

Analytical Study on Management Practices in Different Business Sectors

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Abstract

A long-standing conundrum for economists has been the staggering disparities in productivity that exist across enterprises and nations. According to the findings presented in this research, disparities in productivity between firms and the national level are mostly due to differences in management techniques. An extensive survey study effort that spans companies, sectors, and nations has been underway over the last decade. In our survey methodology, we concentrate on factors of management such as systematic performance monitoring, establishing suitable objectives, and offering rewards for excellent performance. First, we'll go through how we collect data on management; next, we'll examine some of the most common trends we find; and last, we'll look at why management practices differ so widely between industries and countries. Imperfect competition, family-owned enterprises, legislation prohibiting management methods, and informational obstacles enable poor management to continue.

Keywords: *Management Practices; Performance; Capabilities, Performance Management.*

1. INTRODUCTION

Is there any interaction between public administration and business management? Since the beginning of the twentieth century, public administration, in both the theoretical and the practical sense, has absorbed ideas from organisational theories formulated in business management and the private sector. Scientific management, administrative management, the human relations school, systems theory, organisational development theory and other theories were initially tested in business organizations. They were developed on the basis of research and the results of experiments carried out in business organisations and only then adopted by the public sector. Due to the particular features of public administration systems, Is there any interaction between public administration and business management? Since the beginning of the twentieth century, public administration, in both the theoretical and the practical sense, has absorbed ideas from organisational theories formulated in business management and the private sector. Scientific management, administrative management, the human relations school, systems theory, organizational development theory and other theories were initially tested in business organizations. They were developed on the basis of research and the results of experiments carried out in business organisations and only then adopted by the public sector. Due to the particular features of public administration systems, It's possible that public administration and commercial management have some kind of relationship. Throughout the twentieth century, public administration, both theoretically and practically, has absorbed concepts from organisational theories developed in the private sector and in commercial management. Business organisations were the first places to test ideas such as the human relations school, systems theory, organisational development theory, and more. They were first tested in the private sector and only then were they accepted by the public sector on the basis of the findings of that research and experimentation. Theoretical difficulties and business-derived solutions haven't been the sole or main ones in public administration because of the unique characteristics of those systems. Having grown up in Europe, we are accustomed to hearing that American companies are the best-managed in the whole world. It's hard to think of a more recognisable American company than GE, Apple, IBM, McDonald's, and Walmart. Furthermore, the best business schools in the United States are those that educate the company's most senior executives. However, this wasn't always the case. When Toyota introduced lean manufacturing techniques to the manufacturing industry in the 1980s, many people thought Japanese companies were the greatest in the world.

2. LITERATURE REVIEW

Mihalis Giannakis, Thanos Papadopoulos (2016): Supply chain sustainability is seen as a risk management process in this study, which provides an operational viewpoint. Analytical methods are developed for the management of supply chain risks associated with sustainability. These risks are differentiated from more traditional supply chain hazards. Empirical research is carried out to gain insights into the integrated management of sustainability-related hazards. When it comes to data collecting and analysis, a mixed method approach is used. The first step was to identify 30 hazards across the three pillars of sustainability (environmental, social, and economic). This was done via a thorough assessment of the literature and in-depth interviews. Two exploratory empirical case studies in two textile manufacturing enterprises are then performed to measure and analyse numerous elements of sustainability-related risk across a wide range of industries. The FMEA approach is used to evaluate the relative seriousness of the chosen risks, to identify their probable causes and consequences, and to explore any connections between the identified risks. In light of the study's results, several risk treatment options are suggested for all of the supply chain hazards associated with sustainability. There is a strong correlation between the importance of endogenous environmental hazards and the interconnection of many sustainability-related issues. Integrated sustainability risk management techniques are needed to assist the development of successful sustainable initiatives.

L. A. L. Brito, P. K. Sauan (2016): The issue about the usefulness of management methods is addressed in three ways in this study. A substantial and significant link has been found between the degree of management techniques used and three key aspects of a company's success, according to research (profitability, growth and productivity). In order to arrive at this conclusion, we conducted a study of 124 businesses in the packaging sector in Brazil, a developing market. For the second time, we show that there is no need for a whole new theory, as advocated by the Practice-based View, to answer current criticisms of our theoretical characterization of management practises as capabilities. The elements that influence the evolution of management practises are the focus of the third major contribution. Despite the lack of evidence for the effect of family ownership on management practises, we discovered that bigger enterprises likely to have greater levels of management practises. Managerial arrogance was also shown to be a significant hindrance to the growth of advanced management techniques. We may conclude by pointing out that management is a new component of the "Custo Brasil" (Brazilian Cost) and that it has a direct impact on the competitiveness of Brazilian companies.

Philip Beske et. al. (2014): There are two relatively new areas of study studying the dynamic changes in corporate settings and industries: Sustainable Supply Chain Management (SSCM) and Dynamic Capabilities (DCs). Such a dynamic environment may be seen in the food business. There is an increasing need for food that is both safe and environmentally friendly. Consumers with a high level of knowledge of all three components of sustainable food production and distribution are sought by companies that meet these requirements. Companies may gain a competitive edge by implementing dynamic capabilities into their supply chain by using SSCM methods, as described in this article. As previously noted, the SSCM activities that have been linked to DC theory are routines that produce particular DCs. Our study includes a content analysis of 52 papers published in English, peer-reviewed journals on sustainable food supply chains (SFCs). By merging SSCM and DCs into the same conceptual framework, we create a relationship between them. Knowledge exchange and re-conceptualizing the supply chain are also highlighted as DCs in the supply chain of a sustainability-oriented business. After that, we conduct an SSCM and DC analysis of the food sector to get insight into the tactics used in this market. Results reveal that supply chain sustainability practises and DCs are utilised to improve traceability and monitoring and meet customer needs, among other things. In order to further operationalize the current conceptual frameworks, further study is required.

Seyithan AhmetAtes et. al, (2012): One of the few nations without a national standard for energy management is Turkey. Approximately 42 percent of Turkey's overall energy consumption is used in the industrial sector. This article explores Industrial Energy Management Practice in Turkey with the assistance of a questionnaire and an analytical framework and reveals important obstacles and inadequacies of energy-intensive sectors in terms of energy management application. Turkish steel, papermaking, ceramics and textiles industries were studied as part of the research. It is based on this framework that the results of the questionnaire are analysed and categorised. Only 22% of the organisations examined in Turkey were found to be practicing corporate energy management based on a set of minimal requirements. The lack of coordination between stakeholders, the breadth and depth of energy manager training, and a lack of public knowledge and financial support for energy management initiatives were all cited as major roadblocks to effective implementation. Policy solutions include: strengthening and reforming legal and institutional frameworks, promoting energy efficiency, educating people, training them, and improving their capacity, as well as making it easier to apply the ISO 50001 international standard for energy management.

Aki Pekuri et. al, (2011): The goal of this article is to define several productivity-related concepts and examine the macro level of productivity in the Finnish construction sector. The purpose of this research is to get an awareness of current practises and inadequacies in the field of productivity and performance management. This study shows that the productivity growth in Finland's construction sector has been modest at best, lagging behind Finland's top industries and some of its worldwide peers, based on a macro level examination. It has been found that the construction industry's productivity measure is insufficient to establish improvement objectives and control actions, according to a further examination of the performance measure. In order to guarantee timely and useful information, a more comprehensive set of procedures should be used. There is a disconnect between academic theory and actual practice, which makes it difficult to put in place current measuring methods in businesses. Managers in the construction industry who are looking to enhance their business processes may benefit from this paper's findings.

3. BUSINESS & MANAGEMENT PRACTICES

Businesses are critical to the growth of a nation's economy and the improvement of the lives of its citizens. With different types of firms, different departments are needed to produce revenue and optimize profit. These functions ensure the smooth operation of enterprises and demonstrate their success. The departments of a firm must work together in order to be successful. The following are the essential functions of business:

- Management
- In other words, a company's ability to
- Production
- Finance
- Marketing
- Research and development

In addition, management is crucial to both companies since it generates value for them both. Setting objectives and strategizing are all part of the job of management. In management, the most important tasks are planning, organizing, leading, and regulating the organisation. It's management's job to set the course for the company. In other words, efficient company management provides a framework for the structure and communication of enterprises.

4. HOW CAN MANAGEMENT PRACTICES BE MEASURED?

In Bloom and Van Reenen, we discuss in detail a novel survey approach for measuring management practises (2007). An interview-based assessment method identifies and ranks from worst practise to best practise 18 essential management practises, ranging from the worst practise to the best practise. In order to get an overall measure of "excellent management" as it is usually understood, we average the individual question results for each company. We utilise the same approach for shops, schools, and hospitals. In order to assess management practises in three critical areas, this assessment instrument was developed.

International Patterns of Management

We've outlined some of the most important results from the management data in this section.

Manufacturing

As can be seen in Figure 1, the global average for management practises is rather high. These companies were drawn from a random sample of all manufacturing companies with between 100 and 5,000 workers. The average company is privately held, employs 350 people, and has two factories. On average, the United States ranks top in management practises, with Germany and Japan in close second and third place, respectively. Nations in Southern Europe (Greece and Portugal) and emerging countries like Brazil, China, and India are at the bottom of the rankings.

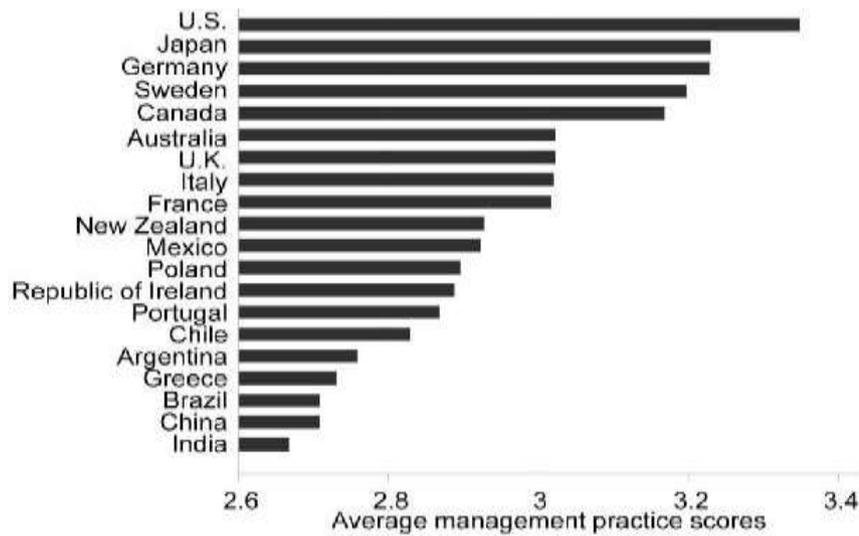


Figure 1 Management Practice Scores in Manufacturing Vary by Countries, and Are Strongly Linked to the Level of Development

How are management methods distributed among countries? Figure 2 depicts a management practise histogram at the company level. A histogram for the United States depicts these statistics in the form of a bar graph, while a black line represents a kernel fit of the data. Although the U.S. distribution has a longer left "tail" of poorly managed enterprises, other Western European advanced countries like the United Kingdom are more similar to the U.S. Companies in emerging nations like Brazil and India have a considerably larger left tail of poorly-managed businesses than in developed countries like the United States. Additionally, these graphs include a smoothed value for the US economy, making it easy to compare management practises in these nations to the US economy. In addition, China has a more compressed distribution, which may be due to the fact that Chinese enterprises are still relatively new and hence have fewer management "vintages" to compare. This cross-country rating resembles the cross-country productivity ranking, so it's not entirely shocking. Despite the fact that we are unable to provide a solid explanation for the extent of any causal influence, it looks likely that management techniques should be included as a factor in national productivity. The R-squared for a regression of GDP per capita on management practises is 0.81 across 17 nations.

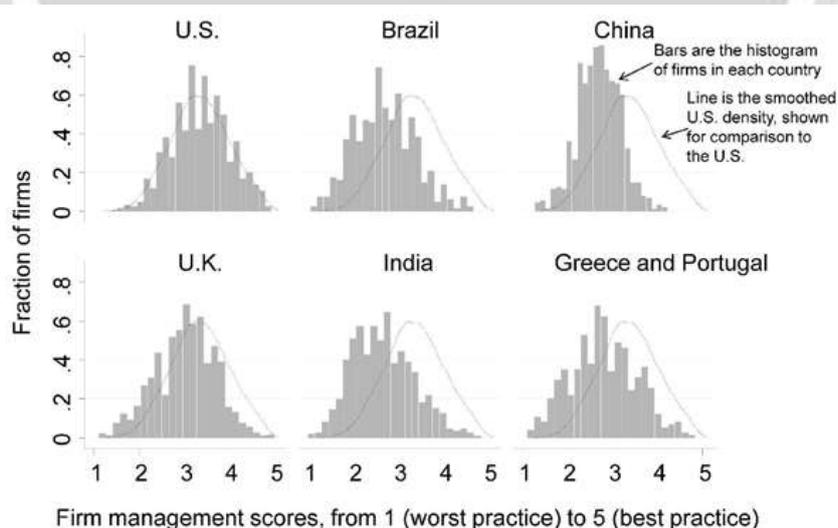


Figure 2 The U.S. Has Few Badly Managed Manufacturing Firms, While Brazil, China, and India Have a Tail of Badly Managed Firms

US hospitals and merchants are once again best-managed in our foreign sample, according to Figure 3. What's more astonishing is that by foreign standards, American schools are horrendously undermanaged. U.S. schools, on the other hand, are notoriously awful at managing incentives—that is, rewarding and promoting high-

performing teachers, as well as retraining and terminating under-performing instructors. Unlike the other three sectors, the U.S. education system is heavily dependent on the public sector, which has considerable union representation. As a result, UK schools are the most well-run in our group of nations. This may be due to a variety of changes implemented in British schools during the last several years.

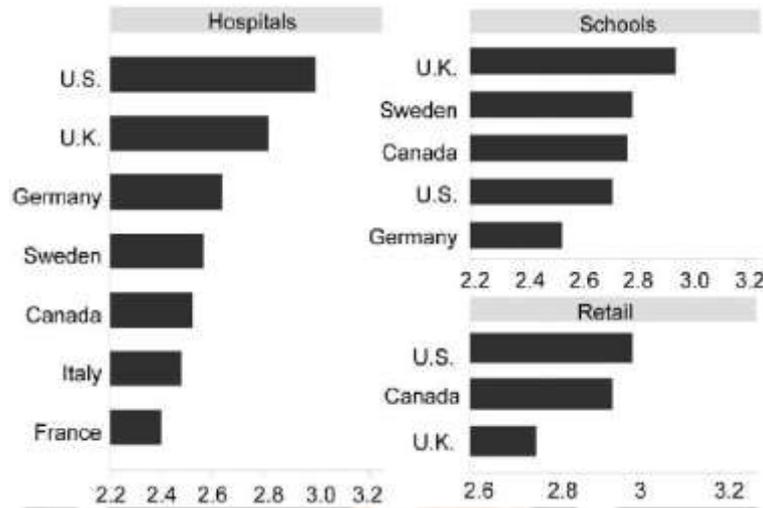


Figure 3 Hospital, School, and Retail Management Practices Also Vary Across Countries, With the U.S. Top Except in Schools

5. FACTORS ASSOCIATED WITH DIFFERENCES IN MANAGEMENT PRACTICES

It is possible to draw conclusions about the quality of management practises based on our sample of more than 10,000 interviews with managers.

Public (Government) Ownership

Ownership seems to have a high correlation with management methods. Figure 4 shows that even after adjusting for nation and size, publicly held businesses continuously exhibit poorer management rankings in each area.

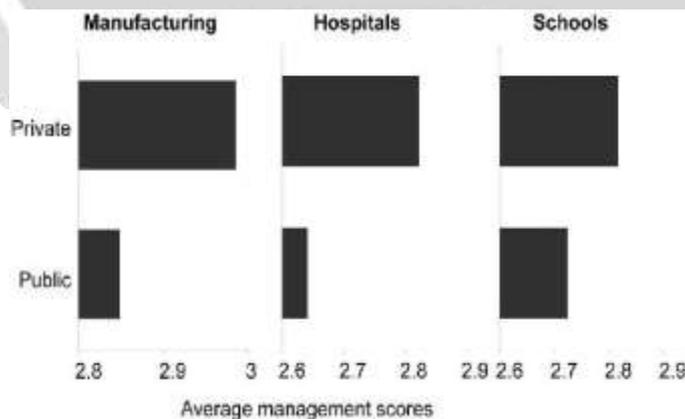


Figure 4 Public (Government) Ownership Is Associated with Worse Management Practices Across Every Industry We Studied

Family and Founder Ownership and Management

Our manufacturing and retail sample of privately owned firms can be divided by ultimate ownership into the following categories: dispersed shareholders, family ownership with an external chief executive officer, family ownership with a family chief executive officer, company founders or managers, and private equity or private individuals. Using government-owned enterprises as a point of reference, we've included their management

approaches in the graph shown in Figure 5. We provide the management scores after controlling for the size, country, and industry dummies because of the large disparities in ownership patterns among nations, industries, and company sizes.



Figure 4 Family- and Founder-Owned and -Managed Firms (in Manufacturing and Retail) Typically Have the Worst Management

The primary reason publicly held institutions perform so poorly is because they have less effective incentive management procedures, as seen in Figure 5. Public-sector agencies, in particular, often promote employees based on time served and do not retrain or relocate underperformers to other roles. Because of the power of unions, which put a high value on issues of equality, justice, and democratic accountability, this may be the case.

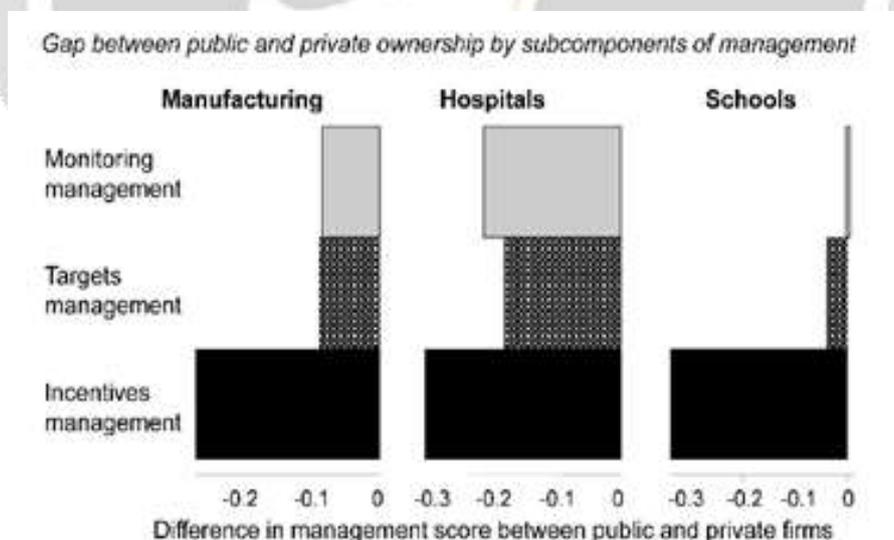


Figure 5 The Average Gap in Management Scores Between Public and Private Ownership

6. CONCLUSION

Social scientists are increasingly interested in figuring out what causes and what consequences the differences in productivity that exist across businesses. When it comes to productivity inequalities, economists have long neglected management despite decades of research in other domains. It is our opinion that the discipline might

benefit from increased engagement with the management field. So far, we've been able to close some of the gaps in our knowledge by creating and testing experiments that may help us to determine the causal influence of various elements of management techniques across industries and nations. Organizational effectiveness is influenced by a variety of factors, including the development of managers, organisational structures, management systems, and work processes. These elements of organisational structure are well-developed in some organisations.

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