Nokia Corporation: Leadership And Management

Nokia Corporation

Introduction

Nokia had been known for its strategic agility, but the rise of the iPhone led to the fall of Nokia. There was no coordination between the top and the middle managers who were afraid of losing their status from the company. Some of the primary factors that contributed to the fall of Nokia include are that the leaders were not prepared for the coming of the iPhone, the company was inferior compared to Apple, and the Nokia company was complacent. Studies have shown that Nokia lost the smartphone battle because of the divergent views of the leaders who led to vast inertia that left the company powerless in responding to the growing competition from Apple (Amankwah-Amoah and Durugbo, 2016, P.21). A review of the literature reveals that the fear from the leaders was based on the culture of temperamental leaders who scared the middle managers and were afraid of airing their thoughts. The top managers had a terrible reputation, which was the view of most middle managers in the organization. Secondly, the senior management was afraid of the external environment and not meeting the company targets. After the introduction of the iPhone in the market, Nokia realized its operating system was inferior compared to Apple. Still, they were afraid of publicly acknowledging the inferiority of the Symbian operating system.

The main problem of a leader in an organization is to get the employees to what is required of them to accomplish the pre-determined goals and objectives of the company. The process of coordinating the efforts is complicated because, in most situations, the purposes and the means of achieving them are unclear. More so the process requires continuous discussion, and the goals change over time. When a goal is developed, the leader must create a conducive environment for the employees to work towards achieving the goal. Therefore, the leaders will be required to leverage on the use of different behavior to influence other departments to direct the employees in delivering the company’s goals. After the introduction of the iPhone in the market, the top leaders invested in new technologies that they believed would match the operating system of Apple in the medium term (Amankwah-Amoah and Durugbo, 2016, P.25). However, this was a stretched goal that could be achieved in the medium term because it takes time to develop an operating system.

The middle managers were afraid of disappointing the efforts of the top managers, and therefore most of them remained silent and filtered most of the information. The failure of Nokia cannot be attributed to a single explanation because a lot of factors contributed to the downfall of Nokia. For example, management decisions, bureaucracy, and dysfunctional structures added to the destruction of Nokia. This essay will explore the leadership and management concepts of a leader based on Nokia Corporation.

Roles and Characteristics of Leaders and a Manager

The primary difference between a leader and a manager is that leaders have people follow them, whereas the managers have the employees working for them. Leadership management

requires getting the employees to understand the goals and vision of the company comprehensively. More so, the leaders have to work closely with the employees.

Managers Create Goals, and Leaders Create a Vision

Leaders help in creating a comprehensive picture of what should inspire the employees in achieving the company's goals and objectives. Leadership management is faced with a lot of challenges, and a leader is required to have a switching mindset because they will be able to look for the best alternative and possibilities. A leader should have a clear mindset about the problem at hand and should be able to filter their thoughts and actions to offer the best solution for the company. In the case of Nokia, the leaders were naïve, and they lacked the charisma to express themselves (Cronin, 2014, P.37). The leaders were not in a position to express their views to gain cooperation and support from the other team members. On the other hand, the role of a manager is to set to measure the goals of the company. The managers are in a position to control different situations to achieve the set objectives and goals. However, it's important to note that managers should seek the opinion of the leaders before creating goals. After the introduction of the iPhone in the market, the managers at Nokia Corporation worked on developing an operating system to counter the competition from Apple. The managers decided without involving the other leaders, and more so, they wanted to create an operating system within a short period, which was not possible.

Leaders should be the Change Agents, whereas the Managers Maintain the Status Quo

The innovation impotence at Nokia was as a result of the fear between top leaders and the middle leaders. The horror made the leaders make quick decisions on how the company would launch a smartphone and develop software that would match the qualities of the iPhone operating system. The middle managers were optimistic about the development of the new software, but the top managers stretched their targets, putting more pressure on the central leaders. The senior managers pressured the middle leaders to deliver a touch screen phone because of the growing competition for Apple. The leader who was selected to run the project had a 'can do' attitude, which made the middle leaders promise things they can deliver (Laamanen, Lamberg and Vaara, 2016, P.08). More so, the situation was made worse because the middle leaders lacked technical competence, which undermined their effort in the development of the new software. Managers should refine the structures of the company to make processes efficient.

Managers Control Risks Whereas Leaders Take Risks

The leaders at Nokia were not in a position to take calculated risks. The introduction of the iPhone in the market caught the leaders by surprise. That means the leaders didn't comprehensively understand their environment of operations. The first rule in managing and taking risks is to develop a comprehensive risk management system. One of the reasons why the leaders at Nokia incorporation were unable to take risks is because the company had some biases towards the threat, which inhibited their ability to discuss failure and uncertainty. The team members at Nokia were supposed to engage in groupthink to brainstorm in various ideas (Laamanen, Lamberg and Vaara, 2016, P.18). A review of the literature shows that organizational biases will overlook the efforts of some leaders in the company through the use

of normalization of deviance. Nokia should have learned to counteract the biases through the integration of active risk management structures.

Application of Roles of a Leader and Manager at Different Situational Contexts

The primary goal of management is to bring changes and improvements in the operations of the company. The following are the situational contexts that apply to the role of both a manager and a leader.

Stable situation

This consists of scenarios that will not affect organizational processes or will influence the purpose of the organization. The calm condition gives managers time to monitor and respond to changes and develop a comprehensive strategy in dealing with different situations. Technology is rapidly changing, and the failure to follow the reforms will fail the company (West and Wood, 2014, P.30). The managers at Nokia Corporation was unable to monitor the changes in the market, and more so, the company failed to respond to the advent of smartphones. Another company that was unable to return to the situation in the market is True Religion jeans, which was a market leader in fashion jeans (Cronin, 2014, P.39). The company has filed for bankruptcy because it failed to respond to the shift in consumer shift. Some of the factors that made it hard for the managers at Nokia Corporation to identify the changes in the environment are scarcity of resources and uncertainty.

Fast-Changing Situation

The telecommunication industry is rapidly changing, and companies must develop strategies that will help them deal with the rapid changes. A company that responds fastest to the growing changes in the environment will be able to win. Nokia Corporation didn’t have the right strategy that would enable the company to survive the changes in the market (West and Wood, 2014, P.28). The top leaders developed a short-term strategy that was not sustainable in the long run. The company didn't have a flexible structure in place that would have the corporation to survive the changes in the market.

Different Theories and Models of Approach used in Leadership

System theory

This dictates that the organization must be viewed as an open system because it must interact with the external environment to survive. A company depends on the situation for several resources such as the suppliers to the company and the customers who buy their products. Nokia Corporation is based on technology, which is rapidly evolving; therefore, the company was required to keep its system open to maintain homeostasis (Vuori and Huy, 2016, P.35). A dynamic environment experiences a lot of change, which gives rise to uncertainty about what a company should do to survive. Nokia was unable to withstand the growing competition from Apple because they didn't have information on how to manage the uncertainty the company was facing. More so, the company wasn't in a position to process information and developed a solution for the company. Nokia Corporation was not an open system; therefore, it was difficult

for the organization to respond to environmental changes and take the right measures.

Contingency theory

Nokia Corporation lacked effective management. This is because the company allocated resources to the growth of new phones to meet the short term demands in the market. The company should have aimed at developing a robust operating system that will compete with Apple in the market. This was the beginning of the fall of Nokia Corporation. In 2009, the company launched the N97 that was launched to overthrow the iPhone, but the product was a fiasco because it didn't meet the required quality standards. In 2010, the company developed a touch screen, but the product underperformed because it failed to meet the sleek competition of android and iOS (Vuori and Huy, 2016, P.40) After Stephen Elop was hired, he decided the company should buy software from elsewhere, and the company formed a partnership with Microsoft. The move accelerated the fall of Nokia Corporation, and the market value of the fell by about 90% in six years. The top managers failed to motivate the middle managers who were left in the dark and didn't know what was happening in the company.

Conclusion

Nokia's fall can be attributed to a lot of factors such as the dysfunctional structure, bureaucracy, and management decisions. The fall of Nokia is the presentation of a common trait that is observed in established companies. This is because success leads to conservatism and hubris, which, over time, leads to a decline in strategic management. Another thing that contributes to the fall of Nokia Corporation is because the leaders were not innovative. The growing fear among the leaders made them make quick decisions in implementing software that didn't match the needs of the customers.

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