Chapter 6

Considering Structure: Different Organizational Solutions in Automobiles

Work cooperatively, look 20 years ahead, pay particular attention to social development.
Volvo management directive

INTRODUCTION

The last two case studies showed the importance of understanding a problem before embarking on its solution and the need to develop an appropriate strategy before making any change. Here it was suggested that it was good policy to take account of two things. These were relevant strategic thinking, such as that developed by the Tavistock Institute, and how to use this for particular problems and appropriate industries. The next step in problem solving for change is structure. Choosing an appropriate organizational structure to accompany and accommodate change is always difficult. There will be many constraints, including the skills and availability of labour, the requirements of technology and the knowledge of management. Despite these problems, there will usually be a number of different options available. The excellent manager will have the ability to distinguish good organizational design from bad. Sometimes this has to be a result of trial and error, but as the last chapter
suggested, a useful first strategy is to investigate what other companies have done and evaluate the different organizational options they have used.

**THE CAR INDUSTRY**

My introduction to the car industry came in the late seventies when I was at the Manchester Business School. Research provided an opportunity to compare the traditional, technology-based organization of plants in the industry with the new socio-technical approach used by plants in Scandinavia. The opportunity for this research came as a result of my association with the Vienna Centre, an international body set up by UNESCO after the Second World War to encourage collaborative research on social science issues between East and West. The Vienna Centre was interested in the increasing but little understood effects of automation on industry. It gathered together a group of around 15 academics, trade unionists and industrialists representing different countries in East and West Europe, together with delegates from the United States and Japan, and asked them to agree a subject for joint research. After much discussion it was decided that a suitable subject should be the development of automation in the automobile industry. This subject was chosen, not because the automobile industry was seen as advanced in automation (in fact at that time it was rather backward), but because almost every country taking part in the research had that industry. Some were now embarking on collaborative ventures between East and West, for example, Polski-Fiat in Poland and a similar initiative with another Western manufacturer in Russia.

The technology initially selected for study was called numerically controlled transfer technology, or NC machine tools. NC machines were of two basic types. First, there were machines for forming engine blocks, heads, gear boxes and other castings. These machines consisted of a long line of single-purpose machine tools that milled, drilled, broached, bored, reamed, tapped and honed the components going through (Christensen, 1968). Machines of this type when installed in automobile manufacturers could perform more than 20 separate operations on one component, and one operation could involve drilling all the holes for the head studs simultaneously. The other type of transfer machine used by the motor industry worked on a “merry-go-round” principle. The machining stations were arranged so that the engine blocks could move around a central hub. Transfer lines replaced a large number of different single- and multipurpose machine tools, drills, milling machines, boring machines, etc.
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