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Importance of Implementing Structured Management Practices

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Abstract—*Management styles and practices vary dramatically among industries, business units and even organisations. Hierarchical or flat, agile or traditional, silicon valley style or Street based management practices are often what distinguish one corporation's culture from another's.*
There are four causal drivers that influence corporate style and substance: product and market competition, state business environments, learning spill overs and education. A ***recent*** *study from the National Bureau of Economic Research supports the idea that successful executives exhibit good management and foster it throughout their organizations. Analysing US Census Bureau data from 32,000 manufacturing firms, researchers from Stanford, MIT, and elsewhere found a strong correlation between "structured management practices" and a firm's growth, profitability, workforce productivity, and innovation. Companies that have adopted clearly defined, well-structured, repeatable processes for strategy setting, business planning, and decision making are more able to make well-informed and timely decisions in response to internal and external changes. Businesses require structure to grow and be profitable. Designing an organization structure helps top management identify talent that needs to be added to the company. Planning the structure ensures there are enough human resources within the company to accomplish the goals set forth in the company's annual plan. It is also important that responsibilities are clearly defined. Each person has a job description that outlines duties, and each job occupies its own position on the company organization structure.*
In light of research like this, I would encourage every executive to ask themselves: Do we have consistent, repeatable management practices in our organization? If not, what can we do to construct a management framework that is appropriate for our organization? Ultimately , this is about institutionalizing management excellence. It's about ensuring that the CEO has a system for communicating targets and reviewing performance, and that every manager in the business is looped into this system and managing his or her team well.

Keywords: corporate, job, management, organisation, executive, performance, system

1. Introduction

Firms with more structured management practices are more productive, innovative and have faster employment growth. In 2010, the US Census Bureau conducted the first large-scale survey of management practices in America, gathering data on more than 30,000 manufacturing plants. Nicholas Bloom and colleagues find strong links between establishments' performance and the quality of their systems of monitoring, targets and incentives. Business schools have long stressed the importance of good management, but until recently economists have been reluctant to concur given the paucity of data beyond case studies. But over the last few years, researchers have started to build international management databases, analysis of which makes it possible to explore the role of management practices in driving differences in firm and national performance.

to 10 represents an establishment that selected the bottom category (little structure around performance monitoring, targets and incentives) on all 16 management dimensions; and 1 represents an establishment that selected the top category (an explicit focus on performance monitoring, detailed targets and strong performance incentives) on all 16 dimensions.

A final set of questions asked about the use of data in decision-making (with response options ranging from 'does not use data' to 'relies entirely on data'); and how managers learn about management practices ('consultants', 'competitors', etc.. Our initial analysis of these data shows several striking results.

First, structured management practices for performance monitoring, targets and incentives are strongly linked to more intensive use of information technology (IT). Plants using more structured practices have higher levels of investment in IT per worker and more investment in IT overall, and they conduct more sales over electronic networks.

Second, more structured practices are tightly linked to better performance: establishments adopting these practices display greater productivity, profitability, innovation and growth.

Third, the relationship between structured management and performance holds over time within establishments (establishments that adopted more of these practices between 2005 and 2010 also saw improvements in their performance) and across establishments within firms (establishments within the same firm with more structured practices achieve better performance outcomes).

Fourth, more structured practices are more likely to be found in establishments that export, that are larger (or are part of bigger firms) and that have more educated employees. Establishments in America's South and Midwest have more structured management practices on average than those in the Northeast and West. The reasons for this geographical difference are not yet clear, but it may be partly explained by such factors as firm size and industry, and state-specific policies.

Fifth, management practices appear to have become more structured between 2005 and 2010. Breaking down the 16 dimensions into sub-groups, we find that most of the rise in structured management has come in data- driven performance monitoring. This could reflect the increasing use of IT, which makes it easier for establishments to collect, display and analyse performance data. To investigate the sources of these improvements in management, we examine where the managers learned about new practices. The most common source, reported by over half of the establishments, is a firm's headquarters. This suggests that one explanation for the more structured management of multi-establishment firms is the ability of individual establishments to learn from others within the same firm. Trade associations and conferences are noted by just under half of establishments as a source of new management practices. Next come consultants, reflecting the role of paid management consultants in helping firms adopt modern practices. And after that come customers and suppliers, which each account for more than a third of respondents' reported sources of new practices.

Types of management practices:

Management is the core function of any organization. Management is responsible for wellbeing of the company and its stakeholders, such as the investors and employees. Therefore, the management should be a skilled, experienced, and motivated set of individuals, who will do whatever necessary for the best interest of the company and stakeholders. Best practices are usually outcomes of knowledge management. Best practices are the reusable practices of the organization that have been successful in respective functions.

There are two types of best practices in an organization:

- **Internal best practices -** Internal best practices are originated by the internal knowledge management efforts.
- **External (industry) best practices -** External best practices are acquired to the company by hiring the skilled, educated and experienced staff and through external trainings.

When it comes to management best practices, there are plenty. They can be further subdivided into different sub-domains within management, such as human resources, technical, etc.

But in this brief article, we take management as a general practice and will not elaborate on different sub-domains.

The Main Areas

When it comes to management best practices, we can identify five distinct areas where the best practices can be applied.

1 - Communication

Management is all about communicating to the staff and the clients. Effective communication is a must when it comes to successful management.

The management should have a set of best practices defined for clear and effective communication from/to the staff and the clients.

2 - Leading by Example

Respect is something you should earn in a corporate environment. Leading by examples is the best way of doing this. Define and adhere to leadership by example best practices and also make sure your subordinates do the same.

3 - Setting and Demanding Realistic Goals

Realistic goals can boost the corporate morale. Most of the times, organizations fail due to unrealistic, unachievable goals and objectives.

There are many best practices on how to set goals and objectives, such as SWAT analysis. Since the goals are the driving factor behind your organization, you need to make use of every possible best practice for goal setting.

4 - Open Management Style

When your management style is open and transparent, others respect you more. In addition, information directly flows from the problem areas to you.

Always try to follow the open door policies that do not restrict your subordinates coming to you directly.

5 - Strategic Planning

This is the most important best practice area when it comes to long-term benefits for the company. Usually, experienced people in management, such as Jack Welch, have their own, successful best practices for strategic corporate planning.

It is always a good idea to learn such ideas from exceptional people and apply them in your own context.

The Tools

There are many tools a manager can use for practising management best practices. Following are some areas where you can use such tools.

Benchmarking

Benchmarking is a domain itself. Accurate benchmarking helps you to understand the capability of your company or the departments.

Benchmarks can then be used for evaluating and assessing the performance of your company.

Forecasting

Forecasting, especially, financial forecasting is a key function for a business organization. There are many tools such as price sheets, effort estimates for accurate forecasting.

Performance Monitoring

Matrix is one of the best practices in performance monitoring. In addition, you can define certain KPIs (Key Performance Indicators) for measuring and assessing the performance of departments, functions and people.

We will have a detailed look into KPIs in the next section.

Key Performance Indicators (KPIs)

This is the most effective way of monitoring all the aspects of your business organization.

You can set up KPIs for any aspect of the business and start monitoring the progress of the respective aspects.

As an example, you can define KPIs for sales targets and monitor their progress over time. When the sales figures do not meet the KPIs, you can look into the issues and rectify them.

The KPIs used depend on your business domain. When KPIs are defined, they should align with your overall business objectives.

2. Literature Review

Management as defined by (Kreitner 1995) page 4 is a process of working with and through others to achieve organizational objective in a changing environment. Central to this process is the effective and efficient use of limited resources. (Heinz W. Et al.) Posit that management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims. The key aspects of management are getting things done through people in an effective, efficient and economic manner in order to achieve the organization's objectives. It is the effective and efficient use of related resources, human, material, capital for the actualization of a goal known as the overall Organization's goal.

James, et al 2000) posit that the Management process is a systematic way of handling activities. a) Planning: The process of establishing goals and a suitable course of action for achieving those goals. b) Organising: Process of engaging two or more people in looking together in a structured way to achieve a specific goal or set of goals. c) Leading: Process of directing and influencing the task related activities of group members on a entire Organization also motivating employees. d) Controlling: is a process of ensuring that actual activities conform to planned activities Managers are to ensure that, decisions and actions taken by the employees/staff of the Organization must yield positive result. These decisions should be such that it tends towards achieving the Organizational objectives. Suring current Performance Comparing this performance to the established Standards; Taking corrective action if deviations are detected. Controlling, as a management function assist the manager in tracking Organizational performance. Increasingly, most Organizations have established new ways in building quality control. One popular approach in use is the Total Quality Management (TQM). TQM focuses management on the continuous improvement of all operations, functions, and above all, processes of work.

(Hoopes James 2003) found that the story of the downed Prussian soldier captures Taylor's idea of himself as the iron-willed hero subduing the rank and file. For 100 years now, Taylor has rightly symbolized cruel management power. Driving workers as if they were mindless machines, he aimed to extract their last ounce of energy. Devoid of human sympathy, he was a fist-shaking, footstomping tyrant with a power-hungry ego. (Hoopes 2003) posit that Taylor created dead-end factory jobs those “de-skilled” workers. His treatment of men as machines supposedly led American industry, especially the automobile industry into non creative stagnation by the 1970s. In short, Taylor is mostly remembered today as an example of how not to manage. That is unfortunate. It prevents today's managers from learning the many important lessons that he still has to teach, especially the importance of top-down power. More than anyone else, Taylor created modern management and gave it its central importance in economic life. For two generations, managers around the world openly looked to Taylor as their intellectual master. Even now that he is considered mostly an embarrassment in the history of management, profitable businesses follow his pioneering emphases on efficiency, low costs, and pay for performance. To dismiss his top-down methods out of democratic prejudice and dislike for his atrocious personality.

Organizations structures differ amongst Organizations. This is so because every Organization must design their structure in such a way that would be most suitable in meeting their targets and standards. These standards must be directed towards its objective. In this context, managers design structures in relation to task attached to each individual to form a structure that would bring to the accomplishment of the Organizational goals. In other words, Organization's objective is the main focus.

James et al 2000) describes Organizational design as "the determination of the Organizational structure that is most appropriate for the strategy, people, technology, and tasks of the Organization". He defines Organization Structure as the way in which an Organization's activities are divided, organised, and coordinated. In addition describes Organizational Structure as "the framework that managers devise for dividing and coordinating the activities of members of an Organization". Organizational Design is the decision making process by which managers choose an Organizational structure appropriate to the strategy for the Organization and the environment in which members of the Organization carry out that strategy. (James et al. 2000) defines Organizational Design as ''the determination of the organizational structure that is most appropriate for the strategy, people, technology, and tasks of the Organization''. ''Also posit that Organizational Structure as the way in which an Organization's activities are divided, organised, and coordinated''. (Debra L. et al 1994) posit that "Organizational Design is the process of constructing and adjusting an Organization's Structure to achieve its goals". "Fredrick Taylor and Henri Fayol were major classical Approach to Organizational design. They believe that the most efficient and effective Organization had a hierarchical structure in which members of the Organization were guided in their actions by a sense of duty to the Organization and by a set of rational rules and regulations. When fully developed accordingly to Weber, such Organization were characterised by specialisation of tasks, appointment by merit, provision of cancer opportunities for members. Weber called this a bureaucracy. Weber praised bureaucracy for its establishment of rules for decision making, its clear chain of command, and its promotion of people on the basis of ability and downsizing.

Organizational Structure is the way by which and Organizational activities are divided departmentally to achieve the stated objective of the Organization. These are divided among managers, employees. (Govindaraja M et al 2005) found that Organizational Structure could be characteristics with some salient point which are highlighted.

a. It leads to Division of Labour

b. It helps in coordination

c. It leads to accomplishment of goal

d. Authority Responsibility Structure

Climate" is people's perceptions and feelings about their work environment. Many people confuse climate with culture, thinking the climate can't be controlled because it is too big and engrained in the organization. Savvy managers know the climate can, in fact, be improved and that making necessary changes will move employees from anxiety to confidence and from isolation to connection. Climate is measurable and much easier to transform, while culture emphasizes the unspoken assumptions in an organization, which can be more resistant to change. To those who believe climate is too "touchy-feely," a positive climate doesn't necessarily equate to more fun or relaxation at work—it means creating conditions in which people feel productive and innovative.

How do you effectively create and manage a climate that will help your company sustain leadership and yield positive business results even amid worldwide uncertainty? Following are six management practices that impact climate:

Clarity: Establish clear and specific performance goals for people's jobs. Communicating clearly is the link between a team's daily work and the organization's strategy.

Commitment: Institute challenging yet realistic goals for employees. Inspire peak performance by connecting people to their work emotionally and intellectually.

Standards: Regularly review employees' overall individual performance. Create high performance standards for the team that will push them to achieve their best.

Responsibility: Encourage people to initiate tasks and projects they think are important. This creates trustworthiness that uses organizational resources appropriately to achieve results.

Recognition: Recognize superior performance publicly and provide open and honest feedback. This will help employees grow and obtain their fullest career goals.

Teamwork: Conduct team meetings that serve to increase trust and mutual respect among team members. Persuade people to collaborate across the organization. This fosters a feeling of belonging to an organization that is characterized by cohesion, mutual support, trust, and pride.

Climate may have a soft feel, but it has a measurable bottom-line impact. A positive climate improves individual engagement, enhancing performance and productivity while improving business results. Gallup's recent poll about engagement found that 11 percent of employees were engaged, 62 percent were not engaged, and 27 percent were actively disengaged. Gallup's comparison of the climates of top versus bottom engagement quartiles demonstrated a clear link between engagement and productivity, profitability, and greater earnings per share.

Many employees put teamwork and recognition at the top of the list of keys to improving workplace climate, but each business climate depends on the goals of the business. Focus on analysing the kind of climate you need, whether it's about innovation, customers, or collaboration. The good news is that climate is something that can be controlled, has an immediate effect, and does not require major investments. In the case of the CEO's changes, if she had been transparent about them, explaining why employees were leaving and thanking them for their contributions, the work climate could have been maintained.

3. Conclusion

The findings align with my own long-held belief that a consistent, repeatable management system gives any organization an edge. So many companies run willy-nilly—targets unclear, data and insight unused, poor managers entrenched throughout the organization—that even a simple management framework can help deliver far superior outcomes. "But wait a second," you might say. "This was a study of manufacturing firms. I'm running a credit union!" Good point. Manufacturing environments are different from organizations where knowledge work is predominant. Yet I would argue that in knowledge-based workplaces, structured management practices are even more vital. When your employees work with knowledge and use creative initiative to perform their roles, it's more difficult for a manager to monitor the work. In most cases, there's nothing concrete to look at. Even the hard numbers must be placed in context by the employees who understand them best. In this nebulous, human-centred environment, placing structure around management practices is particularly essential. Without a system, the executive team will remain in the dark and be unable to lead effectively.

Interestingly, there's also research to support the benefits of structured management in organizations that are not exclusively in manufacturing. Another research paper based on a survey of 200 senior IT and finance executives concludes that: *Companies that have adopted clearly defined, well-structured, repeatable processes for strategy setting, business planning, and decision-making are more able to make well-informed and timely decisions in response to internal and external changes.*

The paper also finds that these companies are more collaborative and better at business planning and reporting. In light of research like this, I would encourage every executive to ask themselves: Do we have consistent, repeatable management practices in our credit union? If not, what can we do to construct a management framework that is appropriate for our organization?

Ultimately, this is about institutionalizing management excellence. It's about ensuring that the CEO has a system for communicating targets and reviewing performance and that every manager in the business is looped into this system and managing his or her team well. Your management system shouldn't be top-down, rigid, or onerous. Instead, look to incorporate a few simple, consistent management practices into your credit union's operations—because, ultimately, leaders are most effective when they manage well.

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