

Too much delegation in nissan

[Business](#), [Corporate Governance](#)



Good communication skills can help a manager successfully delegate responsibility to subordinates. It is a good thing that spreads the workload, rewards subordinates with decision making power, develops subordinates capabilities and allows decisions to be made. By practicing the delegation process, an organization can achieve their set of goals. Nissan, a renowned Japanese automaker, is the best example of practicing delegation. From the case study "Too much delegation at Nissan", we have got some findings that show how Carlos Ghosn, CEO of Nissan, did apply to get success by practicing delegation.

Question 1: What are some advantages that Carlos Ghosn can expect to obtain from retaining decision-making authority at the CEO level? What are some potential pitfalls that he must be aware of? Answer : Carlos Ghosn, CEO of Nissan, joined in 1999. Nissan, a Japanese automaker's vehicle that is 44% owned by the second largest car company in Japan, namely Renault. Before joining Carlos, Nissan was near bankruptcy. They had unappealing models, low market share and declining profitability. At this crucial moment, Carlos took responsibility in Nissan to save it from sinking.

Skilled Carlos thought "what people think about him and which approach should apply?". He did not apply a traditional approach even though he did not convince the people. Ghosn laid off employees who acted as advisors but had no operational authority. He consulted his subordinates, then made decisions on his own. He hired top designers from rival firms and gave them authority over new product development, resulting in a slew of innovative, award-winning designs such as the Xterra and the updated stylish new Altima.

As a CEO, Carlos can expect to obtain from his subordinates- To get more work following a team based work - To help him burden by doing major portion of the organizations work. - Designer will do provide high range car design. - To solve any existing problem and innovate of new idea. - Subordinates will operate and monitor all about operational activities. As Carlos, got all type of supported from his subordinates, He did able to revive new model. Although he had aware of some pit falls. - Actually, he did follow boldness and risky approach where as all other Nissan Manager followed Caution and slowness.

As cost cutting approach had lead to success all other divisions of Renault, Carlos did reduces expenses. - And most important his hidden inspiration. He inspired the designer hired from china for their special design. Upon his successful guide and delegation, Nissan profits and sales are up substantially. With eight new models in 2003 and four more in 2004. Nissan has the potential to surpass Toyota currently number one automaker in Japan and the innovation is continue. Question 2: Give at least three example of decisions that can be most effectively made with a decentralized process.

Give at least three examples of decisions that can be most effectively made with a decentralized process. Do not use example from the case above. Explain your choices. Answer : Decentralization and its example: Decentralization refers that, decision making is not only restricted to top management. Decision are also made by lower level employees because they are more towards the action of performance. They can quickly solve the problem and more people are involved in giving decision. Decentralization

make employees feel that organization is trusting on them and giving right to make decision.

Example 1: As the company X is suffering from loss for two years, the employee concluded that as the company is closed for 5 to 6 days per month in a year due to strikes in country, productivity is low. So to achieve the productivity, employee will do over time. Example 2: Franchise company like KFC, control most product development and marketing strategy at the top, but they give franchise owners a great deal of independence in running their individual stores. Franchise owners make staffing decisions, decisions on hours of operation and compensation decisions completely on their own.

Example 3: Sainsbury`s, the second largest retail shop in across the UK, the CEO Justin King have given their store manager considerably more discretion on what merchandise to stock in their store. Today in modern world, most organization is following decentralization. It makes organization more flexible and responsive. Centralization and its example: Centralization refers that decision making in the organization can be done by only top management. It is the formal authority that top management will give decisions which will be followed by everyone without any changes.

When only top managers take decision without any option of lower level employees, the organization is centralized. In simple word, top manager has right to take decision without any view of lower level of manager is called centralization. Example 1: Top management of Company X decided that the medical facility of the employees will not be provided for six month because the company is suffering from loss for two years. Example 2: A manager of a

trucking company makes all operational decisions, sending information to the individual drivers through dispatches.

Example 3: The central bank of Bangladesh monitoring and evaluating all other govt. owned bank and private bank in Bangladesh. They published rules and regulation for other bank and every bank followed this rules. Those decision are taken by only top management without any recommendation of lower level employee. Question 3: Japanese management system depends on high specialization. Dose a high level of specialization typically lead to decentralization? Why or Why not?

Answer: The Japanese management system depends on high specialization and this lead to decentralization. We know that, specialization typically related with decentralization. Specialization is the degree to which the overall task of the organization is broken down and divided into smaller component part where as the decentralization is the process of systematically delegating power and authority through the organization to middle and lower level organization.

That means, when specialization follow its every steps like rotation, enrichment, enlargement etc. every employees got some power to achieve the selected target i. e. some systematic delegation has been practiced . An example like Pin factory, improved its productivity using specialization. One man drew the wire, another straight tended, a third cut it and a fourth ground the point and so on and thus on ten man produces 48, 000 pin in a day, where as a man alone could produce 20 pin per days. Here, we see that the systematic delegation has been followed in every lower level employee

to do work independently as well as the employee did team work that completely reflected decentralization process.

From the case study we have known that, all most all business firms in Japan, are traditionally team based structure and a consensus approach to decision making which clearly reflected decentralization. The management system in Japan allows a lot of participation from employees at all levels. The management expertise understand the consumer, understand the people they are dealing with and they understand the government and they need in the market place. Based on need they hire high ranking manager who guide the employee as well as give them power to achieve target and they are getting success.

The above description of specialization and decentralization, it is clear that both are the same pattern and interrelated. For success in any business not only in Japan but in all across in the world it is essential to follow decentralization as well as specialization. I am strongly agree that high level of specialization lead to decentralization. ---- Question 1: What are some advantages that Carlos Ghosn can expect to obtain from retaining decision-making authority at the CEO level? What are some potential pitfalls that he must be aware of? Answer :

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Decentralization: Decentralization is the process of systematically retaining power and authority throughout the organization to middle and lower level manager. They can quickly solve the problem and more people are involved in giving decision. Decentralization make employees feel that organization is trusting on them and giving right to make decision. Example 1. As the company X is suffering from loss for two years, the employee concluded that

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So to achieve the productivity, employee will do over time. 2. Franchise company like Pizza Hut, control most product development and marketing strategy at the top, but they give franchise owners a great deal of independence in running their individual stores. Franchise owners make staffing decisions, decisions on hours of operation and compensation decisions completely on their own. 3. Wal-Mart the largest retail shop in across the USA, The higher authority have given their store manager considerably more discretion on what merchandise to stock in their store.

Centralization: Centralization is the process of systematically retaining power and authority in the hand of higher level manager. When only top managers take decision without any option of lower level employees, the organization is centralized. In simple word, top manager has right to take decision without any view of lower level of manager is called centralization. Example 1. Top management of Company X decided that the medical facility of the employees will not be provided for six month because the company is suffering from loss for two years. 2.

A manager of a trucking company makes all operational decisions, sending information to the individual drivers through dispatches. 3. The central bank of Bangladesh monitoring and evaluating all other govt. owned bank and private bank in Bangladesh. They published rules and regulation for other bank and every bank followed this rules. Question 3: Japanese management system depends on high specialization. Does a high level of specialization typically lead to decentralization? Why or Why not? Answer : The Japanese

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