



Building a Magical Organization at Johnson & Johnson (J&J)

Headquartered in New Brunswick, New Jersey, Johnson & Johnson (J&J) J&J has more than 134,000 workers that staff some 260 operating units in 60 countries. Nearly 60 percent of its \$85 billion in sales occurs outside the United States and is transacted in more than 175 countries. Some, though, believe the intricacy of the company's organization, in terms of its decentralized structure, sophisticated coordination and control systems, and Credo-based culture, anchors its superior performance. Decentralized management is the heart of J&J's organization. It allows each of its 275 units to operate with substantial autonomy. J&J's successful decentralization structure attracted talented, bright, and motivated people.

Decentralization enables J&J to respond to local needs but slows the global diffusion of products and programs. Preserving the magic of decentralization, given the contest between local autonomy and global integration, spurs tightening coordination and control systems. Pressures to integrate operations due to market trends, competitors' moves, and shifting technologies push J&J to centralize some activities.

Separating J&J from the pack is the primacy of its organizational culture, as embodied in "Our Credo." This one-page ethical code of conduct states how J&J fulfills its responsibilities. J&J's long list of accomplishments, earned by developing, adjusting, and improving its structure, systems, and culture, has built an organization that confidently leverages bright ideas, no matter if global executives or local subsidiary leaders champion them.

Case Discussion Questions

1. Profile the perspective that you think best explains how J&J makes its structure, systems, and culture work?

It appears that J&J's decentralized style has connected the large corporation to its community. Community provides feedback and the structure of the organization to respond in a community-based way. This means that abroad and domestically, they understand the needs of the unique community.

2. Given the choice, would you rather work in J&J's corporate headquarters in New Jersey, United States, or, alternatively, in a local subsidiary in an overseas market? Why?

New Jersey. The reason is related to its connection to its community. I would need to develop a stronger relationship with a community. This may be hard for an expatriate to do. In addition, you would need to understand the culture of medicine within the country, while responding to the profit goals of the company. This may be challenging for a new expatriate to accomplish.

3. The World Economic Forum emphasizes the importance of complex problem-solving, critical thinking, and creativity to effective executive performance. Estimate how these skills would make you an outstanding performer if you were working for J&J?

The diversity of the products created by J&J would alone require creative individual. Also, as we saw with COVID, a complex worldwide pandemic meant all medical related organization needing to respond in a quick and complex way. J&J was on the forefront of supplying medical products and an immunization for COVID-19. The medical world can be unpredictable and requires critical thinking in complex problem-solving. The nature of the company and the importance to the community requires all of the skills emphasized by World Economic Forum.

Source:

- Daniels, J. D., Radebaugh, L. H., Sullivan, D. P., & Click, R. W., 2022. International Business: Environments and Operations. 17 ed. Essex: Pearson Education Limited.