

"A man is
great by
deeds, not by
birth"

-Chanakya

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Socioemotional wealth in Indian Family Business Group- Tata Saga

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Abstract:

The concept of socioemotional wealth has an important place in the literature on family business firms. However, there is hardly any literature on the socioemotional wealth of family business in the Indian context. This paper tests the application of the socioemotional wealth concept in practice in an Indian family-owned business group. The focus of the study was the Tata group and the events that lead to the dismissal of its chairman Mr.Cyrus Mistry in 2016. Using the case research method, the paper analyses whether the abrupt removal of the chairman, who is not from the Tata family, was because of financial performance related reasons or due to socioemotional wealth related reasons. The data was collected from secondary sources, mainly official filings/letters by the group firms/officials and articles in the reputed business newspapers. FIBER scale was used to measure the socioemotional wealth of the Tata group. The results suggest that the reasons for leadership change initiated by family patriarch Mr.Ratan Tata were socioemotional wealth rather than financial performance. Hence the paper provides evidence that the Indian family-owned business groups consider socioemotional wealth more important than financial interests. This research work is a pioneering effort in this regard in the context of Indian family-owned business groups.

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