Management styles at ford and nissan

In this assignment I have highlighted different management styles of Automobile industries by considering their motivational and organizational Theory of management. I have explained some social factors and also the Impact of technology on management and leadership behavior.

The first part of the assignment discuss the introduction of both companies . i. e. Ford and Nissan, their management behavior and impact of such behavior on business performance. Than motivational theories how it changes the behavior of company and last impact of technology on the performance, structure and layout of the companies.

INTRODUCTION

In today's competitive market managers have to perform various roles in the organization. Their handling of different situation depends on their management styles. In the motivational theory the top leadership and the executive management understands the active needs active for employee's motivation and give the purpose for being motivated. Organizational theory, for a successful organization, focus on the establishment of coordination that how management and employees by strengthening themselves can achieve the common organizational goals

PURPOSE OF ASSIGNMENT

Everything is done for some definite motive; here we are making our assignment for a definite purpose. The completion and submission of this assignment is an integral part of Advance Diploma in Business Management from London Essex College.

Through assignment students will familiarize with management practices and behavior role that they have to play during their professional careers The students not only acclimatize themselves to the corporate environment but also learn to assume responsibility, co-operation and teamwork the hallmarks of modern management and the most important we have to pass our module as well.

APPROACH

As for as approach is concerned here we applied the management thoughts and theories of our respective companies. We applied different academic models, academic research, class room notes, our personal experience, industry publication, means both primary and secondary research on automobile industry as s well as review and analysis of it.

INTRODUCTION OF FORD AND NISSAN MOTORS

FORD MOTOR

The Ford Motor Company is an American multinational corporation based in Dearborn, Michigan, a suburb of Detroit. It is the third largest automaker based on worldwide vehicle sale in US after General Motors and Toyota. The automaker was founded by Henry Ford and incorporated on June 16, 1903. In addition to the Ford, Lincoln, and Mercury brands, Ford also owns a small stake in Mazda in Japan and Aston Martin in the UK. Ford's former UK subsidiaries Jaguar and Land Rover were sold to Tata Motors of India in March 2008. In 2010 Ford sold Volvo to Geely Automobile. Ford will discontinue the Mercury brand at the end of 2010.

Ford introduced methods for large-scale manufacturing of cars and large-scale management of an industrial workforce using elaborately engineered manufacturing sequences typified by moving assembly lines. Henry Ford's methods came to be known around the world as Fordism by 1914, he is also father of modern assembly line used in mass production

NISSAN

Nissan is a Japanese Car Company whose trade mark is Datsun. The head offices are in Japan. Nissan was used to be Japan's second-Largest car company. It is an automotive, financial services and engineering industry. It produced automobile, out board motors and forklift trucks. About 176, 000 employees are working at Nissan. In 1986, Nissan become the first Japanese automobile company which set the production plant in Europe at Sunderland. It is important to know the company's management philosophy, values, vision, goals, and social environment. The culture depicts the type of leadership . communication and groups dynamics within the organisatiion.

Impact of Management Behavior and Organizational Culture of Ford

Under the new management of Alan Mulally CEO of Ford motor company enhance overall company's performance . His management can be summed up in these points:

Learn what's going on and how things work.

Set goals based on good information.

Communicate these goals to everyone involved.

Create a process for communicating progress and results.

Successful leadership hinges on such crucial skills as communication, collaboration and judgment. The CEO Alan Mulally endorsed these skills in an extraordinarily high-pressure environment. He changed Ford's culture since he joined Ford and has fostered cooperation among divisions and regions that used to compete with each other for resources. He's also modeled transparency, meeting regularly with employees and instituting a dashboard system that makes key metrics about sales and market share more visible and precise to the organization.

Ford created a culture in which telling the truth, however painful it may be, gets rewarded. Every week Ford review their Business Plan with the higher management just top gather report on how well Ford meeting their targets and organisation goal.

Impact on Business

In 2010, Ford forecast a 2010 operating profit and posted $2. 7 billion in net income for last year Ford recovered the benefits , after three annual losses – the full-year profit was Ford first after 2006.

More importantly, Ford gained U. S. market share for the first year since 1995, with new models such as the revamped Taurus. The likes of GM and Chrysler, meanwhile, reorganized with federal aid. Ford's profit and cash from operations have been improving with better pricing and cost savings.

6- MANAGEMENT APPROACH OF FORD MOTOR COMPANY

Ford Motor Company requires all its employees to be an expert , which encourages specialization. Thus, Ford is a functional organization. Each employee reports to a functional manager. At the same time, they understand the importance of a focus on the final product. As a result, a matrix organization is created where each employee also reports to a chief engineer who represents the interests of the customer. Meetings are conducted every two days to coordinate the relations between chief engineers and functional managers. Ford's structure also has other formal mechanisms facilitating communication among functions, such as module development teams, which are cross-functional teams that bring together product and production engineers. Through this structure, Ford strikes a balance between being highly traditional and bureaucratic while at the same time agile and innovative.

Ford culture and structure constantly emphasis on learning and continuous improvement . All employees from different levels are expected to analyse the actual and standard performance and if there is any problem there, than understand the cause of all problems. A theoretical framework is made in respect with cause and effect relationship, means what factors causes that problems, how this problem can be solved, when this problem will solved and how long it take to solve that problem.

Without such understanding, they believe, improvements are not likely. Their culture emphasizes rethinking of how things are done, and sayings such as " never be satisfied" and " there's gotta be a better way" are part of their

daily life. For example, if a car comes down the assembly line with a defect, fixing the defect is not the priority. Instead, the emphasis is on understanding the cause of the defect so it is not repeated.

In addition to facilitating learning at the individual and team levels, they take steps to make sure that what is learned is shared with the rest of the organization. This is achieved by putting implied knowledge into writing. Traditionally management structure was vertical where chain of command and ultimate decisions made by top management.

Ford Company started the mass production with automotive tools in late1920 with standard products, special purpose machine, and standards task and efficient division of labour. The moving assembly line is the symbol of Fordism at Ford Company.

Motivation techniques at Ford Motor Company

New management of in 2006, turnaround plan that called for closing plants, cutting jobs and dropping some of its models. The said management removed obstacles, put new managers in place and forced feuding parts of the company to work together. Moreover the new management introduced cards printed out for every employee exhorting people to work together and accelerate development of new products –

Ford Motor Company uses a Positive Reinforcement Technique i. e. the ford employees are rewarded for the favorable behavior they perform according to the wishes of their manager.

Impact of Management Behavior and Organizational Culture of NISSAN

Nissan Company is very clear about its goals and objectives. The management of company does not believe on traditional but have their own knowledge and expertise and powerful flow of information that runs through divisions of business areas. Their strategy is simple, inspire effective performance and create value for the customers. The management regards individual vision, employee performance, commit action plans and same management practices are entrenched at every level of company.

Workforce diversity is also important element, when people from different regions, cultures worked together definitely they share different thoughts but on the other way often healthy conflicts also aroused but the efficient management practice resolved that conflicts, results in operation within Nissan making the process active and direct so diverse workforce brings solutions and leads company towards new direction.

Employees of Nissan share their thoughts and relationship with the employees based on mutual respect and trust. A new communication channel helps the employees to express the ideas in more effective manner. This is to somewhat the true culture of any progress company.

Management Approach of Nissan

Management approach of company is very good, employees are treated like the assets of the company, good friendly environment, and worker participation in decision making is the proof of that company is also practicing the impact of different management theories like Hawthorne

studies where workers productivity tends upon human behavior. There is equal employment opportunity, workforce diversity, Global code of conduct within the organization,

ANALYSIS OF FORD & NISSAN STRUCTURE

Company's Structure

Company structure arrange people and job so that work can be performed for the success of any company as many writers pointed about the importance of organization structure and its relationship with company strategy, technology, environment and culture.

Burns and Stalker (1961) concluded that if an organization is to achieve maximum performance than its structure must fit with or match the rate of change in its environments. Handy (1990-1993) has discussed the importance of culture in relation to organization design and structure.

Organization's structure of Nissan

Nissan Company has announced to introduce new organizational structure to guide Nissan.

Employees and the top management understand the company structure and express their opinions easily.

Traditional car company (FORD) has traditional hierarchical organizational structure that means each employee's role within the organization and relationship of employees. Traditional company has narrow spans of control most important decision will be made by senior management. In the 20th

century, company grows bigger and they have command and control of the organization due to the globalization and technology.

Advantages of hierarchical structures

All employees' authority and responsibility will be defined.

Specific managers and hierarchical environment motivate effectively.

Employees will be loyal.

Disadvantages of Hierarchical structures

Company will be bureaucratic and respond slowly to changing customer needs.

Horizontal communication will be poor.

Usually departments make decisions so business decision will be slowly implemented.

Company's culture of both organizations

Culture is the sum of the beliefs and values that shape norms of behaviour and dictate the ways things get done. There are several continuums that help define an organization's culture. Is the organization driven by results and achievement, or relationships and people? Does the organization have an internal focus, or an external focus? Is the organization adaptive and flexible, or is it structured and stable?[1]

Role of organizational culture plays in safety issues. It leads to innovation and strategic thinking. Leadership is also important cultures that every company can know that leadership affect culture. Leaders change or create

culture. Cultural leadership apparently has some features in the car

production companies where cultural leaders have multiple cultural leaders

of the same time.

All companies' performance shows acceptable trade. These are traditional

companies but they are growing business in the world.

Organisational theories in management behaviour
System theory

I have chosen system theory to explain two of these companies. It was

developed in 1950's and it was a biological system such as human being. It

is most simple level and takes inputs.

Basic Elements of a System

Inputs Organization or Outputs

Transformation system

Feedback
Boundaries and environment

Objectivities and goals

Organization as a system

Systems theory views an organization as a complex set of dynamically

intertwined and interconnected elements, including inputs, processes,

outputs, feedback loops, and the environment. Any change in one element

causes changes in other elements.[2]

System theory helps to learn the company. Such as

Maslow's hierarchy needs.

Creating doctrines of participation.

Modern including of technology.

Personal mastery.

Mental models.

Building shared vision.

Team learning.

Systems thinking

A modern company as like Nissan should have followings characteristics.

System view point

Dynamic process

Multi-motivated

Multi-disciplinary

Adaptive

Probabilistic

Descriptive

The systems approach views organization as a system composed of interconnected and thus mutually dependent – sub-systems. These sub-systems can have their own sub-sub-systems. A system can be perceived as composed of some components, functions and processes (Albrecht, 1983). Thus, the organization consists of the following three basic elements (Bakke, 1959):[3]

Motivation in practice at two car companies

Motivation is the most important factor which increases the performance and productivity of a company. Company implements many motivational activities such as rewards (salary, commission, and bonuses), treating the employees very well, taking an interest in the employee's personal life, giving a chance to everyone at the company, building and teaching new skills and making the work interesting.

Motivated workforce in Nissan is the greatest asset of the company; actually the performance of company reflects the attitudes, beliefs and passion of employees toward work. Company is motivating the employees but different ways both intrinsically and extrinsically. Promotion and empowerment are few examples, when people are empowered, their belongingness with company increased, result in increased in the productivity.

Promotion is based on performance based not on seniority based system but in fact on performance based as well as there is compensation system for excellent performance of employees, this is good practice of corporate gurus of company

MOTIVATIONAL THEORIES

Research shows how we can motivate employees in a company. Many motivational theories and models could be employed to help to motivate the staff at any companies. Highly motivated people will give good results will in turn help to achieve the organization desire goals. Motivating staff in the car manufacturing industry is most important factor of running a business.

Abraham Maslow developed a motivation theory of human needs in 1954. He mentioned that humans have a different variety of needs. Firstly, humans satisfy their basic needs then try to satisfy their other needs. A company should consider the needs of all its employees.

Maslow noted five basic needs and ordered them in a hierarchy from higher to lower.

Self Actualization Needs

Esteem Needs Achievement Challenging Job

Belongingness Needs Status Job Title

Security Needs Friendship Friends in Group

Physiological Needs Stability Pension Plan

Sustenance Basic Salary

Maslow Need Hierarchy

One research study by James R. Lindner at Ohio University shows that factors which influence the motivation of employees at a company. These findings are interesting; work and good pay are influencing factors on employees at

work. Further influential reward systems include job enlargement, job enrichment, promotions, internal and external stipends, monetary and non monetary compensation. These should all be considered as they have been shown to motivate employees at work.[4]It means that an employee's behavior will change as their needs are satisfied. According to the Maslow theory, an organization should design their system to motivate its people; pay will help to satisfy the basic need.[5]

By applying the Taylor approach of scientific management we can apply the abovementioned theory, effective hiring, training, and compensation incentives, work achievements fulfilled the needs of workers. American Ford company used this technique in assembly line of production for more production and efficient utilization of resources. When worker are provided good working conditions, fresh air, than their basic need is fulfilled, but they can't be motivated until provided by security need and later on when their primary needs are fulfilled than they shift to other needs.

In contrast with company . i. e. is also fulfilling the above mentioned theory as for as concern of employees. it is fulfilling their basic need by offering handsome salary packages', based on performance when appraisal is made employee moves to next stage.

The X and Y theory was developed by Douglas McGregor in 1960. Theory X suggests that managers want to direct and control their employees. It argues that employees don't like work, so managers or supervisors should punish them for this. On the other hand, according to theory Y, employees are self

motivated, like to do their work and wish to achieve the organization's goals. [6]

These are some ideas to motivate people at two companies. (Nissan and Ford)

Motivating through work design

Motivating through participation

Motivating through targets

If these two companies do not motivate its employees, commonly, some problems will occur.

Absenteeism

Wasting time

Gossip

Bucking of the system

Challenging of policy

Bureaucracy.

Recruitment and selection report of company is analyzed that how can it maintain and carried out the staff. Some factors are including recruiting the followings factors;

The business growth

Filling the vacancies by resignation or termination and retirement.

Internal promotion

Analysis of Social Factors

As for as corporate social responsibilities both companies playing an important role in the society of UK. Nissan and Ford will invest £2 billion of worth investment in production and R& D of low carbon and electric car across the England and Wales. The motive of Nissan is environmental friendly and enriching people life.

When the company analyses the social factors, we should consider the followings factors. In management behavior, Social factors also influence such as the groups to which the team be longs and social status. In a group or team, several persons interact to influence the decisions. Ford and Nissan companies should consider the social factors.

PESTEL analysis will explain the social factors to make the decisions.

They are:

Sales are relationship driven

Customer expectations

Relationship management is industry demand.

Life time customers

Customers want solution to the problems.

Global /multinational company.

Cultural mind set

Developing countries are different levels.

Different levels of service.

If Ford and Nissan implement the socialization (Group and team) very well, they will get following possible outcomes, such as

Job satisfaction

Role clarity

High work motivation

Understanding of culture and perceived control

High job involvement

Committed to organization

Tenure

High performance

Internationalized values.

Actions will be made to encourage ethical and social behavior.

Be realistic in setting values and goals regarding employee relationships

Encourage input from organization members regarding appropriate values and practices for implementing the culture

Opt for a " strong" culture that encourages and rewards diversity and principled dissent

Provide training on adopting and implementing the organization's values[7]

Impact of Technology on management behavior and work force

Many of the impacts of Information Technology are straightforward. But they are not necessarily obvious, nor are they trivial" (Jack Nilles, Centre for Future Research)[8]

IT impacts on Ford and Nissan companies ' performance and productivity. IT provides organizational and financial benefits for companies. It is changing to business landscape. All companies ' cultures and business strategies use IT.

Business strategy – collapsing time and distance, enabling electronic commerce.

Organization Culture – encouraging the free flow of information.

Organization Structures – making networking and virtual corporations a reality

Management Processes – providing support for complex decision making processes.

Work – dramatically changing the nature of professional and now managerial work.

The workplace – allowing work from home and on the move, as in telework .

[9]

With the technological development UK car industry is one the leading car industry as Ford, producing a third of its global engine requirement at two UK locations and Nissan's Sunderland plant, which is set to be a European hub for battery and electric vehicle production.

The combination of investment in British brands and investment in the country's personnel and plants by foreign companies also brings significant benefits to the full breadth of the UK automotive industry

KEY ISSUES

The key issue of Nissan is to build the corporate image and foundation in highly competitive environment and is assuming earthquake (EQ) as the most critical catastrophe. While continuous innovation, customers expectations, changing mix, management of diverse workforce are key issues of Ford Company

Some of the key issues are as follows.

Global production and competition.

Consumers spending patterns

Emerging Markets

Health Care and environmental issues.

Foreign Exchange rates

Conclusion

The management styles can be different in different organization but these management styles should bring great achievement of the organizational goals. By adapting right style of management and leadership in an organization the facilitation of working leadership between various entities of the organization is possible. Thus by comparing the overall management behavior and the structure of the organization for both Ford and Nissan I totally agree that Ford is better than Nissan in all ways. As for as UK car industry is concerned, it is very different as it perceived in 1970`s because majority of British brands are now owned by non British motors group of foreign investors, on the other hand, Aston Martin, more recently owned by Ford. Governmental policies are one the reason of decline in the decline of automobile industry in UK, so government should encourage domestic production and reduce the tariff and taxes.