

MANAGEMENT

Functions of management

1. Planning
2. Organizing
3. Co-ordinating
4. Motivating and Leading
5. Controlling
6. Staffing
7. Communicating

Management is the process by which a manager allocates and controls resources of a business.

Management is getting people to do their work effectively and efficiently to achieve the organizational objective. Management is the process of planning, organizing, co-ordinating, motivating & teaching, controlling, staffing and communicating the resources of production to achieve the organizational objectives.

Planning – deciding today what to do in future

- it is setting objectives – aims to achieve in a certain time period
- in order to firm strategies
- and tactics

corporate objectives should be specific, achievable, realistic, time tabled and measurable. They are specific aims of the whole corporate. They should be relevant, communicated and agreed upon.

corporate → divisional → departmental → individual targets. Strategies are long – term plans of action to achieve an objective and are broad / general.

Factors affecting the corporate objectives

1. Size and position of the business & its legal form.
2. Public or private sector business (Business vs. State)
3. Competitor's objectives
4. Time period
5. Corporate Culture – business ethics (moral values e.g. min wage rate)
 - leadership style
 - task culture or people's culture
 - organizational structure

MANAGEMENT – CORPORATE CULTURE

Q. Explain the link between corporate culture and business behaviour. (14–16)

Ans. Corporate or organization culture is a set of values and beliefs that are shared by people and groups in an organization. It is the pattern of shared beliefs, attitudes, assumptions and values which shape the way people act and interact. It is the code of behaviour and attitudes that influence the decision – making style of the managers and other employees. Therefore the business dealings or the business behaviours with stakeholders is clearly affected by the corporate culture of the business.

Task – oriented corporate culture causes the management to be very strictly and autocratic with its employees as it is only concerned about tasks being completed and targeted and targets being achieved. In such a culture, the dealings with customers and suppliers are usually very fair. Customers are given all orders on time with the highest quality goods the company is able to produce. Suppliers are dealt with fairness and are expected to give all deliveries on time as asked. However, strictness with employees mean that disciplinary measures are taken immediately against absenteeism. Management is very particular about work timings and punctuality and wants highest productivity. This can cause demotivation amongst employees as too much control prevents fulfillment of self-esteem and employees don't feel part of the business. This may pass onto the production by poor quality maintenance. Switching and high labour turnover may become a problem as would bad publicity. Very strict culture may cause management to forget that employees too could be customers of the firm. Being too supervising over them and a centralized control may cause them not to buy the firm's products. This is a loss of potential customers.

A democratic or decentralized culture encourage the involvement of employees in the business. It asks for the ideas of workers. This encourages innovation and also solves problem within the business since workers have a hands on experience. So they are better able to understand certain areas such as production than the management does. This would mean that the business would have an edge over the competitors and may remain more dynamic. There would be flexibility in its dealing with customers too and may be more friendly towards them. They may offer alternations in the time when debtors could payback and may allow suppliers to flexible delivery time. However, this may result in high bad debts and cause disruptions in supply. However, such cases are rare and usually democratic firms have high motivation due to delegation and decentralization. Such firms have good reputation amongst the general community for their good behaviour towards customers and well treatment of employees.

A culture of following the limits of legal regulations also has affects upon the behaviour. This means that if the law has a minimum legal wage, then management may not set higher pay rates despite high profits. This may be a very negative culture as it promotes conservative attitude where employees don't try to work to their full potential and are demotivated. In such a culture, customer may be demanded cash payments for all purchases if laws making credit – giving services necessary are not in place. Though all taxes are paid exactly, the government may still not be satisfied due to low contributions to society welfare despite high growth. Pollution may be prevented only to the level that laws state despite the ability to reduce furthur. All this may result in bad publicity and poor

It is a system which includes establishing the required business outcome and co-ordinating and motivating workers to assist in the achievement of this aim. This method involves translating the overall aim of the business to specific targets for divisions, departments and individuals. It can be an effective way of delegating authority and motivating staff. It is done through discussion and agreement from every level of the organization and hierarchy then all the advantages of a motivated workforce can be gained. However, if the objectives and targets are merely imposed from the top management, then motivation levels are low. Therefore, to achieve the true benefits of MBO good communication and democratic style of leadership is preferred.

BENEFITS OF MBO

1. Increased job enrichment and motivation
2. Strategies can be implemented quickly
3. Co-ordinated and consistent approach
4. Decreased conflicts
5. Improves the understanding of the whole system
6. Monitor performance becomes easier. (deviation is identified)
7. Helps in setting priorities

DRAWBACKS

1. Time consuming
2. Objectives can become outdated quickly as compared to the dynamic nature of environment.
3. Setting targets doesn't guarantee success.
4. Very careful and able leadership is required which is generally difficult to get.

STRATEGIES

- ⇒ Focused Strategies
- ⇒ Corporate Strategy
- ⇒ Marketing Strategy
 - Cost – Leadership → lowest cost of good sold in the market – cheapest good
 - Differentiation
 - Focused → to concentrate on one particular area.
- When originally used this is called penetration pricing in introductory stage of product life cycle