

Analysing the organisational culture at yamaha



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To start with, let's define culture in an organisational context- ' the philosophy that guides an organisation's policy towards employees and customers' or 'basic assumptions and beliefs that are shared by the members of the organisation.'

We have analysed the culture at Yamaha by analysing the following key characteristics-

A culture of safety:

Yamaha is committed to safety and health of its employees and other stakeholders who may be affected by its operations. It believes that healthy work practices lead to better business performance, a motivated workforce and higher productivity. They create a safety culture in the organization by:

Integrating safety concerns in all activities while improving safety performance

Ensuring compliance with applicable legislative requirements

Empowering employees to observe safety in their respective work places.

Promoting safety awareness amongst employees, contractors and suppliers

Individual Initiative:

At higher levels the management is controlled by Japanese employees (Division Head and above) who own a sufficient degree of freedom in their operation.

At the manager level, there is sufficient space for individual initiatives though no significant signs of promoting creativity in employees.

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At the worker/ supervisor level, very less scope for individual initiative. Half of the lower level workforce is contractual by nature so freedom of work is low.

No clear definition of jobs at the lower levels.

Reward System:

Yamaha gives the best salaries and rewards to its employees which is a notch above the industry standards. As such, there are levels of job satisfaction amongst the employees inspite of the low degree of freedom awarded.

The company gives increments after every three years and awards educational scholarships to the wards of the employees.

A transparent system. NO Favoritism and equal opportunity to all employees.

An unusual clause of obtaining no references from employees for filling a vacant post. As long as the father is employed in the organisation, the son/daughter cannot be employed.

The reward system at Yamaha is a lot influenced by the Japanese Reward Culture. Eg. KAIZEN reward for discouraging absenteeism

Direction:

Even after acquiring Escort's stake in Yamaha and combing the workforce, Yamaha has been able to maintain and give its employees a common direction.

As far as the individual job direction is concerned the employees have sufficient clarity and any given ambiguities can be resolved by referring to the Company Rule Book.

Management Support:

The management offers full support to employees however, due to high levels of formalisation, the process is slow.

Conflict Management:

The management resolves all conflicts with the unions as well as internal conflicts in a manner so as to maintain harmony in the organisation.

Employees are rotated across departments to ensure that any personal rivalry or grudges do not affect the working of an individual employee or the company.

A culture of fair dealings:

The organisation highly encourages a culture of fair dealing with all internal and external stakeholders and has very low tolerance towards any deviation from the prescribed ethical standards.

DIMENSIONS OF ORGANISATIONAL STRUCTURE

Organization Structure defines how tasks are to be allocated, who reports to whom, and the formal coordinating mechanisms and interaction patterns that will be performed.

COMPONENTS OF ORGANIZATION STRUCTURE

Complexity

Horizontal Differentiation

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Vertical Differentiation

Spatial Differentiation

Formalization

Centralization

COMPLEXITY

Complexity refers to the degree of differentiation that exists within an organization. This includes the degree of specialization or division of labor, the number of levels in the organization's hierarchy, and the extent to which the organization's units are dispersed geographically. YMI has a complex structure.

HORIZONTAL DIFFERENTIATION

It refers to the degree of differentiation between units based on the orientation of members, the nature of the tasks they perform, and their education and training.

Horizontal Differentiation in Yamaha is neither very high nor very low because:

Approximately, 90% of the permanent employees belong to National Capital Region (NCR). The living style, culture, language of the employees is almost similar. This leads to low degree of horizontal differentiation.

The education level of all the departments' counterparts is almost same as company stopped recruiting after its total acquisition in 2001 from Escorts Group.

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The number of departments in the company is very high. This leads to chaos and confusion, conflict of interests among the managers of different departments.

As company has not recruited since 2001, the professionals are hardly seen in the organization. But employees in the organization acquire functional specialization through their experience.

VERTICAL DIFFERENTIATION

It refers to the depth in the structure. Differentiation increases, and hence complexity, as the number of the hierarchical levels in the organization increases. The degree of vertical differentiation is high in Yamaha because:

Span of control is high under each department head. Every department head monitor the activities of 30-40 subordinates (including managers, staff members and workers).

Every big post has been acquired by the Japanese people. They are very punctual about the performance quality and rigidity in the work schedule which creates problems for the subordinates manytimes.

SPATIAL DIFFERENTIATION

It refers to the degree to which the location of an organization's offices, plants, and personnel are dispersed geographically.

YMI initially started their production at Surajpur plant in Greater Noida.

Escorts plant was in Faridabad. When YMI acquired Escorts fully, YMI made Faridabad plant for the purpose of making engine and small parts for the

Assembly line to reduce the vendor's cost. Spatial Differentiation is very high because:

Difference in the salaries of two plants by around Rs. 3000.

Employees in Faridabad feel unsecured for their jobs as they think that Japanese people never allow Job Security.

Good working facilities in Surajpur plant frustrate the minds of employees of Faridabad which leads to poor performance.

FORMALIZATION

It refers to the degree to which jobs within the organization are standardized.

The formalization level is different at different positions:

In YMI, the formalization level is low at managerial levels because managers are given targets from the top management which he was supposed to attain with the help of human resources he has allotted in his department. In short, managers are incumbent only to 'what is to be done'.

But supervisors and workers are monitored by division head and managers. Employees are incumbent not only to what is to be done, but also for when it is to be done, and how he should do it. So, there is a high level of formalization at operation level.

CENTRALISATION

It refers to the degree to which decision making is concentrated at a single point in the organization.

Company employs Casual workers and contract labors for their production and assembly line operations. Workers are hardly encouraged to take the immediate decisions. They have to take permission from their immediate boss for each and every requirement. So, all the decisions are always in the hands of the department head within the department. Managers and supervisors play a culprit role for their superiors.

ORGANISATION STRUCTURE IN NUTSHELL

ORGANIZATIONAL DESIGN

It is concerned with constructing and hanging an organization's structure to achieve the organization's goals.

DIVISIONS AND DEPARTMENTS IN INDIA YAMAHA MOTORS

Accounts

Corporate Finance

Time Shop

Employees Compensation

Vendors and Distributors Accounting

Services

Sales and Marketing

Warranty

Health and Insurance

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Research and Development

Human Resources Management

Recruitment

Training

Grievance Redressal

Appraisal

Product Planning and Material Control (PPMC)

Stores

Purchases

Production (Engines and small parts)

Assembly Line

Quality Check

Manufacturing Engineering

Paint Shop

Welding Shop

Maintenance Department

India Yamaha Motors Private Limited has broadly six divisions. Each division has various departments working under it. All the top management posts are <https://assignbuster.com/analysing-the-organisational-culture-at-yamaha/>

held by Japanese people. The structure of the organization is very vast but at the same time very simple also.

HIERARCHY

YMI- A MACHINE BUREAUCRACY

There are many departments in the organization. After having the organization structure analysis, YMI can be categorized as the Machine Bureaucracy because:

Japanese believe in the principle of standardization which is the very important feature of the Machine Bureaucracy.

The rules and regulations prevent the company to have flexibility in the operations.

The tasks are divided into functional departments.

Strategy

We would be explaining Yamaha India's business strategy with respect to Porter's competitive strategy, Miller's Integrative framework and Miles and Snow's strategic types.

Yamaha's Market Differentiation Strategy - Porter's competitive strategies and Miller's Integrative framework

According to Porter's competitive strategies and Miller's Integrative framework, Yamaha is a market differentiator.

Turnaround strategy in urban markets: From Cost Control to Market Differentiation

For a long time till 2007-08, Yamaha has been following the cost control strategy by focussing on the low -end 100cc bikes like Crux and Alba. This kept its market share to below 5%. In lieu of the growing Indian economy and the need for differentiator products, Yamaha revamped its strategy and shifted its focus to premium bikes. It launched R15 and FZ 150 in the 150cc segment in India. It plans to gain 20% market share in the premium segment by 2010. The 100cc bikes are supplied only if there is a pull, but the company has clearly indicated that it sees its future in the mid-market and premium segments. The company is not just willing to limit itself to just prestige pricing. It will provide more value to the customer in terms of attributes like great technology, superior design, ergonomics for long distance travelling etc. For example the company will be launching its new superbike FZ1- which is in the 1000cc segment. Apart from this, it is also optimistic about the FZ-16 series it has launched in the mid-market segment (150 cc) bikes. So hence, we can see that the aim is to provide niche products for the diverse customer segments. This is its market differentiation strategy.

Apart from providing niche products in the motorcycle segment, Yamaha is also foraying into the gearless scooter segment, according to a recent media report. Yamaha Motor racing is a sort of surrogate marketing for the high end 800cc and 1000cc bikes . Yamaha Motor India's parent company is known all over the world for its musical instruments . With the establishment of Yamaha India, it " aims to be the most preferred brand for artists, music

lovers and aspiring musicians in India." Thus it has used its unrelated diversification concept in order to gain a presence in the Indian market.

In order to strengthen its market differentiator position, Yamaha also aims to provide maximum value at a cost-effective price. So recently it has aimed to reduce its expenses by 10%, and by integrating its design, procurement and manufacturing functions to reduce waste.

Foray into the rural markets

The rural market accounts for 70% of the sales of the motorcycle industry.

An extensive dealer network would be set up to finance and educate the rural customers. The National Business Head, Mr Pankaj Dubey, cited,

" We have come up with a new initiative called 'Yamaha Bike Corner'(YBC) to reach out to customers in rural and semi-urban areas. We will open 249 more YBC by the end of this fiscal," he said

" We are also focusing on our 'Yes Yamaha' strategy to give -- Yes products, Yes partners and Yes promotion to realize our goals. Getting customer smile at Yamaha is the key strategy," he said

Many bikes in the standard segment like the Crux and the YBR-110 are having a strong demand in the rural market and are crucial for the company to expand its market share, whereas the premium segment which is still in a nascent stage is crucial for the company to expand its bottom-line.

Yamaha's Breadth Strategy

Yamaha has globally forayed into an extensive range of products like motorcycles, scooters, electrically power assisted bicycles, boats, sail boats,

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personal watercrafts, pools, utility boats, fishing boats, outboard motors, diesel engines, 4-wheel ATVs, side-by-side vehicles, racing karts, golf cars etc.

Prospector- Miles and Snow's strategic types

Yamaha can be described as a prospector (especially after the year 2007) as it has been constantly trying to explore new markets and opportunities. It provides bikes for almost every market segment ranging from the 100cc Crux to the 1000cc FZ1. It aims at providing a diversified product range to satisfy a wide variety of customer preferences. It has come up with several innovations like improving fuel efficiency of the bikes, introducing environment friendly engines, reducing the size of the engines and introducing light weight and compact metals for its bikes.

Technology

What is Technology?

Technology refers to the information, equipment, techniques and processes required to transform inputs into outputs in the organization.

Three levels exist for technology: individual, personal skills & individual knowledge; functional or

departmental, techniques to perform work and create value in a group; and organizational, conversion of inputs into outputs (i. e., mass production and craftwork). Mass-production technology involves conveyor belts usage and a standardized assembly process for production of goods. Crafts work involves skilled workers interacting to make a customized product.

Technology and Organizational Effectiveness

Technology is used at all three stages in the value creation process-input, conversion, and output. Since each function develops technologies that finally create value, the organizational structure in place must maximize the effectiveness of technology. Technology influences the structure of an organization. Three theories consider the relationship between technology and design. Managers should understand the concept of technical complexity, the differences between complex and routine tasks, and the way tasks are dependent on each other.

Technology has a bearing on the following aspects of an organizational structure.

Complexity

Formalization

Centralization

Yamaha India Plant

Yamaha's plant has 3 vehicle assembly lines and 4 engine assembly lines which includes one line dedicated for export engines. The engine and vehicle assembly lines are synchronized which incorporate concepts of Unit Assurance. The plant produces 1200 bikes daily with 4 types of bikes produced on an average. The finished raw material is procured from a multiple of suppliers which is then assembled in the plant.

The employees are organized into 4 teams:

1st team works on conveyor line

2nd , 3rd and 4th team carry raw materials from storage department

Stress on planning and involvement

Rather than communicating the instructions downward, floor workers are encouraged to plan their work schedule on their own. Then the schedule and resources are finalized through direct interaction of workers and management. Workers are also expected to state a minimum level of productivity- per day or per week and any deviation from this standard is analysed and corrected by the workers and the management.

Perrow's Classification

In this model, the technology is defined as " the action that an individual performs upon an object, with or without the aid of mechanical devices, in order to make some changes in that object.

As discussed above, the assembly line in Yamaha is a semi-automated one with every worker assigned specific tasks to be done. It relies on high levels of Division of labour to improve productivity and minimize wastage. Like any other assembly line, the Yamaha's manufacturing process is marked by:

Low Task Variability:

The main features are High Division of Labour, High vertical differentiation, Highly Repetitive duties and task specialization.

High Problem Analyzability:

Yamaha employs mostly unskilled workers since the problems faced during the assembly process are easily analyzable and therefore Standard Operating Procedures are in place to take care

Based on the Perrow's matrix as shown above, Yamaha will land in the Routine technology quadrant. It is a well structured organization with its rigidity and standardized coordination and control processes. The decision making is centralized and managers have wider span of control due to the formalization processes already in place.

Woodward's Framework

Woodward categorized the firms into three types of technologies i. e. Unit, Mass, or Production. She treated these categories as a scale with increasing degrees of technological complexity, with unit being the least complex and process the most complex.

The model established a link between technology, structure and effectiveness. As far as Yamaha is concerned the manufacturing process would most closely resemble to Mass production technology which is most commonly used for large batches of bikes. Thus the status of the various parameters concerned in Woodward's model stand as follows:

Thompson's Classification

According to Thompson's classification, Yamaha should be categorized as Long linked Technology due to the nature of individual tasks which have Sequentially dependency with each other.

Yamaha's assembly line technology is characterised by a fixed sequence or repetitive steps which is one of the most important features of long linked technology.

Yamaha India, as an assembling plant, is more focussed on the supply chain management rather than anything else. Procurement of individual parts, assembling them, and final distribution to the end users is what it is concerned with. As a result, management tends to respond to these uncertainties by controlling inputs and outputs.

One of the best means for achieving this objective is to integrate vertically.