

# Business in context: discussion questions



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How are goals formed and what are the major difficulties encountered in goal formulation and implementation? Goals are formed to give direction to the activities of its members. The formation of goals can be a highly political process; this can cause conflict, but the goals of most businesses are generally accepted as being those of the senior management team. Goals are developed much through the work of Cyert and March (1963). They see organizations in terms of individuals and groups who combine to pursue mutual interests; this is the most effective way of achieving their goals.

Goals are more specific statements of intent than a mission statement, but are still broad and generalised. What are the major causes of goal conflict and how might they be resolved? The main causes of goal conflict are that they can be highly political. Conflict is mainly through four main factors which are: 1. Goals formulated by senior management as a means of achieving their own goals; this is a result of bargaining and negotiating process between interest groups. 2. Organization members would appear to accept the goals from top management with little question; this may seem to be an implied element of the employment contract. . The dominant coalition is normally put in place to achieve their goals; such controls have been alluded to earlier and include selection procedures, to ensure all rules are followed. In addition technology can replace job allocation, and financial controls in the form of budgets and reward systems, managers ensure a minimum level of compliance with their chosen goals. 4. Management have different goals to many of the groups; they have to acknowledge this. Assess the relative importance of the various strategic, organizational and environmental factors, which influence organizational structure.

An organizational structure is a grouping of activities and people to achieve the goals of the organization. There are a number of factors that influence a structure. First the relationship between both structure and strategy is examined, then in the work of A. Chandler which then identified other factors such as: (1)Technology (2)Size (3)Changes in the environment(4)Culture and (5)Interest groups. Why did firms adopt multi? divisional structures? What advantages do they have over functional structures? A multi - divisional company comprises a number of business units, which may pursue markedly different types of business activity.

The business units operate as a profit centres and are culturally co-ordinated by a corporate headquarters, which may also control certain central services, some of which are as research and development and finance. This kind of structure was developed in the USA in response to a business growth and complexity. Stopford and Wills (1972) noted that a strong influence of strategy on structure and that the shift from functional to multi - divisional structures with expansion internationally. Assess the advantages and the disadvantages to both management and employees of flexible forms of organization.

Flexibility within a firm / organization can occur in a number of ways; these include the employment of part time workers, those on short term contracts and the use of outsourced contract work. Advantages - management. 1. Employees are able to do a range of jobs, so they do not have to hire as many people. 2. Important recognition of the difficulties that many employees have in balancing their family obligations and their work duties,

and they note that such programs can make a company more attractive to prospective employees Disadvantages - management. 1.

If used by employees who are unwilling or unable to put in a full day of work amid the non-work temptations (television, pleasure reading, housecleaning, etc. ) of a home setting. Other companies, meanwhile, find that employees "flex" in and out of the business at such different hours that overhead costs increase, customer service suffers (i. e. , no one comes in until 9: 30 a. m. , a state of affairs that forces customers and vendors to cool their heels until then), and manufacturing output suffers. This latter factor makes flex time a difficult fit for many manufacturing facilities. 2.

Flex programs often leave managers in exceedingly difficult situations. " Far too often, flex is embraced ... for its 'family-friendly' aspects long before the corporate support needed to manage it takes root," flex policies are outlined in the employee manual but implementation is left up to individual managers. Then, when managers try to implement these programs, they discover that to be fair, flex requires them to treat different employees differently. " Advantages - Employees. 1. Flexible work programs are work arrangements wherein employees are given greater scheduling freedom in how they fulfil the obligations of their positions.

The most commonplace of these programs is flexitime, which gives workers far greater leeway in terms of the time when they begin and end work, provided they put in the total number of hours required by the employer. Other common flexible working arrangements involve telecommuting, job-sharing, and compressed work weeks. 2. Many employees have in balancing their family obligations and their work duties, and they note that such  
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programs can make a company more attractive to prospective employees.

Disadvantages - Employees. 1.

Most employees of a flexible organization are only hired part time, to do a variety of jobs, and are not offered permanent contracts. How significant is the separation of ownership and control to the way the businesses operate? Is the agency problem an issue today? The separation of ownership and control is associated with publicly held business corporations in which the shareholders possess little or no direct control over management decisions. This separation is generally attributed to collective action problems associated with dispersed share ownership.

The separation of ownership and control permits hierarchical decision making which, for some types of decisions, is superior to the market. The separation of ownership and control creates costs due to adverse selection and moral hazard. These costs are potentially mitigated by a number of mechanisms including business failure, the market for corporate control, and the enforcement of fiduciary duties, corporate governance oversight, managerial financial incentives and institutional shareholder activism. Examine the advantages and the prime beneficiaries of privatization.

To what extent does privatization solve the problems of managing public sector organizations? Privatization refers to the government policy of selling off public assets to private ownership control, usually by share issue. The policy was prevalent in the UK in the 1980's, driven largely by an ideological belief in the workings of the free market. The advantages of privatization are as follows: 1. It creates increased competition, which leads to increased efficiency, higher productivity, quality improvement and ultimately, growth

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and profit. . Shareholders have a financial interest in the effective management of the enterprise. Manager's performance is therefore closely monitored and controlled. 3. Since customers have a choice, there will be a focus on customers care and service levels will improve. 4. Costs will be reduced as a result of competition. In particular there will be a reduction in labour costs as organizations seek greater efficiencies. 5. There will be improved awareness of and adaption changes to in local, national and global environments. 6.

There will be greater incentives for staff through more flexible pay arrangements and profit - sharing schemes. Managers will be encouraged through incentives to be more innovative and proactive. 7. For the newly privatized organizations there would be greatly increased opportunity for raising revenue which could be reinvested in the operation. It was assumed this would stimulate innovation to the benefit of all. 8. For the state there will be a reduced public sector deficit and borrowing requirement. Privatized businesses will attract more inward investment. . Society will change as more people are given the opportunity to own shares. To what extent and in what ways are small firms economically relevant today? The value of a small business may be viewed in terms of benefits to the owners, economic growth, the number of jobs they provide, and their service to the consumer. Many governments see the small firm as an essential part of a healthy economy. The most obvious role for a small business firm in this respect is to act as a seedbed for future big businesses and in doing so secure the future of the economy.

A small business is also seen as a potential to fill gaps in the market by offering specialist products that would be uneconomic for a large firm to offer. More significantly, the small firm is seen as a force for change by being inherently more flexible and innovative than the larger businesses. In particular the small firm is seen as a useful vehicle in a recession; small firms are seen as price takers and therefore offer no threat to inflation rates, and they are able to plug the gaps left after larger firms have rationalized their operations.

Overall a small business represents the individual economic efforts of our global citizens. They are the foundation of the global economic growth: virtually all of the new jobs, 53% of employment, 51% of private sector output, and a disproportionate share of innovations come from small firms. Small businesses are avenues of opportunity for women and minorities, first employers and trainers of the young, important employers of elderly workers, and those formerly on public assistance. What influences the type of culture found in an organization?

Organizational culture is the collective behaviour of humans who are part of an organization and the meanings that the people attach to their actions. Culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits. It is also the pattern of such collective behaviours and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

What is the relationship between the type of corporate culture envisaged by Deal & Kennedy and by Peters & Waterman and company performance in terms of profitability and job satisfaction? Can the internal culture of an organization act as a buffer against environmental influences? Corporate culture focuses on the use of culture as control device to enhance performance through the development of greater commitment and the integration of all employees at all levels in the organization.

It is the perspective on culture at the level of the firm that attracts the greatest critical attention. Some writers notably Peters and Waterman (1982) believe that such strong cultures are a central feature of the so called excellent company. Case 6. 2 - questions. (Dow Corning) 1. What were the key factors involved in Dow Corning changing from a functional to a divisional and then a matrix structure? How were these influences relate to the six influences (on structure) identified earlier in this section? 2. What problems did Dow Corning encounter with the matrix organization?

How might such problems have been minimized? 3. What structure would be most appropriate for the company to aid its recovery post Chapter 11 bankruptcy? Case 6. 3 - questions. (Network Rail) 1. What rationale can you give for the privatization of British Rail? 2. What, in your view, were the key factors that created the problems in Rail track? 3. In what ways will Network Rail differ from Rail track? What similar problems will it face? 4. What does the case tell us about the privatization of industries such as the railways?