

Cost accounting

Finance



RUNNING HEAD: Cost Accounting Cost Accounting of This paper seeks to comment on the remarks made by the Chief executive officer (CEO) of Home Workout Equipment Corporation to a colleague that he does not understand why other companies are wasting so much time in the budgeting process. For the said CEO, setting the company goals is done by him and that everyone would just need to strive to meet them.

To follow what the CEO wants to be done may be easy for a number of managers and employees but not at all times. When the subordinates including the managers have to do some work that would require their decision-making skills in the work place, it would be hard to just follow whatever is told by the CEO. Thus for a manager, who has an authoritative style of leadership like the said CEO, could get things even without consulting managers or employees who can readily agree. However, the budgeting process should theoretically and practically require participation from middle and even lower managers to be effective. Managers may not just be working for their pay. They are also human beings who would prefer that their contribution to the organization should also be recognized and valued by management by making them part of the decision-making process.

Although a chief executive officer must plan, organize and control activities, at the same time he must also lead people in the organization toward attainment of objectives. As manager, he influences his subordinates, who cannot be presumed to lack creativity. Subordinates or followers may even contribute for the improvement of the plan because at the planning stage the CEO can sense possible problems that they have and strategies on how to counter them can become material part of the budget process. A typical <https://assignbuster.com/cost-accounting-essay-samples/>

organization has functional areas or departments with conflicting interests and priorities as the process essentially requires making an optimum use of the limited resources. The budget process entails managers to use resources which are tied with activities and that are needed to attain set objectives. If the middle and lower managers are not consulted in budget process, they would most probably not support fully the goals per budget as set by the CEO.

It must be noted that a good CEO is good delegator (ZweigWhite , 2010) and this is the essence of an organization person. Setting the goals and just telling his subordinates to strive for their attainment would be an act of lack of trust to his lower managers. If the said CEO realizes that his people would prefer to decide with him, working with the latter on the budget process would be an act of leadership as part of the job of a good and effective manager. Director and managers should fully participate from what they expect from other members of the organization (Kilpatrick, 210).

Managers below the CEO and their subordinates desire to be inspired and they need a leader who trusts them as well that when goals would be met, they would be part of the same. It would be harder to demand accountability for results from managers if in the first place they are not consulted whether the goals set for their department are achievable.

The said CEO then should allow his managers below to be part of the decision-making if the latter are to have commitments and to be empowered in helping the organization to attain its goals and targets (Cakar and Erturk, 2010). The budget process is one critical area for the participation in decision-making for managers below with their CEO.

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