

Essay on organizational theory

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



Organization Theory

Organization Theory

The United States Small Business Administration is an agency that was formed in 1953 with an aim of helping Americans start, build and develop business enterprises. The agency also protects the infant industries' interests from the competition by other huge firms in the market, and this enables them to achieve their set objectives. This state firm encourages entrepreneurs to develop their businesses so as to promote self reliance, and create employment in the American economy.

Small businesses are the backbone of any economy as they generate for the government, and offer employment opportunities to people (Friedman, 2007, p. 78). Small Business Administration provides small organizations with capital in the form of equity investments. The agency also offers loans at favorable interest rates to enable their clients expand their businesses. It offers training to the individuals willing to learn on entrepreneurial skills. The firm collaborates with other departments of the government to ensure that small businesses access procurement opportunities and training. Since 1978, the Small Business Administration has been conducting research on behalf of the United States government on the favorable environment for small businesses to be established. It is the voice of the small entrepreneurs as it ensures they are not burdened with excess rules, and regulations by the government.

The United States Small Business Administration goals include protecting the small businesses' concerns and encouraging free competition in the market. Introduction of small enterprises in the market by the agency generates

more income, and this strengthens the United States economy. The agency hopes to assist the small businesses owners whose firms are destroyed in times of disasters such as fire. Transparency is a key factor in any organization; the agency aims to conduct thorough investigations and audits, for accountability in implementation of its program.

Another objective is to identify and stop fraud in the market to promote the development of small businesses. Abuse of the small by the larger firms through pricing also affects their growth (Bjerreskov, 2010, p. 14). The agency together with the government, aspires to end this by intervening to regulate market prices. A favorable work relation between the government and other departments such as non-governmental organizations is crucial for development of the United States economy, and the Small Businesses Administration hopes to improve on this relationship.

The Small Business Administration seeks to perform all the tasks effectively and economically, and to achieve this, costs must be minimized. The agency hopes to focus on the activities with high returns, and beneficial to the United States citizens rather than expensive projects that help a few people. The regulations that govern small businesses should be in accordance with the law. The agency seeks to review all the set rules, and make appropriate recommendations that favor the small businesses.

The administrator plays a major role in governing the Small Business Administration agency. Keeping the proprietor and the congress updated on the arising issues, and problems facing the small businesses will enable them look for a suitable solution. The agency also aims to assist in making decisions on how solve the hitches identified. The firm will protect the

Government Accountability office, by avoiding duplication of its activities. A good working environment for the employees is essential, and the agency hopes to maintain a skilled and satisfied staff to increase productivity.

The organizational problem that the Small Business Administration is facing is the fact it is headed by individuals with political influence. The inspector general is nominated by the government as head of the Small Business Administration agency. According to the classical theory, an agency should be headed by a single individual (Watson, 2006, p. 46). Adoption of the classical theory has limited the decision making process in the firm, and therefore, a gradual progression to achieving the agency's goals.

It is advisable to delegate duties to other managers in the lower level of management, for appropriate decision making process. When many people get involved in governing a firm, they generate different useful ideas that facilitate in developing strategies used in attaining the firm's targets (Vinten, 2002, p. 113). Max Weber focuses on the hierarchical administration, whereby the lower office is supervised by the top management. Each manager controls his department and ensures the subordinates perform tasks properly.

Max Weber's theory advises on a legal set of orders to govern an agency rather than having an individual who sets rules. This limits presence of self interest in the leadership, and cooperation as the rules are mutually agreed upon by the workers. If the agency adopted the Max Weber's theory, then the workforce would effectively implement the administration's activities, without relying on one person, the head to make a ruling. Administrators govern forcefully to ascertain compliance of the set rules, but this authority

is only useful if the workers agree to the terms set (Tompkins, 2005, p. 42).

Excessive use of power by the head reduces the willingness of the workers to be innovative, and be reluctant to perform their chores efficiently.

The auditors in the agency are required to produce accurate results in their findings as any error detected by the management may lead to severe consequences. This has reduced the willingness of workers to be involved in auditing, or reporting any case of fraud among the stake holders, for fear that it may cost them their jobs. Threatening workers reduces the capability on their performance and encourages reluctance to the authority.

The human resource theory argues that positive attitude, initiated by favorable social working environment increases productivity among workers. Undesired behavior develops when the workers' expectations are not met (Tompkins, 2005, p. 166). A mismatch between what workers want, for example, recognition on their efforts, and what their managers' offer reduces the firm's productivity. Failure of the manager to take the workers' sentiments into account has contributed to an increased number of fraud cases as workers do not report the cases to the relevant authorities, for fear of being sanctioned.

Being attentive to employees' needs and wants encourages better performance, as they work hard to gain respect and approval by management. The human theory states that workers are comfortable when their efforts are recognized and approved, and prefer working independently under minimum supervision. This gives room for creativity and innovation in the working environment. As a manager, it is advisable to treat workers well in order to achieve the agency's objectives.

The ability of large firms to obtain small business awards and contracts minimizes the possibility of the small businesses to grow. Mismanagement encourages the contractors to lie about the criteria used in determining the required size of a small business. As a result, the agency wastes a lot of money in supporting firms that are not small businesses, hence diverting from its main course which is to build small firms. Lack of funds is a persistent issue that the Small business Administration is dealing with currently, and usage of the available cash on irrelevant projects is undesirable.

The list of small businesses that qualify for the awards is generated by General Services Administration. This allows room for alteration of the list, by including firms that do not meet the requirements. The Multiple Awards Schedule contract contains numerous industrial codes that are used to identify a small business according to the specifications made. The management has not established clear guidelines to enable the government contractors to identify the small businesses.

The management has not offered the staff with adequate training on all aspects of the small businesses. This has hindered a proper surveillance method on the reviews and investigations, thus allowing waste and abuse of public resources. According to Human Resource Theory, well trained workers are confident and self-coordinating. Training helps employees to gain a self stability with the work situations, and be more creative on handling challenges that face the organization (Jacupec, 2000, p. 66). Training also gives the workers to ask questions pertaining issues that require clarity. Relations between the management are improved due to interactions made

during the training sessions.

Employees work individually and this allows room for errors while implementing the Small Business Administration's activities. An individual's weaknesses are not rectified by others since each person performs different duties. The agency should adopt teamwork to improve on its efficiency, and promote constructive work relations. The Human Theory states that teamwork enables a firm to accomplish its set goals within a shorter period, identify and correct workers' weaknesses, and encourage sharing of constructive thoughts. Teamwork gives the employees passion to perform their communal tasks and be focused to attain the desired goals.

The management should classify workers into groups, and appoint one member of the staff to lead each unit. The appointed workers assist management in identifying the colleagues' flaws, and provide ways to tackle challenges that they encounter (Green, 2004, p. 12). By implementing this strategy in the Small Business Administration, fraud and waste cases will reduce. The small businesses will develop due to the provision of loans by the agency that would otherwise be wasted by irresponsible individuals. The agency diverts from its aim to start and build small businesses, and focus on the provision of loans to businesses at high interest rates. This is an indication that the management does not set short term goals to help the firm focus on achieving long term objectives. The agency should invite workers to play a part in setting goals, and rectify any diversions from the set target. Compliance to rules is vital for any organization aiming to attain its ambitions. Small Business Administration has a set of rules for both workers and managers, and to be able to implement its strategies, the rules

should be followed. The manager should select a special committee to review the progress of the workers, and ensure all rules are followed appropriately.

There are several consequences that the Small Business Administration will face if it does not resolve these organizational problems. The employees' morale will decline if not well treated, and hence low productivity. In case, the manager does not take time to know his workers, and establish constructive links with them, then they will not respect authority. They will work unwillingly, and the agency will take a long time to realize its goals. Innovation and creativity are vital in any working environment, and unmotivated workers do not possess any of these skills.

Confidential information of the agency will leak to the undesired individuals if negative relations exist between the workers and the manager. The workers have the knowledge of all activities in the firm, as they play a part in implementing all projects. If the management does not consider workers' feelings in performing its duties, a gap is created that may result to enmity. This may result to the employees passing sensitive information to the wrong crew, who may use this information against the agency.

The staff should be well trained on how to perform their duties appropriately to avoid wasting of resources. If the Small Business Administration does not collaborate with the government to educate the employees, then the agency will suffer financial loss. There are various emerging issues today in business, especially the technology related matters. Workers need to be trained on how to detect fraudulent activities online (Casey, 2002, p. 25). Fraudsters hack into a firm's sites and tamper with the data stored, hence

mismanaging the whole project. If managers do not train the workers on how to preserve sensitive projects, then they might leak out to the public hence hindering the agency from performing its mandates well.

Small Business Administration may continue to underperform if the employees are not classified into groups according to the area of specialization. The scientific management emphasizes on the delegation of duties according to an individual's capabilities. This decreases the level of errors made while performing the firm's chores, according to the Human Resource Theory. A person identifies the failures, and works towards improving them. If the agency does not assign the responsibilities to the right personnel, there will be numerous errors that might hinder the Small Business Administration from accomplishing its mission. If the managers do not initiate teamwork, workers will not relate properly to realize each other's potential. Work will take long to complete, and there will be additional costs and excessive wastage of time in performing the agency's duties.

Every enterprise whether public or private, sets a number of objectives it aims to achieve within a specified period. The Small Business Administration has several strategies that will assist management in accomplishing the desired goals. The agency aims to assist the disaster stricken areas in recovering their potential to be productive, in order to develop the United States economy. Starting small businesses and helping them expand is also the agency's key aim. Various challenges have however, hindered the agency from effectively accomplishing the mission. Mismanagement by external departments that are managed by politically influenced people has adversely affected the agency's development. Poor training of the workforce

has also contributed to the downfall of the agency. Individualism that discourages teamwork has affected the firm negatively.

Small Business Administration has not achieved its target because of lack of funds. Additional costs emerge as a result of errors made during auditing, and reviewing of financial reports. All these organizational problems can be solved to facilitate a smooth running of the agency. The agency will attain the set goals if the workers are catered for, and involved in decision making. If the top managers focus on the targets, and implement strategies to approach their duties, then the agency will develop in a major way, and small businesses will grow everywhere.

References

Bjerreskov, D. H., Krogh, J. L., Clem, Luxford., & Special-Trykkeriet, Viborg. (2010). Organisational theory - a practical approach. Copenhagen: Hans Reitzel.

Casey, C. (2002). Critical analysis of organizations: Theory, practice, revitalization. London: SAGE Publications.

Friedman, K., & Jaffee, D. (2007). Introduction to organisational theory. Maidenhead: McGraw-Hill Education.

Green, M., & Crowther, D. (2004). Organizational Theory. London: Chartered Institute of Personnel and Development.

Jakupec, V., & Garrick, J. (2000). Flexible learning, human resource, and organisational development: Putting theory to work. London: Routledge.

Tompkins, J. R. (2005). Organization Theory and Public Management. Belmont, CA: Thomson Wadsworth.

Vinten, G. (2005). Improving organisational performance. Bradford, England:

Emerald Group Pub.

Watson, T. J. (2006). Organising and managing work: Organisational, managerial and strategic behaviour in theory and practice. Harlow: Pearson Longman.