

Caterpillar's organizational structure and culture

[Business](#), [Management](#)



Caterpillars Organizational Structure and Culture Caterpillars Organizational Structure and Culture The regular monitoring of organizational performance is necessary in order to identify early any potential weaknesses or failures in regard to the organizational structure and culture. Stories like the one of Caterpillar are quite important in order to understand the factors that can influence the structure and culture of organizations worldwide. On the other hand, the effects of changes on organizational culture and structure are difficult to be estimated in advance. This issue can be understood if referring to the case of Caterpillar. In Caterpillar organizational structure has been developed so that communication and collaboration are promoted across the organization. For this reason, organizational environment has been divided into three sections: general environment, task environment and internal environment. The first of them refers to factors that are likely to impact the organization as a market's unit, as for instance technological and socio-cultural factors. Task environment refers to factors influencing the organization's daily operations; customers and suppliers are factors of such type. As for the organization's internal environment, this refers to factors, which are related to the organization's internal boundaries, meaning factors such as employees and culture (Caterpillar, case study). Changing organizational structure can be a challenging task mostly because all parts of organizational structure need to be transformed. If a change successfully occurs, this fact can be made known to the management in the following way: no problems appear in the organization's daily operations, especially in regard to the areas where change was promoted.

The organizational culture can include a series of elements, such as symbols,

ceremonies and stories; in Caterpillar, the above elements have been set as value hallmarks (Caterpillar, case study). Moreover, organizational culture can set the rules on which organization's plans are based; reference is made particularly to the plans that regulate employee relations across the organization. In Caterpillar, organizational culture also refers to understandings, beliefs and norms; the above elements are characterized as shared values and define the cultural framework of Caterpillar (Caterpillar, case study). In accordance with the case study, adaptability and involvement are key characteristics of Caterpillar's culture, ensuring flexibility and employee participation in organizational plans. In Caterpillar corporate culture is of critical value; teaching the culture but also giving the example are highlighted as key ways of promoting culture in Caterpillar (Caterpillar, case study).

Changing the organizational culture can be difficult; however, in Caterpillar where adaptability culture is highly promoted, the potentials of the management team to promote changes on the organization's culture are important. Under certain terms, the opposition between the organization's culture and the culture of foreign countries, where a firm operates, can be difficult to be handled. For instance, in the case study reference is made to the case of China where the government monitors closely the development of national economy (Caterpillar, case study). The differences between the local culture and the culture of the foreign firm, attempting to enter China, are usually the key barriers in the development of foreign businesses in China. If a permanent change in regard to the firm's culture is established successfully, the firm's management team could be informed by checking

two different elements: the performance of the organization both locally and globally and the quality of communication/ collaboration across the organization.

Timothy Elder, Caterpillar's Director of Public Affairs provides the organization's cultural leadership (Caterpillar, case study). He has managed to promote the firm's values in the organization's units worldwide in the following way: a handbook including the firm's values has been developed; this handbook, named as Cultural Manifesto, has been translated in 11, most basic languages, and was given to every employee of the organization worldwide (Caterpillar, case study). In this way, it was ensured that all firm's employees would become aware of the organization's culture and beliefs, a fact that would significantly help the organizational performance, either in the short or the long term.

References

Caterpillar, case study. Available at
http://youtu.be/21vNx_R7hoU