

Rupert Murdoch media mogul case study



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Since 1952 when Rupert Murdoch inherited two Australian news papers from his father, he started a non-stop career generating growth within the media sector up to the point where the variety of his communication mediums have reached two-thirds of the world's population. Murdoch has even been accused of monopolistic practices. Criticised by many people but admired by others, his leadership style is matter of analysis as it seems to contradict any Human Resource theory, i. e. the opposite of what is recognised as a good practice. However, his empire is alive and real, News Corporation (News Corp) is the second largest media conglomerate globally – just behind The Walt Disney Company.

This document will look at insights into Rupert Murdoch's behaviour, his learning style as well as his personality characteristics as influencer in his professional development and managerial style. The analysis of competitive advantage for News Corp will be also discussed.

From a Human Resource Management (HRM) perspective, News Corp's practices need to be analysed in terms of performance appraisal, selection, relationship management, culture and ethics. A further mention with respect to leadership will be made since this is a core aspect that needs to be understood and appreciated. In order to successfully implement changes and improvements in News Corp's HRM policy and approaches, improvements and alterations in Murdoch's leadership style and approach need to be implemented.

Murdoch's People Management Style

Learning Style and personality characteristics

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Theoretically, a successful company should have good practices in HRM.

Ingham (2007) refers to 'best practice' as an assumption that by doing things in a set best way, any organisation can improve their performance. He also points out that other concepts acknowledge that there is more than one combination of appropriate practices which varies according to context.

Through this document, analysis will be made for each aspect as mentioned; linking the personal characteristics of Murdoch with News Corp's practices.

For years there has been interest in the importance of developing HRM: from hard approaches that looked at employees as a cost to be managed and possibly minimised, to softer approaches looking at employees as investments, valuables and with the capacity to make important contributions to the company's success. For News Corp however, this development has not happened as they are still operating based, clearly, on hard approaches, focusing on the rational management of people as if they were any other 'factor of production' (Ingman, 2007).

Murdoch has shaped News Corp and to accurately understand his performance, it is worthwhile to look at him as a CEO but as a person as well. Beyond his managerial and interpersonal skills, or the lack of them, it is undeniable that he has strong business acumen and ability to find new opportunities. For instance, the creation of the first national newspaper in Australia which gave him political clout, and acquisitions of different successful mediums such as Fox tv in the USA or Star Network in Hong Kong. He has been a natural entrepreneur since his youth and some analysts attribute his success to his ability to learn from mistakes, basic rule for a successful management as Templar (2005) highlights.

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A focused background in the newspaper market, added to his learning style have likely contributed to Murdoch's edge. There are many approaches to learning styles by which this could be analysed and understood. One of the most recognised is Kolb's (1984, cited in businessballs) approach, which sets out learning as a cycle and suggests that everybody has a preferred style of learning.

HOW TO REFERENCE THIS FRAMEWORK?, I GOT IT FROM: <http://www.businessballs.com/kolblearningstyles.htm>

In this framework Murdoch could be described as having an Accommodating Style (combination of feeling and doing). Accommodating people are generalised as those who are hands-on, relying in intuition rather than logic and mainly prefer practical and experiential approaches. According to Kolb, they are persons attracted to new challenges, new experiences and to carrying out plans and setting targets. Murdoch seems to have much of this description.

Comparing this description to Felder and Silverman Theory, (1980, cited in mindtools) (Appendix 1) Murdoch seems to be an Active Learner, a person who prefers manipulating, doing and learn by trying. This is a description also confirmed by Honey and Mumford (1982 cited in literature available). Another approach by which Murdoch could be analysed is VAK (Appendix 2), framework in which he can be described as a kinaesthetic person as he has show he enjoy actively doing and experimenting in reality.

A combination of his knowledge, learning style and personality, could provide a broad picture to understand his behaviour and motivations. His need for <https://assignbuster.com/rupert-murdoch-media-mogul-case-study/>

achievement, no matter at what cost, has been clear through this career as a well known risk taker. Murdoch is as well an innovative person who easily incorporated new technologies in his business, as he referred to himself: ‘ a catalyst for change’.

Murdoch has some remarkable characteristics that have led him to achieve his success. He is known for his ever-changing tactics, for exercising control, for his smart mind and acting unlike his competitors. The complexity he has have to cope with in business has led him to think creatively, for instance as it is cited in the case study, when his competitor offered to buy his newspaper he published the opponent’s offer letter with the headlines ‘ Bid for Press Monopoly’.

As a global figure the press, not just competitors, desire to know his plans and strategies. This has not always been possible since he is considered a very secretive person. His understanding about environmental factors, usually referred at as PESTEL (Political, Economical, Social, Technological, Legal and Environmental) has given him distinct advantages. For instance, he identifies financially profitable markets, technologies than can help his business, despite union protests and legal ways to reduce his costs, for example, setting operations of his companies in ‘ fiscal paradises’ henceforth paying less taxes than most of its biggest competitors. Despite the fact that Murdoch is not known as a ‘ good relationship manager’, he does know the importance of maintaining specific good relationships, such as political ones. Actually, it is said that he switched his political preferences to favour his business. (Between the Republicans and the Democrats in the USA, and between the Tories and the Laboritie in the UK).

Competitive Advantage

From the point of view of business performance, his job as News Corp CEO has been successful. But the issue is how sustainable could the performance be?. Barney (1991, p. 99) points out that “ firms obtain sustained competitive advantages by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses”.

By delivering the desired content that members (subscription based customers) want, often referred to as ‘ populist’ Murdoch truly has exploited his organisational strengths. As discussed, he often takes external opportunities. It is arguable that beyond neutralizing threats he is his competitor’s threat and in external issues his political manipulation has helped him significantly. Theoretically speaking, News Corp should have a sustainable competitive advantage. However, the resource-based model (Barney, 1991) suggests that a resource to generate sustainable competitive advantage must be valuable, rare, imperfectly imitable and without strategically equivalent substitutes.

Murdoch’s strategies have been rare to say the least, unexpected in many ways since he has never let anyone else to know about them and imperfectly imitable due to his power and the size of his company which makes for the competitors it difficult to follow him. However, he is wasting the most important resource by ignoring it as an asset: human resource. The size of his company is greater than most in the sector, having 47, 300 employees

(CNN); but taking into account his leadership style it is hardly a surprise that for him, employees are not a resource nor an asset.

Emotional Intelligence

Emotional Intelligence is an aspect that have been gaining importance as it has been recognised as a key factor in relationships and leadership.

Goleman et al, (2002 p. 3) highlight that “ No matter what leaders set out to do – whether it’s creating strategy or mobilizing teams to action – their success depends on how they do it. Even if they get everything else just right, if leaders fail in this primal task of driving emotions in the right direction, nothing they do will work as well as it could or should”.

There are four aspects enclosed in Emotional Intelligence, also referred at as Leadership Competences: Self-Awareness, Self-Management, Social-Awareness and Relationship-Management. Self-management clearly is not part of his strengths as he uses to terrorize his employees without stopping and thinking. Social awareness is also missing in his managerial skills as he does not care about what people feel nor try to listening to them.

As CEO he is feared rather than respected. His mood and behaviour influenced his treatment toward people. His management of himself and his relationship with people is a clear sign of his poor in emotional intelligence both, in personal and social competence. Relationship management is the result of understanding people and treating them appropriately, according to Bradberry and Greaves (2009); this is clearly a characteristic that Murdoch lacks.

In research published in 2005 by Harvard Business Review entitled Heartless Bosses focusing on emotional intelligence, they took a sample from different industries, levels in the organisations and continents. The results showed the lowest average emotional intelligence at CEO level which points out a generalised weakness in this field as a managerial skill. However Murdoch is still an exceptional case.

Management Style

Murdoch is a recognised manager, who gives results to the shareholders. But analysing in detail, he is managing only the numbers, financial capital ignoring human capital. In this style, some of his approaches are successful while some others are not. For instance, Templar (2005) cites “ Follow your instinct/ gut instinct” and “ learn from your mistakes” as two of the rules of management, but also “ create a good atmosphere” which Murdoch is absolutely not doing.

Handy (1995), defines four types of Managers depending on the culture of the organisation:

Zeus: The club culture

Apollo: The role culture

Athena: The task culture

Dionysius: The existential culture

Murdoch, seems to be a ‘ Zeus’ Manager, a strong leader who likes power and exercises it. However, different to Handy’s relationship between

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managerial style and organisational culture, News Corp is better described as a 'Role Culture' or 'Role Tribe' as will be discussed later.

To understand why Murdoch share most of his managerial characteristics with Handy's Zeus, is worthwhile to look at the following comparison:

HOW TO REFERENCE IT:? IT IS FROM THE BOOK GODS OF MANAGEMENT, PAGE 90. DIAGRAM BASED ON "KNOW YOUR OWN PERSONALITY" EYSENK

HR Management in News Corp

Performance Appraisal

Murdoch is an authoritative person, a 'control freak', who principally emphasises his employee's performance based around his own yield as a Key Performance Indicator (KPI). But if someone did not perform as he liked, then they were fired for not meeting his personal standards. Theory highlights that KPI should help to measure performance reflect on organisational goals and evaluate success or progress. These should be quantifiable and periodically assessed. None of these characteristics can be attributed to Murdoch's performance analysis.

The case study points out that "News Corp HR Systems were poor. With very poor performance appraisal systems and with no annual reviews of staff and no process by which talented people could be promoted" this reflects a significant and inappropriate lack of development plans. Early in News Corp launch, Murdoch's approach to HR could have been acceptable but in today's fast changing environment, employees are more demanding and relevant theory about good HR practices is being championed by companies, making <https://assignbuster.com/rupert-murdoch-media-mogul-case-study/>

the leadership style that has been used in News Corp potentially not longer sustainable.

Recruitment and Selection

Academic literature suggests that a core theme in HRM practice is that people are central to the organisation and it should focus on values and the individual. Human resourcing is often described as a strategic activity, where people are an organisation's most valuable asset, and represent the long-term future of the company. Murdoch's style is not HR focused. However, some of his practices could be in fact matched with successful HR practices, for instance part of his success could be due to the News Corp selection process. He might not have an HR development plan, but what is clear is he has placed the right people in all his companies, perhaps people with the right skills, knowledge and competences that contribute to the strategy of the organisation.

For a global company like News Corp, hiring the right people is crucial. From the potential employee's point of view it could be desirable to develop a career there, as they can be involved in the glamour of media in a well-recognised company, thus it is likely that qualified professionals are available for the selection process. However, as News Corp has no performance measurements defined, it is difficult to expect that they have a recruitment criteria established based on measurements that they can apply further.

Also it could led to think in Goleman's (2002) suggestion " Just because a particular executive is the most visible, is he the person who actually leads

the company? A CEO who heads conglomerate may have no followers to speak of; rather it's the division heads who actively lead people and affect profitability most".

Relationship management

" It is also crucial to remember that the establishment of mutually agreed expectations during selection forms part of a psychological contract, which will strongly influence an employee's attitudes and feelings about the organisation" (Bratton and Gold 2001, p201). Handy (1999) had referred to this as ' the secret contract'. Every time Murdoch disrespects his employees he is breaching this ' contract', affecting the labour environment and probably the desire of their employees to stay in the company. In the long term this directly affects costs as recruitment is an expensive process which apart from valuable time, includes use of instruments and training costs.

Culture and Ethics

A remarkable aspect in Murdoch's managerial life has been his ability to integrate different cultures of the acquired companies easily into News Corp's as the case states. This is not an easy issue but he has managed it successfully. Culture is a very complex matter of study, especially in non-written aspects, such as assumptions, beliefs and values. But News Corp's culture is even harder to understand because of its size and unique characteristics.

Some aspects of News Corp's culture are noticeable, for instance, behaviour in terms of the relationship between management and employee, this

includes a clear lack of development and training. According to the literature available, there are 4 types of culture, one of which is control culture, the framework for News Corp, constantly seeking operational excellence. These organisations have a planning discipline, leadership is a function of authority and decision making is directly related to job role. Handy (1995, 1999) lists this culture types as tribes:

The club tribe: centralised, surrounded by circles of intimate and influence.

The role tribe: “ organisations are set of roles or ‘ job-boxes’, joined together in a logical and orderly fashion. Communications are formalised, as are systems and procedures. It is all managed rather than led”. (Handy, 1999, p148-149)

The task tribe: individuals can be allocated in different tasks and projects

The person tribe: put the person first than the organisation’s purpose.

News Corp, then, is a Role Tribe.

Part of culture analysis refers to communication and behaviours. From ethics, a clear dissonance is reflected between what News Corp as a company promotes and the way Murdoch behaves. Ethics is defined as “ the study of what is right and good in human conduct and the justification of such claims” (Lucas et al, 2006) and business ethics as “ the study of the conduct of people in the business context”.

The dissonance can be seen through their communication as they have policies about ethics published for all their employees and for the CEO, yet

Murdoch has been accused as having downplayed market news and created a monopoly in media all contradicting many of the policies. They also have competition policies, as referred to in their website, but interestingly he changed the prices of his news papers to destroy competition. Some analysts have also questioned behaviours such as supporting George Bush in his war determination arguing a benefit for the economy as oil were down in prices.

Literature available, suggests four considerations in describing ethics in an organisational context: Beyond self-interest, universalised, defensible and action-guiding. The actions taken by Murdoch hardly seem to be beyond self-interest and his treatment among employees is not universalised as is influenced by his mood and demeanour, as discussed earlier.

Leadership Analysis

Leadership Vs management

Murdoch's leadership style plays an important role in News Corp's overall analysis. He has taken the company where it is now but at the same time he has lost the opportunity to create commitment among his employees sharing his vision and engaging them in the process. "For the leader who wishes to increase legitimate power, a long term commitment is required. Trust in relationships, which is the foundation of legitimate power, cannot be fabricated ad hoc." (Covey, 1999 p105)

Distinctions between management and leadership need to be assessed.

Kotter (1996, cited in Bratton and Gold 2001) explained that the main function of managers is to create plans while the main purpose of a leader is

to create a shared vision and a strategy to achieve it. Managers control and problem-solve, leaders, on the other hand, motivate and inspire. A balance is therefore suggested in order to provide 'effectiveness' in a company.

The literature available cites that 'a manager executes a plan and delivers the goals of the business. Is strong in process and systems, producing key results expected by stakeholders'. On the other hand 'a leader is visionary, envisions where the company should be heading and inspires those in the company to make the vision their own. A good leader has excellent people skills, communicating, convincing, persuading, inspiring and motivating'.

From this perspective, News Corp is suffering from the first of seven chronic problems in organisations cited by Covey (Appendix 3): "Problem 1: No shared vision and values: either the organisation has no mission statement or there is no deep understanding of and commitment to the mission at all levels of the organisation" (Covey 1999. p 165)

Leadership choice

Murdoch has been a highly successful manager, but lacks good leadership practice. A simple way to understand Murdoch's leadership choice is also given by Covey in his diagram about the Leadership Choice.

Power Process

YOU

Leadership Choice

Principle-Centered Power

Utility

Power

Coercive

Power

Honor

Fairness

Fear

Sustained Proactive Influence

Functional

Reactive

Influence

Temporary

Reactive

Control

REFERENCING: PAGE 106.

Leadership Style

Murdoch's leadership choice has been through coercive power. He has created a fear atmosphere where the commitment is superficial. This

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definition matches with the Commanding Type described by Goleman et al, (2002) who suggest that there are six types of leadership:

Visionary

Coaching

Affiliative.

Democrat

Pacetting

Commanding

The Commanding type is considered the least effective, which defines Murdoch's style. " such leaders demand immediate compliance with orders, but don't bother explaining reasons behind them. If subordinates fail to follow orders, unquestioningly, these leaders resort to threats". "

Accordingly, performance feedback – if given at all- invariably focuses on what people did wrong rather than what they did well. In short, it's a classic recipe for dissonance" (Goleman et al, 2002, p76). Dissonant leadership is said by Goleman to generate frustration and resentment, all the contrary to the desirable ' resonant leadership'. Those leaders usually focus only in financial goals regardless for the long-term human cost. In the twentieth-century business, companies were mostly hierarchical and control based, just in the era when News Corp started, but now tends are different and the company has not evolved as it should.

Media is a highly competitive sector and the challenges are large and significant. Murdoch has had to successfully navigate through technological changes, for example, the threat that the internet provides to printed news, economic changes globally and different business-related crises. From this point of view his style could have been successful although not appropriate. News Corp's initial focus was on printed media, but in the present its main companies are television based. His assertive decisions in its core business has given News Corp a penetration of two-thirds of the population, mainly thanks to Star Network (the Hong Kong based satellite network), Fox Channel in the USA, BSkyB in the UK.

It is clear that Murdoch is an excellent business man in terms of results, but, how greater could News Corp be if his leadership style were better?

Goleman points out how different leaderships affect different factors in companies, such as climate, financial results, return on sales, growth, efficiency and profitability. "Results show that, all the things being equal, leaders who use styles with a positive emotional impact saw decidedly better financial returns than those who did not" (p 54)

A CEO's behaviour impacts strongly upon employees, as it is said by Goleman et al, (2002, p 76) "Given that emotional contagion spreads most readily from the top to down, an intimidating, cold leader contaminates everyone's mood, and the quality of the overall climate spirals down". Thus, News Corp's employees are not likely to be committed. This could mean they do just the work they are paid for, not doing their best, nor adding value. As part of a role culture (role tribe) 'people just do their job, – neither more, nor less' (Handy, 1995) This is a failure in the 'psychological contract' and as

they are not receiving what they expect, they do not do their part. On the other hand, News Corp could experience a 'brain drain', strengthening competitors and making it harder for News Corp to be sustainable.

News Corp's organisational climate is another HR aspect that is poorly managed, being the representation of the internal environment among members of the organisation, linked to motivational level (Chiavenatto 2001). It seems to be deficient, taking into account the lack of opportunities of self-actualization, the higher step in Maslow's (1943) hierarchy of needs and the relationship of Murdoch with his employees.

Murdoch's style seems to tend towards Taylorism rather than on relevant, contemporary, focused HR practice, as he is interested on the outcome, efficiency of the work and his employees are just a necessary medium. However, even the scientific management method proposed by Taylor (1911, cited in 12manage) gives its place to training and development in its second step which suggests that the company should "select, train and develop the most suitable person for each job, again scientifically, rather than passively leaving them to train themselves"

Recommendations

Based on the analysis outlined here for Murdoch's leadership style and his management of his people the following key recommendations are suitable:

Move to a more collaborative leadership style: it have been established all the implications that the current leadership style has for News Corp. By improving this core point, the company would gain employees' commitment

and “ committed employees will not just work flexibly but rather endeavour to succeed but ‘ going the extra mile’ in pursuit of customer service” (Lucas et al, 2006)

Redefine Key Performance Metrics to include development and relationship with employees. Clear measurements by which employees could be later appraised. Development plans to ensure the permanence of talent in the company and encourage them to feel ownership; “ The best people in any field -the talented few who contributes greatest business value- simply don’t have to put up with the misery perpetuated by a bad boss. And increasingly, they leave for their jobs”. “ People join companies and leave jobs”. (Goleman et al, 2002, p 83). Also performance standards that meet organisational and personal goals, which is often know as ‘ good development’

Succession plan: Through development, ensure the continuity of the business once Murdoch retire, improving in HR Management but keeping the financial and business good results. The following leader should have emotional intelligence strengths as well as control capacity to handle a corporation of News Corp’s size. Goleman (2002, p27) cites “ intellect alone will not make a leader; leaders execute a vision by motivating, guiding, inspiring, listening, persuading -and most crucially, through creating resonance”.

Organisation Development: becoming a learning organisation which means going beyond training individuals. Training all levels in a continuous process and adopting new approaches which take into account more people rather

than physical assets. Systematic processes for selection and development. Reach a balance between all the stake holders needs.

Good HR practices: Establishment and empowerment of an HRM department to ensure the implementation of good practices and moreover, good fit according to the conglomerate and each organisation that composes it. It might be useful an external consultation to evaluate the situation and suggest ways. However, internal participation is crucial as they know more the company and its environment.

Creating sustainable change: Leadership need to be shared in different levels. Decentralising power and looking for collaborative leaders among the company, is easier to make a sustainable change.

Any change implies consequences, thus it is necessary take into account the following implications that could result of moving forward:

Resources: financial and non financial

Resistance: to change, from those who are affiliates to Murdoch's style

Processes: need to be implemented and/or improved in terms of metrics, recruitment, policies.

Conclusion

No one doubts Murdoch's success and it is clear to see that he is likely to continue for the foreseeable future. However, sustainability could be a key issue for News Corp, as he centralise decisions and the organisation is closely tied to him as a person. He is a strong figure and when he has to

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retire shareholders might experience uncertainty just like is now happening with Apple, which is increasing the risk of lose shares value and company good-will due to the imminent retire of Steve Jobs. When a company is a reflect of its CEO personality and leadership, succession becomes a problem. If systems, practices and policies are not implemented now, the maintenance and future development of the organisation cannot be ensured. Next CEO will not have Murdoch's leadership style and will have to seek for more collaborative approaches

Contemporary thinking and new HRM approaches strongly point out that people are key; therefore a win-win approach is convenient to News Corp future development. By treating people as a resource is likely to reach their commitment and build a step to achieve sustainable competitive advantage.

Murdoch have built a successful empire, the issue now is make it sustainable in the long term. If changes in core aspect such a HRM are not made now, it is not probable to happen.

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