in 2008; Tata Communications Limited (formerly Videsh Sanchar Nigam Limited) acquired Teleglobe International Holdings Limited; Tata Motors acquired South Korea’s Daewoo Commercial Vehicle Company in March 2004 for US$120 million; and Taj Hotels Resorts and Palaces acquired The Pierre, a luxury hotel in New York City. Also, Tata Teleservices Limited joined with Virgin Mobile India Pvt. Limited and NTT DOCOMO, Inc. in India.

“Going into select geographies is not just to exploit commercial opportunities but where the group will have a development role in that country,” said Ratan Tata in an interview.[[43]](#endnote-43) “We do a lot of homework to make sure the acquired company fits into our culture and value system. If we find that a company follows practices that we are not in agreement with, we would not go into it”[[44]](#endnote-44) (see Exhibit 6).

The Road Ahead

The Tata group was well known in India for its values of trust, reliability, service to the community, and nation building. Ratan Tata said:

India is still a developing country, burdened with enormous disparities. It’s our duty to play whatever role we can, in whichever way we can, to diminish those disparities. These are the guiding principles for all of us in the Tata group. We are not in it for propaganda or visibility. We are in it for the satisfaction gained from knowing that we have achieved something meaningful, that we have put our shoulder to the wheel of nation building, that we are serving the country that provides us sustenance. The Tata ethos demands no less.[[45]](#endnote-45)

As the chairman of philanthropic trusts, he could focus on areas such as water, rural infrastructure, nutrition, and research. He could also collaborate with other foundations to diminish the disparities and make a difference in people’s lives.

As the Tata group went global and acquired many companies overseas, it would need to guard against pressure to compromise on its values. In fact, the group would need to make conscious efforts to ensure that it carried forward its values to the global arena for the greater good of the communities it touched. Would the group be able to do what it had done in India elsewhere in the world? Would its ethos and values continue to be the driving force to lead it to realize its vision for the future? For the short term, as interim chairman, Ratan Tata would need to find not only a new chairman to replace Mistry, recently removed from the role, but also a leader who would be able to carry on the legacy of the Tata group, ensuring that the values it was known for worldwide were never compromised.

Eventually, the Tata group did succeed in finding the leader it was looking for. On January 12, 2017, the group named Tata Consultancy Services chief, Natarajan Chandrasekaran, age 53 and a non-Parsee, as the new executive chairman of Tata Sons.[[46]](#endnote-46) Chandrasekaran, popularly called “Chandra,” was set to take charge on February 21, 2017. Ratan Tata, in a statement to the media, said, “The job is complex but I am sure he will take the group to new heights while protecting the group’s values and ethics at all times.”[[47]](#endnote-47) Mistry, however, challenged Chandra’s appointment, terming it illegal as the matter was still under judgment.[[48]](#endnote-48)

The Tata group would need to defend itself against the ethical issues raised by Mistry in a letter released to the media.[[49]](#endnote-49) The letter included certain serious allegations, including the “recovery of large sums of money due to Tata Sons” and “findings of fraud and wrong-doing at Air Asia India,” and it mentioned a “2G spectrum scam.” It was alleged that the Tata group had used a front company for its telecommunications application.[[50]](#endnote-50) The matter was, however, under judgment. In his letter, Mistry also disclosed that his “attempt to protect and preserve the ethical legacy of our founding father, Jamsetji Tata, was the real cause for his ouster” and added that he would “work on protecting the interests of the Tata Group and realizing the vision of our Founder, Jamsetji Tata, until his last breath.”[[51]](#endnote-51)

Meanwhile, Mistry filed a case with the National Company Law Tribunal, alleging that the trustees, led by Ratan Tata, were causing a complete breakdown of corporate governance at Tata Sons, which called for an extraordinary general meeting of shareholders on February 6, 2017, to oust Mistry from its Board.[[52]](#endnote-52) “The Board of Tata Sons,” said Ratan Tata earlier about Mistry, “lost confidence in him and his ability to lead the group in future.”[[53]](#endnote-53) The clash at the top of the Tata empire was out in the open, and the question was: would Ratan Tata succeed in helping the Tata group retain its glory?

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exhibit 1: List of Tata Companies

|  |  |
| --- | --- |
| **TATA GROUP OF COMPANIES** | |
| **Promoter Companies** | Tata Sons |
| Tata Industries |
| **International Operations** | Tata International |
| **BUSINESS SECTORS AND RESPECTIVE TATA COMPANIES** | |

|  |  |  |
| --- | --- | --- |
| **Business Sector** | **Sub-Sector** | **Company** |
| INFORMATION TECHNOLOGY AND COMMUNICATIONS | Information Technology | Tata Consultancy Services |
| Tata Elxsi |
| Tata Technologies |
| Tata Interactive Systems |
| Tata Business Support Services |
| Communications | Tata Sky |
| Tata Teleservices |
| Tata Communications |
| ENGINEERING | Automotive | Tata Motors |
| Tata AutoComp Systems JVs |
| TELCO Construction Equipment Company |
| Engineering Products & Services | Tata Projects |
| Voltas |
| Tata Consulting Engineers |
| TRF Limited |
| MATERIALS | Metals | Tata Steel |
| Composites | Tata Advanced Materials |
| SERVICES | Hotels, Property Development | Indian Hotels (Taj Hotels Resorts and Palaces) |
| Tata Realty and Infrastructure |
| Tata Housing Development Company |
| JUSCO |
| Financial Services | Tata AIG Life Insurance Company |
| Tata AIG General Insurance Company |
| Tata Asset Management |
| Tata Investment Corporation |
| Tata Capital |
| Other Services | Tata Strategic Management Group |
| Tata Services |
| ENERGY |  | Tata Power |
| CONSUMER PRODUCTS |  | Tata Global Beverages |
| Titan Industries |
| Infiniti Retail |
| Trent |
| CHEMICALS |  | Tata Chemicals |
| Advinus |
| Rallis India |

Note: JVs = joint ventures, JUSCO = Jamshedpur Utilities and Services Company

Source: Created by the case authors based on information from the Tata group Corporate Brochure, March 2010 in Morgen Witzel, *Tata: The Evolution of a Corporate Brand* (New Delhi: Penguin Books India, 2010), 211–213.

exhibit 2: Tata Sons Chairmen, 1868–2016

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Designation** | **Period** | |
| **From** | **To** |
| Jamsetji Nusserwanji Tata | Founder, Chairman | 1868 | 1904 |
| Sir Dorab Tata | Chairman | 1904 | 1932 |
| Sir Nowroji Saklatvala | Chairman | 1932 | 1938 |
| J. R. D. Tata | Chairman | 1938 | 1991 |
| Ratan N. Tata | Chairman | 1991 | 2012 |
| Cyrus Pallonji Mistry | Chairman | 2012 | 2016 |

Source: Created by the case authors based on information from Tata group, “Former Chairmen: Profiles of the Men Who Have Led the Tata Group in the Last 100-Plus Years,” accessed November 17, 2016, www.tata.com/aboutus/articlesinside/Former-chairmen.

exhibit 3: Tata Sons Board of Directors

|  |  |
| --- | --- |
| **Name** | **Designation** |
| Ratan Naval Tata | Interim Chairman |
| Ishaat Hussain | Director |
| Cyrus Pallonji Mistry | Director |
| Vijay Singh | Director |
| Nitin Nohria | Director |
| Ronen Sen | Director |
| Farida Khambata | Director |
| Venu Srinivasan | Director |
| Ajay Piramal | Director |
| Amit Chandra | Director |
| Ralf Speth | Director |
| Natarajan Chandrasekaran | Director |

Source: Created by the case authors based on information from “Tata Sons: Board of Directors,” Tata group, last modified October 26, 2016, accessed November 17, 2016, www.tata.com/company/profileinside/Tata-Sons.

exhibit 4: Tata Sons Shareholders and their holdings

Total Number of Equity Shares: 404,146 (around ₹1,000 each)

|  |  |
| --- | --- |
| **Shareholder** | **Shares Held** |
| Shapoor Mistry | 108 |
| Sterling Investment Corp (Shapoorji Pallonji Group) | 40,319 |
| Cyrus Investments (Shapoorji Pallonji Group) | 33,925 |
| Ratan Tata | 3,368 |
| Sir Dorabji Tata Trust | 113,067 |
| Sir Ratan Tata Trust | 95,211 |
| Tata Investment Corp | 326 |
| Sarvajanik Seva Trust | 396 |
| RD Tata Trust | 8,838 |
| Tata Social Welfare Trust | 15,076 |
| Tata Education Trust | 15,075 |
| JRD Tata Trust | 16,200 |
| Tata Power | 5,673 |

exhibit 4: continued

|  |  |
| --- | --- |
| Tata Tea | 1,755 |
| Indian Hotels | 4,500 |
| Tata Industries | 2,295 |
| Tata Chemicals | 10,237 |
| Kalimati Investment Co | 12,375 |
| Tata International Limited | 155 |
| Tata Motors | 12,375 |
| Piloo Tata | 487 |
| Farhad Choksey | 157 |
| Jimmy Tata | 157 |
| Simone Tata | 2,011 |
| Noel Tata | 2,055 |
| HH Maharawal Virendra Singh Chauhan  (Raja of Chhota Udepur) | 1 |
| MK Tata Trust | 2,421 |

Source: Anil Giri, “Tata Sons Hikes Stakes in Group Firms,” Business Standard, August 29, 2008, accessed April 20, 2017, [www.business-standard.com/article/companies/tata-sons-hikes-stakes-in-group-firms-108082901100\_1.html](http://www.business-standard.com/article/companies/tata-sons-hikes-stakes-in-group-firms-108082901100_1.html).

exhibit 5: Tata Group Core Values

|  |  |
| --- | --- |
| **Value** | **Meaning** |
| Unity | We will invest in our people and partners, enable continuous learning, and build caring and collaborative relationships based on trust and mutual respect. |
| Integrity | We will be fair, honest, transparent, and ethical; everything we do must stand the test of public scrutiny. |
| Responsibility | We will integrate environmental and social principles in our businesses, ensuring that what comes from the people goes back to the people many times over. |
| Pioneering | We will be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions. |
| Excellence | We will be passionate about achieving the highest standards of quality, always promoting meritocracy. |

Source: Tata group, “A: Our Values,” *Tata Code of Conduct 2015,* 4, accessed March 5, 2017, www.tata.com/pdf/tcoc-booklet-2015.pdf.

exhibit 6: Profile of Ratan Tata

Born in Surat, India, on December 28, 1937, Ratan Naval Tata was the son of Sooni and Naval Hormusji Tata, and the nephew of J. R. D. Tata. Along with his younger brother, Jimmy, Ratan Tata was raised by his redoubtable grandmother, Lady Navajbai Tata, as his parents separated when he was at an impressionable age of seven years. He was reported to have told *Business Week*, the American magazine, about his grandmother: “She was very indulgent, but also quite strict in terms of discipline. We were very protected, although we didn’t have many friends. I had to learn the piano, and played a lot of cricket.” He learned from her the values of importance of dignity, keeping promises, and being dependable. Expressing gratitude for his grandmother, Ratan Tata shared with Gita Piramal, the author of the book *Business Maharajas:* “She had a great influence on my life. She taught me the values which I consider very important in me.”

Ratan Tata was schooled at Campion School and Cathedral & John Connon School, both in Mumbai. After graduating in architecture and structural engineering from Cornell University in the United States, he completed a brief stint with Jones and Emmons, a Los Angeles company, before returning to India. He also completed the Advanced Management Program from Harvard Business School in 1975. He was a member of the Alpha Sigma Phi fraternity.

Ratan Tata joined the Tata group in early 1962 at the invitation of J. R. D. Tata. He completed a short stint of about six months at Tata Engineering & Locomotive Company Limited (TELCO), later Tata Motors, in Jamshedpur, India, before moving on to Tata Iron and Steel Company Limited (TISCO), later Tata Steel, also in Jamshedpur, in December 1962. He worked initially on the shop floor, “shovelling lime stone and handling the blast furnace” along with other employees. He worked his way through various companies of the Tata group before being appointed chairman of Tata Sons.

**Ratan Tata’s Unique Persona**

Ratan Tata was an inspiring, value-based, and principled leader. He was driven by ambition, aspiration, passion, and vision to take the Tata group to greater heights of success. He was motivated to contribute to society and help build a stronger industrial nation. He was sensitive and caring, and encouraged public good.

He was a non-smoking, non-drinking bachelor Parsee, who was seen to be aloof, introverted, simple, and private. He maintained a low profile almost to the point of reclusiveness, yet was fiercely aggressive and shunned the glory of the high office that he held. A man of integrity and perseverance, he had extremely high ethical standards and displayed humility, clarity of thought, and immense confidence.

Ratan Tata loved to fly, and made his first solo flight at age 17. While studying at Cornell University, in order to earn flying hours, he resorted to cleaning and washing airplanes at the local flying club, since flying was an expensive proposition much beyond the meagre allowance he was entitled to. His most thrilling experience was flying a supersonic Mirage from Dassault in France to the United States while undergoing refresher training at an aeronautical school.

During his illustrious career, Ratan Tata received many honours and awards, including the Padma Vibhushan in 2008 and Padma Bhushan in 2000, the second and the third highest civilian awards, respectively, conferred by the Honorable President of India. He was also knighted twice—Knight Grand Cross (GBE) in 2014 and Knight Commander (KBE) in 2009—by the British Empire. He was given the Legend in Leadership Award in 2010 by Yale University and the Carnegie Medal of Philanthropy in 2007. He was also the recipient of many honorary doctorate degrees from a large number of universities, both in India and abroad.

Source: Created by the case authors based on information from William Langley, “Ratan Tata Rode the Tiger Economy and Now He Drives Jaguar,” *Telegraph,* March 30, 2008, accessed June 16, 2015, www.telegraph.co.uk/comment/personal-view/3556736/Ratan-Tata-rode-the-tiger-economy-and-now-he-drives-Jaguar.html; Gita Piramal, *Business Maharajas* (New Delhi: Penguin Books India, 1966), 371; Tata group, “The Week: Motor and Steel,” June 4, 2006, accessed September 25, 2015, [www.tata.com/article/inside/1OL6Fv5QFg0=/TLYVr3YPkMU](http://www.tata.com/article/inside/1OL6Fv5QFg0=/TLYVr3YPkMU)=; Alpha Sigma Phi, Cornell University, Iota Chapter, accessed January 21, 2017, [http://alphasigmaphi.org/cornell-university](http://alphasigmaphi.org/cornerll-university); C. Rajghatta, “Man of the Year? It’s Ratan Tata,” Times of India, December 30, 2007, accessed June 16, 2015, <http://timesofindia.indiatimes.com/india/Man-of-the-year-Its-Ratan-Tata/articleshow/2661653.cms>; Suveen Sinha, “Cyrus Mistry Removed as Tata Sons Chief, Ratan Tata Is Interim Chairman,” *Hindustan Times,* October 25, 2016, accessed November 17, 2016, [www.hindustantimes.com/business-news/cyrus-mistry-removed-as-tata-sons-chief-ratan-tata-takes-over/story-kysCUaF67k2H88DRCmVHwO.html](http://www.hindustantimes.com/business-news/cyrus-mistry-removed-as-tata-sons-chief-ratan-tata-takes-over/story-kysCUaF67k2H88DRCmVHwO.html); Tata group, “Ratan Tata’s Decade,” April 21, 2001, accessed March 21, 2017, http://tata.com/article/inside/UFxZO!$$$!Wb2XM=/TLYVr3YPkMU=; Dibeyendu Ganguly, “Russi M. Lala: One of Ratan’s Biggest Achievements Is the Way He Has Unified the Tata Group,” *Economic Times*, April 29, 2011, accessed March 3, 2017, <http://economictimes.indiatimes.com/magazines/corporate-dossier/russi-m-lala-one-of-ratans-biggest-achievements-is-the-way-he-has-unified-the-tata-group/articleshow/8112200.cms>; “The Man Called Ratan,” *The Week,* February 8, 2007, accessed March 21, 2017, <http://timesofindia.indiatimes.com/india/Man-of-the-year-Its-Ratan-Tata/articleshow/2661653.cms>.

endnotes

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