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DISNEY LEADERSHIP AND RISK MANAGEMENT REPORT

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PART B: Leadership Report

Introduction

Executive leadership is the capability of the person who can manage the employees within the company in order to influence or motivate them. These strategic leaders are also responsible for fulfilling the organisational goal, helping in strategic development planning for the company, and in the decision-making procedure, by which the organisation can achieve its organisational mission and goal significantly. Executive leaders also help in regulating effective corporate governance in the company. Corporate governance is the combination of specific systems, rules, regulations, and principles that have been followed by all business entities. Along with that, executive leaders also assist the company in the risk management process, and also in developing an effective organisational culture in the workplace. Regulation of good organisational culture is important for every company because it signifies the management system, employee motivation and satisfaction, and the growth of the company. Moreover, executive leadership is an important strategic factor, by which the overall performance of the company can be improved. Therefore, in this report, the leadership and management strategy of Disney has been significantly discussed. The present report also includes the financial leadership and ethical leadership of Disney by which the overall leadership strategy of Disney could be identified.

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Task 1: Leadership and management

1.1 Leadership and management style in Disney

Leadership and management of them are the most crucial factors by which the performance of the company can be enhanced. In this context, the leadership style has been segmented into 4 factors such as autocratic leadership style, transformational leadership style, transactional and democratic leadership style. In the words of Salvatico and Spencer (2019), these different leadership strategies have been used in different organisations in order to enhance or boost the performance level of the employees in the company. These four leadership styles are combined together and are commonly called a leadership model. Using this leadership model organisations can select the leadership strategy by which the company can achieve its main aim.



Figure 1.1.1: Leadership model

(Source: Salah, 2020)

The above figure represents the leadership model. With the help of this model, organisations can choose leadership strategies according to their preferences. In this context, in the 1st stages of Disney, Walt Disney adopted the autocratic leadership style. According to Agnihotri and Bhattacharya (2022), autocratic leadership refers to the pattern in which all controls and authority of the company have been taken over by only one person. In this system, the leader of the organisation has taken all the decisions for regulating the business and only takes a very small amount of input from other people in the organisation. In the case of Disney, during the starting phase, Walt Disney did not want any intervention of other employees in the process of decision-making. However, he collaborated with a very small number of people to discuss his plan to regulate the business of Disney (Walt Disney, 2022). On the contrary, in the present day, the CEO of Disney, Robert Allen Iger, has adopted the transformational leadership strategy (Walt Disney, 2022). As per Iger (2019), in this leadership strategy, leaders help the employees to inspire, motivate and influence other employees in order to follow the new path of innovation to grow their business. This transformational leadership strategy of Disney has helped the company to enhance its business and now Disney has a certain number of subchannels such as Disney International HD, Disney Junior, Disney Channel HD, Hungama TV, Disney Hotstar, and many more (Walt Disney, 2022).

The primary goal of Disney is to make dreams come true. The mission statement of Disney is ***“Make dreams come true”***. Along with that, the net income of Disney is around 3.19 Billion

USD in the year 2022 (Walt Disney, 2022). The annual revenue growth of Disney has increased since the year 2021. This inclination needs a strong management system within the company. The biggest family of Disney is the customers. In this context, Disney uses the Peter Drucker management model, by which the company has increased the connection between the management and the employees. As an effect, it has positively impacted the customers.



Figure 1.1.2: Peter Drucker's Management Model

(Source: Leader, 2019)

The figure signifies Peter's model that has been used by Disney. It has been identified from the above figure that the managerial department has different functions such as organising, leading, and monitoring the employees, planning an effective strategy, and employing efficient employees for the company (Leader, 2019). Henceforth, in this aspect, Disney has adopted this model, and using this model the company has enhanced its work efficiency of employees and it also increases the connections between the employees and management. As a result, the content that has been made by Disney has improved day by day and the content has made the customers happy. In this way, it has enhanced its customer satisfaction.

1.2 Comparative analysis of the leadership style of Disney and its challenge

From the above discussion, it has been identified that leadership strategy and effective management have enhanced the efficiency power of Disney. However, in the age of digitalisation, there are several other channels that have become competitors of Disney. From the recent data, it has been observed that *Sony, Time Warner, and Viacom CBS* are the main

competitors of Disney. Along with that *Netflix and Amazon* are the main steaming service competitors of Disney (Daniel, 2021).



Figure 1.2.1: Competitors of Disney

(Source: Li, 2021)

Disney used the autocratic leadership strategy in the 1st phase of its operation, however, in present days, it uses the transformational leadership strategy for regulating the business. While, in the case of Amazon and Netflix, they use a *laissez-faire* leadership approach in which leaders have trust and reliance on their employees (Kweon and Kweon, 2021). The leaders of Amazon and Netflix have included their employees in the process of decision-making. They do not provide much information to their employees and let the employees use their personal skills, knowledge, creativity, and their resources to boost employee motivation and improve organisational performance. On the other hand, Sony and Time Warner also use the *Laissez-faire* strategy to improve the overall performance of the organisation (Fuller and Hansen, 2019). Therefore, in this respect, it can be said that the effective adaptation of strategic approaches of these channels has empowered them to make more profit by improving their streaming operations.

In this context, the most crucial challenge that has been faced by Disney is the decline in the growth of operating income. From the year 2020, the operating income growth has started to decline.

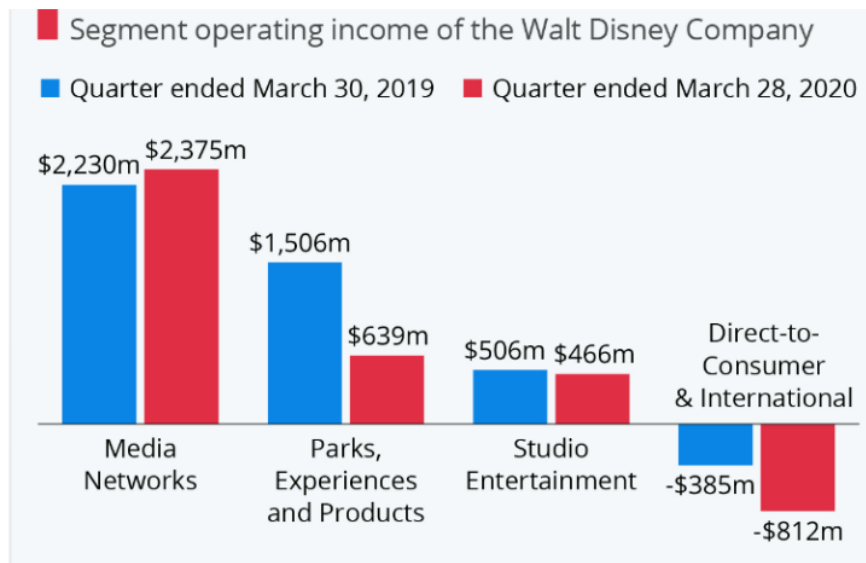


Figure 1.2.2: Operating income of Disney

(Source: Statista, 2021)

The above graph represents the most challenging issue that has been faced by Disney. It has been identified from the above graph, that in the year 2019, the income rate from perks, experiences, and products was about 1506 million USD, and in the year 2020, the income growth rate sharply declined and it has been degraded to 639 million USD. The income from studio entertainment has also declined to 466 million USD, and the income growth of a decline in the product has also been degraded (Statista, 2021). Therefore, in this respect, it can be said that, in recent days, the company is facing issues in regard to the decline in the net income rate.

1.3 Strategies of Disney to Mitigate Challenges

In this aspect, Disney can adopt the strategic business approach, by which the company can enhance its growth and revenue. Disney has high advantages in pricing power and it has a strong presence in the stock market. Therefore, it is important for Disney to grow its revenue with the help of enhancing its subscribers. Effective subscriber rate can be an important factor for Disney, by which it can generate its effective income. In this aspect, the CEO of Disney, Bob Iger has said that the company has seen a really tough time in the last 15 years, including economic downturns, and other unforeseen events, however, the company has an optimistic view to resolve the challenge as soon as possible. Therefore, in this respect, it can be said that the implementation of strategic changes in leadership style can make the

company more empowered and this factor can also assist the organisation to increase its subscriber rate and to increase its gross revenue as well.

Task 2: Leadership for performance

2.1 Balanced scorecard for Disney

		Strategic Objectives	Measurements
Financial			sales percentage (%)
		F2: Improve sales from Disney+	activity perception per
		F1: Total growth of revenue	increase number of c globally
		c2: Offering high quality services	increase of theme pa
Internal Processes ->		i1. removal of operational risks	issues of HR and op practices
		i2increase of profit	operational profitabil
Learning ->		L advancement of technology	trained team membe
		L2 management of cross culture	employee engagemr

Table 1: Scorecard for Disney

(Source: Self-developed)

The above-demonstrated scorecard has been developed to integrate strategic objectives to establish a link between performance measurement parameters. In terms of financial strategy, it has been evaluated that the total increase in revenue is the major target that can increase the percentage of cells by taking the initiative of content originality and maintenance of quality. Sales can be increased when the initiative is taken to reduce the operational cost that can activate the percentage of viewers and subscribers. In terms of customers, the strategic objective is to satisfy their demand by increasing the implementation of predictive analysis. Customers can be satisfied with high-quality services with the commitment to increasing theme parks. Regarding internal processing, it can be evaluated that Disney should remove operational risk by balancing issues of HR and operational practices. It can eventually contribute to the reduction of operational costs. It can be evaluated from the balanced scorecard that advancement of technology should be trained to employees and management of the cross culture operations can be tackled by the increase of employee engagement. It can be revised with the initiative to process omnichannel stream less operations. In this way, Disney can adopt technology-enabled business operations with an increase of capacity to promote creativity in HR operations for the development of new products, customer satisfaction and attainment of a competitive edge.

2.2 Role of Leadership in performance approaches to achieve objectives for Disney

The leader has an effective role in the attainment of desired organisational performance and remains committed to attaining strategic objectives for the organisation. As per Paais and Pattiruhu (2020), performance leadership is considered a result-oriented approach to the attainment of competitive advantage. Considering the case of Disney it can be evaluated that they can improvise the range of leadership in performance strategy for the attainment of the above-mentioned strategies in the balanced scorecard. The company can be suggested to apply *Mint berg's 5 p strategic models* regarding the initiative to achieve organisational objectives systematically.



Figure 2.2.1: Mintzberg's 5 p strategic model

(Source: WenJun, 2019)

It can be evaluated from the above figure that there are five ways to improvise the strategies and initiate actions to attain organisational objectives. It has been evaluated that in the planning approach, the company is in need to develop a long-term growth-oriented approach to increase its sales with an increased customer base with satisfactory service and quality. It is the orientation of the leaders of Disney to look after the internal and external capabilities of the organisation and then develop the strategies and adoption of resources to target product development and inclusion of technological ability (Tamunomiebi and Worgu, 2020). The stage of ploy ensures that Disney is in need to implement specific actions such as increased customer engagement to improvise the experience of post-purchasing quality service. It can eventually lead to an increase in customer engagement and can assist in retaining customers with the target to attain a competitive edge. Eventually, a strategic approach can be linked with the emergence of internal and external patterning after assessing the need of customers for creative content and the increase of theme parks. It can gradually be noticed with the application of the strategic model that Disney need to position itself within the targeted customers and have to take initiative to fulfil the market demand (Li, 2023). It can assist the

brand to evaluate the financial performance of the company. In the 5th stage of the model, it can be evaluated that organisational culture has to be revised to develop a link between the quality performance of the organisation and the development of the organisational perspective.

Task 3: Financial leadership

3.1 Identification of key sources of financial and non-financial information

Disney launched the Disney+ streaming services in the year 2019. The financial resources that have been used for launching this service are the revenues of 2018 which have been generated by Disney. The amount was around 59 billion. Along with that, Disney has made its resources from one of the most favourite sports channels, ESPN. ESPN was included in Disney in 1995 (Walt Disney, 2022). Along with these financial resources, Disney has used its goodwill, linear networks, Disney parks, and experiences as non-financial resources in order to launch Disney+ (Walt Disney, 2022).

In order to compete with the Netflix streaming services, Disney has launched this new Disney+. The usage of revenue, profit, and non-financial resources has not greatly impacted Disney as during the periods of a pandemic, due to a lack of technological support, and due to lack of ad-free online streaming operation, the company made a huge loss in the 1st quarter of 2020. The company has lost many subscribers due to the above-mentioned reasons. Therefore, the importance of these resources in Disney has degraded and the reliability of these resources has also significantly declined.

3.2 Factors led to dramatic changes that affect the Performance of Disney

From the case study, it has been identified that Disney made a loss of 2.8 billion USD in the year 2020. In the year 2019, they made a profit of 11 billion USD. The main factors that affect the performance of Disney are the degradation of cable subscriptions, huge streaming losses, an increase in labour disputes, enhancement of activist shareholders, and layoffs in factories. Along with the above-mentioned factors the company also has faced a political battle in the USA which adversely affects the growth of its business of Disney (CNN, 2022). Degradation of subscriber rate is one of the most crucial challenges that has been faced by the company in recent days. During the period of Covid 19 pandemic, with the surging growth of other online streaming channels, consumers have started to switch their options to subscribe to other online streaming channels. Due to this reason, Disney has faced huge losses, and the income rate of Disney has also got affected. On the other hand, it has been said by Tenorio and Bjorn (2019), the rate of labour disputes is increasing day by day and due to critical

working conditions in the workplace, due to low wages, the issues like strike rates have increased significantly. Along with that, the incidents like layoff by employers has also increased in recent days.

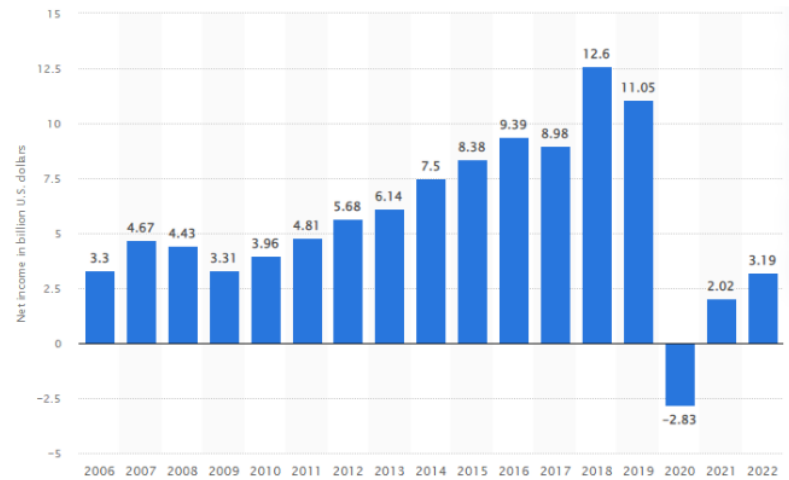


Figure 3.2.1: Net Income growth rate of Disney

(Source: Statista, 2023a)

The above figure represents the declining growth rate of Disney. On the other hand, it has been identified from recent data that other online streaming channels like Netflix have increased their net income significantly and it has been observed that the annual net income growth rate of Netflix has enhanced to 2500 million USD in the year 2020 and from 2020, Netflix is growing its annual net income rate significantly (Statista, 2023).

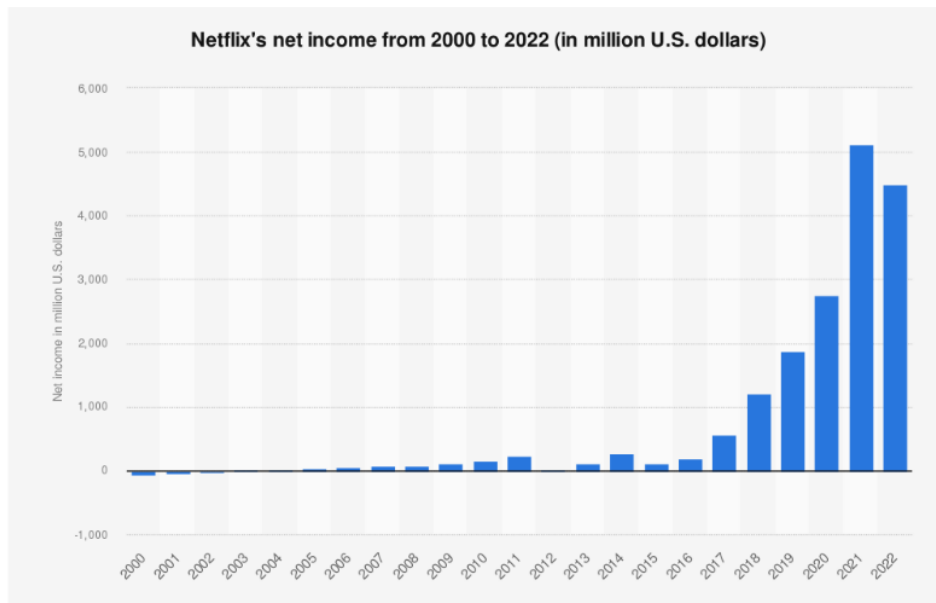


Figure 3.2.2: Net Income growth rate of Netflix

(Source: Statista, 2023b)

Hence, from the above discussion, it has been evaluated that the competitors of Disney, such as Netflix have enhanced its effective growth and development with its effective streaming operations. The performance level of Netflix has enhanced as compared to Disney in the year 2020. Due to the pandemic, the overall operation of Disney has declined and due to a lack of implementation of effective strategies, the growth of Disney has become stagnant. On the other hand, due to the implementation of an effective technology strategy during the lockdown, Netflix has upgraded its streaming operations and this is the main reason the company has enhanced its subscriber base effectively.

Task 4: Ethical leadership

4.1 Evaluation of past ethical decision-making of Disney

In recent days, Disney has faced an ethical issue regarding the Use of Supplier sweatshops. In the words of Cardenas (2021), the word sweatshops were 1st coined in 1850. It defines the workplace, as where the workers are treated badly and unfairly. In this case, the workers have faced many difficulties working in the factory such as working at low wages and working in the factory for very long hours. Sometimes, they have been exposed to toxic chemicals while working in the factory and they have not been given any proper training sessions. Sometimes, companies use this procedure in order to reduce manufacturing costs. Workers have been given only one single dormitory by the management of the factory which all the workers have

adjusted to arrange their sleeping arrangements. Companies use this procedure in order to maximise the profit rate. However, it creates a serious ethical issue regarding the human rights factor. Basic human rights can be degraded by using this process. Hence, it is important for all companies to protect basic human rights by giving proper accommodation, wages, and working hours in order to gain sustainability in society.

From the current data, it has been identified that Disney has faced an ethical issue regarding the use of sweatshops. Workers of Disney worked for 11 hours per day with wages of 1.32 dollars per hour. The workers were forced to stay in the overcrowded dormitory and sometimes, they were not given the proper training sessions in order to produce the toys for the company (Miller, 2019). The workers were exposed to toxic chemicals, which had adversely reacted to the skin. The workers of Disney were forced to sign away their rights while joining the company. Investigations in Disney's supplier factory reveal there are multiple abuse cases of workers. In recent days, it has been identified that the incidents regarding labour abuses in the supply chain of Disney (Miller, 2019). Therefore, from the above discussion, it has been identified that Disney has faced critical issues in regard to ethical problems, which have created the unsustainability of the company in society. On the other hand, this certain ethical issue has also adversely impacted the brand image of Disney and as a result, to some extent, the brand image of Disney has been downgraded due to the above-mentioned reason.

4.2 Identification of Ethical Issue affects the Performance of Disney and recommended strategy to Resolve the Challenge

The above discussion signifies the most crucial ethical challenge that has been faced by Disney in recent days. The human rights of the workers in the supplier factory of Disney have been downgraded due to the usage of the procedure of sweatshops. The social sustainability of Disney has declined to die for this reason. Hence, it is important for the company to mitigate this crucial challenge with its effective strategy. The company can resolve this challenge with the help of incorporating CSR activities within the company. According to Nazir and Islam (2020), CSR is the procedure or systematic activities that can be adopted by any company in order to increase their responsibility towards the society and environment. This factor also enhances the productivity of the company and it helps to regulate the effective organisational culture within the company. By incorporating this activity, the organisation can enhance its sustainability in society. CSR also helps to make the employees of the company socially and environmentally responsible. CSR (Corporate Social Responsibility) can help to implement strict rules, principles, and regulations for the company

and also can imply rules to protect the basic human rights of the workers in the organisations (Kim and Lee, 2019). Hence, it can be said that CSR has been considered one of the important factors by which any organisation can enhance its sustainability and responsibility towards society. Henceforth, it is recommended to Disney implement this CSR activity by which the company can implement the basic rules and guidelines for the workers and can also protect the rights of the employee. With the help of this process, the company can upgrade its brand image effectively and this factor also helps to motivate the employees in order to enhance their efficiency. As stated by Lo (2020), along with the CSR activities, the management of the company can incorporate effective training sessions for the employees, by which the employees can gain their personal skills and knowledge and also can increase their confidence in order to produce more effective products for the company. Rewarding the workers on the basis of their performance can also help the employees to enhance their confidence. Hence, from the above discussion, it has been identified that proper and effective training sessions for the employees, incorporation of CSR activities, and rewarding programs for the workers can help Disney to overcome the above-mentioned challenge in regard to ethical issues.

Conclusion

The above report signifies the evaluation of the leadership and management strategies of Disney. From the above report, it has been identified that Disney has adopted the autocratic leadership strategy, however in a later stage, in recent days, the company has adopted the transformational leadership strategy, by which the company has gained effective competitive advantages in the market. The biggest competitors of Disney are Amazon, Netflix, Sony, Viacom CBS, and many more which are using the laissez-faire leadership model to enhance their productivity. From 2020, the net income of Disney has downgraded and the company is suffering from a low subscriber rate. Hence, in this aspect, the company can adopt the new leadership strategy by which the company can regain its sustainability in the market and they also can enhance its revenue. On the other hand, one of the most crucial ethical issues that have been faced by Disney in recent days is that the company has used the procedure of sweatshops in order to maximise its profit. It has been adversely affecting the basic human rights of the employees. Hence, it is recommended to the company that they can incorporate CSR activities by which Disney can enhance its sustainability in society.

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