

Contemporary issues and challenges

In the present scenario it is difficult for the organizations to survive. The challenges and the competition bring more opportunities to organizations.

1. Economic pressure
2. Globalisation
3. Innovation
4. Change
5. Customer service
6. Employees satisfaction
7. Organization ethics
8. Social responsibility
9. Pressure from world organizations
10. Total quality management

1. Economic pressure

During difficult economic times, effective management is often at a premium. Anybody can run a company when business is booming. The difference between a bad management and a good management reflects the difference between making a lot of money and making a lot more money.

In tough times the difference between a good and a bad management can be the difference between profit or loss or ultimately between Survival And Failure.

2. Globalisation

Today we are living in a global village. We are now not just national citizens but we have become a GLOBAL CITIZEN. Globalization in its literal sense is the process or transformation of local or regional phenomena into global ones. It can be described as a process by which the people of the world are unified into a single society and function together. This process is a

combination of economic, technological, socio-cultural and political forces. Globalization is often used to refer to economic globalization, that is, integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology.

Globalisation makes it possible for companies to find economies with cheaper costs and buy component parts at a reduced price. Companies can benefit through outsourcing and off-shoring. It also means firms would have a global reach thus increasing the potential customers.

Companies are recruiting talents from different parts of the world and are now not only limited to their national borders. Outsourcing of jobs is carried out and employees in the companies are interacting with employees of the same company in a different country. What this is? This is Globalisation.

Companies like Google, Microsoft, Deloitte and numerous others have a globalised work environment. Even Indian giants such as TCS, Reliance are having their global campuses in order to be a global Organization. Wal-Mart for instance has a chain of global suppliers encompassing 1,00,000 suppliers across 100 sectors of the world.

3. Innovation

Innovation differs from invention in that innovation refers to the use of a better and, as a result, novel idea or method, whereas invention refers more directly to the creation of the idea or method itself. Innovation differs from improvement in that innovation refers to the notion of doing something different rather than doing the same thing better.

Organizations are finding innovative ways of making their existence in the world, be it the advertisement of their product, their services, their social message etc.

Apple is the name what comes to mind when we talk about innovation. According to the statistics Nokia invested \$22.5 billion in R & D for the period from 2004-2007 while apple invested \$2.5 billion for the same period and today Apple definitely has the keys, because where it goes, everyone follows. Apple has the lead in the tablet market. Yahoo couldn't keep pace with changing requirement and therefore got out of the race.

4. Change

The words of Jack Welch are **Change or Die**. Any business in today's fast-moving environment that is looking for the pace of change to slow is likely to be sorely disappointed. In fact, businesses should embrace change. Change is important for any organization because, without change, businesses would likely lose their competitive edge and fail to meet the needs of what

most hope to be a growing base of loyal customers. Today the organizations have to adapt themselves to the changing business environment. If the organization continues with its old business methods and do not adopt the new strategies then it is likely that the business might come to an end. Change can be in view of technology, culture, growth opportunities etc.

5. Customer service

Organizations can't exist without customers. Meeting the required needs and demands of the customers has become a challenge for the organization.

In the Internet era, a challenge has been to maintain and/or enhance the personal experience while making use of the efficiencies of online commerce. Many organizations are trying to target their customers through web portals and allowing them a convenient approach to their services at their homes only.

ICICI bank has launched 25 24×7 electronic branches which will allow customers to engage in 'self-service' transactions twenty four hours a day. The branches will have various automated machines including an automated teller machine, cash deposit kiosk, cheque deposit machine and an interactive kiosk called the I-Interact.

These Electronic Branches will also have telephones for phone banking and video conferencing terminals to facilitate real time interaction with a customer care representative 24/7. Walk-in customers will also have access to computers internet banking.

6. Employees satisfaction

Employee satisfaction is a measure of how happy workers are with their job and working environment. Keeping morale high among workers can be of tremendous benefit to any company, as happy workers will be more likely to produce more, take fewer days off, and stay loyal to the company.

Companies are trying new management techniques to keep their employees satisfied in order to derive maximum productivity from them. Keeping employees motivated, help improving their skills, providing assistance in case of crisis, are some of the practices followed by the organizations. Employee satisfaction is a very important attribute and is frequently measured by organizations.

Google tops the list of companies in terms of employee satisfaction. There is no dress code in Google. It allows facilities like beach volleyball, soccer, videogames, pool tables, etc. This makes the employers feel like they are in their college campus. They even provide free meals to all its employees at their café. It also assists employees by offering financial assistance in the

adoption of a child. Google allows its employees to use up to 20 % of their week at Google to pursue special projects.

If someone passes away while employed by Google, that person's spouse will receive a check for 50% of the deceased's salary every year for the next 10 years and any children of the deceased will receive \$1000 a month until age 19.

7. Organization ethics

Organizational Ethics is the ethics of an organization, and it is how an organization ethically responds to an internal or external stimulus. Behaving ethically in business is widely regarded as good business practice.

Johnson and Johnsons is one typical example of ethical reasoning. Back in 1980's 3 people died from use of cyanide in Tylenol capsules. Tylenol, a leading pain-reliever, was J & J's single largest brand, accounting for almost 18 per cent of the corporation's income.

But, unwilling to expose consumers to further risk and making a decision that puts them in the Ethics Hall of Fame Johnson and Johnson ordered a recall of all Tylenol bottles that cost them a loss of \$100 million. In the long run, public welfare and the company's reputation were protected by ethical decision making.

8. Social responsibility

Social responsibility is a duty every individual or organization has to perform so as to maintain a balance between the economy and the ecosystem. Businesses can use decision making to secure their businesses by making decisions that allow government agencies to minimize their involvement with the corporation. For instance, if a company is and follows the United States Environmental Protection Agency (EPA) guidelines for emissions on dangerous pollutants and even goes an extra step to get involved in the community and address those concerns that the public might have; they would be less likely to have the EPA investigate them for environmental concern.

Ratan Tata opens a non-profit Tata cancer treatment centre. The Tata Medical Centre is a not-for-profit initiative aimed specifically at helping cancer patients from the east and northeast of India and also from Bangladesh, Myanmar and Nepal.

The Tata Medical Centre will also house a shelter, to provide free stay and food for patients and their relatives.

9. Pressure from world organizations

Many world organizations such as WTO, GATT etc. has a great influence on the working of the multinational organizations as well as on national organizations. The organizations have to follow the rules, principles and various articles laid down by these World organizations.

Organizations come under the purview of the WTO only when these covered under the ambit of Article XVII of the GATT 1994. The basic purpose of this Article is to ensure that such enterprises act in accordance with the general principle of non-discrimination in their purchases or sales involving either import or export.

10. Total quality management

To be successful in today's business environment, organizations must pay attention to quality. One of the most important developments of recent years is a renewed attention to the concept of 'quality', also known as "Total Quality Management". Total quality management is a new approach, encompassing a company-wide operating philosophy and system for continuous improvement of quality. It demands cooperation from everyone in the organization from the top management down to workers. In TQM, the first and foremost concern is with the quality of people and then it comes to product.