

Creating firm value at tyco



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Lack of corporate governance at Tyco contributed to its downfall. Normally, corporate governance plays a crucial role in controlling the activities of the firm. After learning about the indictments against Kozlowski stakeholders, investors and employees wondered what had happened (Bowen, 1994). This is simply because, they did not care to ensure that there was effective cooperate governance in the firm. In deed, they did not know what was going on until all the events revealed themselves about the fall of the company. Tyco's executive team implemented their strategy very smart without other members of the firm being aware (Clarke, 2007). Corporate governance is important to ensure that there is regular check up by all stakeholders in the company.

Fraudulent activities always happen behind the curtains in the firms where corporate governance is not well implemented. Corporate ethics cannot be used to manage the top executive (Clarke & Chanlat, 2009). Corporate governance ensures that companies are controlled and directed. In the case of Tyco, there was no relationship between its management, shareholders and its board. This made it possible for the top managers to accomplish their plans of corrupting the company. When cooperate governance is in place, the interests of all parties are presented. There is close checking of all the happening in the company. This ensures that there is no possibility of a single individual to use his or her position to implement certain strategies.

Explain how Dennis Kozlowski used organizational structure and controls to implement his strategic plan.

In 2001, Dennis Kozlowski was the chairman and CEO of Tyco International. Thus, he was the overall command in chief who was not under the control of any other official. Stakeholders, investors and shareholders trusted him and believed that he was able to take the company to level of advancement in production and provision of services. However, he used his position to steal from the company. Due to the nature of organizational structure and controls, he was able to implement his strategic plan without the knowledge of his juniors or other parties in the company (Clarke & Chanlat, 2009). Before they could come into terms of what was happening in the company, he had pilferage millions of dollars from the company together with his close associates such as the chief legal advisor. As a result of lack of proper organizational structure, he was able to overstate income reports and then smooth those earnings. Moreover, he was able to hide large amounts of senior executive compensation among other activities which left the company in bankrupt. Controls were not possible as there was no provision that allowed corporate governance to take place.

The top management was given autonomy to take their activities without external interference (Bowen, 1994). Planning their activities were therefore possible without raising any alarm to both internal and external members. Structure of an organization should be in a way that the senior are regularly monitored in terms of their conduct and behaviors. This implies that they have to behave and act responsibly because they are being watched (Clarke, 2007). In addition, lack of effective organizational structure leads to development of personal interests that are expedited at the expense of the entire organization leading to downfall.

Analyze the role of Tyco leadership in strategic implementation.

Tyco leadership played a big role in implementation of their strategy. Tyco leadership was composed of high level officials with Dennis Kozlowski being on top. Sometimes, strategic leadership has flawed individuals who operate to fulfill their interests. The top leaders used their position to implement their strategy (Clarke, 2007). Some of the people involved were, Dennis Kozlowski, its CFE Mark Shwartz as well as its chief officer Mark Belnick. They were able to even organize for expensive parties that yielded high transactions as well as other vast array of charges that could not be accounted for. In deed, the fall of Tyco was directly due to the erosion of values of its leaders who were highly influenced by greed (Bowen, 1994). The leadership team was able to effectively transform the organizational behavior and ethical standards to selfishness leading to pilferage of large amount of money.

Evaluate the role of strategic entrepreneurship in creating firm value at Tyco.

Strategic entrepreneurship has the main role of ensuring that the firm is able to increase its wealth in terms of profit. Tyco general managers can use strategic entrepreneurship through the use of the strategic tools, techniques and concepts to ensure that firm is able to increase its wealth (Clarke, 2007). Tyco value can be increased through innovations, networks, organizational learning, effective management teams and governance as well as to ensure that the firm is growing positively. Thus, general managers should play the ultimate role and take the action to increase the organizational value.

Conclusion

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As analyzed above, the downfall of Tyco International was due to lack of corporate governance, eroded ethics among the top managers of the company as well as lack of well defined strategic entrepreneurship to ensure that managers are controlled and monitored to avoid cases of personal interests being implemented.