

General electric  
company  
organization structure  
management essay



General Electric Company or GE was incorporated in 1876, in Schenectady, New York. GE traces its beginning by Thomas Edison, who established Edison Electric Light Company 1878. In 1892, GE was created by merger of Edison General Electric and Thomas-Houston Electric Company. GE is a technology, media and finance services company. It is a multinational conglomerate headquartered in Fairfield. Nowadays, GE serves customers in more than 100 countries and has more than 323000 employees around the world. GE participant in a wide variety of markets provide products and services ranging from generation, transmission and distribution of electricity, aircraft jet automation, medical imaging equipment, railway locomotives and aviation. The operating of businesses of company including NBC Universal, Technology Infrastructure, GE Capital, GE Energy Infrastructure, and consumer& industrial.

## **General Electric Company Organization Structure**

Since Thomas Edison started General Electric Company (GE) in 1876, the company has steadily grown into a tremendously successfully organization and one of largest companies in the world. CEO Jeff Immelt, “ at the top, we don’t run GE like a big company. We run it like a big partnership, where every leader can make a contribution not just for their job, but to the entire company” (GE, 2010). The company learned to listen to its leaders on all levels which keep the company connected to the daily needs of the employee and customers.

GE is a divisional company. In a divisional structure are more decentralized, each division has its own senior management teams. For example, in the organization chart of GE show that each of GE’s division has its own

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president and CEO, who in turn has vice president. Based on divisional structure, GE can easily contain a product or service structure within it.

## **1. 0: The macro environment analysis of the company**

PEST analysis is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations (Kotler, 1998). In analyzing the macro environment, General Electric Company (GE) has to deal with different set of political, economic, social-cultural and technologies aspects. It is because GE was perform a PEST Analysis that help to understand the business environment and to allocated facilities planning and resources to maintain productivity and profitability.

### **1. 1: Political**

GE was deal the political system in different country. It is because different country has different political issue. Some of the countries will present beneficial environment for growth up business in the international market and other country present difficult condition. For example, in United States, internal revenue authority requires companies to submit tax returns annually on April 15 (Dibb & Lyndon, 2004). Political system includes legal and regulatory, elections, industry-specific regulations, taxes, government structures, and etc. In New York, United states, the political stability that mean business survival is highly probable. GE may not apply this condition in the country government is high control over business such as china and Singapore.

## **1: 2 Economic**

The fluctuations in interest rates, exchange rates and money value greatly affect activities and operations of GE. The economies effect caused by the global crisis is being felt over the world. GE has recorded decreased sales mostly due to lower lending rates by banks. Most are aware that losses in GE's Capital Finance unit compounded a cyclical downturn in business triggered by the 2007-2009 recession, and GE's stock reflected the chilly days, sinking below \$5. Overall revenue fell 14% in 2009. In fact, one can say that, " As GE goes, so goes the United States". The company's operations represent that large a portion of the U. S. economy. There are industry, heavy equipment, technology, energy, home and business, military contracts, commercial aviation, media, green technology, and finance.

## **1. 3: Social-culture**

GE has ventured into different country might be faced by different social-cultural challenges. Corporate culture is a large extends to influence GE. Norms, culture, religion and social set-ups often determine how a GE should conduct itself in the United States environment. GE has to contend and with issues such as working hours, employment policies, procedure for appointing managers and type to produce goods. What sets GE apart is a culture that uses diversity as an unlimited source of learning opportunities, a storehouse of ideas whose breadth and richness is unique in world business, said by Jack Welch (retired CEO of GE). At the heart of GE corporate culture is an understanding that an organization ability to learn, and translate that learning into action rapidly. In United States, GE considers culture to be

among innovation. That culture is a unifying force for GE business unit around the world (GE, 2010).

## **1. 4: Technology**

Technology in the modern world is advancing at high pace globally thus influencing activities of many companies. Innovative products are always being introduced with more advanced technology day by day of the GE. GE objective is making and changing the life become well with new ideas and technologies. Among the countries with the highest rate of technology advancement are United States and Japan which GE has ventured into (GE, 2009). GE must ensure their technology is up-to-date when new forms are introduced in the market. GE sees technologies such as energy storage, utility security, energy management software and electric vehicle charging services as the way to a smarter power grid (Andrew, 2010).

## **2. 0: The international consideration**

In order to enjoy a prospect development, it was believed that company should enhance itself by involving in any international businesses as been suggested by Behrman (2008 cited in Boddewyn, 2008, p. 206). Within international business, businesses are able to seek for more opportunities in order to have a rapid growth. For example, there would be many liberalized market exist which on global scale that the ability to offer varieties of goods for consumption. Moreover, Iyengar and Agrawal (2010) in their previous research had shown that variety of goods eventually gives consumers a wide range of options which expect to improve their quality of life while helps to improve country growth. There also an opportunity for company to enjoy

greater economies of scale when the business involving international  
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business which the capabilities to produce in large scale with minimum cost (Czinkota, Ronkainen, and Hoffett, 2008). According to Ghosh (2010), the major aspect of the Great Recession typically reflected high rate of employment as well the length of joblessness. Practically, when more international business came in, the employment rate in that country might be reduce as international businesses create more jobs (Jarvis, 2003).

Getting into international business in other countries will lead to many ways to entry. As been done by previous researchers, Wu and Zhao (2007) had mentioned there are several modes to entry such as export based, equity based and non-equity based. Mostly, those are categorized into two main modes which are the trading and foreign direct investment (Lymbersky, 2008). Moreover, it varies for each companies to entry as in different businesses would have their own entry modes which more appropriate to get involve to international market (Zhao and Decker, n. d.). For example, giant company like GE usually practiced different modes of entry depend on the country that desire to invest on. GE felt that doing business in China or other Asia's countries would be rigid for them to invest in whereby hardly to adopt the multicultural and complexity legal system (Neelankavil and Rai, 2009). Hence, let take Malaysia as example, the country full with varieties of cultures as in it have many different group ethnics such as Malays, Chinese, Indian and other indigenous people or known as " Bumiputra" as been proven by Levinson (1998). Moreover, different cultures would cause cultural problem as in vary in perception of consumers in that country, Malaysia, for example. It positively could be problem for GE to encounter this problem.

Therefore, GE had made its rightful choices in selecting mergers as the entry

modes to enter in those countries. The purpose of merger with domestic strategically company is to enhance stronger relationship in order to overcome cultural problems whereby those domestic companies would practically understand their market effectively (Mordecai, n. d.). For example, in Malaysia, GE commonly worked with local infrastructure providers such as TNB, KTM, Petronas as well to local authorities by providing quality equipment and services (Bernama, 2010).

## **2. 1: Culture**

However, before investing in Malaysia, there are several things that need to be considering by GE. In fact, if GE does not bother those and only focusing on the profit, the company shall face major problem which the results will causes disadvantages to them. Basically, the first thing that needs to consider is regarding towards the cultures of the country. Based on that, different countries have different in cultures where it hardly to adapt as been viewed by Walter and Murray (1988). This is a moment of truth; cultures could determine to business in a sustainable growth or totally drag a business down (Oak, n. d.). It was thought that Malaysia's culture is much complexity compared to other countries due to a lot of ethnic groups which consist of Malays, Chinese, Indian, Punjabi and so on. Moreover, those ethnic groups practiced different cultures which ultimately lead to different perception towards products or services that been offered in the market (Marten, 2001). For example, current trend in peoples are more conservative in better living with health products especially those aging people (BBC News, 2009). Regarding to that, healthcare equipments must be in good quality as well to the services provided as in what consumer's perceived.

Hence, this could be an opportunity to GE Healthcare in Malaysia whereby able to supply quality equipments and services such as Computed Tomography, diagnostic ultrasound, lunar densitometry and others (GE Healthcare, 2010).

## **2. 2: Politic-legal**

Beside than culture aspect, the country's politic and legal systems need to be considering before investing in that country. In this case, Malaysia would take in for the further analysis. It was believed that Malaysia's politic is considered relatively stable without any political risks. Malaysia's government always emphasized on the good side of having international business while at the same time encouraging foreign investors to come to Malaysia and invest in it (Trade Chakra, 2008). Regarding on the exchange rate in Malaysia, it was thought that Malaysia's exchange rate is more appropriate whereby  $1 \text{ MYR} = 0.3177$  or  $1 \text{ US\$} = 3.148 \text{ MYR}$  as been viewed by TheStar Online (2010). On the other hand, Malaysia provided tax incentives to direct or indirect either in Income Tax Act, Free Zones Act, and Promotion of Investments Act which covered investments in many fields such as manufacturing, tourism, agricultures and other service-oriented companies (K-Konsult Group, 2010). Those tax incentives could eventually lure plenty of investors to carry out activities in Malaysia whereby they only have to payment partially or fully from the income tax in a certain of times which stated in the previous research by Rajenthiran (2002).

## **2. 3: Problem and Solution**

Generally, when a company started to doing its typical business in other country, problem could occurred; if did not handle immediately, results will <https://assignbuster.com/general-electric-company-organization-structure-management-essay/>



affect business. A possible problem facing by GE when doing international business in Malaysia is difficulty on adaptation to the culture. Due to that, it was believed managers from GE are difficult to communicate to the target audiences about their products and services (Heitzman, n. d.). This could be due to their marketing strategy that they practiced as in message delivered was not clear enough and possible could lead to confusion among consumers. For example, those illiterate peoples might not understand what the message tried to express in advertising as in the shown languages are in English (Williams, 2001). In order to solve this problem, the best method to practice is to collaboration with domestic strategically companies by coming out strategies that suit the cultures whether on management, marketing, finance, etc. For example purpose, GE Healthcare partner with InterComponentWare, which one of the local company in Malaysia by sharing technology in order to provide solutions which comprise several crucial initiatives through eHealth (GE Malaysia, 2009).

### **3. 0: The growth of business**

In the world of business, all the owners of business have to figure out more and more special or unique way to raise their profit. There are several ways to growth of business, such as merger and acquisition with other corporate, retain and recruit professional employees, shift the current focused market and so on. There are a lot of strategies to achieve the marketing target of business, one of the famous and common marketing tools can be use to grow up the business - Ansoff's Product-Market Matrix. In Ansoff's Product-Market Matrix created by Igor Ansoff, the market tools allow the business to grow up through by the way or new product in existing or new market.

The Market Penetration is the strategy that penetrates our current product as known as existing product to the existing market. For an example, our transportation corporate can have a discount for those customers using our service or have a hotel package for those customers purchasing our flight ticket in aviation corporate. The main point to grow up business by this strategy is gaining the competitor's customer. Other than that, we able to attract non-our customer or persuade current client to take our product or package in this strategy.

Businesses have their targeted market for their particular product, such as toy product targeted on child market, makeup product targeted on woman market and so on. In order to grow up their business, they have to figure a way to enlarge the market, which develop a new market with an existing product. For our business, finance corporate is applying the same strategy to enlarge the finance market. Our corporate not only provided vehicle loan for customer, but also business loan, housing loan and various type of finance solution.

The strategy containing in Ansoff's Product-Market Matrix is Diversification, a technique that grow up the business through new product gain advantage in new market. In 21st era, we can say that information technology was penetrated in the entire career, such as finance, engineering, design, education and so on. So, almost everything also can be a new market for information technology. Our software and services corporate was aimed it as a technique to grow up the business. In software and services corporate, we provide a unique system solution for healthcare, energy and other field which needed information system as a solution.

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GE business has to come up new product frequently in order to keep trace the latest customer needed. This strategy also included in Ansoff's Product-Market Matrix with named as Product Development. The strategy allow the business grow up through develop a new product and target the same or existing market. For our GE consumer field, appliance company often sell their new develop product to the same market, an example or product like television, develop to plasma screen, or CD player develop to MP3 player. Corporate able to gaining new customer when the launch their new product. So, product development lead the business stays competitive in the market. For example, GE lighting will preview potential organic light-emitting diode (OLED) lighting application ideas during two industry trade, Light plus Building 2010 in Frankfurt, Germany and Light Fair 2010 in Las Vegas, Nevada, USA. The company will show OLEDs in a number of configurations at both shows, including fixture prototypes that help to demonstrate the expected competitive advantages of GE's approach to OLEDs (GE, 2010).

#### **4. 0: New venture**

Yemen, official name Republic of Yemen, is a country located on the Arabic Peninsula in Southwest Asia. The major city of Yemen is Sanaa. Yemen is one of the world's oldest civilizations. It is the poorest country in the Arab world as well as a haven for Islamic jihadists (Central Intelligence Agency 2009). The population in Yemen has more than 23 million people.

GE was interested in the new venture with Yemen healthcare. The healthcare system in Yemen remains severely underdeveloped. Yemen faces a major challenge in improving the health status of its population. Access to

healthcare services is limited which is less than half of the population has <https://assignbuster.com/general-electric-company-organization-structure-management-essay/>

been access to basic health services in Yemen. GE use joint venture entry mode in the healthcare in Yemen. Through joint venture, GE willing to provide the knowledge, skills, technology to improve the healthcare in the rural communities in Yemen. GE will provide installed of water, power and communication systems and work closely with local government healthcare teams to strengthen their sense of ownership. GE wanted to develop health globally. If Yemen joint venture with GE, they can externalized transfer of people, expertise and technology together to help improve in healthcare system.

#### **4. 1: Threat of potential entrants**

First key element is GE needs to be analyze whereby it more reflecting on the barrier to entry in Yemen. In Yemen, amongst the poorest in Per-Capita GDP terms countries (on a Per-Capita GDP basis) in the Arab world, reports average annual growth in the range of 3-4% from 2002-2007. In 2008, the growth declined slightly, this is related to the declining of oil and gas resources, providing around 90% of the country export (Central Intelligence Agency 2009). Yemen economic scale fortunes depend mostly on declining oil and gas resources, but this country trying to diversify its revenues. GE can product healthcare in Yemen. The government is currently working with the private sector to develop a strategic plan to enhance the business environment in Yemen. Poverty, low participation in education, high illiteracy rates, and limited access to potable water and proper sanitation all contribution to the poor health status. These are the terms need to settle in order to going develop the healthcare system in Yemen. At the same time, Yemen joined World Bank in the year 1969. Since then the bank has stepped

forward for fostering economic growth and reducing poverty in the country. The World Bank also started its Country Assistance Strategy for Yemen in 2002 (Economy Watch, 2010). Regarding on the capital requirement to entry, it would not be a problem for GE to joint ventures in Yemen. This is due to GE Healthcare has experience to bringing solution to more than 100 countries and territories. GE was success help improving the healthcare system in Africa. Africa has a same situation with Yemen, both also are poor country and underdeveloped in the healthcare sector. However, producing standardization products throughout globally had made GE developed its own strong global distribution network with its own suppliers which typically came from low-cost nations. In Yemen, major political issues will affect the business climate. GE going cooperate with Yemen government may involve bureaucratic corruption. This will increase the cost of investment and risks in the Yemen healthcare.

#### **4. 2: Threat of substitute products**

Threat of substitute products mean that goods or services outside of given industry perform same or similar functions at a competitive price. At present there is not much of native production of healthcare products in Yemen and the Yemen is depending on import of medical products into Yemen (Yemen Medical Supplies, n. d). In addition, the incidence of injuries and chronic diseases such as cancer and heart diseases is on the rise. These indicators demonstrate an urgent need to improve access basic health services, while preparing for a rising demand for more costly specialized health services. GE able enhances the improvement of the healthcare in Yemen. It is because less substitutes available for healthcare product in Yemen.

### **4. 3: Bargaining power of Supplier**

There are powerful when few large companies and more concentrated than the industry to which they sell no substitutes and industry firm not significant customer to suppliers. Yemen is depending on import of medical products into Yemen. Major suppliers of medical products are from India, Egypt, Europe, UAE and Saudi Arabia. There are quite a number of companies from the Indian subcontinent who supplies cost effective products to the Yemen but as far as quality is concerned, private hospitals prefer to buy from western countries. In order to achieve greatly competitive structures, it was believed that GE should strongly enhance their relationship with those supplier before cooperate their company with Yemen.

### **4. 4: Bargaining power of buyer**

In this key element, they are powerful when purchase large portion of industry's total output, product sales accounts for significant seller annual revenue, low switching costs and industry products are undifferentiated or standardized and threat of backward integration. In fact, GE has greater bargaining power if it plan to cooperate in Yemen whereby GE usually come out with standardized products to suit local responsive, culture and the product price are standard. I believe if GE cooperates with Yemen that means consumer will get opportunity of buy high switching cost product in healthcare Yemen.

### **4. 5: Rivalry among existing firm**

Intensity rivalries among existing competitors help GE to understand the strength of Yemen market. There are numerous or equally balanced

competitors, slow industry growth, high fixed costs or high storage costs, lack of differentiation or low switching costs, high strategic stakes, strategic interrelationship, emotional barriers, government and social restrictions. Furthermore, if GE helping Yemen population access to basic to the healthcare services is showing a good sign to the company. GE Healthcare has experience to bringing solution to more countries. GE may install of water, power, and communication system by overcome the limited access to potable water in Yemen. Therefore, this is the opportunities to invest into Yemen healthcare.

## **Conclusion**

GE is renowned for hiring exceptional people and giving them unparalleled opportunities to build their careers and capabilities. Besides that, GE builds culture of integrity in today complex business world demands high governance standards in every area of the operation. GE commitment to full compliance is backed by an independent and full informed board, comprehensive processes, policies, communications and extensive training.

Despite of the fact that GE did fraud-attempt in the past that may discredit the reputation; there is simply no other company in the world with such a diverse set of business in which to work and development-focused culture in which to grow. GE is a global infrastructure, finance and media company taking on the world toughest challenges and continually shaped our world with groundbreaking innovation for over 130 years. With four businesses and operations in over 160 countries, GE employees have a unique foundation on which to build their careers, their abilities and their dreams. There is no

reason to doubt that GE is imagination at work and create a miracle to life.  
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From jet engines to power generation, financial services to water processing and medical imaging to media content, GE people worldwide are dedicated to turning imaginative ideas into leading products and services that help to solve some of the world toughest problems.

## **APPENDIX A**

### **ORGANIZATION CHART**

Shareowners

Corporate Executive Office

Board of Directors

Jeffrey R. Immelt

Chairman & CEO, GE

Michael A. Neal

Vice Chairman, GE

John Krenicki

Vice Chairman, GE

John G. Rice

Vice Chairman, GE

### **Energy Infrastructure**

John Krenicki



President & CEO

GE Energy Infrastructure

Energy

Oil & Gas

Water & Process Technologies

## **Technology Infrastructure**

John G. Rice

President & CEO

GE Technology Infrastructure

Aviation

Enterprise Solutions

Healthcare

Transportation

Keith S. Sherin

Vice Chairman & CFO, GE

## **NBC Universal**

Jeffrey A. Zucker

President & CEO

NMC Universal

Cable

Film

International

Network

Sports & Olympics

## **Consumer & Industrial**

James P. Campbell President & CEO GE Consumer & Industrial

Appliances Electrical Distribution Lighting

## **GE Capital**

Michael A. Neal

Chairman & CEO

GE Capital

Americas

Asia

Europe, Middle East & Africa

Capital Aviation Services

Energy Financial Services

Real Estate