International Journal of Commerce and Management Research
www.managejournal.com
ISSN: 2455-1627
Received: 20-06-2026, Accepted: 21-07-2026, Published: 06-08-2026
Volume 12, Issue 3, 2026, Page No. 136-139

Corporate leadership and financial performance: An empirical investigation of the automobile industry

Harwinder Kaur
Assistant Professor, Department of Commerce, Khalsa College for Women, Sidhwan Khurad Ludhiana, Punjab, India
DOI: https://doi.org/10.66856/ijcmr.2026.12.3.12209

Abstract
Leaders impact the company's performance in many terms. A good leader creates a positive environment in organisation as a result the overall growth of company is improved. Leaders take various decision in respect of formulating strategies and plan. This study investigates the relationship between leadership influence and financial performance of sample units. Basically the main aim of study is to investigate the impact change in leadership in automobile companies of India on the financial performance of company. To fulfil the objective, three companies have been taken as a sample unit (Maruti Suzuki, Mahindra & Mahindra and Tata Motors). The time period between 2021 to 2025 has been taken as during that period sample units had changed their leader many times. After analysis the financial reports of sample units, study concludes that the overall financial performance of Maruti Suzuki and Mahindra & Mahindra positively affected by change in leadership while, Tata Motors had been negatively affected by due to frequent change the leaders on various positions in company.

Keywords: Leadership and Financial performance, Automobile Industry

Introduction
During the past two decades, significant literature Have been published on the subject of change in leadership and their impact on organisational performance in respect of sale volume growth or profitability. Most of studies have been found the positive correlation between excellence in leadership and organisational results. A leader is a person who knows his employees better than their mothers. Leadership attributes and their activeness leads to high performance of result have been the subject of research. In the instance, when CEOs change, as a natural consequence the top management team also sees some kind of change as the new leadership gets their own choice of decisions and strategies to compete the organisation. As every year dozen marketing and sales chiefs have shifted their jobs, which have affected the implementation of a consistent strategy, and eventually bring the blow to sales volumes. It's natural to take six months for a CEO to understand the particular country or region, then another six months to understand the market competition, so by the time he forms his strategy and gets into execution mode, it is already two and half years and time for him to go. Since the beginning of 2010, Indian automobile industry have been rotate different CEOs, Honda Cars India has had five different CEOs, while the likes of Nissan Motor India, General Motors India have had four heads, and Volkswagen, Ford, Fiat and Tata Motors had three, according to an analysis done by Economic Time Auto.

To identify the management activities that really matter in Indian Automobile Industry, the aim of this paper is to investigate the change in leadership and their impact on sale growth in top Indian automobile companies. The automobile sector in India is a complex market and requires people in leadership position to understand the market well to deliver results. This takes time and in the current scenario of unpredictable and unprecedented policy challenges the job is doubly hard. The factors contributing to financial growth are as follow:

a. Visioning in partnership with board.
b. Developing a high quality, integrated plan.
c. Skilfully executing the plan and managing fundamentals.
d. Building and maintaining credibility.

Objective of Study
The present paper is aimed to examine the financial performance of sample units (Maruti Suzuki, Mahindra & Mahindra and Tata Motor) by using financial statements. Following are the main objectives of study:

- Identify the impact of change in leadership during the sample period on profit and loss account including on sale revenue of sample units.
- To investigate the influence of leadership rotation on balance sheet of sample units.

Methodlogy
This study is based on secondary data, relevant data has been collected from published annual reports of selected automobile companies from their official websites, journals on finance and magazines. To fulfil the objective of study, data for the period of 2021 and 2025 has compared as during these years CEOs of these Particulars companies had been changed over the period of time. This study covers three automobiles companies including Maruti Suzuki India, Mahindra & Mahindra and Tata Motors. Furthermorefinancial performance analysis of these companies has been done through: comparative balance sheet and comparative profit and loss accounts of the year of 2021 and 2025.

Result and Analysis
The result of the study depicts the relationship between leadership influence and financial performance in terms of Balance Sheet and Profit and Loss Account. After analysing

the annual reports of sample units, following results have been concluded:

1. Sale Growth and Leadership

Since the beginning of 2010, Tata Motors has had 3 different CEOs, while the likes Mahindra & Mahindra and Maruti Suzuki have have had 2 heads. These frequent changes of the CEOs give a blow to sales volumes of auto companies in India. Table I, shows that since 2011 the sale growth of Maruti Suzuki and Mahindra & Mahindra has increased by 29% and 4.5% respectively While Tata Motors had observed negative impact of change in leadership on the sale volume, the total sale units had been decreased by more than half.

Table 1: Change in leadership and sale growth.

Company	Units Sales in 2021	Units Sales in 2025	Growth	Number of CEOs
Maruti Suzuki India	9,97,281	12,89,128	29.26	2
Mahindra & Mahindra	1,96,354	2,05,081	4.44	2
Tata Motors	2,96,698	1,38,244	-53.41	3

Source: Economic Times Auto.

2. Profit and Loss Account and Leadership Influence

During the period of 2021 to 2025, sample companies have had taken hard decision regarding leadership changes. Table II depicts the changes in profit and loss accounts during that period. Study observed that the sale revenue of Maruti Suzuki have been increased by 34% in between 2021 to 2025, whereas total sale revenue of Tata Motors and Mahindra & Mahindra had been decreased by more than 23% and 38% respectively. Furthermore, the profit of the sample units in between 2021 to 2025 has been significantly impacted by leadership changes. The net profit of Tata Motors had been decreased by more than 300%.

Table 2: Change in Leadership and Profit and Loss Account.

Particulars	Profit and Loss Acc of Maruti Suzuki India			Profit and Loss Acc of Tata Motors			Profit and Loss Acc of Mahindra & Mahindra		
	2021	2025	Growth	2021	2025	Growth	2021	2025	Growth
Income									
Revenue from Operations	40102	53769	34.08	50951	39120	-23.22	40579	25137	-38.06
Less: Excise/Service Tax	4253	5163	21.39	4096	3230	-21.14	2188	2095	-4.25
Revenue from Op [Net]	35849	48606	35.58	46855	35891	-23.40	38392	23042	-39.98
Other Operating Revenues	769	1365	77.42	233	404	73.46	554	418	-24.47
Total Operating Revenues	36618	49971	36.46	47088	36295	-22.92	38945	23460	-39.76
Other Income	509	832	63.44	423	1881	344.81	849	434	-48.86
Total Revenue	37127	50802	36.83	47511	38176	-19.65	39794	23894	-39.96
Expenses									
Cost of Mat Consumed	27142	32868	21.10	27058	22155	-18.12	20272	14709	-27.44
Purchase of Stock-In Trade	1278	2665	108.53	7363	5765	-21.70	7359	1757	-76.12
Operating and Direct Exp	0	0	0.00	141	437	209.76	0	0	0.00
Changes in Inventories	-56	-456	714.11	-354	-879	148.10	324	-202	-162.49
Employee Benefit Exp	704	1607	128.34	2294	3091	34.76	2317	1432	-38.21
Finance Costs	25	206	724.00	1384	1612	16.48	214	72	-66.17
Dep and AmortExp	1014	2470	143.74	1361	2603	91.30	975	414	-57.55
Other Expenses	3938	6643	68.69	6738	8080	19.92	4601	2361	-48.67
Less: Inter Unit / Segment	26	69	168.87	818	1119	36.82	101	51	-49.63
Total Expenses	34018	45934	35.03	45168	41747	-7.57	35961	20492	-43.02
Profit/Loss Before Exceptional, Extra Ordinary Items and Tax	3109	4868	56.59	2344	-3571	-252.37	3833	3402	-11.25
Exceptional Items	0	0	0.00	-147	-404	174.44	336	117	-65.01
Profit/Loss Before Tax	3109	4868	56.59	2197	-3975	-280.96	4169	3520	-15.57
Tax Expenses-Cont. Ope									
Current Tax	810	1303	60.79	435	37	-91.41	836	762	-8.88
Less: MAT Credit	0	70	100.00	426	-777	-282.28	93	0	-100.00
Deferred Tax	10	-75	-844.55	376	-50	-113.36	105	96	-8.36
Total Tax Expenses	820	1157	41.06	385	764	98.66	848	858	1.15
Profit/Loss After Tax and Before Extra Ordinary Items	2289	3711	62.16	1812	-4739	-361.56	3321	2662	-19.84
Profit/Loss from Cont. Ope	2289	3711	62.16	1812	-4739	-361.56	3321	2662	-19.84
Profit/Loss for The Period	2289	3711	62.16	1812	-4739	-361.56	3321	2662	-19.84
Other additional information									
Earnings per share									
Basic EPS (Rs.)	79	123	55.51	6	-15	-347.52	56	46	-17.82
Diluted EPS (Rs.)	79	123	55.51	6	-15	-359.52	54	44	-17.39

Dividend and Dividend Percentage									
Equity Share Dividend	217	755	248.50	1274	0	-100.00	745	706	-5.26
Equity Dividend Rate (%)	150	500	233.33	200	0	-100.00	240	230	-4.17

Source: Compile from Annual Reports of sample units.

3. Balance Sheet and Leadership Influence

Table III. depicts that during the period of 2021 to 2025, balance sheet of sample units has consistently change. The equity share capital of Maruti Suzuki has changed by 4 %, and there was a slight change in equity of Tata Motors and Mahindra & Mahindra. The total capital and liabilities of sample units has increased during the period of 2021 to 2025.

Same as NonCurrent Assets, Maruti Suzuki gain more than 180% increased in non-current assets and Mahindra & Mahindra got more than 60% increase in their non- current assets during the period of 2021 to 2025. The study observed that current assets of Maruti Suzuki and Tata Motors have been decreased while there was a more than 80% increase in the current assets of Mahindra & Mahindra.

Table 3: Change in Leadership and Balance Sheet.

Particulars	Balance Sheet of Maruti Suzuki India			Balance Sheet of Tata Motors			Balance Sheet of Mahindra and Mahindra		
	2021	2025	Growth	2021	2025	Growth	2021	2025	Growth
Equities and liabilities									
Shareholder's funds									
Equity share capital	145	151	4.50	638	644	0.95	294	296	0.71
Total Share Capital	145	151	4.50	638	644	0.95	294	296	0.71
Revaluation Reserves	0	0	0	24	23	-5.46	256	11	-95.78
Reserves and Surplus	13723	23553	71.63	19351	14196	-26.64	9764	18949	94.07
Total Reserves and Surplus	13723	23553	71.63	19376	14219	-26.61	10020	18959	89.22
Total Shareholders Funds	13868	23704	70.93	20013	14863	-25.74	10313	19255	86.70
Non-Current Liabilities									
Long Term Borrowings	139	145	4.17	9679	12319	27.27	2312	2514	8.74
Deferred Tax Liabilities	164	481	192.58	2023	0	-100.00	354	980	176.45
Other Long Term Liab	96	105	9.91	2221	287	-87.09	187	614	228.09
Long Term Provisions	140	293	109.60	1253	2104	67.90	421	607	44.13
Total Non-Current Liab	539	1024	89.98	15177	14710	-3.08	3275	4716	43.99
Current liabilities									
Short Term Borrowings	31	35	13.46	4959	7762	56.53	9	106	1061.20
Trade Payables	2608	5561	113.22	8817	8853	0.40	3953	5365	35.74
Other Current Liabilities	993	1866	87.90	3210	3143	-2.10	729	2041	179.82
Short Term Provisions	386	1360	252.25	2014	613	-69.56	1260	1461	15.97
Total Current Liabilities	4019	8823	119.55	19000	20371	7.21	5951	8974	50.79
Total Capital and Liabilities	18425	33551	82.09	54190	49943	-7.84	19540	32945	68.60
Assets									
Non-Current Assets									
Tangible Assets	5484	11967	118.23	10912	12261	12.36	3002	5795	93.08
Intangible Assets	46	292	539.61	2505	3523	40.62	131	134	2.04
Capital Work-In-Progress	863	1883	118.30	1720	1350	-21.51	534	756	41.51
Intangible Assets Under Development	0	0	0	2079	4691	125.61	240	1423	493.77
Fixed Assets	6392	14142	121.25	17216	21824	26.77	3907	8108	107.55
Non-Current Investments	1111	9818	783.51	22538	16967	-24.72	8205	11373	38.60
Long Term Loans and Advances	1255	1349	7.54	3430	2404	-29.92	1868	3232	73.02
Other Non-Current Assets	47	44	-6.37	35	176	404.22	117	103	-11.60
Total Non-Current Assets	8805	25353	187.94	43219	41370	-4.28	14097	22817	61.85
Current Assets									
Current Investments	3996	2996	-25.01	86	20	-76.49	720	1765	145.11
Inventories	1415	2615	84.81	3891	4802	23.40	1694	2438	43.88
Trade Receivables	825	1070	29.75	2603	1114	-57.18	1260	2558	102.97
Cash and Cash Equivalents	2509	18	-99.27	2429	945	-61.10	615	2065	235.93
Short Term Loans and Adv	684	1173	71.56	1851	1574	-14.93	838	773	-7.74
Other Current Assets	193	326	68.70	112	117	4.63	315	529	67.87
Total Current Assets	9620	8198	-14.78	10972	8573	-21.86	5443	10128	86.09
Total Assets	18425	33551	82.09	54190	49943	-7.84	19540	32945	68.60

Source: Compile from Annual Reports of sample units.

Limitation of The Study

Present study based on the secondary resources. It is based on the published data of the Automobiles companies and other resources. So, the further research can be carried out by considering the aspects given below:

1. As the information is collected from limited sources, it is not possible to use different tools and techniques of statistical analysis.
2. The study is based on secondary data; the secondary data has its own limitations.
3. Some external factors also could affect directly or indirectly to the companies' performance.
4. The entire study is limited to three automobiles companies only.

Conclusion

The study conclude that the financial performance of sample units Have been Effectedby leadership during the period of 2021 to 2025. The overall financial performance of Maruti Suzuki and Mahindra & Mahindra has improved during the period of 2021 to 2025, while Tata Motors had faced negative impact due to the change in leaders very frequently during the tenure of 2021 to 2025.

References

1. King Committee on Corporate Governance. King report on corporate governance for South Africa 2001. 2001. [online]. [cited 3 March 2002] Retrieved from Internet: URL http://www.iodsa.co.za/IoD%20Draft%20King%20Report.pdf
2. Sankar Y. Character not charisma is the critical measures of leadership excellence. Journal of Leadership & Organizational Studies,2003:9(4):45–55.
3. Carcello JV. Governance and the common good. Journal of Business Ethics,2009:89(1):11–18.
4. Cherry K. Leadership Theories: The 8 major leadership theories. The Eight Major Theories of Leadership,2014. Retrieved from http://psychology.about.com/od/leadership/p/leadtheories.html
5. Drew SA, Kelley PC, Kendrick T. CLASS: Five elements of corporate governance to manage strategic risk. Business Horizons,2006:49(2):127–138.
6. Jay J. Why Followership Is Critical to Much More Effective Leadership. Credit Union Journal,2011:15(13):10.
7. Jerry RH. Leadership and followership. University of Toledo Law Review,2013:44(2):345-354.
8. Kelley RE. In praise of followers. Harvard Business Review,1988:66(6):142-148. Retrieved from http://www.coveylink.com/documents/13-Behaviors-Handout-CoveyLink.pdf