Title of Paper: Final Paper

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Course Name and Number: Leadership Priorities and Practice

Name of Paper:

Instructor’s Name:

Date Submitted:

Final Paper

**Introduction**

This paper will highlight the significant organizational challenge of globalization currently faced by Nokia – a company that was once an undisputed market leader in the cell phone industry. However, it now faces immense competition from the trendsetters of the technological revolution – iPhone and Android. Nokia in the past was synonymous to mobile phones, but due to a lazy approach to constantly changing consumer demands in a dynamically globalized world, it is now facing a constant decline in its revenues. Therefore, this paper will present a complete analysis on how Nokia’s leadership addressed the challenge of technological revolution; how they could have been better with their approach to this daunting challenge, and what can the administration of Nokia do to overcome this challenge and regain customer attraction for their products.

**Discussion**

**Overview of the Company**

Nokia Ltd. is a conglomerate corporation headquartered in the city of Espoo, Finland. The company was not a telecom and networking company since the beginning. It began its operations almost 150 years ago in 1865 as a pulp mill which produced cables and rubber products (Borhanuddin & Iqbal, 2016). However, it started to invest in the telecommunication sector and networking industry in the last years of the 20th century when the world was going through a technological revolution. Currently, Nokia is performing its business operations through a different set of networks and technologies; research and development through Nokia Bell labs and running its acquired companies such as Alcatel and HMD Global (Nokia, 2019).

The primary stakeholders of Nokia are its customers, employees, shareholders, and communities as a whole. However, customers are on top-priority among the mentioned list. This is because it is Nokia’s customers that can make the company rise as market leaders once again as it was in the early 2000s (Doz & Wilson, 2017).

**Vision and Mission Statement**

Nokia’s vision is to become a pioneer in emerging technologies such as 5G networking, artificial intelligence, and cloud computing. The company is continuously striving to make innovations to fulfill its motto of “connecting people” in a unique way possible (Nokia, 2019). On the other hand, Nokia’s current mission is to recapture the lost territory in the mobile industry and become market leaders while being the first choice among potential customers of the industry. The firm realizes that they need to adapt to contemporary practices to survive in the market quickly. Technologies are constantly changing, and so does customer priorities. So Nokia aims to address these challenges by not being complacent at any moment. They look forward to pushing the boundaries and urge their workforce to give the best output.

**Code of Ethics**

In a letter from the President and CEO of Nokia, it is explicitly mentioned that Nokia is very much keen to protect the environment it works in and conduct business operations while ensuring sustainable development to maintain integrity among its customers (Nokia, 2019). This shows that Nokia has a strong code of ethics which is duly followed by all employees. It also displays a sense of professional maturity from Nokia who knows that in their journey towards the revival of their brand, it will be essential that the company gives high regard to ethical values. The leadership realizes that they should not focus only on profitability but also produce green technologies which make this world a better place to live in.

**Analysis of the Challenge Faced by Nokia’s Leadership**

One of the biggest challenges Nokia currently face is that its products, specifically mobile phones are not innovative anymore (Vuori & Huy, 2016). Instead, the products are a combination of already dominant technologies. On the back end of this challenge, the major mistake committed by Nokia, after which the revenues started to fall, was that the company neglected the innovations and modern technologies. The leadership thought that they should not take the risk of going for a change in their working practices and continue with the conventional methods of performing job operations. The management feared regarding the increased expenses new technologies will bring in with them and additional training costs that will be required to enhance the skill-set of employees. Therefore, they were reluctant to bring in the technological change within Nokia.

The policy initially worked out well for Nokia where there were successfully defying any major competitor to enter the market to threaten them. However, they failed to realize that consumers look for innovation and creativity as their preferences change over time. Thus when companies like Apple and Google entered the market, they introduced smartphones to the general public. People found them convenient, easy to carry and above all, innovative. The paradigm started to shift where smartphones began to overtake a strong market dominated by Nokia.

There came a time where people started to lose their interest in buying feature phones. Nokia began to lose its market share as it was still operating in the market with conventional mobile phones (Doz & Wilson, 2017). Even this didn’t ring the alarm for the leadership including higher executives and managerial employees. Suddenly, people were completely inclined towards iPhones and Android phones. After a late realization when Nokia fell far behind in a market which it once used to lead, the higher management finally decided to launch a smartphone. Some were successful while some were rejected by the general public.

A lack of research and development on contemporary industry practices at that time made the leadership to take bizarre decisions in a panic. For example, closing down the operating system of Symbian and instead shifting towards Windows phones while the world was running on iOS and Android. According to an employee working in Nokia, there was a “Russian-style autocratic structure” in Nokia’s leadership. It was quite centralized in its decision-making and did not consult the lower-order employees while designing new strategies.

The management of Nokia was quite skeptical regarding the smartphone revolution and did not consider it as a threat. There was an apparent disagreement over the policy of change. Some managerial employees were in favor of bringing the change within production practices while others continually pressed on to continue with conventional feature phone production. Employees who were against change may have thought that this technological change may get rejected by consumers and thus Nokia should not take such a risk in manufacturing devices based on modern technologies. Conventional feature phones were generating enough revenue for the company, and therefore the anti-change employees thought of giving up the idea to change production methods.

As other companies were transforming themselves to be able to adapt to dynamic changes in the mobile market, while Nokia got stuck in internal conflicts within the decision-making body of the company which did not allow the company to reach on unanimous decisions. Consequently, the emerging smartphone phenomenon inspired the cognitions of the customers and when Nokia decided to launch a smartphone, it was just too late for them to inspire the customers as they did in the past. The profits fell, and by 2011, the company's cash flow fell below negative – for the first time in 19 years.

Nokia’s leadership could have adequately handled the above-described challenge without creating unnecessary concerns for them. Firstly, market research was essential to find out that are consumers eager to accept the smartphone revolution? An affirmative answer to the research question should have prompted Nokia to manufacture smartphones at a time when there were not many competitors in the market for the emerging phenomenon.

Secondly, although it was late for Nokia to produce a smartphone, it should not have been a Windows phone. There were personal computers (PCs) already in the market for that purpose. Launching Windows phones was not a great idea in a market where customers were getting attracted towards iOS and Android. These operating systems were specifically designed for smartphones and were more user-friendly as compared to Windows phones. Therefore, customers got attracted towards new operating systems instead of Windows because that was already available for them in their PCs and laptops.

Although Nokia launched Android phones in the market later on, which gained popularity in the market as well, however, it still feels like it was just too late for them as Apple and numerous Android phone companies had already extracted the maximum revenues out of the market through price skimming; thus leaving almost nothing for Nokia. The Android phones of Nokia were forced to enter the market as underdogs and available to the consumers at a low price. The current situation, however, is getting better for Nokia but it may take some more time to earn back the lost confidence of customers who were expecting Nokia to launch smartphones which were user-friendly just like the feature phones of the firm.

The management should have kept their egos aside and worked for the betterment of the company. The internal conflicts hindered the company’s progress and demoted them from the position of being a market leader. If a unanimous agreement could have been made on an effective strategy regarding the contemporary challenges Nokia was facing, it was possible that Nokia could have kept them ahead in the race of revolution.

**Recommendation for Future Leaders**

It is highly recommended for future leaders that they need to adopt a democratic style of leadership instead of becoming an authoritarian over the employees. This is because it is possible that employees provide better insight than the current mindset established within the management. If Nokia could have consulted their employees regarding an opinion on whether to go for the smartphone production or not, the employees could have suggested a better strategy regarding how the company should approach towards this emerging technology. The company's authoritarian style and a stubborn attitude of avoiding contemporary practices only made the situation worse for them. Therefore, leaders of the future should try to avoid the “rule of thumb” practice within their organization.

It is highly essential to have high-quality research and development within an organization. Nokia’s leadership introduced Nokia Bell Labs far too late in 2016 when the mobile industry is moving beyond the concept of smartphone (Doz & Wilson, 2017). Had Nokia conducted a refined R&D like it did while the company launched their Flagship *N Series*, they would still have been market leaders to date. A change in leadership for Nokia in 2006 proved too costly for them as the new CEO did not go into further research of the market situation and thus almost made the company ready to get acquired by a well-known smartphone brand. Therefore, future leaders should keep themselves up-to-date regarding modern technologies and related revolutions occurring at the time to keep their business afloat in the form of increased revenue generation and delighted customers.

**Suggestions for overcoming the challenge**

Despite a horrific approach to smartphones, it is still not the end of the world for Nokia. The business environment for any industry is truly dynamic where the situation of that particular sector can quickly change the fortunes for any firm present in the industry. Therefore, as Nokia has an advanced research center in the form of Nokia Bell Labs, they should enhance their research and development in future technologies. The only way they can surpass their smartphone competitors is to launch something innovative which attracts current smartphone customers to get inclined towards that new technology (Zhai & Zhao, 2017). For example, Nokia should research into 5G and 6G technologies and should be the first-mover in this regard to launch phones and related devices equipped with these technologies.

Moreover, Nokia should strengthen their internal management to work as a team. Conflicts at any level within an organization results in decreased effectiveness and efficiency in working standards along with a fall in productivity. A greater emphasis to strengthen the organizational culture and to encourage a friendlier and cooperative working environment will result in better performance levels and effective decision-making. This will lead the management to outperform to make Nokia successfully achieve their vision.

Along with designing new technologies, Nokia should look to somehow exploit their competitors’ weakness. If they cannot currently surpass their competitors, they should present the weakness of their competitors and strengths of Nokia in front of the market to make customers change their priorities and shift towards the products of Nokia. For example, they can exploit one of their competitors that are damaging the environment and expose this reality in front of the customers of that competitor. In contrast, Nokia should tell those potential customers that how careful they are in the conservation of the environment and how Nokia make sure that their manufactured products can contribute to sustainable development.

Another suggestion for Nokia is that they can explore numerous sectors other than telecommunications and networking to increase the company's profitability. Nokia should consider this fact that they began as a conglomerate where they were working in both rubber works and telecommunications. Thus they can start working in other sectors to provide themselves other options in revenue generation for the company. This will not only increase their experience in working in multiple industries but also improve the company's profitability as a whole. Nokia can also emerge as a conglomerate giant in the era of globalization and where they may have performed poorly in one sector, excelling in other professions will keep Nokia’s revenue in balance.

**Conclusion**

This paper presented a complete analysis on how Nokia’s leadership addressed the challenge of technological revolution and how they could have been better with their approach to the challenge of innovation. The discussion also highlighted some recommendations for future leaders to make strategic plans that lead to success for their business ventures. At last, there were suggestions for the leadership of Nokia to overcome this challenge and regain customer attraction for their products.

It is expected that this paper will be a source of guidance for the leadership of Nokia to improve in the areas of mobile manufacturing, strengthening internal management and promoting team spirit and a cooperative working environment within the firm. An organization cannot do all the tasks with complete perfection. However, a successful company learns from its mistakes and envisions to avoid them in the future. If Nokia was not able to address the challenge of the technological revolution in time, the management should not throw their shoulders and get demotivated to an extent where they shut down the company. Nokia should bring in their 150 years’ experience in the market to work to get themselves out of the isolation they have put themselves in. It will only be possible if they start working from a new beginning and regenerate their ideas to become a vital source of “connecting people” they were known for.

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