International Journal of Engineering Research and Modern Education (IJERME)
ISSN (Online): 2455 - 4200
(www.rdmodernresearch.com) Volume I, Issue I, 2016

ROLE OF MANAGERIAL DECISIONS IN A CORPORATE WORLD

Jaspreet Singh
Panjab University, Chandigarh

Abstract:

Management is an art of getting work done through others & the process of dealing with or controlling things or people. Smart decision making & proper communication among employers & employees become most crucial element for the success of better management which also added value to the brand of their business. Where as bad business decisions leads to financial loss but the worse once may costs companies billions in revenue, American companies like Motorola, Lehman Bros., Firestone, & Digital Equipment Corps use to be in top 100 companies in Fortune but bought out is their current status mostly because of their flawed decision making. In 21st century, management has become Globalized affair, & with the help of advancement InTechnology &social media managing projects & tasks from far places has become only reasonably convenient. Besides this there are certain prominent trends like Corporate Social Responsibility(CSR), learning the psychology of employees working in organisation, Business Ecosystem are some of the prioritize areas needed to consider by management with utmost care in order to maintain brand value among society. Having all said that, era of management raised another level, Millennial who almost start dominating the work culture are very vigilant handling projects, but even with all these added affiliations in the field of management help flourish the businesses, still there are many enterprises like WESABE, Gotham Concierge, iparent.com (Eilene Zimmerman, 2011) shuts down & on the other hand as per Forbes Magazine some enterprises like General Electronic, Procter & Gamble, Intel, Coca Cola, McDonalds are considered as world's best for leadership & achieve transcendence. Through this paper we try to find out the reasons & factors of businesses being succeeded significantly & also failed in the same era. We are going to analyse & understand the strategies made by companies which put them into different situations.

Index Terms: Corporate Social Responsibility (CSR), Business Ecosystem & Millennial

Introduction:

Decision making is very essential element in business & also in individual's life, helps exploring your options. Managerial decisions in business institutions are the most crucial because they also put impact on other people who are affiliated with the organisation directly as well as indirectly. In a modern times which we call as internet era, the management has become significantly advance, by the usage of all those technological tools (modes of electronic communication such as email, teleconferencing video chats etc) helps handling projects from far places act as a life line & saves tons of money and time & proven to be very economical & effective.

Basically it is the Managers hired who make decisions on behalf of the organisations, good decisions earn profits & bad once cost losses. Manager has to play crucial role on which company is relying upon, talented manager is the one who engages employee's participation in important events like Customer Metrics, higher profitability, Productivity & Quality (fewer defects), lower turnover, less absenteeism, & shrinkage (theft). Managers accounts for at least 70% of variance in employee engagement score across business unit, As per the extensive research done by Harvard Business Review, Gallup (provides data driven news based on U.S. & world polls, daily tracking & public opinion research) has found that in U.S. only 30% employees are being engaged at work & significantly low 13% worldwide are engaged. Study also display that companies default 82% of times in order to find a suitable talented manager which costs them hundreds & billions of dollars annually, Manager must have following talents:

- ✓ Motivate employees to achieve organisational & their personal goals,
- ✓ Assertiveness is important quality to endure, managers ability to derive outcome & overcome adversity & resistance.
- ✓ Clear Accountable culture to be created.
- ✓ Build relationships with subordinates, & have open dialog with them with clear cut transparency.
- ✓ Decision making on the basis of productivity, not on politics.

The study says that one out of ten people have those qualities mention above & company who hires a talented manager earns 48% higher profits than in comparison with average managers. When the question is been asked that how did you get to the current position, the most common response would be the success in their previous non-managerial role or their tenure in their previous companies or fields. This way the company hired the deserving candidate not the talented candidate. Talent is something which comes naturally in an employee which still is learning the rules & regulations of system, people with talent is a natural pattern. When company increases number of their talented managers & double the rate of engaged employees they achieve on an average 147% higher earnings per share. It is not manager it is employee with potential wanted to be discovered. (Harter, 2014)

Process in Decision Making:

Every individual think & act differently hence designing some process which guides, how to take appropriate decisions indeed is controversial. There have been discussions on managerial decision making process, after given careful consideration experts & scholars comes up with 5 steps. They are as follows:

- ✓ Establishment of objective.
- ✓ Recognition of the problem
- ✓ Identifying possible alternative course of action.
- ✓ Thorough evaluation of every possible alternative course of action & choose the one.
    - Considering legal & social constraints.
    - Considering Financial, Technological, Infrastructural, & internal constraints.
- ✓ Firm implementation & monitoring the decision.

Prominent Management Trend of 21st Century:

The level of management rise tremendously in this century, talented managers with high qualification & leadership qualities & most importantly the willingness to take risk in order to be creative & innovative raised the bar of Management. Here are some trends which have been followed in recent times. (IBT STAFF REPORT, 2011)

Globalization: the processes by which businesses or other organizations develop to the given circumstances is what matters the most, & to fulfil all requirements helps solving the issue in hands with possible optimum outcome is top concern. Taking calculative risk international influence or start operating on an international scale. MNCs like McDonalds, KFC, Walmart, Samsung, Intel having their branches all around the globe & doing reasonably well, and technology clearly helps accelerating the process of globalization. This also enhances the expectations from business. In the society of graduates with global competencies coupled with the global complexities.

Technology: technology in this modern era considers as undeniable force in every field, areas like business, insurance, banking, education, usage of Technology changes the whole dimension of working & it make it so convenient & transparent with minimal efforts. Information technology has been the facilitator, businesses managing through websites, social media & email, colleagues working 12 times zone apart can see & hear each other as they work on their desks or sitting anywhere in a planet.

Sustainability & Corporate Social Responsibility: Managers in recent begin to realize that profit & wealth maximization for business is important along with sustainability in environment. Hence managements have their focus on the complex issues like environmental sustainability energy security, access to healthcare etc. This increased interdisciplinary interaction & influence on business management.

Study of Psychology: Speaking of interdisciplinary influence on business, the study on human psychology has become a key pillar of organizational management. From employee management to customer satisfaction & engagement in social events, satisfying the organisational as well as individual objectives.

Business Ecosystem: This is the network of the organisations which includes suppliers, distributor's customers, competitors, government agencies etc, involved in the delivery of a specific product or services through both competition & cooperation.

Bad Decision Making Leads to Loses or Shuts Down or Bought Out:

According to 24/7 Wall Street the following companies took the worse decisions of all time. (Douglas A. Mclntyre, 2012)

General Motors Company: A car manufacturing company listed in New York Stock Exchange (NYSE) continue manufacturing large vehicles although the demand of customers is leaning towards small cars, this decision leads their companies to bankruptcy in 2009, with the help of government bailout this company remains in fortune 100 today, but eventually these kinds of decisions literally ruins the company future.

Lesson to be learnt: follow the market trends or make your trend, but do not act against it.

Lehman Brothers: The company with Financial Services, Investment Banking, & Investment Management founded in 1980 by Henry Lehman, Emanuel Lehman, Mayer Lehman. They were simply reckless, Lehman executives overleveraged the investment bank, far more than any other large financial institution, leads company in position of bankruptcy liquidation & stop functioning in 2008

Lesson to be learnt: managers need to be careful while making financial management decisions, such as appropriate Capital Structure of a company, & well calculated Capital Budgeting decisions.

Motorola: A public company founded in September 25, 1928; 87 years ago deals in telecommunications, head quarters in United States of America stop functioning in January 4 2011 due to management missed tectonic shifts in their industries until it was little too late, Motorola held on to its old technology phones business far too long & try to leveraged its Razr with couple of smartphone but by then the brand lost its relevance. Current status is company is been split & Mobility unit is sold out.

Lesson to be learnt: keep updating your product technologically along with your competitors, so the brand remains relevant in market.

Eastman Kodak Company: Commonly known as Kodak, is an American technology company that concentrate on imaging products, founded in September 4, 1888; 127 years ago by George Eastman, headquarters in U.S. & area served was worldwide. They also failed because of the same reason as Motorola No tectonic shifts until the brand become irrelevant.

Firestone Tire & Rubber Company: The Company is an American tire company founded by Harvey Samuel firestone in 1900 to supply pneumatic tires for wagons, buggies & other forms of wheeled transportation common in era. Firestone hastily tried to expand into production of a new kind of tire & ignored internal warnings that their decisions were highly risky. Current status of a company is "Bought out"

Lesson to be learnt: keep listening to the internal warnings such as working capital & operational issues, if ignored proven to be disaster for business.

Kmart: Kmart was a retail industry founded in 1899, as SS Kresge Corporation, in 1962 as Kmart chain, & in 1977 it was renamed as Kmart Corporation. Products they were dealing with clothing, shoes, bedding, jewellery, beauty products, electronics, toys, & food. They had their headquarters in America. Their biggest mistake was in mid to late 1990s that they trying to compete with Walmart on price. The supply chain system followed by Walmart is "just-in-time" inventory, which allows retailers to restock shelves efficiently. Kmart fail to adopt the similar system & the customers gets frustrated when store ran out of food, hence Kmart's stock price fell down by 63% & company was bankrupt in 2002 & shuts hundreds of stores. Kmart is merged with Sears Roebuck in 2005

Lesson to be learnt: while competing against a strong opponent, make sure of the proper implementation of strategies planed & execute them with perfection, if one strategy does not worked as planned, improvise or change it.

RCA Corporation: Company founded as Radio Corporation of America was an electronic American electronics company in existence from 1919-1986. The company was first to sell electronic televisions to a wide market & then the company diversify beyond the scope of their traditional sense of working, the expansion of company was so rapid that over it had become unmanageable. General electronic took over the company in 1985.

Lesson to be learnt: RCA Corporation although bought out but by understanding their situation the business succeeded so rapidly that it was hard for management to control every aspect of expansion, but they tried everything they could at a time & situation, but unable to save their company. In certain situations the "Talented Managers" proven to be very helpful for better execution on tasks (quality human resource).

Nokia: Nokia is a public company traded in telecommunications equipment computer software, founded in May 12, 1865; headquarters in Finland, area served worldwide but in recent times Nokia stopped manufacturing mobile phones in India, they had a plant in Chennai in which they had invested Rs. 1,800 crores (Indo-Asia News Service, 2014) in over last decade. They had to shut down the production because of State taxation issues, which proven to be major setback for a company also considering declining sales in a market of India, once were a dominant player in mobile phones section across India with over 80% market share, Nokia lost out to rivals like Samsung, Apple, Sony in the next generation handsets, who now a day's known as smartphones. Microsoft acquired the Chennai factory from Nokia along with taxation issues.

Lesson to be learnt: adopting thoroughly the international taxation policies, & keep update your product as per the market & consumers taste & preferences.

The Best-Performing CEOs in the World:

Harvard Business Review Staff comes up with the list of CEOs who performed outstanding for their organizations & also excelled in all prominent trends in management of this century; top 10 CEOs along with their enterprises are as follows:

- ✓ Jeffrey Bezos, Amazon
- ✓ John Martin, Gilead Sciences
- ✓ John Chambers, Cisco System
- ✓ David Pyott, Allergan
- ✓ David Simon, Simon property group
- ✓ Lars Rebien Sorensen, Novo Nordisk
- ✓ Hugh grant, Monsanto
- ✓ J. Micheal Pearson, Valeant Pharmaceuticals
- ✓ Mark Donegan, precision cast parts
- ✓ William Doyle, Potash Corp (Adi Lgnatius, 2014)

Recommendations:

After analysing the statuses of various companies, & there style of management & decision making abilities it is evident that managers play a significant role in the success & failure of any organization. According to Harvard Business Review while hiring a manager, the companies 82% of times are unable to choose a right candidate for a right position. Recommendation for companies is to make sure of hiring a talented manager for their organisation. Few more are as follows:

- ✓ Organization should have a vision; challenge is to make it a shared vision.
- ✓ Management needs to be more strategic; identifying the prioritize area & take action.
- ✓ Effectively getting work done; be disciplined towards your delegation.
- ✓ Self-awareness, & improved professional capacities; key leadership development.
- ✓ More & more engagement of employees.
- ✓ Organisation should be result focused.
- ✓ Assertiveness in organisation as well as in managers; good at handling conflicts.
- ✓ High quality decision making.

Opinion:

Rules, regulations, & procedures to be followed in management, they are all mere guidelines which proven to be helpful theoretically but practical the approach is quite different. When you are in certain situation where you need to take instant decisions under tricky circumstances builds real character & improves you as a leader. Practical experience provides you with the whole different experience as compare to theoretical knowledge, be more practically oriented.

References:

1. Adi Lgnatius. (2014, November). The best performing CEOs in the world. Retrieved April 27, 2016, from HBR.ORG: https://googleweblight.com/?lite_url=https://hrb.org/2014/11/the-best-performing-ceos-in-the-world&ie=3e-ehHye&lc=enIN&s=1&m=71&host=www.google.co.in&ts=1461673546&sig=APY536x-0Tddzpal6JSmF_5jxe1YzBmgfA
2. Douglas A. Mclntyre. (2012, 10 17). The Worse Business Decisions of All Time. Retrieved 04 27, 2016, from 24/7 Wall St.: 247wallst.com/special-report/2012/10/17/the-worse-business-decisions-of-all-time/
3. Eilene Zimmerman. (2011, 01 05). How 6 Companies fail to Survive 2010. Retrieved 04 27, 2016, from The New York Times: mobile.nytimes.com /2011/01/06/business/smallbusiness/06sbiz.html?refer=
4. Harter, R. B. (2014, 03 13). Why Good Managers Are So Rare. Retrieved 04 27, 2016, from Harvard Business Review: https://hbr.org/2014/03/why-good-managers-are-so-rare/

5. IBT STAFF REPORT. (2011, 02 28). The 5 Most Prominent Management Trends of the 21st century. Retrieved 04 27, 2016, from IBT.: www.ibtimes.com/5-most-prominent-trends-21st-century-271373
6. Indo-Asia News Service. (2014, November 02). Nokia will not make mobile phones in India anymore. Retrieved April 27, 2016, from Gadgets360: m.gadgets.ndtv.com/mobiles/news/nokia-will-not-make-mobile-phones-in-india-anymore-614768