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Organizational Change: Case Study of General Motors

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Abstract— The main purpose of this article was to elaborate and bring to light the core concept of the organization change, how it works, diverse factors which moves organization to change, steps for change, resistance for change, change forces, change management approaches and last an example of General Motor (GM) has given that how change was taken place in the organization and what was the strategies for change management. Recommendations and conclusion forms the last part of the paper.

Keywords - Organization change, Factors, Resistance, GM.

I. ORGANIZATIONAL CHANGE: A BRIEF INTRODUCTION

The business world to day is going very fast and new technology new methods of production and new taste of customers and new market trends as well as new strategies for best control of the organizations and motivation of employees are emerging and taking place from old to new methods, because the customers are the emperor of market and most of the company now spending billions of amount on research and development in the organization, by keeping in view all these things the managers and experts of the today businesses now compel to decide about the change management in the organizations, because business activities now are globalize, and every organization strive to sustained the loyal customers, trained the employees, introduce and adopt new methods of production and best control the activities of the organization, so from here the concept of change management or organization change starts. When the company feel that the activities which they are doing, the management, the way of administration, the use of technology, the human resource policies, the culture of the organization, the liking and disliking the contents and context of the organization by the employees, organization structure, group concept ,the product quality are continuously destroying the image and reputation of the organization the question arises that how will change the organization in present scenario, so when the expert specialist decides about all the situation and preparing for changing the organization it leads to the concept of

organizational change or change management[1] . In the word of coetsee he said that it is the ability of the management that how they can get maximum benefits and support form change which reduces resistant from the side of employees and encourage appreciate acceptance and support. The process of changing the activities of the organization as well as the implementation of the procedures and technologies to achieve the desire objective of the organization, in simple words to change the environment of the business organization and to achieve a high profit from that change, usually change management includes different aspects such as control change, adaptation change and effecting change. The final goal of the change management is the long term sustainability of the organization. organizational change simply means to change the activities of the organization concern it may includes to change the culture of the organization, technology, business process, change of employees, rules and procedures, recruitment and selection, design of jobs, method of appraisal, and human resource techniques, physical environment of the organization, methods of training and development, job skill and knowledge etc. when the change of the concern organization is fundamental it is called organization transformations. Change management means when all the needed actions are taken to improve the present situation for future to implement the change strategies to get the maximum advantages and also see that the objectives of the organization is achieving or not[2]

A. Factors Behind The Organization Change

As we have mentioned before that organization change occurs due to some factors that may be external or internal, such factors may also bring change in the activities of he organization and may also create problems to harder the change process, as every know that change creates resistance, and this resistance may creates huge problems, resistance to change is also from the old employees or middle level managers or people as they always appose to the change strategies due to their own way of thinking and perception regarding the change concept, this may be due to lake of knowledge about the situation or due to the self interest of the

old employees but what ever may be the reasons but it is fact that change always bring resistance, now it is up to mangers that how they reduce the intensity of the resistance and implement the whole change strategic business model in the organization. [3].

B. Change Forces

The following are the main forces which bring change in the organization. These are as under but it may depend on the organization environment and the context of the organization. Change in new government policies and legislation, Change and development in new materials, Social and culture value change, Change in national and global economic condition and trade policies and regulation, Technology development, Change in customer taste and requirements, Development and innovation in manufacturing process, New products and services design innovation, New ideas about the products that how to deliver customers value and satisfaction, Office and factory relocation closer to customers, suppliers, and market, nature of the workforce, technology , economic shocks, completion, social trends, and world politics[4].

C. Resistance to Change

Change creates resistance to change in every organization; it is the react response from the side of the old employees. When change strategies have implemented in the organization the employees quickly respond by voicing complaints, engaging in work slowdown, threatening to go on strike, etc. but care should be taken by the change management expert to overcome the resistance +

Major force for resistance to change: resistance to change forces categorize into two main heading, 1) individual sources and 2) organizational sources

1). *Individual Source Resistance To Change Includes The Following.*

Habit, security, selective information processing, economic factors, fear of the unknown.

2). *Organizational Sources for Resistance to Change Include the Following.*

Limited focus on change, organization structural inertia, threat to expertise, threat to established power relationship, group inertia, threat to established resource allocation.

3). *Overcoming to Resistance to Change.*

Overcoming to resistance to change means to use the tactics to reduce the intensity of the resistance to change, the change agents have the ability to use these tactics. are as under.

- a) Implementing change fairly.
- b) Selection people who accept change
- c) Education and communication

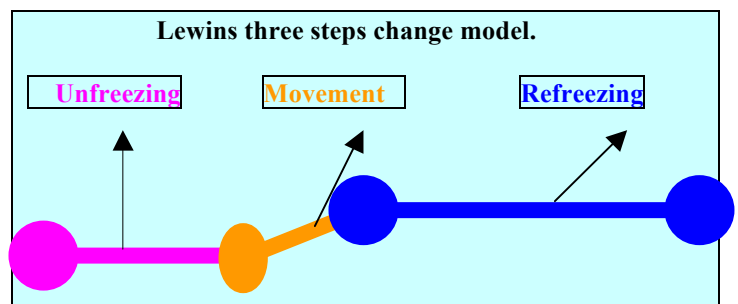
- d) Participation
- e) Building support and commitment
- f) Manipulation and cooptation

D. Organizational Change Managing Approaches

When change management taken place in the organization, now the question is how best one can manage change. There are four approaches to change management. Lewins classic three step model of change process, kotters eight step plan, action research, and organizational development.

According to the lewins model the organization must follow three steps for successful change management, which are.

Unfreezing: the status quo, changing to overcome the pressure of both individual resistance and group conformity. Movement; desire end state, a change process that transforms the organization from the status quo to a desired end state. And refreezing the new change to make it permanent, stabilizing a change intervention by balancing driving and restraining forces. [4]



(Source Stephen, 2005)

1). Kotters Eight Step Plan.

To more elaborate the lewins model kotters have develop eight steps which can be adopted to implement change. These are

- 1) Establish a sense of urgency that why a change is needed.
- 2) Form enough power to lead the change
- 3) Create a new vision to direct the change and strategies for achieving the vision
- 4) Vision communication in organization
- 5) Empower others to act on vision by removing barriers
- 6) Plan for, create short term reward to move the organization toward the new vision
- 7) Continues improvement and make necessary adjustment in new programs.
- 8) Reinforce the change by demonstrating the relationship between new behaviors.

(Source Stephen, 2005)

2) Action Research

Action research is also a change management approach in which systematically data collected and than change is taken according that data indication.

3) Organizational Development

Organizational development plays an important role in the change management no change be best implemented with out organizational development, it can be define as a collection of planned change interventions, built on humanistic democratic values, that seek to improve the organizational effectiveness and employees work performance and well being.[4]

4) Organizational Development Techniques

The change agent considers the following technique to bring organizational development. Sensitivity training, team building, process consultation, survey feed back, appreciative inquiry and inter group development. These are the important technique which should adopt by change specialist to bring effective development in the organization, because organizational development is vital for organizational change. [5]

5) Change Management at General Motor (Gm)

General motor established in 1908. that time the company was the sole carmaker dealer in the region, e.g. Michigan, first it was a holding Buick company, till 1920 it was becoming the world largest motor manufacturing company, the company got a tremendous success in time of Alfred salon, due to his leadership the company was producing new style and design car every year, and he had given such concept to the company. The other brand of the company is Chevrolet, Pontiac, Buick, and Cadillac. These were the different brand cars which were producing by company that time, and this way there were no other competitors to compete in the company different cars. But with emerging of the japans automakers the company felt threatened, specially the emerging of Toyota Japan, who with great extent disturbed the profitability of the GM, especially in the North American market. In 2001 the sale graph of the GM was in declined trend, because the Toyota had captured the market, this way the GM received loan form American government and Canadian government to support the company in that crises period. During 2009 the company had faced a bankruptcy and had closed several brand and sold out to china based company. Now the company again got his position in market by restructuring and making change in the company. Now the company is again operating business in the core brands in America such as Chevrolet, GMC, Buick, and Cadillac. [6]



II. REASON AND FORCES FOR CHANGE OF GM

In this section we will highlight the reason and forces behind the change in general motor

1) Forces For Change.

The following are the main forces which affected the general motor.

2) External Forces.

In external forces the GM which was greatly affected by the japans based company Toyota was the emerged competitors in that time, the north America is still the biggest market place for GM where the company sold out in recent year round about 2.9 million and the nearest competitor is Toyota and china based companies, these competitors with great extent disturbed the total profitability of the general motor, and the second external forces which the company faced a huge problem was financial crises which with great extent collapsed the cash flows of the company.

3) Internal Forces.

The another force for change to GM was the high wages cost to employees as the company was paying \$74 per hour as compared to Toyota \$44 per hour, because GM was an agreement with trade union. And the GM was compelled to run the plant with minimum 80% capacity whether it was needed or not, these things play an important role in the bankruptcy of the company.

A. Types of Changes

By keeping in view the above discussion the company ultimate decided to bring or make change in the company, so the company decided to bring changes on some areas of the business, these were included, **structural change, cost change, process change and cultural change**

B. Steps in the Change Management Process of General Motor.

While going on change management the GM, the company took some steps to adopt change these are the most recent change which the company had taken.

1) Cost Cutting.

The first steps which was taken by the GM is about cost cutting, the company has reduced its cost of some brands to maintain the profit level, such as the Saturn and hammer, by keeping the other company cost. Similarly the company also cut pay of employees which was the major problem to company. The company has achieved the target of cost cutting up to 15 billion in recent year.

2) Cultural Change

The general motor also changed the culture of the company, the GM removed its automotive product board, and automotive strategy up to 8 men board decision making team which were responsible to report directly to CEO. The main objective of such change is to speed up the day to day decision making process. The GM also changed the culture to improve the efficiency of the employees and make accountable and responsible one.

C. Problems to Change Process

In change management process the GM faced a variety of problems

1) Problems in Cultural Change

The cultural plan was based on top down approach, which ignored totally the involvement of the employees as compared to other companies, some suggested that the company has not down top approach, in which employees feel satisfaction, so this regard the company empowered the employees by introducing in tailoring the down top approach. Rather than merely telling to employees what they do.

2) Problem with Cost Cutting

As the cost cutting has an important place in the change management but it was faced great problem from the agreement of trade union, as the company was an agreement with not lowering the pay of the employees and maintain the capacity level.

D. Results of the Change Process

As we have discussed that the GM had adopted changed previously also but these changes are recently those changes which adopted by the company in the year 2009. The results of the changes are as under.

1) Result of Cost Cutting

The result of cost cutting of GM seems from its employment figure of 98 to 2009, it was reduced from 226000 to 101000 workers, and now the company is concentrating on sale rather than to further cut off, and also the company is deciding to reduce the worked force of the factory from 60000 to 40000. And it will certainly lead to cost saving to the company. [7]

2) Result of Cultural Change

The general motor had also achieved good result from cultural change, and the employees now becoming aware about the responsibility and accountability, as well as the company also empowered the employees to give better productivity.

E. Effectiveness of the Change Strategies

As we have discussed above that the general motor adopted two main strategies for change management, recently one was cost cutting strategy for change management and other was cultural change management strategy, the company adopted two other change strategies but these are the most recent, by developing such strategies the company has achieved its market shares in north America again, as the company was threatened by the emerging of competitors in the automakers industry but the company decided to bring changes and now the company again in better position and he again maintained the brand of core products, beside of these the company also achieved the cost benefits by implementing these change strategies in the company[8]

III. RECOMMENDATIONS

we have seen that how the GM has made changes in the company for smooth running the company and increased in sale volume and maintained market shares around the world but it is not enough changes which was brought by the general motor, the company needed more attention and adopt several others changes to cope with the situation and to maintain the position of the business and compete in the international market. The following are the some suggested recommendation for the general motor that it can pursue GM might be reached the turnaround goals and can increase in sale and market shares.

A. Production of the Right and Fuel Efficient Automobiles/Poor Product Lineup

As it was the criticism in the brand of the GM product or cars that these are not fuel inefficient automobiles. The company was in top sale in 1990 when the oil was at cheap price but when the price roused in the international market the company brand had lost its reputation in the general market, the company must produce such automobiles which have fuel efficient; the company must also focus on the battery volt cars and hybrid one. So it will maintain the company sale increasing as well as the loyalty of the customer and market shares.

B. Public Perception Improving

The general motor must improve the product quality and customer services. Because the public perception is most important thing, if the company improves the public perception than the public will certainly believe that the money of their not going in the wrong way, and they will great full in the eyes of the public.

IV. CONCLUSION

After facing the intense competition and bankruptcy the general motor now improved again the company activities,

and still the world largest car manufacturing company, the company has gotten a change recently which has also improved the working condition of the company, but the company will must see the weakness and public perception to increase the sale and market shares. Before formulating any type of strategy the GM should make SWOT analysis to gain competitive advantages in the market place.

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