

Organisational design and development

Business



Background Sony Corporation is a Japanese multinational company. Its headquarters are in Minato, Japan. The company was founded by Masaru Ibuka immediately after the Second World War in 1946. He started the company as an electronic shop in a building that was damaged during the war. The startup capital for the electronic shop was about \$500.

Akio Morita joined him a year later and together they founded Tokyo Tsushin Kogyo (TTK). This name would be later changed to Sony corporations. The company invented the Type-G which was the first Japanese tape recorder. The two co-founders were very committed to innovation and development of the company both in and out of Japan. They were also committed in competing with other firms operating in other parts of the world. Ibuka went to the United States in the early 1950s and got information about the discovery of the transistor by Bell Labs' company.

He became attracted to the new technology and convinced Bell Labs' to license the new technology with Tokyo Tsushin Kogyo Company. The technology was to be used for communication (Gershon and Kanayama, 2002). TTK invented the maiden commercial transistor radios. The TTK's TR-63 pocket radio was the smallest. The radio became very popular throughout the world and especially in the United States.

The radio had the name Sony on it and soon after its introduction; the name became more popular than the name of the company. The name Sony had been derived from a Latin word "Sonus" (sound). In January 1958, the company decided to adopt the name Sony. The main reason for changing the name was to give the company an international appeal. This resulted from a

widespread perception that Japanese manufactured goods were of poor quality.

The name allowed the company to compete with other firms making similar products throughout the world. Akia Morati was also able to deal with the pressure of expansion to other parts of the world since he had skills and knowledge on international markets. The company-targeted markets that he thought were ideal to its development. He targeted markets where he perceived their products would be accepted (Morati 1986). Akio Morita took over as the CEO of the company from Masaru Ibuka in 1971. The company ventured in to the insurance industry in the year 1979.

In the 1980s, the company experienced dropped electronic sales as a result of the prevailing global recession. The company was forced to drop the sales of its products which resulted in to a decline in the net profits. During this period, Norio Ohga who had joined the company as an employee took over the leadership of the company. Under his reign, he encouraged the Compact Disc development and the play station. He also purchased CBS Records and the Columbia pictures in 1988 and 1989 respectively.

This increased the presence of Sony in the media industry significantly. Ohga became the CEO of the company in 1989. Several factors have played a major role in the strategic direction of the organization Sony. Some aiding in its growth while others have presented challenges for the company which has used them to learn. Among the factors are: The Organization's Life cycle Sony has gone through various growth stages with some occurring rapidly

while others delayed. In the mid 1950's, the company was at the Entrepreneurial stage.

Normally, this stage is marked by lack of adequate capital and the need for effective leadership. At this stage, Sony by then 'Totsuken' struggled with the little capital of \$500 to run their operations. The two founders, Ibuka and Morita, who had previous experience on electronics and related fields, provided the much needed leadership at this stage. The visionary view and the need to invent something new by Morita saw Sony grow enormously at this stage. He travelled to U.

S. A to search for new markets as well as improve the quality of the tape recorders while reducing the manufacturing cost. This leadership ensured that Sony successfully survive this crucial stage with its business focus on consumer electronics (Daft 2007). Collectivity stage comes after the organization has taken off and the business is well running and expansion has been realized. At this stage the initial management methods needs to change as the top leadership is on pressure to delegate some activities to lower management. This is as a result of business growth and in Sony's case the expansion to international markets.

Sony had the advantage of operating more on a flat structural design where much of the decisions had been delegated to the engineers leaving only the major decisions to the top managers. Delegation encourages innovation while saving valuable time to the organization (Koontz, 2000). Formalization stage usually follows the collectivity stage in the organization's life cycle. This stage is characterized by the importance of policies and procedures in

the organization as well as great business expansion. It is as a result of much delegation where the company receives setbacks and thus need to still have control due to crisis as a result of the delegation.

It was perhaps one of the longest stages that Sony underwent after going global. The need to delegate the powers to overseas managers regarding their operations led to conflict and crisis. This was the case in the early 1990's when the Managers at the Columbia Pictures, a subsidiary of Sony Corporation, were given much autonomy thus leading to losses (Daft 2007). After formalization, an organization proceeds to the elaboration stage, where Sony currently thrives. It is a very competitive stage and calls for much innovation coupled with strategies to avoid decline.

At this stage the company has established itself as a brand name and is at its peak in operations. Sony is a household name and it has a majority share in the consumer electronic goods worldwide. The need to remain innovative and employ strategies that will compete with the other leading companies in the same field is paramount to Sony now than some years back (Daft, 2007) Organizational Culture Sony was established in Japan thus adapting the Japanese culture in its internal operations. The corporate culture also embedded the Japanese values and behaviors in to it. Initially, this worked against Sony as it could not compete well with the competitors especially in Japan.

This was because the Japanese products were deemed of low quality unlike the American products. This presented a major challenge to Sony. Over the years, Sony has been headed by Japanese Managers at the helm who always

tries to instill the culture of Japan to the organization subsidiaries. The presidents of organizations usually tends to influence the corporate culture the same organizations adopts (Bennis, 1996). This presents challenges as the close knit Japanese culture cannot be adopted worldwide. This is a common challenge to multinational companies who usually try to create a corporate culture based on the culture of the origin of the company.

These can be seen in the working hours of the employees with those at Japan working overtime without necessarily getting the overtime bonus unlike in the United States where time is adhered to very much. To overcome this challenge, Sony has its subsidiaries overseas led by a local management team basing on the host culture though with supervision from the headquarters to ensure the vision is not lost (Gershon and Kanayama, 2002).

Organizational Structure The Japanese culture is usually bureaucratic in nature with decisions being made at the top and much attention being paid on procedures (Ouchi 1981). However, Sony, unlike the other Japanese organizations, adopted a more flat divisional structure. It has different divisions known as its pillars which are; Electronics, Media (Music and film), Games, Internet and communication services and the Financial services.

This ensured easy flow of information and decision making. It also ensures a friendly culture as the top management is not viewed as out of reach by the employees thus motivating them (Singla 2008). This culture is illustrated in the organizational structure which has a decentralized management. **Market Control** Sony controls the market in consumer electronics. It has achieved this through innovation with the company being first in several products like walkman, audio CD player and the CD videogames. This has been enabled

<https://assignbuster.com/organisational-design-and-development/>

by investing adequately in the research and development activities where 4% of its annual sale has been directed (Sony 2000).

This ensures that product lines are well prepared for the future changes in demand and technology. Sony also set out to operate in four major geographic regions which it feels meets its qualities of a potential market. This way, the organization is able to serve these identified markets efficiently (Porter, 1985). Staying focused on the consumer electronics has also enabled the organization to succeed as a large chunk of its revenues are generated from these products. In order to survive in a competitive market, an organization has to plan for its future through a dedicated team of researchers.

The company's imperative is combining media content with the high speed internet to result in a superb integrated media. It plans on developing softwares and manufacturing hardware suitable for them as it believes that owning softwares is leverage to their core business. Organizational Strategy In Miles and Snow strategy typology, analyzer's marketing strategy strikes a balance between the prospector and the defender's strategies. It aims at minimizing the risk while maximizing the opportunities through capitalizing on the strengths of the prospector and the defender (Miles and Snow, 1978). Sony depicts the characters of an analyzer by holding on to the traditional consumer electronics and at the same time adopting new product lines like the video games which seems viable.

It also, after having settled on the Japan market set out to explore the American market which held potential in growth. The organization has after

carrying out research adopted other products and services like the entertainment and financial services in its market targets alongside its initial goal of consumer electronics. The Company Size Like any other multinational company, Sony started as a small enterprise that never planned of going global. At this time, the top managers who were the founders had direct role in the running of the enterprise as it was a small organization. However, as the organization have evolved, Sony have adopted a hybrid structure to manage its operations. This is seen in cases where it gives its manager autonomy on the day to running of the business. The corporate culture and operations are based on the host culture and not necessarily on the Japanese/ headquarter operations (Mehta 2009).

In its subsidiaries, Sony do not so much expect the operations to follow a hierarchy like it is in the case in Japan, it leaves it up to the management to implement the best management strategy though not losing sight of the overall organization goals, vision and mission. Managing dynamic processes at Sony Power is the ability of persuading people to what one intends them to do. It also involves the ability to have the people do it in the same way you wanted them to. According to Denton (2001), power results in to influence. Influence is the ability to persuade others or exercising of leadership or authority. When one individual or groups struggle for the influence or authority with another group or groups, it gives rise to politics.

Both power and politics can be used as positive or negative motivators in an organization (Bush, 2011). Sony like most other organization has power and political issues that needs to managed so that they can work for the benefit of the company. In the early years, power and politics played out between <https://assignbuster.com/organisational-design-and-development/>

Morita and Ibuka. While Morita wanted the company to cut losses by avoiding to engage in more inventions while Ibuka was adamant that innovation was inevitable. The staff members who Morita claimed that they took advantage of Ibuka's love for innovation supported Ibuka's pursuit of innovation. To avoid negative impacts of power and politics, Sony Company should embrace a leadership style that ensures individuals within the group feel part of the decision made.

The appointment of Howard Stringer evidenced some power and politics due to his cultural background. This could be avoided by putting embracing a participative leadership style. For Sony to get cooperation from all the stakeholders and for the leaders to manifest their powers to the benefit of the company, every individual should be shown how the growth of the company benefits them (Daft, 2010). They should be motivated towards achieving the organizational goals and not individual goals. This pulls the individuals together without letting personal goals affect their organizational goals and skills.

Transformational leadership brings about motivation through a shared vision. Sony should also focus on implementing a transformational leadership (Baton Bass, 2006). Decision-making Decision making is the identification of an alternative by a decision maker based on his/her preferences and values. For a decision to be made, one has to consider all the alternatives but choosing the one the suits your values and needs better (White, n. d).

Throughout the innovation and marketing processes as well as the recruiting process, Sony has many challenges regarding which decision to make. The

company has to always address the issue of when to launch a product, when to partner with another company or when to go it alone, who to hire for a certain position among other decisions. According to Harris (2012), any decision made has to be based on: Successes and effectiveness probability
The goals, values, lifestyle, culture and vision of the organization Resources available
For Sony to succeed in the process of decision-making, it should try to combine the Carnegie model of decision-making and Incremental process .
Sony has been involved in products discovery and solutions. Incremental decision-making process suits this type of companies better.

It involves three major steps: Identification phase Development phase Selection phase
In the identification phase, recognition of the various solutions is done while design and search are done in the development phase. The third phase aims at making an informed choice through bargaining, judging and authorization (Harris, 2012). The need for including the Carnegie model is to ensure that the political and social factors are factored in decision-making. Decision making at Sony should involve the several departmental heads within the organization. The Carnegie model suggest that the process of decision making should involve all managers since it is aimed at solving problems affecting them (Northouse, 2010).
Conflicts Conflicts within the organization can derail success.

Sony experiences Cultural conflicts with the organization as well as power politics. To address conflicts, all the parties to the conflict should be involved (Kotelnikov, 2012). According to Mullins (2007) The MBO (management by objectives) theory should be used to solve the conflict. According to the theory, employees are bound together by the goals of the organization.
<https://assignbuster.com/organisational-design-and-development/>

Ingram (n. d) says that the mediation process should focus on the organizational goals and not personal goals.

Conflict resolution should be aimed at getting permanent solutions by allowing people to accommodate their diverse personality for the sake of common organizational goals (Northouse, 2010).