

Lecture 1: Introduction Readings: Burton et al 40-50

Why study management

Great management has been essential for all of humanity's greatest achievement- people coming from various walks of life coming together to achieve one amazing goal.

Humans have been doing this throughout our history e.g creation of cities. Co-ordinated action leads to amazing discovery e.g discovery of NZ

Great management has also been essential for all of our worst atrocities e.g atom bomb, terrorist attack.

Reason 1, for better or worse its all around is, the ability to get large groups of people to work towards (and achieve) a collective goal is a central feature of modern life. Hence the study of management allows us to better understand our world “everything that happens in our world is a product of people coming together to achieve a collective goal”

Reason 2, In the future, its going to great management to solve some of our biggest problems e.g climate change- so far humans have been relatively good at using collective power to solve problems but solving this problem requires 7 billion people to work together. Other examples include inequality, war

Reason 3, It takes great “people skill” to build a successful career, especially in the 21st century, technology are replacing many jobs- last thing computers will be able to replicate is people skill “ability to deal with others effectively”.

What will I learn in management

Its hard to say what good management is but there are some basic ideas and approaches that are helpful to know for managing in most work places. For example the availability bias activity tells us that you can shape people's behaviour and the activities of the organisation that people comprise but only if you know particular concepts, theories and framework

Availability Bias: Under time pressure, most people say the country that is the most “available” in their mind (i.e the one that they heard most)

Concept is an idea, Theory is an explanation of why or how something works, framework is a template for problem solving

Where do concepts, theories and frameworks come from

Academic and researchers of social topics who perform interviews, use surveys, and analyse trends to answer ‘why’ questions. Through research, we improve our existing theories and also learn new things that help us develop entirely new ones. Ensuring that information taught is accurate

Purpose of studying management

Many argue that Management is taught by doing but this is not a time efficient method, A general idea of management theory will assist in more successful management and is more efficient.

Lecture 2: Managing yourself Readings: Burton et al pages 1-50

How are you going to be good at managing other people when you can't manage yourself

Self perception

How I see myself, How we think of ourselves has a major impact on how we feel and behave. Determined by 3 factors, Self esteem, the extent of which you are worthy/valuable/a good person. Identities, relating to groups, ethnicity, religion etc. self evaluation, evaluation of skill, appearance, intelligence.

People tend to be happiest and most productive when they have moderate-high self esteem rooted in a range of complimentary identities.

Why? Theory 1, multiple identities mean that if one aspect of life isn't going well we have other things to keep us motivated and healthy. Theory 2, all identities are social connecting us to others- allows us to feel like we are part of something bigger than ourselves (human needs).

Tip 1,

When at a big transition point people tend to narrowing down and staking self esteem on one particular aspect of their life. This is often not the best method as you lose your sense of self. Instead we should cultivate a diverse but harmonious sense of self by avoiding staking all of our esteem on one thing

Tip 2, Instead of aspiring to a specific occupation/career, aspire to have a particular skills and qualities that could be useful in many different jobs

Self motivation/Control

Getting the right this done

Rational decision maker, thinks long term (rational/deliberate)
Instant gratification monkey, immediate reward (long term payoff)
Panic monster, sense of panic that drives procrastinator

Procrastination is an issue of motivation, motivation requires 3 aspects: "can do" (skill/ability), Reason to (Reward/Responsibility), Energised to (emotion/mood). When we procrastinate we feel guilty resulting in more procrastination. To avoid this we should identify why we are not doing this task? Which of the 3 types of motivation is lacking here? Can do- teach myself or ask for help, Reason to- Skills that I gain, Energised to- accept that you can't do things at particular times.

Productive habit + routine

How can we create habits and routines that allow us to do everything we need to do and want to do? Everyone is different, no particular habit or routine will work equally well for everyone.

Tip 1,

Create and (semi regularly) update a work plan, takes the job of planning out of your brain so you have the energy to get things done

Tip 2,

Use a calendar to keep track of important deadlines

Tip 3,

Treat uni like a 9-5 job, It'll help you avoid study guilt (feeling guilty about things that are not studying when you should be)

Deep work

Professional activities performed in a state of distraction- few concentration that push your cognitive capabilities to the limit. These efforts create new value, improve your skills and are hard to replicate. "Work that require brain power, focus and attention"
Most of us can only do 4 hours of "deep work" every day

Tip 4,

Identify what time of the day you're most focus and protect that time for deep work

Building relationships

Humans have a high need for connections/belongings

The best way to build relationship with other people is to help them or ask for help from other people.

3 types of people

Givers, gave a lot (Most successful or Least successful), Matchers, gives as much as I get (Medium), Takers, take a lot from others without giving much return (Medium)

Selfless givers, those who gave time/effort to others constantly, are lowest on the success scale whereas Other-ish giver, strategic givers who create win-win situation, are highest on the success

scale. This is because strategically helping others create strong relationships that allow you to achieve your own achievement an example of this is a study group, clubs and societies.

Lecture 3: Foundation of management Readings: Burton et al pg 96-101

Management as an activity is a part of nature, In the past century theres been an increasing interest in formally studying and optimising management practice. Management as an activity is very old but management as a discipline is very young.

What can be learned from classical management thinking?

Classical approach key assumption, People at work act in a rational manner that is driven mainly by economic (financial) concerns.

Frederick W. Taylor's (1856-1915) four principles of scientific management (efficiency based) focused on the need to carefully select, train and support workers for individual task performance. "Through rigorous, scientific research, we can devise general principles that maximise worker and organisational efficiency."

- Carefully design jobs with efficient work methods. (*Job of manager is to write manual for every task and job in an organisation*)
- Use results-based compensation as a performance incentive. (*wage result in worker taking more time to complete task*)
- Carefully select workers with the abilities to do these jobs. (e.g for physical jobs companies should pick people who are really strong and really stupid)
- Train workers to perform jobs to the best of their abilities.
- Train supervisors to support workers so they can perform jobs to the best of their abilities.

Max Weber (1864-1920) Bureaucratic management described bureaucracy with its clear hierarchy, formal rules and well-defined jobs as an ideal form of organisation. - developed as a reaction to people in authority earned position from social standing instead of skills "Weber believed that organisations would perform well as bureaucracies. They would have the advantages of efficiency in using resources, and of fairness or equity in the treatment of employees and clients."

- Clear division of labour (Authority and responsibility are well defined for each position, and each position reports to a higher level one.)
- Clear hierarchy of authority (*Authority and responsibility are well defined for each position, and each position reports to a higher level one.*)
- Formal rules and procedures (*written rules and procedures*)
- Impersonality (*No personal relationship connecting employees to boss*)
- Careers based on merit (*Workers are selected and promoted on ability and performance, and managers are career employees of the organisation*)

Henri Fayol (1845-1925)/ Mary Parker Follett (1868-1933) (Administrative management) suggested that managers should learn what are now known as the management functions of planning, organising, leading and controlling.

- **Foresight**- vision or plan so people know
- **Organisation**- clarify roles/responsibilities (Groups were mechanisms through which diverse individuals could combine their talents for a greater good)
- **Command**- getting people to do things
- **Co-ordination**- creating sense of community cohesion (The manager's job is to help people in organisations cooperate with one another and achieve an integration of interests)
- **Control**- make sure they are doing task correctly (Organisations are communities in which managers and workers should labour in harmony)

Quantitative approach (management science)

Mathematical techniques can be used to improve managerial decision-making, best for technical decision making e.g deciding how resources are transport, how much inventory to carry

Organisational behaviour (Human relation movement) key assumption that the bedrock of management is people, and people are inherently complicated

The Hawthorn effect Studies suggested that work behaviour is influenced by social and psychological forces and that work performance may be improved by better ‘human relations’. (worker respond with productivity by being observed, physiological aspect of management)

Abraham Maslow’s hierarchy of human needs introduced the concept of self-actualisation and the potential for people to experience self-fulfilment in their work. (*managers must account for all of these needs for maximum output from workers*) “*A satisfied need is not a motivator of behaviour*” (each tier must be satisfied)

- Physiological need, need for biological maintenance, food, water, physical well being
- Safety need, need for security, protection and stability
- Social needs, need for love, affection, belongingness
- Esteem needs, need for respect, prestige, recognition, self-esteem
- Self-actualisation need, need for fulfilment, growth, maximise abilities

Douglas McGregor “managers are people too, and their belief about their employees can have a big impact on how employees actually behaved”. Shift away from theory X to Y “Managers are people too, and their beliefs about their employees can have a big impact on how employees actually behave”

Theory X- belief: employee are inherently lazy, lacking ambition, disinterested in taking responsibility, and self centred, **behaviour:** Monetary incentives, Harsh punishments, lack of warmth/respect/trust lack of delegation. **Response:** employees respond negatively causing self fulfilling prophecy (what we believe happens)

Theory Y- belief: employees are inherently ambitious and hard-working, interested, in taking responsibility, and keen to help others. **Behaviour:** Encouragement, praise, delegation, warmth/respect/trust **Response:** employees respond positively

System- organisation similar to computer systems (achieve overarching goals)

An aggregate of interrelated elements, where the properties of the relationships between the elements are as significant as the properties of the elements themselves. Organisation are open systems and depend on consumers/outside funding

Contingency thinking

Identifying and using management practices that are the best fit with unique demand of a situations- managers are like chameleons by adapting to their environment.

Lecture 4: Managing ethically Reading: Burton et al 61-135

Management can be used with range of intentions, and for pretty much any purpose. Throughout our history its been used for both good and bad e.g Volkswagen, Pike river

Individuals have to make their own choices about why and how they manage and with what consequences

Ethics

The code of moral principles that set standard of good or bad, or right or wrong, in a person’s conduct and thereby guides the behaviour of that person or group

Ethical Dilemma

When action must be taken but there is no clear “ethically right” option. e.g text books are very expensive hence how lecturers prescribed are an ethical dilemma

4 views of ethical behaviour

Individualism view, Does a decision or behaviour promote our long term self interest?

Justice view, Does a decision or behaviour show fairness and impartiality

Moral Rights View, Does a decision or behaviour maintain the fundamental rights of all human beings?

Utilitarian view, Does a decision behaviour do the greatest good for the most people

E.g atomic bomb

Moral Rights view: the act was immoral as it doesn't correlate with article 3 of the human rights act: everyone has the right to life, liberty, and security of a person

Utilitarian view; moral as it prevented future wars "The noble peace prize to end all peace prize should have been given to Robert Oppenheimer and his fellow architects of the atomic bomb, nuclear weapon have turned war between superpowers into collective suicide, and made it impossible to seek world domination by force of arms"

Therefore we can conclude that ethic's is a matter of perspective, we judge ethically in reference to our own personal value, this often works well but has limitation as our personal values can sometimes differ from those of other people e.g #metoo men in power vs victims

Two extreme view of cultural ethical viewpoint with many people being situated between ethical imperialism and cultural relativism. Having an extreme viewpoint is problematic as it isolates us from understanding the morals of those around us e.g tomb sweeping day might be a waste of food with an ethically imperialistic view but is a way of celebrating for those with cultural relativism another example can be lgbt rights

cultural relativism. This is the notion that there is no one right way to behave and that ethical behaviour is always determined by its cultural context. (Culture is the determinant of what's ethical- look to collective to decide ethicality)

universalism/ethical imperialism This ethical position suggests that if a behaviour or practice is not okay in your home environment, it shouldn't be acceptable practice anywhere else. (culture doesn't matter- there are certain ethical truth that applies everywhere)

Law and ethicality

There are things that are ethical which are not represented in common law and vice versa "just because something is legal doesn't mean it's ethical. Just because something is ethical doesn't mean it's legal" .g weed, abortion. Highlights the complicated relationship between law and ethicality. It's important to ask ourselves 'What is the right thing to do? And am I doing that?"

Ethicality and organisations

Fortunately, managers, and organisations have become increasingly mindful of the importance of acting ethically in recent times. Why? It makes financial sense, if corporations are not ethical to some degree they pay the financial price eg Volkswagen share price drop after carbon scandal. The reason why this has become increasing important is that regulations are enforced more harshly due to the change in societal values of people who comprise and manage organisations.

Sustainability

Organisations increase interest in sustainability- using resources in a way that enables society to satisfy current needs, without compromising the ability of future generations to meet their needs.

Corporate social responsibility

An obligation of the organisation to act in a way that serves both interests of themselves and the interest of many external stakeholders

Shift from shareholders to stakeholders e.g bottom line profit to quadruple bottom-line

Quadruple bottom line

The idea that an organisation's performance should be judged not only based on financial performance, but also based on social, cultural, and environmental impact. The challenge is how we measure our success in each sector

How organisations approach corporate social responsibility.

Proactive social responsibility

An organisation that is following a pro-active social responsibility strategy would likely take a leadership role in identifying and responding to emerging social issues- Meet economic, legal, ethical, and discretionary responsibility

Accommodative strategy

An organisation that is following a accommodative strategy would likely maintain the minimum requirements of ethicality- meet economic, legal, and ethical responsibility

Defensive strategy

An organisation that is following a defensive strategy would likely maintain the minimum requirements of legality- meet economic and legal responsibility

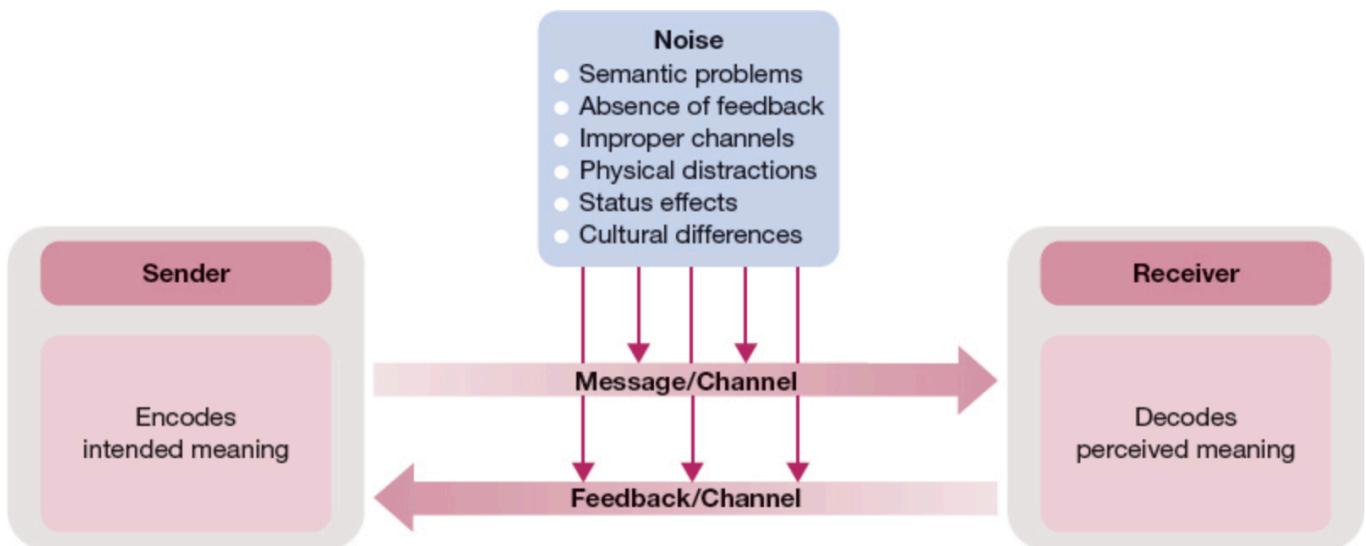
Obstructionist strategy

An organisation that is following a obstructionist strategy will fight social demands- meet economic responsibility

Lecture 5: Communication

COMMUNICATION

THE INTERPERSONAL PROCESS OF SENDING AND RECEIVING SYMBOLS WITH MESSAGES ATTACHED TO THEM e.g draw, writing, speak



How communication unfolds

COMMUNICATION PROCESS, Shannon weber model

Sender encodes intended meaning, send it through channel, Receiver decodes meaning of message and provides feedback.

KEY ELEMENT OF Good COMMUNICATION (PECE of cake)

-PERSUASIVE (agree/see our point of view)

-EFFICIENT (least amount of time/effort/resource without compromise of accuracy)

-CREDIBLE (earn respect with the person we communicate with)

-EFFECTIVE (message decoded as intended)

WHAT PREVENTS GOOD COMMUNICATION?

NOISE; ANYTHING THAT INTERFERES WITH THE COMMUNICATION PROCESS

e.g

- (1) Poor choice of communication channels (low richness channels) e.g texting might result in message being decoded incorrectly. To resolve this we should avoid communication channels that are impersonal, one-way, and fast (low richness-anything written) and instead use channels that are Personal, two way, and slow (high richness- anything verbal)

- (2) Poor written or verbal expressions- for written punctuation can change meaning of message (let's eat, grandpa vs let's eat grandpa), for verbal unengaging communication
- (3) Non verbal signals- body language "The most important thing in communication is hearing what isn't said"
- (4) Physical distraction- drake performing during lecture speaking, laptop in front distract from lecture: Physical distraction more abundant
- (5) Status effects- power difference can change dynamic of conversation e.g employee scared to tell boss about issues that arise
- (6) Perception- each person perception distort how message is received

Perception

THE IMPERFECT NATURE OF OUR PERCEPTIONS CAN ALSO INTRODUCE A LOT OF NOISE INTO THE COMMUNICATION PROCESS

e.g

(1) STEREOTYPING

WHEN SOMEONE IS IDENTIFIED AS BELONGING TO A GROUP OR CATEGORY, AND THEN OVERSIMPLIFIED ATTRIBUTES ASSOCIATED WITH THE GROUP OR CATEGORY ARE LINKED TO THE INDIVIDUAL e.g male vs female

(2) HALO EFFECT

WHEN ONE POSITIVE ATTRIBUTE LEADS US TO DEVELOP A POSITIVE OVERALL IMPRESSION OF A PERSON e.g good appearance results in generalisation that they are better than us (pom vs pug)

When communicating, stereotypes and the halo effect can significantly affect how **credible** we perceive someone to be - and how **credible** others perceive us to be! e.g basketball player claim world is flat- resulted in complaint from science teacher as kids believed basketball player more credible (bc good at basketball = good at everything)

(3) SELECTIVE PERCEPTION

THE TENDENCY TO SINGLE OUT FOR ATTENTION THOSE ASPECTS OF A SITUATION OR PERSON THAT APPEARS CONSISTENT WITH ONE'S EXISTING BELIEFS, VALUES, AND NEEDS (brain power limited so we only concentrate on things which correlates with belief e.g pass ball activity). Because of human tendency to selectively perceive things it can mean we miss crucial details when communicating

(4) FUNDAMENTAL ATTRIBUTION ERROR

WHEN OBSERVERS BLAME ANOTHER PERSON'S PERFORMANCE FAILURES MORE ON INTERNAL FACTORS RELATING TO THE INDIVIDUAL THAN ON EXTERNAL FACTORS RELATING TO THE ENVIRONMENT (e.g when people fail test its bc they are not smart/lazy vs when others succeed its bc they had a lot of help)

(5) SELF SERVING BIAS (opposite of 4)

THE HUMAN TENDENCY TO BLAME OUR OWN FAILURE OR PROBLEMS ON EXTERNAL CAUSES, AND ATTRIBUTE OUR OWN SUCCESSES TO INTERNAL CAUSES (e.g when we fail we blame things we can't control but when we win its bc of our skill/ability) -protect our self esteem

PROJECTION

THE ASSIGNMENT OF OUR OWN PERSONAL ATTRIBUTES TO OTHER INDIVIDUAL (e.g when people through difficult things we believe others are facing same issue in similar situation)- if others are struggling too then its not weird for us to struggle

Projection, the F.A.E and the self serving bias can really impede our efforts to provide constrictive feedback to others- integral part of management, if we misunderstand the challenges of our employees/ cause of success or failure it may result in a serious miscommunication

Conflict

Disagreement revolving around substantive or emotive issues

(1) Substantive

Disagreement about task e.g pair task to get to destination result in different method = conflict

(2) Emotive

Personality, Demeanour, attitude e.g dislike who you are working with

What causes conflict?

-Role abilities, (2 or more people unclear of role/job)

-Resource scarcities (allocation of budgets)

-Task interdependence (relying on others to do their job well so you can do your job well)

-Competing objectives (if I achieve something u lose, reward system)

-Structural differentiation (difference niche in organisation working together result conflict in expectation)

-Unresolved prior conflicts

In reality it's difficult to identify the root of conflict especially if you are not involved in it. (lack of knowledge, background, context, details)- often position of manager.

Negative consequences of conflict

In extreme cases conflict can lead to physical harm (violence/argression), physiological harm (stress, anxiety), loss of skilled employees (high cost for turn over).

Positive effects of conflict

Conflict can serve as clarifying device for assumption/perspective, can lead to discussion to get better understanding of each party (beneficial to substantive). Invoke innovation by figuring out new idea to old problems (forces creativity)

Functional conflict (moderate level of conflict- task orientated, substantive) is the optimal level of which a company should operate at to have the most positive impact on employee's performance whereas Dysfunctional conflicts (too little- people aren't communicating or too much conflict- nothing is going to get done, emotive) is destructive as it results in a negative impact on employee's performance.

"those who expect moments of change to be comfortable and free of conflict have not learned their history" conflict sometimes needed to improve society e.g civil rights, women's vote

What can we do to resolve conflict?

There are two main ways of approaching a conflict

Suppressing (e.g taking panadol doesn't resolve health problem) vs resolving (e.g having surgery to fix problem indefinitely) -ideal approach

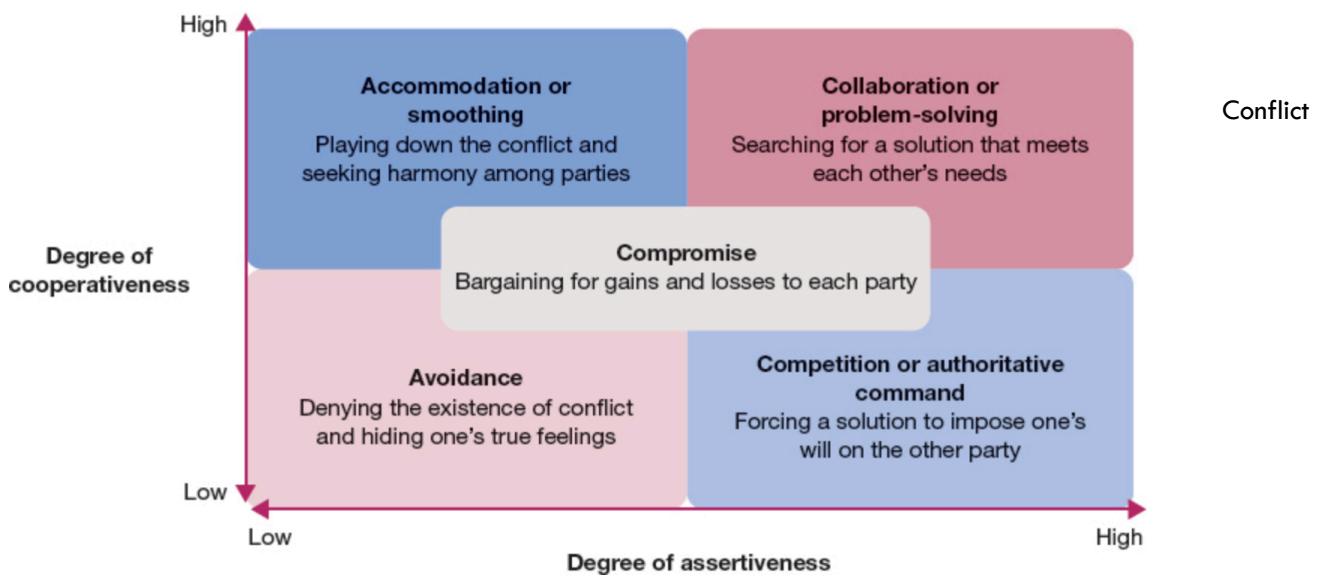
Conflict resolution (resolving conflict)

Eliminating the underlying causes of conflict reducing the potential for similar conflicts in the future

1. Research to identify root of conflict/what is going on/what is causing conflict- sometimes what looks like the problem might be the issue e.g personality clash underlying problem might be that hiring process is not effected

2. Establish whether you need to adopt a structural or interpersonal approach. This is dependent on your findings in the first step

- Structural approach seeks to resolve conflict by changing the situation/circumstances surrounding the conflicting parties (e.g north south korea border, Barak Obama did this successfully) Application: Altering the physical environment, Appealing to superordinate goals, Making more resources available, Changing people, Changing reward systems, Changing policies/procedures
- An interpersonal approach seeks to resolve conflict via discussion and negotiation between the conflicting parties (viewpoint and mentality conflict).



management style

(1) Integrative approach (compatible- concern about best outcome for both parties)

Assumption about resource: variable, Primary motivation: I win you win, Assumption about parties interest: compatible, Importance of harmony: high

(2) Distributive negotiation (competitive- concern about outcome for yourself)

Assumption about resource: fixed, Primary motivation: I win you lose, Assumption about parties interest: incompatible, Importance of harmony: low

Conflict resolution tools

(1) Negotiation (highly effective); the process of making joint decisions when the parties involved have different preference

Asses by quality (To what extent is the agreement satisfactory to all parties involved?), efficiency (How much time/resources were used to reach the agreement?), Harmony (To what extent did reaching the agreement foster interpersonal relationships?)

Orange story example

Instead of splitting one orange, identify each party needs to determine a resolution that maximise benefit for both parties. Provide incentive for one party to change e.g pineapple for orange, peel for cake & orange for juice)

Negotiation dos

- Focus on interests, not positions
- Separate people from the problem
- Work through multiple alternatives
- Insist that results are based on some objective standard

Negotiation don'ts

- A 'fixed pie' mindset
- (Non-relational) escalation of commitment
- Ignore other parties' needs
- Too much 'telling' and too little 'hearing'

What happens when negotiations stall?

(1) MEDIATION (referee)

When a neutral third party tries to improve communication between negotiating parties and keep them focused on relevant issues

(2) ARBITRATION (bound by decision of judgement of third party)

When a neutral third party acts as a judge by issuing a binding decision to the negotiating parties (Schermerhorn et al., 2017, p. 402)

Lecture 7

Think about how many decisions you've made this morning already (e.g who's post to like, what music to listen to, how to get to uni)

We make thousands of decisions in a single day just to survive- we have to make thousands more in our role as workers and managers

People vary in how proactive they tend to be about decision making (attitude towards decision making)

Human tendency

-Problem avoider who shy away from discussions does not enjoy decision making process

-Problem solver when a problem arises they try to solve problems but do not actively seek problems to solve

-Problem seeker, always looking for problems/causes to dedicate time and effort to

Programmed decision

Solution already available from past experience to solve problems that are familiar, straightforward, and clear with respect to information needed (e.g outfit)

Non programmed decision

Crafting novel solution to meet the demand of a unique situation (e.g choosing what to major in)- lots of alternatives with various outcomes, difficult due to lack of experience.

Crisis situation- Non programmed decision

Decide based on limited amount of experience (e.g airNZ engineering strike)

Environment for design making

Certain environment

Alternative course of action and their outcomes are known to decision maker (e.g alternative 1 leads to outcome A)

Risk environment

Decision maker views alternatives and their outcome in terms of probability (e.g alternative 1 leads to 0.7 chance of outcome A)

Uncertain environment

Decision maker doesn't know all alternatives and outcomes, even possibility (e.g alternative 1 leads to ? Chances of A)

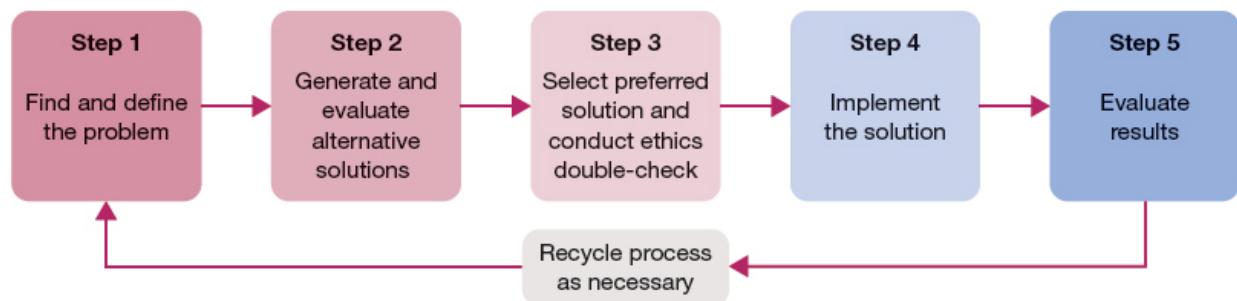
2 ways of thinking (e.g Rabbit and tortoise)

Intuitive thinking (instinct)- useful for programmed decisions but has limitations
Fast, unconscious, automatic, everyday decision, error prone

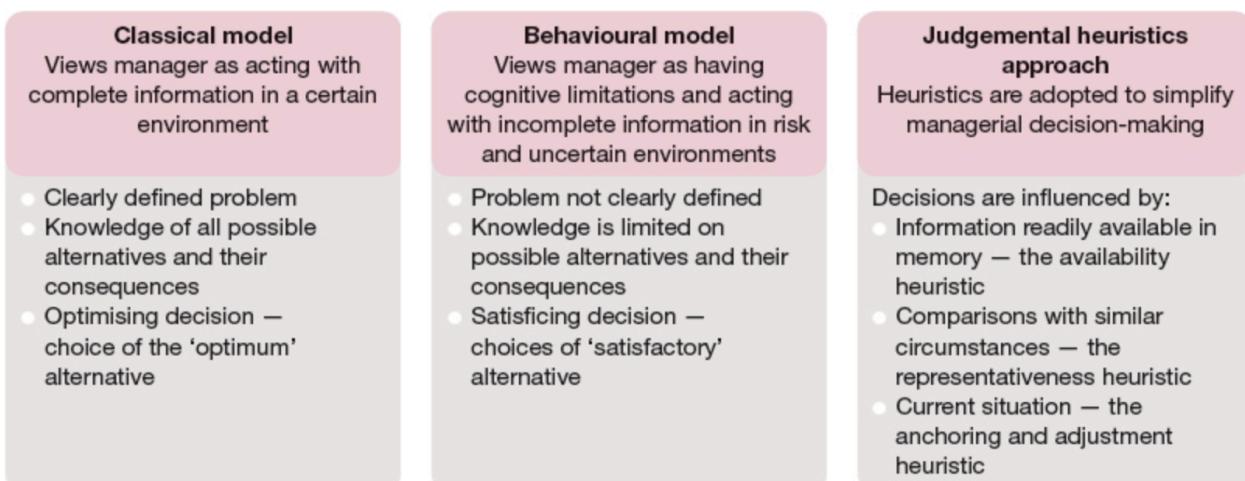
Systematic (unique to humans)

slow, conscious, effortful, compels decision, reliable

The (systematic) decision making process



This process occurs automatically when using intuitive thinking, whereas systematic thinking requires this process to be drawn out for a long period of time to reduce possibility of error (e.g weeks, months, years)



No matter how hard we might try to be 100% systematic, our decision making will always be intuitive to some degree

A lot of economic theory rely on assumption that humans are very systematic in their thinking
 Management used to depend on the classical model (systematic assumption) but this is wrong as people are very unpredictable (imperfect) hence management is now moving toward the judgement heuristic approach -Amos Tversky & Daniel Kahneman- Thinking fast and slow

Heuristic- mental shortcuts (rule of thumb tendencies)

Simplifying strategies that people often invoke when making decision, allow us to make decision efficiently but often leads to poor outcomes

Example of heuristic approach

Availability bias (intuitive thinking)

the human tendency to use information 'readily available' from memory as a basis for assessing a current event or situation (e.g you decide what to eat for lunch bc you saw kfc ad earlier in the day)

Representativeness Heuristic (jump to conclusion, statistically unreliable assumption)

The human tendency to assess the likelihood of something occurring based on its similarity to a stereotyped set of conditions, rather than its logical probability (e.g google illness result in freaking out but chances are you are very unlikely to have the illness)

ESCALATING COMMITMENT (persueing bad decision to try to rectify it)
Dedicating more time, effort, and resources to a failing course of action (e.g Brexit- devastating economic consequence yet Britain leaders are becoming more enthusiastic about decision)

ANCHORING EFFECT (tendency to estimate value based on irrelevant information)
Making decisions by working off an existing value or starting point (even if that starting point has no logical connection to the decision being made!) - (e.g 500,000 chocolate slab result in higher Toyota sale guess when compared to 50 lawn mower)

Some decision where its unclear what process to adopt (e.g relationship- if not serious= intuitive vs life partner=systematic), (e.g managers rely on interview (intuitive) rather than information on their skill (systematic))

How do we know if we made a good decision?

We should judge the quality of decision based on the process followed, not on the outcome.
(e.g surgeon 1 operate with 99% chance of death vs surgeon 2 refused to operate with 99% chance of death- outcome bias bc people initially thought surgeon 1 made the best descision)

Groupthink

The tendency for highly cohesive groups to lose their critical evaluating capabilities e.g assumption that decision of group is best, others are invalid, everyone in group will agree

How can groupthink be avoided

-seek external imputs- ask outsider for opinions to get new view point, idea, critique
-assign devil advocate- one person assigned job of critiquing group decision (critical analysis of strengths and weaknesses)
-encourage debate

Groupthink can also be avoided by being deliberate and systematic and deliberate on how your group makes decision- most effective way to achieve this is the nominal group technique

Nominal group technique- avoid brainstorm promote individual idea and combine instead

1. Individuals generate ideas on their own
 2. Each individual presents their idea to the group- with no judgement
 3. Group discusses that clarifies any area of confusion about idea- with no judgement
 4. Group members vote/rank their preferred ideas- top voted idea/s are implemented
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Lecture 8; motivation

What makes people put in a lot of effort into somethings and little or no effort into other things?

At a basic level, people do things that are (literally rewarding) e.g donkey will move for a carrot

Intrinsic rewards (higher order needs)

- feelings of enjoyment happiness etc.
- a sense of belonging
- a sense of purpose/meaning

Extrinsic reward (lower order needs)

- money
- awards and prizes
- free food and drinks

Both intrinsic and extrinsic rewards can motivate but broadly speaking intrinsic rewards tend to have more motivational power (e.g drive people to devote effort and pursue something)

The past century has been the emergence of 3 main lines of research into the topic of motivation
To understand this concept imagine an engine

Reinforcement theories (B.F SKINNER: Behavioural physiology, focus on environmental change to change behaviour)- how engine respond in different temperature

Try to explain how behaviour can be shaped by a person external environment (including extrinsic rewards received) e.g pigeon test: see if he can train to get pigeon to act to receive reward

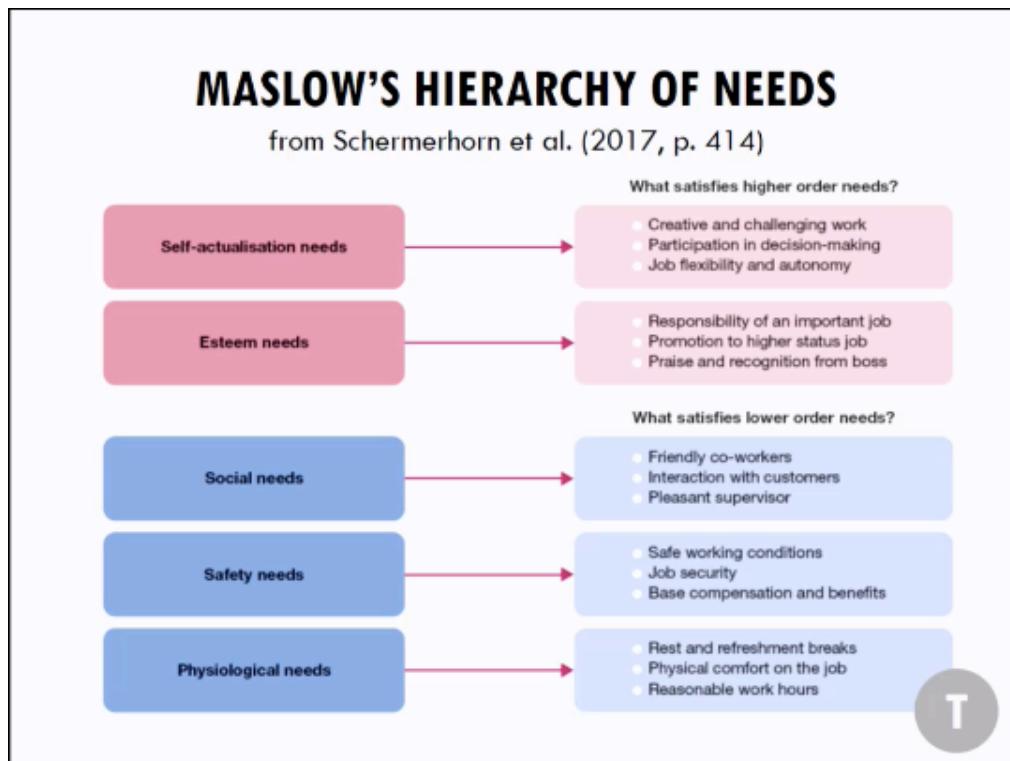
Reinforcement theory produced operant conditioning, controlling a person's behaviour by manipulating what they perceive its consequences will be (if I do X the result will be Y, if it is actually Y is a different question)- changing peoples perception of the consequences of different types of behaviour

4 types of reinforcement

Reinforcement strategy	Explanation
Positive reinforcement	"If I do X, then ☺ will happen"
Negative reinforcement	"If I do X, then ☹ will not happen"
Punishment	"If I do X, then ☹ will happen"
Extinction	"If I do X, then ☹ will not happen"

Content theories (Maslow hierarchy of needs)-what engine needs to run efficiently

Try to identify what type of needs people have and what type of rewards fulfil these different needs



Herzberg two factor theory (e.g someone can be simultaneously highly satisfied and dissatisfied) allows us to identify what needs are not being met so we are able to reward them with what they need to best motivate people

HERZBERG'S TWO-FACTOR THEORY

from Schermerhorn et al. (2017, p. 415)



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See textbook pp. 415-416
for more details on these two



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Key limitation of content theories is that they don't account for difference in how each of us judges our ability to attain rewards

Lecture 9: Teams and teamwork p.750-754

Over the past few decades, organisations have increasingly tried to harness the power of teams, as a result of the increasing popularity of teams e.g sports teams, movie glamorisation (superhero), managing teams has become a central element of the managerial role - individualism to teamwork

What is a team

TEAM

A small group of people with complementary skills (, who work together to accomplish shared goals while holding themselves mutually accountable for performance results.

TEAMWORK

The process of people working together to accomplish team goals.

An effective team is one that

- Maintains a high level of task performance (achieves goal)
- Maintains a high level of member satisfaction (enjoy being part of team)
- Retain its viability for future action (sustainable for a long time)

Increasingly, we see a number of different “species” or types of teams being used in organisations... Pg. 472

Committees (make decision)

Project teams and task forces (short term team)

Cross-functional teams (complex problem need members from various sector)

Employee involvement teams(to increase employee moral)

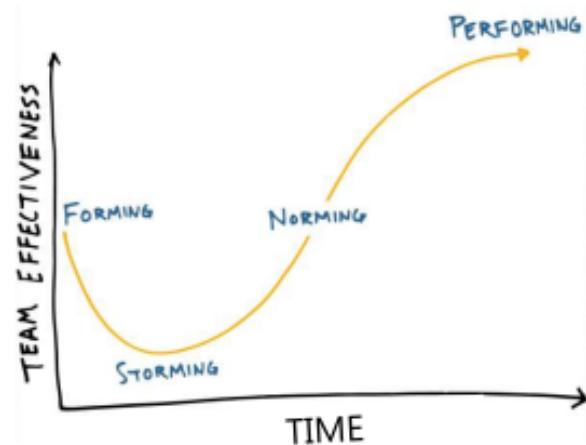
Virtual teams

International teams

Self-managing teams (team without boss)

How do teams typically develop

TUCKMAN & JENSEN'S 5 STAGES OF GROUP DEVELOPMENT



ADJOURNING ...is the final stage, when a team disbands

Why use teams?

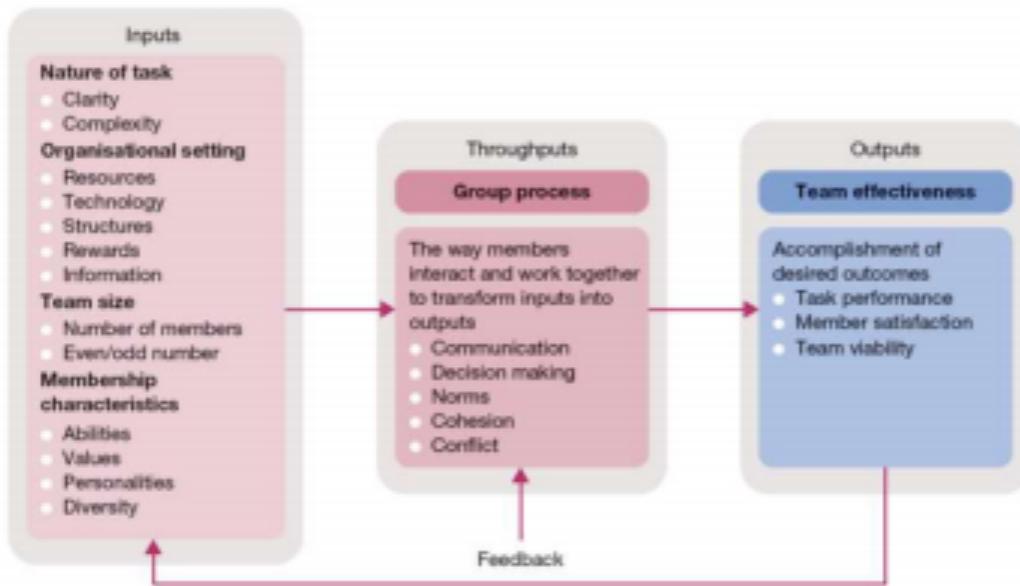
SYNERGY: The creation of a whole that is greater than the sum of its parts, MANY MINDS CAN MAKE BETTER DECISIONS (5 planes transform into transformer robot)- teamwork makes the dream work, team can achieve more than what individual can (1 person lift car vs 5 people lift car)- many hands make light work, improve problem solving capability

What problems can arise in teams?

Managing 1 other person is already complicated, when managing a larger group it is extremely difficult this is because teams are complicated due to the unique factors that are required for them to generate output successfully.

THE “I.P.O.” MODEL OF TEAM EFFECTIVENESS

Schermerhorn et al. (2017, p. 483)



T

Three biggest problems

DIVERSITY; in team members' personalities, abilities, preferences, attitudes, values, expectations. Highly diverse team often leads to conflict whilst diversity allows a solution to have a more rounded perspective. Diversity makes it difficult for team members to agree on how to do things/ prioritise task

SOCIAL LOAFING; Slacking off because responsibility is shared in a team and others are present to do the work. E.g individual sports was difficult for athlete due to fault lies directly on them whilst in team sport responsibility was shared

Self interest

Human beings are self interested, tries to get team to work towards goal that benefits them but not team

So, how can we do our best to avoid those pitfalls, and make teams effective?

-CLARIFY YOUR ROLE IN THE TEAM; supervisor, network facilitator, helpful participant, external coach

-DEVOTE EFFORT TO BOTH TASK AND MAINTENANCE ACTIVITIES; task focused but also take time to build relationship between team member

-CULTIVATE COHESIVENESS + POSITIVE NORMS; productive norms towards team goal e.g positive mindset about workplace/goal

Tips for building team

cohesion Reward team rather than (or in addition to) individual performance e.g promotion incentive at uni individual based but uni wants team mindset

Frame situations in “we”/“us” rather than “me”/“I” terms e.g use language to build collective identity

Be careful about who you make part of the team in the first place e.g conflicting personalities

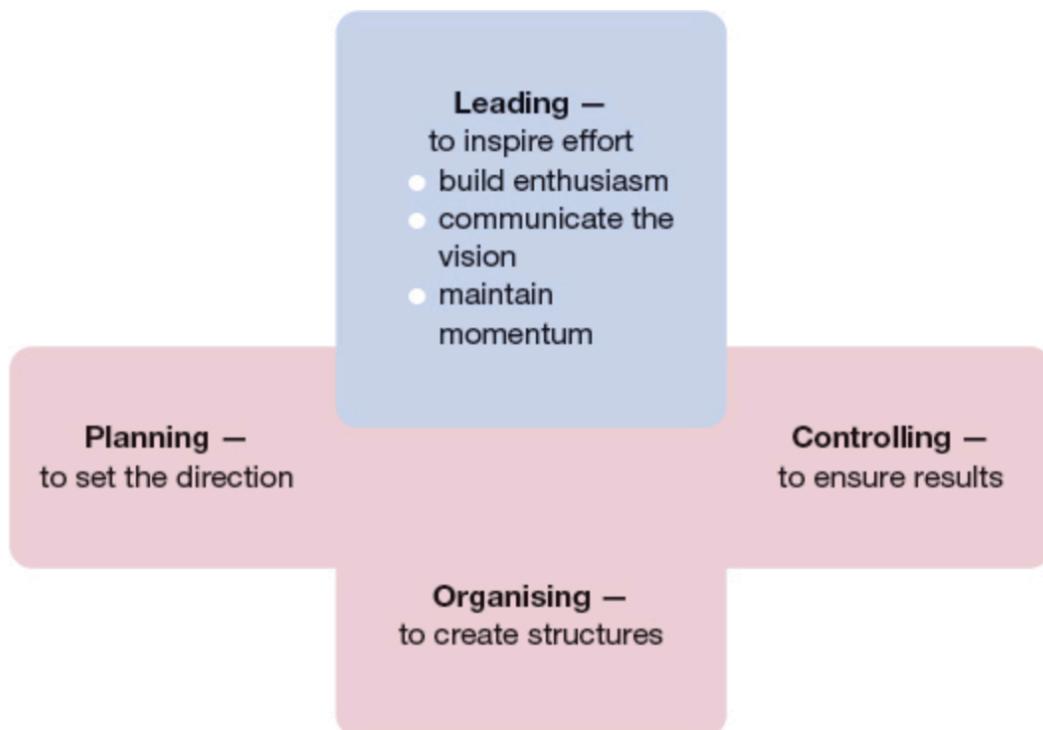
Lecture 10-leadership

Leadership has become a huge topic in recent times, there has been an increasing pressure to stand out a way to do this is to become a leader whether it's for social, monetary or personal gain

How does leadership differ from management?

Whilst management positions can be appointed a Leader status can only be “granted” by a group of followers e.g Beyoncé has beehive, beehive isn't accountable to Beyoncé but appoint Beyoncé as their leader

Leadership is one component of good management- building off Henry Fayol



At its core, leading is about influencing others

POWER

The ability to get someone else to do something you want done

Sources of power

Position power

Based on things managers can offer to others

Reward — 'If you do what I ask, I'll give you a reward.'

Coercion — 'If you don't do what I ask, I'll punish you.'

Legitimacy — 'Because I am the boss; you *must* do as I ask.'

Personal power

Based on the ways managers are viewed by others

Expert — as a source of special knowledge and information

Referent — as a person with whom others like to identify

From an academic standpoint, leadership has been studied through 3 main lenses...

-**who you are; trait theory**, What individual characteristics make for a successful leader? e.g Barak Obama; voice, walk/posture

Personality is one (though by no means the only) driver of a person's leadership effectiveness ; The 'BIG 5' personality traits (OCEAN)

Openness, open to new things

Conscientiousness, diligent/hardworking

Extraversion, enjoy company of others

Agreeableness, agree or conflict

Neuroticism, tendency to worry

"Extraversion was the most consistent correlate of leadership across study settings and leadership criteria."

Individual characteristics that contribute to leader effectiveness..

Cognitive ability (intelligence)

Creativity

Self-efficacy

Emotional intelligence

Charisma

Authenticity

Are leaders born or made?

People are born AND made leaders

Key limitation of trait theories:

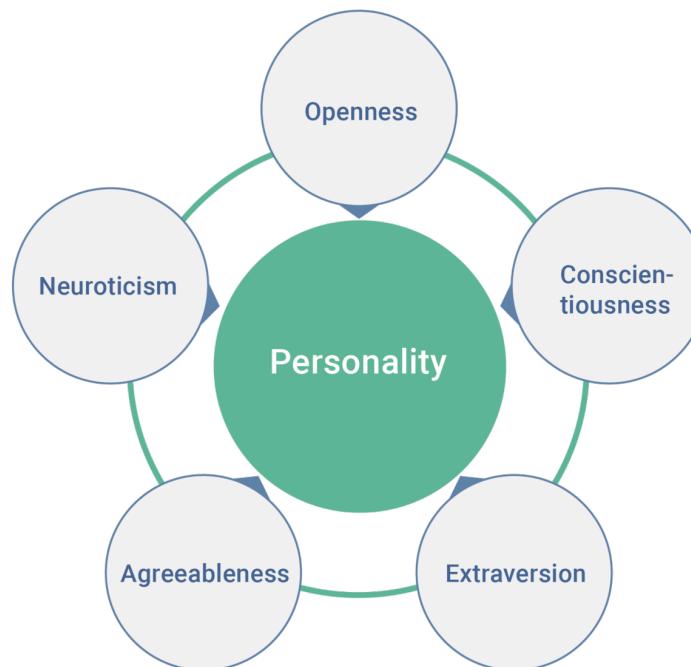
The "list" of traits associated with leadership is potentially endless! Long list of characteristics which result in all characteristics affecting leadership ability therefore there is no conclusive answers

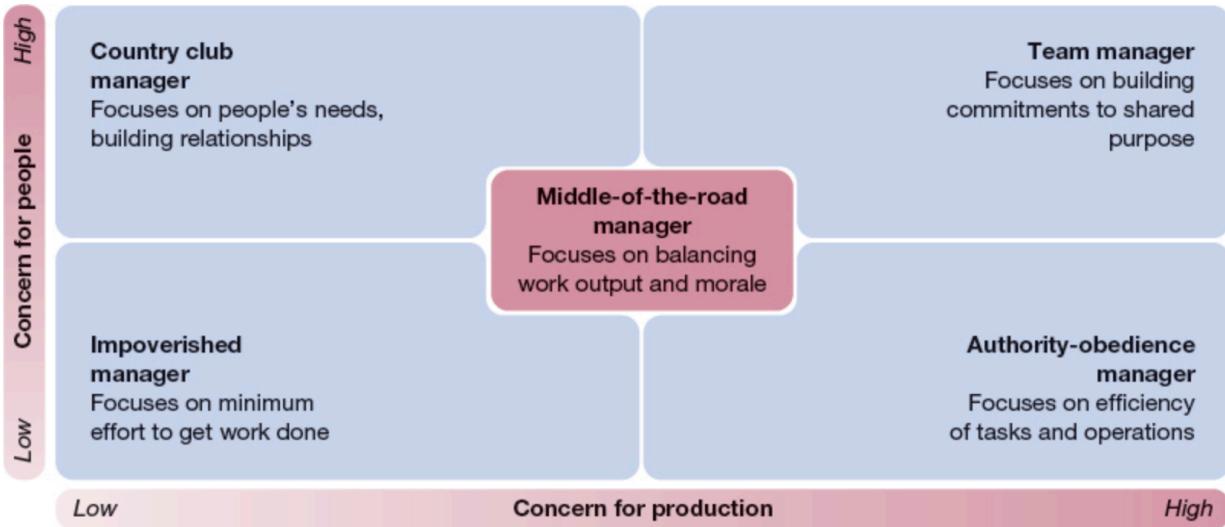
-what you do; behavioural theory; What different leadership styles exist, and which tend to work best? e.g Barak Obama was inclusive, democratic, open minded vs Donald Trump who is assertive, authoritative,

Leadership style

The recurring pattern of behaviour exhibited by a leader (linked to leadership trait)

BLAKE & MOUTON'S LEADERSHIP GRID





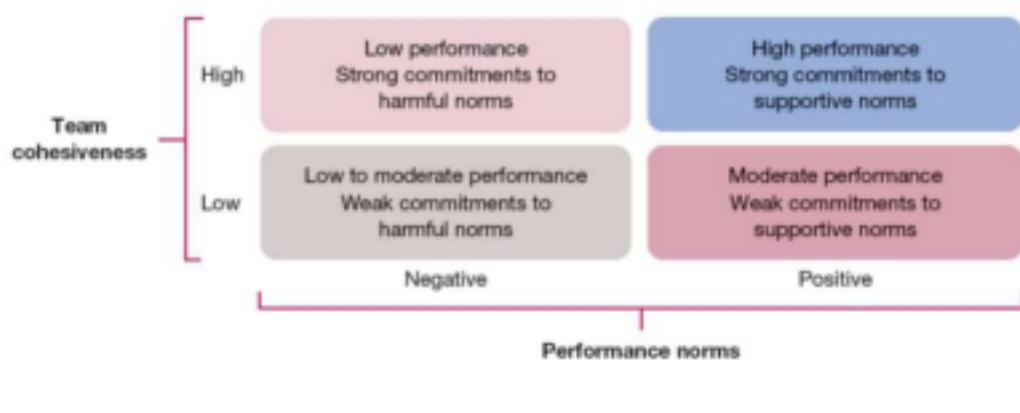
TRANSFORMATIONAL LEADERSHIP

When someone is truly inspirational as a leader and arouses others to seek extraordinary performance accomplishments (The terms “visionary leadership” (p. 355) and “charismatic leadership” (p. 367) are often used to describe a very similar thing) E.G big vision leader such as queen Elisabeth, Martin Luther King

TRANSACTIONAL LEADERSHIP

When someone is more methodical in keeping others focused on progress towards goal accomplishment, more task focus than change

Key limitation of behavioural theories: They don't account for context and situational demands
 Difficult to claim that one particular style will work best depending on audience



Contingency theories of leadership – When and under what circumstances is a particular leadership style preferable to others?

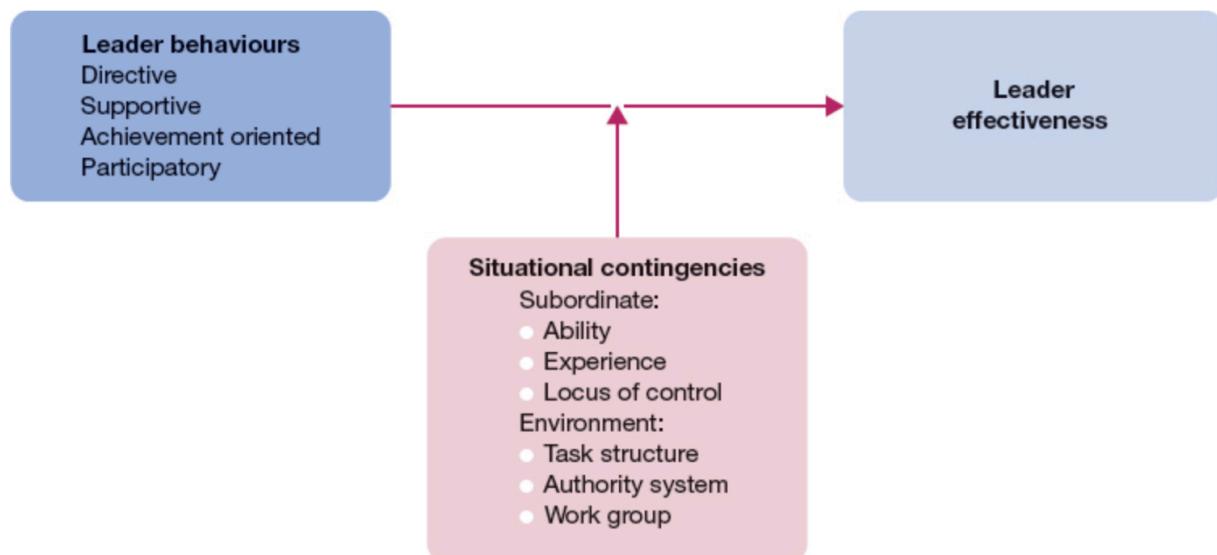
What makes for good leadership for a contingency theorist?
 It depends!

HOUSE'S PATH-GOAL THEORY; 4 leadership style

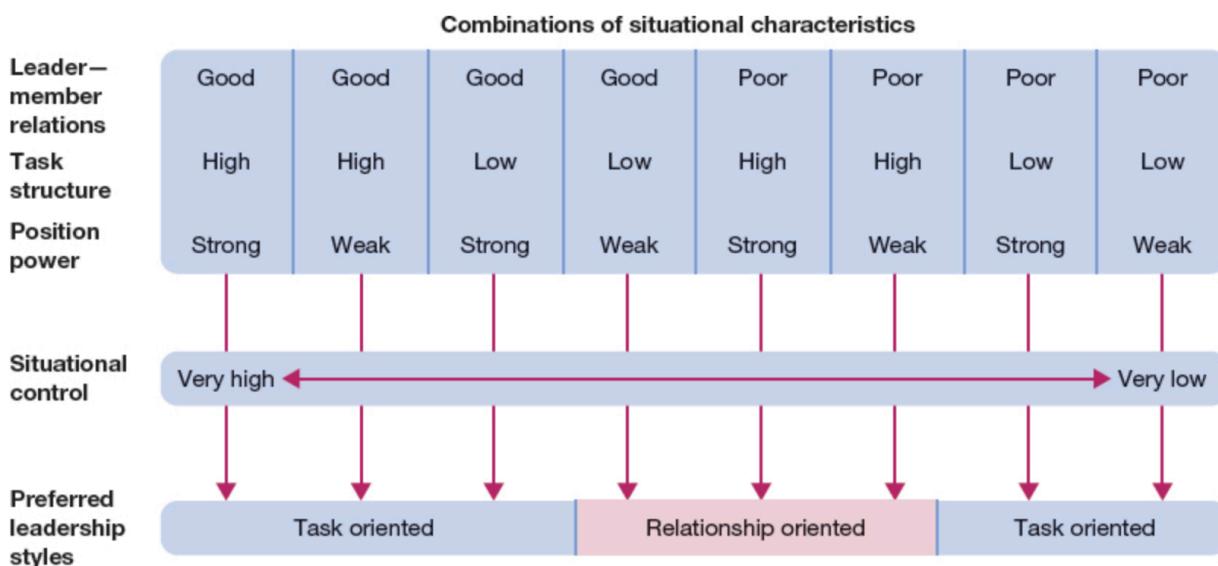
- Achievement-oriented leadership, result based
- Directive leadership, Trump this is why I want you to do and how you'll do it
- Participative leadership, Obama decision made as collective
- Supportive leadership, removed from team act as coach mainly concerning emotive

Most successful style will be the one that in any given situation will allow for a leader to clarify the path for followers to reach personal task/goal

HOUSE PATH GOAL THEORY



FIEDLER'S CONTINGENCY THEORY; how much control a manager have, can be determine by agreeability of follower, nature of task, and level of authority



VROOM-JAGO LEADER-PARTICIPATION MODEL; establish decision based on factor



Lecture 11- entrepreneurship & innovation

Unicorn (glamorous, innovative, creative) e.g mark zuckerberg, Karen walker vs donkey (reliable, hardworking, serve purpose), important in entrepreneurship that we should be open to either forms of enterprise.

In 2017 65930 new enterprises were erected in nz. 71% of all enterprises have no paid employees. 27 percent had 1-19 employees

ENTREPRENEURSHIP

Dynamic, creative, risk-taking behaviour that results in the creation of new opportunities for individuals and/or organisations

SOCIAL ENTREPRENEURSHIP

Entrepreneurship driven by community needs rather than profit e.g eat my lunch

TECHNOPRENEURSHIP

Entrepreneurship based on technological innovation e.g trade me

INTRAPRENEURSHIP

Innovating for change from within a large organisation e.g Maori translation of bNZ

Why engage in entrepreneurship?

Monetary gain, intrinsic reward, make a difference, decent living...

What kind of people tend to gravitate to entrepreneurship?

Internal locus of control

High energy level

High need for achievement

Tolerance for ambiguity

Self-confidence

Action-oriented

Desire for independence (entrepreneurs tend to be independent whereas leaders tend to be team orientated)

As with leadership, though, individual characteristics are only part of the entrepreneurship equation (and not necessarily the most important part either)

Now more than ever, entrepreneurship is a "team sport"

What does it take to start a new business? A good idea!

What makes a "good" idea?

Something a large number of people need or want-often something people didn't even know that they need
e.g fb as a way to connect with people more conveniently

Difficult for others to copy- no advantage otherwise, ensures business longevity

(Reasonably) achievable- Elon Musk space mission

If you think you have a good idea, you then need to bring it to life...

Where do good ideas come from?

Slow hunch-long time to evolve before it can become accessible e.g internet, best idea comes from combination of hunches

How to bring idea to life

1. Put together a business plan
2. Figure out source(s) of funding
3. Decide on an ownership structure

What to include in a business plan:

- Executive summary — overview of business purpose and key elements of the plan.
- Industry analysis — nature of the industry, including economic trends, important legal or regulatory issues and potential risks.
- Company description — mission, owners and legal form.
- Products and services description — major goods or services, with special focus on uniqueness in relation to competition.
- Market description — size of market, competitor strengths and weaknesses, five-year sales goals.
- Marketing strategy — product characteristics, distribution, promotion, pricing and market research.
- Operations description — manufacturing or service methods, supplies and suppliers, and control procedures.
- Staffing description — management and staffing skills needed and available, compensation, human resource systems.
- Financial projection — cash flow projections for 1–5 years, break-even points and phased investment capital.
- Capital needs — amount of funds needed to run the business, amount available, amount requested from new sources.

Old school funding model

DEBT FINANCE = BORROWED e.g bank- not involved in business

EQUITY FINANCE = INVESTED e.g shareholder- connected to investor who want business to succeed

New school funding model

crowd funding e.g Kickstarter

What support is available to aspiring entrepreneurs at VUW and in Wellington?

BUSINESS INCUBATOR: Victoria entrepreneur bootcamp (6 week program), Mahuki (cultural/ arts), venture up (6 week), entrepreneurship 307, the atom (vic entrepreneurship collective)

For more advance entrepreneurship: Callaghan innovation (funding), nz trade and enterprise (go global)

Lecture 13

Focus on organisation (bigger groups), 200 years ago everything was done as individual to individual transaction nowadays most things are done as transaction between large organisation.

When scenario planning is used properly it produces a solid base from which further managerial actions can emanate. These include: *organising* — allocating and arranging organisational resources to achieve key tasks; *leading* — guiding the efforts of the organisation's staff to ensure high levels of task accomplishment; and *controlling* — monitoring and assessing task accomplishment and taking necessary corrective action.

Planning,

Planning involves deciding exactly what you want to accomplish, and the best way to go about it.

Benefits

-Less stress

-Less procrastination (motivation action)

-Risk management (Guides action)

-Sets target (Guide to reach goal)

-Increased efficiency

-Reference point for evaluation

Weakness

-inflexibility (miss opportunity)

-Too narrowly conceived (Constrained by the organisation's current thinking about 'what business we are in').

Too detailed)

-Attention of those involved quickly dragged down into operational matters vs. broader crucial challenges to be overcome / key deliverables

-Too activity oriented (Planning statements tend to be about the activity we are going to undertake and not the result we are aiming to achieve. Outcomes are seldom clearly stated.)

-Too static and too soon out of date (Plans prepared / reviewed on a 1-3 year basis which means they are quickly out of date and potentially not used.)

-Unrealistic (Many plans are too idealistic and full of wishful thinking / good intentions.)

-Too inward looking (Too many strategic plans are focused on developing organisational infrastructure (both people and equipment). No organisation exists for its own sake.)

STRATEGIC PLANNING

- Aim: to upgrade our thinking

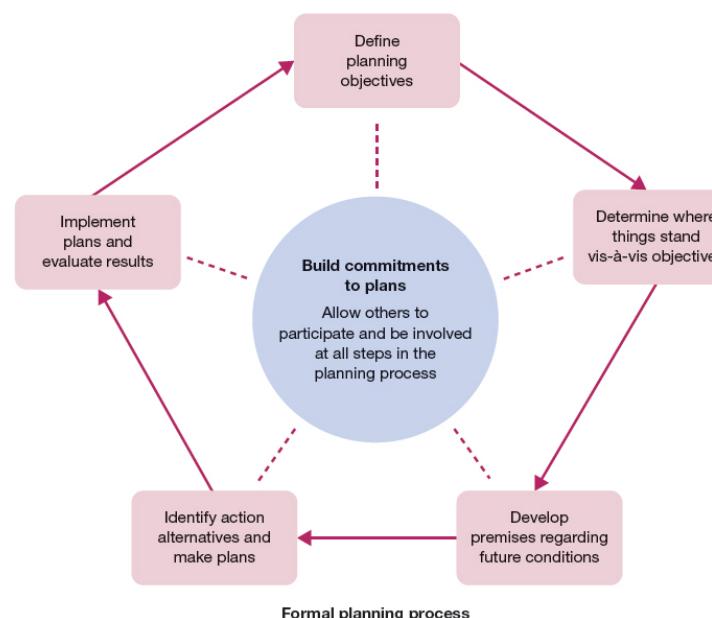
- predict the future exactly would be great ...
but to more crucial to consider longer-term implications of actions and environmental changes
- illuminate major forces/issues and identify risks
- understand (current/different) goals and stakeholders
- bring alternative mental models to the surface
- allow a new, broader set of **options** to be considered
- identify initial steps along the way

(FIRMS TEND TO START PLANNING IN CRISIS,
UNFORTUNATELY, PLANNING IS MUCH LESS
EFFECTIVE IN CRISIS AS THEY HAVE FEWER
RESOURCES AVAILABLE TO THEM)

DEALING WITH UNCERTAINTY

(Strategy under uncertainty, H. Courtney, J. Kirkland and P. Viguerie, *Harvard Business Review*, Nov-Dec 1997, 67-79)

- A clear enough future
- Alternate future
- A Range of future
- True ambiguity



Scenario Planning

What they would do in different situation, become alert to different situation and have a clear method to overcome (e.g Oil price change, what they would do if price remains low/high, cartel works/don't work, continue business or sell?)

- Identify driving forces
- Identify critical uncertainties
- Develop Plausible scenario
- Discuss impact and path

PLANNING VS Strategy

Planning seeks to set the direction for the organisation vs strategy is vehicle used to move company towards correct direction

Strategy: noun (pl. strategies) 1 a plan designed to achieve a particular long-term aim. 2 the art of planning and directing military activity in a war or battle. Often contrasted with tactics
- Oxford Dictionaries Online, <http://www.askoxford.com>, 2010

Strategy is the determination of the long-run goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals

- Alfred Chandler, *Strategy & Structure* (MIT Press, Cambridge MA, USA, 1962)

Strategy is the pattern of objectives, purposes, or goals and the major policies and plans for achieving these goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be

- Kenneth Andrews, *The Concept of Corporate Strategy* (Irwin, Homewood IL, USA, 1971)

Strategy is 'a pattern in a stream of actions'

- Henry Mintzberg, *5Ps for Strategy* (*California Mgmt Review*, 1987: 11-24)

There are several ways managers in organisations try to gain a competitive advantage over other organisations.

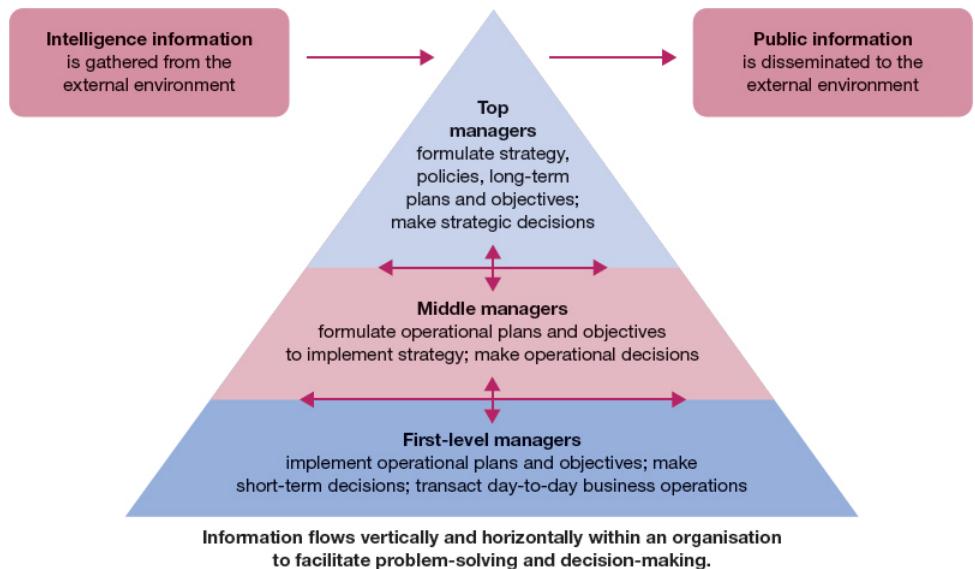
First, they can survey customers about their product or service

requirements. This can be in terms of both prospecting for new customers, and surveying existing customers about how the company's products and services can be improved.

Second, they can scan the environment searching for technologies, techniques or methods from their own

industry or from other sectors that they can modify or apply. For example, a boat-building rm in Melbourne, ARF Marine, adopted computer-aided design and testing software developed for the aero space industry to design faster and more stable yachts.

Third, managers can search for joint-venture partners to strengthen their current market position or to diversify into other markets.



A firm's theory about how to gain competitive advantages

- adapted by Jay Barney & W. Hesterly from Peter Drucker, *The Theory of Business* (Harvard Business Review 75, 1994: 95-105)

Strategy: Mintzberg's 5P's

- Position (where we are currently, What we can do/might do?)
- Plan (plan to move towards Smart goal)
- Patterns (new product avenues)
- Perspective (brand e.g airinz tourism vs transport vs logistic)
- Ploy (tactic e.g mc Donald's make seperate area for cafe)

Strategy

pattern in a stream of actions

- common 'strategic' elements
 - relating to cohesive actions, logic or patterns
 - affecting the organisation as a whole and its goals / objectives
 - considering the short and long term
 - reflecting alignment between what's internal, what's external, and its goals
 - occurring at multiple levels of an organisation

- precedence setting – not easily reversible (strategic can't reverse unlike tactic where can change easily)

Strategic Management

the process of formulating and implementing strategies to accomplish long-term goals and sustain competitive advantage- Looks at a subset (strategic) of managerial decisions

Seeks to answer a range of questions

- What makes one organisation perform better than another? (e.g., competitive advantage) Why do they perform differently?
- What do we mean by “better”? Who defines “better”?
- Why influences an organisation’s boundary decisions? (that is, what’s inside/outside a particular organisation)?
- What affects industries and their “attractiveness”?

Key Strategic Management Phases

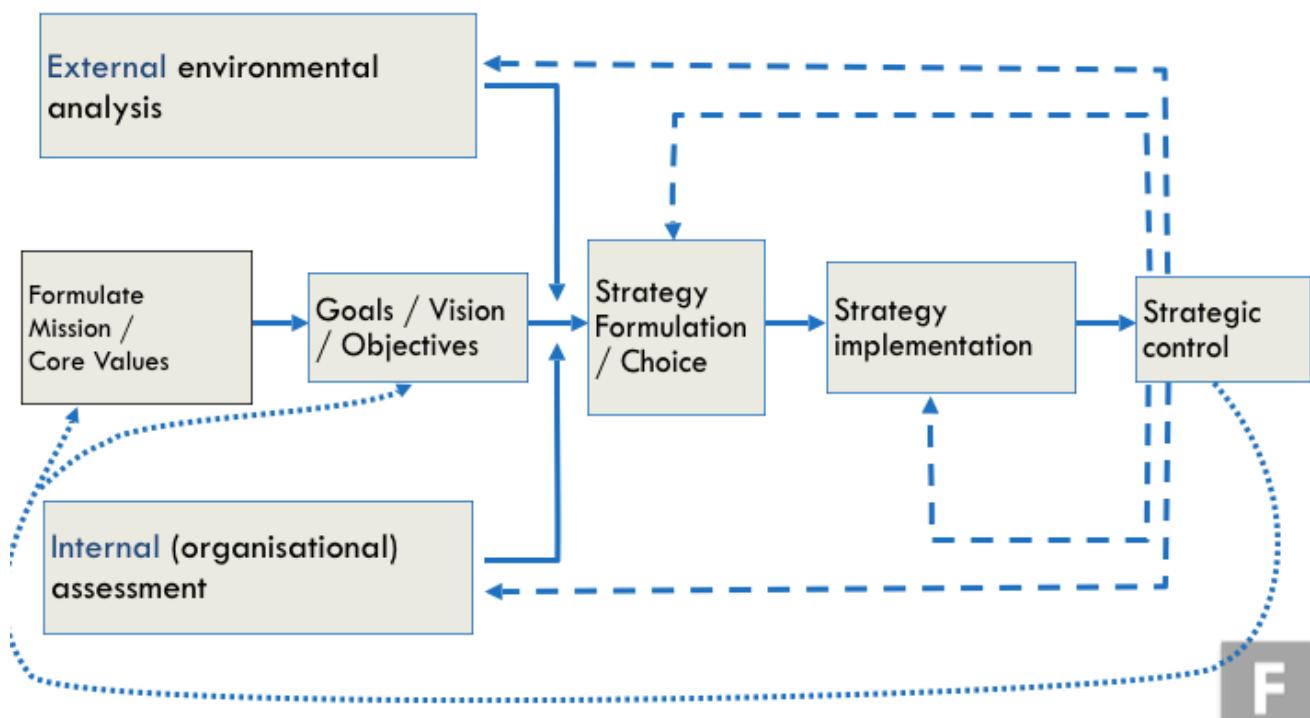
Strategy Formulation/ Plan:

processes of identifying mission and strategic objectives, conducting internal / external analyses, and developing specific strategies

Strategy Implementation/ Execution. (more important because you can have bad plan but good execution but a good plan and bad execution is meaningless):

processes of enacting strategies, maintaining control over how activities are carried out / monitored, and adapting to changes in the environment / organisation

Strategic Management Processes



Mission: overriding purpose/core values in line with the values or expectation of stakeholder (be healthy & fit, live longer and compete)

Vision/Strategic intent: Desired future state; aspiration of the organisation (Win (age group of) the round Taupo cycling event)

Goal: General statement of aim (Increase stamina and cycling endurance)

Objective: Quantification (if possible)/more precise statement of the goal (Cycle to Waikanne over the Akatarawa Rd and back in 4 hrs)

Rhetoric: Goal or objective that is seen as broadly legitimate, which may not be prioritised/pursued (Avoid too many fatty foods)

Key resources and competences: Resources, capabilities, processes or skills which provide 'competitive advantage' (Proximity to Wellington hills for training, new bike, enthusiasm, friends to train with)

Strategies: Patterns in stream of decisions/actions (Joined the local long distance cycling club, training with others intending to do the race, increased levels of cycling, changing diet and nutrition)

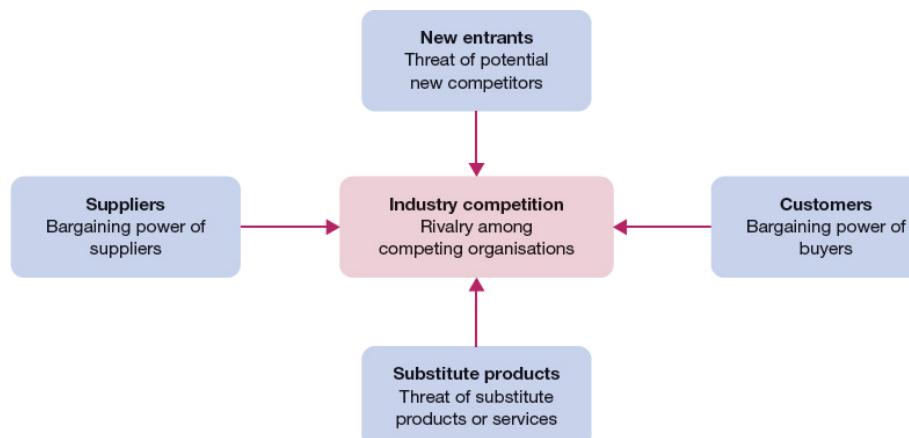
Control/Evaluation: The monitoring of action steps to evaluate effectiveness of strategies and to modify strategies and/or particular actions as necessary (Monitor fitness & time results. Benchmark against other Taupo competitor's race results. If not improving fast enough engage a personal trainer or move to Taupo and train on actual circuit)

Strategic vs tactical

Strategic plans define long-term needs and set comprehensive directions for an organisation or subunit.

Operational plans describe what needs to be done in the short term to progress strategic objectives.

- *standing plans* in the form of organisational policies and procedures are designed for use over and over again. They set guidelines that direct behaviour in uniform directions for certain types of situations, regardless of where or when they occur in an organisation.



Porter 5 forces

Tips for planning & strategising

-planning is useful in that it gets you to think ahead

- planning can cause you to be focused on what you know and limit exploration into unknown
 - Strategies involve both what you want to do/ achieve and what you don't
 - be ready to quickly learn/adapt
-

Lecture 14

INTERNAL ASSESSMENT

SWOT analysis (not full detailed but comprehensive and systematic way to organise positive and negative of company- recognise each action is a strategic choice)

Systematic evaluation of the organisation's resources and capabilities

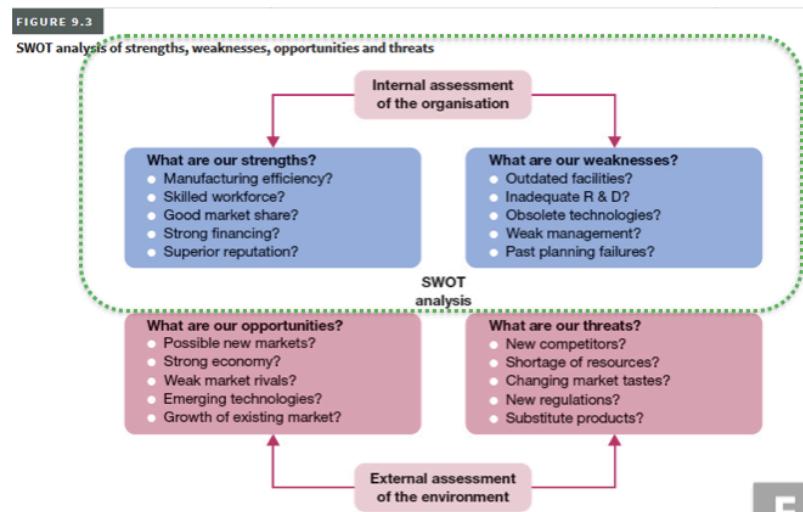
- R&Cs broadly refer to everything the organisation can use, build or accumulate as part of its strategy

... tend to be associated/linked with the activities it does

- both tangible and intangible (including factories, technologies, distribution systems, financing, workforce; brands, reputation, core values, skills, knowledge)

Core Competencies (unique strengths) are those special aspects that an organisation has or where it does exceptionally well in comparison to competitors. Selling point that differentiate competitor

Weaknesses, are good to identify or be knowledgeable of but companies should recognise weaknesses across the market is an opportunity to develop core competencies



EXTERNAL ASSESSMENT 1

Systematic analysis of the industry and environment (Opportunity and threats of SWOT)

- can be evaluated within the organisation's specific industry or more broadly in terms of trends in the macro- or general environment

EXTERNAL ASSESSMENT 2

Porter's '5' forces

(although others include government regulation, supporting industries (using other companies service e.g game platform work with game maker), regional/national factors e.g japan's infrastructure makes difficult to build)

EXTERNAL ASSESSMENT 2.1 - New Entrants (profitability decrease due to excess supply)
Forces affecting competition (industry attractiveness)

Basically, could new competitors start selling the same product / service easily?

Are there any barriers that slow them down?

These factors increase the threat of entry:

- + few fixed costs involved (e.g., *online* possible)
- + product /service relatively easy to make
- + easy to stop producing
- + few economies of scale possible
(e.g. *variable costs remain the same no matter how many you make*)
- + little brand loyalty

F

- + few regulations to satisfy or comply with

EXTERNAL ASSESSMENT 2.2 - Substitute (profitability decrease due to loss of potential customer)

Economic conditions

This includes the general state of the economy in terms of inflation, interest rates, income levels, gross domestic product and unemployment and related indicators of economic health.

Sociocultural conditions

This includes the general state of prevailing social values on matters such as human rights, trends in education and related social institutions, and demographic patterns.

Political-legal conditions

This includes laws and government regulations and the general state of the prevailing philosophy and objectives of the political party or parties running the government.

Technological conditions

This includes the general state of the development and availability of technology, including scientific advancements.

Natural environment conditions

This includes the general state of nature and the conditions of the natural environment, including levels of public concern expressed through environmentalism.

Forces affecting competition (industry attractiveness)

A substitute is similar to a directly-competing product / service except that it wouldn't be part of a purchaser's first set of choices

These factors increase a substitute's threat:

- + substitute's relative performance to price improves
e.g., buyers are very price sensitive and cost of substitutes decreasing
- + buyers propensity to substitute increases or switching costs decline

EXTERNAL ASSESSMENT 2.3, 2.4 - Suppliers/Buyers

Bargaining Power (relative to focal firm) greater when

Bargaining Power (relative to focal firm) greater when

- | | |
|---------------------------------------|------------------------------------|
| + only a few suppliers | + only a few buyers |
| + hard to switch suppliers | + easy for buyers to switch |
| + few substitutes available | + many substitutes available |
| + inputs highly differentiated | + product/service undifferentiated |
| + you are a small user of their input | + buyer purchases a lot from you |
| + suppliers could do what you do | + buyers could do what you do |

... why loyalty schemes are often used

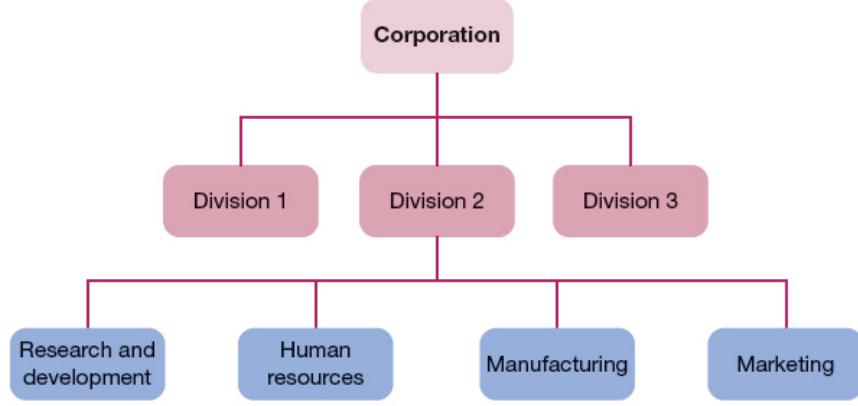


e.g.

Corporate strategy
What businesses are we in?

Business strategy
How do we compete in each of our major businesses?

Functional strategy
How do we best support each of our business strategies?



- all firm need particular supplies and there is only 3 suppliers, if you only purchase a small quantity you are a weak buyer, as a result you have a weaker bargaining power which means you are unlikely to receive precedent over other buyers and may have to purchase supplies at a higher price
- Buyers in nz don't have high bargaining power but firms recognise that consumers have options therefore companies will offer loyalty scheme e.g petrol discount

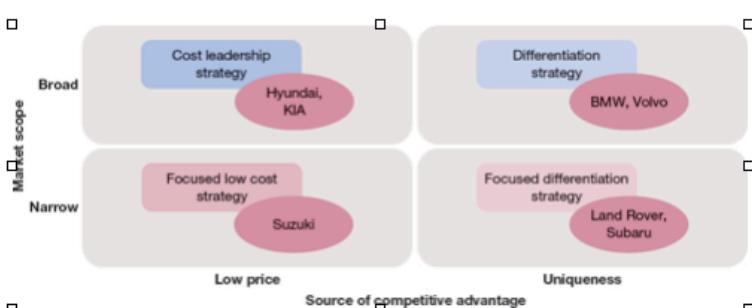
EXTERNAL ASSESSMENT 2.5 - Industry competition Forces affecting competition (industry attractiveness)

These factors increase rivalry:

- + many direct rivals
- + low profitability / performance
- + undifferentiated products or services
- + slow or no growth in industry
- + buyers are very price sensitive

EXTERNAL ASSESSMENT 3 (PEST analysis) Assessing trends in the macro- or general environment can also

Generic Business Strategies



- generic strategies provide some common options ['ideals'?]
 - are their others? can you combine options?
- may be easier if a corporation (vs. for a single business/brand)

-each will have particular choice of activities at the functional level associated with it- want these to be cohesive, and complementary
 -these activities support the business level but may also constrain future strategic choices

E.g
 Pak n save cost leader
 New World different range/ quality product
 4 square differentiation based on location

One approach to growth is through **concentration**, where expansion is within the same business area. The Bank of Queensland, for example, has pursued an aggressive market share growth strategy. It grew by increasing activity among existing customers and by attracting new customers, particularly in regional Queensland. The bank's traditional emphasis on personal service is central to its strategy.³⁸

Another approach to growth is through **diversification**, where expansion takes place through the acquisition of, or investment in, new and sometimes different business areas. A strategy of *related diversification* involves growth by acquiring new businesses or entering business areas that are related to what the organisation already does.

A corporate strategy of *unrelated diversification* involves growth by acquiring businesses or entering business areas that are different from what the organisation already does.

Diversification can also take the form of **vertical integration**, where a business seeks added value creation by acquiring suppliers (*backwards vertical integration*) or distributors (*forwards vertical integration*).

A major response to this has been the growth of **strategic alliances** and other forms of cooperative strategy between companies, particularly in technology and marketing.

Application

E.g Victoria

SWOT:

S/W (internal)

(S)

-location

-range of courses

-recognised reputation

(W)

-courses which are not provided by Victoria

-location

-living cost

O/T (external)

(O)

-links to business/organisation (location)

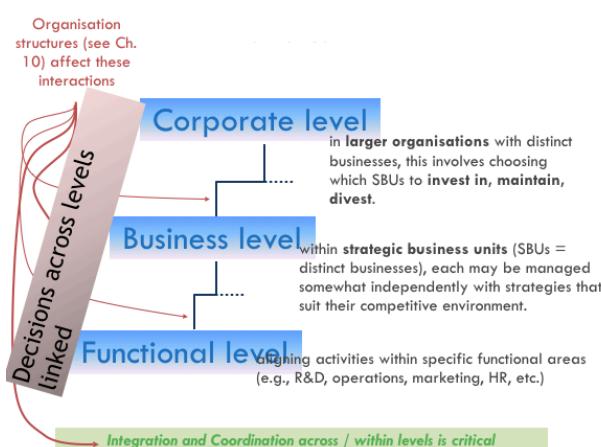
-first year free

(T)

-Other universities offering similar courses

Level of strategy

Levels of strategy and structure- oftentimes dictates the way strategy is developed



Corporate level: In larger organisations with distinct businesses, this involves choosing which SBUs to invest in, maintain, divest. Opportunity at different levels

Business level: within strategic business units (SBUs = distinct businesses), each may be managed somewhat independently with strategies that suit their competitive environment. Opportunity to compete in various segments

Functional level: aligning activities within specific functional areas (e.g. R&D, operations, marketing, HR, etc.)

Diversification e.g Fisher and Paykel (innovate new

brands to strengthen company's weakest area)

Where assembly operation, avoid tariff by sending parts to country then assembled in country, currently tariff opportunity but wanted to plan if tariff did not exist. Considered that companies may not work with them without tariff, decided to expand line to ensure company viability e.g. fridge, success resulted in company furthering expanding line

	<i>Success is likely</i> Targets for growth, profits, ... are achieved	<i>Rescue or Ruin</i> Good execution may save a poor strategy
<i>Strategy Implemented</i>	<i>Trouble!</i> Poor execution hampers a good strategy - may conclude strategy is inappropriate	<i>Big Trouble!</i> Risk that org. may not survive
Poorly		
<i>Appropriate</i>		<i>Inappropriate</i>
Strategy Formulated		

- Fisher & Paykel started with electronics and appliances assembly and distribution
- invested in R&D, manufacturing capabilities, grew and created opportunities
Restructured into:
 - Fisher & Paykel Appliances
 - Fisher & Paykel Production Machinery Limited
 - Fisher & Paykel Finance
 - Fisher & Paykel Healthcare

Business level strategy

How to compete / achieve competitive advantage?

most used approach – Porter’s generic strategies (pp. 220-22)

- Cost Leadership – pursues efficiency so costs lower than competitors (standard products across markets)
- Differentiation – products or services aim to be different from competitors or unique
- Focus – cost or differentiation with a narrowed market scope
(each strategy has differing competitive and resource requirements)

The split between formulation and implementation is analytical convenience. In practice, they need to be linked with one considering the other

Why would organisations experience implementation problems?

- Uncertainties occur regularly therefore strategy may no longer be effective
- miscommunication: especially in large organisation,
- lack of motivation: resistance, not on the same stage,

- Mismatch between strategy and resources, capabilities or strategy with organisation structure, system, skills (other 7 S's)
- Organisation have strong stability seeking forces (inertia), a changing competitive environment or strategy requires these to be overcome
- Resistance from uncertainty
- Lack of required skills , capabilities, resources to implement change
- Lack of continuity

Successful strategies require an external and an internal focus

Success may cause the internal focus to dominate momentum leads to perpetuation/ amplification

Organisations have a strong stability seeking forces (intertia) a changing competitive environment requires these to be overcome, reconfigured, retained

e.g deltec became too obsessed with improving their existing product that they were not ready to facilitate technological change

Swiss watch industry used to be extremely strong but had a lot of debt to bank, Nicolas Hayek liquidated several firms and rebuilt them to develop new capabilities and advantages

7S framework

An organisation is a complex system, a change in one part likely requires changes in other parts too

1. strategy (HARD)
2. Structure (HARD)
3. Systems (HARD)
4. Shared values (SOFT)
5. Staff (SOFT)
6. Skills (SOFT)
7. Style (SOFT)

Can be key to successful implementation so formulation should consider them

7S's tend to match each other as they complement each other although this is likely to be a problem when trying to change as changing one thing effects all S ++should consider effect on each when making recommendation

Implementing strategies: Structure

One perspective: strategic choice dictates organisation's structure

Simple- succeeds through adjustment but misses out on efficiencies from specialisation- ineffective in long term

Founder to employees

Functional- elaborates through vertical integration- adds function, geographic coverage, new products although its difficult to co-ordinate

CEO to HR to design, operations, marketing

Diversify

TMT to cooperate staff to SBU

Resistance

Why people may resist change, fear of the unknown- not understanding what is happening or what comes next

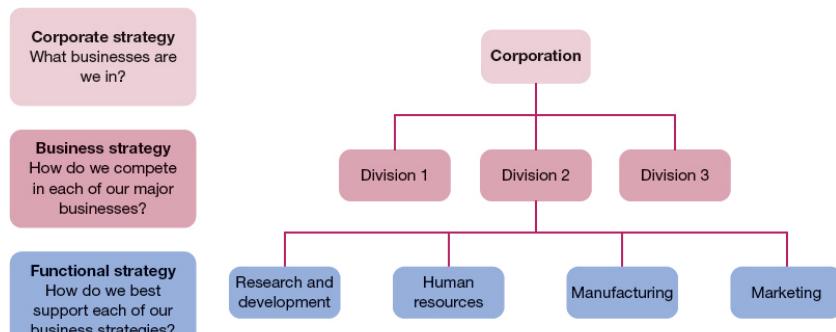
Disrupted habits- feeling upset when old ways of doing things can't be followed

Loss of confidence- feeling incapable of performing well under the new way of doing things

e.g Walmart had problems adapting to change in expectation of employees, approach, expectation

Change and leadership
Different approaches possible, assess their fit to change requirements

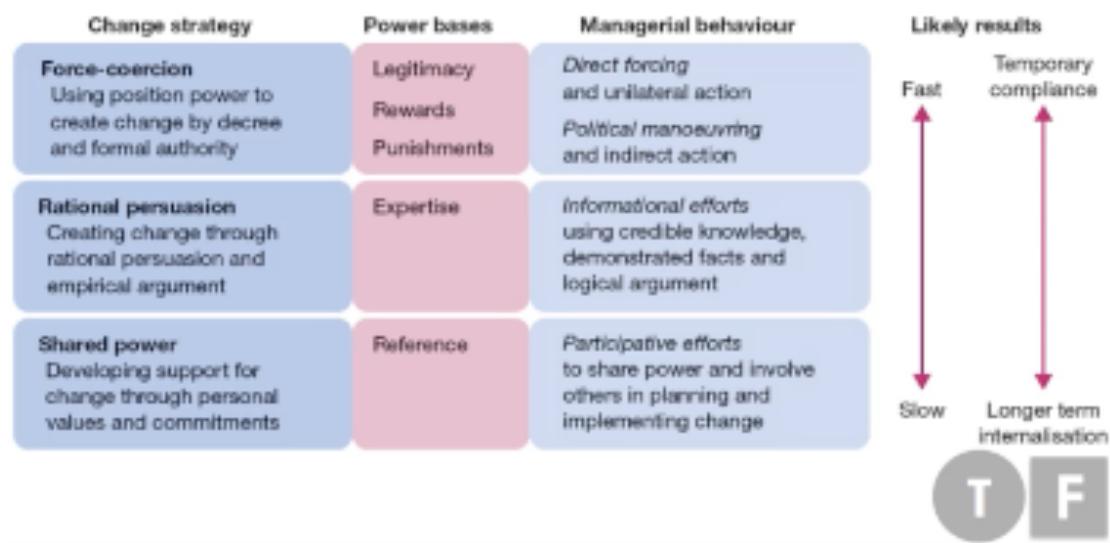
Want to match the change



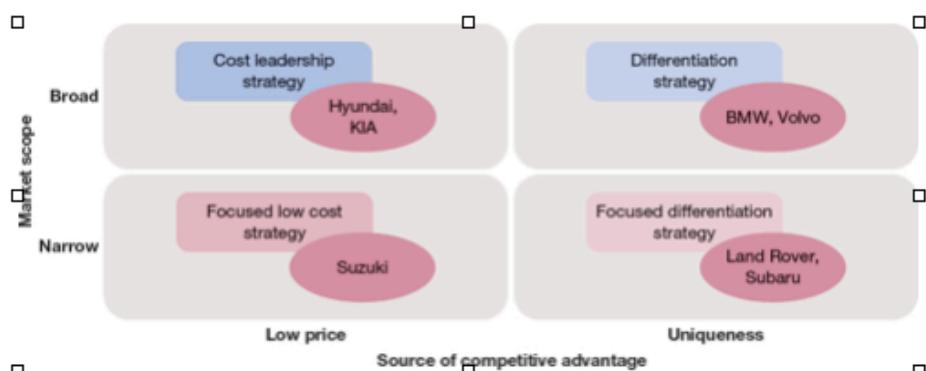
approach to your needs (timing wise) as well as whether others may resist

CHANGE and LEADERSHIP

- different approaches possible, assess their fit to change requirements



Generic Business Strategies

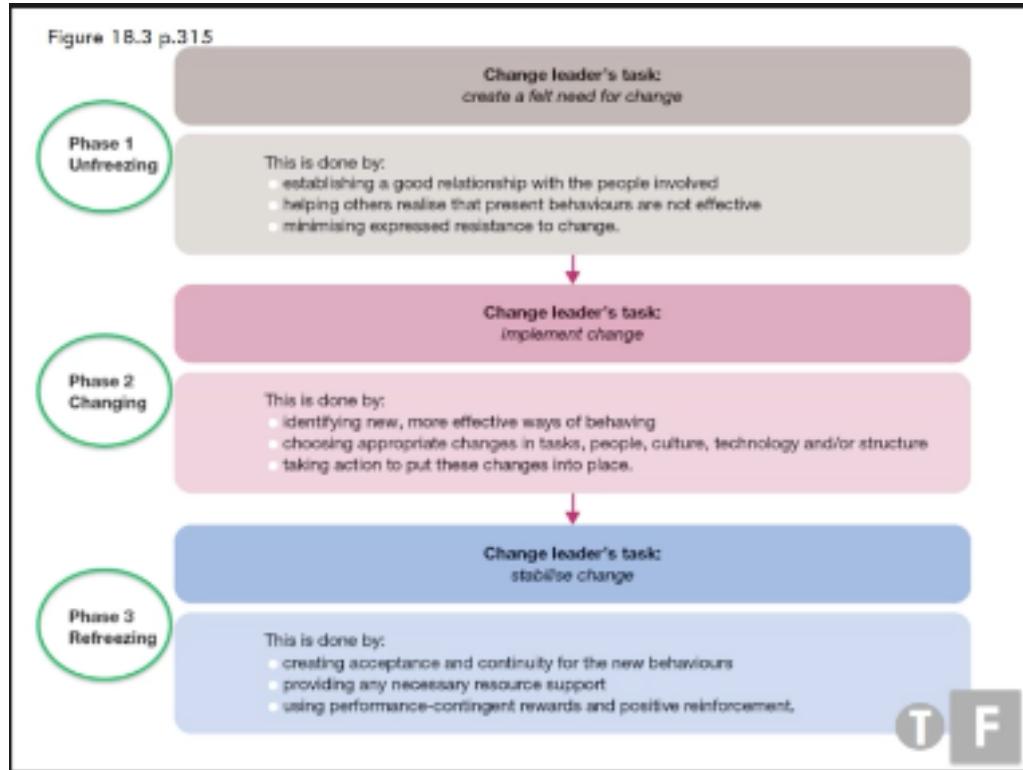


- generic strategies provide some common options ['ideals'?]
 - are there others? can you combine options?
- may be easier if a corporation (vs. for a single business/brand)



Figure 18.3 p.315

Lewin



Targets for planned changes

tasks — the nature of work as represented by organisational mission, objectives and strategy, and the

job designs for individuals and groups

514 Management

- *people* — the attitudes and competencies of the employees and the human resource systems that support them
- *culture* — the value system for the organisation as a whole and the norms guiding individual and group behaviour
- *technology* — the operations and information technology used to support job designs, arrange work flows and integrate people and machines in systems
- *structure* — the configuration of the organisation as a complex system, including its design features and lines of authority and communications.⁵²

How to lead transformational change

- establish an urgency for change
- Form a powerful coalition to lead the change
- Create and communicate a change vision

Strategic control systems

How best to control strategies?

- Difficulties, strategies involve longer term, are affected by uncertainty, may differ by product / SBU, many outcomes difficult to measure
 - Detailed complex control system can be very costly + time consuming and create rigidities, bureaucracy, unintended side effects
 - need to find set of key results to evaluate, that provide timely information to guide other detailed monitoring, (balanced scorecard aims for this via series of targets)
- As a last process within what is seen as strategic management, control plays an important but often overlooked role. It guides behaviours by establishing what information is evaluated and what can get rewarded. If these aspects need to change and aren't then change will not take hold

Mission

Purpose, core values which often tap into emotions and inspire

e.g

Nike: to experience the emotion of competition, winning and crushing competitors

Walmart: to give ordinary folks the chance to buy the same thing as rich people

Google: To organise the world's information and make it universally accessible and useful

Mckinsey & Co: to help leading corporations and government be more successful

Walt Disney: to make people happy

Conclusion

Implementation is very important part of formulating strategy (especially for assignment) and what you can implement should be considered when formulating strategies therefore Organisation need to adapt to be able to change quickly less fluid organisations are more likely to be unsuccessful as more continuous bottom up change are becoming a facet of organisational life today

Functional level strategies, operations management

Level of strategies

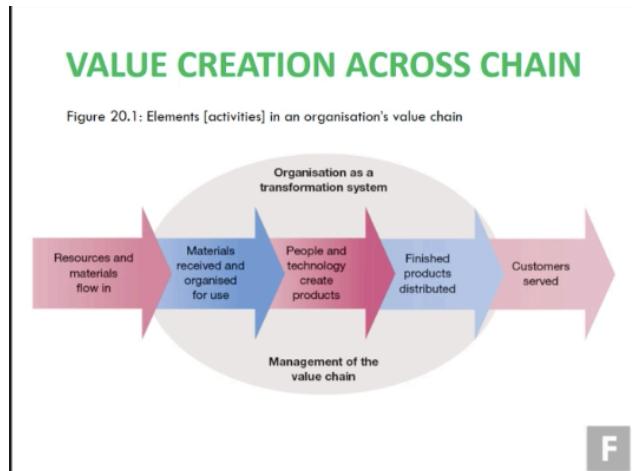
Strategy at one level should support level above and below- coordinated and linked

Company criticise for acting like silo and not communicate effectively with other division

Study of industry forces alerted Porter to the precedents of these categories of strategies (which he then called generic business strategies). In looking at

firms following these strategies he also realised that they had made distinct choices about how to create value meaning their value chains differed
e.g honda originally made motorbikes but wasn't as effective in American market so they used

Consumers value product at particular amount and will decide if they are willing to purchase product at producer price
e.g different people have different value for apple computer



When new product launch price will be high initially and drop overtime to attract consumer who have high value initially- forgoing sale initially but gain these consumer later on when price drops to value of these consumers

Producer will charge different amount for different quality seats

Airline charge high amounts closer to the date but very close to flying time will offer significant discount to fill seat

Consumers becoming more aware of how cost is made, lower cost meant lower price but now we are more aware of firms production process

various strategy to differentiate their product

Value creation across chain

Value, price and cost

Consumer's perspective: need value created to be greater than price -want enough "value for money"

Firm's perspective: it would like to maximise profits= $(\text{price} - \text{cost}) \times \text{sales}$ - also need to factor in fixed cost

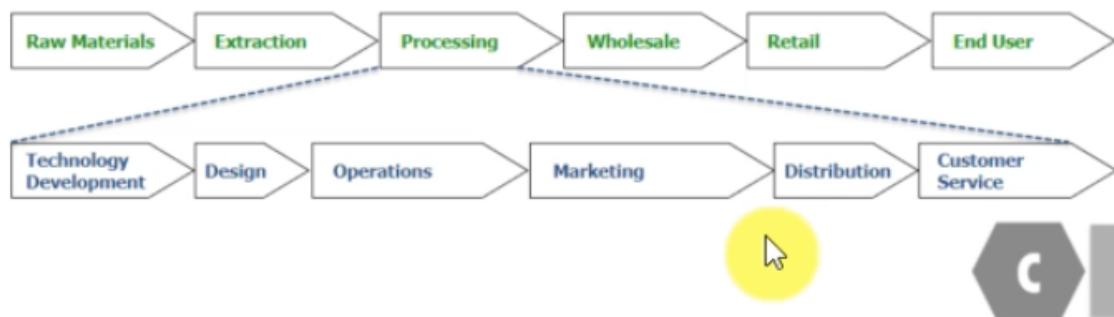
To a great extent most customers are mainly concerned about price and not actual cost or how that cost is attained - hopefully this is changing

Generally, need $\text{Value} > \text{Price} > \text{cost}$ so that transaction will occur (utility, and breakeven)

Tools for assessing strategic activities

- assumption the process of generating any product or service can be represented as a series/chain of activities

Value (or Supply) Chain (**across** and **inside** firms)



- Total value created is split between these activities, which each activity's value arising from combining together sub-activities e.g new course approved but recruiting team wasn't made aware thus as a result product is not received well by market
- value is created both within and between activities (size of box represent different value of each chain, suggestion for SWOT, which creates a lot of value- some may be cheap but ineffective)

Sustainable supply chain

Raw material>production>processing> wholesale> Retail> End User

e.g NZ king salmon need to consider if they want more salmon farm?

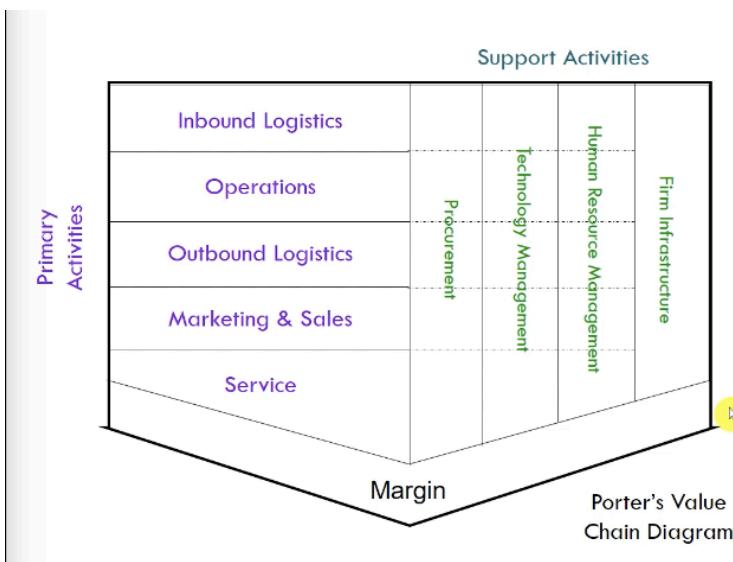
Effect on stakeholder e.g community, environment, waste

Resolve by submerging farm to reduce visual pollution, boat traffic

Unused raw material resolved by fish oil processor/ made into other food? Fertiliser

Viewing value chain beyond organisation

50 diagram



Many different chains and systems. Primary activities are where most value gets added, support activities should add more value than they cost. Both sets of activities will have fixed and variable cost associated with them. Margin is the difference between price and variable cost.

Bigger companies tend to require more support activities

Business strategies

Activities chosen so that as a combination they lower unit costs or they allow for charging higher prices or both

But both low cost and differentiation needs to consider elements of the other- to be valuable, reliable, useful or to not be so high price that enough customers can buy product/service

-technology may mean lower cost, what sort of technology use effects differentiation and cost

-customer responsiveness, can result in lower cost by reducing producing for less popular goods and increase production on goods which are selling well

Outsourcing

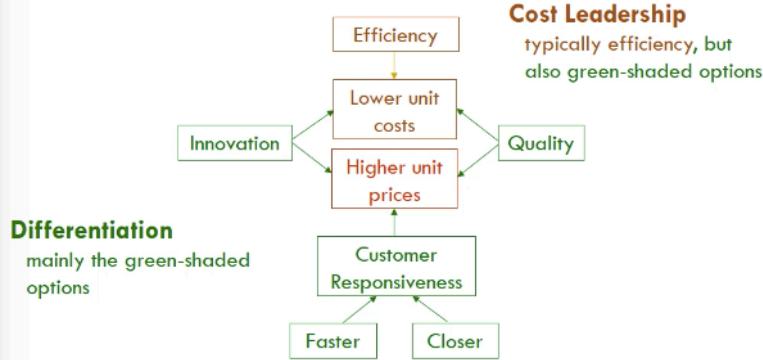
Strategic decision to contract another organisation to do some activities (e.g web development

e.g fisher and paykel

Moved away from part assembly to other products (outsourcing firm that dealt with customer service) and instead expand brand to ensure viability if Japanese firm no longer needed them

BUSINESS STRATEGIES

- activities chosen so that as a combination they **lower unit costs** or they allow for **charging higher prices** or **both**



Conclusion of cohesive strategy

-do the activities fit together, activities should be organised to be coordinated, linked and complementary. - which have firms chosen to do/ not do, how do activity add value, fit together, is it differentiation/ cost focus, size of market and how company tailor's product

-generic strategies highlight some prominent business strategy options where activities should match this, but there are many strategy possibilities

-value chain useful in providing a focus on value creation - but are all organisations chains

-Most industries will have a range of strategies represented. Actually helps to reduce direct rivalry because different customers needs/wants satisfied

Managing human resources- Lecture 17

Organisation exists for a variety of purposes -produce goods to earn profit or social benefit. Whatever objective or aim of business all organisations rely on having a supply of and effective managing different forms of resources (capital or finance, technology, people)

Whilst some companies like amazon is moving away from using human employees and turning to technological products such as the Kiva bots most companies depend on teams to fulfil their objectives and task

Organisations are increasingly working from a simple belief that people are central to what they do. People are central to organisations as they deliver service or produce the products that lie at the core of any business, people are the resources that create and innovate for their business that frequently generate knowledge, and possess the skill to meet the objective of the company- important for company to effectively manage this resource

Key challenge for managers is that people tend to have different needs, attitudes and approaches additionally they are unpredictable.- managers must be able to manage a range of people and have systems in place to control a range of situations

There is no one best way to manage people, what works in one organisation doesn't necessarily will work with others, managers must ensure the approach is right for their environment

Last 10 year significant changes which has been driven by technology, successful companies believe that people make a difference to their success and have a philosophy about how people should experience their work - this is because organisations depend on people for their knowledge thus they need to attract the best people to stay competitive and ensure that they have an environment where people can collaborate and generate new ideas

E.g google studies everything it does- people operational department research effects of management on team

Personnel management

Administrative: planning, organising, directing, and controlling worker

Early Key assumption: people are cost that need to be administered in an efficient manner (how do we get the most work for the least cost) - fordism and scientific management

Early champions had different approach inspired by social and religious beliefs to improve the working conditions and lives of their workers

e.g cadbury create village for employee where employees get days off for family, google make village to offset living cost for workers

Why would they do this? Creates community for employees to gain competitive advantage to attract top talent and ensure they stay bc they don't want to lose their life style, strategic approach to keep best talent- key needs of employees is that they cant afford to live close to company

People are our greatest assets- they're your competitive advantage, Anne M Mulcahy, CEO Xerox

Its a little down fact that grumpy people make grumpy food, its true. As all those chefs on the telly say, 'Wods can't describe food thats been made with passion ad love' that thought is the core of our philosophy, (happy people are more productive) Dick hubbard, CEO Hubbard's food

Key assumption people are resources or assets for the organisation that need development and investment and that social relations at work have a strong influence on behaviour

Human resource management

Involves attracting developing and maintaining a talented and energetic workforce to support the organisation's mission, objective and strategies. - shift from control to commitment

4 foundation

- distinctive approach (partnership) if you work hard for me ill provide for you - invisible contract between worker and organisation
- organisations need to be more proactive, long term perspective- anticipating future needs
- integration - HR integrated into company strategy
- taking control away from HR and give to line manager- tell workers they're in control of when they work and how they work

Human resource management

- A management **philosophy** with associated set of values,
- Based on a **systems view** of organisations
- Both **prescriptive** (HR Best Practices) and
- Contingency orientated (business environment should determine practices),
- With a **strategic** focus.

Z energy

Why vs way approach, Z aspiration different from competitor, whilst competitor describe way of operation Z energy explains how and why they operate - this brings employees onboard and improves employees perception and relationship with employees

Best practices approach

- sense of security in long term
 - selective hiring, fit of individual and organisation- experience and qualification important but they must suit the fit of team
 - self managed team, semi autonomous, who does what and when is defined by individual
 - pay,
 - skills
 - reduction in line of demarkation
 - good communication of information
- Most importantly managers are an important part of team to bring practice together to create higher performance

Managing human resources - lecture 18

Employment contract

We will submit to your authority for monetary and psychological benefits (maslow hierarchy of needs)- what employees seek not necessarily what employers needs, Courts and laws set up to manage this difference- tells us employment not only about monetary employment but also relationships formed with and within company (employment is relational)

Strategic HRM

Applies the HRM process to ensure the effective accomplishment of the organisation's mission. Strategic HRM mobilises human resources to implement strategies and sustain competitive advantage

Take strategy> translate into practices> integrate practices together (how you pay, develop, reward) > integrate with strategy > result in higher performance level

Key assumption: integrating HR strategies with the overall business strategy of the organisation will improve organisational performance and create HR systems that are difficult to imitate - integration occurs between practices and need to be aligned with overall strategy of organisation which will result in better individual performance resulting in increase profitability (competitive advantage due to uniqueness) - whilst sometime easy to replicate financial or marketing strategies human relationships are difficult to replicate.

Causal model of HRM

Business strategy > HR strategy > HR policies and practices > HR outcomes > Improved
Argues if process followed through integration company will receive positive outcome- linear relationship

Argues reverse causality- says if organisation have higher profitability and re-investment occurs in HR strategies will result in better outcome (better performance) through reinforced cyclical relationship

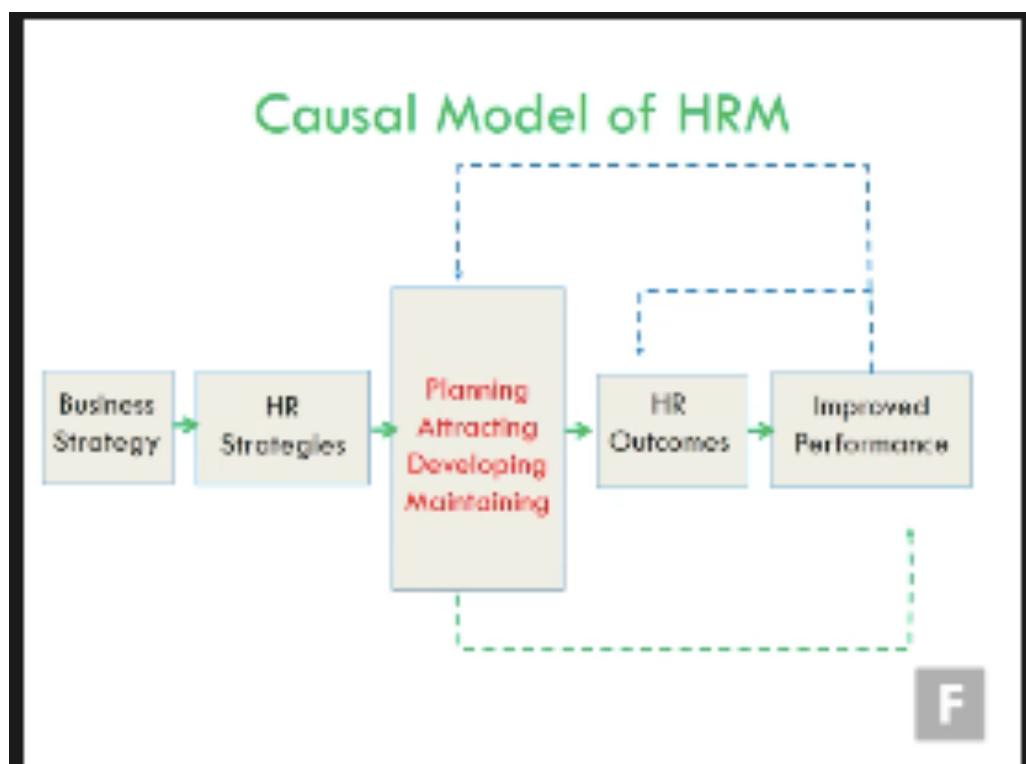
Managers biggest challenge is proving causality- demonstrates that HR result in better performance (picnic on Saturday result in better performance on monday)

How does integration occur?

HRM= HR functions made up of a variety of HR strategies, policies and practices

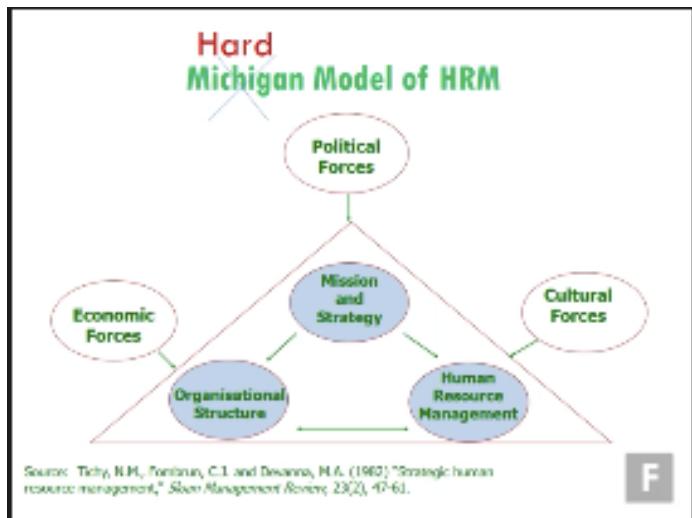
HR strategies= the strategic choices made when implementing HR policies and HR practices

HR policies=describe HR procedures



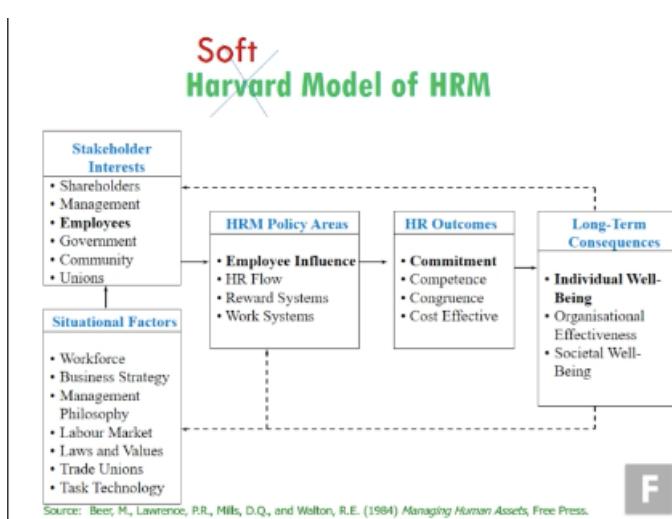
2 HRM approaches

Hard HMR= view people as resources argues develop people to help organisation (emphasis on maximising resource) - managing and controlling employees to achieve strategic goals



Humans or people - as opposed to just employees need to be managed in a way that is consistent with broad organisational requirements such as quality or efficiency
 Employees as business resources
 -should be obtained as cheaply as possible
 -used sparingly
 -developed and exploited as much as possible
 Matching model- aim is to achieve 'fit' between human resources and business strategy

Soft HMR= individuals are people concern about relationship between employee and organisations (emphasis on maximising human relationship) - recognises the needs of employees and their commitment to the company



Soft HRM model argued that company need to be stakeholder orientated - influence voice, flow, reward system (pay), work systems (development of work), successful combination results in higher commitment, skills, alignment, cost effective - in the long term this meant that company will be successful in its position in society

Competitive advantages & employee behaviour

Differentiation strategy e.g Allbird, Apple, Samsung, Huawei

-highly innovative behaviour

-long-term focus

-flexible for change and risk taking

-high tolerance for ambiguity

Organisation with these strategies should seek employees who exhibit similar behaviour. This can be achieved through unique interview process which reflects company's needs

Cost leadership strategy e.g Pak n save

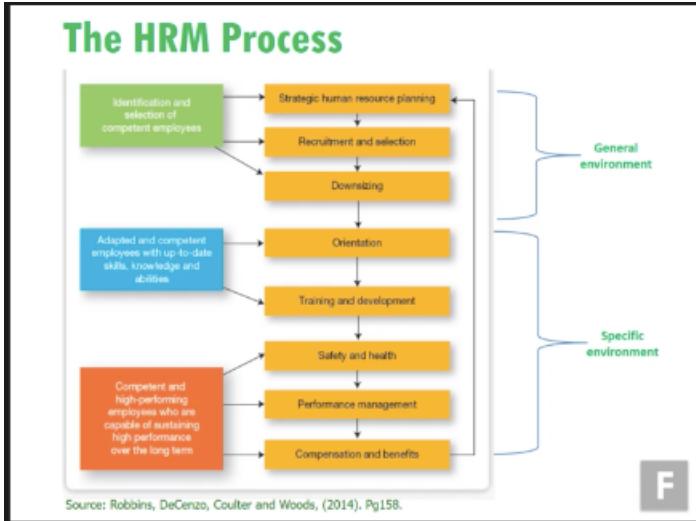
-high efficiency

-lower job error

-lower turnover

-high employee commitment

Organisations with low wage need ways to compensate through relationship, often high culture/high relationship organisation



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The HRM process
The purpose of any HR process is to get
-the right number of people (quantity)
-with the required knowledge, skills abilities
-in the right place at the right time
-at an affordable cost
-who are motivated and committed

Strategic HR planning process



Future factors

-millennials will be the dominant group of employees in NZ workplace (over 50%) by 2020.
Millennial careers priority will revolve around progression and work life balance over pay additional they communicate through technology than face to face; as a result there is less likely to be loyalty

Companies need to help develop soft skills e.g public speaking

Attracting a quality workforce

Recruitment

Activities designed to attract a qualifies pool of job application

Selection

Deciding who is the best person for the job

Steps

1. Advertise job
2. Initial contact
3. Screening out process

Companies can recruit internally (old talent but career progression) or externally (new talent but costly)

-words matter

e.g Wendy's (words can effect how appealing job appears to potential employees e.g gender)

-candidate experience (e.g heiniken interactive interview 350% increase in application) (virgin media bad interview experience resulted in candidates no longer supporting company)

Lecture 19- Contemporary employment issue

Strategic HRM is essentially concerned with aligning and translating the overall organisational plan into set of HR and organisational practices assumes in doing so organisations will see an

improvement in performance of the organisation, focus of HR process is getting the right people at the right time to perform the right things at the cheapest cost to the organisation and high-test output for organisation, managing people involves a number of management processes involving planning, attracting, developing and maintaining people

Plan - what is needed and where

Attract - sourcing, selecting and socialising

Developing - training them to do job and future

Maintaining- Retain employees, ensure that investment remain with company, safety and security

Biggest change in recruitment and selection is around focusing on candidate experience- high brand company in particular align their customer experience with their candidate experience.

Financial reason for doing so e.g virgin media 18% candidates are customers

Moved into different platforms - social media platforms to attract a larger pool of candidates

Changing workforces

What are the key areas of strategic importance for HR managers

Current workforces are undergoing some significant changes- some of which are predicted to intensify with significant implications for the way in which people or human resources are managed

Labour force growth

In New Zealand the predictions are that there will not be a surge but a decline in labour in the future. According to the EEO the proportion of young new zealand born people entering the workforce in the next decade will decline as a result of declining birth rates in recent decades Implication for nz companies- increase competition for skilled migrants and maintain these talent, broadening scope of attracting talents, lower ability level employees, women, and younger workers will become more appealing to companies due to scarcity

Workforce participation forecast

Decline in workforce is a result of ageing population within NZ it is predicted that an ageing population will result in a decline in labour force participation. We will mirror much of what is predicted will be the case for more developed economies (companies will need to incentives older workers to stay within workforce)

Nz will rely very heavily on older age group to take care of older age group, volunteer, future talent, employee growth this is likely a result of monetary needs e.g mortgage (companies will become more flexible of hours, location and development of employee skills)

With life expectancy rising compulsory retirement at age 65 long abolished and the age of eligibility for super annualisation is now 65, as a result older people are staying in the workforce longer

Feminisation of workforce, increase in the number of women entering the workforce, it is estimated that by 2030 1 billion women will enter the workforce (majority from developing countries) will enter the workforce. In NZ case we have high women participation (5th in the world) 65% of participation for women compared to 75% for males, however even though more women are joining there is low female participation as not many women are in a high position in the workforce (less than 5% in chief role) thus despite increase in participation and education this is not represented in promotion - this a result of women taking time out of work to take care of family, women are less confident due to racial and gender stereotypes. On average we know women get paid 13% less than men for making the same contribution to their firms. 13% which cannot be explained in terms of occupation they work in, or their educational levels or their work experience or other characteristics - 13% is based on company bias and attitude towards women despite equal pay legislation which has existed for 124 years.- Maori and Pacifica paid even less than women in some case

Workforce ethnicity, as a result of migration we have observed an increase in cultural and ethnic diversity within countries. 213 different ethnic groups living in NZ (186 in Auckland). Diversity and inclusion is to the forefront of organisational agendas - greater understanding of religion and cultural differences. 1/5 workers in NZ were born outside nz and studies show they have a stronger skill set than native NZ'er. However migrants tend to have high turnover rate due to their priority of pay therefore companies have to work harder to maintain skilled employees'

Diversity management

Involves identifying and managing those employees characteristics likely to have a significant impact on the organisation's ability to achieve its strategic goals.

Reason why organisation engage in diversity management:

- legal obligation- cannot discriminate

- higher diversity results in higher satisfaction

- compete in highly competitive market

- avoid group think through environment diversification

- diversity of thought result in better innovation and creativity

"New ideas come from people with different perspectives, experiences and way of thinking"

Philippe Legrain, British Economist

Why is it so difficult for organisations to get diversity recruitment right?

- Unconscious bias (e.g accents, ethnicity, sexual preference, religion, gender)

Future of work

Most wanted skills by employers- soft and transferable skills more important than hard skills

- problem solving

- ability to work in a team

- communicate skills

- leadership

- strong work ethic

- Analytical/quantitative skills

- Initiative

- Detail-orientated

- Flexibility/Adaptability

- Technical knowledge related to the job

Lecture 20- Managing in a globalised world

What are the international challenges of globalisation?

Focus on the international dimensions of management- difference between domestic and international management - we're on the 4th wave of globalisation

What is globalisation?

A significant change in the world's economy - what's happening across countries

Today information is more accessible as we can access reports and news from overseas instantly, travel is more convenient as we can travel more quickly and at a lower cost, and technology is advancing for example applications like Skype means we can communicate to different parts of the world without cost.

% of world population with access to internet has increased dramatically, population consider internet a necessity

Cost of travel and communication between countries has decreased significantly, additionally countries have begun to deregulate through International trade agreement (EU, NAFTA (North American free trade agreement), APEC forum (Asia Pacific Economic Cooperation- 21 countries), SADC (Southern African Development Corporation- 16 states)- creates international trade system open opportunity for international trade without incurring trade barrier and tariffs

As economies have deregulated and markets have opened up and goods and services have moved overseas so too have people. Loosening visa requirements and travel agreements between countries have resulted in a significant rise from developing to developed economies (as people search for a safer or higher standard of living) which has led to greater diversity in culture - global village world becomes more connected - they bring with them new values, taste, and culture

The deregulation of economies and opening up of markets through the removal of trade barriers and tariffs provided and continues to provide opportunities for organisations to operate in a cost effective manner enabling them to source and outsource non-essential or non-core business or relocate production to where it is most cost effective

E.g boeing transport parts from all over world to be assembled in US

Because organisations now source their supplies and sell in a number of locations not bound by any sense of history or national loyalty which has led to an increase in the level of competition

Where organisation source their supplies and sell their goods/service has grow. In scope and led to an increase in competition - remember that for the reasons we have just outlined organisations now source their supplies and sell in a number of location not bound by any sense of history or national loyalty which has led to an increase in the level of competition

Drivers of globalisation

Opening up market, deregulation, reduction in the cost of communication, reduction in cost of travel

Globalisation

The process through which the global economy becomes increasingly interconnected, through which global and domestic organisations merge, and through which communication technologies blur traditional spatial and temporal boundaries - so if we were to define globalisation very simply it is the increasing interconnection or integration of economic market, through which convergence of consumer taste and management practices can occur facilitated by technology and the continued removal of trade barriers and tariff e.g opening up and deregulation of market

Globalisation key assumption

Key assumption is a social process in which the world becomes more integrated across a number of spheres - economic, political, and social and where people's taste and expectations begin to converge

New global order

Globalisation is not static- it changes over time and is subject to external factors, protectionism is a threat to globalisation - recent changes in US policy is seen to dampen down global trade e.g steel, communication (lock out Huawei), and oil/gas (restriction on external investment)

Whilst it is an attempt to protect domestic industry and increase employment - trade organisation and international monetary fund argues against protectionism as it is better for organisations to keep borders open.

One belt one road policy is a demonstration of China's strategy of becoming more globally integrated using old spice (land) and silk (sea) route which connected China to multiple countries (152 different countries) - opportunity more Chinese business to become more recognised, this is expected to be completed by 2049.

Ironic America forges open trade but has begun to close trade whereas China who originally had closed trades is now beginning to open up its borders

Organisations go global in the search for new markets, raw material (suppliers), more investment or capital, new advancement in technology, industry sector effect (competitors move to particular area so need to move to compete) and cheap and/or skilled labour

Assumption that company would go where it was cheapest but reason is more complex some companies seek labourers with greater skills

How do organisations globalise themselves

Being an international business means conducting commercial transaction/trading across national boundaries- typically occurs in one or more of the following ways for forms of business-

Market entry strategy

- global sourcing - materials or services are purchased around the world for local use (airline Boeing)
- Exporting - local products are sold overseas (Pills peanut butter)
- Importing - process of acquiring products abroad and selling them in domestic markets (Havana coffee- bean sourced overseas but roasted locally)
- Licensing agreement - occurs when a firm pays a fee for the rights to make or sell another company's product

Direct investment strategies

- Franchising - provides the complete package of support needed to open a particular business (McDonald's)

- Joint venture.- establishing operations in a foreign country through joint ownership with a local partner (NZ post partner with dolcher post to enter Australia)
- Wholly owned subsidiary - a local operation completely owned by a foreign firm (fiscal and pakyel), green fielding (sets up, build or buy factory), brand fielding (purchase existing company)

Multi-national corporations are the engines of globalisation as they move their raw materials, technology, capital, employees, goods and services from one country to another

-estimated to be over 100,000 MNC with 250,000 affiliates

-MNC account for 2% of jobs but 50% of world trade

-some MNC profit exceeds the GDP of a small country

Different types of MNC

Transnational - operate worldwide without being identified with one home country (Pwc, Unilever)

Virtual borderless - use internet to conduct service (microsoft, FB, Twitter), difficult to measure how much trade they engage in and how to tax these companies

Born global- trade internationally or globally from inception, don't use domestic growth patterns (get big nationally then move overseas) instead they go international straight away (Spotify, all birds) Digital economies have been erected quiet quickly e.g Insta, under etc. did not exist in 2007. These companies tend to be low hirer

How view of MNC has changed overtime

Source of employment> way to increase industrialisation> large powerful entities that dominate countries and impose a neoliberal form of capitalism

MNC host country advantages

-more tax (bypass paying taxes by registering as a holding company with few employees)

-more jobs

-tech transfer

-new industries

-professionalise staff -

sophisticated management practices

Disadvantages

-MNC transfer profit back to home country (profit repatriation)

-Powerful in local market (leverage) e.g Warner brother wanted to change employee contract but constrained by legislation although NZ changed to accommodate

-Low skill

Host Country Advantages



Figure 4.4 p104

Uber vs Didi

Didi pushed out of market bc didi used political power, exit strategy of uber was to invest in large proportion of didi

Home country concerns

-Footloose, ability to relocate production overseas

-Ethical behaviour, child labour (e.g. Nike child labour, Dhaka garment collapse)

Domestic vs International business

Environment they operate in become more complex

Companies need to take account of

-Difference in level of competition

- legal system
- customer taste
- tech difference
- social difference
- political system

Cross cultural management is key to operating internationally - poses some of the greatest challenges for companies

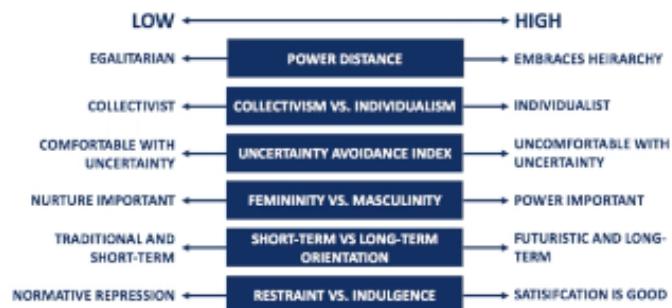
Culture

Is the shared set of beliefs, values and patterns of behaviour common to a group of people

Concept developed by Geert

Hofstede - culture is the collective programming of the mind which distinguishes the members of one group from another

Biggest challenge for MNC is to manage across all of these cultures, Hofstede created 6 dimensions of culture and argue that countries can be placed on a scale based on these



F

Lecture 21- Managing in Aotearoa

What makes Aotearoa a unique environment to work and manage in

- History
- Culture
- Economy

How does the unique history of NZ impact working and managing in NZ?

1300- Maori arrived in NZ, Tribal society, Sub tribes, Had own unique culture

1642- Abel Tasman arrives in NZ (Nelson, Golden bay), Scared off by Maori - never left boat

1769- James Cook arrives in NZ (Endeavour), had experience with other pacific cultures, resulted in positive relationship and more British settlers coming to NZ

1840- Treaty of Waitangi

Taha Maori

The many sides or elements of something or someone (e.g. person or group)

For a long time NZ Taha was stigmatised- not only by Pakeha but also Maori themselves (Maori identity to be ashamed of and hidden), e.g. Ben's grandfather

Things are changing in NZ as Taha Maori is increasingly embraced as a key element of our national identity e.g. Ben wanted a tangaroa cake (Maori god of the sea), Maori Language Act 1987 (clause 3 Maori is to be official language)

In the past 30 years, monetary settlements arising from Waitangi Tribunal hearings have led to the emergence of an entire "Maori economy"

Treaty of Waitangi was signed by a majority of tribes in 1840, unfortunately there were many ambiguities in the treaty as a result of mistranslation, which was used in advantage to the Pakeha people to claim land and gain monetary assets. In 1970 historical record of land purchase revealed that many land purchases were unlawful - hence the Waitangi Tribunal was erected to deal with these claims

The majority of Gains from tribunals has been invested into businesses by many tributes (Maori authorities)

- Maori authorities export to 58 countries
- China, Australia, USA

-Majority of export from primary industries (Kaimonana (seafood), Daiy, Meat and fish preparations

From a management and general career standpoint knowledge of and familiarity with NZ taha maori is very advantageous

-be open with cultural limitation - makes you seem humble and make other party feel like expert

-Quadruple bottom line is ancient within Te Ao Maori - measure success on multiple dimension (not just monetary) e.g story of how earth began

-Whanaugatanga build and maintain strong relationship

How do cultures of NZ impact our work and management in NZ

Not only is NZ a multicultural country our citizens are becoming more diverse as a result cultural intelligence is vital for managing and working successfully in this country

Cultural intelligence

An individual's capability to function and manage effectively in cultural diverse settings - how good is someone of reading norms of cultures, learning about new cultures, navigating cultures by dealing with people

Developing your cultural intelligence in NZ will set you up very well for managing and working overseas

How can we do this

-immerse yourself in other cultures

-Ask questions about other cultures

-Avoid homophily, tendency to prefer associating with similar others (e.g age, gender, culture)

How does the economy of NZ impact working and managing within NZ?

Nz economy reliant on 4 F's

-Forestry

-Farming

-Fishery

-Foreigners

The problem is that NZ's current state is unsustainable (effects availability of resources for future generation) and inefficient (not as much returns as investment)

The greatest challenge for managers and entrepreneurs is to future-proof our economy

"100 inspired NZ entrepreneurs can turn this country around. That is the challenge for us all" - Sir Paul Callaghan

How can we do this?

Being awesome at weird but valuable stuff that "big players" don't care about e.g Xero eliminates need/cost for accountant

Lecture 22- 21st century workplace

Features of 21st century that have most impact on organisation and management

Technology

Values

Attitudes to work

How is technology changing today's workplace?

Increasingly technology is doing jobs that humans used to do - and frequently doing these jobs better than humans can do them e.g AI can diagnose lung cancer, AI can grade paper

"In the 20th century a relatively small elite exploited masses of people, the masses felt exploited but they were still very important. You could not run an economy without them.. In the 21st century the main struggle will be about irrelevance

-Advancement in technology means we need additional skills

Digital literacy

Digital literacy requires a variety of strategies and skills, including:

- critical thinking - question how authentic valid and useful digital information is
- communicating and collaborating with others in the digital space
- using digital tools to design and create compelling original content
- using digital tools to access use and share information

Lifelong learning

Continuously learning from daily experiences and opportunities (hunger to continuously learn) - Live as if you were to die tomorrow. Learn as if you were to live forever (Mahatma Gandhi)

How are collective values changing today's workplace

Hofstede cultural values

Schwartz's theory of basic human values

Human values across world can be categorised into 4 categories: open to change, self-transcendence, conservation, self-enhancement

In the 21st century the values of universalism and benevolence are having a significant impact on workplaces

Universalism and benevolence - enhancement of others and transcendence of selfish interest

e.g. concern for pay gap, demand for equity over equality (need vs equal)



Positive outcome of shift in societal values

-multiple perspectives

Challenges of value shift

-group think need for devil's advocate

-focus too much on social category as a result we overlook their individual quality (competence and skill) e.g. men and women apply for same job, but women may be selected although the man is more competent to fit the role

-employees hear so much about equality they begin to resent it e.g. less talk, more action, diversity fatigue: an individual or collective sense of exhaustion and boredom about issues of diversity and inclusion in the workplace

The shift to values of universalism and benevolence has many benefits but may also create some new challenges for managers and organisations

How do people's attitudes toward work change workplace today

In the 21st century people look to their work as a valuable source of identity, community and purpose but this wasn't always true in the past; this was found more in religion and family - "if you find a job you love you'll never work again" (Winston Churchill)

People feel that a large part of who they are is based on how well they do and gives them a sense of direction as a result, people form strong personal attachments to work which creates new opportunities for managers/organisations.. e.g. SPCA wouldn't exist if people didn't identify strongly with their work which relies on people's intrinsic values

Problems which were faced by managers in the past were lazy workers but in the 21st century a manager's biggest problem are workaholic employees

Workaholism

The compulsive inner drive to work hard (mindset not physical) - mentally chained to job e.g. World Health Organisation added 'burnout' as a medical disease

Burnout

Chronic workplace stress that has not been successfully managed, characterised by 3 symptoms:

- 1 feeling of energy depletion or exhaustion
- 2 increased mental distance from one's job or feelings of negativism or cynicism related to one's job and;
- 3 reduced professional efficacy

Henry Fayol's 5 duties of Management

- Foresight
- Organisation
- Command
- Coordination
- Control

In the 21st century it's fair to say that managers have an additional C duty

Caring, for the well-being of both ourselves and employees/co-workers

This is good for employee's wellbeing bc managers are taking a more proactive role but it's a balancing act between caring for others and caring for ourselves so it's very important to keep a balance so you can also pursue your own goals