

# NAVEEN JINDAL: LEADERSHIP POWER PLAYS

Nistha Tripathi\*, Bal Krishna Upadhyay\*\*

**Abstract** *The case is prepared keeping management students, teachers and professionals in the mind and essentially deals with leadership issues bundled with other concepts like managerial roles, skills, functions, personality, business ethics, and interpersonal skills. Jindal Steel and Power Limited under Naveen Jindal earned continuous growth and also acquired 'aspired stature' among other plants working in the steel and power sector. The present case deals with Mr. Naveen Jindal's style of management who managed to get set one of the large but ailing steel plants amidst other roles as a parliamentarian at a very young age as Member of Parliament-cum-Managing Director of Jindal Steel and Power Limited. This case provides a glimpse of management concepts and theories that guide Jindal's way of working focusing on leadership and power concepts.*

*"IQ acts for only about 20% of a person's success in life. The balance can be attributed to EI or EQ." – Goleman*

*If one has to sketch an excelling Chief Executive Officer (CEO), what would be major ingredients? A work-life balance skewed in favour of work? All work and no play attitude? But what if, the person has to manage a balance between varied roles. Is it possible to excel in various fields altogether? The answer is affirmative in the case of Naveen Jindal.*

*Naveen Jindal, Executive Chairman and Managing Director (MD) of the INR13113 crore, Jindal Steel & Power Limited (JSPL) is success personified who manages all his roles; well, at least it seems so. Jindal is ranked as India's best CEO dignified parliamentarian in the constituency of Kurukshetra, Haryana & a well-known sports person as well.*

**Keywords:** JSPL, Naveen Jindal, Leadership

## BACKGROUND

The youngest son of late businessman and Congress leader O.P. Jindal, Naveen Jindal inherited the traits of businessman and politics. But, in addition to inheritance he charted his own course leading to continuous growth and development. He paved his own way instead of following others footprints. He is open to innovative approaches either through written sources or his own employees. He believes in taking risks but do it in a calculative manner. Well-equipped with skills of speech he makes others walk on his track.

Youth icon, Managing Director (MD)-cum-Member of Parliament (MP) has a lot on his plate. But it is his ability solely that places him quite differently than from his three older brothers Rattan, Sajjan, and Prithvi Raj, all of whom run their own steel empire, bequeathed by their father, late Om Prakash Jindal.

## JINDAL GROUP: THE GENESIS

JSPL is part of the three decade old O.P. Jindal group, a US\$17 billion (gross turnover) multi-national & multi-product conglomerate with business interests spanning mining, energy, industrial gases & port facilities among others. Today the O.P. Jindal group comprises JSW Steel, Jindal Steel & Power, and Jindal Saw & Jindal Stainless, some of India's largest steel manufacturers with an annual

capacity of over 19 million tons. O.P. Jindal group was divided among the sons in 1998 (Table 1).

## NAVEEN JINDAL: THE STORY OF AN EMERGING LEADER

When Naveen came back after completing his MBA from the University of Texas in 1992, he was put in charge of group's ailing Raigarh plant in Chhattisgarh that required immediate interventions in terms of technologies so as to bring the organisation in a profiteering position.

Jindal converted a tiny and ailing factory into Rs. 47,000 crore empire. The handling of Raigarh plant to Naveen was an experiment that succeeded. When he was handed over the factory it was having various problems related to production and raw material. Thus, he thought and persuaded his father to invest in new technology and equipment.

He started with a focus on raw materials and worked for coal and iron ore acquisitions. After excelling in the field of steel he entered into Power, Oil, and Gas sectors consecutively. Again due to his focus on raw materials in 2008 he won four oil and gas exploration blocks in Georgia in a global bidding. He also headed to other global ventures in Bolivia, South Asia, and Africa.

\* FPM Scholar, Indian Institute of Forest Management, Bhopal, Madhya Pradesh, India. Email: [Tripathi.nistha2@gmail.com](mailto:Tripathi.nistha2@gmail.com)

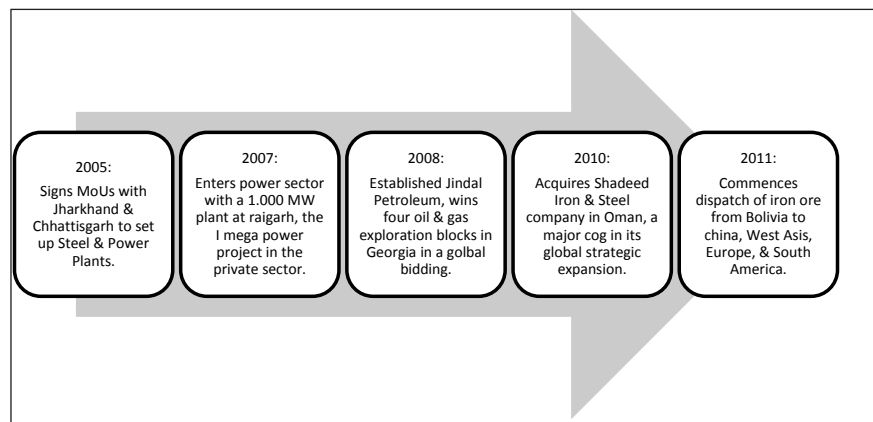
\*\* Faculty of Human Resource Management, Indian Institute of Forest Management, Bhopal, Madhya Pradesh, India. Email: [bkupadhyay@iifm.ac.in](mailto:bkupadhyay@iifm.ac.in) (All Communication to be addressed to the Second Author).

**Table 1: Division of Jindal Plants**

<p><b>Mr. Prithvi Raj Jindal</b>                  Jindal Saw Ltd                  Jindal Saw USA, LLC                  Hexa Securities &amp; Finance Company Ltd.                  IUP Jindal Metals and Alloys Limited                  S V Trading Limited                  Jindal ITF Ltd.</p>	<p><b>Mr. Sajjan Jindal</b>                  JSW Steel Ltd.                  JSW Energy Ltd.                  JSW Holdings Ltd.                  JSW Infrastructure &amp; Logistics Ltd.                  Vijaynagar Minerals Pvt. Ltd.                  Jindal Praxair Oxygen Company Ltd.                  JSoft Solutions Ltd.                  JSW Building Systems Ltd.</p>
<p><b>Mr. Ratan Jindal</b>                  JSL Stainless Ltd.                  PT Jindal Stainless, Indonesia                  JSS Steelitalia Ltd.                  Jindal Stainless Steelway Ltd.                  Art d'inox: Austenitic Creations Private Limited                  Arc: Jindal Architecture Limited                  Parivartan City Infrastructure Ltd</p>	<p><b>Mr. Naveen Jindal</b>                  Jindal Steel &amp; Power Ltd.                  Jindal Power Ltd.                  Jindal Petroleum Ltd.                  Jindal Shadeed Iron &amp; Steel LLC                  Jindal Africa Pty. Investments (Pty) Ltd.                  Jindal Cement                  Jindal Power Trading Company Ltd.</p>

Source: www.jspl.com

**Figure 1: The Watch of Indian CEO**



(Source:www.jindalsteelpower.com/media/pdf/corporate-presentation.pdf)

JSPL exhibits a continuously profiteering growth that calls to peep inside the success story to look out for the contributing factors (Annexure 1).

**THE JINDAL WAY**

In traditional business approach public expression of emotions was never considered as a businessman’s cup of tea. But, Naveen Jindal seems to be unaffected by such conservative ideas and believes in expression of emotions but taking it as a driving force to bring the change. About his 11-year long battle to hoist the national flag as a fundamental right<sup>3</sup>he says, “Have you ever held the Indian flag? The feeling of hoisting the flag is difficult to express in words.”<sup>4</sup>

Jindal’s out of the box thinking accompanied with self-confidence to adopt innovative approaches puts his company in a landmark status. His combination of steel & power presents a model to be adopted by other players. Finance Director Sushil Maroo, JSPL expresses it like “...We prefer to cut costs through innovation.”<sup>5</sup> For example, Jindal makes steel using sponge iron which allows it (\$15 a ton) rather than imported coking coal (\$160 a ton).

Jindal is highly motivated to excel in his field and for this he is well-equipped with communication skills to persuade others and taking risks. V. R. Sharma, CEO of Jindal Steel once said about these traits of him like, when idea of expansion of JSPL’s steel plant at Angul came up in Odisha before the council, majority of them were reluctant to put up a DRI

(direct reduced iron) or sponge iron plant anticipating lesser yield. But, on the contrary Jindal took it as an opportunity for utilizing coke oven gas to produce sponge iron for the first time in the world. As a result a 4.2 million ton capacity plant in Angul is being set.<sup>6</sup>

Farsighted approach is direly needed to excel in any field. Buying access to raw materials such as coal and iron ore at a time when his competitors were focusing on expanding manufacturing capacity depicts this phenomenon. Thus, Jindal has its own coal and iron ore mines as well as power plants to feed its steel mills. This insulates it from rising raw material prices.

Jindal intermingled his sportsman approach also in his work style. He himself says, “In business I address my weakness by putting in charge people who possess the relevant strengths. Individual sports do not allow you to do that. You need to have a good mix of people so that different ideas get thrown in all the time and allows for a balanced approach.”<sup>6</sup>

Jindal keeps himself updated and abreast with new technologies by networking both with living personalities as well as reading good articles. About his move to produce energy from the waste heat recovery boiler of sponge iron (for the first time in India) he pays due respect to other’s ideas and says, “It wasn’t my idea; I read a great deal of articles from which I borrowed those thoughts. Only a person who implements a good idea benefits from it.”<sup>6</sup>

## JINDAL’S SHADES OF GREY

Jindal group was claimed as largest beneficiary of coal block allocations without competition. It has reserves of 2,580 million tons of coal, while the second largest beneficiary in the private sector has just 1500 million tons. Jindal was charged of lobbying. Which by itself is not taken as a crime, “Lobbying is okay as long as he (Naveen Jindal) is not in any parliamentary committee that relates to business and economy,”<sup>7</sup> said Shriram Subramaniam, founder and Managing Director of In Govern Research Services, a consultancy and research firm on corporate governance. Jindal himself said, “Our company has been allocated coal blocks by the government based on the merit of our projects that have been completed and our proven track record of implementing projects in the infrastructure sector and development and operation of coal mines.”<sup>8</sup>

In relation to coal block allocation when Jindal was asked some uncomfortable question he manhandled a news channel team in September 2012, something which leaders avoid.

After one month of manhandling case on 25 October, Naveen Jindal organised a press conference on behalf of his company JSPL where he accused Zee News for trying to extort Rs 100 crore from the company for not showing stories

against Jindals on coal block allocation controversy. He even released a CD claiming that he recorded conversations of Zee officials who were trying to make a deal with JSPL. JSPL has also filed INR200 crore case against Zee News.

Also, questions were raised on Jindal’s salary after a news report highlighted how he topped the executive pay charts for listed companies in the country with a package of INR73.4 crore in 2011-12. This accusation was again found to be legally justified in consonance with Indian Companies Act.<sup>9</sup>

## JSPL: FUTURE PROSPECTS

Jindal’s pipeline of new projects include a hydro power joint venture with the state government of Arunachal Pradesh & ambitious project to process liquid petroleum from high ash coal using German technology.

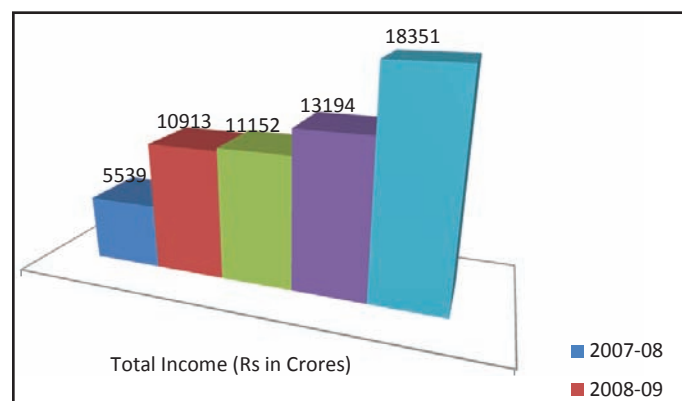
Ever the resource hunter, he is also eyeing opportunities in oil-and-gas exploration. Subsidiary Jindal Petroleum has secured seven oil blocks, five in Georgia, & one each in Bolivia & India.

The question what has made Naveen Jindal a successful leader (both business and political), entrepreneur, individual is still to be answered. Further, it seems that the background to which he belonged and his experiences with his father helped him gain what he has now. He seems to be the perfect heir to the throne of O.P. Jindal. However, the grey shades have just made him (in) famous as well.

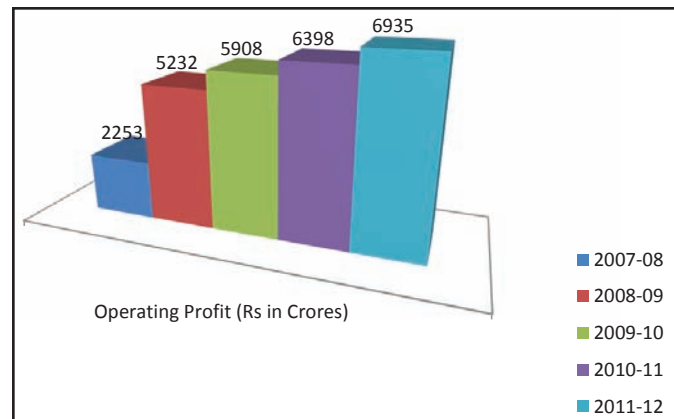
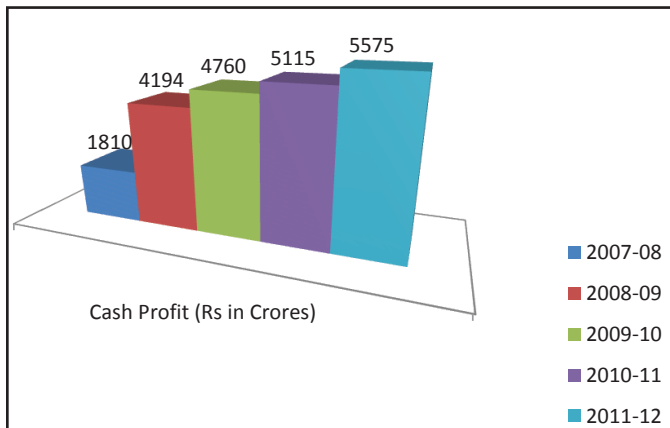
Naveen Jindal would like to take his organisation to the extreme positive end however it will be time that will decide where the Jindal group under Naveen will go.

## ANNEXURE 1: CONTINUOUS GROWTH OF JSPL

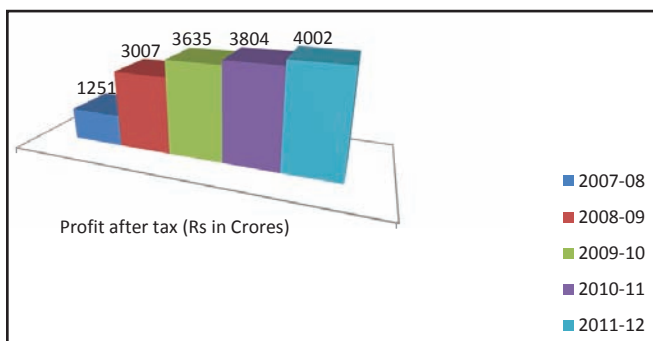
Figure 1(a): Growth in Total Income (In Crores)



**Figure 1(b): Continuous Growth in Cash Profit (In Crores)**



**Figure 1(c): Growth in Profit after Tax (In Crores)**



**Figure 1(d): Growth in Operating Profit (In Crores)**

**CASE OBJECTIVES**

The objective of the case is to acquaint the readers with a practical view of managerial concepts such as managerial functions, skills, roles, leadership, emotional intelligence, power and politics, and interpersonal skills etc. through a real life case.

**TEACHING APPROACHES**

The case requires two hour time equally divided between reading and discussion of the case. After discussion students should be assigned to answer the following questions.

**CASE ANALYSIS**

Naveen Jindal, as a person and manager, is playing multi-dimensional roles for his company and the people in society who have chosen him as their leader in the parliament. The Mintzberg’s managerial role and Katz’s managerial skill

**Table 1: JSPL: Existing Plants**

EXISTING STEEL PLANTS	EXISTING POWER PLANTS	EXISTING MINING OPERATIONS
3 MTPA integrated steel plant at Raigarh Chhattisgarh.	1000 MW IPP, Chhattisgarh (Under JPL)	12 MTPA Coal Mining for captive use, Chhattisgarh
1.4 MTPA sponge iron plant at Raigarh, Chhattisgarh	890 MW CPP, Chhattisgarh	2 MTPA Iron ore mining, Odisha
1.7 MTPA hot metal at Raigarh, Chhattisgarh	540 MW CPP, Odisha	1 MTPA Anthracite coal Mining, South Africa
4.5 MTPA pellet plant at Barbil, Odisha	24 MW Wind Power, Maharashtra	
1.6 MTPA Wire & Bar mill at Patratu, Jharkhand		
1.5 MTBA HBI plant at Sohar, Oman		

Source: Annual report JSPL, 2011-12.

**Table 2: Major Awards and Accolades of Naveen Jindal**

- Ranked No. 1 as wealth creator in India over a 10-year period (Business World, November 2011)
- Rated the world’s 2<sup>nd</sup> largest value creator by Boston Consulting Group (BCG), based on total shareholder return from 2005-09, and the largest value creator in mining & materials category, 2010.
- Awarded the Dun & Bradstreet- Rolta Corporate Awards 2011.
- Ranked 3<sup>rd</sup> in the metals Category of Business World’s India’s most Respected Companies Survey, 2011.
- Received the Forbes Asia’s ‘fabulous 50’ International Award 2011 & 2010.
- Golden Peacock Innovation Management Awards.

Source:www.jspl.com

model is clearly evident in his working style. The leadership of Jindal has seen many shades and through his situational leadership style he has made a difference in the world of steel manufacturing. His leadership and multidimensional managerial style has been instrumental in changing the fate of the steel company which he heads. He has revealed through his several decisions that he is high on four out of five emotional intelligence elements. Overall, it cannot be said that his leadership style is only fixed to situational leadership model but also seems to extend to other transactional leadership styles.

The present case requires answering/focusing following questions, which should suggest issues pertaining to managerial skills, functions, leadership qualities, interpersonal skills and emotional intelligence as contributor to Naveen Jindal's success model.

### QUESTIONS FOR DISCUSSION

1. What is behind the success of Naveen Jindal as an individual human being, as an entrepreneur, as a businessman, and as a leader?
2. Which leadership style is found in Naveen Jindal and how is it contributing to growth of JSPL?
3. What kind of organisational politics Naveen Jindal is playing? What power base he seems to use in various situation?
4. What role conflicts can be observed? How did he manage to come out successful with varied roles he plays?
5. Is it E.I. behind the success of Naveen Jindal?
6. With all possibilities & strategies of Naveen Jindal where will JSPL head. What will be its future?

### REFERENCES

Goleman, D. (1998). *Working with Emotional Intelligence*. Bloomsbury Publishing, London.  
<http://www.naveenjindal.com/>  
<http://www.jindalsteelpower.com/>

### END NOTES

1. Emotional Intelligence (E.I.) is a type of social intelligence that involves the ability to monitor one's own and other's emotions, to discriminate between these emotions, & use information effectively to guide his/her thinking and actions. One's E.I. determines his/her potential for learning the practical skills that are based on five elements: self-awareness, motivation, self-regulation, empathy, and adeptness in relationships. One's emotional competence shows how much of potential has been translated into on-the-job capabilities.
2. BT-INSEAD-HBR study of the top value creators for the period 1995 to 2011 by Business Today.
3. Naveen Jindal made government amend the flag code of India. In addition, he founded the Flag Foundation of India, an organisation that works towards fostering respect to *Tiranga* (Indian tricolor flag) and the values it embodies among all Indian particularly the youth.
4. Financial Express, 17 June 2012, "Education is a philanthropic effort and not business for us."
5. Outlook Business Magazine, 26 November 2012, "Naveen Jindal on his views on Jan Lokpal Bill."
6. The Economic Times, 24 August 2012, JSPL MD Naveen Jindal: A value creator and man of many passions.
7. Business Today, 30 October 2012, "Naveen Jindal's style of conducting business."
8. The Tribune, 24 September 2012, "Coal blocks allocated on merit says Jindal Steel."
9. Under the Indian Companies Act, an executive head's compensation cannot exceed 5% of net profit and director's compensation as a whole cannot exceed 11% of profit without government permission.