

Leadership and management styles in shenzhen fitroil management essay



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Filtroil was founded by Albert Randolph and Jeremy Leahman is the President of the Filtroil. The company decided to outsource its production to China, as the American market was flooded by low-cost manufactured products in the year 1998. Due to these low-cost manufactured products, nearly about 170,000 manufacturing jobs were lost and Original Equipment Manufacturers (OEMs) thought they would run out business in 6 months. Filtroil setup its manufacturing unit, Shenzhen Filtroil in China with the help of Thomas, Qian, Dong Bo and Hailey Fong who is working for Virginia Economic Development Partnership (VEDP). Thomas and Qian became the company's Asian distributors with 50% shares of Shenzhen Filtroil and the rest 50% with Filtroil. Since they had some issues with Dong Bo's treatment of potential suppliers. They got rid of him and found another supplier Liu. Qian and Liu had a good buyer-supplier relationship and Liu soon became the minority owner with 10% in Dongwan Filtroil which was a new joint venture. The joint venture was a filtroil and zinc business which operated under the same roof, the remaining 90% of the joint venture was owned by Randolph, Leahman, Thomas and Qian. Qian was responsible for the business, Thomas for sales and Liu for manufacturing the products. The company operated in harmony until Liu raised an issue with respect to effort rewards awarded to him. The owners of the company hired the author of this report who is an independent consultant, to analyze the current situation of Shenzhen Filtroil and assist them to take a better decision with respect to the future direction of the company.

External Environment and Key Factors

This relatively tells about the factors favouring the manufacturing industry in which Shenzhen Filtroil operates. It was easy for the American Filtroil to setup its manufacturing unit in China, as the China had Open-Door policy for the foreign investors to invest in their country. The taxation law and rules were organised and moving towards international standards (Ng, C., 2010, p. 50). As the country was known for its low cost services and goods, Filtroil found that will be profitable to move the manufacturing unit to China. Emerging Chinese and Asian market was another reason for the company to enter into China. The company has low cost labours, which ensured a constant profit margins. Chinese workers are keen in being updated with technology, and working effectively and efficiently. This made them to manufacture two different products under same roof.

Leahman, the President of Filtroil is more concerned about people who work for the company and relationship with them, not the profit of the company. Qian and Thomas have the same attitude of Leahman which helped them to understand each other, share work ethics and different work culture. Qian and Thomas always collectively make quick decisions, which had good outcomes. The company had its selling rights throughout America and Europe. As company had a joint venture with local owners in China, it was easy for the company to enter in to local Chinese market and to do business in Asia as well. There was no redefined tasks for the owners, they were sticking to what they know and no emphasis was made on cross training the employees n various tasks. Motivation was done by threatening the employees and not by rewards. Qian and Liu had good supplier-buyer

relationship initially, however they had disputes when Liu demanded for hike in salary and other allowances. Both Liu's team and Qian's team were not working together.

Owners and all the employees must be cross trained and their tasks must be redefined. Motivation should be through rewards and feedback, not through threats. The organisational hierarchy must be flat, so that communication flows from top level to bottom level and vice versa. There must be an mutual agreement between the owners, which ensures that the employees work in harmonised environment. The local owners must provide a transparency to the foreign investors/owners on any issue. The above are the implications for people and organisations which operates in this sector.

Organizational Structure and Culture

As said by Burns and Stalkers an mechanistic organization is bureaucratic, the lower level are dominated by a hierarchy of authorities. They are process and product oriented, have procedure rules, and the employee performance is measured with respect to process and procedure. The company motivates all its employees with aversive penalties in response to the misconduct [ref].

Dongwan Filtroil has an mechanistic organisational structure where the system is rigid, tasks are narrowly specified for the owners/employees, defined duties, responsibilities, motivation through threats, the status and authority is defined by the position in the hierarchy. For instance Qian looks into the business of filtroil and zinc, he commands Liu. The employees who work for Liu didn't like to work for Qian as he controlled and motivated the employees by terminating them (threatening) when failed or turned up late

for work. The employees under Liu are involved in manufacturing, whilst <https://assignbuster.com/leadership-and-management-styles-in-shenzhen-filtroil-management-essay/>

Thomas looks into sales and Qian Looks into the entire business operations. All the tasks are narrowly specific and they cannot multitask. All the above mentioned factors reflects that the organisation follows a mechanistic system. The figure 1 shows the diagrammatic representation of the hierarchy in the organisation.

Figure : Hierarchy of Dongwan Filtroil

However with respect to Human Resource Management this type system will pull down the efficiency and effectiveness of the employees which in-turn pulls down the performance of the company. It is better to change the system to organic system where the employees are not dominated by the authorities, the organisational environment can be changed with rapid technological changes, which in-turn creates new opportunities, challenges so that the company will be in a constant state of change. Roles can be redefined, tasks should be defined focusing on quality and outcome of the product, motivation through tangible and intangible rewards, communication must be seen as fundamental for the company's performance and it should be bi-directional.

As said by Atkinson, culture of an organisation reflects the basic assumptions about the work done in an organisation and other factors like what actions should be done and not done, what are acceptable and not acceptable directs towards the culture of the organisation[ref]. The organisational culture of Dongwan Filtroil is analysed with the help of Goffee and Jones Model of Organisational culture. The key factors taken into consideration in this model are sociability and solidarity. Solidarity is nothing but the employee's degree of willingness to share idea, interests, sharing tasks and <https://assignbuster.com/leadership-and-management-styles-in-shenzhen-filtroil-management-essay/>

way of thinking together, meanwhile sociability deals with mutual esteem and concern for colleagues [ref]. With respect to the above mentioned factors the culture of Dongwan Filtroil gradually shifted from communal to fragmented. Initially the employees worked together and shared their idea and showed mutual concern for their colleagues. However, this changed when the issue between Liu and Qian continue to increase. The employees who work for Liu didn't respond properly to Qian, when Qian questioned about the quality of the product. Qian felt uncomfortable with the conversation between him and Liu and also to work with Liu's employees.

The sociability and solidarity was found to be high when the company operated in harmony, but both these factors moved to the extreme end (low) as there were disputes among the owners. This fragmented culture must be shifted back to the communal, as this would enhance the employees to work together in harmony. This can be attained by making peace with Liu as said by Thomas and to pay him RMB 15, 000 as he expects, and keep him in the company for a short period of time. This can bring Qian and Liu both together for a short time, meanwhile the employees would also have the willingness to share their idea, interest and show their social and emotional concern for other employees in the firm.

Figure : Organisational Culture Goffee and Jones' Model

Figure 2 gives a diagrammatic representation of shift from communal culture to fragmented culture. The culture is not extremely fragmented, it is near the border of fragmented culture. So it is easy to change the culture again to communal, by making peace and providing Liu's expectation to an extent for a short time.

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Leadership and Management Styles In Shenzhen Filtroil

Leadership and Management styles plays a major role in any public or private firm. These two factors vary accordingly with the culture and its environment. the leadership and management styles in the higher level has impact on the company's culture, performance and its position in the market. In this case study there is a high degree of difference between the American culture and Chinese. The Chinese culture is characterised by collectivism, in particularly family is prioritised in Chinese culture. They have mutual dependence behaviour and hierarchical power structure. Meanwhile the American culture is not characterised by collectivism and has less priorities to the family (Chua, R. 2009). Shenzhen Filtroil has five leaders, two Americans Albert Randolph, Jeremy Leahman and three Chinese leaders Thomas, Qian and Liu. The leadership styles of the owners are analysed with the help of Goleman's Six Leadership styles, this style is chose in-order to relate what is been practised in the firm. Goleman explains the six types of styles which springs from various factors of emotional intelligence competency. The styles are Coercive/Commanding, Authoritative/Visionary, Affiliative, Democratic, Pacesetting, Coaching [ref].

Jeremy Leahman the President of the company has Affiliative style of leadership with respect Shenzhen Filtroil. He is more concerned people about, than money personally and hears to what his co-owners and tell to him, never interrupts the Chinese owners in their work unless any issue arises. Leahman had trust in the Chinese owners. His relation with Qian and Thomas was more important for him, as they were the looking into the manufacturing department for the whole company and were responsible for

sales in Asian market. He serves as a bridge between Randolph and the three Chinese owners, as per the case study it is visible that all the owners of Shenzhen Filtroil had spoke together only once, which was inevitable to make a decision on having Liu or not. The fundamental emotional intelligence competency of this style would be communication and building relationship among the owners/employees. This style works best to heal the split in the team and enhances motivation to the employees during stressful situation. The overall impact of Leahman's style would be positive on the work environment.

Qian, one of the Chinese owner who manages the business of Dongwan Filtroil and responsible quality assurance of the products, more demanding on quality of the product. He had a Coercive leadership style and sets high standards for the performance of the product , which is a business requirement from the Americans. This kind of style emphasis on the orders or commands and adhere their instructions. This kind of leadership is classified as ' initiating structure' with respect to behavioural approach to leadership [ref-module book p5. 12]. The underlying emotional intelligence competency of this style would be force/ drive to achieve and self control on what the leader should do. The style works well with problem owners/employees and in unexpected crisis situation within the company. The overall impact of this kind of style would be negative on the work environment and pulls down the performance of the company.

Thomas, who is also one of the Chinese owners has mix of two different leadership styles of Goleman's six styles. They are democratic and affiliative styles. This kind leader emphasis more of owners/employees relationship <https://assignbuster.com/leadership-and-management-styles-in-shenzhen-filtroil-management-essay/>

and survival. He plays a major role in communicating with the American owners, a link between the Chinese and the American owners, prefers group decision and group participation in all activities, open to share ideas and receive feedback from co-owners. The leadership styles seen in him are democratic and affiliative. He advised Qian to make peace with Liu, when there was a dispute between them. This style works in situations like agreement in the judgment or opinion reached by a group as a whole, getting inputs from the valuable employees, rewarding through feedback. The underlying emotional intelligence competence of these two styles are working together as a team, team leadership, building relationship with all the owners and employees and communication. The collective impact of both the leadership styles of Thomas would be positive, will benefit the company.

As said by Purcell, the word management style was defined as ' the existence of a distinctive set of guiding principles, written or otherwise, which set parameters to and sign-posts for management action in the way employees are treated and particular events handled' (Purcell, J. 1987. p. 78-91). The management style of Shenzhen Filtroil is analysed with the help of Four Management Styles of Dr. Ichak Adizes.

The Producer is a person who manages to manufacture the expected and desired output. He will possess the drive and discipline necessary to get the expected product. The producer will be always occupied with his work. Liu plays the role of the producers who manufactures the filters and zinc for the company, he smokes and found to be occupied most of the time.

The Administrator is a person who takes care of the business and ensures that the regulations are in place and followed. He is the person who confirms that the things are done correctly within the organisation. All the administrative tasks and long term goals are performed by this person in the firm. As per the case study, Qian is the administrator who takes care of both filteroil and zinc business, he is also supervises the quality control of the product.

The Entrepreneur is a person with ideas, questions, plans for the future growth. Entrepreneur is the person who leads the company and directs them to goals. They are inspiring, catalyst. The organisation's long term goals are decided with the help of their risk management skills and creativity.

Randolph, the founder of the company decided to move to the company's manufacturing unit to China, this decision was done because he found it to be profitable for the company with low production cost.

The Integrator is always concerned for employees/owners, than money. He always emphasises on teamwork, harmony with in the company and serves as a bridge in connecting the different level or organisation. They prefer to take decisions in team, rather than individualistic decision. They play a major role in communicating with in the organisation. Thomas plays the role of the integrator in Shenzhen Filteroil. He is the first point of contact among the Chinese owners. He also like peace-making, which is evident from the case study.

Teams and Team Roles

A team formed when a group of employees work together towards the same goal, an output or product. All the employees individually contribute towards to the goal in-order to attain it efficiently and effectively. The team must be integrated the with thinkers, doers, checkers, carers, which enhances the excellence of the performance. The firm had three different teams administration, production and sales. Qian is responsible for administrative operations, Thomas takes care of sales and Liu was responsible for production. The roles in the team of Dongwan Filtroil is explained with the help Belbin's Team roles, they are implementer, co-ordinator, shaper, resource investigator, evaluator, team worker, completer, specialist [ref].

Team Worker: This person is in the lower level of the firm, with respect to Dongwan Filtroil the team worker is mostly the employees who work for Liu in the production department. He/she listens to Liu and works according to the specifications and requirements of the product. The team under is united, as most of them are family members of Liu.

Specialist: A person who is self-centred, scarcely sharing the knowledge and skills with other people in the company. Liu is found to have such attitude and he never shared the formulae of zinc with the other teams in the company.

Monitor and Completer: This combination of two traits in a team player is mentioned here, as the company has one its owner Qian in the administration side of the firm with these traits. Qian has two employees working under him for sales and accounting purpose, they never interact

with the employees of production department. This kind of people (Qian) in the team will be serious most of the time, product driven, care for the things happening inside the firm in relation with the product with lot of effort on it, they judge accurately with any issues, they find errors in the products and ensure that the product is delivered in time, as defaulting may decrease the trust level of the foreign investors towards them.

Co-ordinator: This person would drive the company towards its growth with his/her confidence level, maturity, long term goals, open for all decision making and decision making skills. Albert Randolph, the founder of the Filtroil is found to have all the above mentioned traits. He is the person who directs the other owners/employees and responsible for the any important change within the company.

The teams in the company are found to be disintegrated, as the leaders are found to have no interest in learning about other team's work and one of the leader Liu is not sharing his ideas of producing to zinc to other teams. All the teams within the company must be integrated and the leaders should have redefined tasks on-order to learn about the various functions in the organisation.

Performance Management and Rewarding

As discussed by Weiss and Hartle, ' performance management is a systematic process for establishing a shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing people that increases the probability of achieving success' (Weiss pg 618 in book). Performance management is mainly concerned with three factors.

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They are as follows, co-ordinating individual objectives to firm objectives and encouraging these individuals to maintain the core values of the company, making aware what is expected to do, what they should have (skills) and how they should behave to get it and giving chances for the individuals to identify their own goals and improve/develop their skills on it (Armstrong, M. 2009. p. 618). The performance of the individuals/ teams are analysed with the help of bi-polar technique of analysis, as given in Figure 3.

Figure : Bi-polar Technique Of Analysis source from session notes of Haffner D

Rewarding is one way of motivating the individuals or teams in the firm. This is done by indentifying the needs at various levels of the organisation. When the needs are satisfied, rewarding is done based on the team's or individual's efforts towards the organisational goal. When the effort level is 100% along with the desire to work either from the teams or the individuals, then the particular individual or team is considered for the reward probability with respect to the value of the reward. When this performance level is meets the criteria along with the abilities, knowledge of work, traits and perfect role satisfaction leads to extrinsic or intrinsic rewards. This again leads to the personal satisfaction and adds value to the team or an employee. Thus the employees or teams in the organisation can be motivated through rewards (ref for model used). Thus the motivational concept in an organisation is explained with the help of Motivational Model of Porter and Lawler and shown in Figure 4 .

Figure : Source Motivational Model Of Porter and Lawler

Motivation was done through threatening the employees in the company, which is evident from the case study. The employees of Liu were threatened by Qian, that they will be dismissed from the company when they turn late to the company or failed to work. This may be demotivating the employees and pull the performance of the company as a whole. This pattern of motivating must be changed to extrinsic or intrinsic rewards with respect to the performance level and involvement of the employee at work.

Conclusion

Thus the macro, meso and micro environment, organisational structure, organisational culture, teams, team roles, leadership styles, management styles and the capabilities are critically analysed based on managing people organisations concepts with respect to human resource management. The concepts used are Burns and Stalkers model for Organizational Structure, Goffee and Jones' Model for Organisational Culture, Goleman's Six Leadership styles, Four Management Styles of Dr. Ichak Adizes, Belbin's Team roles and Motivational Model Of Porter and Lawler for motivation and rewarding.

Recommendations

It is better to retain Liu for a short period of time and to fulfil part of his demands rather than providing him with all his expectations. If Liu is dismissed, all the employees who work under Liu might leave the company as most of them were his family members and the company would incur loss if that happens. Instead of giving him 30% commission, the company can

pay the expected salary, meanwhile the company could hire a metallurgist as a quality assurance manager for the products manufactured by Liu. Even if Liu insists for hike in commission in later period, it must negotiated to the maximum and ensure all the owners are equally benefitted from the profit, rather than benefitting a single owner. This quality assurance manager can learn all the trade secrets of manufacturing zinc in a short period of time. By then the company's value would reach \$ 10 million. This value is taken into consideration with the fact that it was estimated that the company would reach \$ 10 million from \$ 200, 000 in three years of time, out of which 2 years is almost complete. Once the knowledge transfer is done from Liu to the new manager, Qian can make an offer to buy Liu out or force his resignation, if needed. Even if Liu takes all his family members with him when he leaves the firm, the company can find employees in the market, as they have the secret formula of zinc manufacturing. Workers are easily available in the Chinese market, as they are available in large numbers out in the market. This will not have a great impact on the company's progress. Thus recommendations are given with respect to the future direction of the company.

Reference

Bibliography