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Literature review of Organisational Management within TATA Steel Ltd.

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Abstract

This report will investigate the intricate dynamics of organisational design, culture motivation and leadership at Tata Steel, a leading global steel manufacturer. It will examine both internal and external factors and highlight how these elements shape behaviour and organisational development. Internally TATA Steel from a high degree of specialisation work, functional departmentalisation, and a clear chain of command. There are blends of both centralisation and decentralisation throughout the organisation. Tata Steel's strong organisational culture is underpinned by core values of integrity, excellence, and responsibility. These factors offer a cohesive and engaged workforce.

Motivational theories are integrated into Tata Steel's strategic framework for example goal setting, equity and expectancy. This framework ensures alignment between employee efforts and company objectives.

The report will look into the organisational design, culture and leadership and how this relates internally and externally bringing theories into the influences within the organisational management of TATA steel. The report will show the weaknesses and benefits of such theories and how these effect working environments and how they can be improved.

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1.0 Introduction

TATA Steel is a leading steel manufacturer with a global presence. A global organisation like TATA Steel Ltd, are complex entities where their behaviours are shaped by many external and internal factors. This report will look at the influences within the organisation of TATA Steel, and look to understand the complexities that help create the environment within the organisation itself. The report will explore the organisational design, culture and leadership within TATA Steel. Through the examination of the internal elements such as leadership, corporate culture and structure, alongside the external factors such as market conditions, regulations and technological advances, this report will analyse how these impact the organisational development within TATA Steel and how this drives employee satisfaction.

2.0 Organisational Structure

The organisational structure of TATA Steel has carefully been curated and designed to support the large scale operations of the company. The structure of TATA Steel ensures there is clarity in roles, responsibilities and reporting relationships throughout the company creating an environment for achieving the objectives set by the company. (Atupola, et al, 2023). In its simplest form there is a hierarchical structure within the organisation which consists of:

Top Management

This forms the apex within TATA Steel's organisational hierarchy. This includes the CEO, board of directors and senior executives. This level is responsible for defining the strategic direction of TATA Steel, making high level decisions ensuring the organisation's goals align with the missions and vision of TATA Steel.

Middle Management

This level forms a bridge between top management and operational staff. This includes department heads who implement the strategic plans devised by top management. They are responsible for interpreting and translating the strategic plans set into actionable plans, managing departmental resources and ensuring their teams meet performance targets. They also play a crucial role in communicating between different departments to ensure a cohesive operation throughout the departments.

Operational Management

At this level supervisors and team leaders manage to day to day activities within departments/ teams to ensure tasks are executed efficiently. The operational management level is the closest to the production process and is responsible for immediate oversight, troubleshooting and the productivity and quality standards of their departments. They report to middle management to ensure the workforce is aligned in the department goals and organisational standards.

2.0 Functional Departmentalisation

Tata Steel uses functional departmentalisation to separate the organisation into departments based on specific functions. Each department has a specific function within the organisation. These departments include, HR, R&D, Quality, Finance, HR. This helps promote operational efficiency and expertise within each function ensuring effective and cohesive performance across the organisation.

2.1 Organisational Design

Organisational design is a normative science “concerned with how things ought to be, with devising structures to attain goals”. (Helmy et al, 1996) In short organisational design encompasses the arrangement of work roles and systems that coordinate to control the day to day roles and activities within an organisation. TATA Steel’s organisational design is structured in a way to support large scale operations, promote efficiency and the end goal is to promote innovation which it is world renowned for within the steel industry. The key attributes of TATA Steel’s organisational design are:

Work Specialisation

This refers to the tasks within the organisation which are divided into separate jobs. (Laurie, et al, 2023) Within Tata Steel the work specialisation is highly developed. The company has divided its operations into various specialised departments which each focus on a specific aspect of the steel manufacturing process from manufacturing right the way to the end product. For example the quality aspect of steel manufacturing is vital as it is used in construction of cars, skyscrapers, bridges and food packaging. These end products are highly specialised and regulated and each require certain quality guidelines and chemistry make up. Therefore the high level of work specialisation within TATA Steel allows a high level of expertise within the teams and employees develop a high skill set in their specific role which in turn can help to boost employee morale. (See figure 2 appendix(TATA Steel, 2024)

Departmentalisation

Tata Steel utilises a functional departmentalisation structure which groups jobs based on their specific functions. This means that similar roles and activities are grouped together within departments and teams, such as production, HR, Finance, Commercial, Customer Service and Research and Development. Each department within TATA Steel focuses on its specific function which allows for specialised training and development which in turn helps foster operational efficiency and can contribute to employee satisfaction. If we look at the scheduling team for example within packaging at TATA Steel, it is comprised of highly skilled and knowledgeable employees who have been trained to schedule the production lines in such a way to ensure best yield, speed and quality whilst limiting line stops and idle time to boost efficiency and productivity of the production of the end product. (Kogg, et al 2012)

Chain of command and Span of control

The chain of command within TATA steel is well defined, establishing a clear line of authority within the organisation. Employees understand the hierarchy and reporting relationships and who they are accountable to. This helps maintain a streamline decision making process. (Laurie, et al, 2023) This hierarchical approach ensures that decisions are made at appropriate levels with strategic decisions being handled by top level management and operational decisions being made by middle and lower management.

The span of control at TATA steel varies dependent of the level of management. The span of control is generally broader at lower levels where supervisors manage larger teams. At higher levels the span of control is narrower where senior management oversee fewer direct reports. This ensures that managers at all levels can effectively supervise and support their teams whilst maintaining a balance between oversight and employee autonomy. (See figure 4 appendix, TATA Steel, 2024)

Centralisation and Decentralisation

TATA steel has a balanced approach of centralisation and decentralisation. Where strategic decision making is centralised to the top levels of management to allow a unified strategic direction, operational decision making is decentralised. This allows for managers and employees at various levels to be empowered to make decisions relating to their specific area of responsibility. This balanced approach allows TATA Steel to be agile and responsive to changes in the market and industry whilst still presenting and maintaining a cohesive strategic vision.

Formalisation

Formalisation refers to the extent to which rules, procedures and communications are standardised within an organisation. (Pavlov, et al 2023) At TATA steel there can be seen to be a moderate level of formalisation. Where there is well defined policies and procedures to provide clear guidelines to ensure consistency and compliance with the industry standard and regulations giving a formal approach. There is however room for flexibility and innovation, particularly in areas such as research and development where the company encourages experimentation and innovation. This balance between formalisation and flexibility allows TATA Steel to ensure high quality standards whilst also promoting a culture of continuous improvement and innovation.

3.0 Organisational culture

The culture of an Organisation refers to the shared values, beliefs and norms that influence behaviours within an organisation. (Iqbal et al, 2019) Tata Steel's, strong organisational structure is characterised by high level of employee engagement and alignment with organisation goals. A strong organisational culture can be a significant asset, fostering unity and a sense of belonging among employees. (Schein, 2010)

The elements of organisational culture consists of:

1. Values: TATA Steel core values such as integrity, excellence, unity and responsibility are ingrained throughout the organisational culture. These core values help guide each employee in the decision making process and their daily behaviour.
2. Norms: Organisational norms encourage collaboration and continuous improvement. For example there is an unwritten rule within TATA that employees should always be willing to help each other.
3. Symbols: Organisations use symbols such as logos, uniforms to reinforce it's identity. TATA Steel's logo is renowned within the manufacturing industry and is heavily promoted within the organisation of what it represents to have the TATA logo on a product or uniform.
4. Language: Acronyms or terminologies unique to the organisation help create a sense of identity and belonging among employees.
5. Meetings and Rituals: TATA has regular team building exercise along with fundraisers within the local community.

4.0 Organisational Motivation

The organisational motivation within TATA can be attributed with the following theories:

1. Goal Setting Theory: Locke and Latham's goal setting theory is highly relevant within TATA Steel's organisational motivation. Clear, challenging goals are set for all employees, which all align with the organisations objectives. Regular feedback, through carousel sessions, monthly reviews and employee one to ones ensure employees stay on and track and remain motivated. (Locke, et al 1991)
2. Equity Theory: Adams' equity theory is also applicable within TATA Steel as it strives to maintain fairness, quality in terms of rewards and recognition. Where employees who perceive to be treated equitably and fairly are more likely to be motivated and committed within their takes. So employees input time , responsibility and loyalty to the organisation, and the outcome of this is a fair compensation or reward. If you look at TATA Steel's compensation packages, benefits and salaries it is highly competitive within the industry. (See Figure 1 and 5 Appendix(Adams, 1965)
3. Expectant Theory: The process theory of Vroom's expectancy theory is integrated into TATA Steel's motivation strategies. Within the organisation employees believe their efforts will lead to desired performance and that in turn will be rewarded by the organisation. There is a clear link between effort, performance and rewards which in turn helps boost performance and motivation. This theory tries to prove that the motivated behaviour of employees is goal orientated. Within TATA Steel it is encouraged to utilise development plans and career matching within the organisation's intranet. (Leoninia, et al, 2022)

By integrating the above theories TATA Steel clearly sets goals, ensures fairness and there is a clear link of rewards in relation to performance. An example of this are annual performance reviews, and quarterly bonuses based on performance metrics. This approach of integration not only motivates employees but also aligns their efforts with the organisation's strategic objectives.

5.0 Organisational Leadership

The relevant theories that can be applied to the organisational leadership within TATA Steel are:

- 1.0 Transformation Leadership: Bass and Avolio's transformational leadership is highly relevant within TATA Steel. Leaders inspire their employees by setting clear vision and encourage innovation. This is the core ethos of TATA Steel. (See figure 6 appendix (Atupola et al, 2023)
- 2.0 Servant Leadership: Greenleaf's servant leadership theory can also be seen where leaders prioritise the wellbeing of employees to help promote an environment of support and empowerment. This enhances the trust and collaboration within the organisation. This is highly evident in the weekly communications from top level management promoting the health and safety of workers over any other goal. It is a continuous objective set by the organisation and takes president above all else. (Pavlov, et al 2023)

By integrated the above theories into the leadership style at TATA Steel it helps create a dynamic and supportive leadership. The leaders of the organisation are not only focused on organisational goals but the personal and professional development of their team members.(Pavlov, et al 2023)

6.0 External factors

There are many external factors that lead to change of organisational management. For example the below are the key influences that TATA Steel takes into account:

Market conditions: TATA Steel continuously monitors the market trends and conditions to stay competitive. Whether it be change in raw material cost, consumer preference or a shift on global demand. For example the COVID 9 pandemic shifted the orderbook for TATA Steel. The demand for tinplate packaging for food sky rocketed where demand for other products like construction decreased. These conditions require an agile and responsive approach. Market research is continually carried out so strategic decisions can be adjusted accordingly. (Palov, et al,2023)

Technological Advances: Any advances in technology have significant influence over organisational behaviour. TATA Steel is a pioneer in investing and developing new technologies to enhance productivity and quality. There is continuous growth in the research and development of new products utilising new technologies within the steel manufacturing process. (Pavlov, et al, 2023)

Regulatory Changes: This is a key factor that impacts policies and procedures within TATA Steel. Due to the nature of the products manufactured TATA Steel is governed by policies and industry regulations. TATA Steel regularly adapts and updates to meet these new requirements. Something that is at the forefront of the UK site of TATA Steel is the environmental targets that have been set by the government for the organisation to meet. (Turner et al, 2022) (See Figure 3 appendix, TATA Steel, 2024)

6.0 Conclusion

In conclusion design, culture, motivation and leadership within an organisation are critical components that influence the behaviour and development of the company. TATA Steel has a strong organisational culture, design and effective motivational strategies with dynamic leadership styles that work alongside the objectives and strategic decisions to boost productivity and a positive work environment.

Both internal and external factors collectively shape the behaviour of employees and shape the organisational development of the organisation. The strong organisational culture and effective hierarchical leadership foster positive work environments which in turn boost performance and productivity.

To further prove this, a further look into the organisational management within TATA Steel and the theories behind them is needed. The current changes in TATA Steel UK provide a good case study of how the organisational management has shaped the regulation changes, how this will affect employee behaviour and what will shift in the organisational design.

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Appendix

Figure 1

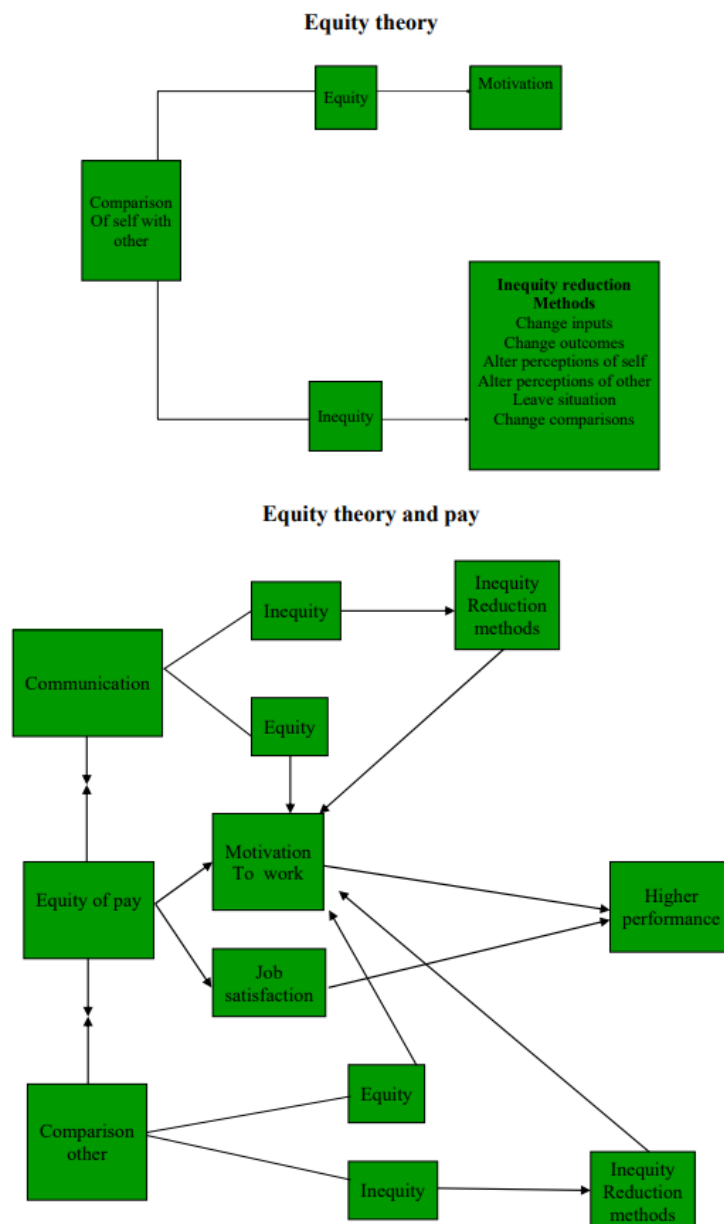
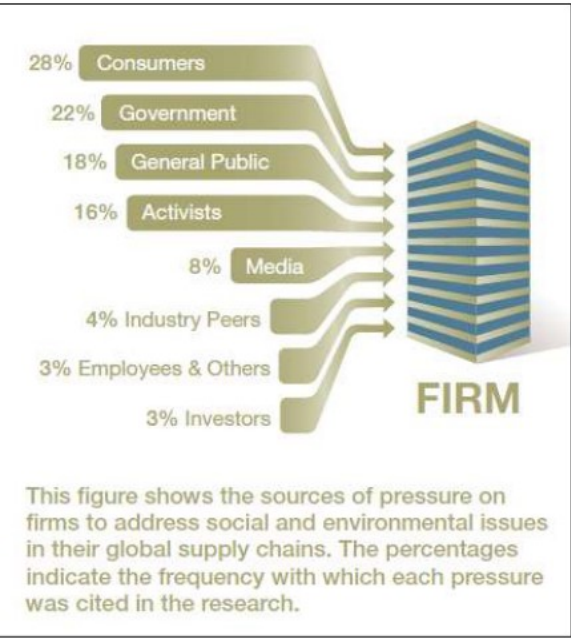


Figure 2



Figure 3

Factors pressuring organizations



Key sustainability issues

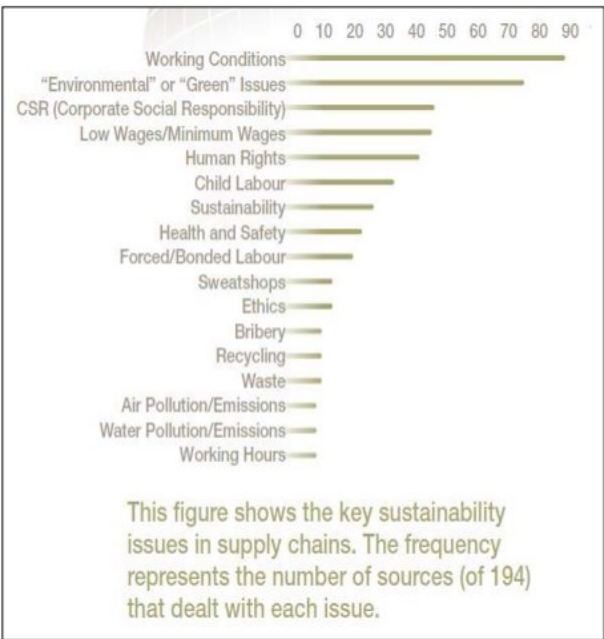


Figure 4

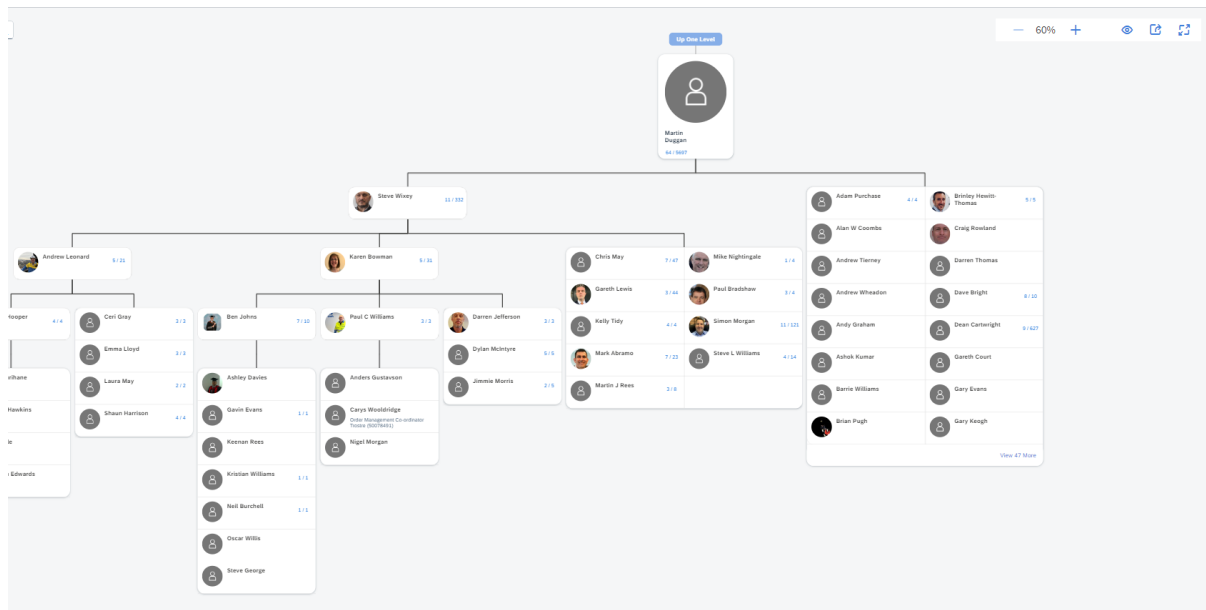


Figure 5

Table 1: Inputs and Outcomes of Equity Theory

Inputs	Outcomes
Education, intelligence, experience, training Skills, seniority, age, sex, ethnic background Social status, job effort, personal appearance, health, spouse's characteristics.	Pay, intrinsic rewards, satisfying supervision Seniority benefits, fringe benefits, job status Status symbols, job perquisites, poor working conditions, monotony, fate, uncertainty.

Figure 6

Intellectual Stimulation

- *Innovation*
- *Creativity*
- *Goals*
- *Challenge*

Individualized Consideration

- *Mentorship*
- *Empathy*
- *Purpose*
- *Strength & Skills*

Transformational Leadership

Idealized Influence

- *Role Model*
- *Walk the Walk*
- *Enthusiasm*
- *Embody Value*

Inspirational Motivation

- *Clear Vision*
- *Optimism*
- *Inclusion*
- *Productivity*

The diagram below summarises how TATA Steel's Equity Theory can be applied in many organisations: Appendices

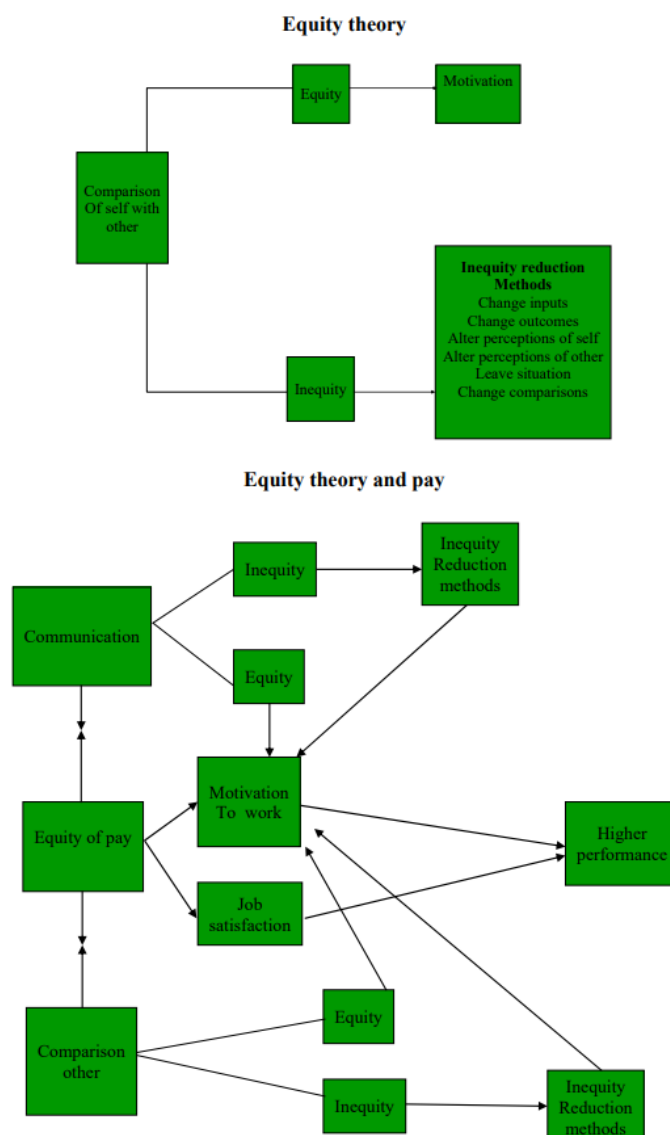


Figure 1

4.