

study

by Report Case

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Individualized Case Study

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Introduction

Winnipeg Construction Company Limited is located in Winnipeg, Canada, and deals in Lessors of the Real Estate Industry. It was founded in 1905. The management team at WCC comprises of multicultural staff including Arthur Cox (Company Manager), Michael Brown (Executive Assistant), Ray Nagawa (Chief Engineer), Sheryl Morton (Chief of Sales and Marketing), Horst Kruger (Chief of Finance), and Alexander Dubois (Chief of Quality Control). It is one of the most recognized construction companies in Canada. It offers commercial contractors and suppliers throughout Manitoba and the general Canadian market. In addition, it has over 800 stores dealing in manufacturing, supplies, financial institutions, and bonding companies. The case study herein provides a summary of the encounters of WCC, which resulted in the loss of profitability and increase in employee turnover.

Summary of the case study

Over the past years since the organization's establishment, WCC has been a successful construction company. The main branch at Regina was at the top of the list. In recent years, the company's performance has been declining, and it is now at its critical stage. The revenues continue declining despite the measures put in place by the organization's management. WCC's failures are attributed to stiff competition from the American firms bordering Canada, especially those in Minnesota and North Dakota. The company-new manager Arthur Cox puts all the blame on the competition brought about by the American Dollar. Cox was recruited from one of Canada's top-performing construction companies to replace the retiring Regina Branch manager Paul Meech. WCC's revenues started declining under the leadership of Meech and became worse during the tenure of Cox. Also, during the leadership of Meech, the company grew strong and attracted confident and qualified workers across the world as well as management employees. Through his confidence, Meech developed an employee-friendly environment in the company, which promoted employee self-motivation.

Unlike Meech, who was a cautious optimistic risk-taker who put his trust and loyalty to the employees, Cox's management style was quite different. Having been a construction worker and served as the workers' leader, Cox was task-oriented, assertive, and accustomed to exercising control and influence over the employees. He liked to start the week off with meetings every Monday morning, which employees did not take positively. Despite the employees being against the program, it was important for Cox to understand why the company was continuing to lose money. Furthermore, the company was also losing employees. According to the case study, employees during Meech's tenure were due to retirement or relocation. Employees resignations during Cox's leadership were a significant setback on his management skills and strategies. Cox had a lot to explain to the senior company management and leadership. During one of his early morning meetings, he seems to be afraid that WCC is hemorrhaging money, losing contracts, and losing employees to their American Competitors after only six months of his appointment. In one instance, Cox responds harshly to one of the employees, which indicates poor leadership. He does not show concern for the workers' emotions, which might be why employees are resigning from the organization. When under intense pressure, Arthur Cox has no self-control, and he is easily overwhelmed with emotions. Failure to control emotions as a leader is a root cause of many organizational problems. It is why employees are running away from the company and, therefore, the massive decline in profitability.

Analysis of the study

Having taken keen observation on the leadership skills of Arthur Cox, the WCC company management decided to hire a management consultant to help revive the profitability of the company and retain employees. Before the consultant can help the organization, it is essential to know the root causes for the downturn and escalation of problems in the organization. The main reason for the decline in profitability and employee turnover at WCC is poor management. In his short time as the company manager, Arthur Cox has shown good attributes as a worker and poor qualities of a leader. Mr. Cox

- Fails to recognize the employees for doing good work. He sees the fault in everything they do and blames everyone for going the extra mile to help the other partisans.
- He continuously disrespects his employees making them feel demotivated to make an extra effort. He shouts at them and interrupts their communication when they explain necessary strategic measures to him.
- He Lacks integrity. Making poor and judgmental decisions has made employees fear him. Instead of them helping, they prefer to leave and join competitors.

According to research conducted by Carpenter (2018), a leader can only steer the organization towards success by avoiding conflict, being flexible, having a highway mindset, keeping a track record, and being a good communicator. When employees fail to develop themselves and have their needs met by the employer, they often develop low morale and stop caring about the organization's success. It is the reason why the management consultancy has been hired today.

Roles of a management consultant

Management consultancy is the art of helping an organization improve its performance in all aspects of organizational management and company productivity. A management consultant identifies and solves complex organizational problems and improves the process for better productivity and profitability. While doing their job, the management consultant shall (Nippa et al., 2002);

- a) Conduct analysis of company figures, interview employees, and prepare presentations and proposals on the problems. This will be done by analyzing and assessing the reasons for the decline in profitability and employee turn-overs.
- b) Help the organization solve its hitches, expand professional performance, and produce worth and take full advantage of growth.
- c) Provide the resolutions for the predicaments of the business and make implementable recommendations. They provide ways to improve and foster employer-employee relationships, which can be extended to customers.

As a management consultant for WCC, the main problems faced by the company is poor management, which has resulted in staff turnover, poor customer relations, and therefore a decline in profitability.

1. Assessment of Management Approach at WCC

The management section is an essential part of any business organization. The management is responsible for getting people together by fostering good relationships between bosses and employees and employees and customers. While running WCC, Arthur Cox uses an authoritative management style, contrary to the style of the participative and collaborative approach used by Meech. According to studies done by (Wang et al. 2018), authoritarian management is a style in which the boss asserts stout authority and regulations on the juniors while demanding unquestionable submission. In an

authoritative style, the manager dictates the organization's requirements and expects the subordinate employees to follow them strictly. If any of them does not comply, they are punished. From the preceding case study, Arthur Cox is identified as authoritative since he has all the characteristics of an authoritative leader, including ordering people around, micromanaging and monitoring every employee's movement, lacking trust and confidence in workers, and constant direct supervision of his junior employees. Although Mr. Cox's management style allows quick decision-making and creates defined employee roles that can facilitate increased productivity, he is not doing it in the proper manner. His employees are increasingly becoming dissatisfied with his behaviors, and therefore, there is increased worker turnover, resentment, lack of professional development, and a mentality of employee vs. management. All these aspects promote the failure of WCC.

Generally, authoritative leadership has more problems in an organization than its sound. The employees are the most affected by this type of leadership and management, and in turn, they affect the productivity and profitability of the company. Following orders without question is the rule of Cox, and he orders employees to perform the tasks allocated to them. During his early Monday morning, he is seen and heard arguing with the employees on several instances. The following are shreds of evidence that Mr. Cox is an authoritative manager from the study.

- Cox interrupts Sheryl (Chief of Sales and Marketing) and tells her, "I don't give a hoot about your fancy marketing explanations. You are paid to market and therefore you should figure out ways to combat our marketing problems..." p. 146
- To Nagawa, "I pay you to worry about transportation of concrete and building structures. So let Cruger worry about bean counting..." from this reply, Nagawa folded the documents in front of his desk and looked down away from Cox. p. 146

The results of Cox's morning meetings discourage group input, offended confidence and lead to dislike and bitterness. It damages imaginative solutions and proficiency from the subordinates. It is clear when Nagawa withdraws from the meeting contribution and shuts up. Arthur is viewed as bossy, controlling, and dictatorial. Perhaps it may be one of the reasons why he has lost nine employees in less than six months of his leadership (p. 145). The study by (Wang et al., 2018) supports the notion of the adverse effects of authoritarian leadership. Wang points out that an authoritarian leader like Arthur Cox has a destructive and harmful influence on employee behavior and job performance. Its effects are reflected in the gradual downfall of a company through a decline in profitability and high worker turnover.

Recommendations to improve Cox's Management Approach

An authoritarian leader can be valuable since they are associated with clarity in organizational culture and procedures. Mr. Cox can be effective based on his ability to inspire, motivate and influence his team instead of pestering them. The management of Winnipeg Construction Company can adopt the following to come back to its feet and boost productivity once again. Arthur Cox should;

- a) Listen to team members. It is infrequent for authoritarian managers to change their minds about their decisions. But Cox can provide a listening ear to his subordinates on that they can air out their concerns. In most of his meetings, Cox ensures that he makes his juniors feel ignored and rejected. Even if you are not going to implement their suggestions, it is enough for them to know that you listen.

- b) Establish clear rules. Cox has the ability to inspire, motivate and influence the team. Stipulating clear guidelines and rules to the employees facilitates self-drive. The team, therefore, will have an understanding of his goals. Communicating the rules to the workers makes it easy for them to follow. Therefore, instead of pestering the employees about their duties, guide them in the direction you want them to head, and it becomes easy for them to align their needs with those of the man in charge (NawoseIng'ollan et al., 2017).
- c) Provide efficient working tools. To foster a good relationship between employees and management and prevent the build-up of the employer vs. management notion, Cox can offer oversight and training to his employees to fill the gaps existing in the company. The company's general performance can be improved if the company has well-educated employees with the necessary skills and abilities for the job.
- d) Recognize success. Recognition helps employees know that the organization and their boss value their contribution to the overall company's success. Research conducted by (Mohammed 2015) shows that the management has the ability to engage employees positively in company progresses, retain and show value to workers to improve organizational performance and reduce turnover. The team quickly loses motivation if the leader only criticizes the mistakes but never rewards the success.
- e) Own his mistakes and make positive rectifications for them. Cox's poor management is responsible for employees resigning from the company. It is his responsibility to know what he did wrong. he can achieve this by standing together with his management team and not blaming them. Leadership depends upon consensus between the boss and the subordinate since everyone shares the success and failures of the company. The authoritarian leadership style of Cox puts all the failure on his shoulders (NawoseIng'ollan et al., 2017).

2. Assessment of declining Profitability

Profitability refers to a situation in which an entity generates revenue. It arises when the total amount of profit is greater than the total amount of expenses in a reporting period—decline profitability results in decline in sales, resulting in a loss. Generally, a company's profitability may reduce due to the following reasons, which also mirrors the case of WCC.

- They increased supplier costs. Reduced profits are a result of selling goods at higher prices. This could be due to several reasons, including the prices increased by the supplier. Suppliers can increase the prices due to reasons like profit-making or can be due to a shoot in their costs. Thus charge a higher price than before. The higher prices can adversely affect your profits; hence one may have to search for alternative suppliers to pledge this situation (Allman, 1983).
- The lower price of goods. In order to attract more customers and increase sales, some companies lower the cost of their goods. This can be negative by lowering the profits since sales can appreciate, but overall profits may depreciate. It is essential to maintain a brand image by keeping prices stable hence increasing profits. This is important because lowering the price for a long time can make customers get used to it and won't continue when the prices increase. When prices decrease, profits will definitely fall if expenses and costs are not minimized.
- Highly competitive market. Intense competition from rivals is another factor that increases the declination of profits. Increased competition is due to the Policies of current rivals or the

addition of new competitors (case study p. 145). this aggressive competition may cause your profits to fall drastically since it is harder to gain consumers. When the sale decreases, it results in your purchase of goods also decreasing. This makes a person lose the privileges of the low cost of wholesale buying from the seller.

- Additional costs of goods sold. The increase in seller prices, extra costs add to the higher prices of goods sold. For example, if the goods being supplied have been packaged, the owner will decide if the packaging costs will be put on consumers or born by the business itself. However, the revenues will decrease either way. The rise in transportation costs is another additional cost.
- Changes in industry. Industries that change regularly are the ones that are fast-paced and highly dependable on tech and innovation. The introduction of new tech in every industry will significantly impact your product sales since the new tech will become outdated. The revenues start decreasing as the sales decline until you come up with a different and better way.

Cox tells his team in the meeting that he is not interested in hearing bleeding her stories about the employee turnover (p. 147). His interest is in addressing the serious financial problems the company is encountering. According to the understanding Cox, "A few people leaving the company might save some money." As a consultant, this is the main reason why the organization is losing profitability. In all the years of work and business, employee resignation is never a good thing. Therefore, it reflects on poor management as a factor of production.

Recommendations to improve profitability

- a) They are implementing new business strategies. Profits can be altered in a market where competition is high, which can be countered by introducing new business strategies or altering an old one. Changing the focus of the business from one cost and moving into a niche market is what needs to be done. Differentiation strategies can also be implemented. In a market where competition is stiff, advertising your product with different strategies and how it is better than other products is quite successful.
- b) You are adjusting the product. Adjusting the products can greatly increase revenues. Negative views are created from a bad product/service, and this can lead to a decrease in sales hence a decrease in revenues. Problems should be observed, and products that lack behind be looked into and adjusted by dropping them or renovating them. If you think upgrading your product will challenge you financially, then consider putting it aside for a while or change the way you market it.
- c) They are streamlining purchasing. Some consumers find it difficult to go through the process of purchasing an item or service. The whole process becomes boring and tiresome for them if they go through a complicated checkout procedure and are asked to visit complex websites. To streamline purchasing, you need to walk the whole shopping experience. And as the owner of the business, you need to make sure that the chosen procedure is not hard or painful to the consumers. Customers are always satisfied when provided with easy and safe purchasing, and by doing so, you are increasing the profits of your products.
- d) They were altering employee strategies. The downfall of a company may at times begin from top to bottom. Declining profits may result from inadequate management and integration, which makes employees frustrated and unhappy over time. Furthermore, they will not work to

their full potential hence mistreating customers. Strict employer policies hence need to be incorporated. During hiring, go through everything to ensure they are the best fit for the job you offer. Expectations of the company must be revisited with the employees to keep reminding them. Provide incentives for them to work harder.

- e) Invest time in identifying the problem. Instincts are often wrong and should not be relied on when finding the cause of a problem. It is key to focus one's time and efforts when investigating the decrease in profits. Correct and effective strategies can be made once the root of the problem is known. Account records and financial statements of a company need to be reviewed first. A comparison of the data over the years can be made to figure out the intensity of the decline. The current and previous slumps can also be compared hence informing one on what has been going on.
- f) Think carefully before cutting down on expenses. Careful considerations must be conducted when cutting down expenses. Expenses cut down becomes essential in some circumstances in a company. Expenses that negatively affect the productivity of the business must not be cut down. Expenses like changing the internet to a cheaper alternative that offers the same speed may be cut down. The positives and negatives of cutting down must be considered, and a choice of the most suitable be made. For example, if one decides to cut down the number of support staff, think about the negative impact on productivity.

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3. Assessment of Employee Turnover

Employee turnover refers to a state in which an organization loses the talent of workers with time. It involves the departure of employees due to reasons such as resignation, layoffs, contract terminations, retirements, location transfers, and sometimes death. Most commonly, voluntary employee turnover may be as a result of people seeking more money and better benefits, improved work-life balance, and chances to progress on their careers positively (Nyaga, 2015). In WCC, employee turnover is due to far many dangerous reasons. The workers are escaping toxic and ineffective company management. It is very bad when employees leave an organization as it has a direct link to profitability and customer satisfaction. Because you are losing employees to your competitors, the company experiences much more loss than that of losing only employees. Soon, customers follow, and the organization faces threats of collapsing. At WCC, employee turnover is high because of the following reasons.

- i) Lack of training and development. One function of HRM is training and growth, and it is related with an administrative actions that concentrates on improving the enactment of people and groups in a business setting (Lee, 2018). For job preparation, two important requirements are needed, and they comprise induction and staff development, and the two are compulsory for the workers. Workers who begin their work without orientation are unfamiliar with the workplace procedures and rules. That's why it is important to prepare for the job from the time of recruitment.
- ii) Lack of employee motivation. Employee enthusiasm is a key factor in the efficacy of a firm. Fair promotion based on performance greatly motivates employees. Proper job description eradicates cases of overtasking personnel, cultivating the level of staff inspiration. Management that does not recognize employees lowers the morale of employees. Intrinsic and extrinsic behaviors can occur during motivation. Not recognizing the efforts of

hardworking employees demotivates them. Team building permits workers to intermingle and learn from one another hence helping to build a robust level of collaboration, and this acts as a principal motivational factor.

- iii) Lack of career development. At workplaces, providing opportunities for employees helps in increasing self-retention points. Employees who have boundless ambitions need to be given the chance to learn and nurture further as this motivates them to stay. When a great worker is sustained in a low-level job, it is a great opportunity for a company to lose them, and the chances are that someone else, after recognizing their skills, will offer them more money and a more responsible position (Lee, 2018). Employees with this career growth feel motivated when they are given upper positions from inside the company, and this will make them stick around.
- iv) Work environment. Increased employee satisfaction is an outcome of a safe working atmosphere and helps in the preservation of staffs. Nonstandard work environments which are considered to be unsafe have an extensive choice of types and styles, and some altered atmospheres have very much in communal with the usual ones. For example, at any construction site, no activity will take place without workers, and it will typically be empty when nobody is occupied.

Employee turnover is an obstacle that many organizations face. It is devastating the rate is too high. Currently, this is the state of WCC. High turnover disrupts and destabilizes the team efforts, making it difficult to find new ways of improving performance. Worse is that it even creates conflicts between the management and the subordinates.

Impacts of employee turnover on organization efficiency

It increased customer dissatisfaction. Efficiency is described as an output that is gained from the fixed amount of input. According to (Wynen et al., 2019), worker efficiency is a result of the employee's knowledge, capability, motivation, among others. Similarly, an productivity added by the contributions of the members of staff is due to the employee efficiency, and thus there is only one goal which is to reveal profit to the business and the workers themselves. The support provided by the association and the culture of the workplace helps in promoting employees' efficiency.

Disruption to service delivery. Employers are more concerned about sustaining a stable workforce because the labor market each day continues to stiffen. Employers are in need of focused, experienced and effective employees who will serve their consumers in order to fulfill their works. Stability in a company's workforce enables the management to focus on moving the company forward as it has many advantages for the company's health (Wynen et al., 2019). Organizations that create a conducive working environment and retain their employees would be able to succeed in a competitive environment.

Increase in workload for employees. An increase in the rate of labor turnover is one of the main concerns for business which clearly affects organizational performance. Employees end up making mistakes or accidents due to high levels of stress r pressure put on them by their employers, and this lowers their morale and self-esteem and makes them not care for whatever they are doing. Group cohesion and team spirit are responsible for the effective and even operation of the corporation, but the two are broken by staff turnover. Work overload, working overtime, working while being sick lowers the morale of the staff.

Recommendations on how to Reduce WCC's Employee Turnover

- a) Create a conducive working environment for the subordinate. Any business that lacks HR (human resource) has no future because He is very important in any given business. In most companies, the average stay of employees is 22-24 months, and this has left many employers in a dilemma. To lower employees' turnover and absentees' rates, the organization needs to provide a friendly working environment that will motivate the employees while working (Glen et al., 1985). In all levels of organizations, a conducive environment that fosters private and professional development enhances harmony.
- b) The management to offer leadership training to junior employees before promoting them to leadership positions. As stated by (Jang et al., 2018), employees' perception of a servant leader affects their frontline performance. Orientation on the initial day of labor provides an employee with the essential skills that help to execute their career is very vital. Prior to the first day, the meeting and employing progression is important as it exposes the newly hired to an enlightenment of the corporation and thus helps them to understand whether the job is their best decision or not. Sometimes careers are explored by individuals who are not workers of the business (Jang et al., 2018). Organizations that sponsor employees to attend conferences outside the association provide them with the chance for profession growth.
- c) Increase good benefits to workers to make their experience in the organization worth staying. Remuneration has been identified as one of the most common causes of employee turnover to be so high. In most organizations, workers value jobs in which they are compensated well. The highest turnover is seen in most companies that do not provide good salaries/wages. Firms should endeavor to be modest enough to maintain fit and talented staffs by avoiding turnover scenarios. Among the many reasons that make employees leave the company, unsatisfactory performance appraisals are among them.
- d) Encourage positive communication between the manager and the junior staff. Employers who are more friendly and open to their workers reduce the danger of forming a workforce that feels underestimated and unacknowledged. For an employer to ensure that his workers remain in the company, he/she needs to keep informing his workers about the changes, staffing plans, and changing business made in the firm. Referring to the report by (Glenn et al., 1985), lack of communication comes in where the employer neglects his employee on concerns about the job security and also excluding them in decisions/discussions that may affect their job performance.
- e) Rewarding and recognizing employee efforts. The manager has the ability to give the staff new opportunities by showing recognition. A research conducted by (Hee et al., 2011) shows that workers whose managers appreciate them are often left with positive feelings that have significant positive impacts on their work lives. The comments prevent them from seeking new jobs.

Conclusion

Winnipeg Construction Company is known for its services in Canada. The sudden change in management from Meech (Collaborative manager) to Cox (Authoritarian manager) disoriented the workers. As an employee in his previous station, Arthur Cox was used to such leadership, and therefore when he was given the opportunity to manage WCC, he imposed the same on people who are used to collaboration.

His tyrannical approach was responsible for driving employees away and decline in profitability. Authoritative leadership is not bad, and the problem is the way you practice it and how one relates to juniors. With enough leadership education, Mr. Cox can manage WCC and bring it back to its glory.

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