

History of ethics and social responsibility business essay

[Business](#)



KKK Amotion. jpgTable of Contents

Introduction

In this team research project, we aim to identify the nature and scope of the managerial problem outlined in the case study Kosmic Kiwi Kosmetics and through collection, collation and analysis of both secondary and primary research by team members, to report on team's research findings and application of management concepts and tools in recommending solutions to an identified managerial problem. Team research discussion and findings, analysis and solution recommendations will be presented in the form formal written report. Kosmic Kiwi Kosmetics was a manufacturing and retailing company which was dealing in natural cosmetic and skincare products which was owned by Meredith black. She started her business from a small scale. Her business need further redevelopment in such a manner so that it could be respond a better processing approach or strategy in maintaining issues and prominent infrastructure of cosmetics and skincare products. NZTA asked the owner to maintain a better hygienic working environment in company. It was mentioned in the details that increased sales will lead to increased traffic demands and equipment getting more degraded and leading to affect the manufacturing process.

Terms of Reference

This report has been written to analyses a business problem and recommends solution, as outlined in our proposal of 14/02/2013 -See appendix 1

Scope

The report involved applying a problem-solving process to a situation, identifying the underpinning issues, researching these issues using both secondary and primary sources, analyzing the data obtained and suggesting a viable solution to the problem based on our data analysis.

Methodology

We followed a team approach which was applied to the collection, collation, analysis and evaluation of the relevant data before the final team solution was developed. The problem solving and change management models applied are as follows: Six Step Problem-solving Model SWOT analysis tool Inductive Reasoning C: Useresting2Desktop6steps. gif During the discussion of analyzing the issues in the case study with the team members, team members addressed some issues like refinancing the business to restructure it and fulfill the legal requirement of the business enforced by Ministry of Health. To resolve these outlined issues, the team discussed about their possible solutions and decided to use above mentioned problem solving and change management models.

Primary research sources

As a part of our case study we have to develop an approach or a model which can consider the key things for developing a better marketing approach which can help to increase Kosmic kiwi cosmetic business. To complete this project as our primary research we had taken the following steps: Face to Face Interview with a Grocery shop manager Personal Observation

Face to Face Interview with a Grocery Shop Manager

We made a list of question. In this questionnaire we write 20 question based on the issues and we all team member approached a grocery shop manager in local area to conduct an interview to get more information about the problems which they faced during the restructuring cycle of their business. Most of the questions we have put about the organization and least of the staff's own life. What are their goals in daily life and how should they reach to their goals. Some of the questions about the behavior of the employee and employer and what the employer want from the employee and what employee want from the employer. Is the company satisfied from the employee or the staff just doing their work and get paid from the employee. We want to discuss these issues and problems for the employer and employee in this report. This interview is relevant with our case study investigation because the person whom we interviewed, he already faced the same restructuring problem in his organization which is defined in our case study. Before this interview we told the person that the information gathered will be kept confidential and used for only academic purpose. Intensity of this problem will give us an idea because of similarity of this situation to our case study and it will give us idea to overcome this situation in this case of KKK.

Personal Observation

One of our team members " M D Nassir" is working at a grocery shop that has recently been restructured. They had the similar problem related to finances, lack of good technology in the workplace and working standards, lack of skilled workers, communication problems etc. He personally observed

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the issues associated with the restructuring and their impact on the business.

Secondary Research Sources

We did the research on the following elements as secondary research sources: Advantages and disadvantages of restructure of business Estimated building cost Standards Legal Rights and Obligations Decision Making Process Following are the secondary research resources we used for research purpose: Association, N. Z. (2008, May 15). 100 Auckland Museum jobs on the line due to restructuring. Retrieved March 6, 2013, from <http://www.3news.co.nz>: <http://www.3news.co.nz/100-Auckland-Museum-jobs-on-the-line-due-to-restructuring/tabid/423/articleID/55841/Default.aspx> Decision Making . (n. d.). Retrieved March 18, 2013, from wikipedia : http://en.wikipedia.org/wiki/Decision_making Employment Relations Act 2000. (2002). Retrieved November 22, 2012, from <http://www.legislation.govt.nz>: <http://www.legislation.govt.nz/act/public/2000/0024/latest/DLM59172.html> Health and Safety in Employment Act 1992 (HSE Act). (1992). Retrieved November 22, 2012, from [osh.govt.nz](http://www.osh.govt.nz): <http://www.osh.govt.nz/law/hse.shtml> Health and Safety in Employment Act 1992. (1992). Retrieved November 22, 2012, from <http://legislation.govt.nz>: <http://legislation.govt.nz/act/public/1992/0096/latest/DLM279228.html> ISO Standards . (n. d.). Retrieved March 12, 2013, from ISO. Org: <http://www.iso.org/iso/home.html> Mind Tools. (n. d.). Retrieved February 7, 2013, from Mindtools: <http://www.mindtools.com/brainstm.html> Ministry of Business Innovation and Employment . (n. d.). Retrieved March 10, 2013, from [dbh.govt.nz](http://www.dbh.govt.nz): <http://www.dbh.govt.nz/bofficials-estimated-building-costs> New Zealand <https://assignbuster.com/history-of-ethics-and-social-responsibility-business-essay/>

Legislation. (2012, September 28). Companies Act 1993. Retrieved November 11, 2012, from New Zealand Legislation: <http://www.legislation.govt.nz/act/public/1993/0105/latest/DLM319570.html> Small business . (n. d.). Retrieved March 12, 2013, from smallbusinesschron: <http://smallbusiness.chron.com/advantages-disadvantages-restructuring-39914.html> SWOT Analysis - Strategy Tools from MindTools. com. (n. d.). Retrieved february 12, 2013, from mindtools: http://www.mindtools.com/pages/article/newTMC_05.htm The Law Guide Business law made simple . (n. d.). Retrieved March 18, 2013, from The law guide : [http://thelawguide.co.nz/guidebooks/conducting-business-in-nz/The Six Step Problem-solving Model](http://thelawguide.co.nz/guidebooks/conducting-business-in-nz/The-Six-Step-Problem-solving-Model) — GICE Blog. (n. d.). Retrieved February 12, 2013, from <http://blog.gice.in>: <http://blog.gice.in/the-six-step-problem-solving-model/>

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We are highly obliged to Ms Aditi Aggarwal, Lecturer of Applied Management who has been guiding us in every component of our project report. We are also very much grateful to the owner of Bay of Bengal Ltd T/A Bairds Road Price Cutter, Mr. Nazmus Sakib who has given his valuable time and knowledge for the successful completion of this project report.

Problem Definition

In the given case study ' Kosmic Kiwi Kosmetics A' owner has to take a decision to save her business from loss or closing down by refinancing to restructure the business and to fulfill the legal requirement of her business with the help of external investors or other financial source.

Problem Issues

To determine the best possible solutions of the problem, the following issues must be investigated:

Positive issues

The Owner has ability to motivate her staff and get the best out of them. The Owner is a successful and wealthy business woman and is a sole owner. The client's company is seen as a real asset to the community. The Client is a trained pharmacologist. The client has accepted the offer to invest. So, investor has promised \$1.4 million.

Negative issues

An inspection has shown up some problems with the plant and equipment. The owner has to restructure her company to Limited Liability Company. The company needs to invest new equipment, a more sophisticated laboratory and better waste disposal processes.

Issues of Management

There exist some issues of management those are applicable to the problem associated with our case study ' Kosmic Kiwi Kosmetics A'. It is required that these issues must be investigated and discussed, examined and evaluated to give possible solutions.

Concern Regarding Decision Making

Decision making is the most important role of management. As Meredith has to restructure her company, she will be the one of the directors which may influence the working employees and decision making process as well.

Ethics & Social responsibility

Ethics are the standards or rules, which should be followed by the management and staff members to run an organisation systematically. The staff members should follow the vision, mission and co-operation among each other has to make the organisation ethically balanced. Meredith Black was very specified with the ethical practices that a company should be followed. They were using natural stuff for making their Kosmic Kiwi Kosmetics while it was expensive in cost but still she does not want to compromise with the quality of product. She wants to do a fair deal with her clients. She was very sociable she used to attend the social parties with her staff member. She was also contributing for the development of her community. When she got an attention from the ministry of health, instead of challenging it, she accepts that and agreed to restructure her company in the form of working environment and technology.

Relevant NZ Legislation

KKK keeps on focus on NZ legislation and welcome new regulations that impact their activities. We like to support environmental groups that take part in creative direct action to help change the law.

COMPANIES ACT 1993

All round guideline for companiesThe Act allows directors flexibility to manage a company. At the same time, the Act ensures directors are accountable for their actions. Shareholders' rights and remediesAccording to New Zealand Govt. NZ 1989, Companies Act 1993 provides the basic and adaptable requirements for the incorporation, organization, and operation of

the companies. It also defines the relationships between companies and their directors, shareholders, and creditors. In addition, it repeat the values of the company as a means of achieving economic and social benefits through the aggregation of capital for productive purposes, the spreading of economic risk, and the taking of the business risk. Health and Safety in Employment Act 1992The object of the Health and Safety in Employment Act 1992 is to promote the prevention of harm to all people at work, and others in, or in the vicinity of, places of work. The Act applies to all New Zealand workplaces and places duties on employers, the self-employed, employees, principals and others who are in a position to manage or control hazards. The emphasis of the law is on the systematic management of health and safety at work. It requires employers and others to maintain safe working environments, and implement sound practice. It recognizes that successful health and safety management is best achieved through good faith co-operation in the place of work and, in particular, through the input of those doing the work.

Regulations are made under the HSE Act:

To set minimum standards for the management of particular hazards where alternative control measures are not always effective; To deal with administrative matters provided for in the Act (such as appointment of inspectors); andTo elaborate on some general duties in the Act. Where a regulation exists, its requirements are mandatory. However, while regulations must be complied with, the overriding responsibility is to comply with the duties set out in the Act, and there may be instances where this involves taking further steps than meeting the regulations. 5. Continuity of employment if employees' work affected by restructuringPart 6A:

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substituted, on 14 September 2006, by section 6 of the Employment Relations Amendment Act 2006 (2006 No 41).

6. Health and Safety Act 1992

Duties of employers in relation to training and supervision

13. Training and supervision

Every employer shall take all practicable steps to ensure that every employee who does work of any kind, or uses plant of any kind, or deals with a substance of any kind, in a place of work. Either: has; or is so supervised, by a person who has, such knowledge and experience of similar places, and work, plant, or substances of that kind, as to ensure that the employee's doing the work, using the plant, or dealing with the substance, is not likely to cause harm to the employee or other people; and is adequately trained in the safe use of all plant, objects, substances, and protective clothing and equipment that the employee is or may be required to use or handle.

Discussion

Primary Data Sources

Interview with a shop manager

For our research purpose, we conduct an interview with a dairy shop manager who had recently restructured his dairy shop business. He had the same issues in his shop as Meredith Black has in her organization. There are specific issues that may affect the business one of them is a law by the NZ government. According to law, employer has the right to determine the structure of the business. If employer is going to reduce the positions then redundancies should be in genuine and in reasonable manner. Employer

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does not need to register the business again in the case of restructuring the management or for any internal change. However, in case of restructuring the entire business in terms of changing ownership and relocating the premises then there is need of registering the business again. Employer need to give the brief explanation if he/she going to relocate the business or changing the ownership. But any change in the management level does not considered in the legal issues. The other thing in the legal issues we came to know after the interview is that the risk of redundancy. The employer needs to let the employees know about the risk of their positions. The law requires the employers to provide information to the employees when they are considering changes that will affect their jobs and to give them an opportunity to contribute to any decision. According to him, restructuring is a phase that brings changes in an organization. It is a change that effects the organization internally and externally. It includes change in the legal department of the organization, ownership of the business, day-to-day operations in the organization, or other structures of company for making it more profitable, or better organized for its present needs. Restructuring may be for the following reasons, such as improved technology more productive business processes, product changes loss of suppliers or markets, a decision to contract out or sell some or all of the business. Also by restructuring, the business will be well managed and controlled, as the work will be divided into different departments. Whereas by restructuring the business, operational cost increases, payroll expenses increases, training expenses increases. After looking information, which we got after having an interview with a dairy shop manager who had recently restructured his business and a

business, expert we found the following key problems, which are the main cause of a business, restructure.

Working Standards

Every organization has specific guidelines regarding the policies and procedure, which makes sure that all employees should follow to achieve the common organization goal and to maintain a good co-operation among employees to ensure that communication is clear to achieve the goal of the company. Standards are the base for a successful organisation, each company has its standard and depend upon this a company survives.

Without standards an organisation can be messed up and it cannot be achieved their desired goals. As per Kosmic Kiwi Kosmetics standards, they were using natural stuff to make cosmetic and skincare product to make sure that client get the real worth of their money. Although, it was expensive but they still were using it because it was the company policy. Standards are very important which helps us to keep going on the work throughout the organisation to attain the goal and helps us to stay on the right path.

Standards helps in establishing in order to meet safety, regulation and technical needs and also helps in making organisation competitive in market.

Standards keeps the employee of all level under the working boundaries and keep them known about what policies and rules they need to follow to

complete their tasks. It helps in making communication effective within the

organisation or departmentsIn the given case study standards in the form of

health and safety and technical has to be need to improve because she is

following ordinary standard in safety and technical form. Lack of good

standards her factory got the attention of the Ministry of Health and of

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Transit New Zealand. Standards ensure that products and service should be safe, reliable and good quality. For an organization, these standards are strategic tools that reduce costs by minimizing waste and errors and increasing productivity.

Employee Behaviour

Employee behaviour is important factors, which describe how an organisation works and how staff inside the organization, behave and cooperate with each other. It is very important way to recognise employee behaviour. Some of the employee behaviour should be carried out in the company because it affects the productivity, morale and quality of service of the organisation. Employee behaviour can be very important because it determines how a company works and to what is company's parameter or limit to achieve goal. Some of the employee behaviour such arriving late at work, taking long breaks without indication all these should be addressed because these all going to effect the performance of the company. Employee behaviour is effected by many factors at work place such as position, rank and what an employee thinks of company also it can effected by how company treats the employee and what is company's culture . Personal behaviour can be neutralised and work upon the company's common needs. In the given case study working environment and working equipment was not in very good condition and all the management responsibility is taken by owner herself so there is no good working conditions and no future growth opportunities for the organization employees. Which can put impact on the moral of employees and it can comes in result of less productivity, low quality of product.

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Organization Culture

It is offer a framework with respect to the behaviour of the workers in their place of work. Depending on the form of culture that is shaped in an organisation, it can have either a positive or a negative outcome on the employees. For example In an organization if the managers motivate, reward, friendly and don't put too much pressure on employees, then the employees will feel happy and they will also work harder as there will be competition in the atmosphere. If an organization has, multicultural people, which enhance the chances of understanding other cultures and it, also increase the skills of managing the group of people from various cultures. In any hospital environment you have to interact with people from different cultures so the staff should be trained on dealing with people from different cultures and their values. It creates friendly context within the organization and it keeps the patients happy. In the given case study while Meredith black motivate her staff member but she never involved her staff member to give suggestion in the decision making process. She had only one culture staff in her organization, which has their own positive and negative impacts on her business. Positive effect is effective communication, mutual understanding and more co-operations and more social environment at work place. Negative effect if an organization does not have multicultural people, which enhance the chances of understanding other cultures, and it, increases the skills of managing the group of people from various cultures.

Ethics and Social Responsibility

Ethics are the standards or rules, which should be followed by the management and staff members to run an organisation systematically. The <https://assignbuster.com/history-of-ethics-and-social-responsibility-business-essay/>

staff members should follow the vision, mission and co-operation among each other has to make the organisation ethically balanced. Meredith Black was very specified with the ethical practices that a company should be followed. They were using natural stuff for making their Kosmic Kiwi Kosmetics while it was expensive in cost but still she does not want to compromise with the quality of product. She wants to do a fair deal with her clients. She was very sociable she used to attend the social parties with her staff member. She was also contributing for the development of her community. When she got an attention from the ministry of health, instead of challenging it, she accepts that and agreed to restructure her company in the form of working environment and technology.

Staff Training

Every business keeps a bunch of people who works on the daily basis to complete given task. These peoples are the part of a team or unit which works together in order to achieve a collective goal. This team is creates after provide training them. Well-trained staffs always reduce the risk of potential mishaps and increase the productivity of an organization Every organization comes across the phases of changes and to adjust with these changes an organization staff should have to keep update themselves these changes may be in form of technology, working environment, job responsibility etc. Organization should provide them training to keep them up to date to meet with these challenges. In the given case study Meredith, black has to restructure her company in form of working environment and the technology what they are using at present for production. After implement, those changes she should have to provide training her staff

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members from the experts because if they don't have proper knowledge about the machinery it can increase the risk of potential mishaps and decrease the productivity of her company.

Secondary Data Sources

Advantages and disadvantages of restructure of business

Restructuring always bring changes in business in form of strategy, department eliminate, dismiss employees or close some retail location of organization. In positive way it may be because of reassignment of duties with in organization to improve the performance. In the given case study Meredith black has to restructure her business to full fill the requirement Ministry of health and NZTA. Also she has to invest in new technology equipment, more sophisticated laboratory and better waste disposal process. This process required around 2 million investments. Some of her international customer offered investment for restructures the business to so that she can come out from her financial problem and save her business. After restructure, her business will become a limited liability company that may affect her management role and control over her business. Meredith will no longer be the owner of the business. She can work as the Director of product development in the company. Due to this, she will have numerous advantages, like decrease in the work load, more time for communication and decision making process. Thus it will also increase the quality and productivity of product. Also by restructuring, management will be change and now there will be management for every department which will manage and control as the work will be divided into different departments. There are also some disadvantages, like after restructuring the business, operational

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cost, payroll, and training expenses will increase. Currently, Meredith is the sole trader of her business and she has her full control on her business but after restructuring, she will lose her control and her business will become a company headed by several directors (Small business)

Estimated building cost

Building and housing department provide the estimated realistic value of building to assist territorial authorities. They set a particular amount based on the space which is measure in square meter. In the given case study presently factory is 414 sq. meters space. If Meredith will redevelop her business she will expand the building to 600 sq. meters. So she will need 186 sq. meters more land to expand the building. She also has to include landscaping area that means the total ground would be 586 sq. meters. The money will be \$759456 for the expansion of the area. So the estimated cost will \$ 1. 2 million and the total estimated cost for redeveloping the factory will be the sum of total area cost and total equipment cost i. e. \$2 million NZ. The brief explanation of the estimated cost calculation is explained below:

Approximate costs for the re-development if the factory expanded from 414 sq. meters; also including landscaping of 400 sq. meters: Presently factory is 414 sq. meters. We need to expand to 600 sq. meters. Expansion needed is: $600 - 414 = 186$ sq. meters Add landscaping area = $186 + 400 = 586$ sq.

meters Approximate cost is: $586 \text{ sq. meters} * \$ 1296.00 = \$ 7, 59,$

456 Equipment costs = \$ 1. 2 million = \$ 12, 00, 000 Total Estimated cost for re-development of the factory:= $\$ 7, 59, 456 + \$ 12, 00, 000 = \$ 2$ million

NZ. By looking above figures we found that there is a different of \$600, 000 in actual required money and promised money from external investor. So

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Meredith has to approach somewhere else to arrange the rest of money.

(Ministry of Business Innovation and Employment)

ISO Standards

Every organization has working standards. These standards has specific guidelines regarding the policies and procedure which all should follow to make sure the goals are clear, to maintain a good co operation among employees and to ensure the communication is clear to achieve the goal of the company. Standards are the base for a successful organisation, each organization has its standard and depend upon this a company survives. Without standards an organisation can be messed up and it cannot be achieved their desired goals. As per the Meredith Black organization, they make sure that they use natural stuff to make their product, which provides good quality product to their customer. This is one of the standards followed by the staff in the above-mentioned company. Standards are very important which helps individual or an organization to keep going on the work throughout to attain the goal and helps us to stay on the right path. Standards helps in establishing in order to meet safety, regulation and technical needs and also helps in making organisation competitive in market. Standards keeps the employee of all level under the working boundaries and keep them known about what policies and rules they need to follow to complete their tasks. It helps in making communication effective within the organisation or departments. In the given case study standards in the form of health and safety and technical has to be need to improve because she is following ordinary standard in safety and technical form. Lack of good standards her factory got the attention of the Ministry of Health and of

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Transit New Zealand. Standards ensure that products and service should be safe, reliable and good quality. For an organization, these standards are strategic tools that reduce costs by minimizing waste and errors and increasing productivity. (ISO Standards)

Legal Rights and Obligations

There are three basic main structures which make the most sense for small businesses: sole trading, Partnership and limited liability. Every businessperson has to obey some legal rights and obligations in their business. These legal rights are the rights, which exist under the rules of legal systems. An individual who does the business for himself is engaged in the operation of sole proprietorship. Professionals, consultants, and other service businesses that require minimum amounts of capital often operate this way. A sole ownership is not a separate legal entity. An appropriate licensing is required to conduct the business and its registration if it differs from sole proprietor. The personal liability of sole trader is unlimited. The sole trader has total flexibility in managing and controlling the business. The business is also terminated when the person is disabled, dies. In the given case study owner is sole trader. As a sole trader, Meredith Black can operate her business without any legal separation. She pays tax on all the business profits at their personal tax rate, which is often higher than the corporate tax rate for the companies (which is currently 30%, reducing to 28% from the start of 2011-2012 income years). If she wants to expand the business into a Limited Liability Company, Meredith has to change her business into a company. There are some advantages and disadvantages for a company.

The liability is limited to the money you invest in the company. A company is

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a formal legal entity, separate from its owners (the shareholders). (The Law guide, 2012). Some of the rights and obligations for restructuring Meredith's business can beThe Ministry of Economic development charges \$160 to incorporate a new company. The incorporation process is relatively simple and can be done completely online at the companies' office website. Alternatively, Meredith has to consult a lawyer or an accountant to incorporate a company for her. The market rates vary between \$500-\$2000. Companies pay tax on profits at the commercial tax rate for companies, which is often lower than personal tax rates. The Companies Act 1993 provides a wide-ranging and effective default set of rules governing the relationship between shareholder and directors, and shareholders and each other. Conducting your business through a company makes it easier. Only the main disadvantage of conducting business through a limited liability is that is required formal and administrative requirements of companies. If Meredith conduct her business in limited liability she will lose the control over the staff and she has to follow the strict obligations same like other directors inside the company.(The Law Guide Business law made simple)

Decision Making Process

Decision-making process is an essential leadership skill, which required in an organization or individual. If a person can learn how to make effective, timely, well-considered decisions, then he/she can lead individual or a team to well-deserved success. Decision-making process is also known as mental processes (cognitive process). We do the selection of a course from the several alternative scenarios. Every decision-making comes out with a final choice. A major part of decision-making process involves the analysis of

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a finite set of alternatives described in terms of evaluative criteria. These criteria may be benefit or cost in nature. Then the problem might be to rank these alternatives in terms of how attractive they are to the decision maker(s) when all the criteria are considered simultaneously. During decision-making process, we have to consider the following key points: Objectives must first be established. Objectives must be classified and placed in order of importance. Final decision always comes with alternative actions. The alternative must be evaluated against all the objectives. The alternative that is able to achieve all the objectives is the final decision. The final decision is evaluated for consequences that are more possible. The decisive actions are taken, and additional actions are taken to prevent any adverse consequences from becoming problems and starting both systems (problem analysis and decision-making) all over again. There are steps that are generally followed that result in a decision model that can be used to determine an optimal production plan. In a situation featuring conflict, role-playing is helpful for predicting decisions to be made by involved parties. In the given case study Meredith black is a sole trader so she has control over the all-important decision making process within the organization. She uses her feelings, emotions and personal choice's during decision-making process. She never considers her employees opinion and view for decision-making process. Due to this attitude sometimes, she did not able to take the worthy decision for her organization. Being an autocratic leader, she never allowed her employees to take participate in decision-making process. It was a disadvantage for her because she never got support and commitment from

her employees. If she involved them then they will feel more confidence and committed toward the organization.(Decision Making)

Rationale

It's very good to brainstorm a possible scenario, so you can see who does what and who goes where. Brainstorming is a very good tool which helps to generate a creative solution for a problem. Brainstorming can be in form of individual or a group. We are doing our research in a group so we are using group brainstorming. To run a group brainstorming effectively we have to follow the following points

Find a comfortable meeting environment and set it ready for the session

Appoint one person to record the ideas that come from the session. Do an ice breaker to make people warm up if they are not working together

Ask people to give their ideas or motivate them to share views

After effective and successful brainstorming and reading the case study we found out that profit for Kosmic Kiwi Kosmetics was booming and the company was seen as real assets to the community. However, demand brought difficulties as the company attracted the attention of Ministry of Health and Transit New Zealand with which some problems came up regarding the plant and equipment that can only be solved by huge investment. Also the increase in sale led to increase in traffic so that the current site access was not safe anymore. Our intention of the project is to address the problem related to the management and to purpose a model and tools to fit in to the situation.

Findings

Problem Parameters

Capital

Money was playing an important role for Meredith Black to restructure, because it was affecting Meredith's decision directly. If Meredith Black would have chosen the option of foreigner investor who promised her for \$1.4 million, then it might not be sufficient for her, because for the restructure she is required \$2 million. For this purpose, she would have to arrange another \$6,00,000 from other sources. If Meredith would have chosen the option of loan from bank, she might have to provide the bank with some security for bank to lend her such a huge loan.

Constraint

Meredith has to renovate her business premises as per the legal requirement of the government. To carry out the restructuring she needs a huge amount of money which she doesn't have. So money is her very essential requirement at the moment.

Time Frame

According to our group thinking, as Meredith has to restructure her existing site; she might require at least 6 months time, to fulfill her target, in which she had to arrange new equipments, site renovation, recruiting employees, approval of funds from the bank, meeting the legal requirements of Ministry of Health and of Transit New Zealand etc.

Legal Requirements

There are some rules and regulations set by Auckland Council. Meredith has to come across these rules. Meredith would have to think about which option she might choose because the conditions of foreign investor were not so flexible for her.

Company Culture

There are some parameters regarding structural change for employees and for overall company culture. One of them was employee's contract. If Meredith would have to hire new employees then she had to fire some old staff but it was difficult for her to fire them without any strong reasons.

Constraint

The employees of KKK are from a same local community group of people. And being from a same local community, their skill set is almost the same and confined which is indirectly effecting the production and administration of the company. The employees of KKK are not very happy about the culture of the company which continuously is impacting on employee's individual morale and their motivation and determination level.

Time Frame

If we are to revolutionize the company culture, we must admit and understand the role of time investment in the process. Company's culture can never be changed in a day. It will definitely take time to bring other cultures in the organization. They should try to make the working environment very unbiased and transparent.

Legal requirement

There are no legal requirements to carry out such a transformation in a company's culture. No law forces any organization to hire a multicultural staff. But we feel that it is unethical to not to hire other community staff. One should just understand the need to do so. Apart from that, the work distribution between the employees should be even.

Continuity in Production

It is obvious from the case study that Meredith has to restructure her business, but on the flip side she has to continue the production to fulfill the market demands. The restructuring will halt their production process.

Constraint

The key impacts of discontinuity in production are; the employees of KKK will be insecure about their jobs and secondly they will suffer due to lack of satisfaction and morale in themselves. Such employees will directly impact their business's reputation. The reputation of KKK will be dropped off due to these reasons.

Time Frame

Looking at the case study, we feel that she has to fulfill the ongoing market demands for her products. She has to keep on producing the products for market. In addition, it will take approximately six months to restructure her plant. So there is a time frame for Meredith to producing the products and at the same time she has to restructure her business.

Legal requirement

Government regulations play a vital role in the daily processes in Meredith's company. As per the regulations she has to follow all the employee health and safety procedures. Her production unit has to be up to an appropriate quality standard as per Ministry of Health. Apart from these legal requirements, Meredith has to keep up with the documentation regarding HR, administration and production.

Possible Solutions

First possible solution

The first options available for Meredith is that she accept offer from external investor who promised her to give \$1.4 million. This will be helpful for her to arrange capital, which she required to restructure her business which she has to do in a limited period.

Rationale

If she decides to go for taking help from external investor, her company will become a limited liability and it will give her some benefits, which she might not get from other options available to her. Which describe in the below points She will become member of the boards of directors and head of product research department. She will get the salary for it, and have shares in company profit as shareholders. After restructuring, there will be new staff will hired who will have more skills and experience then the current staff . Productivity and product quality will be improved which will improve company standards will be improve. Moreover, she would not have to worry about her assets and liabilities, because this would be share among all

shareholders. Being a sole owner of company she has too much work load but now she has to focus only on her department so it will reduce work pressure from her. Foreign investment is justifiable because it allows money to freely go to whatever business has the best prospects for growth anywhere in the world. That is because investors aggressively can seek the best return for their money with the least risk. Companies innovates new technologies and operational practices, which helps to improve employee's life style standards.

Second Possible Solution

The second possible option available for her is that she can take loan from bank or she can ask help from her friends.

Rationale

The reason behind choosing this option is might be she didn't want to lose her business which she setup alone from small scale to a company, there was an emotional attachment with her business. By choosing this option, she will get the following benefits. She will keep her own sole ownership. She will have full control over her management. She will be the only person in management so she will take decision, which will be based on choices, and emotions no one can pressurized her. She will be able to support her community continuously. From the same community background it will more easy for her to motivate her staff members. No communication problem. No profit sharing with others. Going for bank loan or getting helps from the friends is justifiable because business loan is very easy to obtain. There are so many banks and private moneylenders are available who can provide

loans on affordable interest rates. If a business company fails then the loan will not usually have to be repaid by the business owner. Interest rates of banks are very low for a business loan. Most important is that if we take a loan we have benefit to return that loan in installment, which we can set with lenders or bank according to our comfortable.

Third solution

Third and very unusual solution for Meredith Black is that she can seek help from the government side. She can expect help from the government side because at present her business is a very good asset for her community and country. She is providing jobs her community people. Government should help Meredith Black because now a day's small business is playing an important role in components of the economic health of country. Small business helps a country people to become self depended. Different countries are running many programs for the development of small business. They are providing subsidies for small business in finance.

Conclusion

Possible Problem Solutions

First Option

As Meredith requires a large amount of money to restructure her business, the first available option for her is to accept the offer by her foreign investor, who was offering her about NZ\$1. 4 million. If investor invests in KOSMIC KIWI KOSMETICS, then her company will be restructured to a limited liability company. The reason behind accepting this option for Meredith is lack of funds and time constraint.

Consequence

By accepting, the offer from foreign investor to restructure her company will be beneficial for her to some extent.

Capital Arrangement

As she accepts the offer, she will arrange the amount of capital, which she required to restructure her company. After restructured it company will be turn into limited liability and there will be some new employees with better skills and experience, hence they will be motivated towards their work. Because of this, the production level will increase with better quality and company will stand at a superior position in market. Obviously, it will be increase profits and image of the company in market.

Less Work Load

Moreover, there will be some favourable benefits for Meredith as well; she will get a position in board of directors and become the head of research department. She would not have to worry about anything rather than researching on products. She can spend more time on her specific job with more concentration.

Job Security

Furthermore, Meredith will have full security for her assets, in case if something goes wrong she does not have to worry about it, because all shareholders will have equal contribution in assets.

Drawbacks

There are some drawbacks for Meredith and her company by accepting the offer from foreign investor.

Loss of Control

Primary negative effect on Meredith is that her company will be converting in to limited liability and she will lose the control over her company. Currently she is the only owner of company, when there will be other board of directors, she have to work share her idea with them and they will have power to decline Meredith's decisions by majority.

No more community support

she would not be able no more to support her community because as a sole owner of this company she is providing jobs only her community people but when company will convert in to limited liability which will require skills people from the different community.

Profit sharing

In addition, she will have a win-win situation for her profit, as she will be a member of the boards of directors, so she will be on the salary basis and profit of the company will be shared among shareholders. In last the estimated cost which required for restructure is near about \$2 million while she is getting offer \$1. 4 million from the foreign investor still she need \$600, 000 so she has to approach somewhere else to arrange this amount of money.

Second Option

Instead of accepting the offer from foreign investor, she could arrange the funds from other sources like loan from bank, arranging money from friends etc. Therefore, the reason behind accepting second option is that she had setup and maintains her business from begging to till now with her own hands and so she has emotional attachment with her business.

Consequences

If she goes for second option, there are consequences both in positive and negative way.

Sole Ownership Remains

Positive consequences of this option are that she can keep continuous her own sole proprietorship. As a result, she does not have to share her profit among others. Moreover, she will remain the only management person who will take all decision for her company and employees with authority and full control. Decision can be based on choices and emotions, No one can pressurize her.

Community Support Continuous

She can continuously support her community directly and indirectly by giving jobs to them. Therefore, community support can be a reason for to go for second option. In addition, she has her own community people as employees in her company so she will not have any problem in communication with them. Same culture background can be a way to motivate her staff.

No Profit Sharing

In addition, she had a win-win situation for her profit in option one because she would be on salary basis in after converting her own company in to limited liability so profit of the company will be shared among other shareholders. However, by keeping the sole ownership she does not have to share her profit with anyone.

Drawbacks

If she goes for second option there are some negative consequence for that which are explain below

More work load

She need a big amount for capital for restructure purpose if she got this money from bank or friends they will charge interest and to return this amount she has to work more so it will increase the work load pressure on her

Lack of skilled people

If she goes with her sole owner ship option, she will miss the opportunity to work with skilled people because she keeps only her community people as employees so she will miss an opportunity to work with other community people.

More competition

If she extend her company she need more clients to get more business and she has to get those clients from other competitor's. It will be a challenging task for her and to meet with competition she needs more good ideas but

she is working with same community people so it can be a negative point her to lack behind in competition. In additions, she will have some future worries in her mind, for instance: she has to worry her assets and share in market. If somehow her company may go in loss, she will be the only one to cover all loses.

Recommendation

Amongst the options discussed in conclusions, we have to choose a very a realistic solution. The solution should be relevant to the case study and it must be reasonable. As per our recommendation and brain-storming, Meredith Black should go for the offer put forward by her foreign customer cum investor. We would like to draw your attention towards the process. The appropriate steps necessary to implement the solution are listed as below: The practical steps which she will come across in the restructuring process are: Documentation – Meredith Black has to consult her lawyer/legal advisor to carry-out the documentation process. She will have to follow government legislation for her company's new documents. As she is restructuring her company from sole trader to limited liability company. For this process she will be re-registering her company as Limited Liability Company. Renovation – Meredith Black will have to refurbish her plant in accordance to the set standards provided by Ministry of Health and Transit New Zealand. Rehiring – As the structure of her organization is changing, hence her employee's job description will also change. She will be firing some staff with a strong reason and she will have to rehire new employees as discussed before. The process with intake time and money but at the end of the day she will be working with a multicultural staff. Staff Training and Job Delegation – After

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hiring the new staff Meredith will have to train her new staff as per NZ legislation and the work will be delegated amongst staff. Government Inspection - After the renovation process she is required to get her new plant accessed and get the rating from Ministry of Health and Transit New Zealand. So that she can officially continue her production as she were doing before. The only difference is that she will be one of directors with a limited control over the company assets.

Rationale

The advantages of the first option which justifies our recommendation are given below: She can still carry out the Social responsibility she was doing it before and this time it will not only for her local but different communities. She will be going to hire more staff as discussed and it will be multicultural. Now, she can promote their culture in her organization and get more out of them. As she will be in a win-win situation on both sides. For instance, she will be one of the ' board of directors' and on the other hand she will be one of the shareholders of the company. So she will get the salary for her job description as a board of director and profit will also be shared amongst the shareholders. In future, she will not have to worry about her assets. In other words, all the shareholders will share the profit/loss. She alone cannot yet decide to sell or buy any company assets. Better equipments and highly skilled staff with experience will result in better marketplace recognition and her shared business will grow.

Appendix

Interview's questions with answers

Q 1. What do you think about your business? Ans: yeas, our business was going well, as a employee you know we were running three shops but suddenly last year we had bound to shut down our one of the shop. Q2. What's the main problem of your other shop? Ans: Actually our other shop which is in Panmure, was running as a dairy shop, for more profit we implement our own formula without permission of city council. Which are not included in this kind of business. Q3. Can you please explain what kind of law your company exists? Ans: our shop was big that's why we started making nun and spicy curry, fried potato chips etc which is not legal inside the dairy shop. That's why city council shut down our shop. After restructuring we can reopen our shop. Q4. What was the customer's feedback that time? Ans: In that area there have not enough fast food item shop that's why when we started selling that items of food our number of customers increased and they felt, well we also earned more profit . that time we employed another part time staff for that purpose. Q5. why you thinking for restructure, you also can run that shop as a dairy shop? Ans: yes, we can, but we are thinking for more profit. If we run a adult shop we can sell all of those items but we can't sell milk, bread, babies nappies, because these items make the dairy shop. That's why we think about restructure. Q6. During the closed time how effected the business and employees? Ans: In that shop we have one full time and two part time staff. Because of that reason they are working in our another two shops but they do not get enough time which is effected their financial support. Even our shop is close but we have to pay every rent. Q7.

Do you have any barriers for restructure? Ans: yes, we need time and financial support for reopen that shop. We need to buy new furniture and some instrument. And after reopen the shop we need to train up the staffs. All of these reason the company's owner wants to run that shop with partner.

Q8. Do you think finance is the major problem for your business restructure? Ans: For restructure we will need change the shop name, permission for Auckland council, rearrange the shop for these entire factor.

Q9. why the owner is not interest financial support from the bank? Ans: for bank loan percentage of interest is high in New Zealand and this interest is like a headache in all time for the small company.

Q10. Why he (owner) thinking about partnership? Ans: For some personal reason.

Q11. Are you hiring a new staff after restructuring? Ans: yes, we need.

Summary of the company

Last year his (owner of the Bay of Bengal Company, S. A. Khan) one of the shop is stopped by city council because the owner started some new profitable formula inside his dairy shop without the permission of city council. making nun and spicy curry and potato chips etc which is not legal in the dairy shop . if the owner wish to run his business he should stop making these first food item inside his dairy shop. but without selling this item it's hard to making profit that's why owner thought a new idea that was if he change his shop name and don't sell the bread and milk like a adult shop he can rerun his that shop. For all these reason he need to rearrange his shop and staff and train up his staff. This shop has been stopped more than 3 months. His three staff join his another two shops but didn't get their prefer and sufficient time which they conduct before join . his another full

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time stuff went to India because of this reason. For restructure this shop the owner, S. A. Khan need some financial support which he get from the bank but the owner don't go there because of some personal reason which he don't want to mansion in the meeting time but he is interested partnership. he told me he had not enough time to look after three shops I think that's why he is not interest to run another shop by banking loan but he want to run with one reliable partner that's will be helping him in future also. For all of these reasons, I think this company's problem is as similar as our case study, KKK.