Strategic Change At Nokia

Brief Account on Nokia Situation

In organizations, change is a significant form of business strategy with influence arising from the environment. During a time when global businesses aligned their interests based on the technological changes, Nokia lagged as its competitors Samsung and Apple explored the smartphone sector. Basing its past success on how it has performed in the mobile sector, Nokia failed to determine the level of competitiveness it would retain to ensure it held unto the position it has retained. It is evident in the case that the Finish tech giant did not anticipate that there would be much of change from other enterprises due to the production costs it has assessed over the business period. All the issues pertaining the strategic position of Nokia relate to the way the company chose to change itself in the wake of a diverse environment. That is to say, losing its capacity to lead the market and face the challenges culminating from the competitors illuminate the issues Nokia failed to handle. Nokia's lack of leadership and the failure of the company to initiate innovation propagated its catastrophe in dealing with change. In this essay, different elements from the competitive environment will be examined to explore their influence on the situation at Nokia.

Lack of leadership

Leadership in an organization accounts for a large percentage of employee variance and engagement. It becomes a problem when a company finds itself with incompetent individuals in positions of leadership. Whether leaders are micromanaging, rebounding fault, failing to meet goals, or censoring information, different reasons show how leaders can destabilize the trust of an organization and disengage employees. The situation at Nokia having ineffective leaders had an impact on the quality of performance among employees since there was lack of motivation and a need for change to embrace the new trends on the market. Without a practical leadership foundation at the company, even the new CEO from Microsoft was left shorthanded since there were no instruments to empower a depleted workforce.

According to McCray Gonzales and Darling (2011, p. 243), employees in an organization looking for opportunities that can facilitate their learning and acquiring new skills. It is through new challenges that people can develop career goals. Studies show that financial incentives and compensation are crucial to the development of employees. However, Nokia failed to embrace the change in the labour market as its competitors focused on the low production centers in Asia. By investing in leadership, the Finish company would have been in a better position of challenging Samsung and Apple as these two enjoyed the cost benefits of cheap production labour (Lynch and Mors 2019, p. 258). Besides, through leadership, the company would have provided a purpose and direction to keep its employees engaged in the development of new ideas. Hence, not until the takeover by Microsoft has Nokia found a new set of leaders ready to make the drastic change to exploring the current trends in the market.

Technological environment

By the end of the 1990s, Nokia’s mobile phone share was unrivaled due to the company’s ability to embrace advancements in technology. However, the cost of production and its failure to acknowledge the influence of technology Nokia failed to change its strategy in order to prepare for the business ahead. The technological revolution since the turn of the 19th century has not ceased. Smartphones have become extremely important to the speed of technology and how companies launch products (Sartori, Costantini, Ceschi and Tommasi 2018, p. 315). Unlike in the past where individual preferences were limited, today personalization drives the technological innovations of companies and gathering information from customers is crucial to businesses. Creativity is a huge profit to a company and aligning it to the technology leads to the creation of products that meet the expectation of the consumers. Nokia failed to implement this, based on the phone capabilities and compatibility its operating system became obsolete with the change entities like Google’s Android and Apple’s IOS has introduced.

In a dynamic technological world where every bit of revolution is integral, Nokia’s competitors integrating their device to the latest developments earned the customer support globally. Conversely, the discontinuing of mobile apps for operating systems at a certain level like Symbian, Android 1.2, Blackberry OS and others meant that Nokia customers had to look for alternatives. This left the company with no customers to salvage since it could not offer the expected services many consumers were technologically targeting. While customers preferred Nokia for its product endurance, the functionality of phones changed their preferences. Today, customers are looking for smartphones with ease to social media connectivity, camera quality, music and internet services (Yi, Gu and Wei 2017, p. 167). Due to undesirability, Nokia was forced to learn from the current products of their competitors and offer the same quality to its customers. Hence, the technological environment has an integral role in the change strategy Nokia had to implement to retain a competitive edge.

Social elements

Nokia is a primary issue has been dealing with the adoption of smartphones in an era where application development has become part of human life. Many of the develops target operating systems from widely used companies like Apple and Google, which are more appealing compared to Microsoft’s operating system for phones. Moreover, the complexity of the operating system from the computer giant was not appealing to customers, which also affected the reception of the phones (Talim 2012, p. 144). The change in trends whereby customers are associated with a single brand such as Samsung or Apple, has affected the market cutting the profits of Nokia. Besides, the popularity of Samsung and Apple has created a two-horse race leading people to assume that there are only two phone brands in the market. This has affected the customer appeal and, in the process, disregarding Nokia products.

Economic factors

The economic downturn in Europe hurt the buying power of Nokia in the home markets as well as foreign. With the entry of new competitors, the company had to deal with organizations having more resources. This hurt the company’s ability to penetrate the fastest-growing market in Asia. With the economic power of Samsung and Apple these two were able to tap into the Chinese market, something Nokia failed to achieve due to lack of resources to implement changes that would embrace the global trends. Pinnington and Morris (2003, p. 88), argue that organizational change is framed in a manner that allows entities to study new ventures and find solutions to the needs of the customers. However, in the case of Nokia it lacked development and research capabilities to engage in developing new devices and penetrate new markets. As mentioned above, the economic downturn in Europe suggests that Nokia lacked the financial muscle power to conduct extensive developments and studies to edge its competitors (Pinnington and Morris 2003, p. 90). From the economic lessons of the past, Nokia’s acquisition by Microsoft has allowed it to develop new customer-oriented products utilizing similar technology like its competitors. As a result, changes implemented within the company have set it on a new path of recovery while embracing elegance and variability.

It is evident that at the cusp of the technological revolution Nokia was out-competed by Apple and Samsung. In the process, much of its problems relate to how the company managed to change and the strategies in place to recoup itself from the downturn. With a focus on organizational change, Govender and Pretorius (2015, p. 7), explain the role of building a foundation that is dynamic to factors around it since these influence the environment. Therefore, the situation at Nokia was due to the company failing to embrace the changes in the business sphere.

Fact that Brazil is one of the world’s leading coffee producers, the country has a large number of local coffee brands in the domestic market. Because most of the global coffee houses use Brazilian products, the local taste producers offer customers remains high. The local market is still interested in the taste they get at low prices compared to foreign businesses. Excelsior Caffe penetrating the Brazilian market has to widen its flavor variety to meet the expectations of the local people. The brand has to conduct research on what local competitors are offering customers that it is not currently doing. By understanding the situation, the company can use the information to find loopholes it can exploit to gain an edge. However, the process requires investing in understanding the local culture and the different interests both locals and international tourists consider when buying coffee.

According to Deb (2014, p. 26), organizations study the external environment of their potential market to identify the weaknesses and opportunities they can exploit to their advantage. Leadership thus becomes a crucial factor when moving resources to other localities since this influences the ability to make investment returns in the long run. With the aid of experience in the field, Excelsior Caffe can use its expertise to merge with a local brand to retain an already established market share. As a result, handling the competition issue from the local brands is a priority Excelsior Caffe has to overcome to deal with the situation.

Low production costs

Brazilian coffee brands enjoy low production costs due to strategic location advantages. That is why they provide a large number of retail stores in the country. With the vast majority of the coffee locally produces, businesses inject less financial power in the production process. This allows the companies to focus their efforts on other areas to grow their brands. Brazilian coffee brands have used this to their advantage since they retain local knowledge about the preferences of their customers and when they can customize the products. Excelsior Caffe is needed to penetrate a retail store vibrant market requires the company to study the different costs of production it has to deal with before it can gain the benefits (Deb 2014, p. 28). Companies moving into foreign markets have to allocate funds to the process of building the brand among the local population to gain popularity.

To attain the competitive advantage, Excelsior Caffe faces the challenges of finding local coffee producers with costs that can earn them an edge against the competition. However, the challenge is finding a willing producer eager to conduct business for a foreign brand at the same cost as the local brands. Ap?v?loaie (2014, p. 954), elucidates that bargaining power is a tool that requires understanding over a long period, and with the experience of an individual an organization can succeed where local enterprises prevail. Overcoming the issue of production can be sorted by employing people with knowledge about the local market. Therefore, gaining insight into the production process in the Brazilian coffee market can provide Excelsior Caffe a competitive advantage.

Market expansion

The amount of pressure a company faces can allude from the strategy in place when conducting business. Excelsior Caffe in its efforts of penetrating the Brazilian market needs to find ways of expanding its territorial coverage. It is a pressure point for an organization when profit margins and net sales are below the expected figure at the end of the financial year. Finding markets in the same country requires surveying the areas where opportunities to explore are present. Excelsior Caffe is under pressure to expand its market presence to other regions of the country due to the business districts in Brazil opportunities can be found in other places. However, this puts pressure on the company since it has to devise means of allocating funds and its workforce to ensure sustainable development. Cascio and Montealegre (2016, p. 356), growth in business needs integration with the culture of the organization to ensure that the new employees inherit the same behaviors. Hence, through expansions and mergers, the company can reduce the pressure that affects its operations.

Meet the needs of people

Excelsior Caffe's failure to meet the needs of people hurts its business ideas. Customers find the flavor of the coffee attractive and the fact that it remains connected to the products of the country. On top of required strong coffee, the price of the product is also an important consideration. The company is yet to combine the two aspects of flavor and affordable prices of coffee. Crawshaw, Budhwar and Davis (2017, p. 281), elucidate that in a competitive market companies aim to gain an edge can customizing their products to the needs of the customers. This is a process that requires constant feedback from the clients to ensure the incorporation of the details in the designing of the end product. However, the company must study the Brazilian coffee environment and find areas it can exploit and develop. Addressing the issues of the consumers can improve the net profits and sales margins by widening the coffee varieties customers can choose (Suddaby and Foster 2017, p. 23). The concern with addressing issues with customers remains crucial to the strategies the company can implement to improve the situation. Therefore, Excelsior Caffe is facing the pressure in operations due to failure in meeting the preferences of the people.

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