

# The gm culture crisis: what leaders must learn from this culture case study



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This project paper will look into the organizational behavior and how it affects the performance and sustainability of the organization using GM Company as the case study. This paper illustrates how organizational culture, leadership and organizational model can influence the operation of a company. It is evident from the case study that culture and leadership crisis can significantly affect the performance of an organization. GM concentrated on customer convenience by creating an ignition switch that would easily and efficiently allow their customers to operate their gadgets (Kuppler, 2014). Despite their focus being on convenience, they did not however take into account the safety measures of their gadgets to their customers.

It is also evident that the company was interested in the welfare of the society as per its CEO's submission during the House and senate subcommittees' reports. From the case study, it can be deduced that the company had cultural issues that resulted into tragedy. Ignorance by both the employees and management is one of the key issues that were raised in the report. Most employees within the company were found to be reluctant to raise critical issues within the company and this made it difficult for the company to solve arising problems. It is also evident that the company did not address issues as they arise; no sense of urgency. The company also suffered from bureaucracy so that an issue would go through several channels without any decision being attached to an individual. Again, there was the conflict of interest between top management.

An organization model dictates the hierarchal structure of an organization, it also defines the role of the customer and how staffs develop a team (McLean, 2005). It can also be referred to as organizational structure and varies from a complex to a simple structure. From the case study, GM is based on the line and staff model. This type of organization structure is defined in such a manner that the hierarchal structure has the CEO at the top of other managers. The managers directly reports to the CEO individually or through their staffs. This model is quite different from the matrix model that is popular with most industries (Ivancevich et al., 2007). Matrix structure is a more dynamic type of organizational model and is very effective in terms of organizational operations. Under matrix model, managers are in charge of their departments where they lead and oversee the progress of such department. Matrix structure could have departments like; human resource, operations, marketing, and any other department relevant to the company.

Matrix structure is popular with industries due to its advantages relative to other forms of model structures. This structure clearly defines project's objectives as well as the functional objectives. Each manager thus knows their roles and responsibility in the attainment of the specific projects within their departments. Human resource which is a limited resource can also be utilized optimally under matrix structure. All employees also focus on the targets set by their managers so as to realize the organization's goals. Unlike other models which are characterized with conflicting interest and duties, this model limits such possibilities while carrying out the projects (McGregor, 1960). The other benefit of this model is that it ensures that each structure retains its function thus enhancing efficiency and large scale productivity of

employees without disrupting the structure. Matrix structure is also conservative in the sense that different structures within the organization can share resources without conflicts since each functional manager understands that eventually the project structure will dissolve.

Culture affects the performance of an organization in the sense that it drives behavior of individuals within the organization as well as the innovation of the companies. It also influences customer service delivery and the relationship between the customers and the organization. Culture can also be an indicator of whether a firm will succeed or fail in times of changes like during growth or mergers (McLean, 2005). Currently, culture is a factor that contributes more to the success of business compared to other factors as it shapes how work is done, instils beliefs and values in the organization (Edinger, 2012). It also puts together explicit and implicit system for rewards thus define how an organization works in real world. Culture determines the engagement level of employees to their work and to the company at large and this culture of engaging employees improve their performance and that of the company as well (Edinger, 2012).

Leadership on the other hand is an action of controlling, supervising or governing a group of individuals within an organization. There are different leadership styles like autocratic, democratic, laissez-faire, strategic, bureaucratic and transformational leadership styles that managers can use to define the performance of the business. Leadership entails putting efforts together to realize a specific common goal and the success of a business will depend on the ability of top management to control and supervise the employees. From the case study, GM Company used autocratic leadership <https://assignbuster.com/the-gm-culture-crisis-what-leaders-must-learn-from-this-culture-case-study/>

where the CEO made all decisions without considering any input from those who reported to her and this barred decision making process that eventually resulted in the tragedy. The company also made decisions that shifted leadership style like the decision to appoint Jeff Boyer the vice-president of safety who reports directly to Mark Reuss instead of reporting to the CEO, this was in a way bureaucratic.

The concern of the house and senate subcommittee on the GM ignition switch crisis greatly influenced the way the leadership style of the company. Safety measures department was established whose head was under no obligation to report directly to the CEO. The concern of decision making on safety measures by the senior management also influenced the decision making process of the company from lower level to senior most level. In GM Company, decision making was solely done by the top management where the opinions of those at lower levels were not incorporated in the final decision.

Disregarding of opinion of employees in the final decision or decision-making processes instilled the behavior of reluctance by employees to report issues to the top management. It was also a norm in the company that an agreement could be made to a proposed plan of action but with no intention to follow their implementation. It is also evident that individual at the top management were not ready take responsibility as they were fond of accusing each other in times of crisis. An example is evident from the report where the CEO is reported to have fired 15 workers following the crisis. The top management should have instead taken responsibility for the tragedy due to poor decisions making on the safety of the ignition switch.

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Leadership style therefore influences the internal culture of an organization and a shift in leadership style means a shift in the internal culture of an organization. From the case study, the culture of low level employees being reluctant to raise issues that affect the company arises since it was the top management that exclusively made decisions. Lack of inclusion affects organization's image and trust.

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