

External internal factors



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External/Internal Factors

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AIG is a leading insurance corporation specialized in life insurance and auto insurance. Similar to other organizations, its management is influenced by internal and external factors which include economic and social changes, political and issues. The four function of management are planning, organizing, leading and controlling. For AIG, internal factors of influence involve organizational culture and strategic decision-making, company's vision and mission, staff relations and customer relations, etc. insurance industry is influenced by technological innovations and new product/service management. In this case, planning function determines how to initiate a change (or a project) and execute its objectives. In AIG the responsibility of a manager is to delegate some tasks such as data gathering and analysis of previous results. Plans development involves new approaches to management and a search for innovative and cost effective solutions. AIG managers determine themselves the nature of actions and responsibilities needed to achieve the goal. They can delegate such tasks as the development of alternate courses of action. Planning decisions involve numerous personnel within the organization with various types and levels of expertise. Externally, planning function is influenced by competition and legal changes in insurance industry (Drejer, 2002).

AIG improves its organizing functions using new software and IT solutions for business. AIG is an international company so the Internet becomes the main communication and coordination tools for AIG. Delegation might be used more effectively if the manager would provide additional training for

employees and assess their performance regularly Organizing involves determining the interfaces needed among personnel in order to assure a dedicated pursuit of the goal. The process of delegation becomes simple and more effective based on innovative software solutions such as Microsoft Project Manager and e-mail communication. Externally, organization is influenced by customers' relations and new demands and expectations of target audiences (AIG Home Page 2008)

In AIG, leading function of management is aimed to direct employees and coordinate their activities. Leading involves guiding and supervising the project personnel. IT solutions and innovative methods allow AIG personal to simplify routine tasks and improve coordination efforts. Today, leading requires skillful managers who can interact with subordinates effectively through good communication and motivation techniques. Usually, these tasks are not delegated because only a successful manager can improve the performance of his subordinates by directing them, through proper task assignments, toward the project goal.

Controlling function of management aims to ensure that necessary actions are taken to correct unacceptable deviations from expected performance. Control is influenced by measurement, evaluation, and corrective action. Controls are influenced by internal organizational structure and external changes in service delivery and by new customers' demands. Internally, controls are exercised with the help of IT and automated systems. External control involves new statistical and measurement methods used by insurance industry. Measurement is the process of measuring the relationship between planned performance and actual performance with respect to project objectives. The variables to be measured, the

measurement scales, and the measuring approaches should be clearly specified during the planning stage. Externally, AIG responds to economic and political changes applying new leadership strategies such as transformational style and people-centered leadership (Dobson and Starkey 2004).

AIG responds to internal and external changes improving and changing its main functions of management and approach of business. Innovations might be used more effectively if the manager would modify policies and procedures, and introduce technology for control. An operations integrator controls all operational components of the project interface.

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