

# [Nucor corporation](https://assignbuster.com/nucor-corporation/)

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Nucor Corporation Introduction Nucor Corporation refers to a steel production company in the United States (Boyd & Gove, 2000). Its headquarters are located in Charlotte, North Carolina. The company claims to be one of the largest of the minimill machinists. This refers to companies that use electric arc burners to melt scrap metals rather than companies that operate integrated steel works with blast furnaces. This article will discuss the current trends in the steel industry and how they have impacted Nucor’s strategy. It will also discuss the organizational structure and management policy at Nucor Corporation. It will identify three HRM issues related to the strategy implementation at Nucor Corporation and recommend actions to address these issues. Fourthly, it will suggest if a related or unrelated diversification must be applied by the company. Finally, it will identify the organizational structure issues that Nucor needs to address to implement this diversification. Trends in the Steel Industry, and How They May Impact Nucor’s Strategy The steel industry appears to have stabilized, but several rising trends threaten to bring further disruption to both minimills and its integrated firms (Thompson & Strickland, 2010). Some of the trends include minimill overcapacity, scrap prices, euro productions and antidumping rulings. With regards to minimill overcapacity, in the early 90’s, Nucor Corporation was the only company able to produce flat-rolled steel with the use of minimill technology. In the recent days, many steel companies have ventured into this technology putting more competition to the Nucor Corporation that has led to a decrease of their annual sales. In scrap prices, because of the increased demand for scrap metals, its prices have grown to be highly unstable (Thompson & Strickland, 2010). This means that Nucor Corporation has had to increase their budget of acquiring scrap metal to come with finished products. The antidumping ruling refers to when integrated steel manufactures in the U. S filed charges of dumping against overseas competitors. After investigation by the International Trade Commission (ITC) that overruled the charges, stock prices for both minimill producers and integrated producers declined by $1. 1 billion. This also meant that the sales of Nucor Corporation went down. Organizational Structure and Management Philosophy of Nucor Nucor’s management has a decentralized structure (Thompson & Strickland, 2010). It has only four management levels as shown below. Chairman / Vice Chairman / President Vice President / Plant General Manager Department Manager Supervisor / Professional Its management philosophy is founded on a strict culture that can be summarized into five key areas. They include the decentralized management philosophy, democratic benefits, performance based compensation, quality, and technological leadership as well as customer service. Nucor is extremely decentralized in its functions. There are only four managerial stages at Nucor. A majority of the company’s decisions are made at the division level. In addition, Nucor declared that its corporate office staff members were around 75 workers. This was possibly the smallest number of corporate office workers among any major company. HRM Issues Related To Strategy Implementation and Recommend Actions to Address These Issues Some of the HRM issues that are related to strategy implementation are: poor coordination within a company’s management, a case where the employees are not buying into the strategy of the company and inadequate changes within the work unit. Poor coordination within management could be brought about by inappropriate goals, policies or strategies among the executives (Achtmeyer, 2005). A scenario, which the employees are not buying into the strategy of the management, could arise from a case where the employees do not understand the plans of the company. The company should look to unify all goals of its executives and create awareness to the employees of the company’s strategies. It should do this so as to familiarize its goals to the workers (Achtmeyer, 2005). Recommendations Whether a Related or Unrelated Diversification Should Be Used By the Nucor Corporation The Nucor Corporation should use related diversifications to tackle their HRM issues and trends arising in the steel industry. These is because related diversification is needed when companies want to expand their operations beyond their current markets, but still function within their resources and capabilities. It also occurs when a company seeks to operate within its current value network (Thompson & Strickland, 2010). Nucor Corporation wishes to expand its current market but retain their recent products. It is advisable for the company to venture into related diversification so as to tackle these issues and overcome the HRM issues that might be affecting them. Organizational Structure Issues That the Company Would Need To Address To Implement This Diversification Some of the organizational structure issues that Nucor Corporation needs to address to implement this diversification in poor leadership and lack of vision (Thompson & Strickland, 2010). Leadership plays a leading role in enforcing and implementing an organizational structure. Efficient management enforces others to obey company policies. Organizational structure is also reliant on goals, visions and directions. If there is no vision given to the employees of Nucor Corporation, they might lack inspiration and be unproductive. Conclusion Nucor should be dedicated to constantly modernizing its existing plants. Its philosophy should be to set up at least one mill every year, instead of putting new pipes in the old mills. In setting up new plants, the company should not rely on outside contractors, but instead hand the responsibility of designing and building to a group of engineers chosen from their present Nucor facilities. References Achtmeyer, W. (2005). Nucor Corporation: Tuck school of business at Dartmouth. Dartmouth: Dartmouth Press. http://www. google. co. ke/url? sa= t&rct= j&q=&esrc= s&source= web&cd= 1&ved= 0CFcQFjAA&url= http%3A%2F%2Fwww. tuck. dartmouth. edu%2Fpeople%2Fvg%2Fsite%2Fdownloads%2Fcasestudies%2F20015\_Nucor\_A. pdf&ei= ITu6T--rOui80QWr2cDYDA&usg= AFQjCNESbB6Yd1xfW71-XzTfS06yYOhVJg Boyd, K, & Gove, S. (2000). “ Nucor Corporation and the U. S. steel industry.” Strategic Management: Competitiveness and Globalization. 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