

Chapter 11: Exam practice question

Mitsubishi Motors rejig structure

1 Explain what is meant by:

a delayering (2)

This is the process of removing levels of hierarchy from the organisational structure. It results in a flatter organisational structure with wider spans of control and shorter chains of command.

b culture conflict. (2)

Culture is the combination of local majority ethics, expected norms and accepted organisational methods. Conflict can arise when two different corporate cultures are contradictory and therefore clash.

Use **Resources table 3a** mark bands.

2 Outline why 'culture conflict' seems to exist in this business. (5)

German and Japanese corporate cultures are very different, e.g. they place very different values on age and experience.

Japanese managers are seen by their German counterparts as being inflexible, 'traditional' managers locked into the 'length of service' mentality – the Japanese 'job for life' culture – with older executives making a marginal contribution.

In contrast, the DaimlerChrysler culture seems to be based around the idea of young (under 40), dynamic managers with high productivity and effectiveness. It does not seem to value age and experience or recognise the possibility that older executives can be both dynamic and experienced.

These differences are fundamental and are not just part of the corporate culture; they are part of national cultures.

SL: apply **Resources table 3b** mark band descriptors to the **two** identified and explained differences.

3 Analyse the possible benefits to MMC of reducing the chain of command through delayering. (7)

For a definition of delayering, see question 1.

Benefits to MMC of delayering:

- communication through the organisation may be made faster
- there may be less sense of remoteness from decision-making
- cost cutting – some management positions are removed and spans of control may be wider (management economies of scale)
- may be linked to general downsizing – some departments in MMC may be able to be merged with DC departments

- may encourage delegation of responsibilities leading to empowerment, motivation and job enhancement
- any other relevant point

SL: apply **Resources table 1** mark band descriptors.

HL: apply **Resources table 2** mark band descriptors.

A conclusion is **not** required for this question.

- 4** Discuss the possible consequences for the efficiency of the business of the new management structure described in the case study. **(9)**

Define management structure: this is the formal arrangement of levels of hierarchy and chains of command and communication within the formal organisational system.

Positive consequences for efficiency of the business:

- new ideas and enthusiasm may result in improved efficiency
- the dominant (ownership) culture can be established throughout the business, so avoiding inefficiencies due to differences and inconsistencies
- younger managers are often cheaper and so there may be cost savings
- some older Japanese managers are said to give marginal contribution so may not be worth their salaries
- any other relevant point

Negative consequences for efficiency of the business:

- loss of long-term company knowledge
- demotivating for Japanese staff who may see this as a negative move against their national culture and identity, especially as the 'COO Team' is mainly non-Japanese
- such fundamental changes can be costly, e.g. redundancy costs for long-term employees may be high
- youth alone does not guarantee that a manager is dynamic or would have better ideas than an experienced manager who also has experience – they may make mistakes that more experienced managers would know to avoid
- DaimlerChrysler only own 37% of Mitsubishi Motors – the new culture imposed on Mitsubishi may conflict with the culture of the other 63% of the ownership
- most change itself results in conflict
- any other relevant point

SL: apply **Resources table 1** mark band descriptors.

(SL questions do not usually go up to 9 points, so the HL table is best used for SL students.)

HL: apply **Resources table 2** mark band descriptors.

A conclusion is required for this question and should be justified.