

Leadership and Trust: A Comparative Analysis of Contemporary Business Leaders

Kanwal Jeet

Research Scholar, Institute of Management Studies and Research, MDU, Rohtak, Haryana

ABSTRACT

This is a comparative and contrasting case study on three iconic leaders in the world of business. They served as leaders in the corporate world for decades. The leaders and their leadership styles, discussed in this case study are –

- 1.) Carlos Goshn, Chairman and CEO, Nissan
- 2.) Kiran Mazumdar Shaw, Chairman and MD, Biocon
- 3.) Azim Premji, Chairman, Wipro

I found some similarities as well as some differences in the leadership styles they exhibit, depending on cross cultural and industrial differences and situational similarities.

INTRODUCTION

Leaders and managers are often used synonymously. However, they aren't same. Leaders and managers are distinguished from each other by a number of differences. Managers are appointed figures drawing their leadership over subordinates by the virtue of legitimate power, whereas leaders are people who are capable of influencing others to achieve results / objectives.

Leaders help themselves and others to do the right things. They set direction, build an inspiring vision, and create something new. Leadership is about mapping out where you need to go to "win" as a team or an organization; and it is dynamic, exciting, and inspiring.

TRAITS OF A LEADER

Honesty — A leader must display sincerity and integrity in all actions. Deceptive behaviour doesn't inspire trust.

Competent — A leader bases his/her decisions on reason and logic and not on feelings or emotional desires.

Forward-looking — A leader has clear goals and vision for the future, which he imbibes into the people in the organization.

Inspiring — Leading from the front, showing mental, physical and intellectual stamina inspires others to achieve more.

Intelligent — High level of intelligence evidently makes people follow a leader with confidence.

Fair-minded — Trust building is achieved by fair and just behaviour, while being sensitive to feelings and interests of others.

Broad-minded — Keeping an open mind and being receptive to new ideas opens up multitude of avenues in the form of opportunities.

Courageous — Perseverance, confidence and calm behaviour under stress inspires others mirroring your actions and achieve higher results.

Straightforward — Using sound judgment in interactions and decision making.

Imaginative — A leader is creative and constantly adapting and reinventing himself to achieve new and better goals. (Clark, 1997)

These are the traits that distinguish leaders from non-leaders. “But the right traits only make it more likely that an individual will be an effective leader. He/She still has to take the right actions.”

LEADERSHIP STYLES & THEORIES OF LEADERSHIP

Kurt Lewin conducted the first significant study identifying leadership styles in 1939. His team identified three distinct styles of leadership: Autocratic Leadership (Authoritarian), Democratic Leadership (Participative) and Laissez-fair Leadership (Delegative).

Autocratic Leadership (Authoritarian): Such leaders engage in a one-way communication by centralizing the authority. They dictate the work to be done and the terms on which it has to be accomplished. This unilateral decision making by the leader severely limits participation of other stakeholders.

Democratic Leadership (Participative): Such leaders seek or allow input from others while maintaining the control over final decision. This leadership style encourages group’s morale by making them party to this unique guided decision making process.

Laissez-fair Leadership (Delegative): The decision making authority is given to the employees and the leader is not an important part of the process. Such leadership style is effective in decisions involving the employees’ area of expertise. (Clark, 1997)

A later study by Goleman (Leadership that gets results), identified six leadership styles, which have some similarities to the findings by Lewin in 1939, and also has some new components. These include: the pace-setting leader, the authoritative leader, the affiliative leader, the coaching leader, the coercive leader and the democratic leader. (Goleman, 2000)

Another study, by Manfred F. R. Kets de Vries, by assessing leadership styles of leaders at the top of strategic pyramids of their organizations to understand their attitudes and interactions. He finds eight most prominent archetypes in his research: The strategist: leadership as a game of chess; The change-catalyst: leadership as a turnaround activity; The transactor: leadership as deal making; The builder: leadership as an entrepreneurial activity; The innovator: leadership as creative idea generation; The processor: leadership as an exercise in efficiency; The coach: leadership as a form of people development; The communicator: leadership as stage management. (de Vries, 2013).

LEADERSHIP MODELS

Leadership models are guidelines suggesting specific leadership behaviours for specific situation or environment, often using a graphical representation to do so.

The three models:

Managerial Grid – A leader considers the task and people for predicting the leadership outcomes.

Four Framework Approach – This approach uses four concepts as leadership guides for specific situations – Structural Framework, Human Resource Framework, Political Framework, and Symbolic Framework.

Situational Leadership – Guidelines for specific situational coaching to be provided to a worker by the leader.

CARLSO GHOSN: A TRANSCULTURAL LEADER

Carlos Ghosn is a Chairman and CEO of Nissan (Japan based), CEO of Renault (France Based) and Chairman of Russia based Avtovaz. He is awarded as Asia business man of the year by Fortune in 2002. Carlos is known as Nissan’s Turnaround artist because Nissan was struggling in 1999, it has \$20 billion debt and only 4 out of 43 models of car

generating profits and after Carlos Joined Nissan as CEO Company's net profit increased to \$2.7 billion from loss of \$ 6 billion.

Carlos Ghosn as a Leader:

Carlos's leadership traits and personality traits sail him through the problems of Nissan and bring the change in Nissan without losing the trust of employees and Japanese culture.

In Word of Carlos "The Role of leadership is to transform the complex situation into small piece and prioritize them"

Leadership traits of Carlos:

- Integrity.
- Assertiveness.
- Man of action.
- Transparency and communication.
- Adaptability.

Turnaround of Nissan:

When Carlos Arrived at the Nissan, Company has very high debts and low cash, its Business practice was damaging the Company. Nissan had very poor product portfolio and cut back on product development. Apart from financial the Real and Crucial challenge was Cultural. Conflict between culture background and operation of company was resulted in low efficiency.

Key Problems in Nissan:

- Seniority based Promotions: Promotions are based on tenure and age of employees which lead them to complacency and affect the competitiveness.
- Employees are not ready to take responsibility of failures and accuse other departments
- Hierarchical and polite culture of Japan restricts the employee to speak about their ideas and grievance to the managers.
- Employees strongly believe in isolation and territories of department which restrict the cross functional communication.

As a Leader, Carlos accepted the cultural difference and to resolve the problems of Nissan he carefully select around 20 executives and he Said "To make deep changes inside company you don't need loads of people, but rather the right catalyst at the right place" (Source: Farhi, S. (1999) "Ghosn sees fast start at Nissan", automotive News, April 5).

Carlos not just handpicked his team he also coached them and passed some vital messages. He told them that they are not going to teach System culture to Japan they are going to help fix Nissan and any issue does not contribute that is not concern to them.(source: Carlos Ghosn global leader series: speech at INSEAD, France)

Carlos Decided to Listen inside the company and not try to see what has to be done and hence he said no to external consultants. Carlos encourage the employees to participate in deciding the promotion methods and asked about the problems their department facing, he communicate with the all stake holders i.e. suppliers, employees, customer, partners and get the feedback on competitors, styling of product, defect of product, flaws in organization structure.

Carlos gained the Trust and support of Employees before making drastic change in organization. He walked around the Entire Company, each department and tried to communicate with every employee. He took the recommendation, opinion and tool feedback on new ideas before implementing. During the major cut on staff, Carlos Gained the trust of employee by offering alternative job in other plants of company.

Carlos understood that he cannot apply same business operation of France rather he should adept with japans operation. He created the Cross functional team and delegate the authorities which help to eliminate the Finger pointing culture on failure in Nissan. He set the performance based promotions and introduce that employee can have company stock option.

Leadership style of Carlos Ghosn is Democratic as he involved the employee in decision making, delegated the authority, encouraged participation in decision making and used feedbacks. He made the cross functional team and let team to take decisions which makes him Democratic-participative leader.

Kiran Mazumdar-Shaw, Chairman and MD, Biocon: Leading through Challenging the Status Quo

Kiran Mazumdar-Shaw believes in, “building an organization based on a strategy of differentiation and challenging the status quo” (source Business Today, November 15, 2009). She is a great admirer of Jack who had challenged the status quo of hierarchical management and established the ‘boundary less and networked organization’ (source Business Today, November 15, 2009). She has featured in business magazines for quite a number of times as “The most powerful business woman of India’ and according to her the same recognition has transformed into a sense of greater responsibility towards the society and nation. In the following few paragraphs I will try to find out the factors which made her a successful business leader:

Motivation for her leadership:

According to Ms Shaw, the urge for leadership should come from one’s inner self. If any has “knowledge, vision, and courage of conviction can aspire to become a leader. Today, as India faces enormous challenges, I require the leader in all of us to wake up and act”.

Choice of Path for a business leader:

Kiran Mazumdar-Shaw believes in pursuing leadership through exploring new horizons of business. The same way is riskier compared to one that of following the path laid by other business leaders; however, she realized that opting for leadership, is more fulfilling and rewarding. Needless to mention, that her conviction in willing to lead is been instrumental that her organization revolutionized the realm of biotechnology in India and abroad.

How she perceives challenge:

She believes challenges are seeds of opportunity which leads to innovation and eventually becomes milestones in the long run. There are lot of crises in the society however each of those issues has immense potential for creating value not only for the organization but for the society also. The vision to identify the potential in challenges is an essential leadership trait which transforms an entrepreneur into leader and innovator.

Business Leadership and Commitment towards society:

She always wanted to make a difference to the society through building an enterprise which will address the issue of ‘affordable and accessible healthcare’ (John Wiley & Sons, 2013)

Translating believes into reality through building Biocon:

When she started Biocon, there were certain forces which propelled her in building an organization; these forces are usage of science and technology, putting in place affordable innovation and thereby creating product for the masses. No wonder that such forces resulted in production of cost effective insulin by her organization. She did it by harnessing ‘India’s low-cost talent and innovation base and forged our (Biocon’s) way through the market through strategic research and marketing partnerships’ (source Leader to Leader, John Wiley & Sons, Inc., Summer 2013, ‘Leading with a social conscience, by Kiran Mazumdar-Shaw).

Her commitment towards society is deeply rooted in her admiration for Mahatma Gandhi as a leader. Amongst business leaders she is admirer of J.R.D. Tata, Ratan Tata and Sunil Mittal to name a few.

AZIM PREMJI: A transformational leader with a social conscience (Chairman, Wipro)

Azim Premji graduated from Stamford University in Electrical Engineering and has been at the helm of Wipro Limited since the late 1960’s, turning a hydrogenated cooking fat company with revenues of \$2 million into an IT, R&D and BPO organization with revenues around \$ 8 billion. Overall, the Wipro group revenues are \$19 billion. (www.wipro.com, nd)

Mr. Premji's Leadership Philosophy: He has been driven by the idea that success is achieved by any organization firmly committed to values. His belief in ordinary peoples' capability to achieve extraordinary feats if they are induced in highly charged teams has led him to take a strong personal interest in development of teams and leaders. The driving vision behind Wipro's success is keeping the customer at the core, and combining its technological expertise with customer expectations and demands.

If there's one mantra for success given by Mr. Premji's, it's: "keep striving for excellence." He has received numerous awards, including the Padma Bhushan award and his leadership style is lauded by entrepreneurs not just in India, but across the world.

Mr. Premji's leadership style: is distinguished by the fact that he has provided his team with some 'mantras' for sustainable success in professional and personal life, including "On Teamwork", "On a Social Vision", "On Perseverance", "On Dealing with stress" and "On Excellence". These mantras are an extension of his own personality of being a value-oriented person, down to earth, professional, and believing in hard work. His leadership has been about 'enabling others' which he applies to all walks of life. This policy of enabling others is aimed at building future leaders.

Markers of his leadership qualities that have been evident from the beginning of his career to this date include initiative, insight, self-confidence, democratic style of leadership, clear vision and intelligence, all of which have contributed to transforming his father's oil producing industry into one of India's leading software Company.

Initiative: Mr. Premji has shown incredible initiative in business decisions, making Wipro the first company to introduce minicomputers in India.

Insight: After the ousting of IBM from India in 1975, Premji foresaw that the introduction of computer technology would be successful in Indian market, making Wipro the market leaders in that segment.

Leadership style of Azim Premji: "Leadership is the self-confidence of working with people smarter than you."

Azim Premji follows an open door policy in Wipro. Premji is a successful entrepreneur with key traits of intelligence and insight. He is a self confident leader with democratic style of leadership. His success proves that Azim Premji has the ability to lead in a different organization. With his transformational approach he motivates his employees to work for the benefit of the organization. He follows open door policy wherein employees can interact freely with higher management and discuss future plans. So with his abilities he can lead any organization to achieve its goals.

The rare thing in his leadership style is 'The chairman is not king'. Although he owns a majority stake in Wipro, authority and responsibility is **shared** with his subordinates. He also believes in a zero-politics culture unlike the company's American counterparts, at Wipro, activities like backstabbing, favoritism etc. don't work. Instead, an open, honest and direct approach is expected from everyone.

Views on Social Responsibility: Premji has a firm belief in business organizations having a social responsibility to employ ethical, ecologically sensitive business practices and to engage with societal issues actively. He has started initiatives in India and abroad to improve education quality in schools. He has pledged 39% of his stake in the Company to charity, which amounts to a staggering Rs. 53,284 crore.



Premji's vision on business and social responsibility can be summed beautifully in his own words as: "If people are not laughing at your goals, your goals are too small." & "I strongly believe that those of us, who are privileged to have Wealth, should contribute significantly to try and create a better world for the millions who are far less privileged".

INFERENCES

		
<p>CARLOS GHOSN</p> <ul style="list-style-type: none"> - Democratic and participative leadership - Trans-cultural - Energetic - Transparent - Integrity - Adaptability - Assertive and Communicative - Man of action - Flexible Organisation - Inspiring Innovation 	<p>KIRAN MAZUMDAR SHAW</p> <ul style="list-style-type: none"> - Democratic - Imaginative - Open minded & Honest - Intelligent - Risk taking ability - Challenging status quo - Strong will and conviction - Perceive challenges as opportunities - Forward looking approach - Socially and ecologically conscious 	<p>AZIM PREMJI</p> <ul style="list-style-type: none"> - Democratic and Open - Commitment to Values - Initiative & Insight - Risk taking ability - Intelligent - Team Player - Perseverance - Transformational - Developing leaders / Enabling - Socially and Ecologically conscious

Leadership styles of all three great leaders have many similarities, in terms of personality, outlook for business as well as personal life, their decision making processes and also actions that follow these decisions.

Democratic-participative style of leadership is common in all three, creating an empowering and free atmosphere for the employees, leading to high creativity and productivity, via their involvement in the decision making process. They've all shown great initiative in their individual fields, and in their own individual ways, when dealing with different situations.

Carlos Ghosn's introduction of cross functional teams led to breaking down of the cultural barriers, leading to increased value addition by each employee in their fields of expertise.

Similarly, Kiran Mazumdar Shaw should great initiative by forming a boundary less organization creating an open and supportive culture in Biocon.

Azim Premji's finesse in initiative is evident from his seeing, recognizing and seizing the opportunity to enter the IT, R&D and BPO business, leaving behind his father's legacy.

Eventually, all three leaders have remarkable leadership skills, most of which are common between the three leaders. But the thing that sets them apart from each other and other leaders is their application of these skills in different situations, unique to their own organizations, and creating a legacy of success that is hard to emulate.

Leadership traits such as, intelligence, insight, perseverance, team player, self-confidence, risk taking ability, transformational vision and will, have been put to use by the three leaders in different contexts with different results:



Another parallel between that can be drawn is between Shaw and Premji's social and ecological consciousness in doing business. Both have a firm belief in business organizations having a social responsibility and fulfil it by employing ethical, ecologically sensitive business practices and engaging with societal issues actively.

Shaw's earlier efforts in social causes, coupled with her new found ambition to aid cancer research facilities after her husband's death due to the disease, has set an example for all to follow, and to see silver lining even in a tragic incident as her husband's untimely death.

Likewise, Premji's commitment to social causes, mainly pertaining to education and capacity building of teachers in government schools, enabling them to impart not just curriculum but also adding value to a student's life and providing them a vision for the future, has become the epitome of charity, putting Wealth to use in helping a good cause. These leaders have identified problems prevalent in the society at the grass root level and contributed hugely for the betterment of that particular cause(s).

CONCLUSION

As management students, I have researched the topic of leadership and trust, and found an abundance of knowledge base and works by the greatest minds in this field. There are various viewpoints, traits, theories and models that deliberate on the topic of leadership and trust. However, I have found that there is no 'one' model or theory that is universal, and all varies from situation to situation, on context, geographical location, culture of the place, the demography and many other factors. Hence, the instincts of a leader to perceive a situation is also of paramount importance, as is the exposure that he has had in his life, adds to the extent of sensitivity he will have towards different factors in day to day problems, opportunities or people.

In this case study, I had to choose three iconic leaders to compare and contrast their leadership styles and its effect on trust building, which was a challenge in itself.

In conclusion, after comparing and contrasting between Mr. Carlos Ghosn, Ms. Kiran Mazumdar Shaw and Mr. Azim Premji, our observations are:

- Democratic leadership: leads to a more amicable work environment and higher results from employees.
- Inspirational: The success of their vision, conviction and perseverance inspires trust and positive mindset in employees and is an example for others to follow.

Socially responsible leadership: Acknowledging the individual and Company’s responsibility towards society and ecology earns respect of employees and even people outside the company, making them follow the leader with confidence.

<h2 align="center">Predominant Leadership traits displayed by the leader</h2>		
<p>CARLOS GHOSN</p> <p>Democratic-participative Expert Troubleshooting Trans-cultural Transparent</p>	<p>KIRAN MAZUMDAR SHAW</p> <p>Democratic Strong will & conviction Clear Vision Risk taking ability Social conscience</p>	<p>AZIM PREMJI</p> <p>Democratic Commitment to Values Developing leaders / Enabling Risk taking ability Social conscience</p>

REFERENCES

- [1]. Robbins, Stephen. P., 2011, Essentials of Management, pp. 231)
- [2]. Clark, Donald, 12 May 1997, <http://www.nwlink.com/~donclark/leader/leadchr.html>)
- [3]. Clark, Donald, 11 May 1997, <http://www.nwlink.com/~donclark/leader/leadstl.html>)
- [4]. Goleman, Daniel, 2000, Leadership that gets results, Harvard Business Review (Mar-Apr Issue), <https://hbr.org/2000/03/leadership-that-gets-results>)
- [5]. Manfred F. R. Kets de Vries, 18 Dec 2013, The Eight Archetypes of Leadership, Harvard Business Review, https://hbr.org/2013/12/the-eight-archetypes-of-leadership?cm_sp=Topics_-_Links_-_Read%20These%20First)
- [6]. Mindtools, nd, https://www.mindtools.com/pages/article/newLDR_41.htm
- [7]. Wipro lbsite, nd, <http://www.wipro.com/about-Wipro/Wipro-leadership-team/Azim-H-Premji/>
- [8]. The Hindu, nd, <http://www.thehindu.com/news/it-czar-azim-premji-gives-half-of-his-stake-in-wipro-for-charity/article7399577.ece>
- [9]. Menxp, nd, <http://www.mensxp.com/work-life/corporate-skills/5733-leadership-lessons-from-azim-premji.html>
- [10]. Azquotes, nd, http://www.azquotes.com/author/11855-Azim_Premji
- [11]. Marked By Teachers, nd, <http://www.markedbyteachers.com/university-degree/business-and-administrative-studies/leadership-traits-of-azim-premji-azim-premji-is-the-chairman-and-ceo-of-wipro-technologies.html>
- [12]. Harvard Business Review “Saving the Business without Losing the Company” January 2002 issue. Case: “Redesigning Nissan: Carlos Ghosn takes charge”, INSEAD, France.
- [13]. Book: Turnaround: How Carlos Ghosn Rescued Nissan by David Magee.
- [14]. Leader to Leader, John Wiley & Sons, Inc., 2013, ‘Leading with a social conscience, by Kiran Mazumdar-Shaw Business Today, November 15, 2009.