

Management, Innovation, and Sustainability in Small Businesses

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1.0 Executive Summary

This report focuses on a small UK company manufacturing new aircraft parts. The report evaluates some problems faced by the company. Some of the challenges include falling sales, limited European and international customer base, a 10% reduction in production targets on previous year rates, a 5% increase in product rejection rates, escalating maintenance costs, unusually high turnover of staff and lost time accidents. The report tries to offer solutions to the highlighted issues by pointing out the critical factor that influences organizational success. The paper will address potential factors leading to business by contrasting them against business organizations and environment, regulation and legislation, business ethics, management and group behavior, marketing, project management and the impact of the BREXIT.

2.0 Introduction

A small aircraft assembly company aims to provide aviation consumers with goods and services at a profitable cost. However, the sector experiences a shortage of personnel and a limited number of sales. Nonetheless, just like all other businesses, the small company has the purpose of earning profits. However, the modern business landscape is very dynamic and quickly changing. This calls for any small company to spend substantial resources on R&D (Research and Development) to endure the market. Small companies follow mass marketing and Mass production since diversification characterizes the modern business landscape. This is accomplished through the addition of new, distinct products for present customers (horizontal diversification). Current business can also diversify on the International scale. Nonetheless, significant companies with an extensive workforce cannot survive in the UK environment.

3.0 Key Factors That Could Potentially Lead To Organizational Success

It is undeniable among management experts and business pioneers that nearly constant change in any business entity is important, not just for the business to flourish but also for the business to survive. Many large organizations that once had been trend-setters and pioneers in their market later fizzled in light of the fact that, sooner or later, they neglected to respond to change. By and large,

there are notable factors that may lead to organizational success. Some of these factors include;

Social Outwardness – A company's success can be measured by how it responds to the issues pertaining to culture as an opportunity for growth. Organizations cannot respond to a need for change if its main focus is exclusively on the inward functioning and not on the outward. When a company takes into consideration the societal and technological aspects by ensuring a responsive commitment to issues in relation to innovation, it is bound to succeed. Therefore, successful organizations lead the aspect of social outwardness by simply focusing on not only the management aspect of the various business models put in place but also on the general technological as well as societal aspects while responding to them in a more timely manner.

Past Failures as Stimulus – Some organizations that are faced with issues of liquidation may often rise up as a response to past failures and use them as avenues or potential opportunities for change. Past failures likewise act as stimulus as it is more valuable due to their underlying effects to only on the company but also on society as a whole.

4.0 Key Factors That Could Potentially Lead To Organizational Failure

Crises – Crises in an organization often call for change in not only the management but also in the system. Most companies face financial crises that end up threatening their existence in the industry, which eventually leads to their failure.

Pressure – In some other instances, organizations may fail to succeed as a result of intense internal and external pressures. For instance, Uber, one of the companies in the transport industry, faced inevitable pressure that led to its management and public relations deteriorating so badly, thereby among the Taxi businesses.

New Technologies – Organizations that often resist or respond to new technologies slowly and ultimately fail to prosper. The pressures that come with incorporating new technological innovations may result in some companies failing to prosper in the business.

Mergers and Acquisitions – When companies fail to respond to mergers or new acquisitions in times of need, they are bound to fail. Strong leadership in an organization often leads to successful mergers and acquisitions for the company to succeed. Therefore, it is imperative for an organization to respond to mergers and acquisitions for it to prosper.

5.0 How The Factors Can Be Utilised To Address

The Issues

5.1 Falling Sales

5.1.1 Small Business organizations and the cooperate environment

The business environment refers to all outside factors which impact the business operation. Environmental factors are major external factors that are well beyond the command of a single company and its management. The business environment can present challenges to a company while at the same time giving enormous prospects for possible market exploitation (Stefan, Erik, Hansen and Florian 2015). Environmental factors include factors like technology, the government, suppliers, socio-economic and competition. Technology refers to the systematic integration of organized and scientific knowledge into practical tasks. Technology is dynamic and needs constant updates, hence small companies have to be alert to adopt advanced technology in the business. There's also a close connection between a small company and its economic environment. Small companies get all the necessary efforts from the commercial location, and it absorbs the productivity of corporate elements. The governmental environment, on the other hand, refers to the impact felt by the decisions of the judiciary, executive and legislature in controlling, guiding, shaping, and developing industry accomplishments. A dynamic and stable environment is crucial for business development.

A small company is the product of economic, technological, global, natural, political-legal, and social-cultural factors. Multiple factors are common to the interconnection between the environment and a small company. It indicates that a small business is inclined to the environment setting, and at some level, it affects the external dynamics. The environmental factors are constantly changing as time goes by, and so does the small company. A small company may not be able in a position to transform its environment by itself. Preferably, a small company can mold the environmental factors in its favor. The importance of learning the market conditions includes developing long-term strategies and firm policies, establishing action models to arrange scientific advancements, and anticipating the influence of socio-economic changes at international and domestic heights on the firm's solidity.

5.1.2 Environmental factors

An environment breakdown involves a series of steps. Scanning the environment includes the overall investigation of all environmental issues and their connections to classify initial signs of potential environmental change and detect an already underway environmental change. The environmental analysis also involves monitoring and tracking sequences of events, environmental trends, and streams of activities. Environmental monitoring involves tracking indicators or signals discovered during environmental scanning. Forecasting, on the other hand, requires strategic decision-making for future alignment. Unsurprisingly, the prediction is an essential part of the environmental examination

and is related to creating credible plans for the intensity, scope, and direction of the market change. Assessing the business factors involves focused forecasting, monitoring, and scanning to find what the empathetic means for the business. Assessment endeavors to answer problems like the critical issues represented by the environment and some of the repercussions of such concerns for the organization.

5.2 Reduced Production Target

5.2.1 Corporate Social Responsibility

A decrease in production targets is associated with improper social responsibility. Social responsibility is the duty of the company executives to some measures that protect and advance personal and societal welfare. All decisions taken by an entrepreneur must have their social implications. Whether you're talking about expansion, diversification or starting up a new agency and the termination of an existing branch, company executives need to keep in mind their social duty before deciding on any action.

The main concern with Social Responsibility is that social responsibilities can reduce the economic efficiency of a company. Social responsibility creates unnecessary business costs and decreases international markets. Only the businesses with high social involvement and power would thrive. Hence, the managers' social responsibility is to identify some of the concerned groups that affect the effectiveness of a company and its operations. Social responsibility is concerned with how a company responds to the expectations and needs of society. By promoting the social environment, a business manager can benefit from the advantages of societal- conduct. Social responsibility also eliminates additional government intervention and regulation. Besides, a small can have very significant power, which obviously needs to be accompanied by an equivalent quantity of responses. Social responsibility also protects the stockholders' interests, and therefore, small companies need to have enough resources to take care of societal problems.

Social responsiveness is the ability of a small company to transmit its policies and operations to the social setting in a manner that equally benefits society and the company. For instance, social responsiveness concerns the managers anticipating, responding and managing the social responsibility concerns. It's the aspect of organizational social reactivity that leads to the concept of social audit. A company can improve its social responsiveness by contributing to civic and charitable projects and helping in fundraising campaigns for social volunteers. Social responsiveness is also concerned with minorities' promotion, equal treatment of the workers, right salaries and safe working conditions, proper material recycling, fair employment opportunities, and pollution control.

5.3 Unusual and High Turnover of Staff

5.3.1 Business ethics

Business ethics refers to the ability of a company manager to abide by the principles or rules defined in the business plan. Business ethics concerns justice and truth, as well as other aspects of fair competition, consumer autonomy, corporate behavior and public relations. Moral management is a form of business ethics and is concerned with how managers struggle for success while abiding by ethical standards. Small company managers strive to succeed based on justice and fairness ideas. A good management style is the most critical long-term interest for any company. This method is neither moral nor immoral; in essence, this management system overlooks ethical considerations.

The importance of business ethics is directly compared to the basic human needs. Every person is expected to live up to ethical standards not only in their personal life but also in occupational scenarios. Ethics help the company to become value credible with the public. A business perceived by the public as socially and morally receptive is respected and honored by the community. A company's management with public credibility also gets employees' trustworthiness. An ethical approach supports the administration in making better decisions since ethics compel a manager to create different social and economic decision-making aspects. Companies that are value-driven have assured long-term success.

5.3.2 A Free Enterprise Economic System

The economic system is a social structure through which the population affords a living. A financial system is comprised of the government, firms, households, banks, factories, and individuals who interact to generate manufacturing and consumer goods. Families and Individuals integrate resources like skill, labor, capital, and land into more than a single alternative use to make ends meet. A small company, on the other hand, purchases factors of production and arranges them in a production process to generate products and sell them to other customers who use them for separate projects. Consumers can acquire necessary goods, and the producers can produce and market different kinds of products in appropriate quantities. An economic system functions through an invisible hand technique where the market shapes supply and demand. Even more, a financial system is much more complex, with lots of people participating and contributing in different working capacities like financiers, workers, consumers, traders, and producers. The distribution and production of one commodity involve a lot of people.

A free enterprise economic system works on the necessary foundation that there's the least interference by an external force like the government. The major role of the administration is to safeguard the free operation of the economy by eliminating obstacles to allow open competition. A government-controlled economy is where the government controls, regulates and manages government agencies. In such a system, the production resources are owned by the nation or society

through private ownership of property and businesses are abolished. The consumers have limited freedom of choice as to what the community can afford.

5.3.3 A Mixed Economy System

A mixed economy involves both private and government economic systems. This system combines the right elements of socialist and free enterprise economies. The UK employs a mixed financial system where the economy (the private and public sector). Being highly developed, the UK operates a mixed economy where the private sector (government) works on the free enterprise principles. The administration has a crucial role in stabilizing the capitalist production model, ensuring possible product markets and competition factors and presenting infrastructure for the advancement of economic exploits in the private sector. A mixed economy faces both micro and macro problems. Micro-economic problems are also termed as fundamental issues relating to the performance elements of the economic system. Macroeconomic matters, on the other hand, refer to the management, stability, and growth of the whole economy.

Though the mixed economy is able to promote economic progress, it doesn't assure sustained, balanced and stable development. It's therefore expected for the government to interfere in an attempt to improve fair competition and help achieve economic efficiency, growth, justice, and stability. But what is the extent of the government's intervention in a financial system? The economic significance of the administration is to promote and preserve a free market technique that ensures sufficient competition. Besides, the government has the role of removing unnecessary limitations on the free operation of a viable market. Moreover, the government provides a framework and guidelines of the business industry by offering basic intrusions and command so that there's open and effective market competition.

5.4 Corporate governance

5.4.1 Corporate Dissatisfaction and Failure

Widespread dissatisfaction and corporate failures in many small company functions lead to the need for a proper corporate governance system. Business management concentrates on stabilizing the stability between social and commercial goals as well as communal and individual goals. A management framework encourages the equal and efficient use of resources and requires liability for the stewardship of such funds. The intent is to align society, corporations, and individuals' concerns as much as possible.

5.4.2 Corporate Management System

The motivation for small companies and their managers to adopt globally recognized management systems is to attract investment and assist in achieving corporate aims. The reason for their acceptance by a small company is that standards will fortify the economy and discourage mismanagement and fraud.

There are many designs for corporate governance in the UK. Over the past two decades, the UK has progressed into an open economy that is faced with issues in market-based economy fair and open business exercise. There are some instances of supposed misconduct, with some senior and well-known executives being held accountable for non-compliance or non-performance to the legitimate requirements. Every local and international become more interested in their method towards the business they invested in. The investors seek information and wish to exert some command over significant decisions. Interests of small investors and non-promoter shareholders are progressively being undercut. Some companies try to establish full branches and hand over their businesses to investors and shareholders. In most cases, the idea is not to consult with non-sponsor shareholders. Receptive behavior is only endorsed on operation standards that require immediate help.

As such, the emphasis on business management or corporate governance concerns the visibility, vision, and values of the organization. Business management concerns an organization's social accomplishment, performance and practices clarity, development direction, organization's value orientation and the ethical performance norms. Business management is also involved with value addition, wealth creation and efficient use of resources in the comprehensive limits of the business philosophy customary to business administration.

An analysis of UK companies and across the globe shows that market investors favor well-managed businesses by rewarding and higher positive response appraisals. Proper business management is crucial to a vibrant and resilient capital market and is also necessary for protecting investors. Business management also stops insider trading.

5.5 Regulation and Legislation

5.5.1 Data Protection

English regulation directing the conduct of small businesses in the UK is described on several legal instruments, some of which are specific to the small business while others relate to all business enterprises. This field of law is also subject to developing harmony at the EU level, although the degree to which EU regulations will remain affecting the UK is unlikely after the UK's referendum to split from the EU. Under business management, a small company is projected to distribute the price-sensitive material and data in a proper and timely method that also ensures such content is available to the public. This also helps to stop insiders from transacting the company's securities. The principle

is desisting and disclosing. Besides protecting the stakeholder's and shareholders' interests, proper business management contributes to an efficient business enterprise, leading to the development and creation of wealth.

Proper business management is thought of as the essential long-term perspective and medium to allow firms to enter the international markets in sustainable ways by making them able to advance social cohesion and material living standards. Proper business management requires an adequate system of a sufficient and defined structure of responsibility, roles, and authority. Adequate company management also needs norms, principles and a vision that indicates the company's path, normative considerations, and an excellent system for control, reporting, monitoring, and guiding.

5.6 Reduced Maintenance Costs

5.6.1 Marketing

To construct and preserve long-term, win-win and trusting relationships with significant stockholders, company managers need to obey the law, preferably by both spirit and letter. Company managers also need to uphold human dignity by treating people with respect. Company managers also need to give room for participation by asking for stakeholders' participation instead of protectiveness. It highlights the importance of knowing the stakeholder's needs. Company managers also need to remember that it's advisable to take action when charged with the obligation. Administrators have the obligation of accomplishing activities only when they are presented with adequate or capacity funds.

5.6.2 Ethical Audit

Managers can show their dedication and commitment to work by being role models to their subordinates. The company's managers also need to draft formal documents describing ethical rules and primary values that employees are expected to follow. Such a code is essential in upholding employees' ethical behavior. Regulating ethical behavior requires a company to appoint an ethics commission comprising external and internal directors. A company also needs ethics audits involving the logical valuation of conformance to the knowledge of those rules, ethical managerial procedures, and documentation of serious nonconformities necessitating counteractive accomplishment. Ethical exercise also allows administrators to integrate worker behavior from a moral perspective, together with company goals.

5.7 Implications of Brexit for Small Companies

5.7.1 Uncertain and Volatile Environment

Brexit creates significant legislative, economic, market and political uncertainty that is likely to persist in the long term. Brexit creates short-term Protracted Uncertainty and Volatility due to the change in the environment. Brexit creates potential market volatility across international equity markets, especially in Europe and the UK. Brexit brings significant ambiguity concerning the economic effect on the European, UK and global economies. The root of uncertainty is expected to continue, meanwhile the nature of the UK's trading rapport with global countries and the EU has to be negotiated, and small businesses resolve whether they should amend their business objectives. Small companies in the UK need to take several steps in the wake of Brexit. Any small company in the UK needs investment governance preparations, to guarantee they remain robust enough to respond suitably to market volatility.

5.8 Company Strategy Imperatives: Regulation and Location

In a more likely scenario, small UK headquartered firms with significant UK operations must restructure and possibly rethink their UK operations, given the expected extra complexity and cost connected with opening up into the EU markets. Small companies in the UK face tactical challenges in the short term. The engineering industry is most affected, with very significant impacts expected in financial products. Small companies also need to revisit workforce plans by seeking advanced talent management and planning systems.

6.0 Conclusion

Sustainability' is the main and developing force behind business changes. Sustainability offers clear suggestions for innovation in a world where small businesses are constantly working to provide consumer products in an ever-broadening economic gap. To gain profits, small companies need to change products and the marketing methods underlying business models. The focus of the report was to develop a system of new methods for innovation management. The report handled several factors affecting emerging opportunities and growing pressures that can be related to the UK's sustainability agenda. Particularly, the report drew on the scenario of an Electrical Engineering company from the UK to help explore viable alternatives regarding company sustainability. The report was intended as a contribution to the ongoing sustainability development theory and oriented innovation to act as an initial guidance model for small companies' sustainability. The author has integrated diverse empirical literature bodies to develop a synthesized theoretical frame onto which SOI processes and practices can be planned. Sustainability-focused innovation comprises all the deliberate actions performed by a small company to modify the company values, products and philosophy practices or processes that serve to create and realize environmental, social cost and economic revenues. The report handled all past literature connecting sustainability and business management. It is from the recent research that the report addressed several specific deficiencies giving rise to challenges in small businesses. The

paper has conceptualized Management, innovation, and sustainability as a dichotomous phenomenon. The author has adopted a synthesis technique comprising of initial landscape grounded architecture of the business setting, which was subsequently reinforced into a model of sustainability.

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