General Motors Organizational Structure

Define GM's overall structure. What general type of organizational structure does GM have? Where does GM stand on the key dimensions of structure discussed in the online lecture?

After yet again releasing disappointing financial reports, General Motors announced in 2012 that they were changing their organizational structure. Previously they had regional managers who could take decisions themselves but after the change they centralized the organization, giving it a global management. For example, Opel, which is owned by GM previously had full control over their business but is now controlled by GM. Product development and marketing is also now centralized. After the change in structural organization, the hierarchy of authority has shifted. Regional centrals of power that previously had the authority to make their own decisions but have now been striped of that power. The power has moved to the absolute top of the organization where the decisions are made and the regional centers have less freedom do what they want (knowlage@whartoon, 2012). To conclude on their current organizational structure, General Motors moved from a decentralized structure to a centralized one in an attempt to streamline their operations.

GM is a formal business where everything is controlled by a set of rules that needs to be followed. This means that they have a specific goal they want to reach in every aspect of the company. No creative thinking is allowed since the rules have to be followed. After the goals of the business are set they are analyzed and a set of rules are made to maximize profit even thought that might not be the outcome (Webb, 2000).

Based on the fact that General Motors is both a centralized and formalized organization it is fair to assume it is also standardized. For example, a formalized organization will also most likely be standardized since they do not encourage creativity. They also use different labeling for people, like badges in different colors based on whether the employees are transfers or if are straight out of college etc. In addition they have different "levels" of engineers ranking them higher or lower (George, 2014).

Based on previous paragraphs it is safe to say General Motors is a bureaucracy since it is centralized, formalized, and standardized. In many businesses this means that it will run slow but the tradeoff is the belief that competent employees will get promoted and reach the top. Also, departments work for themselves since they have their own tasks and need to complete with little imagination.

Based on your analysis of GM structure, discuss how employees are likely to behave. For example, how are customers treated? How open is communication? For example, how difficult is it to interact with senior management?

Since the power in General Motors is centralized, there is a clear hierarchy to follow in the company. You report to your manager who reports to his manager and finally it reaches the top and there will be a clear set of rules on how it has to be conducted.

The employees will not be able to make their own decisions since they will have clear directives from above on exactly what to do. This will in return does not give opportunity for creativity and affects meetings with customers and suppliers. Since the employees of General Motors have strict guidelines on everything it might be hard to work with them. Because of the fact that they cannot make any decisions by themselves

or negotiate prices they always need to ask their managers. This will not only result in more consumption of time when working with General Motors employees but also an environment where rules cannot be bent. With a formal centralized company it is hard to work with lower management since they have to follow all the rules and also ask for permission if anything new appears. This might make it hard to meet every customer's needs since they are all different. To summarize, General Motors will be inflexible in dealing with customers and suppliers.

Centralization affects a company's ability to process information and to manage the company. General Motors is controlled from the top, which means that in order for information to reach the top it will take longer than usual. The same goes for decision making; it takes time to implement a decision from the top. For example, in a decentralized structured organization, it is easier to talk for lower leveled employees to talk to higher management. In a centralized organization for the information to travel from bottom to top it has to go through all chain of commands before it reaches its final destination. For example, email is a cheap and quick way to transfer information within a company, employees are less likely to email top management since is not of custom. Besides, being able to communicate with top management creates transparency that a decentralized business will have.

In a bureaucracy creativity is often lacking. The high amount of control affects the ability of employees to be creative. Due to the control, employees are less likely to do something else than the management have suggested since they are not allowed and probably punished for it.

Using Hofstede's dimensions of culture from the online lecture from the first week of class, explain how American culture influenced GM's organizational structure. Be specific and thorough in your analysis.

In the United States the power distance is low, which means that you can call your manager by first name. Just because somebody has advanced high up in the hierarchy in the company does not mean he can behave like he wants or boss around his employees.

United States are the most individualistic country in the world. That means individual performances are valued higher than anything and not the performance of the group. This aspect might not in all cases be the most effective way of measuring success since some talents are hard to measure in numbers. Even though it creates a highly competitive environment which generate results it also means colleges might step on toes to advance the corporate ladder.

In America generally ambiguity is accepted in organizations. The corporations are easy to work with and are flexible.

A masculine culture is aimed to value performance instead of a feminine culture that rather values everybody's feelings and the relationships. The United States is a masculine culture and so is General Motors.

In America the finances are reported four times every year, each quarter. This means by the end of the quarter the company wants to report good numbers to the investors. If the CEO cannot do this he will soon be fired. This effects how the whole company works. Since they need to create "value" in a short time instead of real value over time everything is very time oriented.

As an American company General Motors has been influenced by the American culture. For example, individualism goes together with a centralized business. Since individual competence will rise to the top of a company. The same goes for the masculine culture and time orientation. Since General Motors needs to deliver numbers they need to have performance in short time.

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