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



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- Ayala Land, Inc. Company Description

Ayala Land, Inc. (or ALI for short) is the largest property developer in the Philippines. It is a fully integrated corporation that performs master-planning and development roles for mixed-use developments that include residential, retail, commercial, and hotel among others. ALI was incorporated in 1988 and offered shares to the public in 1991 (the company was listed in the Philippine Stock Exchange or PS) in that year). Since then, ALI has been the leader in strategic land bank management, in development of properties for residential, retail, commercial and other corporate uses, and has developed a full implement of support services in the fields of property management and project construction.

ALI has ventured in other non-real-estate projects as well. In 2012, ALI and Metro Pacific Investments Corporation formed an alliance that was conceived for the construction and operation of railways in the Philippines. ALI has made investments in other businesses as well, including health care and energy .

ALI is a decorated company. In May 2013, Finance Asia named Ayala Land as one of the best managed companies in Asia. The company ranked very high

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in terms of corporate governance, corporate social responsibility and investor relations. The company received seven more awards from illustrious corporate management organizations in 2013. This adds to the numerous other awards received by the company in the previous years proving that the company's management strategies and overall corporate governance are effective, efficient and balanced.

ALI is one of the most successful companies in the country as well. According to its declarations to shareholders, the company posted a net income of US\$ 162 million in the first three quarters of 2012 . In the first three quarters of 2013, the company launched a total 67 project launches throughout the country. ALI's first project for this year is the 21-hectare Circuit Makati development, a joint development with the Philippine Racing Club Inc. . The 21-hectare property was formerly Manila's primary horse race track. With ALI, the property will be transformed into an entertainment hub which will house three prime events venues, namely the Circuit Theater, the Circuit Lane and the Circuit Event Grounds in the next five years. These entertainment venues shall target families and corporate users. ALI also acquired a 74-hectare property in Taguig which used to be Manila's food terminal. This property will be developed into a modern business district similar to ALI's developments in Makati (Ayala Central Business District) and in Fort Bonifacio (Bonifacio Global City) also in Taguig. Similarly, a 17-hectare " Plastic City" will be established in the city of Valenzuela by ALI and the Gatchalian family.

ALI offers products across all market segments. Known as a high-end real estate developer, ALI now has the following subsidiaries and affiliates:

- Residential Development
- Ayala Land Premier - a high-end property development company with sample projects such as the Ayala North Point, Ayala Greenfield Estates, One Serendra, Ayala Westgrove Heights, etc.;
- Alveo Land - an upper-middle class property development company with sample projects such as the The Columns Legazpi Village, The Lerato, Verdana Homes Mamplasan, Verdana Homes Asyana, Abreeza Residences, Ferndale Villas, etc.;
- Avida Land - a middle class property development company with sample projects such as Avida Towers Cebu, Avida Village Iloilo, Avida Towers San Lorenzo, Avida Towers Centera, Avida Towers Intima, Avida Towers San Lazaro, Avida Towers Alabang, and St. Jude Village Makati, etc.
- Amaia Land - a lower middle class property development company with sample project such as Amaia Steps Pasig, Amaia Steps Sucat, Amaia Scapes Cabanatuan, etc.;
- BellaVita - an affordable housing property development company with sample projects such as BellaVita Gen. Trias.
- Commercial & Business Centers such as Ayala Malls, Commercial Leasing, and Strategic Landbank Management
- Visayas-Mindanao Operations including the publicly listed Cebu Holdings, Inc.
- Construction & Property Management such as Makati Development Corporation, Fort Bonifacio Development Corporation and Ayala Property Management Corporation
- Hotels & Leisure including hotels such as InterContinental Manila, Holiday

Inn & Suites Makati, El Nido Resorts. Makati Sports Club, etc.

There are different types of organizations because organizations have different objectives, different resources, different approaches to working on their set of issues and concerns. Organizations also have different needs that they are required to fulfil. What is common is that all these organizations try and match their needs with their resources using a defined organizational structure . These organizational structures are:

- Functional Structure - in an organization that is set up as a functional structure, the functions of an organization define what a group is set to do. For example, a company that is functionally structured will have a finance department, a project management department, a sales department, a production department, a marketing department, a research and development department, and so on. Functionally structured organizations are normally small in nature but there are a lot of companies that are substantial in size that follow this structure. To do so they have solved the primary set-back for of a functional structure, that is, a lack of communication between departments because each department is self-contained and carries out its own functions based on its own internal objectives.

- Divisional structure - Large companies that operate in many locations have what is called as a divisional structure. In this type of structure, smaller organizations exist under the mother company with each of these companies acting independently of each other as well. The fundamental difference is that each smaller company contains all the necessary functions to survive and compete in the market place. The main drawback of a divisional

structure is the cost of operating in this manner.

- Matrix structure – a matrix structure is a combination of a functional structure and a divisional structure. The matrix structure evolved as a way of optimizing on the benefits of a functional structure and a divisional structure.

ALI is organized using a Divisional Structure. A divisional structure, which is normally used in large corporations such as ALI, sets up smaller organizations within the ALI umbrella for the purpose of offering different products in different market segments. ALI was structured this way because of the recognition of the clear segmentation in the property market .

Figure 1 Organizational Structure of Ayala Land, Inc.

Agency Problems, Causes and Control Methodologies

Because of ALI's corporate organizational structure, it can meet the demands of its target markets appropriately. However, this structure causes an agency problem. An agency problem (or principal-agent problem) is defined as a conflict of interest between two parties where one party is expected to act for the sake of the other party . The problem arises when the agent, who is expected to act in behalf of the principal, is motivated instead by self-interest. This agency problem is inherent in ALI, where each of the different departments are motivated by their own targets and goals instead of cooperating with other departments to reach the overall ALI end-goal. Communication between departments is highly inhibited and the structure itself causes a lot of frictional costs between departments.

The key solution for ALI has been how the company is managed. Executive leadership in Ayala Land, Inc. is very strong and the corporate citizens of the

company have responded well to ALI's strong leadership. The executive management of ALI understands the roles and responsibilities of each division and the resources they need to perform. A central talent pool is thus made available to these divisions to support their activities. This talent pool includes architecture and design, information technology, treasury, audit and accounting, human resource management, among others.

Job Dimensions and Current Job Design

I am currently working as an area manager for the Visayas-Mindanao Division and as such I am in charge of the development of two component cities. As area manager, my job is to coordinate the entry, development, implementation and operation of projects in these locations of the different product units of ALI. The job requires frequent travel and the ability to communicate and coordinate with personnel from all levels of the organization.

The job design ensures that the tasks are non-repetitive or mechanistic. The challenges posed by different product lines in different geographic areas include solving issues regarding socio-economic, political, even physical dimensions of the area. It is up to the area manager to ensure that the correct conditions for investments are established for certain product divisions to enter and do business in the market. Thus as strategic land bank manager, the main purpose is to ensure that the growth prospects for the company are identified in each location where the company wishes to establish itself. The job in itself is very challenging since there are no two perfectly similar locations and the conditions that have to be addressed pose unique challenges all the time. The solutions are also requiring some

innovative approaches since the conditions merit that appropriate solutions be drawn or devised. Fortunately, a set of best practices has been established as the company has extensive experience in its 25 years of existence.

Compensation Package and Affectivity

ALI has an attractive compensation package for performers. The base pay afforded by ALI for its employees rank among the highest in the Philippines .

The company is heralded as a very demanding yet very rewarding organization and as such has attracted the best minds in the country.

On top of the basic compensation package, the company pays its employees based on agreed-upon targets that are established at the beginning of each year. These targets serve as guidelines for employees and are utilized as a company benchmark for establishing direction for the following years.

However, ALI recognizes that to remain productive, work-life balance should be achieved. To achieve this goal, ALI tries to find ways for employees to feel empowered. This is a result of ALI management realizing that because of the pressure of working in a prestigious and successful company, that employee work-life balance is threatened. Some employees felt that the company compelled employees to work too long working hours which skews the work-life balance of the employees. This may be due to some misalignment in terms of expectation between management and employees but is not extremely critical to cause the company debilitation. Addressing the work-life balance of employees is tied to addressing the community issues of FedEx employees. This means that ALI must be keen on addressing matters concerning education, health and other forms of assistance. According to the

company website, ALI is at the forefront of helping communities. It donated money to communities for programmed developed and has helped fund other programs for education and environmental preservation. While the contributions to these programs may be meager compared to ALIs revenues, the fact that the company puts corporate social responsibility as part of their business processes is laudable and commendable.

The beauty of all these efforts by ALI however, is based on a very simple idea. ALI believes that it will be successful if it can provide its stakeholders as much “ access” they need to information to make meaningful decisions. Thus, ALI makes its shareholders, management, employees, partners, clients and communities through interaction and exchange of ideas, information, people, business process, success stories, lessons learned, etc. It extends the concept of access to its clients thus enabling the small enterprises to interact with large businesses. It thus opens the way to a fairer market place wherein the small and emergent coexist with the large and powerful. This are the reasons why I enjoy working in this organization and see myself having a long, fulfilling professional career in real estate and property development.

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