

Managment organisations term paper examples

[Business](#), [Company](#)



Management Organizations

Executive Summary

A manager, as the term itself implies, is someone who has been given the task of managing an organization. The organization that a manager has been given the task of managing can either be a for-profit or a non-for-profit organization. In general, a manager is hired by a company owner or appointed by a corporation's board of directors to coordinate and integrate the efforts and processes of various company departments and people in order to accomplish the organization's goals and objectives using the allotted available resources in an efficient and effective manner, limiting wastages as much as possible. Evidently, a manager's work involves revolves around the management of an organization. Management on the other hand involves planning, leading, organizing, staffing, directing, and controlling human and other types of resources to accomplish an organizational goal. A manager's failed attempt to accomplish an organizational goal is usually not seen as a good sign of exemplary managerial skills regardless whether there are external and uncontrollable factors that influenced the outcome because a good manager should know how to incorporate all possible factors that could negatively affect or worse, ruin an entire project for example. This paper is divided into three tasks, all of which pertains to an area of management and organizational behavior. The organization which will be thoroughly discussed and analyzed in this paper will be IKEA which stands for Ingvar Kamprad (the name of the company's founder), Elmtaryd—the name of a farm owned by his family where Kamprad was born, and the village of Agunnaryd.

IKEA is a multinational company with Swedish roots, specializing in the manufacture, wholesale, and retail of furniture sets (e. g. beds, desks, and chairs), appliances, and home accessories. In 2008, it has been named as the world's largest furniture retailer. What is fascinating about this organization is that it has been founded by a 17-year-old boy named Ingvar Kamprad in 1943. Kamprad, the company's founder started as a small-time retailer of basically all sorts of things that can be retailed. He went from town to town to offer different products to the townspeople, for a fee. The tiny business venture that the young Kamprad started several decades ago expanded into one of the largest furniture retailers in the world today, with over 332 stores scattered in more than 38 countries and still counting . Surely, his style and approach in managing his organization all throughout the challenges it encountered can be a good model to be used in this paper. The corporate as well as the managerial structure being employed at IKEA is very different from that of other companies because of several reasons one of which is the nature of the company's ownership. IKEA is owned and managed by different for-profit and not-for-profit organizations. Its corporate and managerial structure has two major divisions: the operations and franchising divisions. The operations division is responsible for managing selected stores—those that are not franchised, manufacture and design of furniture and appliances, and the carrying out of supply, purchasing, and selling functions. The entity solely responsible for handling the operations division is the INGKA Holding. INGKA Holding is a for-profit company based in the Netherlands. There are currently 301 out of the 332 total IKEA stores in over 38 countries managed by INGKA Holding. Majority of the shares of the

INGKA Holding is owned by the Stichting INGKA Foundation, which is a tax-exempt not-for-profit organization established by Ingvar Kamprad in 1982 and is controlled by five executive committee members which includes Kamprad himself, his wife, and his long-time friend and attorney .

The remaining stores in the Netherlands and in other partner countries are owned and managed by franchisees which is outside the management scope of INGKA Holding as this division is not entitled with managerial powers to control non-IKEA-owned stores. Such stores are owned and managed by franchisees that pay around 3 percent of their total revenue to the managing group for franchisees which are the Netherlands-based Inter IKEA Systems. These franchisees also have the autonomy to do what they want to do with their branch. They can appoint their duly selected store, branch, or area managers, depending on the extent of their IKEA store ownership and operations. Inter IKEA Systems on the other hand is largely owned by Inter IKEA Holding based in Luxemburg and also run and owned by the Kamprad family. The ownership of IKEA systems is rather complicated and little is publicly known about it. Nonetheless, the Kamprad family admits that they have the largest stake in and controls the said companies .

The diagram below shows the corporate and managerial structure being employed at IKEA. It is indeed more complex than the common structure that we can see in other organizations but the Kamprad family has strong reasons behind the implementation of such complicated ownership, corporate, and managerial structure.

- Non-taxable Profits

Profits generated by charitable organizations and or foundations are tax-

exempt in some countries. In case the profits generated by these organizations are not tax-exempt, they are subjected to considerably less taxes instead. Naturally, this can be perceived as a positive thing for IKEA because they can use a larger portion of their revenues for charitable works—if they really are being used for such purposes, or even in business expansion projects, portions which could have been used for settling taxes.

- Active Managerial Control

The complicated corporate and managerial structure at IKEA enables Kamprad and other members of his family maintain tight control and regulatory measures over the operations of the company he has founded and to a greater extent, INGKA Holding because it basically handles the largest chunk of operations of the company. The INGKA Foundation's five-member executive committee is the top management group that handles the biggest decision-making processes for INGKA Holding and thus for IKEA (INGKA Holding handles majority of the organizational processes of IKEA). The INGKA Foundation's executive committee is also the one responsible for appointing board members of the company, creates and approves changes in the company's bylaws, decides whether new company shares (common or preferred, or both) will be issued, and for appointing the managing director, regional managers, area managers, and even store managers for IKEA stores that are not franchised but handled directly by INGKA Holding.

The dominant managerial culture at IKEA suggests that if leaders which in this case are the managers, want their subordinates to do or accomplish something, then they should be able to show that they are willing and capable of doing and or accomplishing that something first. Kamprad himself

employs this type of managerial culture. He is always on-time in his meetings and appointments, and he always makes himself a role model for his employees. An employee would most likely feel ashamed seeing himself in a non-compliant position when even the company's founder cannot afford not to comply with the norms, standards, and expected professional behavior in the organization.

Most of the company's operations are being aided by management systems. This is actually a requirement because considering the size of the market that IKEA caters to and the scale of their operations—they have ongoing business operations in more than 30 countries located in different continents. Relying on traditional and non-computer-aided management systems or using the pen and paper approach may actually prove to be suicidal. For years, IKEA has relied on computer-aided management systems to manager their inventory, purchasing, sales, and scheduling operations among others.

A good manager is a good leader. Handling people is a huge part of making sure that the organization will meet the set goals and objectives within the target timeframe. For a large organization with large-scale and multinational business operations like IKEA, it is obvious that managers are basically helpless without the service of their employees. The employees, regardless of their divisions, are the functional units of the organization. Leading these functional units is key to maintaining the company's status as one of the top players in the household furniture and appliances industry. Employees rely on guidance and direction to accomplish a goal and without these two, employees are practically useless. This is where the job of the manager

comes in. His job is to lead the employees and basically anyone underneath him according to the structure of the company's chain of command and responsibility. Guiding and directing the employees are both important aspects of being a leader. A good leader should also be an inspiration to the employees and he should also be able to motivate them especially during challenging and stressful situations. Most importantly, a good manager should know how to lead by example. This is one of the most effective ways to inspire and motivate employees to do and or accomplish something. This is actually the type of leadership culture that Ingvar Kamprad has instilled in his managers. He himself knows the value and effectiveness of leading by example. He also treats his employees like they are family although he makes it a point that a line should be drawn in almost everything and that the value of professionalism should still be there. Ingvar Kamprad is a good leader because he managed and took care of IKEA like how he would manage and take care of his family. He treats IKEA and everyone who is a part of it as his biggest living treasures. In return, the organization has loved him back.

I have learned a lot of things from this module. I learned that managing an organization and its people is pretty much the same as managing your own life or on a larger scale, managing a family, although I do not yet have a family. A huge part of managing an organization is interacting with people, whether these people are part of the organization you will be managing or part of another organization which the company is aiming to create a business partnership with. It almost always comes down to people. Starting a project or setting a goal for example can be futile without help from other

people. This is why we have the term brainstorming. We are employing the power of numerous minds because we know that creating plans for a project or setting general and specific goals for an organization can be done easier when more than just a single mind is working. The importance of knowing how to interact with people or more specifically, to make them follow when you are placed in the position and given the responsibility to lead, only becomes more bigger the nearer we go to the execution part. This is the most challenging and straining part both physically, mentally, and emotionally. In my experience, no matter how hard we planned everything for it to be orderly and systematic; it almost always looks like we are doing a trial and error project. At that point I realized that even though there is extensive planning involved before the execution or implementation part of any project be it related to business or not, there will always be problems. Sure, being optimistic about something may be good because it makes you and your colleagues inspired and motivated, but being too optimistic especially in large scale projects—management-related or not, will almost always lead to disappointments. I learned that I should expect that there will always be problems especially during the times you least expect them to come. In that case, as a good manager and or leader, I should know how to adapt and not to succumb. In every problematic or challenging situation, a manager can pick one of these two options: focus on the problem or focus on finding and immediately applying the solution. It is obvious that the latter choice is the better one because focusing on the problem will yield practically nothing. It may even turn an already problematic situation into a blaming game—a scenario which I have encountered many times. Focusing

on finding the solution and finding a way how to apply it immediately to the problem at hand as a group is really the key.

The greatest learning I have acquired from this module is the idea that life is full of situations that can be solved by simply having good managerial or management, and leading skills. There is really nothing in this life that cannot be solved or surpassed without these two. Even personal problems can be solved by these two. I shall never forget that interacting with people, having a large network and good and stable connections with those who are part of that network are keys to success. Having improved my managerial or management and leadership skills, I can say that I am now more prepared to tackle the things that life will throw at me.

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