

# Management

[Finance](#)



### Management Assignment Management Assignment Assignment 1.

Corporations should not focus solely on shareholder value since they often have a larger purpose. Long-term value creation is the larger purpose of an organization over boosting immediate incomes. A business fits into society by giving back through corporate social responsibility (Nocera, 2012). A value that a corporation provides other than a relentless drive to increase its stock price is product or service value. A corporation certainly has responsibilities towards its employees, neighborhood, and country such as value creation and propagation of positive principles (Nocera, 2012).

2. I agree that possibly unethical behavior in companies is not essentially for personal gain because there are cases where businesses sought to protect or help its employees, clients, or community. Carol Dweck's research does influences greatly the point of unethical behavior for personal gain by companies (Gladwell, 2013). If a company considered corporate and social responsible paints itself into a corner, unethical behavior may be among its options to secure its employees or community. However, such companies often behave unethically to secure their financial or personal interests, which Gladwell can consider " human and corporate nature" (Gladwell, 2013).

3. Financial leverage is the level an organization applies fixed-income interests like debt and ideal equity (Monczka, Handfield, Giunipero, and Patterson 2011). Benefits of financial leverage include the amplification of shareholder returns, more flows of liquid assets, seized economies of scale, and enhancing credit rating. The risks of financial leverage include the volatility of any business investment vulnerable to consumer preference towards its commodities or services and the requirement of adequate returns that make up for the extra risk involved when the company borrow

finances that ultimately should be paid back (Monczka et al., 2011).

4. Banks have a low ROA since it is a rule of thumb for venture experts to view non-financial institutions' ROA be below 5%, which the exception of financial or credit institutions. Banks always struggle for an ROA of 1. 5% or more since their key assets are loans to companies or individuals (Monczka et al., 2011). To give out these loans, banks ought to have large pools of liquid assets that also serve as the bank's source of revenue. Banks are highly advantaged with borrowed finances with a small equity base, which amplifies their ROE (Monczka et al., 2011).

## Assignment 2

1. The main conditions I would consider single-sourcing an item in the leveraging category of the portfolio include the additional number of suppliers available, temporary supplier relationship, the exploitation of full procurement power, and the handing over of decision-making authority to midlevel management (Monczka et al., 2011). Other conditions include valuing through high quantities, the quality of products or services through constant developments, the strength and permanence of the relationship between the portfolio and its leveraging category, default risk, and the escalation of real product values.

2. One issue that purchasing needs to address when assessing whether a supplier is a candidate for a longer-term relationship is determining whether a real readiness by the supplier exists. This determination establishes a lasting relationship with the supplier. Another issue is the analysis of the unique features of the supplier and benefits enjoyed by the organization by hiring a particular supplier (Monczka et al., 2011).

## References

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Monczka, R., Handfield, R., Giunipero, L., and Patterson, J. (2011). Purchasing and Supply Chain Management. Los Angeles, CA: Cengage Learning.

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