

An analysis of the organizational behavior of general motors

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Introduction

General Motors Corporation is the world's largest automaker company founded in 1908 which employs about 326, 999 people around the world with its headquarters in Detroit, Michigan, USA. Founded in Flint, Michigan as a holding company for Buick, then controlled by William C. Durant and acquired Oldsmobile later that year. The following year, Durant brought in Cadillac, Elmore and Oakland. In 1909, General Motors acquired the Rapid Motor Vehicle Company of Pontiac, Michigan, the predecessor of GMC Truck. A Rapid became the first truck to conquer Pikes Peak in 1909. Durant lost control of GM in 1910 to the company's bankers, because of the large amount of debt taken on in its acquisitions.

GM holds the biggest share in GM Daewoo Auto & Technology Co. of South Korea and has product, powertrain and purchasing collaborations with Suzuki Motor Corp. and Isuzu Motors Ltd. of Japan. The company also has advanced technology partnership with Toyota Motor Corporation of Japan, DaimlerChrysler AG and BMW AG of Germany, and vehicle manufacturing ventures with several automakers around the world, including Toyota, Suzuki, Shanghai Automotive Industry Corporation of China, AVTOVAZ of Russia and Renault SA of France.

Management Skills

Research on what managers do show that they fulfill interpersonal, informational, and decisional roles. Important activities include

routine communication, traditional management, networking, and human resource management. Managers pursue agendas through networking and use instinct to vary across cultures. A good grasp of organizational behavior is essential for effective management (Kuman 1997, p. 53).

Henry Mintzberg, a Canadian management theorist, carried out an in-depth study of the behavior of several managers. He learned a complex set of roles being played by the managers. From his study, he found out that managers are figurehead, leader, liaison, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator, and negotiator.

After studying the behavior of a large number of managers in a variety of different kinds of organizations, the researchers indicated that the managers engaged in four basic types of activities: routine communication, traditional management, networking, and human resource management (Kuman 1997 p54).

Alfred P. Sloan, the man who led General Motors for more than a quarter of the 20th century, invented new ways of managing a complex worldwide organization while paying special attention to consumer demands. Car buyers no longer wanted the cheapest and most basic model; they wanted style, power, and prestige, which GM offered them.

Individual Behavior and Behavior Modification

The term social invention conveys the gathering of people as oppose to other things. Many companies rank building and sustaining a team-based organization as their primary concern. By allowing a group of people to get

together and interact within their own perimeters, the company has actually shown that their employees are just as important as the company itself (Robbins1984, p. 4)).

Understanding people is one of the most difficult parts of being involved in an organization. People act differently in every way possible. People think differently, act differently, and react differently. The field of organizational behavior is all about understanding people. Putting it the other way, in order to be able to manage people well they have to be understood (Robbins 1984).

Demographic and social change have created “ the realities of today”. In the past decade, the minority population in America grew very rapidly, especially in California. As the second millennium approach, the employment of minority has increased. In today's varied labor market, employers that want to attract the best people have to recognize that many of those people are women, and many more are from a greater variety of ethnic and religious backgrounds than in the past. By tapping into these people, a business can create a workforce that brings new perspectives to the job (Tomer 1998, p. 825).

Group effort is the backbone of an organization. Without group effort, it will make accomplishing a goal even harder. By having people join forces and work together, the goal is easier to accomplish. Any sports organizations require teamwork in order to get their goal accomplished. By working together, their goal is to defeat the other team (Podsakoff 1997).

Organizational behavior success or failure depends on its goal setting, such as group cohesiveness and productivity.

Based on the traditional approach to management, Picken and Dess pioneered the contemporary approach to management. The traditional method of strategic control concentrated on measurement and assessment of performance. This was the way managers formerly approached strategic control over their company. Picken and Dess proposed this process as follows: (1) strategies are formed and top management makes goals, (2) strategies are then implemented, and performance is measured against the predetermined goals (Figure 1. 3) (1997). Control is based on a feedback loop from the results.

Moreover, Picken and Dess also initiated their version of the contemporary approach to strategic control (Figure 1. 4) (1997).

One other contributor to the development of the classical view was Max Weber (1864 - 1920). Weber was a German social theorist, as well as, a practicing manager who made the idea of bureaucracy famous in management principles. Weber was in the midst of nepotism and favoritism in family-based businesses. He believed this should not be included in basic management practices, and should be more based on rational authority.

Rationality meant carefully selecting workers for their skills, and advancement rooted on competence. According to Weber, these are the following criteria for bureaucracy (Johns 1996):

- A strict chain of command in which each member reports to only a single superior.
- Criteria for selection and promotion based on impersonal technical skills rather than nepotism and favoritism.
- A set of detailed rule, regulations, and procedures ensuring that the job gets done regardless of who the specific worker is.
- The use of strict specialization to match duties with technical competence.
- The centralization of power at the top of the organization.

Communication

Open communication has become the most important factors in choosing the jobs today (Jacob 1985). It is ranked above the salary or company size. Communication is an important topic in organizational behavior. These concepts are not really new but some managers still do not understand it. Without sharing the same information management has access to, employees can not make or understand decisions. Employer should communicate with their employees to help employees comprehend what is happening in the company and care about the success of their organization. These will reduce employee turnover, improved performance and improved employee moral.

This holds true not only at GM but in every company. It is important that a good flow of communication is respected so as to achieve the goals of the company successfully.

Job Satisfaction at GM

A company can invest millions in technology and facilities, but much of these will be meaningless if the employees are not satisfied. GM is one company which understands that “engaged, enthusiastic, motivated employees are the key to business success” (GM website). The company has a so-called Employee Enthusiasm Strategy program which focuses on engaging employees with positive leadership behavior and effective management strategies. In 2000, GM launched its first global employee census and 40 percent of its employees actually participated. In 2004, the company’s aim is for more teams around the globe to come up with action plans to improve employee satisfaction for improvement based on the census results.

Perception

People have to develop an effective strategy. Organizations are especially concerned with “why people are more or less motivated, satisfied, or prone to resign” (Wilson 1994). “When motivating employees to change their behavior remember that positive consequences to any behavior, and negative consequences to any behavior are likely to diminish it” (Wilson 1994). This means that the consequences must be perceived as positive or negative from their points of view. Too often, supervisors implement consequences that are positive or negative from their points of view and then wonder why the behavior change did not take place. The primary concern should be on how to motivate employees to follow rules in such a polite way.

The ability to understand behavior is a necessary prerequisite for effectively managing a particular company. There are two kinds of reinforcement, positive and negative. " Positive reinforcement causes a behavior to increase because a desired, meaningful consequences follows the behavior. Negative reinforcement causes a behavior to increase in order to escape or avoid some unpleasant consequence" (Daniels 1994).

A manager needs to be able to get things accomplished, reach all goals, take control, and knows everything that is going on in their company. There are many other varieties of management styles that may be considered effective depending on the situation at hand. There are some cases when a manager acts without investigation, just looking for that quick solution to solve a problem which often results in an unhappy ending. This must be avoided at all times since it will not do the company any good than it is.

If an organizational behavior " Can be predicted and explained, it can often be controlled or managed" (Johns 1996, p. 43). A great manager would be able to predict a certain behavior and have an act on it before it's too late. Remember, our lives would be more easier if we anticipate when our friends are anger, what our professors expect out of us, and whose lying and telling the truth, " Regardless of who we are our actions are in response to a variety of motivations" (Wilson 1994). When one understands, one will understand human behavior. Use the predicting. Explaining, and managing principles, and any manger will have the ability to reach your goals through the efforts of others.

Motivation

When people join an organization, their purpose is usually to accomplish a certain goal. The goal of many high school organizations is to perform community service. The goal of many large rival companies such as NBC and ABC is to achieve high ratings. No matter how big or small a company is, there is always a goal to be accomplished. It has been said that the key to accomplishing a goal successfully is hard work and determination. Of course it requires more than just hard work and determination to make a goal possible. It usually varies by the people in the organizations.

A Company can not grow effectively with strong specialization. This will be good for robotics and automation in the assembly line, but not with human. Employees must understand the goals and purpose in relation to the clients, so that diversity and changes can be employed effectively to meet the needs of the clients. Some Japanese companies and its management team even rotated their employees from one job function to another and from department to department. This method allows the employees to understand the entire process from standard procedures to client and departmental needs and wants (Human Relations Movement 1999).

Ultimately, the human factor in any organization is essential for growth and achievement of that next level. But the problems in many of these bureaucratic organizations have escalated to a level where groups and movements are calling for change. Hopefully, one day we will even see apparent changes in our Department of Motor Vehicles (DMV).

Group Behavior

The field of most organizational behavior has an amount of common goals. In order to reach these goals, people need to effectively predict, explain, and manage the behavior that occurs in our organizations. In order to change behavior, one needs to accept that any behavior is rational and logical to the person exhibiting it because his or her goals may differ from others. If an organization is able to predict which reward systems is most effective in motivating the employees, then one can explain the reasons for this effectiveness and describe how managers can enforce effective reward systems.

Compared to the traditional approach, the contemporary approach involved two different types of strategic control: behavioral and informational. Behavioral control is defined by focusing on "doing things right" effectively manipulating the key "levers" of culture, rewards and boundaries (Picken and Dess 1997). Informational control deals with external part of control in the company. This type of control also dealt with the assumptions and premises that provide the foundation for an organization's strategy (Picken Dess 1997). The main difference between the traditional and contemporary approach is that in the contemporary approach, there is an "ongoing process of organizational learning continuously updates and challenges" the culture and standards of the company (Picken and Dess 1997). The classical perspective still lives today.

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performance is measured against the predetermined goals (Figure 1. 3) (1997). Control is based on a feedback loop from the results.

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Managing Workforce Diversity

Diversity is another aspect which managers in companies like GM must take a closer look. Diversity of age, for one, is having an influence in organizations. This is predominantly true of the most rapidly growing segment of California's work force: employees of various ages working in the company. The rapid promotion of young technical experts in jobs has increased (Digh 1999).

Diversity of various groups has likewise grown. When before, women had fewer promotion opportunities than men, now, this has been proven false. The number of women holds important position in the company has tremendously increased (Digh 1999). This is also the case now with General Motors as the company is not only an exclusive company for men but employs women in its workforce as well.

By placing importance to diversity, companies can adjust to these changes in a way that can make the best benefit for the company. The managers must manage it effectively. If managers want their employees work together effectively in teams, they have to understand and respect one another. It is often said that variety is the spice of life thus we need all the talents we can get in coming to grips with the complexities of a global market place. If we

all look the same, and talk the same, and think the same, then we are just going to come up with one dimensional, humdrum answers. Today, it is also a key ingredient for business success (Digh 1999).

However, in the past few years, downsizing and restructuring have had a substantial effect on American organizations like GM which led to a massive lay-off of its employees. The consequence of these events has been decreased morale and the loyalty in the employees.

Organizational Structure

Organizational behavior is also concerned with employee job satisfaction, which is an attitude. There are three reasons why managers should be concerned with their employees' job satisfaction. First, there is a link between satisfaction and productivity. Second, satisfaction appears to be negatively related to absenteeism and turnover. Third managers have a humanistic responsibility to provide their employees with jobs that are challenging and rewarding (Daniels 1994).

Through the introduction of the assemble line of Henry Ford's Model T, problems arose of how to organize the factory as efficient and effective as possible. The classical perspective first emerged in the nineteenth century and early twentieth century. Much of the classical writers had backgrounds in military settings, mining operations, and factories. Such classical writers are Henri Fayol, General Motors executive James D. Mooney, and Lyndall Urwick. They all believed that managers should exercise control primarily by defining boundaries: telling people how to do their jobs and monitoring them with constant surveillance to guard against any surprises. In other words, the

classical view was the management method that advocated high specialization of labor, intensive coordination, and centralized decision making. This technique suggested less low-level workers and more substitutes such as machines. This will allow less monitoring and more control (Daft 1997).

Organizational Culture

Organizations are social groups or gatherings whose purpose is to accomplish a common goal. The goals of some organizations may be to raisemoneyfor themselves and the goals of other organizations may be to raise money for a non-profit foundation. It can be said that organizations vary in sizes, locations, and goals.

Managers are clearly concerned with the quantity and quality of the work their employees are performing. But absence and turnover are particularly cause for concern because of the adverse affect it may have on an employee's productivity. In terms of absence, it's hard for an employee to be productive if he or she isn't at work. High rates of employee turnover increase costs and tend to place less experienced people into jobs (Daniels 1994).

Each of GM's automotive divisions were once each targeted to specific market segments and, despite some shared components, each distinguished itself from its stablemates with unique styling and (to some extent) technology. The shared components and common corporate management created substantial economies of scale, while the distinctions between the divisions created an orderly upgrade path, with an entry-level buyer starting

out with a practical and economical Chevrolet and, (assuming progressive prosperity of the buyer), moving through offerings of the several divisions until the purchase of a Cadillac. The divisions were not competing with each other as much as passing along the same customer, who would thus always be buying a GM product, with the profits flowing to this single corporation.

Human Resource Policies and Practice

GM has a unique human resource policy and practice among other automakers in history. The following is taken from its Health and Safety Policy:

" We are committed to protecting the health and safety of each employee as the overriding priority of this Corporation. There will be no compromise of an individual's well being in anything we do. The implementation of actions to help our employees realize a healthy, injury-free environment is a leadership responsibility. Continuing support of this effort is the responsibility of everyone. We will lead the General Motors team to ensure that we protect the well being of every member."

Joint programs with trade unions and employee training initiatives have helped GM become the auto industry leader in health and safety performance. GM has developed a risk-assessment methodology known as Safety 21 for use in designing machine safety features. The system — a joint effort among engineering and safety professionals, the UAW union, and GM employees — has dramatically improved machine safety and reduced risk to employees.

GM is currently instituting a global health and safety management system structured around the ISO 9000-2000 Quality Management System. It hopes to manage programs and procedures including: GM Global Best Health & Safety Practices, ergonomics, safety through design, contractor safety, skilled trades safety, employee well-being, employee assistance programs, industrial hygiene evaluation, and due diligence surveys.

GM belongs to many health and safety industry and business associations. Such partnerships have symbiotic benefits: The company learns by leveling itself against other organizations and in turn shares its best practices.

GM is proud of its compensation policies and practices around the globe. Jobs at GM facilities are highly sought wherever the company operates.

In the United States, local unions represent many GM employees. In these cases, wages and benefits are negotiated with the local unions. However, unions do not represent all GM locations, so in these locations wages and benefits do not need to be negotiated locally.

Compensation and benefit practices vary widely around the world, according to local customs, competitive markets, and local regulations. GM's market-based compensation meets or exceeds all legal requirements. Health care is provided to all employees, in accordance with local laws, customs, and practices.

With the ever-increasing cost of health care, U. S. companies are facing a crisis. GM is said to be the largest private purchaser of health care in the U. S. In 2002 alone, the company spent at least \$4. 5 billion on health care

benefits for its 1.2 million employees, retirees and their dependents — fully 0.4 percent of the U. S. population. On a per-member basis, its cash cost in 2002 was more than \$3,800. In other words, about \$1,200 of each vehicle sold in 2002 was earmarked for health care. In 2001, the per-member figure was \$3,500.

GM's philosophy on benefits is to provide them whenever it is customary to do so. While in many countries it is customary to provide pensions, in some countries where GM has operations, e. g., Poland, Colombia and Hungary, it is not. Therefore, GM may not provide such a benefit in those countries.

Labor issues, such as wages, benefits, hours, and working conditions within GM's European operations respect European Union and national legislation and are managed through the collective bargaining process where applicable. Internal employee representation systems are established in all countries in which GM operates.

GM is committed to creating a diverse and inclusive workplace. In addition to GM's commitment to comply with state and federal laws protecting individual civil rights, the company has a widely distributed written policy on equal employment opportunity and harassment. Harassment based on age, race, color, sex, religion, national origin, disability, sexual orientation or gender identity/expression is a violation of this policy. Harassment should be understood to mean a single incident or a pattern of behavior where the purpose, or the effect, is to create a hostile, offensive, or intimidating workplace environment.

Organizational Change

Key aspects of the organization must be looked upon closely as it undergoes a major transformation. The competitive environment is tougher than ever, but the company has the opportunity to maintain its position through improved products, processes, technologies and managerial positioning and decision-making.

General Motors had a history of bold strategies in a wide variety of areas, including the creation of Saturn, the development of global operations and the formation of strategic alliances with Fiat, SAIC and Daewoo. Non-market strategies included pursuing government financial assistance, coping with new environmental regulations, and agreeing to very expensive health care and pension schemes.

Meanwhile, GM had failed to create strategies to compete effectively with foreign automakers. By 2005, many of GM's strategic decisions seemed to have been inappropriate. Some that were undertaken for short-term gain had disastrous long-term consequences, and GM performed poorly compared with other global automakers. Many strategies had seemed disconnected, lacking an overall vision or purpose. While students may discuss each strategic decision and understand why GM acted as it did, nevertheless, students can see that the compendium of strategic decisions had moved GM into a serious crisis.

In 2005-2006, GM introduced several new strategies. Whether these strategies could achieve sustainable profitability, or whether they would also bring undesirable consequences, was a subject of importance to employees, shareholders, and governments throughout the world.

GM promoted sales through an employee discount to all buyers. Marketed as the lowest possible price, GM cleared an inventory buildup of 2005 models to make way for its 2006 lineup. While the promotion was a temporary shot in the arm for sales, it did not help the company's bottom line. Thus, GM has begun a renewed emphasis on product features in its ads, not just price.

Although General Motors is certainly undergoing a significant transformation as it works to become a more competitive company, there are still several things that it could be doing that, well, may not have occurred to the company's management.

Diversity has its roots in the 1960s -- a period of massive transition in which minorities and other groups made significant advances in their respective in the workplace.

With both local and global competition growing rapidly, there has been a strong emphasis on products and services with higher quality. Customers' needs and wants before, during and after a sale are the emphasis today and to identify how to fit this into the organization is a key issue. Total Quality Management has been the answer to achieve these goals for many companies. TQM is a structured system in which an organization attempts to achieve continuous improvement in quality of its products and services.

Involvement and commitment are two things that are required of employees. This usually means that management has to allow employees to make some decisions that used to have to concern managers. Teamwork is another key element for quality and speed. It is absolutely necessary for not only

individuals but also groups to work together to meet customer expectations (" Organizations Strive For Dream Team Success" 1998).

Organizational behavior becomes interesting when people willing to understand and address the behavior of organization. It is important to understand the people working in an organization like General Motors. As we come from diverse cultures and upbringing, we each act differently, as already mentioned above. Thus it is only understood that we perform differently from others. But as we work in one organization, it is necessary to understand and patten our behavior within the means of the company we are working for.

As a final note, it must be understood that there are a variety of factors that affect both the success or the downfall of a company. But at the end of the day, what is important are the people who are considered as the backbone of every company or organization. Managers must see to it that these employees are well taken care of in terms of wages and other benefits. What will continuously motivate employees are these lasting benefits and the good relationship between the managers and the employees.

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