

Leadership and management, theory and practice LCBB6003

Group Presentation

- Erika Massa 2011291
- Maria Boscanean 2021937
- Galina Rais 2020307
- Adrian Iulian Susanu 2019938



1

Contents

- Who is Jack Welch and what was his role at GE?
- Leadership Perspective: Transactional and Transformational
- Attributes of Leadership
- Leadership and Management qualities
- Benefits of Leadership style
- Principles of Leadership: Limitations, Challenges
- Theoretical Perspective Leadership and Management
- Conclusion

2

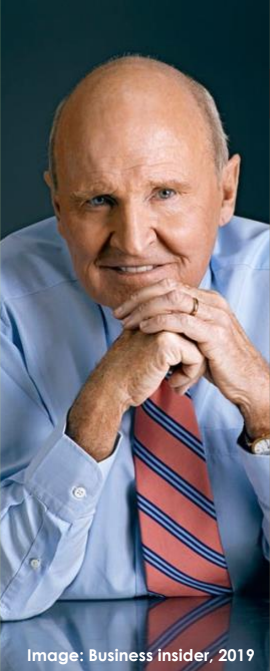


Image: Business Insider, 2019

Who is Jack Welch and what was his role at GE?

- CEO of General Electric (GE) from 1981 to 2001.
- Strategic redirection implemented, focusing on 14 distinct businesses.
- Achieved global market-share leadership in most businesses, driving substantial revenue and income growth.
- Prioritized revitalization through elimination of unproductive work.
- Encouraged employee empowerment and fostered a culture of innovation and creativity.
- Goal: Creating a globally successful enterprise free from bureaucratic controls and hierarchical authority.

(Tichy and Charan, 2020)

3

Jack Welch, former chairman and CEO of General Electric (GE) until 2001, implemented a strategic redirection to transform the company. Under Welch's leadership, GE achieved global market-share leadership in most of its businesses, generating significant revenue and income. Welch also prioritized revitalizing the company by eliminating unproductive work, encouraging employee empowerment, and fostering a culture of innovation and creativity. His goal was to create a globally successful enterprise free from bureaucratic controls and hierarchical authority (Tichy and Charan, 2001).

Leadership Perspective

■ TRANSACTIONAL

It operates within the framework of legitimate authority established within the organizational bureaucracy. Its focus lies in clearly defining goals, work tasks, and desired outcomes, along with corresponding organizational rewards and punishments. It's a give and take leadership (Mullins and McLean, 2019).

■ TRANSFORMATIONAL

It is characterized by charismatic leaders who inspire and motivate their followers by behaving in ways that serve as role models. They exhibit idealized influence, where they are admired and trusted by their followers, creating commitment to goals and shared vision (Bass & Riggio, 2006).



The slide 4 highlights the general definitions and the differences between Transactional and Transformational Leadership, while the next slides, 6 and 7 will be identified both aspects of Transactional and Transformational Leadership in Jack Welch Leadership's approach.

Transactional Leadership perspective



- **Setting Clear performance expectations:**

Division ranked as number 1 or 2

- **Differentiating employees based on performance**

Vitality Curve

- **Swift action on underperforming employees**

100 days probationary period

(Mullins and McLean, 2019)

(Flaum, 2015)

5

Setting clear performance expectations: Welch implemented a policy where divisions within GE needed to be ranked as number 1 or 2 in their respective categories. This indicates a transactional approach of rewarding high-performing divisions and potentially selling or dismantling underperforming ones.

Differentiating employees based on performance: Welch introduced the concept of the "Vitality Curve," which classified employees into A, B, and C players based on their performance. This approach aligns with transactional leadership by linking rewards (compensation) with performance.

Swift action on underperforming employees: Welch emphasized quick decision-making and gave new hires only 100 days to prove themselves. If they failed to meet expectations, they were let go. This demonstrates a transactional approach of promptly addressing performance issues and taking necessary action.

(Mullins and McLean, 2019), (Flaum, 2015)

Transformational Leadership perspective



Image: Bloomberg News, 2012

■ Charisma

Vision and sense of mission - openly communicating with employees

■ Inspiration

Boundaryless organization - CEC (Corporate Executive Council) (Zefram, 2004)

■ Intellectual stimulation

Culture of Candor

■ Individualized consideration

Work out sessions

(Tichy and Charan, 2020)
(Bass and Riggio, 2006)

6

It is important to note that while transactional leadership perspectives can be identified in some aspects of his leadership, it provides a partial view of Jack Welch's leadership style. In fact aspects of Transformational leadership, seem to be prevalent in Jack Welch leadership perspective for the following reasons:

Charisma: Welch provides a vision and sense of mission for GE, instilling pride in the organization. He gains respect and trust by openly communicating with employees, going up, down, and around the organization to reach people.

Inspiration: Jack Welch's concept of creating a boundaryless organization is to break down the hierarchical and siloed structures within many organizations. Welch believed that in order to compete in the global economy, companies needed to work differently by promoting shorter decision cycles, increased employee engagement, and stronger collaboration. He uses symbols like the CEC (Corporate Executive Council) to focus efforts and ensure everyone has the same information.

Intellectual stimulation: Welch promotes intelligence, rationality, and careful problem-solving. He encourages open communication and the sharing of ideas and information. He wants leaders to hear what their people think about the company, fostering a culture of candor and intellectual growth. He emphasizes the importance of candidly telling people the truth, even if it means acknowledging market downturns, tougher competition, or demanding customers. He believes change in the marketplace presents opportunities that should not be feared but embraced.

Individualized consideration: Welch's focus on Work-Out sessions and changing the relationship between bosses and subordinates demonstrates a commitment to giving personal attention. The goal was to eliminate the boundaries that separate different departments and individuals within an organization, allowing for more effective collaboration and decision-making.

(Tichy and Charon, 2020), (Bass and Riggio, 2006)

References:

- Bass, B.M. and Riggio, R.E. (2006) Transformational leadership. (2nd ed.) Mahwah, New Jersey; Lawrence Erlbaum Associates.
- Flaum, S.A., (2015) 'Leadership and truth', Medical Marketing and Media, 50(6), p. 50–.
- Mullins Mullins, L.J., McLean, J.E., (2019) Organisational behaviour in the workplace. (12th ed.) Harlow, United Kingdom: Pearson Education Limited.
- Tichy, N., Charan, R., (2020). Speed, Simplicity, Self-Confidence: An Interview with Jack Welch. Harvard Business Review. [Online] Available at <https://hbr.org/1989/09/speed-simplicity-self-confidence-an-interview-with-jack-welch>. [Accessed on 11th July 2023]
- Zefram, C., (2004). 'When Jack Welch Was Deputy Director for Intelligence'. Central Intelligence Agency, Center for the Study of Intelligence. Washington, DC. Studies in Intelligence Vol. 48,