

Leadership and management, theory and practice LCBB6003

Group Presentation

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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)

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).



Transactional Leadership perspective



Image: Nasralla, 2013

- **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)

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

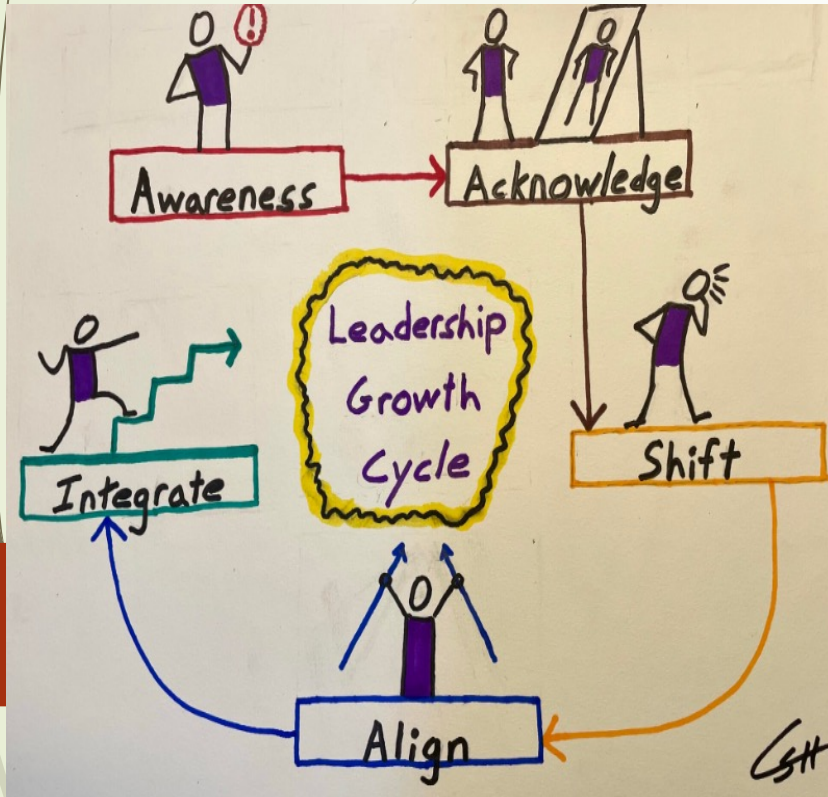
► **Individualized consideration**

Work out sessions

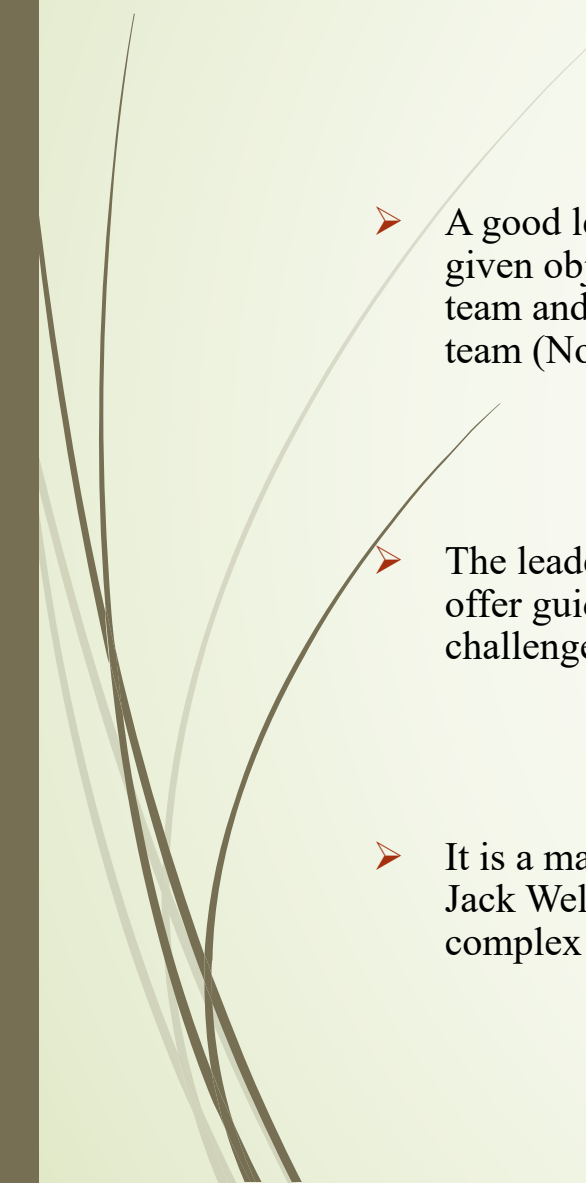
(Tichy and Charan, 2020)
(Bass and Riggio, 2006)

Attributes of Leadership (Jack Welch)

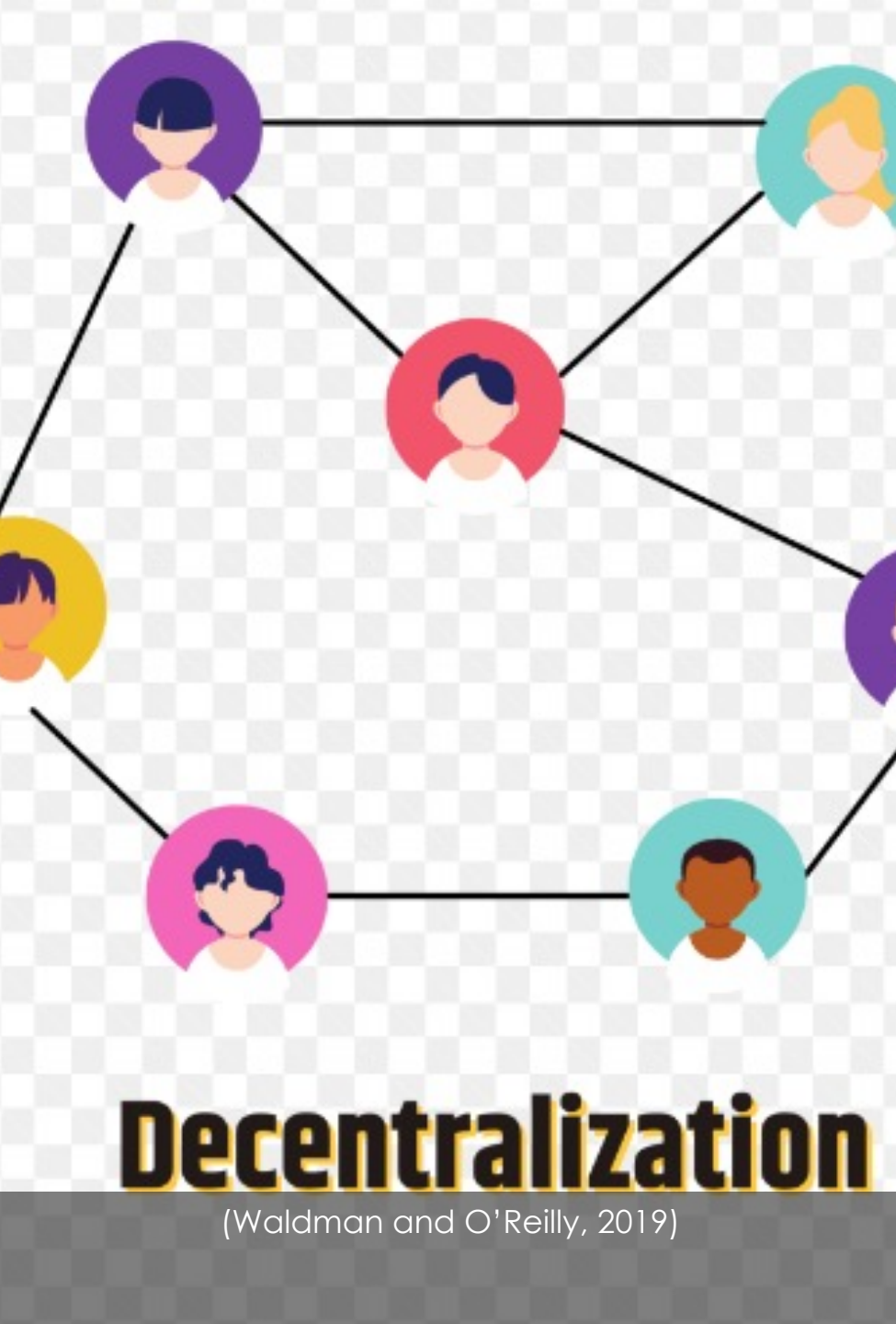
- Jack Welch work hard to inspire and motivate their team around a common and shared vision and values.
- Jack Welch believes that the best way to encourage an employee to accomplish an exceptional task is by highlighting the employee's potential and refusing the employee's current performance as their best.
- This kind of leadership style encourages the employees of the workspace to rise above and unleash their total potential.



(Welch and Byrne, 2001)

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- A good leader sets a good example for the given objectives, the team and the organization (Not only for the team)
 - The leader should be able to offer guidance and challenge
 - It is a management skill that Jack Welch described as "complex"





Leadership Qualities (Jack Welch)

- Jack Welch believes in the decentralisation organisational structure. Moreover, decentralisation can bring several benefits to an organisation.
- It incorporates rapid decision-making features into the organisation and allows the organisation to function quickly and effectively (Waldman and O'Reilly, 2019).
- As the company follows the decentralised organisation structure, it promotes independent decision-making over its employees.

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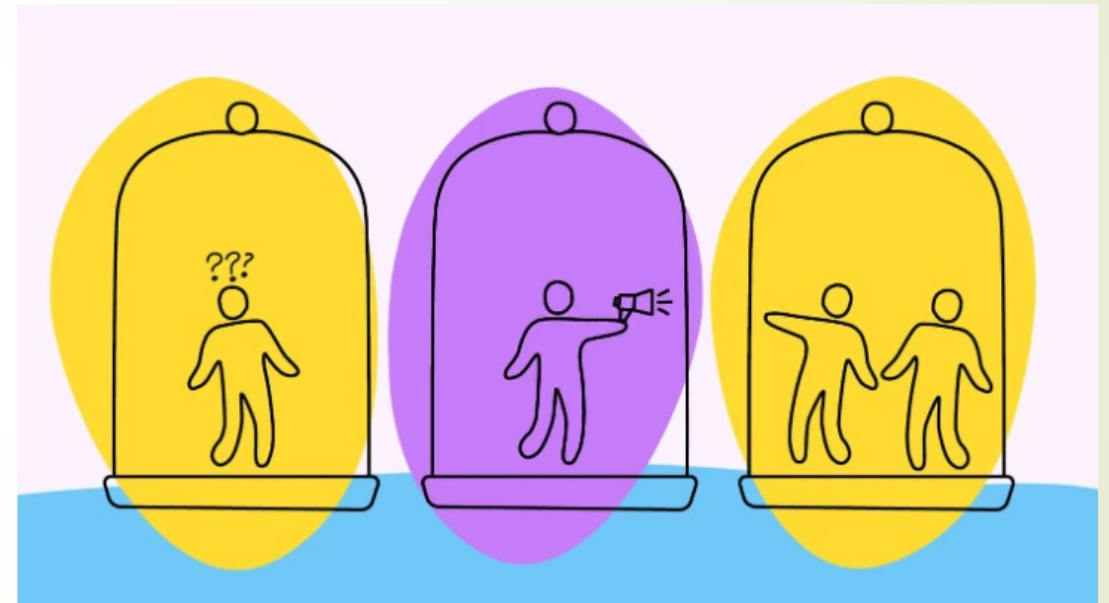


(Northouse 2021)

- Jack Welch appreciates and acknowledge the good work and effort of the employees.
- The main purpose of this acknowledgement is to show that employees' work is given value in the works space and motivate them to work hard more.
- Jack Welch acknowledges the creativity among the employee, they want to create a creative organisation culture in the company.

Management Qualities (Jack Welch)

- The employees of these types of organisations can expect a more flexible and innovative business culture and environment (Foster and Gardner 2022).
- The main aim of the management is to remove boundaries to innovation and make the organisation structure less separated and more integrated.
- The benefits of innovation at work include producing better products, improving the work environment, enhancing internal efficiency, increasing productivity and enhancing employee collaboration.



(Foster and Gardner 2022)

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(Walls 2019)

- When employees work with a silos mentality they do not share the information between the departments of the organisation.
- It refers to the system or process of overseeing the activities of the employees to implement a healthy and efficient work environment that helps the employees to work best (Walls 2019).
- With the help of this system, the organisation's employees can fix their problems and modify their work immediately.

Benefits of Leadership Style

- Leadership makes sure that the employees are aware of their job roles and description, motivates employees on tough days, acknowledges employees' work and gives fair opportunities and growth.
- An effective leader enhances the organisation's productivity by motivating its team and helping them to be efficient in the workspace.
- Efficient leaders are visionary they can set long-term goals and roadmaps for the employees to achieve the organisation's objective.



(Northouse 2021)

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(Stevens *et al.*, 2020)



Good leadership boosts the employee's morale by uplifting their spirits and giving positive feedback.



They express faith in employees' skills and win their trust (Stevens *et al.*, 2020).



The leaders used to have great communication skills and can promote the organisation's vision to the right audience.

Principles of Leadership:

- **Charismatic and Demanding Leadership Style:**

Characterized by strong vision and ability to inspire and motivate employees, played a pivotal role in GE's success (Slater, 2005).

- **Decentralization and Autonomy:**

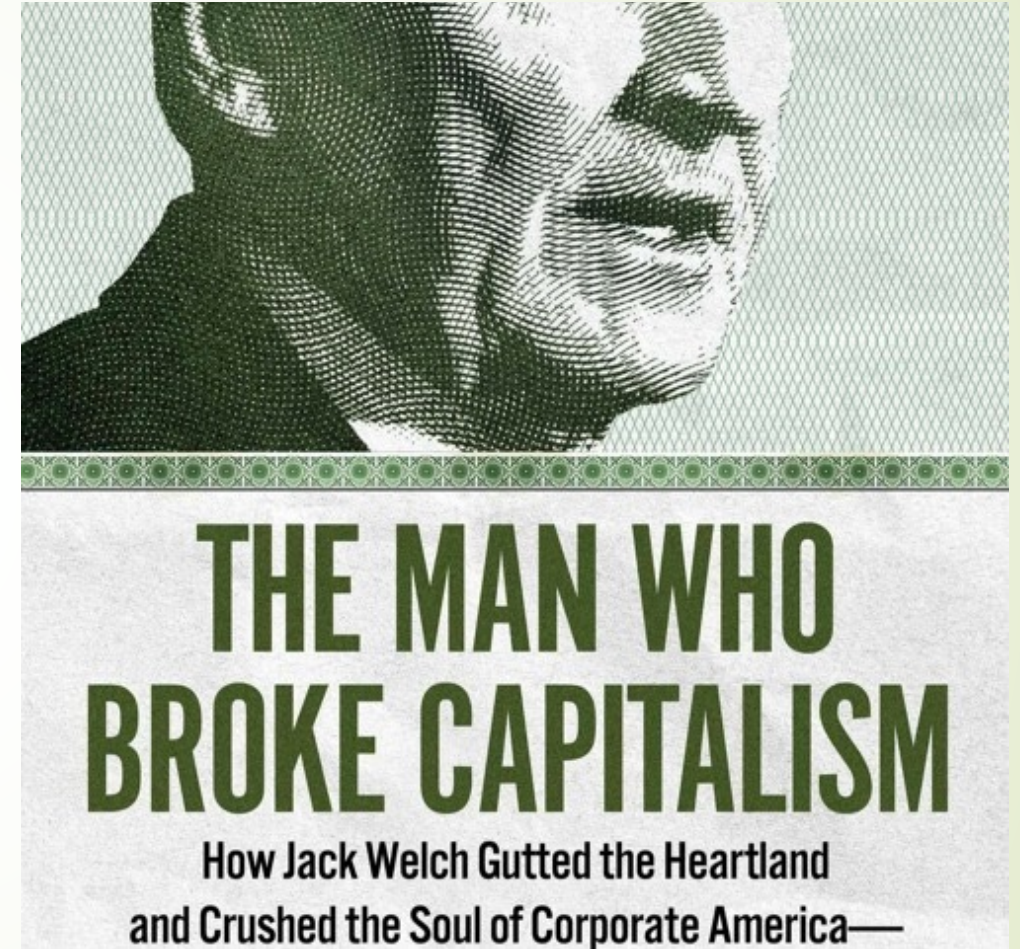
Empowering managers to make decisions and take ownership of their businesses (Welch & Byrne, 2001).

- **Breaking Down Silos:**

Recognizing the limitations of traditional hierarchical structures, Welch implemented changes to break down barriers between business units (Slater, 2001).

- **Performance Management System:**

A rigorous management system that aims to identify and promote the best talent within the company (Welch & Byrne, 2001).



Limitations of Welch's Leadership Style:

➤ Risk of High Pressure:

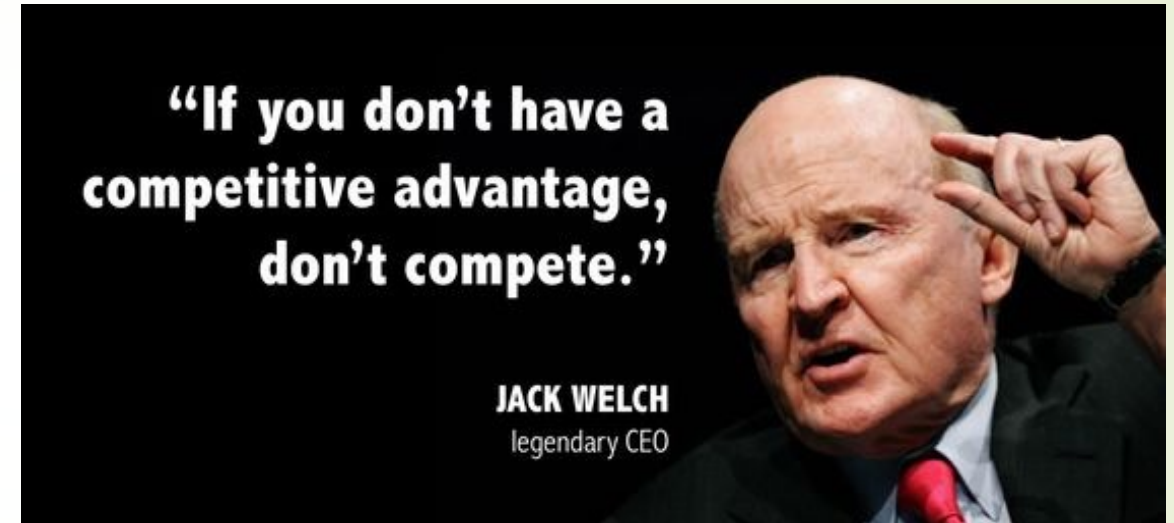
Welch's demanding leadership style could create a high-pressure work environment (HBR, n.d.).

➤ Lack of Emphasis on Work-Life Balance:

The intense focus on performance and results at GE under Welch's leadership may have overlooked the importance of work-life balance (HBR, n.d.).

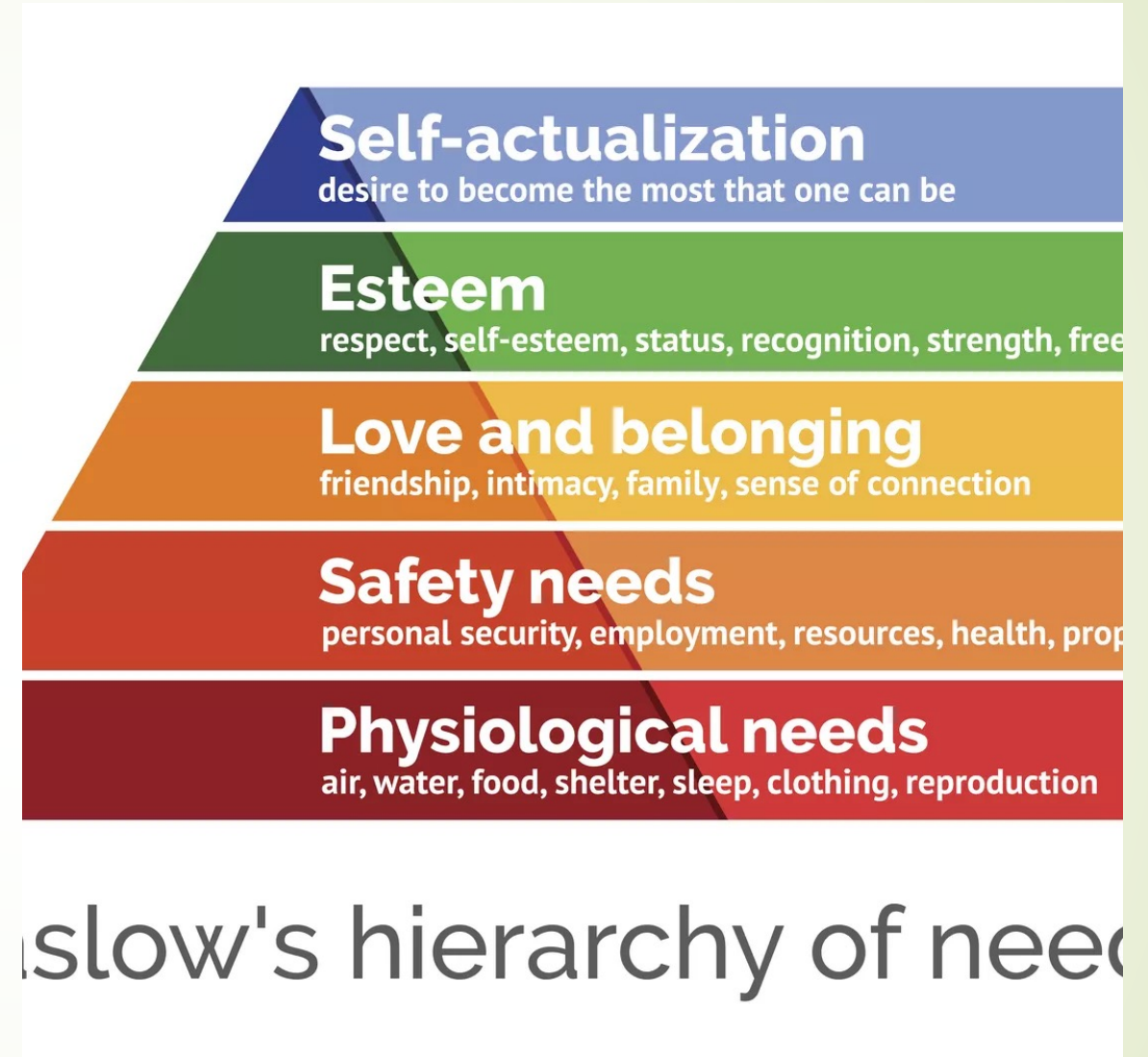
➤ Controversial "Rank and Yank" System:

This competitive environment could hinder collaboration and teamwork, as employees may prioritize personal success over collective goals.



Challenges of Welch's Leadership Style:

- Maintaining Employee Engagement and Morale
- Adaptability to Changing Business Environments
- Balancing Autonomy and Alignment



Theoretical Perspectives on Leadership

➤ Trait Theory

Identifies inherent qualities and traits of effective leaders (Welch's charismatic and demanding style) (Slater, 2001).

➤ Transformational Leadership

Inspires and motivates followers to achieve exceptional performance (Welch's ability to push employees to exceed limits) (Slater, 2005).

➤ Situational Leadership

Adapts leadership styles to the situational context (Welch's implementation of structural changes at GE) (Slater, 2001).





Theoretical Perspective on Management

➤ Classical Management

Emphasizes hierarchy, specialization, and efficiency (Welch's implementation of structural changes at GE) (Slater, 2001).

➤ Human Relations Management

Focuses on employee satisfaction and motivation (Welch's performance management and talent promotion) (Slater, 2001).

➤ Systems Theory

Views organizations as complex systems (Welch's boundaryless organization and human resource optimization).



Conclusion

- Welch's leadership at GE exemplifies various theoretical perspectives on leadership and management.
- His charismatic and demanding style aligns with trait theory and transformational leadership.
- Implementation of structural changes reflects classical management and systems theory.
- Leadership and management are multifaceted, influenced by various factors and require a comprehensive understanding.
- Welch's leadership contributed to GE's remarkable success and organizational transformation.

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