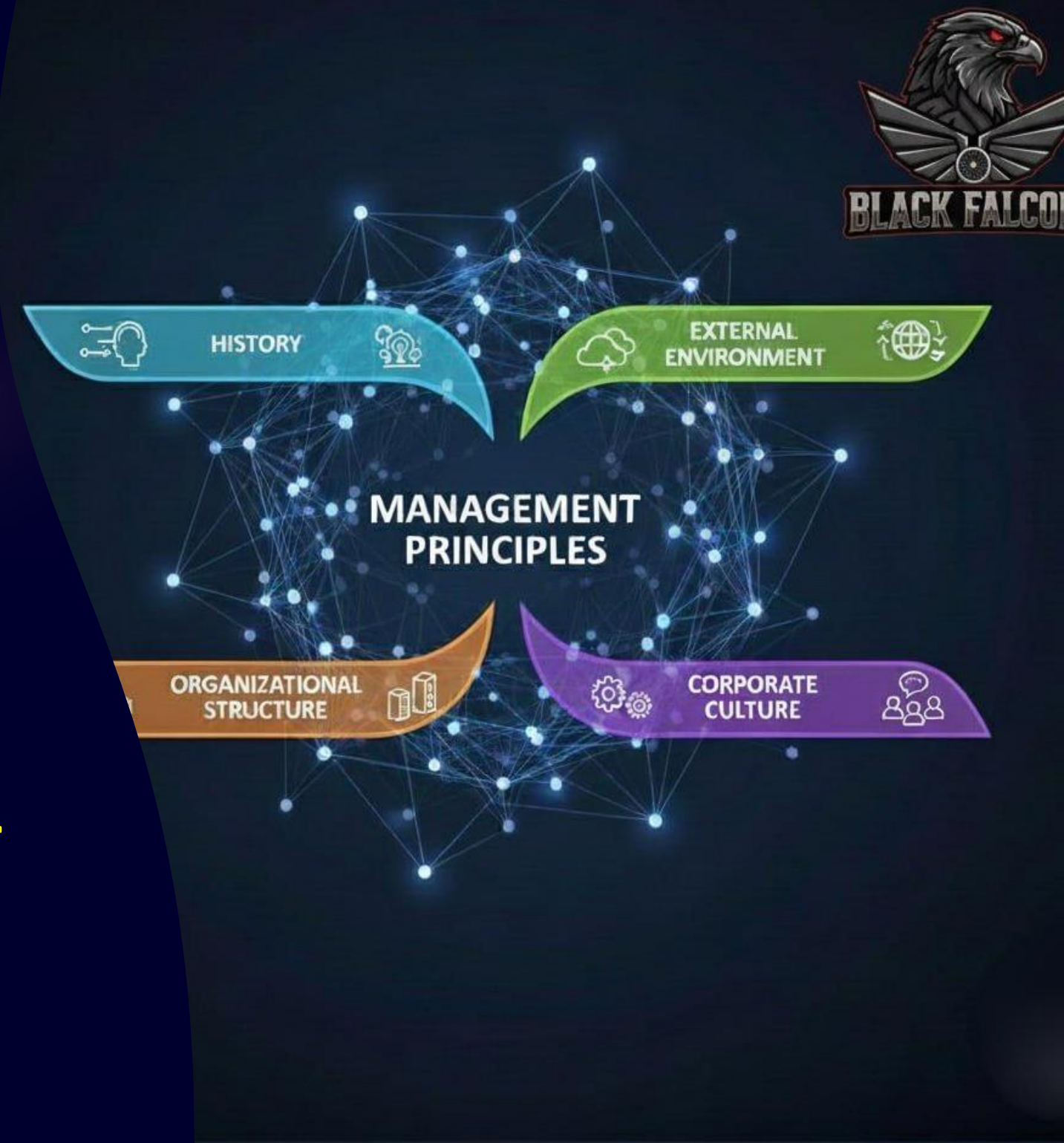


Principles of Management in a Dynamic World

"Thank you for that start. Today, we move beyond the textbook to explore why successful management is not a fixed science but an art that depends entirely on the external environment. Our goal is to give you a clear framework for analyzing any organization by dissecting its history, structure, and culture. By the end of this presentation, you will have the blueprint for leading any company in a rapidly changing world."

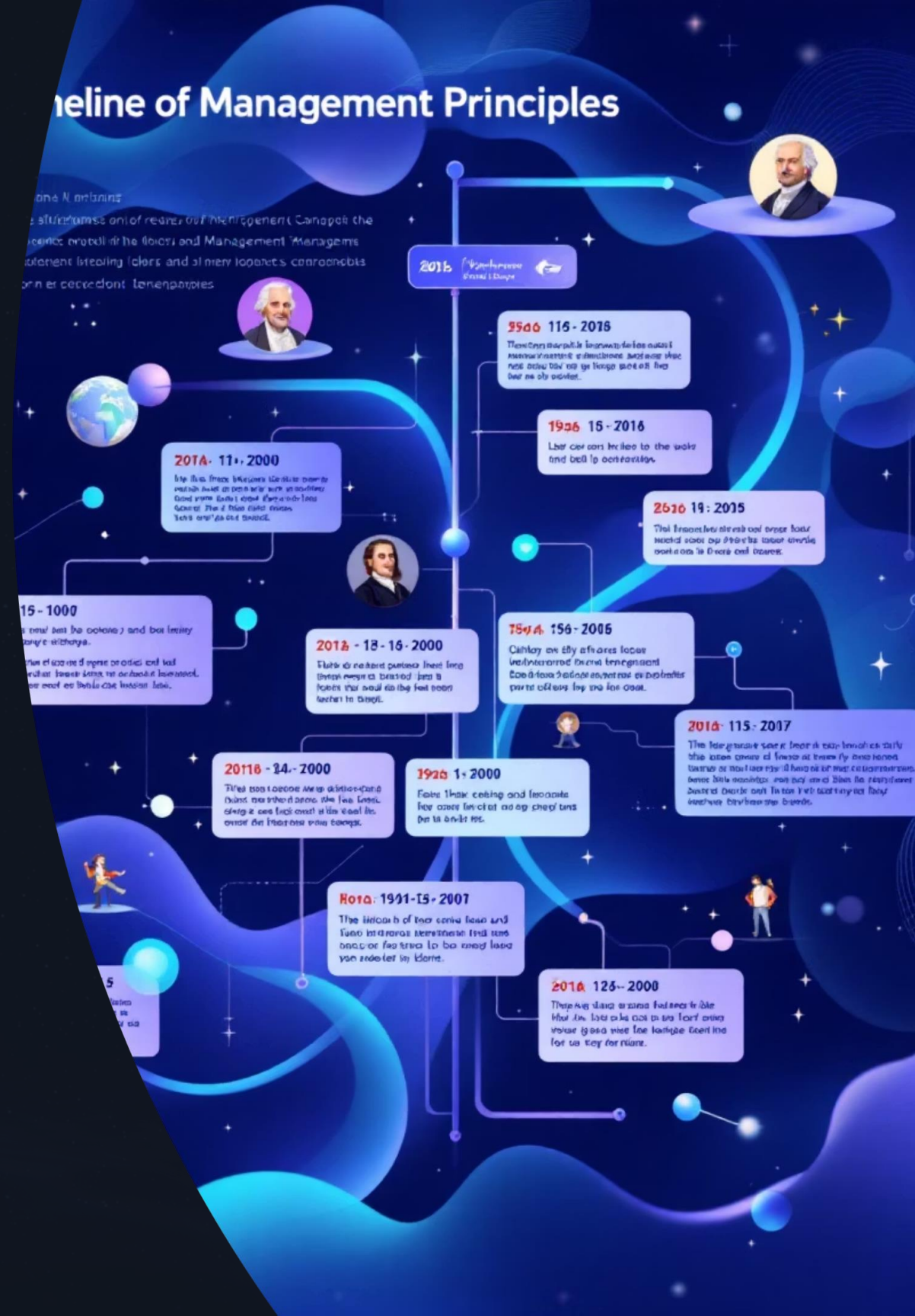
Who are we ?

We are a group of friends who like to deliver information to you in a simple way. We are *Black Falcons* consisting of (Ziad Shahin , Ahmed Hossam , Bellal Arafa , Khaled Mohammed, Ahmed Morsy)



Modern Management Principles: From History to Application

A Journey Through Management Thought, Corporate Environment, and Organizational Structures



Presentation Contents

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Evolution of Management Thought

(From Human Relations to Contingency)

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Organizational Structures

(Mechanistic vs. Organic)

02

The External Environment

and its Impact on Organizations

04

Corporate Culture

and its Types

The Shift Toward the Social Aspect

This movement focused on the social element of work rather than just laws and production.

The Hawthorne Studies:

Began as an experiment to measure the impact of lighting on productivity.

Result:

Researchers discovered that paying attention to workers and social factors increased productivity more than physical factors.

Theories of Barnard & Follett

Chester Barnard:

- Introduced the concept of the "Zone of Indifference".
- **Idea:** Workers comply with orders if they are indifferent to them, provided they do not conflict with personal interests.

Mary Parker Follett:

- Focused on "Conflict Resolution".
- Proposed "Integration" as a better solution than dominance or compromise, where both parties find a mutually satisfying solution.

Chester Barnard's "Zone of Indifference"



Mary Parker Follett's "Integration"



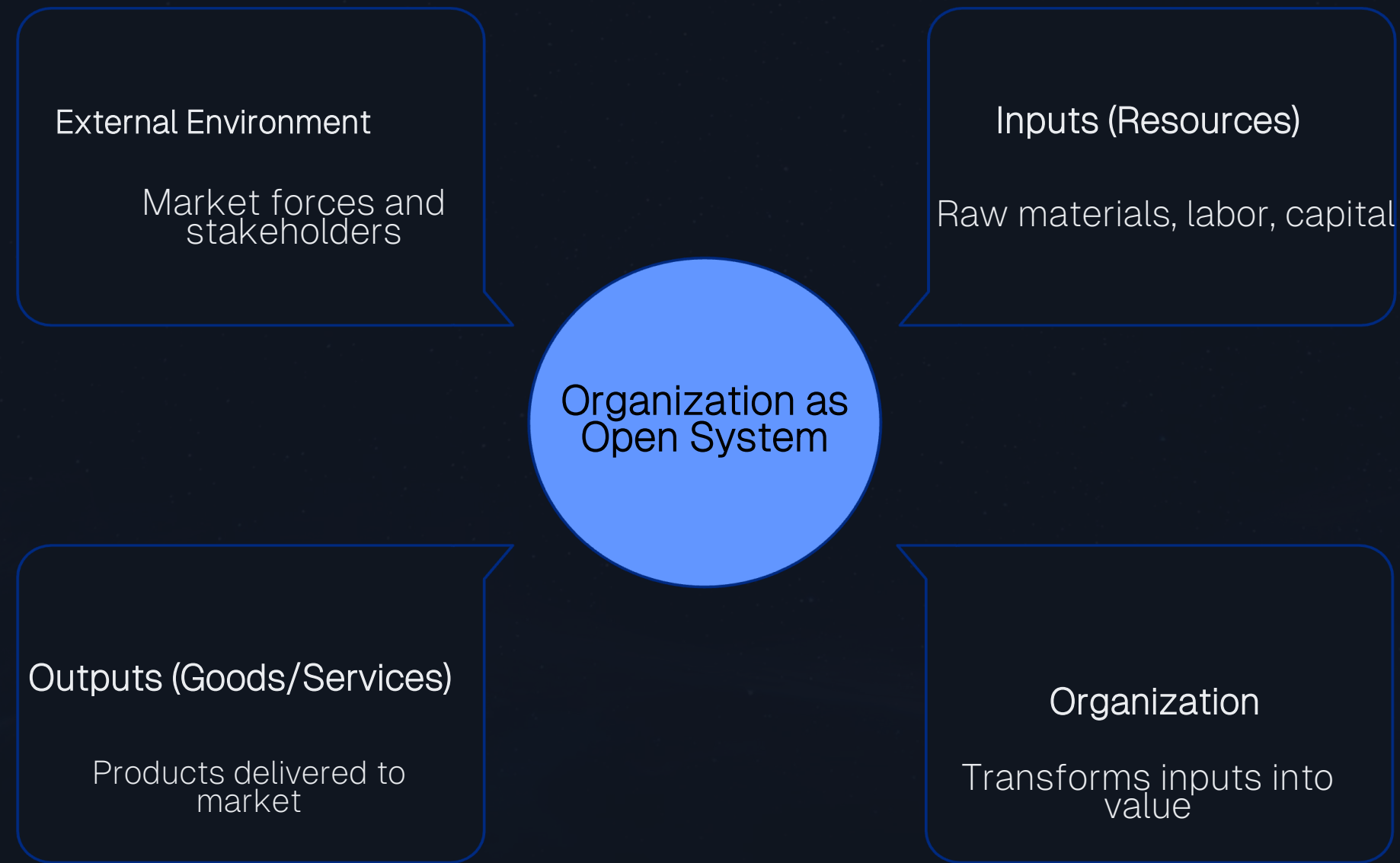
The Organization as an Open System

Core Concept:

The firm is an "Open System" that continuously interacts with its surrounding environment.

Mechanism:

- The organization takes **Inputs** (resources) from the external environment.
- It transforms them internally to produce **Outputs** (goods/services) that return to the environment.





Management Depends on the Situation

Core Idea:

There is no single "best way" to manage that works for every time and place.

"It Depends" Principle:

Every situation is unique and requires a different managerial response based on internal and external variables.

Conclusion: Evolution of Management Thought

Human Element

The transition from a strict physical focus to prioritizing the human element.

Environmental Interaction

Understanding the organization as part of a larger environment that it affects and is affected by.

Situational Flexibility

Flexibility in management based on the situation is the key to modern success.

Group 2: The External Environment


What is the External Environment?

It is the encompassing layer of all factors and forces **outside** the organization's boundaries that impact its operations and performance.

Organizations must constantly **monitor** and **adapt** to these external forces to maintain competitiveness and survival.

The environment is typically broken down into Economic, Technological, Sociocultural, and Natural forces.





Key Drivers: Economy & Technology

Economic Forces:

- Include factors like **Interest Rates**, **Inflation**, and global **Wage Levels** that affect operating costs.
- **Globalization** has created a single integrated world economy, introducing intense competition and new market opportunities.

Technological Forces:

- Rapid advancements in **Artificial Intelligence (AI)** and the Internet continuously disrupt business models and change how work is performed.
- Technology is a critical factor influencing efficiency and innovation across all departments.



Society and Nature: Unavoidable Impacts

Sociocultural Forces:

- These involve **Demographic Changes**, shared **Values**, and cultural **Customs** that shape consumer habits and employee expectations.
- **Example:** Shifting workforce demographics demand greater **diversity** and flexible work arrangements.

Natural Disasters:

- Environmental events and climate change pose a direct threat to infrastructure, supply chains, and resource availability.



Understanding Environmental Uncertainty

Assessing Environmental Ambiguity ?

The level of risk and unpredictability faced by an organization is determined by two dimensions:

- **Complexity:** The number of external elements the organization must manage (e.g., many competitors, many regulations).
- **Rate of Change:** How frequently and quickly these elements change (stability vs. dynamism)

Classifying Environmental Types

Environment Types: Stability vs. Complexity

Simple + Stable Environment:

- Characterized by **Low Uncertainty** (e.g., slow-moving, heavily regulated industries).

Complex + Unstable Environment:

- Characterized by **Very High Uncertainty** and rapid changes (e.g., high-tech startups, volatile markets).

Group 3: Organizational Structures

Structure & Environment Fit

Organizational Structure: The Blueprint of Work 🏢

Key Concept: Structure is the formal system that defines how tasks are divided, grouped, and coordinated.

The type of structure chosen **must align** with the organization's external environment (**Environment-Industry Fit**).

The primary decision is balancing **Rigidity (Mechanistic)** versus **Flexibility (Organic)**.

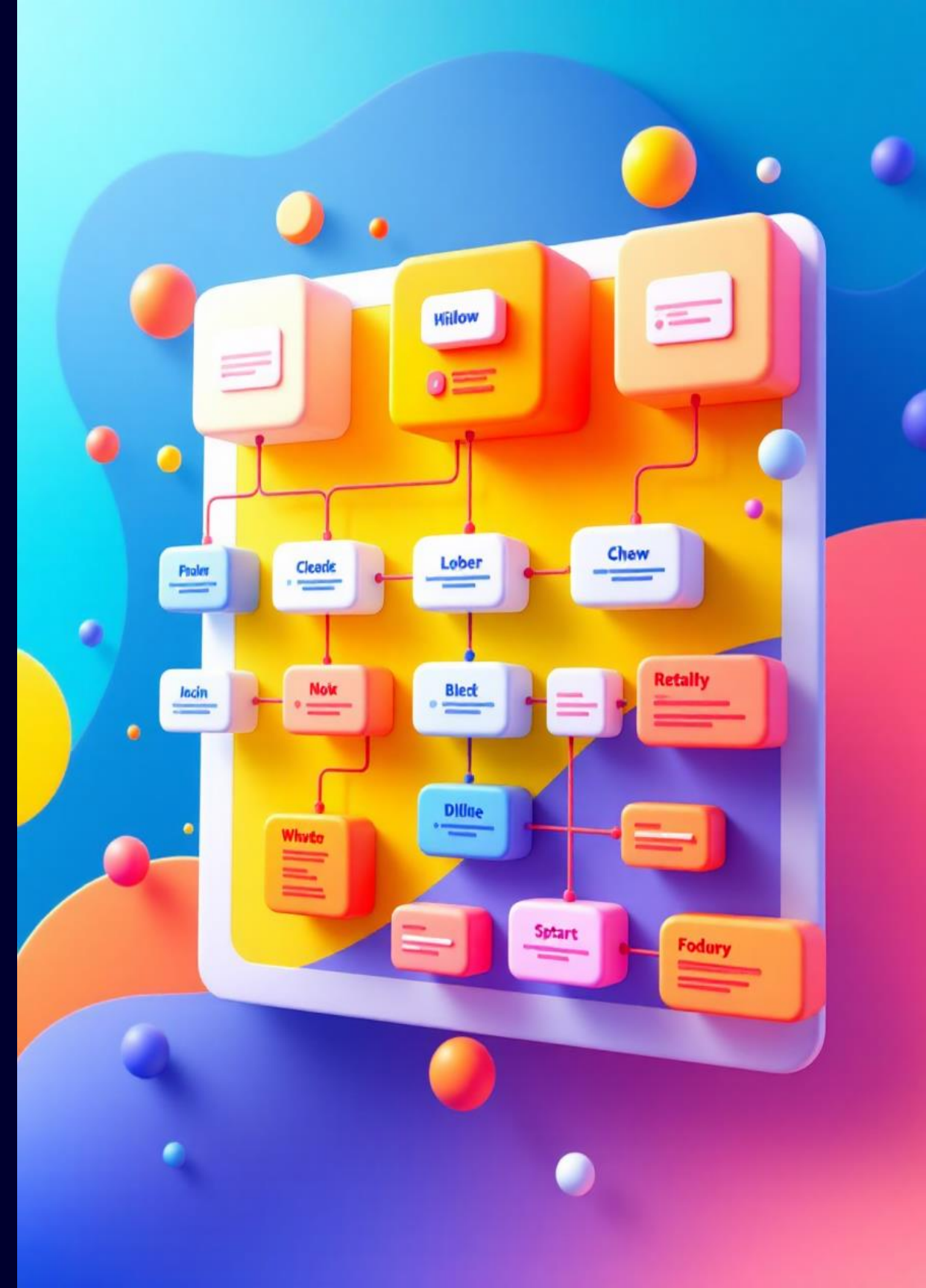
The Mechanistic Structure

Mechanistic Structure: Order and Centralization

Best Fit: Stable, simple environments (Low Uncertainty).

Characteristics:

- **Rigid Hierarchy** (Clear chain of command, top-down control).
- **Centralization** of decision-making authority.
- High **Formalization** (Strict rules and procedures).
- Emphasis on efficiency and specialization.





Characteristics:

The Organic Structure

Organic Structure: Adaptability and Empowerment 🌿

Best Fit: Dynamic, complex environments (High Uncertainty).

- **Flexible Networks** (Horizontal and lateral communication).
- **Decentralization** (Decisions made closer to the action).
- Low **Formalization** (Adaptive, few rigid rules).
- Focus on **Empowerment** and rapid innovation.

Traditional Structural Designs

Common Organizational Designs 🏢

- **Functional Structure:** Grouped by specialized expertise (e.g., Marketing, Finance, HR).
 - *Pro:* Encourages deep professional expertise.
- **Divisional Structure:** Grouped by **Product** or **Customer Segment** or **Geographic Region**.
 - *Pro:* Allows managers to focus clearly on specific results or markets.
- **Geographic Structure:** Division based on physical location to serve local customer needs.

Complex and Contemporary Designs

Modern and Adaptive Structures ✨

- **Matrix Structure:** Combines functional and project divisions. Employees report to **two managers (Dual Reporting)**, balancing efficiency and project focus.
- **Networked Team Structure:** Highly flexible, utilizes temporary, cross-functional teams for project execution.
- **Virtual Structure:** Decentralized organization that relies heavily on **Technology** and outsourcing, operating without traditional office boundaries (e.g., many modern tech companies).



📌 4 Corporate Culture & Conclusion

Corporate Culture: The Organization's DNA 🎭

Corporate Culture: The Organization's DNA 🎭

Concept: Culture is the system of shared beliefs, values, and assumptions that govern how people behave in an organization.

It acts as the "**Social Glue**" that holds the organization together.

Culture must align with the environment and the chosen structure (Mechanistic or Organic) to ensure success.

McKinsey 7-S Model: Highlights the internal interconnectedness of Strategy, Structure, Systems, Shared Values, Staff, Style, and Skills.

The Competing Values Framework (CVF)

Classifying Culture: The CVF

The **Competing Values Framework** categorizes cultures based on two dimensions: **Focus (Internal/External)** and **Flexibility (Stability/Flexibility)**.

- **Adhocracy Culture:** (External Focus + Flexibility)
 - *Focus:* Innovation, risk-taking, entrepreneurship (e.g., Google).
- **Clan Culture:** (Internal Focus + Flexibility)
 - *Focus:* Collaboration, mentorship, family-like environment, empowerment.
- **Hierarchy Culture:** (Internal Focus + Stability)
 - *Focus:* Control, efficiency, strict rules, and formal processes.
- **Market Culture:** (External Focus + Stability)
 - *Focus:* Results, achievement, high competition, goal orientation.



Final Recap & Discussion

Key Takeaways for Modern Management

- **Historical Foundation:** Modern management blends scientific efficiency with the human element (**Human Relations Movement**).
- **Contingency is Key:** There is no single "best way." The optimal approach depends on the external environment (**Contingency School**).
- **The Fit:** Successful organizations ensure a strong fit between their **External Environment**, their **Organizational Structure** (Mechanistic vs. Organic), and their **Corporate Culture**.
- **Discussion Point:** How can a large, established corporation successfully shift its culture from a **Hierarchy Culture** to an **Adhocracy Culture** to embrace digital transformation?