



ELEVENTH EDITION

Management

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LEARNING OUTCOMES

- **Contrast** the actions of managers according to the omnipotent and symbolic views
- **Describe** the constraints and challenges facing managers in today's external environment
- **Discuss** the characteristics and importance of organizational culture
- **Describe** current issues in organizational culture

The Manager: Omnipotent or Symbolic?

- **Omnipotent View of Management** - the view that managers are directly responsible for an organization's success or failure.
- **Symbolic view of Management** - the view that much of an organization's success or failure is due to external forces outside managers' control.

The External Environment: Constraints and Challenges

- **External Environment** - those factors and forces outside the organization that affect its performance.
- Components of the External Environment
 - **Specific environment:** External forces that have a direct and immediate impact on the organization
 - **General environment:** Broad economic, socio-cultural, political/legal, demographic, technological, and global conditions that *may* affect the organization

Exhibit 2-2: Components of External Environment



Environmental Uncertainty and Complexity

- **Environmental Uncertainty** - the degree of change and complexity in an organization's environment.
- **Environmental Complexity** - the number of components in an organization's environment and the extent of the organization's knowledge about those components.

Exhibit 2-3: Environmental Uncertainty Matrix

		Stable	Dynamic
Simple	Complex	Cell 1 Stable and predictable environment Few components in environment Components are somewhat similar and remain basically the same Minimal need for sophisticated knowledge of components	Cell 2 Dynamic and unpredictable environment Few components in environment Components are somewhat similar but are continually changing Minimal need for sophisticated knowledge of components
		Cell 3 Stable and predictable environment Many components in environment Components are not similar to one another and remain basically the same High need for sophisticated knowledge of components	Cell 4 Dynamic and unpredictable environment Many components in environment Components are not similar to one another and are continually changing High need for sophisticated knowledge of components

Who Are Stakeholders?

- **Stakeholders** - any constituencies in the organization's environment that are affected by an organization's decisions and actions.

Exhibit 2-4: Organizational Stakeholders



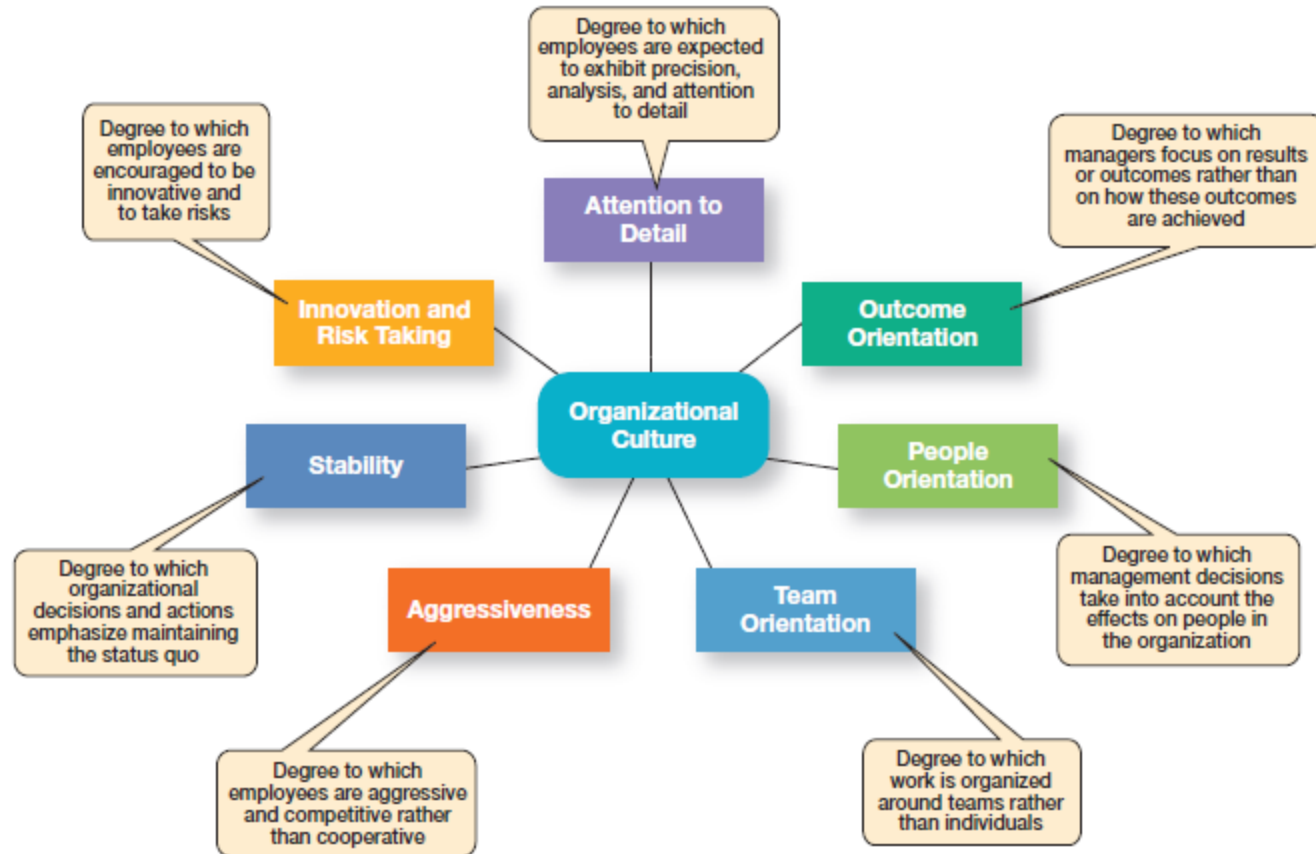
Managing Stakeholder Relationships

1. Identify the organization's external stakeholders.
2. Determine the particular interests and concerns of external stakeholders.
3. Decide how critical each external stakeholder is to the organization.
4. Determine how to manage each individual external stakeholder relationship.

What Is Organizational Culture?

- **Organizational Culture** - The shared values, principles, traditions, and ways of doing things that influence the way organizational members act.
- **Strong Cultures** - Organizational cultures in which key values are intensely held and widely shared.

Exhibit 2-5: Dimensions of Organizational Culture



Where Does Culture Come From?

- Organization founder
- Vision and mission
- Past practices
- Top management behavior
- **Socialization** - The process that helps employees adapt to the organization's culture.



How Do Employees Learn Culture?

- **Stories** - Narratives of significant events or people, e.g. organization founders, rule breaking, reaction to past mistakes etc.
- **Rituals** - Sequences of activities that express and reinforce the important values and goals of the organization

How Employees Learn Culture (cont.)

- **Material Artifacts and Symbols** - Convey the kinds of behavior that are expected, e.g. risk taking, participation, authority, etc.
- **Language** - Acts as a common denominator that bonds members

Exhibit 2-6: Contrasting Organizational Cultures

Organization A

This organization is a manufacturing firm. Managers are expected to fully document all decisions, and "good managers" are those who can provide detailed data to support their recommendations. Creative decisions that incur significant change or risk are not encouraged. Because managers of failed projects are openly criticized and penalized, managers try not to implement ideas that deviate much from the status quo. One lower-level manager quoted an often-used phrase in the company: "If it ain't broke, don't fix it."

Employees are required to follow extensive rules and regulations in this firm. Managers supervise employees closely to ensure that there are no deviations. Management is concerned with high productivity, regardless of the impact on employee morale or turnover.

Work activities are designed around individuals. There are distinct departments and lines of authority, and employees are expected to minimize formal contact with other employees outside their functional area or line of command. Performance evaluations and rewards emphasize individual effort, although seniority tends to be the primary factor in the determination of pay raises and promotions.

Organization B

This organization is also a manufacturing firm. Here, however, management encourages and rewards risk taking and change. Decisions based on intuition are valued as much as those that are well rationalized. Management prides itself on its history of experimenting with new technologies and its success in regularly introducing innovative products. Managers or employees who have a good idea are encouraged to "run with it," and failures are treated as "learning experiences." The company prides itself on being market driven and rapidly responsive to the changing needs of its customers.

There are few rules and regulations for employees to follow, and supervision is loose because management believes that its employees are hardworking and trustworthy. Management is concerned with high productivity but believes that this comes through treating its people right. The company is proud of its reputation as being a good place to work.

Job activities are designed around work teams, and team members are encouraged to interact with people across functions and authority levels. Employees talk positively about the competition between teams. Individuals and teams have goals, and bonuses are based on achievement of outcomes. Employees are given considerable autonomy in choosing the means by which the goals are attained.

Exhibit 2-7: Strong vs. Weak Cultures

Strong Cultures

Values widely shared

Culture conveys consistent messages about what's important

Most employees can tell stories about company history or heroes

Employees strongly identify with culture

Strong connection between shared values and behaviors

Weak Cultures

Values limited to a few people—usually top management

Culture sends contradictory messages about what's important

Employees have little knowledge of company history or heroes

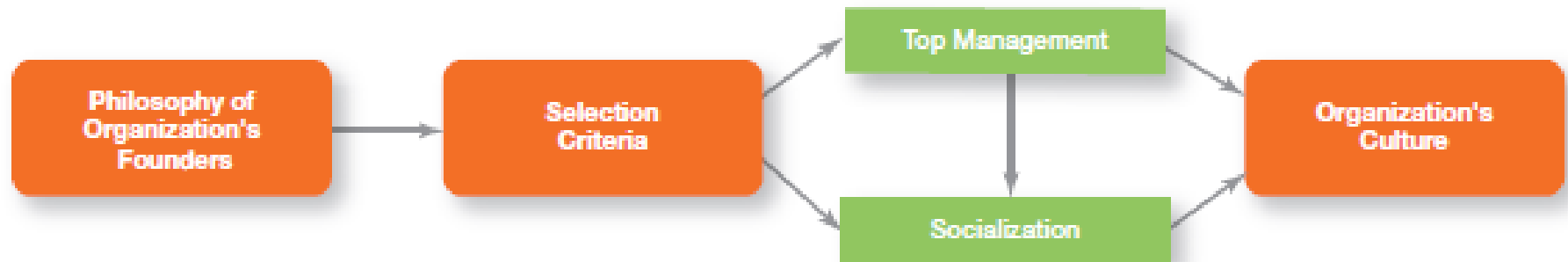
Employees have little identification with culture

Little connection between shared values and behaviors

Benefits of a Strong Culture

- Creates a stronger employee commitment to the organization
- Aids in the recruitment and socialization of new employees
- Fosters higher organizational performance by instilling and promoting employee initiative

Exhibit 2-8: Establishing and Maintaining Culture



How Does Culture Affect Managers?

- Cultural Constraints on Managers
 - Whatever managerial actions the organization recognizes as proper or improper on its behalf
 - Whatever organizational activities the organization values and encourages
 - The overall strength or weakness of the organizational culture

Exhibit 2-9: Managerial Decisions Affected by Culture

Planning

- ▶ The degree of risk that plans should contain
- ▶ Whether plans should be developed by individuals or teams
- ▶ The degree of environmental scanning in which management will engage

Organizing

- ▶ How much autonomy should be designed into employees' jobs
- ▶ Whether tasks should be done by individuals or in teams
- ▶ The degree to which department managers interact with each other

Leading

- ▶ The degree to which managers are concerned with increasing employee job satisfaction
- ▶ What leadership styles are appropriate
- ▶ Whether all disagreements—even constructive ones—should be eliminated

Controlling

- ▶ Whether to impose external controls or to allow employees to control their own actions
- ▶ What criteria should be emphasized in employee performance evaluations
- ▶ What repercussions will occur from exceeding one's budget

How Do You Create a Customer Responsive Culture?

- Hire the right type of employees (those with a strong interest in serving customers)
- Have few rigid rules, procedures, and regulations
- Use widespread empowerment of employees
- Have good listening skills in relating to customers' messages

How Do You Create a Customer Responsive Culture?

- Provide role clarity to employees in order to reduce ambiguity and conflict and to increase job satisfaction
- Have conscientious, caring employees willing to take initiative

Exhibit 2-10: Creating a Customer Responsive Culture


Characteristics of Customer-Responsive Culture	Suggestions for Managers
Type of employee	Hire people with personalities and attitudes consistent with customer service: friendly, attentive, enthusiastic, patient, good listening skills
Type of job environment	Design jobs so employees have as much control as possible to satisfy customers, without rigid rules and procedures
Empowerment	Give service-contact employees the discretion to make day-to-day decisions on job-related activities
Role clarity	Reduce uncertainty about what service-contact employees can and cannot do by continual training on product knowledge, listening, and other behavioral skills
Consistent desire to satisfy and delight customers	Clarify organization's commitment to doing whatever it takes, even if it's outside an employee's normal job requirements

Spirituality and Culture

- **Workplace Spirituality** - a culture where organizational values promote a sense of purpose through meaningful work that takes place in the context of community
- Characteristics of a Spiritual Organization
 - Strong sense of purpose
 - Focus on individual development
 - Trust and openness
 - Employee empowerment
 - Toleration of employees' expression

Terms to Know

- omnipotent view of management
- symbolic view of management
- organizational culture
- strong cultures
- socialization
- workplace spirituality
- external environment
- specific environment
- general environment
- environmental uncertainty
- environmental complexity
- stakeholders



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