Organizational Structure

Name

Institution Affiliation

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Question One

In 2012, General Motors (GM) decided to adjust their organizational structure following their issuing of dissatisfying annual reports. Earlier on, the company had regional managers that were responsible for making formal resolutions, but the transformation led to the centralization of its organization structure. For instance, Adam Opel GmbH, a division of GM, formerly had complete control over its operations but is currently managed by GM (Bloomberg, 2017). Moreover, the firm resolved to consolidate advertising and product development. Following modifications in structural organization, the order of management also changed. Regional centers of authority which had the power to deliberate on issues affecting the company do not have that capacity anymore. Instead, that control has been transferred to top management which is now responsible for making crucial decisions. This implies there is a lack of freedom at the regional centers. As GM closes on the revolution of its structure, it has shifted from a localized structure to a centralized structure with the objective of reshuffling its operations.

GM is a formal entity where all activities are coordinated by a series of guidelines that must be observed. This denotes that it possesses certain goals that it intends to achieve in every facet of the business. Because the rules must be respected, innovative thinking is not permitted. Once the aims of the company are established, they are evaluated, and a set of regulations are created to increase revenue even though the outcome may not be as anticipated.

Centered on the truth that GM is a formalistic and streamlined company, it would be reasonable to suppose that it is harmonized business. For illustration, a formalistic firm is most of the time a homogenous one as they do not support innovation. Additionally, there is a separation of individuals through the use of different labeling, for example, there are badges of

various colors grounded on whether one is an intern from University or a transferred employee. Furthermore, GM has established a ranking system for the different levels of engineers.

Construing from the information presented above, it would be fair to conclude that GM has put emphasis on protocol because it is standardized, centralized, and formalistic (Knowledge@Wharton, 2012). In most cases, this is an indication of the beginning of sluggish operations, but the adjustment is based on the conviction that skilled personnel will receive promotions and ultimately become part of top management. What is more, branches can work on their own because they have their responsibilities that should be finalized with the least effort.

Question Two

Because there is a centralized authority in GM, there exists a distinct pyramid to observe in the firm. One is accountable to a manager who answerable to another manager, and lastly, this moves to the top, and this is accomplished through a coherent set of instructions.

The staff will be unable to make decisions of their own because there are clear orders from the top that dictate what they do. This eliminates any possibility of innovation and invention and impacts engagements with clients and dealers. Given that the workforce of the company is obliged to stick to stringent rules on each activity, it could be difficult to cooperate with them. This is due to the reason that they do not have the capacity to decide on their own and always have to consult with their supervisors. This situation not only leads to a wastage of time when collaborating with GM personnel but also a situation that does allow for the compromise of rules. A centralized and formalized firm makes it harder to work with subordinates because they need to observe every regulation and request for authorization when something new happens. This denotes that it would be challenging to satisfy every customer’s wishes as they are all diverse. In a nutshell, the business becomes rigid in transacting with suppliers and clients.

Consolidation of company operations influences its capability to manage information and the firm in general. Control in the business goes from the top-down, which indicates that for information to access top management there will be a significant wastage of time. Similarly, decision making is time intensive because executing resolutions from the top takes a lot of time. For instance, in a firm with a decentralized structure, it is unproblematic for bottom management to communicate with senior management. For bottom-top communication to be possible, centralized companies require the information to travel through every level of management before reaching the top. To illustrate, since it is known that emails are a quick and useful means of transmitting information in a firm, employees are less probable to send emails to top management because it is not the norm. Anyway, having the capability to communicate with senior management facilitates transparency as is common in decentralized organizations. Bureaucratic organizations are a danger to creativity and innovation. The significant levels of control impact the imaginative capacities of the employees. Because of the control, the staff is not able to do anything that goes against the directives of the top management. This is because they are not permitted and are likely penalized for it.

Question Three. The United States does not have a high regard for power distance. This implies that an employee can refer to the manager by his/her first name. Progressing into the top hierarchy in the firm is not an excuse for someone to misbehave or intimidate personnel.

The U.S is probably the most idiosyncratic nation in the world. This signifies that there is a great value in individual performances and lower value in the achievements of a group. In this nation, there is a lot of concentration on individual wants and matters and affairs rather than that of the company or group. On the other hand, some nations are known to benefit impressively from socialism such as Taiwan and Japan (Treven, Mulej, & Lynn, 2008). In these countries,

people are required to participate with group members to achieve the targets set by the firm. In this circumstance, an individual is not perceived as a single entity but as a person that derives his/her distinctiveness from the collective.

However, this occurrence is not in all circumstances the most efficient method of determining progress because there are gifts that are hard to put in numerical terms. Although this aspect enables a very competitive setting that produces results it implies that universities might offend to progress in the corporate world.

In the U.S overall uncertainty is allowed in companies. The firms are flexible and cooperate quickly. Moreover, the country prefers assuming a male culture which respects performance rather than a feminine culture that regards the relationships and emotions of everyone (Treven, Mulej, & Lynn, 2008). Since America decided to adopt a male culture, General Motors couldn't help but do the same.

In the U.S, financial reports are released four times in a year (a quarter). This denoted that by the close of the quarter, a firm intends to register satisfying results to the stakeholders. A company head that fails to do this expects nothing but dismissal. This influences the operation of the entire firm in that because they are required to provide value for a short period rather than real value over a longer period, every aspect critically considers time.

Being an American corporation, GM is significantly affected by American culture. For illustration, idiosyncrasy is integrated into a centralized organization because individual competence will advance to the top of the business. The same applies to time inclination and the male culture as the company is required to generate real numbers in a short period.

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