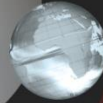


GLOBAL
EDITION



Management

THIRTEENTH EDITION

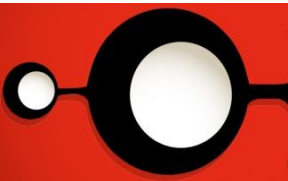
Stephen P. Robbins • Mary Coulter

MANAGING THE ENVIRONMENT AND THE ORGANIZATION'S CULTURE

3

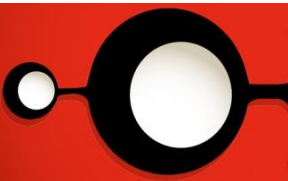
READING AN ORGANIZATION'S CULTURE: FIND ONE WHERE YOU'LL BE HAPPY

***“A key to success in
management and in your
career is knowing how to
“read” an organization’s
culture so you can find one
in which you’ll be happy.”***



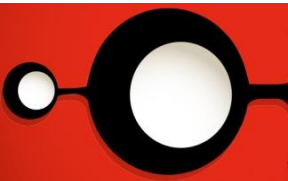
SCANNING THE ENVIRONMENT*

- ▶ **Do background work. Check out the company's Web site.**
- ▶ *What impression do you get from it? Are corporate values listed? Mission Statement?*
- ▶ **Observe the physical surroundings and corporate symbols.**
- ▶ *Notice visible symbols of organizational culture, such as, logos, signs, posters, pictures, photos, style of dress, etc.*
- ▶ **How would you characterize the people who work there ? Are they formal? Casual? Serious? Jovial? Open?**



LEARNING OBJECTIVES

1. **Contrast the actions of managers according to the omnipotent and symbolic views.**
2. **Describe** the constraints and challenges facing managers in today's external environment.
 - **Develop your skill** at scanning the environment so you can anticipate and interpret changes taking place.
3. **Discuss** the characteristics and importance of organizational culture.
 - Know how to read and assess an organization's culture.
4. **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.
 - ▶ Example: Coaches who lose more games than they win are usually fired and replaced by new coaches who are expected to correct the poor performance.

- ▶ **Symbolic view of management:** The view that much of an **organization's success or failure is due to external forces** outside managers' control.
 - ▶ Example: In 1990, Cisco Systems was the picture of success. However, in the early part of 21st century their performance was declined. The symbolic view suggest that this declining performance due to external environment such as the economy, politics, etc.

Example: Case 1) Case 2)

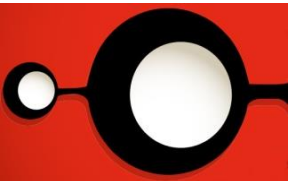
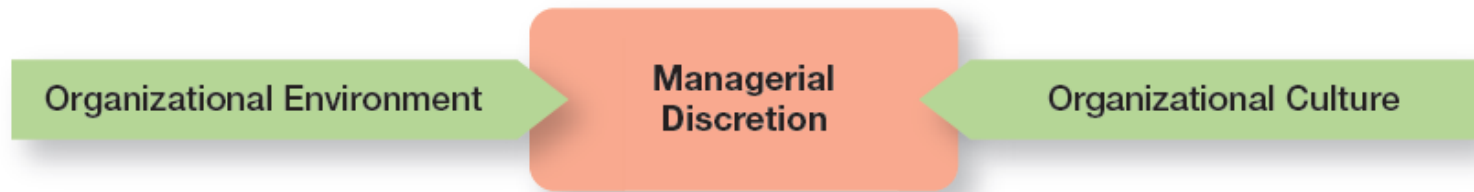
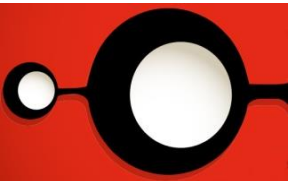


EXHIBIT 3-1

CONSTRAINTS ON MANAGERIAL DISCRETION

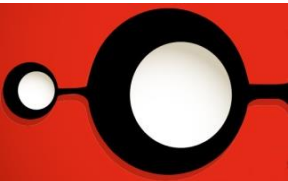


- In reality, managers are **neither all-powerful nor helpless**. But their decisions and actions are constrained.
- **External** constraints come from the organization's **environment** and **internal** constraints come from the organization's **culture**.



LEARNING OBJECTIVES

1. **Contrast** the actions of managers according to the omnipotent and symbolic views.
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 - **Develop your skill** at scanning the environment so you can anticipate and interpret changes taking place.
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THE EXTERNAL ENVIRONMENT: CONSTRAINTS AND CHALLENGES*

L02

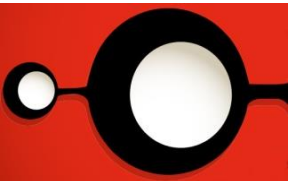
Digital technology has disrupted all types of industries—from financial services and retail to entertainment and automotive. Choosing to embrace these changes, BMW borrowed a page from Apple’s playbook and decided to replace its old way of doing things at dealerships.⁵ Rather than the standard rows of cars, banners, and showroom cubicles, they’re bringing in “product geniuses” to help shoppers better understand and to demonstrate the complex technology now in cars. Other car manufacturers are doing similar things. For instance, General Motors is working with its dealerships to install “connection centers” in showrooms. Anyone who doubts the impact the external environment has on managing just needs to look at what’s happened in the automotive industry and many other industries during the last few years.



THE EXTERNAL ENVIRONMENT

The **External Environment**: Those **factors** and forces **outside the organization** that affect its performance. The external environment includes several different components:

- ▶ **Economic** – Encompasses factors such as interest rates, inflation, changes in disposable income, stock market fluctuations, and business cycle stages.
- ▶ **Demographic** – Concerned with trends in population characteristics such as age, race, gender, education level, geographic location, income and family composition.
- ▶ **Political/Legal** – Concerned with federal, state and local laws, and global laws.



THE EXTERNAL ENVIRONMENT (CONT.)

- ▶ **Technological** – Concerned with scientific or industrial innovations.
- ▶ **The Sociocultural** – Concerned with societal and cultural factors such as values, attitudes, trends, traditions and lifestyles, beliefs, tastes, and patterns of behavior.
- ▶ **Global** – Encompasses issues associated with globalization and a world economy.

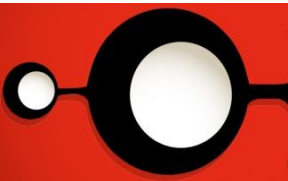
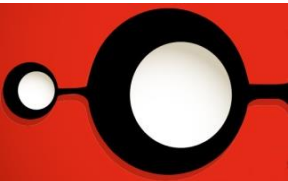


EXHIBIT 3-2

COMPONENTS OF THE EXTERNAL ENVIRONMENT

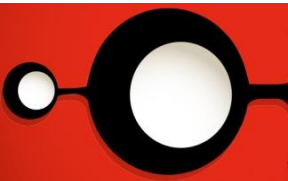


- This components also knows as **PESTLE** framework that focus on **scanning business environment**.
- Changes in your business environment can create great **opportunities** and cause significant **threats** for your organization.



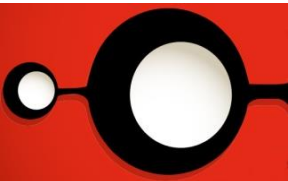
FACTORS IMPACTING GLOBAL BUSINESSES*

- ▶ Like many global businesses, Nestlé is facing increased commodity (raw materials) costs.
- ▶ Nestlé, the maker of products from Crunch chocolate bars to Nescafé coffee to Purina pet foods, spends more than \$30 billion a year on raw materials.
- ▶ **Commodity costs** are just one of the many **volatile economic factors** facing organizations. Managers need to be aware of the economic context so they can make the best decisions for their organizations.



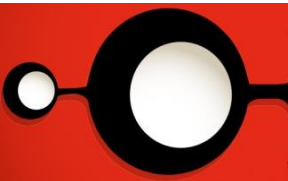
THE GLOBAL ECONOMY AND THE ECONOMIC CONTEXT*

- ▶ The lingering global economic challenges – once described as the “**Great Recession**” by some analysts – began with the turmoil in the United States housing market in 2008
- ▶ As credit markets collapsed, businesses were impacted.
- ▶ Credit was no longer readily available to fund businesses.
- ▶ Economic difficulties spread across the globe.
- ▶ The fragile economic recovery continues to be a business constraint.



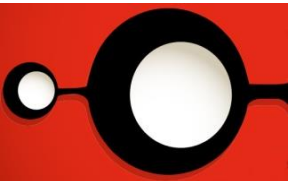
ECONOMIC INEQUALITY AND THE ECONOMIC CONTEXT *

- ▶ As economic growth has languished and sputtered, and as people's belief that anyone could prosper declined, **social discontent over growing income gaps has increased**. Many people concern on the economic inequality
- ▶ Business leaders must realize that societal attitudes in the economic context have the potential to create constraints.



The Demographic Environment*

Gen Y is an important demographic at Facebook, where most employees are under 40. The company values the passion and pioneering spirit of its young employees who embrace the challenges of building groundbreaking technology and of working in a fast-paced environment with considerable change and ambiguity.

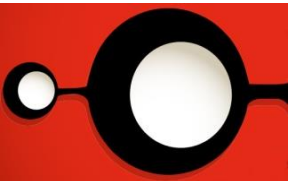


THE DEMOGRAPHIC ENVIRONMENT (CONT.)

- ▶ The size and characteristics of a country's population can have a significant effect on what it's able to achieve in politics, economics, and culture.
- ▶ **Baby Boomers** – Born between 1946 and 1964, one of the largest and most influential demographic groups in history.
- ▶ **Gen Y or (Millennials)** – Children of Baby Boomers, born between 1978 and 1994, making an impact on **technology** and the workplace.
- ▶ **Post-Millennials** – The youngest group identified age group—basically teens and middle-schoolers. They have also been called the iGeneration because advances in **technology have customized everything to the individual.**

Suggested reading

<https://hbr.org/2017/08/a-survey-of-19-countries-shows-how-generations-x-y-and-z-are-and-arent-different>



ASSESSING ENVIRONMENTAL UNCERTAINTY

- ▶ **Environmental uncertainty** refers to the degree of **change** and **complexity** in an organization's environment.
 - ▶ The first dimension of uncertainty is **change**.
 1. Organizations are **stable**, minimal change
 2. Organizations are **dynamic**, frequent change
 - ▶ Organizational **complexity** refers to the **number of components** in an organization's environment and the extent of the organization's **knowledge about those components**.

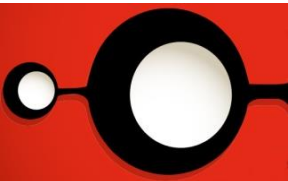
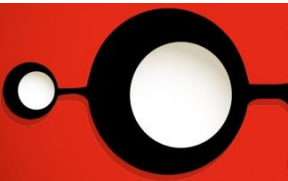


EXHIBIT 3-3

ENVIRONMENTAL UNCERTAINTY MATRIX

		Degree of Change	
		Stable	Dynamic
Degree of Complexity	Simple	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
	Complex	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

Managers have the greatest influence in Cell 1, and the least in cell 4 due to high uncertainty



MANAGING STAKEHOLDER RELATIONSHIPS

- ▶ The nature of **stakeholder relationships** is another way in which the environment influences managers. The **more** obvious and **secure** these relationships, the **more influence** managers will have **over organizational outcomes**.
- ▶ **Stakeholders** – Any constituencies in an organization's decisions and actions. It can affect what an organization does and how it operates.
- ▶ Example: Think of groups that might be affected by the decisions and actions of Starbucks

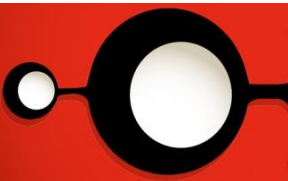
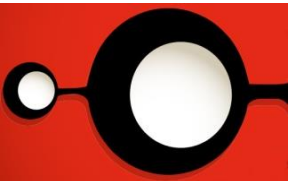


EXHIBIT 3-4

ORGANIZATIONAL STAKEHOLDERS

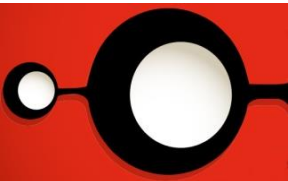


Exhibit 3 - 4 identifies some of the organization's most common stakeholders which includes both **internal** and **external** constituent groups.



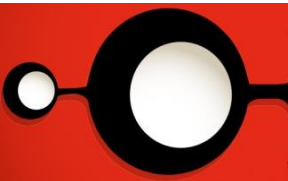
THE BENEFITS OF GOOD STAKEHOLDER RELATIONSHIPS

- ▶ Improved **predictability** of environmental changes
- ▶ Increased successful **innovations**
- ▶ Increased **trust** among stakeholders
- ▶ Greater organizational **flexibility** to reduce the impact of change



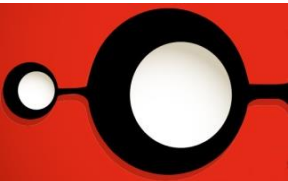
LEARNING OBJECTIVES

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ORGANIZATIONAL CULTURE: CONSTRAINTS AND CHALLENGES

- ▶ Just as each individual has a unique personality — traits and characteristics influence the way we act and interact with others. An **organization**, too, **has a personality**, which is referred to as **organizational culture**.
- ▶ An organization's culture can make employees feel included, empowered, and supported or it can make them feel the opposite.
- ▶ *Try to describe the culture of organization where you have joined!*



ORGANIZATIONAL CULTURE*

- ▶ **Organizational Culture** —The shared values, principles, traditions, and ways of doing things that influence the way organizational members act and that **distinguish the organization from other organizations.**
- ▶ Organizational Culture is:

Perception

- based on employee **experience** within the organization.

Descriptive

- how members **describe** it.

Shared

- employees **share** perception and experiences.

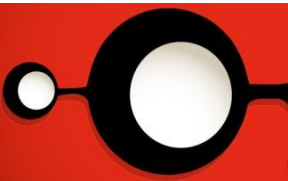
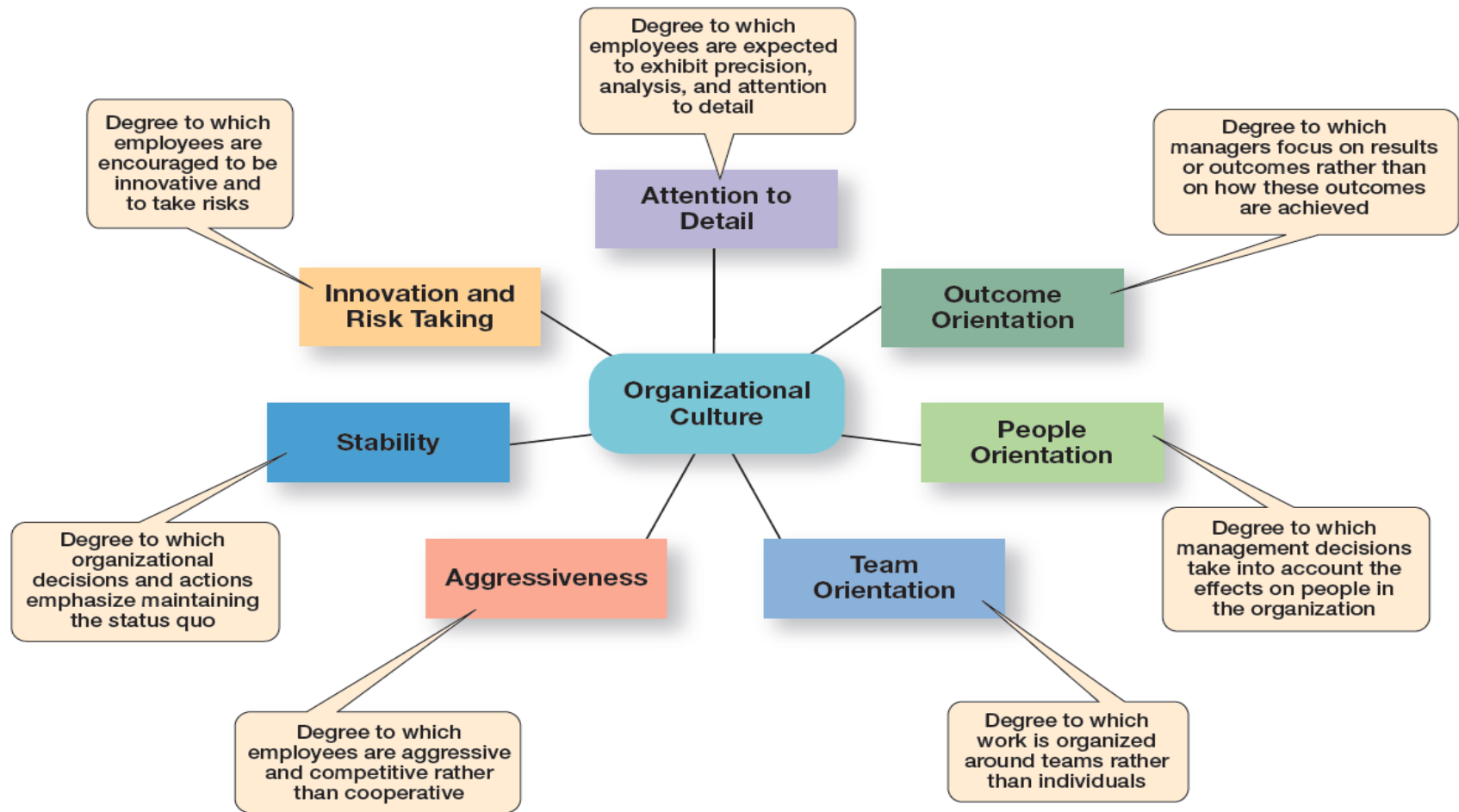


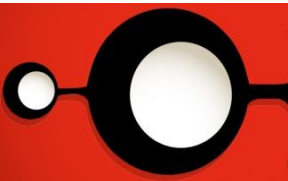
EXHIBIT 3–5 DIMENSIONS OF ORGANIZATIONAL CULTURE

- For each dimension, we can determine whether it's high or low



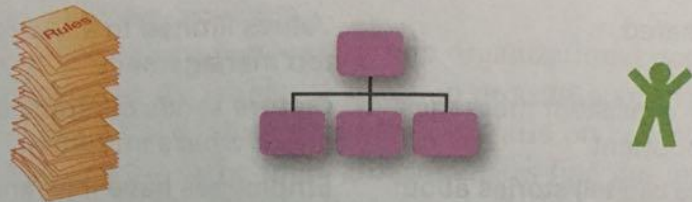
CONTRASTING ORGANIZATIONAL CULTURE*

- ▶ In many organizations, **one cultural dimension is often emphasized more than others** and essentially shapes the organization's personality and the way the organization works.
- ▶ For example, **Sony Corporation focuses** on product **innovation and risk-taking**. The company “lives and breaths” innovations, and employees' behaviors support that goal. (Product Orientation).
- ▶ Conversely, Southwest Airlines **focuses** on its **employees** and has made them a central focus of its culture. (People Orientation).



CONTRASTING ORGANIZATIONAL CULTURE*

Organization A



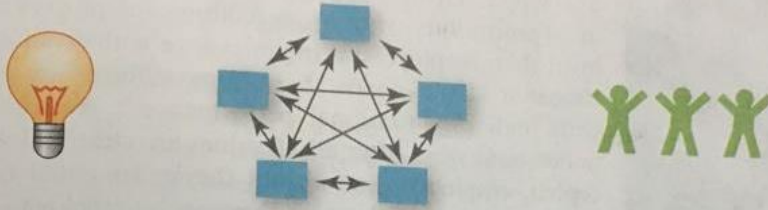
This organization is a manufacturing firm. Managers are expected to fully document all decisions, and “good managers” are those who can provide detailed data to support their recommendations. Creative decisions that incur significant change or risk are not encouraged. Because managers of failed projects 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 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.

CONTRASTING ORGANIZATIONAL CULTURE

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.

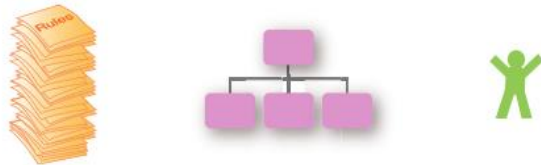
There are few rules and regulations for employees to follow, and supervision is loose because management believes its employees are hardworking and trustworthy. Management is concerned with high productivity but believes this comes through treating its people right. The company is proud of its reputation as 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 3-6

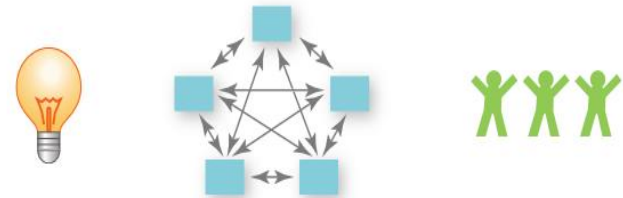
CONTRASTING ORGANIZATIONAL CULTURE*

Organization A

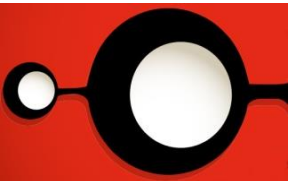


- ▶ Risk-taking and change discouraged
- ▶ Creativity discouraged
- ▶ Close managerial supervision
- ▶ Work activities designed around the individual employee

Organization B

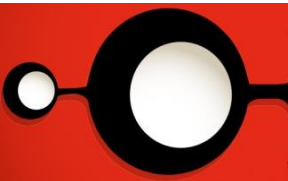


- ▶ Risk-taking and change rewarded
- ▶ Creativity and innovation rewarded
- ▶ Management trusts employees
- ▶ Work designed around teams



CONTRASTING CULTURAL VALUES (CONT.)*

- ▶ Exhibit 3-6 illustrates how the dimensions of culture can create significantly different cultures.
- ▶ Both Organization A and Organization B are manufacturing firms, but each company emphasizes a different dimension that have shaped organizational culture.



STRONG CULTURES

- ▶ All organizations have cultures, but **not all cultures equally influence employees' behaviors and actions.**
- ▶ **Strong Cultures**—Organizational cultures in which the key values are **intensely held and widely shared.**
- ▶ The more employees accept the organization's key values and greater their commitment to those values, the stronger the culture.
- ▶ The stronger the culture becomes, the more it affects the way managers plan, organize, lead, and control.
- ▶ Strong Cultures are associated with high organizational performance.
- ▶ However, the **drawback** is that strong culture also might **prevent** employees from trying new approaches

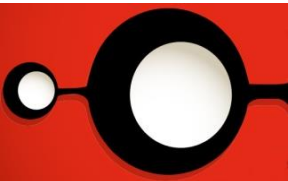
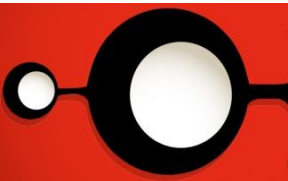


EXHIBIT 3-7

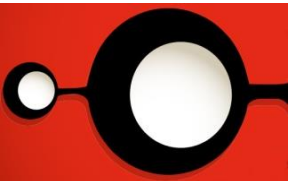
STRONG VERSUS WEAK CULTURES*

Strong Cultures	Weak Cultures
Values widely shared	Values limited to a few people—usually top management
Culture conveys consistent messages about what's important	Culture sends contradictory messages about what's important
Most employees can tell stories about company history or heroes	Employees have little knowledge of company history or heroes
Employees strongly identify with culture	Employees have little identification with culture
Strong connection between shared values and behaviors	Little connection between shared values and behaviors



Strong Cultures*

Apple's strong culture of product innovation and customer-service reflects the core values of its visionary cofounder, Steve Jobs. Jobs instilled these core values in all employees, from top executives to sales associates, such as the Genius Bar employee shown here training a customer at the Apple Store in Manhattan.



WHERE CULTURE COMES FROM AND HOW IT CONTINUES

- ▶ Organizational Culture **usually reflects the vision of the founder.**
- ▶ The small size of most new organizations makes it easier to establish organizational culture.
- ▶ Once culture is established, organizational practices help to maintain it.
 - ▶ Example: when selecting new employee, we assess whether he/she will fit to our culture

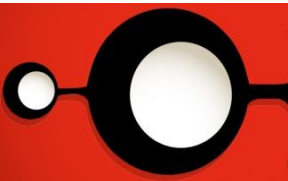
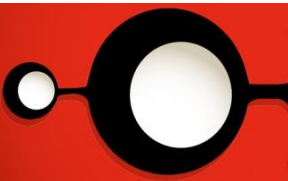
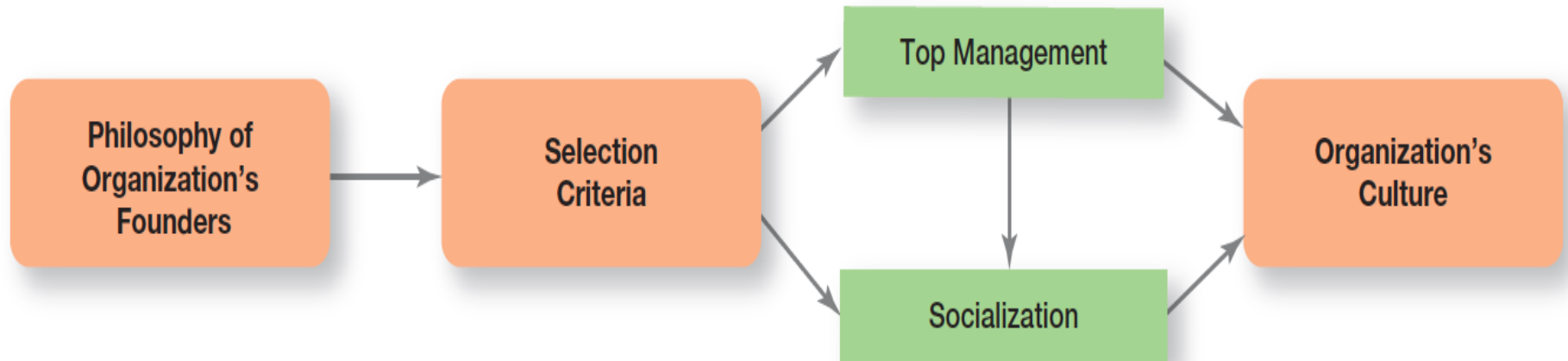


EXHIBIT 3-8

ESTABLISHING AND MAINTAINING CULTURE



HOW EMPLOYEES LEARN CULTURE

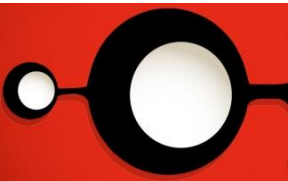
- ▶ Employees “learn” an organization’s culture in a number of ways. The most common are **stories, rituals, material symbols, and language.**

Stories

- organizational stories about significant events in the life of the company help keep culture alive.

Rituals

- repetitive sequences of activities that express and reinforce important organizational values and goals.



HOW EMPLOYEES LEARN CULTURE (CONT.)

Material
Artifacts and
Symbols

- convey to employees what is important and the kinds of expected behaviors, ex. Risk-taking, etc.

Language

- many organizations or units of an organization use language to identify and unite members of a culture. New employees are frequently overwhelmed with **acronyms** and **jargon** that quickly becomes a part of their language.

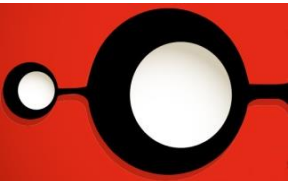
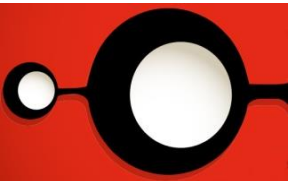


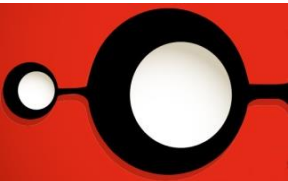
EXHIBIT 3-9

TYPES OF MANAGERIAL DECISIONS AFFECTED BY CULTURE*



LEARNING OBJECTIVES

1. **Contrast** the actions of managers according to the omnipotent and symbolic views.
2. **Describe** the constraints and challenges facing managers in today's external environment.
 - **Develop your skill** at scanning the environment so you can anticipate and interpret changes taking place.
3. **Discuss** the characteristics and importance of organizational culture.
 - Know how to read and assess an organization's culture.
4. **Describe current issues in organizational culture.**



Creating an Innovative Culture*

- **Challenge and involvement**—Are employees involved in, motivated by, and committed to the long-term goals and success of the organization?
- **Freedom**—Can employees independently define their work, exercise discretion, and take initiative in their day-to-day activities?
- **Trust and openness**—Are employees supportive and respectful of each other?
- **Idea time**—Do individuals have time to elaborate on new ideas before taking action?
- **Playfulness/humor**—Is the workplace spontaneous and fun?
- **Conflict resolution**—Do individuals make decisions and resolve issues based on the good of the organization versus personal interest?
- **Debates**—Are employees allowed to express opinions and put forth ideas for consideration and review?
- **Risk taking**—Do managers tolerate uncertainty and ambiguity, and are employees rewarded for taking risks?⁵¹



Canadian-based Peer 1 Hosting created a culture that supports creativity and innovation. At its European headquarters, the youthful staff of the global Web infrastructure and cloud hosting provider interact in a casual and playful environment of trust and openness, personal and professional challenge, and involvement, freedom, debate, and risk taking.

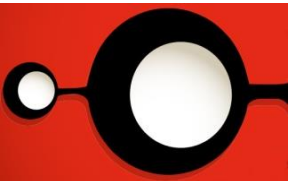
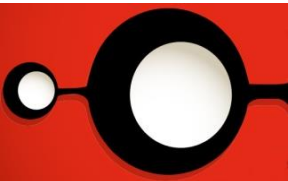


EXHIBIT 3-10

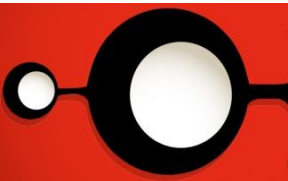
CREATING A CUSTOMER-RESPONSIVE CULTURE*

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



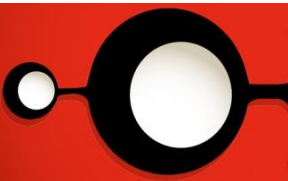
CREATING A CUSTOMER-RESPONSIVE CULTURE (CONT.)

- ▶ Research shows that **customer satisfaction is directly related to customer spending** and consumption.
- ▶ **Satisfied customers** will be **repeat customers** for businesses.



SPIRITUALLY AND ORGANIZATIONAL CULTURE

- ▶ **Workplace Spiritually** — A culture where organizational values promote **a sense of purpose** through **meaningful work** that takes place in the context of community.
- ▶ Organizations with a spiritual culture recognize that people:
 - ▶ Have a mind and spirit.
 - ▶ Seek to find meaning and purpose in their work.
 - ▶ Desire to connect with others and be a part of a community.



FIVE CULTURAL CHARACTERISTICS OF SPIRITUAL ORGANIZATIONS

- ▶ Research indicates that Spiritual Organizations have **five characteristics**:
 1. **Strong sense of purpose**, culture built around meaningful purpose.
 2. **Focus on individual development**, recognize worth and value of individuals.
 3. **Trust and openness**, characterized by mutual trust, honesty, and openness.
 4. **Employee empowerment**, managers trust employees to make good decisions.
 5. **Tolerance of employee expression**, employees free to express emotions.

