"Corporate Management philosophies in Global perspective, its impact on Leadership effectiveness and organizational performance"

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Abstract

A truly effective management philosophy is a belief system that defines what's truly important to everyone within an organization, particularly how people within the organization should be treated in pursuit of best business practices[9] . It is a binding factor that binds everyone in the organization and helps them to attain excellence. The management philosophy is not all about Specific business related tasks or methods; however it's all about how people need to be treated, not because someone orders them to do but because it's the right way. In actual practice, a management philosophy is also a personal life philosophy. There is no real difference between the two.

In this study, examples of some of the most successful organizations with best management philosophies will be considered alongside some of the most disastrous corporate philosophies and their consequences. Why is it that some businesses prosper and some businesses in the same industry fail? Does the winner know something the loser doesn't? Each may offer the same products or services. Each may have the same type of client base. Each may have the same level of expertise with respect to the technology, the mechanics of their products, services, business and industry. However, one may possess some factor that is more important than many people realize. That factor is a well-defined management philosophy.

Through this paper, it is intended to identify the study the various Management Philosophies adopted by renowned corporates across the globe and how those philosophies can play a major role in enhancing the effectiveness of the leaders and performance of the overall organizations. It is also intended to find to what extent these global philosophies can be applicable in the Indian business scenario.

Keywords: Management philosophies, leadership effectiveness, Organizational performance, Management culture, World leadership.

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1. Introduction:

Many of the managers believe that all their problems can be resolved and they can enhance the organizational performance by adopting the impeccable Japanese management philosophy; however that may not be the case as Management Philosophies cannot be standardized all the time in all the places. It varies from culture to culture, place to place and situation to situation. US companies which tried to adopt the Japanese philosophy failed miserably.

Sometimes, it may also happen that companies with good management philosophies also fail, just because the philosophies have not seeped deep into the minds of the employees. A case study of Toyota is considered as an example here.

Significance of Management Philosophy

Management is all about thoughts; managers need to be good thinkers. In fact it is the managers who are more prone to getting ideas than anyone else. Therefore, good management philosophy is definitely the brain child of some of the best thinkers or best managers.

Most of the managers or bosses in this case develop their own management philosophies. These are mostly based on their personal experiences leading to their own personal management philosophies. But what most bosses need to realize is that, thought alone is not sufficient they need to think about various practical requirements and also need to learn and revise their philosophies based on the results. Learning can be direct or it can be indirect, they can learn not only from their own experiences but also from the experiences of others.

Philosophies are unique and can vary from individual to individual however, before applying one's personal philosophies to an entire organization it is essential to also consider the practicality of your philosophies to your organization.

A truly effective management philosophy is a belief system that defines what's truly important to everyone within an organization, particularly how people within the organization should be treated in pursuit of best business practices[6]. It is a binding factor that binds everyone in the organization and helps them to attain excellence. The management philosophy is not all about Specific business related tasks or methods; however it's all about how people need to be treated, not because someone orders them to do but because it's the right way. In actual practice, a management philosophy is also a personal life philosophy.

2. Objectives

- To identify the different kinds of Management Philosophies that exist in various organizations.
- To determine the essential components of a Management philosophy and the right way of communicating the same to the employees.
- To study the Management philosophies of some of the global companies such as GE, Microsoft, Harrison Software & APA.
- To study a case of Toyota and its Management Philosophy which turned out to be a disaster and identify the reasons for same.
- To recommend and suggest a few Guidelines to the Management which would be useful while designing effective Management philosophies

3. Research Methodology: This paper is a conceptual paper which has been written after doing an extensive literature review of several similar research papers. It reviews the importance of an effective corporate management philosophy alongside some of the most disastrous corporate philosophies and their consequences.

4. Review of Literature

In a study conducted by Eugene C. McCann (1964), it was found that even in the same country as America, there remains a great contrast between North Americans and Latin Americans in appraising the aspects of management[8]. For the most part, U.S. business practitioners and business academicians agree that management is partly a science and partly an art. However in Latin America management generally is considered only as an art, thereby leading to differences in management philosophies in North America and Latin America.

As per the study conducted by Robert Heller (2010) Toyota had the best story. Family owned and professionally managed, Toyota invented a management culture that steadily transformed the business from obscurity to world leadership[17]& [18]   . But later tragedy struck the company and it came as a severe jolt, not only to car owners, but to everybody who believed that good management can be persistent. The recalls of cars and vans made by Toyota to check on the faulty brakes and accelerators, represents a shocking failure of its basic philosophy.

5. Types of Management Philosophies

Management is not about just one or two philosophies. It is an integration of several philosophies. The kind of management philosophies you set for your business should be such that it governs all the aspects of your organization i.e. the overall functioning of your company, ways of motivating your employees, the proactive attitude of your company, problem solving and decision making, maintaining customer relations etc[5].

According to Kristyn Hammond, management philosophies can be roughly categorised into the following types.

1. Organization philosophies

It mainly addresses the issues relating to the reporting structure and division of labour in the organization. It also focuses on how one can efficiently organize their business as a whole. One such example is the Bureaucratic management style[6].

2. Motivational Philosophies

It focuses on various methods that can be adopted to inspire and encourage the employees to enhance or improve their work performance, to be responsible and accountable for their work and strive towards achieving the overall success of the company. An example of this philosophy could be the goal work philosophy which states that if an employee possesses the knowledge of how to achieve a goal, then nothing can stop them from achieving any goal given to them.

3. Crisis Philosophies

The company should prepare itself for the worst. In this highly volatile environment anything can go wrong anytime. The company should have a backup plan to rely on when things go haywire in the company. Crisis philosophies focus on the likely problems that may arise and planning for those likely problems whenever they arise.These philosophies carefully scan the company's environments to

assess the likely problems and also providing certain crisis handling strategies for reducing, preventing or overcoming the crisis faced by the company.

4. Customer Philosophies

Customer Philosophies all are about the kind of relationship that your company shares with your customers. Some examples of customer philosophies include transactional marketing, relationship marketing and mixed-marketing philosophies. Transactional marketing focuses on products which are really expensive which your customers may be interested in buying. However, relationship marketing focuses on less expensive products such as groceries etc[12].

6. Components of Management philosophy

All the Managerial practices are governed by the management philosophies set in an organization. Whether a leader adopts a hard style of management or a soft style of management completely is determined by the management philosophy of the company.
In an article written by Mr. Angus Koolbreeze, there are 3 components of management philosophy[5]. They are:

i. Well-Articulated Vision

The most essential ingredient of any management philosophy is a well-defined vision. The vision should be clear and specific so that all employees can clearly understand the purpose behind enforcing the vision and they will not hesitate to follow it.

ii. Core Values

It is the values that make an impacting management philosophy. The values are the ones that guide the manager's actions.The values that are incorporated in the philosophy are stemmed from the personal values of the bosses, the way they look at life, the way they treat human beings and the way they think about life. It is all about beliefs of the top management. For example if the manager believes that an employee is striving for recognition, he may constitute the Best Employee Award.

iii. Operating principles

You expect your employees to certain behaviour that is what is called as traits. You expect the employees to be hard working, sincere, loyal and committed to their work and the organization.

iv. Written

It's useless to frame a management philosophy and keep it hidden in files. It is important that all your employees be made aware of the company's philosophy. Only then can they realize the importance and purpose behind framing such a philosophy. In fact t should be made a part of the induction program offered to the new recruits and there should be a continuous reinforcement of the philosophy from time to time in order to remind the employees of the principles that guide the organization.

7. How to communicate the management philosophy

Unless and until the management makes it clear to the employees about what it expects from them and what are the guiding principles that have to be kept in mind at every stage of their organizational life, it is impossible for employees to be the mind readers. The managers need to effectively communicate the philosophies to all the employees both in oral and written form. Communicating the philosophy to them helps the employees to understand your viewpoint and also helps them to achieve the company goals.

According to Ms. Rhiana Quick the following instructions could be considered for effectively communicating the management philosophy to the employees.

i. Just like a how a teacher needs to have a complete understanding about the subject before she communicates the same o her students, the same way the managers also need to be aware of all aspects of the philosophy before communicating the same to the employees. Therefore the bosses need to do a thorough research on the kind of philosophy they wish to inculcate in their organization. It is essential to be an expert on which ever philosophy you are professing.

ii. Jot down all the points pertaining to your philosophy in a clear cut manner. Organize your thoughts in a proper manner. Things when organized are 50 percent self understood without even communicating[8].

iii. Target the most important points of your philosophy and emphasize these ideas throughout your presentation. Use repetition to drive home the point that these are the meaty portions of your philosophy[16].

iv. Use powerful and descriptive language that will engage your listener and convey your passion about your philosophy. Try to connect with your employees. By gauging your vocabulary and speaking or writing style on the audience with whom you will be communicating, you run less of a risk of alienating or speaking above or below their heads[16].

v. Incorporate visual aids or any relevant additions that will help to emphasize and support your philosophy and the point you are making. This is especially beneficial when you are attempting to communicate to a large group, as different people learn and absorb information in different ways. These aids can include photos, charts, videos and even in-person demonstrations, models or guest speakers[16].

vi. Encourage your listeners to ask you questions about your philosophy to help clarify any confusion. This interaction will also help you connect your philosophy to them on a personal level, which will be beneficial in engaging them in the material[16].

8. Management philosophies of some of the global companies

8.1 American Psychological Association's Management Philosophy (APA)

APA believes in providing excellence in all the products and services that it deals with. Here customers are given top priority and it strives to promote a healthy workplace. APA believes that a healthy workplace results in high quality production. It also believes in having a flexible work environment and encourages open communication. APA recognises good work performance and treats its employees as human beings rather than as robots.

APA's management philosophy stresses mainly on the following two points:

Excellence in Performance—APA has fervour towards pursuing its goal toward advancing psychology both as a profession and science. APA managers provide support to staff by setting goals, benchmarks and timetables for products and services, and encourage staff to take responsibility for the integrity of the products and services[7].

Excellence in Customer Service—APA has a strong belief in people and a respect for relationships, both internal and external. To meet customer expectations, APA managers provide staff with effective systems and up-to-date information, and they demonstrate a caring attitude toward internal and external customers[7].

8.2 General Electric's Management philosophy

Under the leadership of Jack Welch GE was all about creating real managers who were trained to manage any kind of business. However things have changed these days. The management has recently revised its management philosophy. Now instead of grooming general managers it wants to focus more on creating specialists.

General Electric Co. is opening a new chapter in management philosophy. The conglomerate that once groomed jack-of-all-trades generalists is now betting on deep industry experts instead[13].

The shift is a change in philosophy at a corporation that for decades had made a rigorously applied but generic management tool kit central to its identity. Like all companies, GE wants some of both traits in its leaders, but the balance has tipped toward expertise[13].

GE's CEO justifies the new management philosophy by stating that "Customers won't tell us exactly what they want, if you are very generic, if you don't have that domain understanding, you will develop products that will be average and not very successful[4]."

"GE as a company can't just take a generic approach here," he said. "We have to be viewed as the specialist."

8.3 Microsoft's Management Philosophy

The core strength of Microsoft is its management philosophy. It believes that every company either evolves or dies. If the company does not keep up to date with the recent trends and if they are not proactive they will succumb to other companies.

Microsoft has adopted the following 12 principles as a part of its management philosophy

i. **Total World Domination**: Go for 100% of every market you are in. Market Share is everything[3].

ii. **Top 5%:** Hire the smartest people around. Smart employees are your best asset[3]

iii. **Bet the Company:** Put your heart and soul into every project as if the entire company relied upon your success to survive[3]

iv. **Require Failure:** If you take a risk you might fail. If you don't take risks you won't succeed. Take bold risks, not reckless risks[3]

v. **Managers Are Qualified:** Managers can only make good decisions if they are qualified to do the work their subordinates do because they understand it well. [3]

vi. **Perform, Perform, Perform:** The only thing that matters is the result. Focus on doing the best, being the best and performing the best[3]

vii. **"Shrimp vs. Weenies":** Don't waste money on irrelevancies. By conserving resources you can actually increase productivity[3]

viii. **Size Does Matter:** Big is bad. Small teams that "own" their project work better and achieve better results[3]

ix. **Bill Is Watching:** CEOs and top level management must have an excellent knowledge of what the major problems are so that there are no surprises[3]

x. **Esprit de Corps:** Excellent morale produces much better workers – a product can be superior merely because the people who made it enjoyed doing it. [3]

xi. **Stop the Insanity:** Don't waste employees time and company resources on irrelevant rules, processes etc. Believe that employees are smart enough to make reasonable decisions[3]

xii. **Home Away From Home:** Design the work environment to emulate a home environment – if the workers are comfortable they will perform better[3]

8.4 Harrison Street software Management Philosophy

The Harrison Street Software (HSSW) philosophy believes in adopting an interactive approach to managing both operations and talent. HSSW believes that the secret to managing and maintaining successful firms is efficient talent management.

Whereas others exist in the talent management system market space, HSSW is differentiated by the markets served, approach taken, historical credibility and attested ethics of the Galvin name, past experience in building such an organization within Motorola, and level of complementary product offerings[2].

Common Factors identified in most companies management philosophies

- Maintenance of high ethical standards in external and internal relationships is essential to maximum success[1].
- Decisions should be based on facts, objectively considered -- what I call the fact-founded, thought-through approach to decision making[1].
- The business should be kept in adjustment with the forces at work in its environment[1].
- People should be judged on the basis of their performance, not on personality, education, or personal traits and skills[1].
- The business should be administered with a sense of competitive urgency[1].

9. Sometimes even good management philosophies can fail – an example of Toyota

The Toyota disaster came as a huge shock not only to car owners, but to everyone who believed that good management can be persistent[10].

Toyota had all the ingredients for being a market leader. Toyota inculcated a management culture that transformed the business from anonymity to being a world leader. It outdid General Motors and obtained a top class leading position just before disaster struck the company. Its Production system became the world standard but at one point of time Toyota had to recall its cars and vans to check on the faulty brakes and accelerators[10]. This incident brought to light the stunningfailure of its basic philosophy. Toyota had always been known for its quality production and customer satisfaction. All its employees were known to be groomed as per the company's philosophy but this episode of recalls made by Toyota made people think twice about Toyota's philosophy[10]. There must have been a breakdown in the mental conditioning at the Toyota factories, resulting in design and production faults which led to this incident[10].

Toyota's fall isn't just another episode depicting management failure, but rather a sign that management in general is failing to deliver.This result in a series of questions such as did the management knew about the problems? Or did it fail to identify the root cause? If the management had identified the root cause why didn't it take any proactive measures? If Toyota was capable of timely repair, why wasn't this put in hand?

These are some questions which have remained unanswered

The Toyota affair emphasises some basic pointsof management. Firstly, any company, no matter how large and how famous for its merits, can stumble into grave error[10]. Secondly, damaged pride and nervous fear make it difficult to correct the error in good time. Thirdly, management decisions should normally never be taken on the basis of profit forecasts alone[10].

10. Findings & Suggestions: Some Guidelines to Management while designing effective Management philosophies

Management philosophies cannot be standardised. It varies from company to company. Management philosophies are articulated based on the ideologies of the top management. Therefore there are no fixed or standardised philosophies. However, some guidelines can be kept in mind while framing the company's management philosophy.The following points can be considered for designing an effective philosophy:

i. Have concern for employees

"Always treat your employees the way you expect others to treat you"

Always treat your employees as humans and not as robots.Remember that as managers it is your responsibility to set a healthy workforce by creating a healthy work environment. Therefore, your role is to listen to your employees and solve any problems that they may have. On a day to day basis interact with your employees, communicate with them, not necessarily in a closed cabin, but it can be an informal talk even in the canteen. Show them that you truly care about them. That will keep them loyal and committed to your organizations.

ii. Communicate with your employees

The little things that you do for your employees always count. It is important to talk to them, wish them good morning, talk to them about their families, get to know them better, know about their ambitions, their motivations. Ask them if they have a problem in the job and try to help them out. Recognise their efforts so that employees know that you appreciate their ideas and their suggestions. This communication will result in your employees being more motivated, more enthusiastic about their jobs, happier in their work, and much more effective[11].

iii. Meet employee needs

Loyalty of the employees is of great importance to the management. The loyalty of employees can be achieved by meeting their basic needs. You can't expect an employee to deliver his 100 percent or come out with an innovative product or be good with your customers if his own needs are not met. Always take good care of your employees and ensure that all their needs are met. Only then you can develop pride and team spirit in your employees.

iv. Develop and recognize your employees

Hiring the right people is essential to the company's success. They help the company to attain competitive advantage. So who are these rightkinds of people? The right kinds of people are the ones that are friendly, hardworking individuals who are co-operative with the other co-workers.

v. Hands-on management

The manager's responsibility is not just to delegate the work but to know the business thoroughly. The manager should have a good sense of details. Operations people usually learn from the

shop floor details. You need to know in and out of the department your handling. Knowing the operation lets you know how and where costs can be better controlled

vi.   Set the pace

Set an example for your employees. If they see the extent of hard work you put in they too shall follow your example. If you sacrifice for your work your employees too will do the same.

vii.   Follow through

Delegation is very important part of manager's job. It is very much needed to develop your employees and to make them more productive. But always remember that authority and responsibility should always go hand in hand; therefore when you assign any responsibility to your employees give them the authority too. Make them accountable for their work.

viii.   Commitment to customers

Customer commitment is highly essential in today's scenario. Due to increased competition, there has been an increasing focus on retention of customers. Therefore, to retain customers many things matter, such as the way the department functions, the way employees with customers, the quality of products, the overall perception of your company in the eyes of customers etc.

ix.   Be courteous and helpful

Employees should be trained to be well groomed, friendly and efficient. They should be taught to be courteous and helpful to not only the customers but also to their co-workers[11]. The managers should provide a friendly work environment which will create a positive attitude among employees[11].

11. Conclusion

Management philosophy is indeed one set of ideas pertaining to best management practices. And as mentioned earlier there is no standard management philosophy, there are several viewpoints regarding the best management of an organization. There is no single best way to manage; there are several ways to do so. Best management practice often depends on the individual manager, inculcating a set of skills so that there prevails a harmonious work environment. These viewpoints have been used by successful managers and passed on to their followers[14]. But what explains management and how to best apply it to any given organization?

Allowing people to manage their own work, while systematically solving communication issues between groups of people is often the top job of a manager. This requires a delicate balance of experience, intuition, knowledge of the various jobs working towards a common goal.

One of the best things that an excellent manager can implement is a focus on achieving goals by setting clear objectives. Workers respond well when they know the objectives and what their personal work will mean in terms of reaching the specified goals.

Customers are the most important stakeholders for any organization. They expect good quality products and they are willing to pay for it. Therefore, as a manager you should ensure that the customers receive quality in every area by not compromising on the company's high standards.

For managers, quality must accompany effective ways to generate revenue, while keeping costs contained. Some top strategies for managing require that a systematic set of questions be applied to each business circumstance. These include, but are not limited to, asking yourself whether or not you have plans for raising company revenue, reducing company costs, and maintaining company quality. Additional focus must turn toward the clients and customers of the company. Knowing what they want,

what they will buy, how much of any given product they will purchase, and the like are all part of developing a personal philosophy of management

Management philosophy is ultimately a fascinating and useful form of business sense. Some experienced business people actually believe it to be a good dose of common sense combined with education, experience, practical application, and drive to succeed. Choosing the best philosophy and how to apply it to an organization depends on who will manage, and how the organization is structured.

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