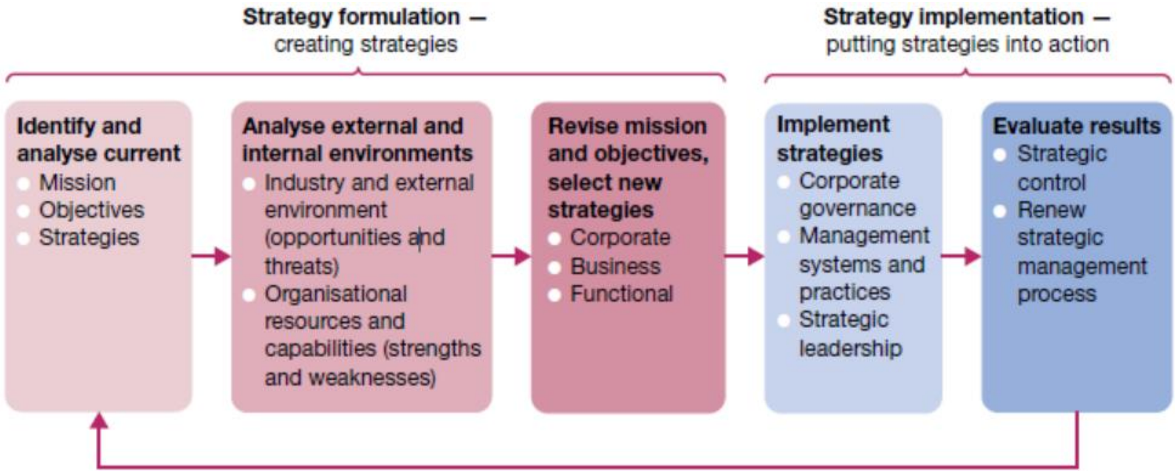
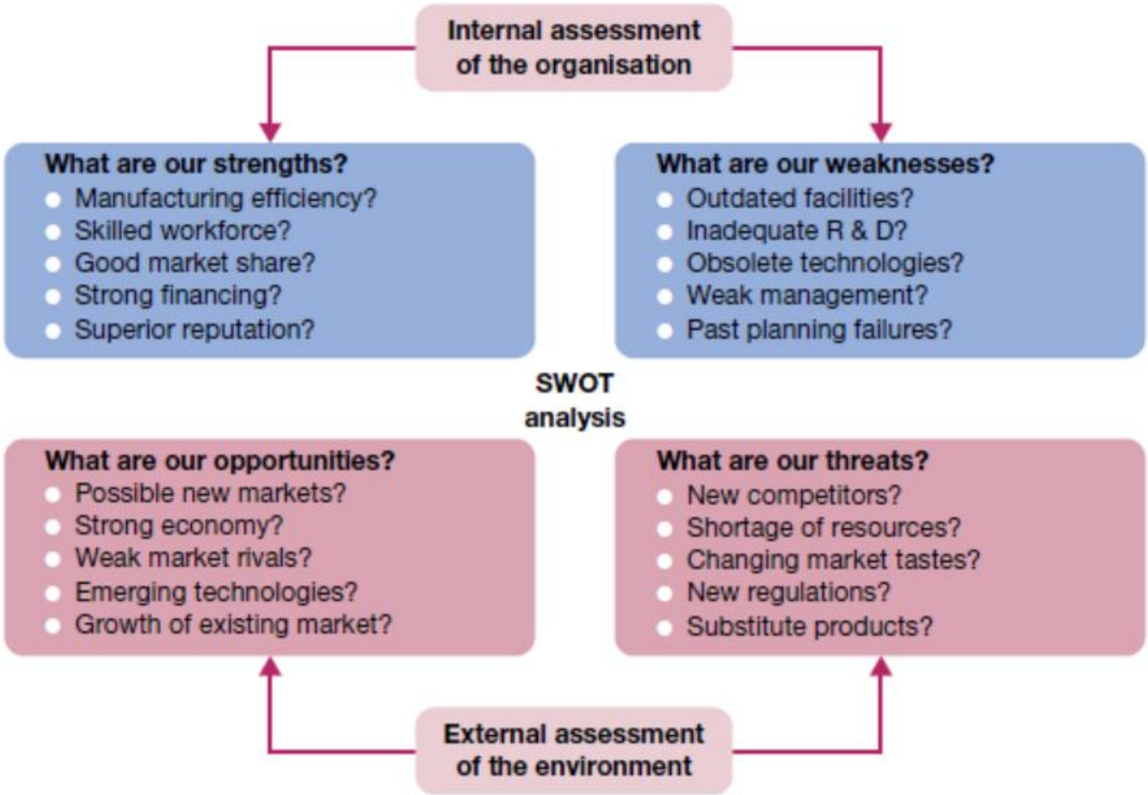


According to Peter Drucker, the operating objectives of a business might include:
i. *profitability* — producing at a profit in business
ii. *market share* — gaining and holding a specific market share
iii. *human talent* — recruiting and maintaining a high-quality workforce
iv. *financial health* — acquiring capital; earning positive returns
v. *cost efficiency* — using resources well to operate at low cost
vi. *product quality* — producing high-quality goods or services
vii. *innovation* — developing new products and/or processes
viii. *social responsibility* — making a positive contribution to society.



Michael Porter offers the five forces model as a way of adding sophistication to this analysis of the environment

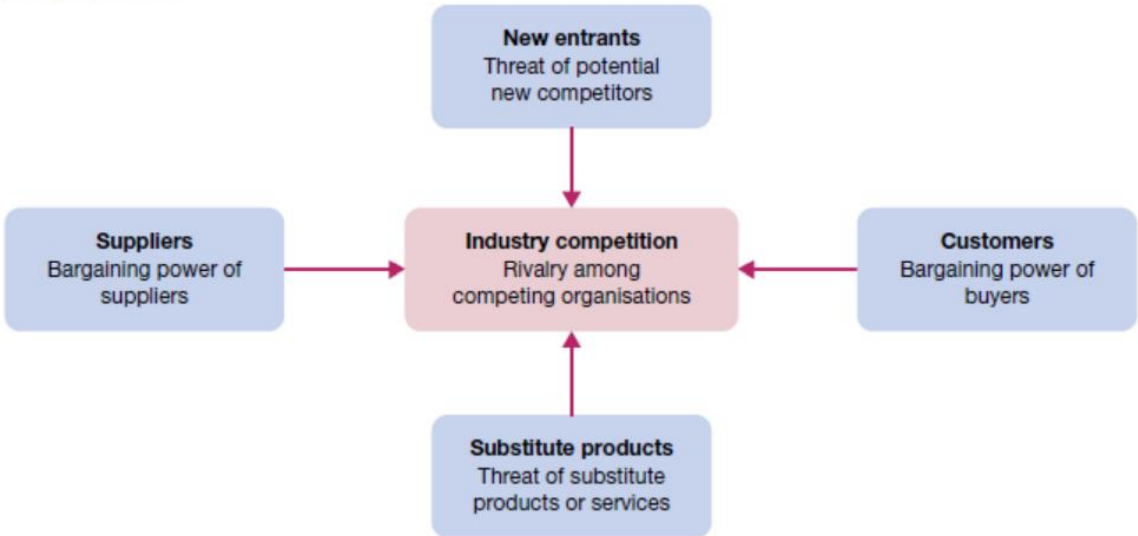


Fig 4.3.4 Porter's model of five strategic forces affecting industry competition

Porter's framework for competitive industry analysis directs attention towards understanding the following forces:

1. *industry competitors* — intensity of rivalry among firms in the industry
2. *new entrants* — threats of new competitors entering the market
3. *suppliers* — bargaining power of suppliers
4. *customers* — bargaining power of buyers
5. *substitutes* — threats of substitute products or services.

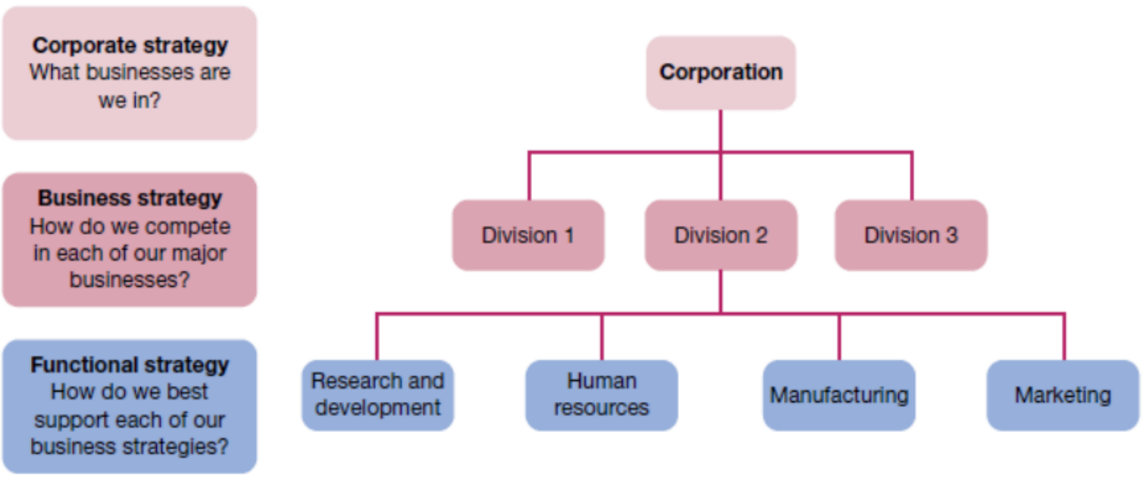
- Threat of New Entrants:
  - Low entry barriers
  - Low R&D expense
  - Not much specialized knowledge required
  - Production and labor cost is relatively lower in some cities

- Competitive Rivalry:
  - High competition
  - A lot of well-established companies with significantly large resources and process patents

- Supplier Power:
  - Low because the company has many suppliers

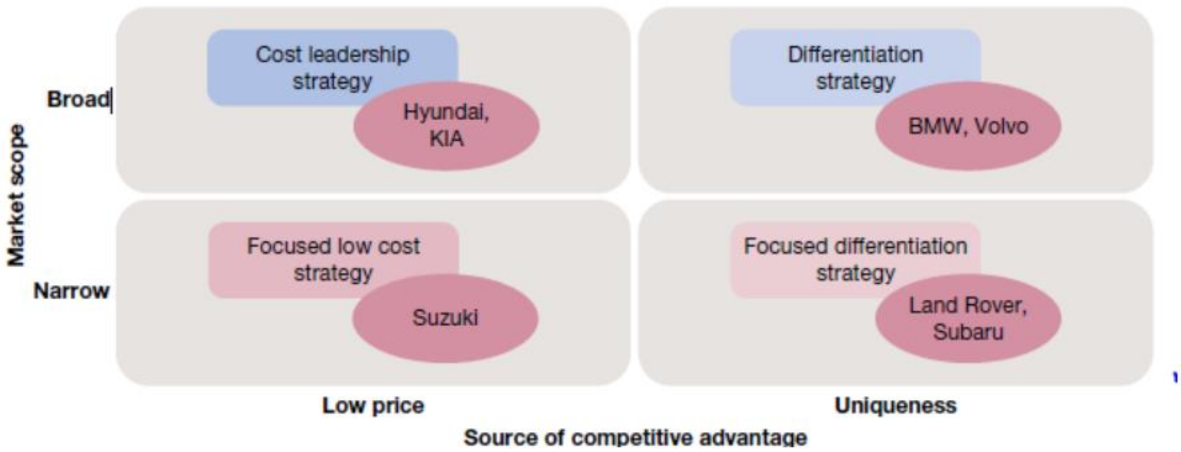
- Threat of Substitution:
  - Low threat due to high brand loyalty

- Buyer Power:
  - Higher bargaining power for wholesalers as they can switch with low cost
  - Lower bargaining power for retail customers as they are loyal to the brand



remember this goal and the need for **sustainable competitive advantage**. The major *opportunities for competitive advantage* are found in the following areas:

i. *cost and quality* — where strategy drives an emphasis on operating efficiency and/or product or service quality
ii. *knowledge and speed* — where strategy drives an emphasis on innovation and speed of delivery to market for new ideas
iii. *barriers to entry* — where strategy drives an emphasis on creating a market stronghold that is protected from entry by others
iv. *financial resources* — where strategy drives an emphasis on investments and/or loss sustainment that competitors can't match.



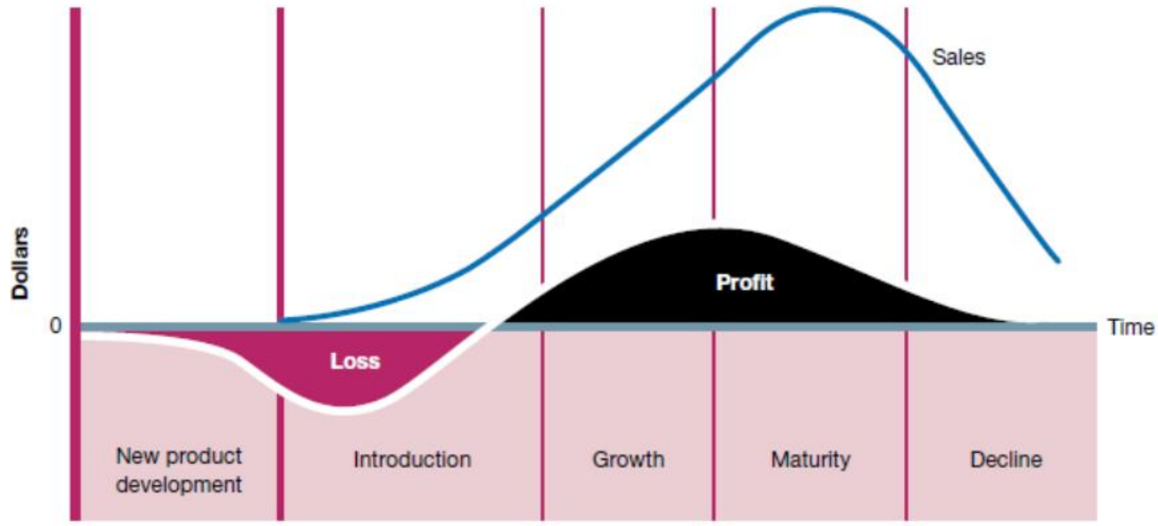
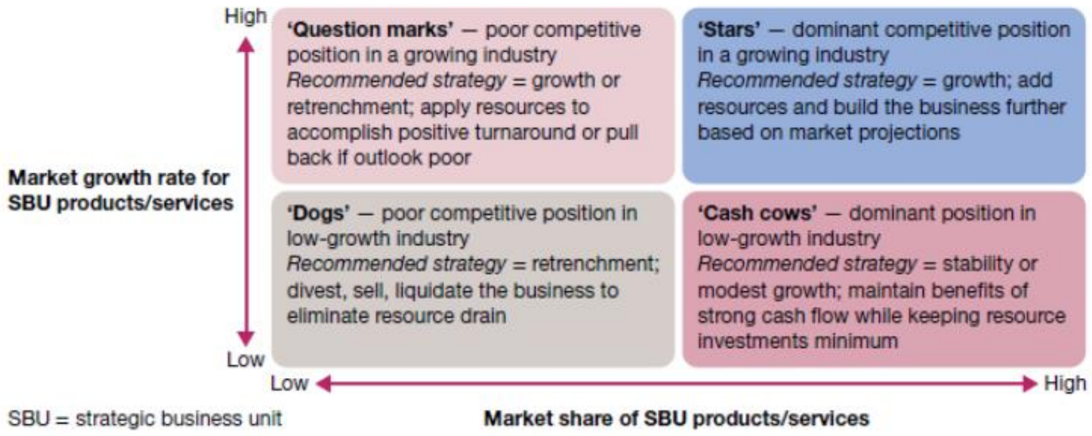
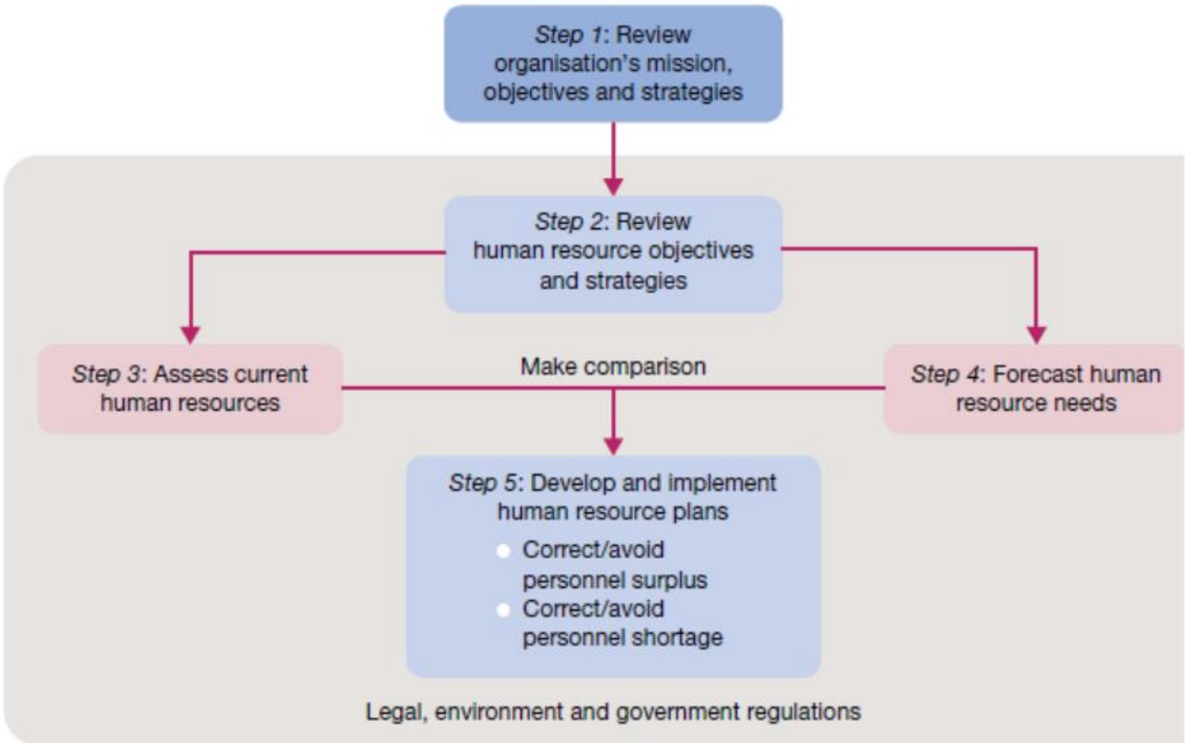


Fig 4.5.2 The product life cycle



Unit 5



Steps in strategic HR planning

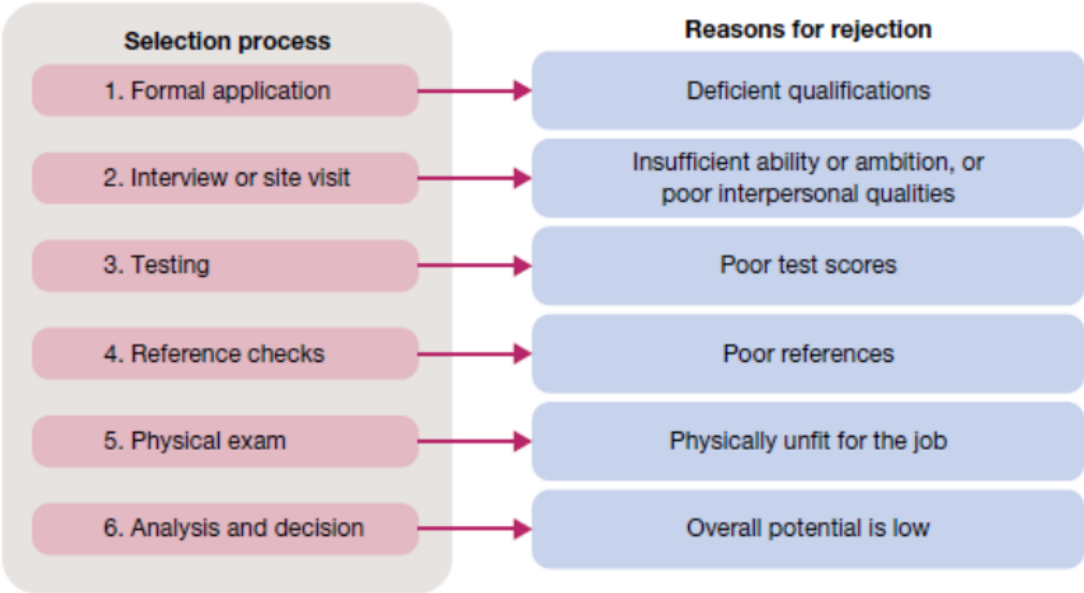


Fig 5.2.1 Steps in the selection process: the case of a rejected job applicant

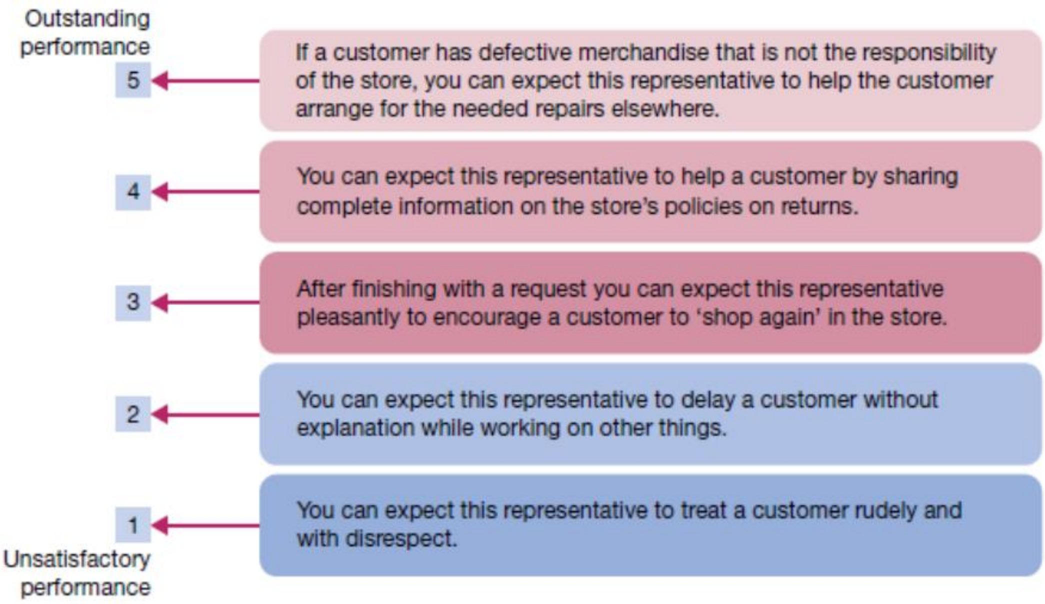


Fig 5.3.2 Sample behaviourally anchored rating scale for performance appraisal

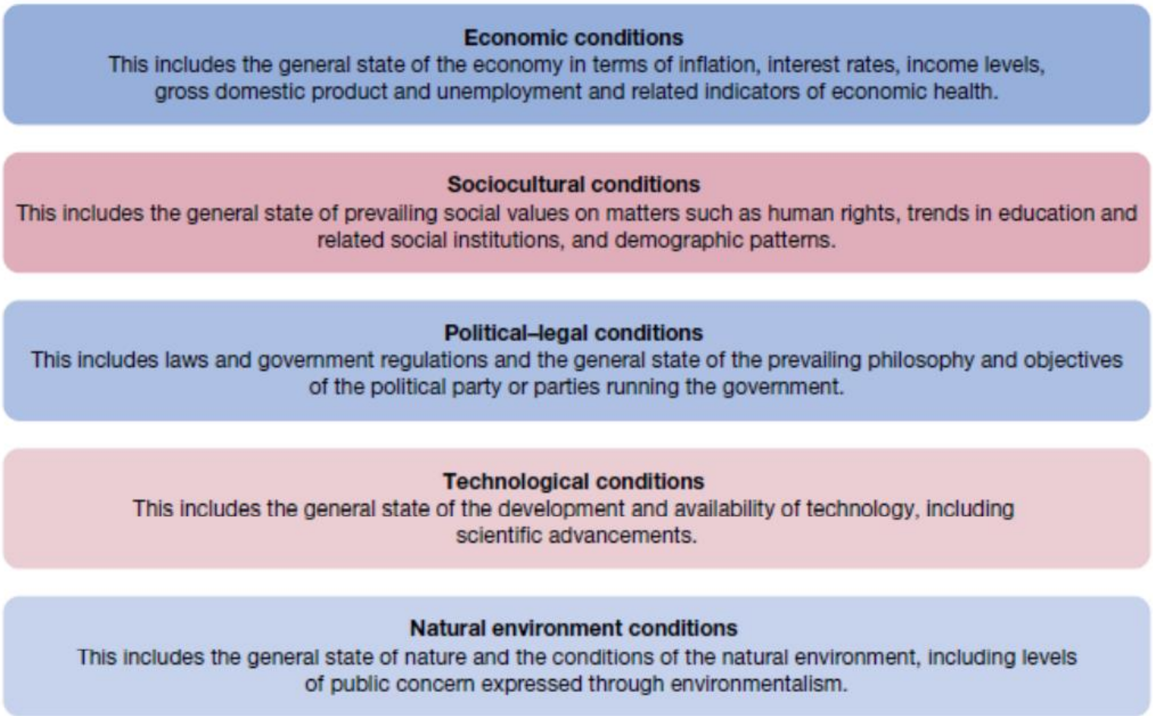


Fig 5.4.1 Major elements of an organisation's general environment

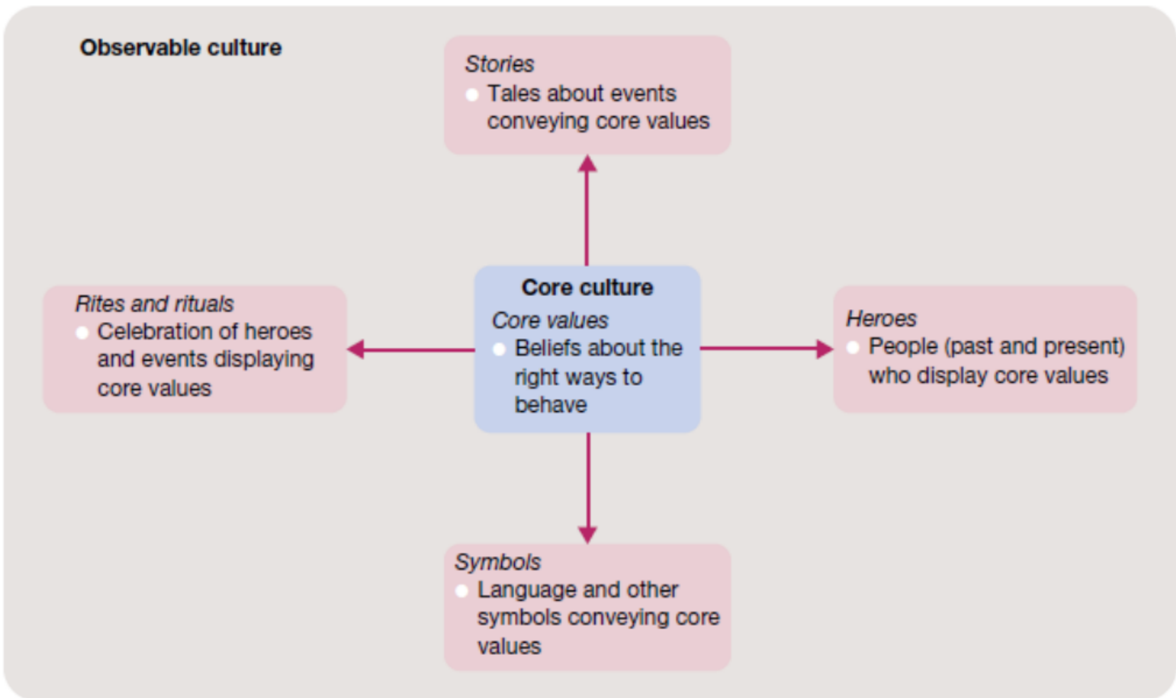


Fig 5.5.1 Levels of organisational culture — observable culture and core culture

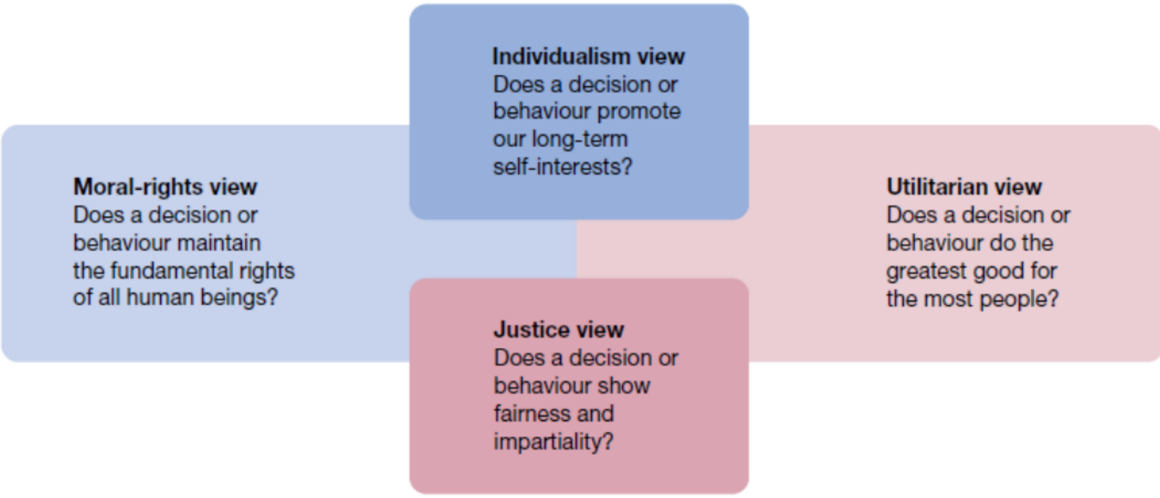


Fig 5.6.1 Four views of ethical behaviour

Ethical problems faced by managers
There are many potential sources of discomfort in managerial decision - making, including those with ethical overtones. Some of the problem areas or situations where managers can get caught in ethical dilemmas include:

- *discrimination* – where a manager denies promotion or appointment to a job candidate because of the candidate's race, religion, gender, age or other criterion not relevant to the job
- *sexual harassment* – where a manager makes a co - worker feel uncomfortable because of inappropriate comments or actions regarding sexuality.
- *conflicts of interest* – where a manager takes a bribe or kickback or extraordinary gift in return for making a decision favourable to the gift giver
- *customer confidence* – where a manager has privileged information regarding the activities of a customer and shares that information with another party
- *organisational resources* – where a manager uses official stationery or a company email account to communicate personal opinions or requests to community organisations.

this?' In fact, there are at least four common rationalisations that are used to justify misconduct in these and other ethical dilemmas.
i. Convince yourself that the behaviour is not really illegal.
ii. Convince yourself that the behaviour is really in everyone's best interests.
iii. Convince yourself that nobody will ever find out what you've done.
iv. Convince yourself that the organisation will 'protect' you.

Fig 5.6.3 Factors influencing ethical managerial behaviour — the person, organisation and environment

A sample formal Code of Vendor Conduct, among the many areas covered, the document specifically deals with:

- *discrimination* – stating 'Factories shall employ workers on the basis of their ability to do the job, not on the basis of their personal characteristics or beliefs'
- *forced labour* – stating 'Factories shall not use any prison, indentured or forced labour'
- *working conditions* – stating 'Factories must treat all workers with respect and dignity and provide them with a safe and healthy environment'

- *freedom of association* – stating 'Factories must not interfere with workers who wish to lawfully and peacefully associate, organize or bargain collectively.