

Example of case study on reflective journal 4: leadership and charisma

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According to its official website, ABB is a leader of automation and power technologies. It is a company that serves its clients and still takes care of the environment. ABB's products are reliable making its clients more competitive in terms of costs and productivity. ABB does this through its leadership in technology, application know-how, local capabilities and its global presence. This global presence, according to the ABB website, can be translated into easy access of ABB's products and services that can be purchased through ABB's local distributors or from its geographic sales centers.

ABB's financial performance is very admirable. Between the years 2011 and 2012, the number of orders received by the company has remained relatively the same but its gross revenues have increased by US\$2 billion. However, the EBIT margin has decreased as well as the operating margins (14% from 15.8%) and net income (2.7 billion from 3.1 billion). This is due to the company loading up on new investments, as assets increase from 39 billion to 49 billion. While this has decreased the computed earnings per share for the company which is a bad news to shareholders (from 1.38 per share to 1.18 per share), the long term prospects of ABB remain very strong and its future very optimistic.

The website also features the traits that ABB wishes their employees to possess, which are the core values of competency, integrity and ambition. The company believes that these three core values are needed to fulfill the company's promise to its clients as well as to its stakeholders (employees, communities and society in general). Another key facet of ABB's culture is its

ability to make any location its home location. This is honed from the company knowing that there are differences in the personal, professional, corporate and even cultural aspects of business and that by respecting these differences and applying strategies that unify these differences, the company ultimately wins.

ABB has not always been this successful. According to Jim Pinto, ABB was a successful company in the 1990s. However it faced a lot of trouble by 2002. ABB's management made tough and very quick decision that turned the company around, making it one of the most dramatic leaders in its industry by 2005. ABB's global strategy was focused on two key elements. First, it recognized two core divisions that are Power Technologies and Automation Technologies as its most lucrative segments. It is also the two core businesses that the corporation had clear advantage in over its competitors. The corporate strategy then became clear that ABB had to divest its non-core businesses and specialize. Internally, this meant that the company was going to find efficiencies that it could leverage on to save on costs.

Externally this meant that the company could focus on providing high quality service to the company without the burden of shouldering unwarranted costs. The second corporate strategy of ABB is more global in nature. ABB dealt with the cultural differences in all of its 100 locations. While this seemed to be trivial compared to a business decision such as specializing in only two core businesses, this was in fact a more difficult undertaking.

Organizationally, ABB's top management had created an organization that operated at a very high level of efficiency through integration and using the most it could out of national responsiveness. With only a four-year

implementing horizon, ABB managed to start with only ten selected people to implement its 60-global business area strategy over what is considered to be about 1, 300 individual local companies in over 100 countries. ABB, with this global strategy of integration has become “ transnational” (Maguire, 2004). Maguire (2004) defines a “ transnational” corporation as one that acknowledges the importance of local responsiveness which leads to a broader and more encompassing national responsiveness. ABB, because of its operations in more than 100 countries operate as a multinational corporation but has to respond to the specific requirements of different countries it operates in. To be able to operate in these varied environments, the company has to become more innovative and flexible and would have to evaluate and choose different market positions it would take in different countries while balancing corporate goals and objectives. This is the company’s global strategy.

Global Strategy is important because operating in a new country will be essentially a newly opened market that would drive both sales and profits. For many corporations that have “ exhausted” the market or is competing in mature markets, this is a welcome addition. Foreign markets also offer valuable resources that may make the corporation more competitive. According to Parkinson’s Law, demand expands to take up available supply so this is an important consideration for companies wanting to compete internationally .

Culture is also an important factor to consider. Culture is defined as the collective program of people and the distinct collective thinking separates a group of people from another group. Culture can also be defined as a way of

thinking, of feeling, of reacting to internal and external factors and can be conveyed using symbols. In many societies, culture is a learned behavior and in business terms is a critical factor for success. Culture is important because it affects the behavior of the consumer; it influences consumer demands and decision making, and determines how a brand is established. For MNEs the understanding of culture drives the type of management framework and managerial decisions that are taken by an organization. According to Dr. Geert Hofstede (2013) in his article “ Integrating Corporate Practices and National Cultural Values” the national culture relates to a person’s core values and is learned by the individual early and is held deeply. On the other hand, organizational culture is learned by the individual and is composed of a set of guidelines that are necessary for learning and fulfilling a particular job or task.

I am interested in the leadership style and traits of Steve Jobs because he is one of the most widely acknowledged good leaders of the current age, and there is a possible reason for the tutors, scholars, and professionals to place confidence in Steve Jobs’s leadership style because he was the person who took Apple Company to the top of success where it is today. Steve Jobs death was one of the saddest moments in the world because of what he had done of accomplishments during his life. His passing has left the world without a guru-like figure that can get the world talking about technology. In addition to that, so much has been written about leadership theories in the literature that it becomes difficult to capture the details of successful leadership unless we do a comprehensive study of a real-life leader as outstanding as Steve Jobs. The best way to I feel to discuss how his leadership style is to go online

and read what people say about him. Thus I present some recent articles that I have found on the subject.

- Katzenbach, J. (2010). The Steve Jobs Way. Strategy + Business. Retrieved from <http://www.strategy-business.com/article/00109?gko=d331b>

This is a good essay on Steve Job's leadership style. According to the article, Steve Jobs was able to guide Apple Inc., once a niche player in the computing industry to the topmost valuable firm in the world in terms of market capitalization by 2012. While many people have studied the merits of his leadership style, it is the fine blend of Steve Jobs as a leader and Steve Jobs as an innovator that has made the company work so well until his demise in 2012. Steve Jobs was described in the article as a complex leader. According to the article, Steve Jobs was "focused when committed, confident to take risks and charismatic enough to enlist legions of employees and customers". The article further explained how Steve Job's volatility was the source of innovative strength in the company, building top management personnel as he tried creating an environment that allowed skilled people to use their skills, creativity and talent in the utmost way possible. This article however, does not use any known framework for evaluating leadership capabilities that would have been useful in categorically describing Steve Jobs.

- ChinaAbout (2012). Leadership Study of Steve Jobs in Apple Inc. Retrieved from <http://www.chinaabout.net/leadership-study-of-steve-jobs-in-apple-inc/>

This article is very helpful since it defines Steve Job's leadership roles against the common management and leadership frameworks studied. In this article,

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Steve Jobs is characterized as a risk taker and a doer, a leader with passion and a visionary. The article also explains how Steve Jobs is more a charismatic leader than any other type of leader and explains how this style of management has affected the efficiency of the organization.

- Isaacson, W. (2012). The Real Leadership Lesson of Steve Jobs. Harvard Business Review. Retrieved from <http://hbr.org/2012/04/the-real-leadership-lessons-of-steve-jobs/>

This article discusses the rise of Steve Jobs from his humble beginnings, working on Apple Inc. from his basement several decades ago. The article then explains how Steve Jobs was able to conquer his obstacles, being able to do so because of his extreme focus and dedication to his job. His real message was that the company, Apple Inc., or any company for that matter, should focus on providing products and/or services to its clients that are not simply “adequate”; instead these products should be great. This article is more anecdotal in nature and is good as a reference for Steve Jobs’s traits but does not really explain his management style and etiquette.

- Chaudhuri, A. (2012). Authoritarian Leadership: The Secret to Steve Job’s Success. The Sunday Indian. Retrieved from <http://www.thesundayindian.com/en/story/authoritarian-leadership-the-secret-behind-steve-jobs-success/33963/>

This article describes Steve Jobs as a less-than-benevolent leader that the media has depicted him to be. In this article by Chaudhuri, Steve Jobs is likened to a “madman” which is a shocking description of a beavered leader. Steve Jobs, according to this article used a tyrannical management style where everything is in order and everyone follows strict compliance

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with the requirements of the organization according to the standards set forth by Steve Jobs. The article further explained that this authoritarian approach to managing Apple Inc., is not an isolated story, as many successful Indian companies are helmed by India's very own militant CEO crew. This need for authoritarian leadership style helps the companies remain disciplined and focused, similar to what Apple Inc. had to become in order to turn their good ideas into great ideas that benefited the company and its clients. This article does not differentiate other leadership styles commonly studied in management courses but the one-dimensional interpretation of Steve Job's style makes for good material for validating certain hypothetical assumptions in the study.

These studies show us that there are many ways we can theorize about the nature of the person and his leadership styles. However if we frame it according on how Steve Jobs worked at Apple, his style is based on his skills, on his environment, and that " moment" where all of this being was needed to decide on an issue and to move that issue forward. This is a good lesson, because it reminds us that we can all be leaders and that if the situation demands it, we should seize the moment to take the reins and lead. If we analyze his effectively as a leader based on Mintzberg's roles of a leader, Jobs is an informational leader in that he monitors the work of the company, disseminates information and is the spokesperson of Apple thru his product releases. He is also the interpersonal leader being the corporation's figurehead and overall leader, and he is the decisional factor as well who lords over decisions on resource allocation, entrepreneurial pursuits, and

business negotiator . Having all these roles and leadership skills make Steve Jobs a new type of leader.

One of the learning concepts is about motivation. Can charisma be a motivating factor that will make a leader effective? I think it can. But I also think that it is more than charisma, it is an organizational development issue. It is just one of the many things a leader can use to move his people and the blanket word for that tool is “ motivation”. There are a lot of definitions about the word “ motivation”. The most common definition comes from Webster’s New Collegiate Dictionary and is defined as “ something a need or desire that causes a person to act”. The root word “ motivate” is a verb that simply means to provide the direction or motivation thus making the word “ motivation” the act or process of “ motivating”. A similar definition is provided by Kalimullah (2010) who defines motivation as the ability to “ move, push, and influence a person to fulfil a particular want”. More in-depth analysis of “ motivation” was conducted in the last twenty years. According to Bartol and Martin (1998), motivation has a psychological component because it involves the person’s behaviour. In fact according to Bartol and Martin, motivation is a certain type of power that directs a person towards and goal and provides the necessary elements for him to continue pursuing that goal. Also, according to Bedeian (1993) motivation is defined as an internal driver that is initiated when physiological and psychological stimulus is activated. There are other notable definitions of motivation. George R. Terry who wrote the 1971 book “ Principles of Management” defines motivation as that “ desire within an individual that stimulates that person

into action” while Edwin B. Flippo who wrote “ Personnel Management” in 1980 writes that motivation is “ a process of attempting to influence others to do your will through the possibility of gain or reward.”

In a corporate setting, a manager that wishes to motivate his subordinates must create that will for his subordinates to do work. The manager must bear in mind that a subordinate will not do anything that would be meaningful and useful to the organization if he is not willing to do work in this manner. As a matter of fact, even if a subordinate receives information or detailed instructions, it is not assured that the person will follow this instruction in a way that it leads to the desired effect. Thus willingness and productivity define the true meaning of motivation in this regard. A manager that influences his subordinates through the proper motivational techniques will have effective and efficient subordinates. A manager must therefore know what motivates his or her subordinates which includes their personal goals, the professional goals and the environment that they work in. If a manager has this kind of information and then crafts the motivational tools he needs to effect positive change to his subordinates then he would have utilized his human resources effectively and efficiently. The first clear step in the motivational process is the understanding of what deficiencies lay in a person and what actions are needed by that person to fulfil that deficiency. If a person can identify his needs, what these needs are driven by and what actions he can take to address those needs, the first step in the entire process of motivating the individual is found. At this point, the theoretical framework proposed by Abraham Maslow is important because it outlines the human needs. According to Maslow (1943), there are five categories of

human needs and these are physiological needs, safety need, social needs, esteem needs and self-actualization needs.

I feel that leaders are very good at recognizing what kind of motivation a person needs and from that recognition comes charisma. I know that this is something I can learn and apply well at a workplace setting and even in a school setting I believe that understanding our partners and knowing their perspectives is essential for getting good grades.

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