ABA-1 Notes
Academic Year 2024-2025

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Introduction

This document contains the notes regarding the first module of the course *Accounting and Business Administration* with Professor Arkhipova, taught in the first year of *Economics, Markets and Finance* at Ca' Foscari University.

The notes aim to provide a source of study for the oral exam by summarizing key concepts, explaining core principles, and offering examples.

Additionally, here you'll find insights from lectures, textbook references, and supplementary materials to ensure a comprehensive understanding of the subject.

Attendance for this course is highly recommended, as Professor Arkhipova's teaching style is both engaging and deeply insightful. She is dedicated to ensuring that students not only understand the foundational principles of business administration but also develop practical skills that can be applied in real-world scenarios. Her lectures are interactive and rich with examples, fostering a deeper comprehension of complex topics.

In addition to attending the lectures, I highly recommend to use the textbook as a study aid and to participate in the practice sessions led by Professor Vaska, who provides valuable hands-on exercises to reinforce key concepts and enhance practical understanding.

English is not my native language, so please bear with me for any mistakes that you'll find here.

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Part I

Chapter 1

Chapter 1

Managers and Managing

1.1 Organizations, Managers and Resources

Organizations are collections of people that work together and coordinate their actions to achieve goals or desired outcomes.
Managers are the people inside the organization that are responsible for supervising the usage of an organization's resources to achieve its goals.
Resources consist of:

- people that work in their organization and that share their know-how and their experience;

- raw materials;

- machinery;

- computers and IT;

- financial capital;

- patents;

- loyal customers;

- basically the inputs that contribute to produce outputs.

The way to check whether managers are working in a good way or bad way is to check the organizational performance, which is a measure of how efficiently and effectively managers are using resources to achieve goals and to satisfy customers. The more efficiency and effectiveness increase, the more the organizational performance increases.

1.1.1 Efficiency and Effectiveness

Efficiency is a measure that answers the following question: "Am I doing the things right?"; it measures whether the resources are used in a productive way or not: if the usage of such resources is minimized yet the outcome is of good quality, it means that they are used efficiently (e.g. UPS' drivers leaving doors open).

On the other hand, effectiveness is the measure that answers: "Am I doing the right things?"; it measures the appropriateness of goals that have been set and the degree to which they are being reached.

Low Efficiency High Effectiveness Right Way Wrong Goals	High Efficiency High Effectiveness Right Way Right Goals
Low Efficiency Low Effectiveness Wrong Way Wrong Goals	High Efficiency Low Effectiveness Wrong Way Right Goals

1.2 Why Should Management Be Studied?

Management should be studied for several factors such as:

- Helping individuals that want to understand the complexity of work and how to make efficient and effective decisions to accomplish tasks;

- You study from the experiences of others, hence you learn how to not mistakes;

- The economic benefits that being a good manager brings are impressive (e.g. Microsoft CEO);

- Learning management helps you in day-to-day life activities by developing skills such as critical thinking.

1.3   Essential Tasks of Management

In order to reach an optimal use of resources and the achievements of organizational goals, managers need to perform four essential tasks that have been first outlined by Henry Fayol in the 20th century:

- Planning: this is the first process and it consists of: identifying and selecting the appropriate goals that the organization wants to achieve; developing the right strategies that allow the organization to achieve those goals; deciding how to allocate resources in order to execute the strategies that have been developed;

- Organizing: this is the second process and it consists of establishing task and authority relationships that allow people to work together to achieve goals (allocating people in departments/functions). This process produces the organizational structure, a formal system of task and reporting relationships that coordinates and motivates people to work together to achieve goals;

- Leading: this is the third process and it consists of articulating a clear vision of the organization that its members have to accomplish, and energizing and enabling employees so that everyone understands the part he or she plays in the achievement of goals;

- Controlling: this is the fourth task and it consists in the evaluation that managers have to make, by establishing accurate measuring and monitoring systems, to evaluate how well the organization has achieved its goals, in order to decide whether corrective actions are needed to maintain or improve performance.

1.4   Mintzberg and Managerial Roles

In order to help organizations achieve their goals in a ethical manner, professor Henry Mintzberg in 1973 observed managers and found out that there exist ten managerial roles divided into three groups based on the tasks they perform:

- Interpersonal Managers:

- Figurehead, enthusiastic and charismatic, symbolic role, respecting the values of the firm:
  * Outline future goals to employees at meetings;
  * Open new corporate headquarters;
  *
  * State the organization's ethical guidelines and behaviours that employees have to follow when dealing with customers and suppliers.

- Leader, motivational, gives feedbacks, actions that make him one to look up to:
  * Example that employees have to follow;
  * Gives commands and orders to employees;
  * Makes decisions about resources;
  * Mobilizes employee support for specific goals.

- Liaison, networking with other orgs and among an organization's departments:
  * Coordinates managers in different departments;
  * Establishes alliances between different organizations to share resources to produce new goods and services.

- Informational Managers:

  - Monitor, reads news and monitors internal and external enviroment:
    * Evaluates perfomance and takes corrective actions if needed;
    * Monitors internal and external events that may affect the organization.

  - Disseminator, tells news to employees:
    * Informs employees about the changes that will affect the organization;
    * Communicates to employees the organization's vision and purpose.

  - Spokesperson, communicates the organization views to the external environment, delivers messages:
    * Launches adv campaigns;
    * Informs the local community about the organization's intentions.

- Decisional Managers:

  - Entrepreneur, acts on opportunities, designs and takes actions:

    * Commits resources to develop innovative goods and services;
    * Decides to expand internationally to obtain new customers.

  - Disturbance handler, resolves external and internal problems dangerous for the organization:

    * Moves quickly to deal with unexpected internal/external problems.

  - Resource allocator, responsible for hiring decisions, promotions and funding projects:

    * Allocates resources among different tasks and departments of the organization;
    * Sets budgets and salaries of middle and first-line managers.

  - Negotiator, finds agreements to resolve conflicts:

    * Works with suppliers, distributors and labor unions to reach agreements about quality and price of input and resources;
    * Works with other organizations to establish agreements on the usage of resources to work on joint projects.

1.5   Levels of Management and Departments

In order to performs the four essential tasks of management in an efficient and effective way, managers need to be grouped or differentiated by level or type of skill. There are three levels, each one reports to the one they have above, and the higher you go in the hierarchy, the more status, power and authority are:

- Top Managers: they are responsible for the performance of all departments, in fact, they have the so called *cross-departmental responsibility*; also, they establish goals, decide how departments should interact, monitor how well Middle Managers use resources in their departments and they are responsible for the success or failure of the organization;

- Middle Managers: they supervise First-Line Managers and are responsible for finding the best ways to organize resources to achieve goals, hence, they find better ways to utilize them to increase efficiency, and monitor the appropriateness of goals to increase effectiveness;

- First-Line Managers: they are the supervisors of the nonmanagerial employees.

Then, managers are grouped into specific departments/functions that match their job-skills, expertise and experiences.
A department/function consists in a group of managers and employees that share the same technical skills and that work together to reach a goal.
Examples of them are:

- HR;

- IT;

- Marketing;

- Accounting.

1.6 Managerial Skills

There are three types of skills that managers acquire and develop:

- Conceputal skills: general ability to analyze and diagnose situations, distinguishing between cause and effect. Important for Top level managers, can be developed via education, specifically through MBAs. An example of this is the Sylicon Valley one that was given during lectures - if you know you know;

- Human skills: general ability to understand, alter, lead and control the behaviour of individuals and groups, that distinguishes effective from ineffective managers. Useful for management in the public sector, can be developed via education and feedbacks;

- Technical skills: job-specific, dependant on the position within the organization, level has to be high to provide a good outcome.

1.7 Changes in Management Practice

Ways to increase efficiency and effectiveness:

- Restructuring: simplifying, shrinking, downsizing an organization's operations to loawer costs by eliminating jobs of a large number of managers and employees that will be replaced by technology; might lead to low morale, overworking and poor service;

- Outsourcing: contracting with another company, usually from a low-cost country, to performed a work that the company used to do itself.

1.7.1 Empowerment

Giving employees more authority and responsibility over how they perform their work activities by decentralizing power and responsibilities. Valve and Netflix are great examples of this.

1.8   Challenges for Management in a Global Environment

World is changing rapidly, and so organizations must perform at higher and higher levels in order to compete against others. Since the rise of *global organizations* that operate and compete in more than one country, firms have been pressured to find better ways to use resources thus improving performance.

In order to strive in this world, managers must face five major challenges:

- Building a *Competitive Advantage*, such as premium price advantage, low cost advantage or dual advantage: the ability of an organization to outperform its competitors by producing in a more efficient and effective way through a better efficiency, quality, innovation and responsiveness to customers:

    - efficiency increases when the quantity of resources used reduces and it must be improved if a firm is competing against companies operating in low-cost countries;

    - quality finds improvements via the implementation of *Total Quality Management*;

    - innovation is improved when organizational settings in which people are encouraged to be innovative are created;

    - customers' responsivess improves with employees' training.

- Maintaining ethical and socially responsible standards: pressure for performances can be healthy when it encourages managers to find new and better ways to perform the four essential tasks, but it can be unhealthy when it translates into behaving unethically or even illegally;

- Managing a diverse workforce: Human Resources Management procedures and practices;

- Utilizing new technologies;

- Global Crisis Management.

Part II

Chapter 2

Chapter 2

Scientific Management Theory

The evolution of Management thought provided an improvement of efficiency and effectiveness by developing the so called *Scientific Management*, which focuses on matching people with the right tasks, and *Administrative Management*, which focuses on identifying the principles that lead to the creation of an efficient system of organization and management.

It all began after the industrial revolution had swept through Europe and America, when managers wanted to find better ways to satisfy customers:

- Scientific Management Theory (1890-1940);

- Administrative Management Theory (1890-1980);

- Behavioural Management Theory (1910-1990);

- Management Science Theory (1940-1990);

- Organizational Environment Theory (1950-Present).

2.1 Adam Smith

Smith is a famous economist who studied the effects of industrialization across England during 17 century.
Through an observation of manufactoring methods employed by factories, he came to the conclusion that two of them were prevalent:

- Crafts-style production: workers responsible for each tasks → lower performance on average (few thousand pins);

- Specialized-task production: workers responsible for one or few tasks →
  higher performance on average (48k pins a day) → leads to skillfullness.

He concluded that increasing *job specialization*, the process by which a division of labour occurs as different workers specialize in tasks, improves efficiency thus organizational performance.

2.2   Taylor and Scientific Management

Scientific Management is defined as the systematic study of the relationships between people and tasks for the purpose of redesigning the work process to increase efficiency.
Taylor, a manager become consultant, developed this theory and stated that only by applying a set of scientific techniques efficiency could increase. This techniques are:

- Study how workers perform their tasks, gather all the informal job knowledge they possess and experiment with ways of improving how these tasks are performed;

- Codify new methods of performing tasks into written rules and standard operating procedures;

- Carefully select workers who possess skills and abilities that match the needs of the task and train them to perform the task accordingly to the established rules and procedures;

- Establish a fair/acceptable level of performance for a task and then develop a pay system the rewards for performance above the acceptable level.

An example of *Taylorism* is Henry Ford and the assembly line.

2.2.1   Problems with Scientific Management

Performance increased, however, undesirable outcomes also occured.
Workers experienced that this reorganized work system indeed lead to an increase of performance but also lead to more work for them to do that was rewarded with the same pay as before.
As such, the result in terms of performance caused a general distrust of managers, since they seem to not care about workers.

2.3 The Gilbreths

Two prominent of Taylor were Frank and Lillian Gilbreth, who refined the analysis of work movements and made contributions to *time-and-motion* study.

Specifically, Frank focused on the aforementioned study, while Lillian focused on the psychological aspects of management and on workers' welfare.

Their goals were to:

- Analyze every individual actions performed on a particular task and break them into each of its component actions;

- Find better ways to perform each of the component actions;

- Reorganize this set of actions such that the action as a whole could be performed more efficiently.

A fun fact is that they incorporated this actions in their life by applying them to day-to-day activities such as shaving, cooking and even raising their children.

With time they became concerned about *fatigue*, so they isolated factors that contributed to it (e.g. lightning, heating, the color of walls, ...) to find ways to reduce unnecessary motions hence the overall level of fatigue.

In other words, they linked Scientific Management with the human element, and supported the reason that only by giving clear instructions to workers and nurturing their self-respect and pride efficiency would improve.

However, all this caused a rather boring work routine for workers, that, being dissatisfied, tried hiding their true potential efficiency to protect their own well-being.

2.4 Administrative Management Theory

Developed by Max Weber and Henri Fayol, this is a study of how to create an *organizational structure* and *control system* that lead to high efficiency and high effectiveness.

It is the use of institutions and order rather than relying on personal qualitites to get things done.

2.4.1 Bureaucracy

Specifically, Weber developed the principles of *bureaucracy* as a formal system of organization and administration designed to ensure efficiency and

effectiveness.

A *bureaucratic system* of administration is based on five principles:

1. Authority derives from the position the manager holds in the organization and it is the power to hold people accountable for their actions and to make decisions concerning the use of resources;

2. Positions should be performance based rather than social standing or personal contacts;

3. The extent of each position's authority, task responsibilities and its relationship to other positions in an organization should be specified → employees strictly accountable for their actions;

4. Authority is effective when positions are arranged hierarchically;

5. A well-defined system of rules, standard operating procedures and norms should be created so that managers can control behaviour effectively within the organization:

   - Rules are formal written instructions that specify actions to be taked under different circumstances to achieve specific goals (A happens, then do B);

   - SOPs are specific sets of written instructions about how to perform different aspects of a task;

   - Norms are unwritten informal codes of conduct about how people, within the organization, should behave with each other.

2.4.2   Fayol's Principles of Management

Fayol, during his time as the CEO of Comambault Mining, identified 14 principles that he believed essential for increasing efficiency:

1. Division of Labour: combined with Job Specialization should increase efficiency;

2. Authority and Responsibility: right to give orders to subordinates;

3. Unity of Command: employees should receive orders only from one superior;

4. Line of Authority: the length of the chain of command should be limited;

5. Centralization: authority shouldn't be concentrated at the top of the chain of command;

6. Unity of Direction: an organization should have only one plan of action to guide managers and workers;

7. Equity: every member has to be treated with justice and respect;

8. Order: how organizational positions are arranged should maximize efficiency and provide employees with satisfying opportunities;

9. Initiative: employees should be allowed to be innovative and creative;

10. Discipline: workforce has to be dedicated to the achievement of goals;

11. Remuneration of Personnel: the system to reward employees should be equitable for the employees and for the organization;

12. Stability of Tenure of Personnel: long-term employees develop skills that improve efficiency;

13. Subordination of Individual Interests to the Common Interest: employees should understand how their performance affects the whole organization;

14. Esprit de Corps: managers should encourage the development of a sense of unity.

2.5 Behavioural Management Theory

It is the study of how managers should personally behave to motivate and encourage employees to make them perform at high levels and be committed to achieving goals.

The mother of this theory is Mary Parker Follett who, concerned by the fact that Taylor ignored the human side of the organization, thought of ways to improve this. She argued that, since workers know the most about their jobs, they should be involved in job analysis,and, if their work knowledge is relevant, they should be in control of the work process, hence power should be fluid.

Her work was very radical for its time, and it was very much disliked until quite recently, where policies of empowerment and horizontal organizations are used.

2.6 The Hawthorne Studies

These studies follow the works of Taylor and the Gilbreths and focused on how the characteristics of the work setting affected worker fatigue and performance. Specifically, how lightning or illumination affected workers. However, the results were not reliable, since productivity increased no matter how illumination was raised or lowered.

A notable Harvard psychologist was then invited, Elton Mayo, who proposed new series of experiments - the relay assembly test experiments - to further investigate the effects of *several* aspects on fatigue and performance and then improve productivity.

What they found is the *Hawthorne effect*: workers' attitudes toward their managers affected their performance.

2.6.1 Human Relations Movement

This discovery led to attention being turned to managerial behaviour and leadership and to thinking that if supervisors could be trained to behave in ways that elicit cooperative behaviours from their employees, then productivity could be increased. From this, the *Human Relations Movement* emerged, advocating for this type of training.

What can be concluded from this is that behaviour of managers and workers is important in the work setting as much as the technical aspects of the task regarding performance; hence, understanding how feelings, thougths and behaviour affect performance is important.

2.7 Theory X and Y

The set of assumptions that managers have about workers affects their attitudes towards them.

Douglas McGregor proposed two of them:

- Theory X - Henry Ford: negative assumptions that make managers supervise workers closely and control their behaviour;

- Theory Y - Satya Nadella, Microsoft: positive assumptions that make managers create a work setting that encourages commitment to goals and provide opportunities for workers via empowerment and decentralization of power.

2.8 Management Science Theory

It is a contemporary approach to management that focuses on using rigorous quantitative techniques to help managers make maximum use of organizational resources to produce goods and services.
It has branches that deal with different concerns:

- Quantitative Management: deals with inventory to be hold, where a factory should be located and how to best invest financial capital by using mathematical techniques;

- Operations Management: set of techniques used to analyze an organization's production system in order to increase efficiency;

- Management Information Systems: give details about events happening in the external and internal environment and give vital information for decision making.

2.9 Organizational Environment Theory

Set of forces and conditions that operate beyond an organization's boundaries but affect managers' abilities to acquire and utilize resources.

2.9.1 The Open-Systems View

It is a system that takes resources for its external environment and transforms them into goods and services that are then sent back to that environment where they are bought by customers. Basically, the organization draws from and interacts with the external environment in order to survive.
By viewing an organization as an open system one can see three stages:

1. Input Stage (Buy): acquiring resources (inputs) to produce goods and services;

2. Conversion Stage (Produce): inputs are transformed into outputs of finished goods and services;

3. Output Stage (Sell): finished goods and services are released to the external environment.

2.9.2   The Closed-Systems View

In contrast with the Open-Systems View, a closed system consists of a self-contained system that is not affected by changes in its external environment; however, behaving as such likely leads to experiencing *entropy*: the tendency to lose its ability to control itself and thus dissolve and disintegrate.

Synergy

Performance gains that result from the combined actions of individuals and departments.

2.10   Contingency Theory

It is the idea that organizational structures and control systems managers choose depend on characteristics of the external environment in which the organization operates; hence, there is no best way to organize.

For organizations that work in stable environments, a *mechanistic structure* is better since authority is centralized, tasks and rules are clearly specified and employees are closely supervised (Theory X).

Whereas, for organizations operating in rapidly changing environments, an *organic structure* is better since authority is decentralized to Middle and First-Line Managers and tasks and roles are left ambiguous to encourage employees to cooperate and respond quickly to the unexpected.

Part III

Chapter 3

Chapter 3

Values, Attitudes, Emotions and Culture

Managers are human beings, therefore they have characteristics that influence how they feel, think and act like every other person.

3.1 Personality Traits

These characteristics are called *personality traits* and they can be used to describe the personality of every individual.

3.1.1 The Big Five Personality Traits

There are five general traits, often referred to as *OCEAN traits*, that compose each one of us and that can be seen as a continuum where we fall:

1. Openness: tendency to be original, have broad interests, having a wide range of stimuli, be daring and taking risks $\rightarrow$ common in innovative persons and entrepreneurs;

2. Conscientiousness: tendency to organized, careful, scrupulous and persevering. Good predictor of performance, common in entrepreneurs that venture their own businesses.

3. Extraversion: tendency to experience positive emotions and moods and feel good about oneself and others. Asset for social jobs;

4. Agreeableness: tendency to get along well with others. If high, asset for managers that need to have good relationships with others, while if low, asset for managers that have high power and authority;

5. Neuroticism/Negative Affectivity: tendency to experience negative emotions and moods, feel distressed and be critical of oneself and others → being pessimistic. Can lead to either an increase or a decrease of performance.

Being a good manager doesn't solely depend on these traits, instead, what really matters in order to work well is that the organization's members understand and appreciate the ways people differ from one another.

3.1.2 Other Personality Traits

Internal and External Locus of Control

Everyone has an opinion about the extent to which he/she has control over what happens to and around them.
People with an *internal* locus of control believe that they are responsible for their own fate and that their own actions and behaviours are major and decisive determinants of job outcomes. This is must have trait for managers since they have to take responsibilities.
On the other hand, people with an *external* locus of control believe that outside forces are responsible for what happens to and around them, since they think that their actions don't really make a difference. If the outcome is positive they will react as it is thanks to them that such happened, whereas, if the outcome is negative, then it's not their fault.

Self-esteem

It is the degree to which individuals feel good about themselves and about their capabilities.
A high self-esteem causes a person to feel competent, deserving and capable, and having such level is desirable for managers, since they need to actively approach tasks and possibly act on possibilities (entrepreneurship).

Need for Achievement, Affiliation and Power

Developed by David McClelland, these needs reflect different desires that managers have:

- Need for Achievement: extent to which someone has a strong desire to perform challenging tasks well and to meet personal standards for excellence. Having high levels of this need is important for Middle and First-Line managers, and people with a high need often set clear goals and like to receive feedbacks;

- Need for Affiliation: the extent to which someone is concerned about establishing and maintaining good relationships, being liked and having other people get along. A high level reflects high agreeableness and it is undesired in managers since they could be easily manipulated and they might find say no hard;

- Need for Power: the extent to which someone desires to control or influence others. High levels are desirable for Upper-Level managers even though too much might lead to being way too conservative and having a very low agreeableness. People with a high level likes authority, therefore, in an organization setting, they most likely want to get promoted in order to have power and to know secret information; additionally, they don't give up easily, they like to dominate and want to be perceived strong and respected.

3.2 Values, Attitudes, Moods and Emotions

This set captures how managers experience their jobs.

Values

They describe what managers are trying to achieve through work and how they think they should behave.
There are two kinds of values:

- Terminal Values: personal convinctions about lifelong goals or objectives, lead to the creation of norms;

- Instrumental Values: personal convinctions about desired modes of conducts or ways of behaving.

Attitudes

They are collections of feelings and beliefs about a manager's specific job and organization that affect the way they approach their jobs.
There are two attitudes that are very important:

- Job Satisfaction: it is the collection of feelings and beliefs that managers have about their current jobs and about their value in the organization; for a manager, being high on job satisfaction means believing that his/hers job has many desirable features or characteristics, and this is usually found in Upper-Level managers. Its level is affected by

performance recognition and managers should desirably have a high level since they would be more committed and less likely to quit their job;

- Organizational Commitment: it is the collection of feelings and beliefs that managers have about their organization as a whole. Managers that are committed believe in what their organizations are doing, are proud of what their organizations stand for, are more likely to go above and beyond the call of duty and are less likely to quit; it also leads to a strong organizational culture and it helps managers covering an interpersonal role.

Moods and Emotions

They encompass how managers really feel when performing their jobs.
A mood is a feeling or state of mind that can be determined by a person's situation or circumstances.
Emotions are more intense than moods and they are often directly linked to what caused them; therefore, they are rather short-lived.
Research has found that moods and emotions affect the behaviour of everyone within an organization and that subordinates of managers under a positive moods may perform at higher level and be less likely to leave the organization; creativity also might be enhanced my positive moods.

3.3 Emotional Intelligence

It is defined as the ability to understand and manage moods and emotions of oneself and others.
Managers having high levels of EI are more likely to understand their feelings, are more able to manage their feelings, so they don't interfere with decision making, and are more able to know what others feel and why (never heard of *empathy*?).
However, even though this is important globally, it varies by culture. For examples, when two cultures are distant on certain aspects, training might take place to ensure that things run smoothly (e.g. America and Russia in communication).

3.4 Organizational Culture

It is the shared set of beliefs, expectations, values, norms and work routines that influence the way members of an organization interact and cooperate to achieve goals.
It basically reflects the right way to behave in the organization.
When there is intense commitment towards culture values, beliefs and routines, strong organizational culture exists.

3.4.1 The ASA Framework

The founder's personal characteristics play an important role when creating organizational culture, and a model called *Attriction-Selection-Attrition Framework* comes in handy to explain this:

- Attraction: attracting people with values similar to the organization's ones;

- Selection: people that apply will have similar values to the organization's ones;

- Attrition: people that don't share values with the organization will leave it.

3.4.2 Values and Norms in the Organizational Culture

Inside an organization, *terminal values* signify what an organization and its members are trying to accomplish, while *instumental values* guide how the organization and its members achieve goals. Norms on the other hand prescribe how to behave accordingly to particular situations.

Values of the Founder

A founder's values inspire him/her to venture his/her own companies, then drive the nature and define the characteristics of them. Therefore, they have an important role on the long term development of values, norms and standard behaviours of a company: they *permeate* the organization and often affect an organization's competitive advantage.

Socialization

It is the process by which newcomers learn an organization's values and norms and acquire the work behaviours necessary to perform jobs effectively: conforming to the norms of the company. Most organizations have socialization programs (e.g. Disney).

Ceremonies and Rites

Formal events that recognize incidents of importance to the organization or to specific employees and that are used to transmit cultural norms and values:

- Rites of Passage: how individuals enter, advance within or leave the organization (e.g. training, celebrations). The purpose is to learn and internalize norms and values;

- Rites of Integration: announcements of successes and ways to build and reinforce common bonds among members (e.g. corporate parties);

- Rites of Enhancement: publicly recognizing and rewarding employees to strenghten commitment to the organizational values and norms(e.g. celebrations of awards).

Stories and Language

Another way to communicate organizational culture is through stories and language about symbolic legends of the organization. They reveal behaviours that are valued by the organization; how people dress, offices they occupy, cars they drive and the degree of formality that is used to communicate with each other are also included.
A great example is using McDonald's stories about its founder Ray Kroc (the book is plenty of examples).

3.5 Culture and Managerial Action

The culture of an organization influences the way managers perform their four main functions:

1. Planning:

   - Innovative culture: flexible approach;
   - Conservative culture: formal top-down planning.

2. Organizing:

   - Innovative culture: organic structure/decentralized;
   - Conservative culture: mechanic structure/centralized.

3. Leading:

   - Innovative culture: theory Y;
   - Conservative culture: theory X.

4. Controlling:

   - Innovative culture: flexibility and taking initiatives are promoted;
   - Conservative culture: caution and mainteinance of status quo are emphasized.

Part IV

Chapter 4

Chapter 4

Ethics and Social Responsibility