

Daimler-benz both
shared a common
goal, and



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Daimler-Benz is a Germany based company well known for its luxury cars and had a huge share in the European market, but the reach outside Europe was very low.

It did work in the American market where it had just 1% market share, this was because it always sets a high standard for its car, which kept them away from the U. S market. (STEINBACH, 2012) On the other hand, Chrysler focused on the demands of the customers which made them successful in the American market with their innovations.

Chrysler had faced financial crises many times before merger, but they always managed to stand against its competitors. It also earned the world's profitable company in the car industry. The Financial TIME's (print media) says late 90's was a hard time in the car market and to avoid going in debts once again they had to look for some options to maintain the position in the rising market along with expanding its business in the U. S.

Which they found in Daimler who didn't have as reach as Chrysler in the American market. The main motive behind the merger was that they both shared a common goal, and Chrysler was the best company for Daimler to merge with as it had a high revenue, low-cost manufacturing and high distribution reach in the U. S.

market. The German bought the Chrysler for \$36 billion, which means technology and innovations coming together by becoming the third largest automaker after GM, Toyota, and Ford. The merger involved overall gains of \$5.

7 billion in 1997-98. (TIME, 2010) But with this merger of European and American companies several issues came in the picture such as pay structures, company cultures, style of working, where the common ground was to agree on things to achieve profit and have a “merger of equals” (Gibney, 2000) The Chrysler had a flat hierarchy organisation structure where everyone was treated equally and not for its salary, while Daimler had the top to down management. So, to overcome not only these issues but also the responsibility and dividing of the work, separate committees and groups were appointed to keep a track on the tasks for the different levels of management for both the companies. Organizational culture would be one of the big issues which might raise as a problem which is why they decided to keep the existing culture to reduce the clashes.

Where both the countries had the different style of working behavior. Where Germans believed in lengthy and precise detailed reports and meetings while the Americans were the opposite of it. Same was the situation when it came about the quality and stuff as Chrysler focused on innovative ideas which had to include trial and error methods, while Daimler was moreover precise and detailed plan for the end products.

Where the end conclusion is that the Germans believe that Americans are disorderly and confused people while the Americans felt that the Germans are militarists because of their too perfect behavior. Because of which Chrysler executives were not happy as even a shape of the template also did matter to the Daimler executives so was vice versa. Apart from the culture and working style, there was one more issue rising in the company that was salary structure.

(Stuttgart, 1999) As the Americans got a higher package compared to the Germans it raised a problem and specially when an American executive gets transferred to Germany and had to report to the manager whose salary was half the American employee which would just lead to losing of valuable employees and to overcome with these issues they came up with a base salary just as NZ where there are hourly payments. But with a high incentive based on the performance. The merger took almost 12 months after which the Chrysler was given the responsibility of mass production of cars and trucks. While the luxury Mercedes cars were with the Daimler group as they decided to keep the same culture.

After 2 years of merger two of its American president where been fired and was taken over by Zetsche from Daimler Because of the low performance. Along with the American president, many of the higher executives left who had to be replaced by other German executives leading to chaos among the Chrysler employees. Might be because of the fear that the culture in the organization would change. (Stuttgart, 1999) (Gibney, 2000). These things lead to failure of the companies coming together affecting the external and internal stakeholders. In this merger the employees were not been informed they were not happy because of the sudden change of the CEO's there was no flow of information and guidance from higher executives to them which also worried them regarding the job.

The customers and clients of the company would lose faith and trust in the brand if their needs and demands are not being fulfilled. The loss of the company will automatically reduce its stock price and there won't be any investors investing in the company which will lead to shutting down of the

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company. These are the issues directly affecting the stakeholders of the Daimler & Chrysler group. As the loss of Chrysler was getting higher by the end of every quarter Daimler had to pay Cerberus Capital Management \$650 million in the year 2007 to take over the responsibilities of Chrysler. (TIME, 2009) which is a part of Fiat at present. (the economist, 2000)