

# Business and marketing management

[Business](#), [Marketing](#)



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Explanation of the importance of resource allocation for Tropical Salvage 19 d. Financial position of tropical salvage for the financial year 2014 and deifying the reasons for variations Conclusion 21 References 22 Task-I rapport with the government officials 'Market Failure' is one of the most common economic terms that encompass a situation where, in any given market, the extent or quantity of a product demanded y the consumers which does not equate to the quantity of the product supplied by suppliers (Salinas, 2011).

The term market failure is also can be defined as a situation in which the portion of goods and services by a free or capitalist market is not efficient which means that there exists another plausible outcome where market participants may be made more affluent without making someone else worse-off (Salinas, 2011). Market failures also can be viewed as scenarios where most of the individuals' pursuit of pure self-interest leads to results that are not efficient. Government of all countries always play role in business and industrial sectors.

Some of the most dominant roles played by the government are briefly discussed below:

**Permission** All kinds of businesses organizations need to register with a state government to operate. Corporations always need a charter, as well as other forms of businesses. In this case, the influences of the government also vary by industry to industry or business to business (Salinas, 2011).

**Contract Enforcement** Business organizations or industries also contract with other businesses or industries. These contracts also may be complex, such as mergers, and they may be as simple as a warranty on supplies purchased.

It is to be noted that, the government enforces these contracts and thus play role (Klan, 2008).

**Consumer Protection** The government of any country always tries to protect their consumers. In this case, the government set a standard or proposes various kinds of principles to protect or uphold the consumer right. Such kinds of protection are also varying country to country.

**Employee Protection** Many state and government agencies also work to successfully protect the rights of the employees (Klan, 2008).

The OCHS and Safety Administration, for example, is an agency under the Department of Labor. Its mission is to successfully ensure a safe and healthful work environment. The Equal Opportunity Commission also protects employees from discrimination.

**Environmental Protection** Government also protect environment by enforcing various kinds of laws. Most of the case government of many countries also encourages introducing green business operations. In this Tropical Salvage always tries to protect

environment (Klan, 2008). Taxation Taxation is one of the main sources of governmental income.

In this case, increase business activities and the ultimate outcome of which is to raise the tax (Salinas, 2011). Investor Protection Government of most of the countries also mandate that companies which make financial information public, thereby also protecting the rights of investors and facilitating more investment. In most of the cases, this is usually done through filings with the Securities and Exchange Commission. In the case study we notice that, Tropical Salvage also follows distinct strategies to maintain relationship with the governmental officials.

In Indonesia, the company provides huge tax and always tries to participate various kinds of developmental activities and thus maintain good legislations with the government or government officials (Klan, 2008). B. Definition of the concepts and their application for Tropical Salvage Multi-nationalization Multi-nationalization allows a company to successfully handle international and local time affairs and global language requirements from a single country or situation (Salinas, 2011).

Multi-nationalization also allows deployment of one solution that supports international business activities, time zones, international languages, number formats as well as date conventions across multiple locales while same time laminating the need to offer numerous thick-clients. In the case study we notice that, Tropical Salvage follows more distinct multinational strategy with a view to maintaining diversity, manipulation, cross cultural

human resources management and the ultimate outcome of which is to successfully manage domestic and international business activities.

**Globalization process** Globalization describes the way where the cultural, political, technological as well as economic domains of the countries are rapidly expanding outside of their own nations and on to an international level. Globalization makes the world more closely interconnected and, as a result, it is often thought to be a 'smaller place'. Tropical Salvage also uses various kinds of globalization mechanism and manage domestic and international business. **Economic Growth Theory** Economic growth means the enlargement in the market value of the goods and services which are produced by an economy over a specific period of time.

It is predictably measured as the percent rate of raise in real gross domestic product. There are many economic growth theory provided by many economists such as classical growth theory, Salter cycle, indigenous growth theory and neo-classical growth theory. **Market Structures** Market structure means the interconnected characteristics of a market which can be determined by the number and relative power of buyers and sellers as well as degree of collusion among them, extent of product differentiation, level and forms of competition and ease of entry into and exit from the market (Klan, 2008).

Market structures may be oligopoly, monopoly, perfect competition etc. In the case study we see that Tropical Salvage also conduct their business in specific market structure. They conduct their business in Indonesia, USA and some other European regions. The market structure of the company is also

well connected. Database management Database management means computer software applications which work together with the user, other applications, as well as the database itself to successfully incarcerate and analyze data. A general-purpose database management system is of databases.

Tropical salvage's also has unique data management system by which they record their domestic and international business. They also have formal contract with database management system service provider Oracle, Sap and MM. C. Budget income statement for tropical salvage's Seattle store for 2015 Wages and salaries of the Seattle tropical salvage store will increase. The store salaries will increase 201 5 year and it income also will increase. Its lease, utilities, marketing, information kiosk at the store point will increase besides this it's other miscellaneous cost will increase in the market.

So its total cost will increase. At the same time, the tropical salvage Seattle store will incur different income by using this means of gaining market share. The delivery cost and transportation cost of the company my increase if the company increases its production so other necessary elements of the business that help to market the products of the company will increase in the racket. Expenses of the business in Indonesia and lighting cost of the store settle will increase. So the total cost of the store my come ? 400000.

On the other hand, the income of the store will be total ? 500000. D. The areas that need to be brought when planning international logistics Before going international logistics several things should be considered.

International logistics is not an easy task and it depends on the so many factors. To provide the products by maintaining the international logistics it should be considered the geographical location of sending products to the country. Tropical salvage also thinks that that company will be suitable for this business.

Globalization basically originated as early as 15th century with the evolution of capitalism. The development of the concept of Globalization is closely associated with the beginning of class conflict and the constriction of profits during the formation of 'welfare state (Salinas, 2011). So the company should consider the geographical location, cost of the logistics, delivery time and customs duty of the sending products to the following country. After doing this, the company should think about its international logistics in the market. Task-2 a.

Analysis of the Indonesian market and its implications to Tropical Salvage  
The economy of Indonesia is more deeply related with the natural resources. The country is abundant with 10 percent of the world's flowering plant species, 12 percent mammals, and other natural resources (Salinas, 2011). About 20 million people depend on the forests for their livelihood and after petroleum sector this sector plays an dominant role on the country, s GNP. The government of the country always tries to embed a balance between environment and their business activities.

Though such minds of huge trees or forests shows the potentiality of furniture business but sometimes they are also aware of that such kinds of loss reduces bio diversity. The forest losses in Indonesia are becoming more

compound and difficult problems. Government support is also another pre-requirement to be successful in Indonesian market. Here political support is very much important to accommodate the growing volume of the furniture exports. There are also numbers of furniture companies that lead to the country to deforestation and paradoxically though they contribute on country's business and GAP but it leads to a great loss.

For this reasons most of the citizens think that furniture business is not enough good for the country and such kinds of negative perceptions also go the Tropical Salvage though the company Salvage By analyzing the Indonesian market it can be said that the furniture sector is still one of the most potential sectors but some dishonest businesses make it vulnerable by their inconsiderate actions. In this situation we notice that Tropical Salvage has strong brand position and their global fame makes it more trustworthy.

If the company can utilize the current promising situation of the country they will be able o successfully dominant this sector by being market leader. B. Herrings two-factor theory and assesses how Tropical Salvage is practicing this model in its HRS practices The competitive advantages and successful accomplishment of various business targets of most of the companies greatly depends on human resources. If the employees are committed and devoted enough the company will be easily successful and in contrary the situation also will be more difficult where companies have to face various kinds of hurdles.

In this case Tropical Salvage is also competitive in terms of stitch workforce as the company always tries to ensure satisfy their workers by offering



various kinds attractive opportunities. Although companies are very much aware of this fact but it is not easy enough to ensure such kinds of human resource base. Companies have to apply various kinds of motivation tool to ensure such kind of committed and devoted work pool (Watkins, 2010).

Many management specialists provided different motivational theories and among them most effective and influential are Hereafters two factor theory, Mascots hierarchy need etc.

Herbage's wow-factor theory which is also known as Herbage's motivation-hygiene theory and dual-factor theory implies that there are some important factors in the workplace on which Job satisfaction fully depends on, while a separate set of factors cause dissatisfaction. This theory is based on two main factors known as motivational and hygiene factors. These are briefly discussed below: Motivators: motivation factors depend on recognition, challenging work, responsibility that gives positive satisfaction which arises from various kinds of intrinsic conditions of the Job itself.

Here the factors are recognition, achievement and personal growth etc.

Hygiene factors: motivated workforce greatly depends on these hygiene factors for this reason Tropical Salvage also put importance on it (Watkins, 2010). Here most important factors are status, salary, fringe benefits, Job security and work conditions etc that do not give positive satisfaction or lead to higher motivation, though dissatisfaction results from their absence. In this Tropical Salvage also put more importance on Hygiene factor though the company believes on balance approach.

The company believes that if the company is benefited in terms of financial perspective they will be greatly motivated. It is to be noted that that the company also put importance on motivational factors in case of more seniors and high officials. In case of high officials the company assigns challenging work and after successful accomplishment they get huge recognition and sometimes they are promoted too (Watkins, 2010). The company also offers a lot of hygiene factors but these kinds of employees are highly satisfied with the recognition, power and if they get opportunity to participate in decision making.

In case of hygiene factors the company put more importance on salary, bonuses, fringe benefits, and Job security as well as other monetary allowances as these directly influence the employees to be motivated enough. Areas Though the company is effective and efficient enough in motivation but the company also needs to improve the condition in some areas which are briefly discussed below: Most of the cases the company put more importance on hygiene factors but after some levels employees prefers to motivation factors. The company barely offers motivation factors for their lower level employees.

In this case the company also must offer balance approach (Watkins, 2010). The company follows different motivation theories in different countries or for different position. Their cross cultural management of employees must be modified. They must take feedback from the employees to know the expectation of the employees. Training and development activities of the company also need to be modified enough. C. Identification and explanation

of different items with reference to the case study The rockiness of O'Brien decision to expand using an appropriate uncertainty model: The business organization takes risk for gain.

It is believed that there is a high risk there is high profit. The founder of Tropical Salvage, O'Brien has taken an expansion strategy that also incurs risk. To expand the business activities in foreign market involve huge cost if the strategy fail a huge loss will incur for the organization. Some of the risks of the O'Brien expansion decision include cultural mismatch, political clash, trade and tariff barriers posed by the government, huge cost, increased competition etc. The basic business principles: All business organization has some principles that direct the behavior and activities of the organization.

Here the basic principle of Tropical Salvage is providing value to all the stakeholders of the organization in an environmental safety way. The process of data analysis: Different data are analyzed to get concrete information regarding a particular subject matter. Now in the age of Information and Communication Technology information is considered as a great weapon for success in any field of operation. The process of data analysis is given below: Figure: The process of data analysis's, 2010) Monetary and Fiscal policy: Both the term monetary and fiscal policy is related with the budget of the government.

Both monetary and fiscal policy has impacts on the operations and decision of the business organization. To make the business decision he management of the business organization must consider the monetary and fiscal policy of the country where the organization operates. D. 'cost based pricing and

'resource usage' and its applicability to Tropical Salvage Cost based pricing: Cost based pricing is a method of determining the selling price of a product. Under this method selling price of a product is determined by adding a percentage of total production cost with the production cost of a product (Rawest, 2014).

For example if manufacturing cost of furniture is \$10 then the selling price of the furniture would be \$11. Here 10% of cost of production has added with the total cannot charge higher price for a product or service. Therefore the management of the organization should determine competitive price but must ensure the profit for the organization since profit earning is the main purpose of the business and without profit an organization cannot sustain in the market. So the management of Tropical Salvage can use the cost based pricing method to determine the price of furniture produced by the company.

Resource usage: Resource is something that has worth and value and could be used as factor of production. Resources of an organization include man, machine, materials, market, money, mechanism etc. Use of resources to produce something having value is called resource usage (Rawest, 2014). Because of the scarcity of resource the business organization must use resources effectively and efficiently. One of the main raw materials of Tropical Salvage is wood. If this resource becomes unavailable then all the business activities will be stopped.

So the management of Tropical Salvage should develop resource usage policy to use its resources effectively and efficiently. Task-3 applicability to Tropical Salvage The main goal and objective of the business organization is

earning profit. But because of the increased competition earning profit being difficult and even the existence of the business organization is at stake. So now to achieve the primary goal of the organization all business organizations want to gain competitive advantage.

Competitive advantage is a superiority or affordability gain by an organization that is able to provide same value to customers like competitors at lower cost than the competitors or exceed benefits or value than the competitors at the same price of competitors. If an organization has competitive advantage over its rivals then it would be able to earn more profit for itself and more value to its customers. Competitive advantage may result from many sources such as skilled employees, advanced technologies, effective processes, loyal customers etc.

A model of competitive advantage is given below: Figure: The model of competitive advantage(Michael, 2008) By using the above mentioned model of competitive advantage the management of the Tropical Salvage can gain competitive advantage in the market. The management of the organization should integrate its resources and capabilities to ensure distinct impenitence that will result in cost advantage or differentiation advantage that would help the organization to create value at lower cost or more value at same cost of competitors. One of the important functions of the all business organization is creating value.

To create value the organization has to perform different activities. All effectiveness and efficiencies of all activities the management of the organization has to conduct value chain analysis. A value chain analysis

model is given below: Figure: Element of value chain analysis model(Michael, 2008) By using the above mentioned value chain model the management of the Tropical Salvage would be able to determine the effectiveness and efficiencies of all the activities of the organization and would be able to identify the problems of each of the activity.

By identifying the problems management of the company will be able to take corrective measures that will help the organization to achieve its goals and objectives effectively and efficiently. B. Differentiation between 'Organizational management' and 'performance management' and the importance of 'performance management' for an organization Management is a universal concept that is used widely within the business organization for achieving the strategic goals and objectives of the business organizations effectively and efficiently.

There are different areas of management used within the organization such as management, human resource management, total quality management, accounting management, financial management, marketing management, performance management etc. (Armstrong, Michael, and Baron, 2000). All the management areas include within the organizational management.

However a comparative table by showing differences between organizational management and performance management is given below: Organizational management Performance management Organizational management is the process of planning, organizing, leading and objectives effectively and efficiently.

Performance management is the continuous process of evaluating the performance level of employee and organization and taking corrective measures in case of lower level of performance. Organizational management is also called management. Performance management is also called performance appraisal Organizational management is wider concept. Performance management is a small part of Organizational management Organizational management has more impacts on the organizational success. Performance management has lower impacts on the organizational success.

Performance management is an important functional area for any business organization to improve the performance of employees and the organization as a whole. Importance of performance management from different angle is explained It helps management to determine the performance level of employees and the organization. It helps to improve the performance level of employees and the organization. It helps to develop effective compensation system for the employees based on performance. It is helpful for identifying the training and development needs for the employees.

It helps to develop effective and efficient communication system within the organization. C. Capital budgeting and recommendation of an appropriate for expansion plan for Tropical Salvage in setting the Seattle store Capital budgeting is the process which is used by the management of the business organization to decide on the investment of capital in a particular project for long period of time (Dennis, 2014). Through the capital budget the management of the business organization prepares budget for using its

capital resources. Capital budgeting is essential for making investment session.

The founder O'Brien of Tropical Salvage has taken expansion strategy by setting the Seattle store that could be considered as a project of the organization. Now O'Brien should analyze the investment decision in the project whether the project or investment is profitable or not. Capital budget is prepared by calculating three main methods which are following- Payback Period (BP) Net Present Value (NP) Internal Rate of Return (AIR) Payback Period (BP): With the calculation of Payback Period the managers of the business organization determine to recover the initial cost how many time is needed.

If the manager found that investment capital would be recovered within a short period of time then they make investment decision on the project. However there are two formulas for calculating the payback period one used for even cash inflows and another is used for uneven cash flows. The formula for calculating the payback period is-  $\text{Payback Period} = A + (B + C)$  Here, A is the last period with a negative cash flow, B is the absolute value of during the period after A.

Net Present Value: With the calculation of Net Present Value the management of the business organization determines the amount of the net present value of earnings from a particular project. If the manager found that the amount of Net Present Value is high then they make investment in that project. However the formula of Net Present Value is given below:  $\text{Net Present Value (NP)} = \text{Total present value of cash inflow} - \text{initial investment}$



Internal Rate of Return: The internal rate of return is an interest rate that makes the net present value zero.

So higher the rate of internal return will make the net present value zero quickly and will be acceptable. Under this method of decision making the manager calculate the time needed to make the net present value zero. If the time is lower than standard then the project is selected for investment.

D. Description the role of marketing Marketing is an important functional area for business organization that involves all the activities from market research to after sales servicing. Success of the business organization largely depends on the effective and efficient marketing system.

Importance of marketing in modern era from three different perspectives is described below (Maryanne and Sahara 2005): New product development: To develop a new product the business organization has to conduct marketing research that is a part of marketing system of the business organization. With the market research the manager able to find out the needs and expectations of customers for a particular product in a market is determined and the possibility of the new product is determined.

So marketing helps the business organization to develop new products.

Creating a competitive environment: With the help of the marketing activities all business organizations try to encourage customers to buy a product or service. If all business organization applies the same marketing strategy the business environment become competitive. Offering techniques to communicate: All business organizations follow marketing system to

communicate necessary information with the customers of the product or service.

Advertising, promotional activities, customer relationship, market survey etc. All are directed to communicate necessary information regarding the product or service with the potential customers. Task-4 a. Characteristics of the consumers of (ALOHAS) and how Tropical Salvage has aligned its business model in order to target this segment Tropical salvage provides its product on the basis of its customers demand and wants in the market. It provides specially kinds of products for its ALOHAS customers in the market.