

ADM1100 – Review
Winter 2013
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Chapter 1 – Management and Managers

Management

Management

- Process of planning, organizing, leading and controlling an enterprise's financial, physical, human and information resources to achieve the organization's goal of supplying various products and services.
- It is a process of assembling and using sets of resources in a goal-directed manner to accomplish tasks undertaken in organizations.

Efficiency

- Achieving the greatest level of output with a given amount of input.
- Means doing things right.

Effectiveness

- Achieving the organizational goals that have been set.
- Means doing the right things.

Resources

- Human, financial, material and information.

Goal

- To accomplish tasks that lead to performance.
- Successful performance = profitability over time.

Specific and General Management Activities

Planning

- The process of determining the firm's goals and developing a strategy for achieving them.
- Choose appropriate organizational goals and courses of action to best achieve those goals
- **Steps of Planning**
 1. Goals are established for the organization.
 2. Managers identify whether a gap exists between the company's desire and actual position.
 3. Managers develop plans to achieve the desired goal.
 4. The plans that have been decided upon are implemented.
 5. The effectiveness of the plan is assessed.Actual results are compared with the planned performance.
- **Hierarchy of Plans**
 1. **Strategic Plans**
 - Set by top managers
 - Reflect decisions about resource allocations, company priorities and steps needed to meet strategic goals.
 2. **Tactical Plans**
 - Involve upper and middle management
 - Shorter-range plans concerned with implementing specific aspects of the company's strategic plans.
 3. **Operational Plans**
 - Developed by middle and lower-level managers.

- Short-term targets for daily, weekly, or monthly performance.

Organizing

- Mobilizing the resources that are required to complete a particular task.
- Establish task and authority relationships that allow people to work together to achieve goals.

Leading

- Involves the interactions between managers and their subordinates as they both work to meet the firm's objectives.
- Motivate, coordinate and energize individuals and groups to work together to achieve organizational goals.
- Leaders attempt to guide and motivate employees to work in the best interests of the organization.

Controlling

- The process of monitoring a firm's performance to make sure that it is meeting its goals.
- Establish accurate measuring and monitoring systems to evaluate how well the organization has achieved its goals.
- Control can also show where performance is better than expected and thus can serve as a basis for providing rewards or reducing costs.
- **The Control Process**
 - Establish standards → Measure performance → Measured performance = standards?
 - Yes: Continue current activities
 - No: Adjust performance or standards

Managers

Most managers rarely do anything

Managerial work: thinking, talking, listening, watching, feeling, rarely actually doing.

Performance depends on doing = the taking of action.

Doing = directly influencing profitability.

- Hands-on execution from start to finish of an activity that directly affects profitability.

Management = getting mostly other people to act in ways that build profitability.

Basic Management Skills

- **Technical Skills**
 - Skills associated with performing specialized tasks within a company.
 - Developed through education and experience.
 - Important for first-line managers.
- **Human Relations Skills**
 - Skills that enable managers to understand and get along with other people.
 - Poor human relations skills = employee's desire to quit or transfer and contribute to poor morale.
 - Important at all levels but most especially for middle managers.
 - Effective managers possess communication skills that help them to understand others (and to get others to understand).
 - Able to maintain good relationships in an organization.
- **Conceptual Skills**
 - A person's ability to think in the abstract, to diagnose and analyze different situations, and to see beyond the present situation.
 - Help managers recognize new market opportunities and threats.
 - Help managers analyze the probable outcomes of their decisions.

- Important for top managers.
- **Time Management Skills**
 - The productive use that managers make of their time.
 - **Four leading causes of wasted time:**
 - Paperwork
 - Must learn how to recognize documents that require more attention.
 - Telephone
 - Learn to screen all calls and set aside a certain time to return important ones.
 - Meetings
 - Person holding the meeting should specify a clear agenda, start on time, keeps everyone focused on the agenda and end on time.
 - Email
 - Must learn how to sort and screen important emails.
- **Decision Making Skills**
 - Choosing one alternative from among several options.
 - Critical for managers because decision-making affects all the functions of management and all managers at all levels in all organizations.
 - Improve their decision-making effectiveness by following a rational decision-making process.

What Do Managers Actually Do?

1. Managers work at an unrelenting pace.
2. Managerial activities are characterized by brevity, variety and fragmentation.
3. Managers have a preference for “live” action and emphasize work activities that are current, specific, and well defined.
4. Managers are attracted to the verbal media.

10 Roles of Managers

A. Informational roles – Thinker = Conceptual skills – Least hands on

- Indirectly influencing action through manipulating information flow.
 1. Monitor – scanning the environment for relevant information.
 2. Disseminator – passing information to subordinates.
 3. Spokesperson – sending information to people outside the unit.

B. Manager’s formal authority and status – Energizer = people skills

- Indirectly influencing action through motivating people
 1. Figurehead – duties of a ceremonial nature
 2. Leader – being responsible for the work of a unit
 3. Liaison – making contact outside the vertical chain of command.

C. Decision-making roles – Doer = technical skills – Most hands on

- Directly executing some activity from start to finish.
 1. Entrepreneur – improving the performance of the unit.
 2. Disturbance Handler – responding to high-pressure disturbances.
 3. Resource allocator – deciding who will get what in the unit.
 4. Negotiator – working out agreements on a wide variety of issues, such as the amount of authority an individual will be given.

Levels of Managers

1. Top Managers

- Managers responsible for a firm’s overall performance and effectiveness and for developing long-range plans for the company.
- Set general policies, formulate strategies, oversee significant decisions, and represent the company in its dealings with other businesses and government.
- Common titles for top managers include: president, vice president, CEE, COO, and CFO.

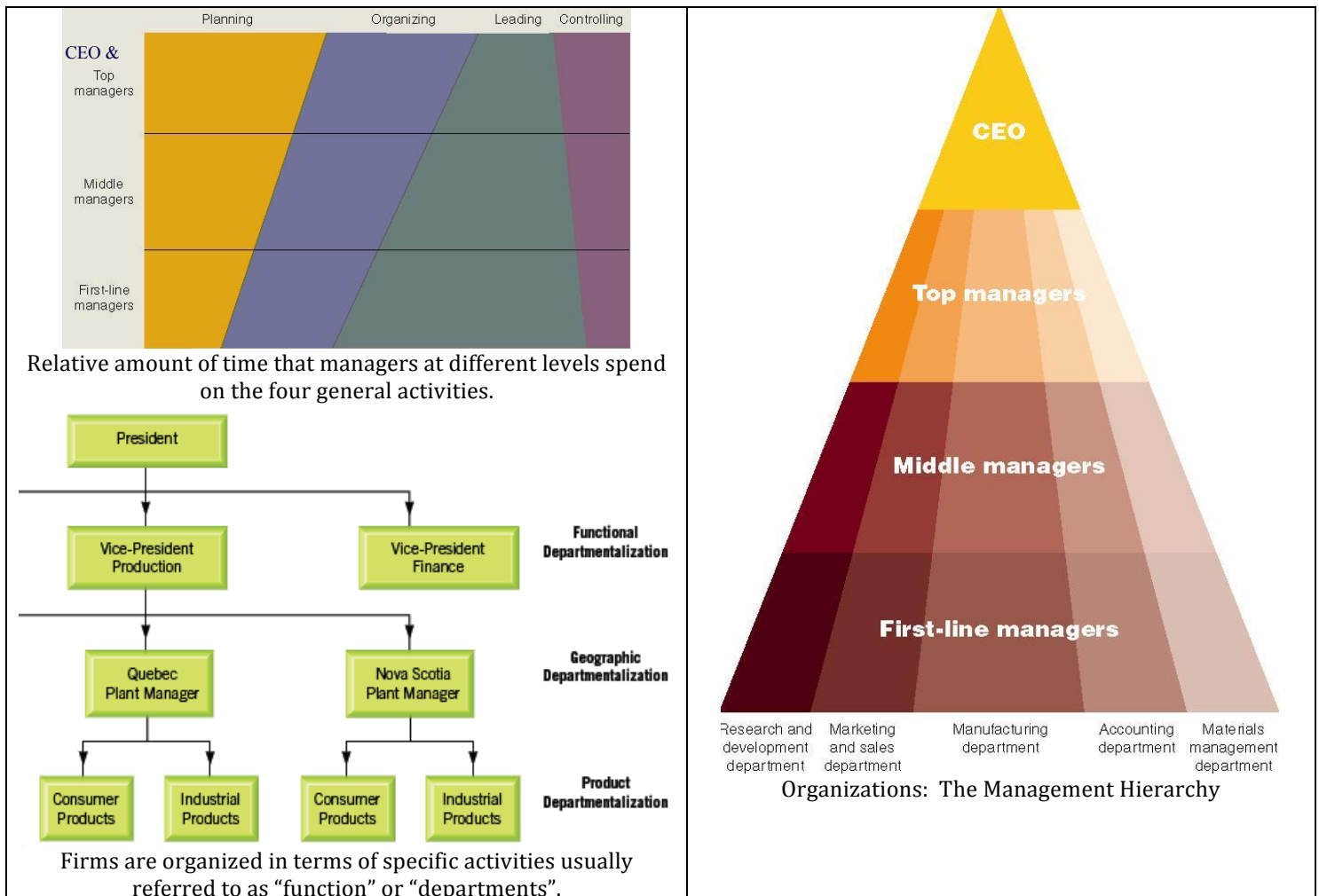
2. Middle Managers

- Managers responsible for implementing the decisions made by top managers.

- Common titles: plant manager, operations manager and division manager.
- 3. First Line Managers**
- Managers responsible for supervising the work of employees.
 - Spend most of their time working with and supervising the employees who report to them.
 - Common titles: supervisor, office manager and group leader.

Areas of Management

- **Human Resource Managers**
 - Provide assistance to other managers when they are hiring employees, training them, evaluating their performance and determining their compensation level.
 - In unionized companies, human resource managers are also involved in negotiations with the union.
- **Operation Managers**
 - Responsible for the production systems that create goods and services.
 - Include production control, inventory control, quality control, etc.
- **Information Managers**
 - Responsible for designing and implementing systems that gather; process, and disseminate information.
- **Marketing Managers**
 - Responsible for getting products and services to buyers.
- **Financial Managers**
 - Management of a firm's finances, including investments and accounting functions, is extremely important to its survival.



Chapter 6 – Ethics and Social Responsibility

Ethics

Managerial ethics

- The study of morality and standards of business conduct.

Corporate Social Responsibility

- The obligations that corporations owe to their stakeholders, such as shareholders, employees and customers.

Ethical Dilemmas

- Having to make a choice between two competing but arguably valid options.

Ethical Lapses

- Decisions that is contrary to an individual's stated beliefs and the policies of the company.

Basic Approaches to Ethical Decision Making

- **Utilitarian Approach**
 - Focuses on the consequences of an action.
 - Results in “the greatest good”.
 - People may see the same outcome differently (good or bad).
- **Moral Rights Approach**
 - Focuses on examination of the moral standing of actions independent of their consequences.
 - Some things are just “right” or “wrong”.
 - Should choose the action that is in conformance with moral principles and provides positive consequences.
 - Problem: The moral standing of most issues is debatable.
- **Universal Approach**
 - Choosing a course of action that you believe can apply to all people under all situations.
 - Kant's moral imperative: “do unto others as you would have them do unto everyone, including you”.
- **Justice Approach**
 - Focuses on how equitably the costs and benefits of actions are distributed.
 - **Distributive Justice**
 - The equitable distribution of rewards and punishment based on performance.
 - Cannot distribute bonuses, benefits or promotions based on age, gender, religion, or race.
 - **Procedural Justice**
 - Ensuring that those affected by managerial decisions consent to the decision-making process and that the process is administered impartially.
 - Consent: people are informed about the process and have the freedom to exit the system if they choose.
 - **Compensatory Justice**
 - If distributive and procedural justice fail, those hurt by the inequitable distribution are compensated.

Moral Intensity in Ethical Decision Making

Moral Intensity

- The degree to which people see an issue as an ethical one.
- Has 6 components
 - **Social Consensus**

- The extent to which members of a society agree that an act is either good or bad.
- **Probability of Effect**
 - The moral intensity of an issue rises and falls depending on how likely people think the consequences are.
- **Temporal Immediacy**
 - A function of the interval between the time the action occurs and the onset of its consequences.
- **Proximity**
 - The physical, psychological and emotional closeness the decision maker feels to those affected by the decision.
- **Concentration of Effects**
 - The extent to which consequences are focused on a few individuals or dispersed across many.
- **Magnitude of the Consequences**
 - The anticipated level of impact of the outcome of a given action.

Making Ethical Decisions

Code of Ethics

- A formal statement that outlines types of behaviour that are and are not acceptable.

Formulating a Code of Ethics

- Cluster 1: "Respect the Individual".
- Cluster 2: "The Company's interests are your interests".
- Cluster 3: "Do unto others..."
- Unclustered Items
- Found in page 204

Successfully Implementing Code of Ethics

- Ethics or ombudsman; individuals are charged with ensuring that the flow of information is rich in both directions.
- Have the responsibility of helping information and policies get out to the employees.
- And making sure employees' concerns and observations are passed on to senior management levels.
- **Four ways to successfully implement Code of Ethics**
 - **Communication**
 - Telling other employees.
 - The code must be communicated in memos, newsletters, videos and speeches.
 - **Training**
 - People will need training to learn how to deal with different cases.
 - Training should be engaging.
 - **Reward and Recognition**
 - It is crucial that those who comply are recognized and rewarded.
 - **Whistle-Blowing**
 - **Whistle-Blower:** An employee who discloses illegal or unethical conduct on the part of others in the organization.
 - They report these incidents not for notoriety but because they believe the wrongdoings are so grave that they must be exposed.
 - Effective steps in encouraging valid whistle blowing:
 - Clearly communicate whistle-blowing procedures.
 - Allow for reporting channels in addition to the chain of command, or reporting incidents to one's boss.
 - Thoroughly investigate all claims based on a consistent procedure.
 - Protect whistle-blowers who make valid claims.
 - Provide moderate financial incentives or rewards for valid claims.
 - Publicly celebrate employees who make valid claims.

- **Top Management Example**
 - Demonstration of how they behave personally and how they reward, punish, or ignore the actions of others.

Social Responsibility

Efficiency Perspective

- The concept that a manager's responsibility is to maximize profits for the owners of the business.
 - **Managers as Owners**
 - The manager of the business is also the owner.
 - The self-interests of the owner are best achieved by serving the needs of society.
 - **Managers as Agents**
 - The corporate form of organization is characterized by the separation of ownership (shareholders) and control (managers).
 - Managers are the agents of the organization's owners.
 - Managers should "conduct business in accordance with the owner's desires".
 - Most likely increase revenue while decreasing expenses.
 - In the Efficiency Perspective, it is impossible for managers to maximize shareholders' wealth and simultaneously attempt to fulfill all of society's needs.
 - **Concerns with the Effective Perspective**
 - Assumes that the market is competitive.
 - Not meeting the society's desires, through competition, will be forced to change or be put out of business.
 - Corporations can also impose indirect consequences that may not be completely understood or anticipated.
 - Externalities: indirect or unintended consequences imposed on society that may not be understood or anticipated.

Social Responsibility Perspective

- Argues that society grants existence to firms; therefore, firms have responsibilities and obligations to society as a whole, not just shareholders.
 - **Stakeholders**
 - Individuals or groups who have an interest in and are affected by the actions of an organization.
 - Shareholders are entitled to "reasonable return" on the capital they put at risk.
 - Shareholders are not entitled to "maximum return".
 - **Concerns with the Social Responsibility Perspective**
 - Important terms such as "reasonable returns" and "legitimate concerns" cannot be defined adequately.

Corporate Responses

- **Defenders**
 - Fight efforts that they see as resulting in greater restriction and regulation of their ability to maximize profits.
 - Operate at the edge of the law and actively seeking legal loopholes in conducting business.
 - Only change when legally compelled to do so.
- **Accommodators**
 - Less aggressive in fighting restrictions and regulations.
 - Still only change when legally compelled to do so.
 - Tends to obey the letter of the law but does not make changes that might restrict profits if it is not required to.
- **Reactors**
 - Change when feeling significant pressure even if we are not legally required to.
 - Protect profits, abide by the law, react to pressure that could affect business results.
- **Anticipators**

- Firms in this category tend to believe that they are obligated to a variety of stakeholders not to harm them, independent of laws or pressures that restrict or regulate their actions.
- Abide by the law and might take action to avoid harming constituencies.

Chapter 7 – Individual and Group Decision Making

Individual Decision Making

Decision Making

- Definition: A process of specifying the nature of a particular problem or opportunity and selecting among available alternatives to solve a problem or capture an opportunity.
- Have two aspects: the act (choosing between alternatives) and the process.

Formulation

- A process of involving identifying a problem or opportunity, acquiring information, developing desired performance expectations, and diagnosing the causes and relationships among factors affecting the problem or opportunity.

Problem

- A gap between existing and desired performance.

Opportunity

- A chance to achieve a more desirable state than the current one.

Solution

- A process involving generating alternatives, selecting the preferred solution, and implementing the decided course of action.

Types of Decisions

Most decisions can be divided into two basic types: programmed or non-programmed.

- **Programmed Decision**
 - Definition: A routine response to a simple or regularly occurring problem.
 - Nature of the problem is well defined and clearly understood by the decision maker.
- **Non-programmed Decision**
 - Definition: A decision about a problem that is either poorly defined or novel.
 - Unique because it may not have happened before or is very complex.
 - Must rely upon their own creativity and intuition in formulating a decision.
- **Standard Operating Procedure (SOP)**
 - Definition: Established procedure for action used for programmed decisions that specifies exactly what should be done.
 - Often used for programmed decisions.
- **Gresham's Law of Planning**
 - Definition: The tendency for managers to let programmed activities overshadow non-programmed activities.
 - Managers end up having not enough time to focus on the harder and more important decisions.

Individual Decision Making

The Rational/Classical Model

- Think then do.
- Decision maker should be well informed before acting
- Assumptions: problems and objectives are clear, all relevant information is available, all alternatives can be known, all consequences and their relative importance can be accounted for, no decision-maker biases.
- Subjectively Expected Utility (SEU): a model of decision making that asserts that managers choose the alternative that they subjectively believe maximizes the desired outcome.

1. Identifying Decision Situations
 - Realize that there is a problem/opportunity and a decision has to be made.
2. Developing Objectives and Criteria
 - What are the things that must be accomplished/resolved?
3. Generate Alternatives
 - List ways to solve the problem.
4. Selecting Alternatives
 - Which alternative best suits the problem/maximize the outcome?
5. Implementing the Decision
 - Assess sources
 - Determine the chronology and sequence of actions.
 - Calculate the required resources
6. Monitoring and Evaluating Results
 - Monitor the process and check to see if the best decision was chosen to solve the problem and if it has been implemented properly.

The Bounded Rationality Model

- A descriptive model of decision making recognizing that people are limited in their capacity to fully assess a problem and usually rely on shortcuts and approximations to arrive at a decision they are comfortable with.
- Think a bit, act, move on.
- Core premise: the right target for decision-making is acceptability, not perfection.
- **Satisficing**
 - The tendency for decision makers to accept the first alternative that meets their minimally acceptable requirements rather than pushing them further for an alternative that produces the best results.
- **Heuristic**
 - A decision-making shortcut that can be based upon pre-set rules, memory or past experiences.

Biases

- Information bias
 - A reluctance to give or receive negative information
- Uncertainty Absorption
 - A tendency for information to lose its uncertainty as it is passed along.
- Selective Perception
 - A tendency to ignore or avoid certain information, especially ambiguous information.
- Stereotyping
 - Deciding about an alternative on the basis of characteristics ascribed by others.
- Cognitive Complexity
 - Limits on the amount of information people can process at one time.
- Stress
 - Reduction of people's ability to cope with informational demands.

Retrospective Decision Model (Implicit favourite model)

- Focuses on how decision makers attempt to rationalize their choices after they are made.
- Think as you do.
- **Perceptual distortion:** Highlighting the positive features of the implicit favourite over the alternative.
 - Try to convince yourself that the first choice is better than the other.
- **Intuitive decision making:** The primarily subconscious process of identifying a decision and selecting a preferred alternative
 - Not only often faster but the outcome is also as good or better than a methodical, rational approach.

Influences on Effective Decision Making

- **Decision-Maker Characteristics**
 - Knowledge
 - Ability
 - Motivation
- **Problem Characteristics**
 - Unfamiliarity
 - Ambiguity
 - Complexity
 - Instability
- **Decision Environment Characteristics**
 - Irreversibility
 - Significance
 - Accountability
 - Time and monetary constraints

Decision-Making Traps

- **Availability heuristics**
 - We rely on memory of past situations to make decisions for current events.
 - Trap: most recent or the most sensational events in our memory are not necessarily an accurate portrayal of the frequency of such events.
 - It does not provide all the necessary information to make a decision.
 - Three decision-making biases that emanate from the availability heuristic.
 - **Ease of recall:** making a judgment based upon the most recent events or the most vivid in our memory.
 - **Retrievability:** refers to the fact that judgments rely on the memory structures of an individual.
 - Our ability to assemble information may be hampered by how we store and later retrieve that information.
 - **Presumed Associations:** The assumption that two events are likely to co-occur based on the recollection of similar associations.
- **Representativeness Heuristic**
 - The tendency to judge an event by assessing how closely it relates to a previous similar event.
 - **Five biases associated with the representative heuristic**
 - **Insensitivity to base rates:** The tendency to disregard information that suggests the likelihood of a particular outcome in the presence of other information.
 - **Insensitivity to sample size:** The tendency to not consider sample size when using information taken from a sample within a given population.
 - **Misconception of chance:** The expectation that small sets of randomly assembled objects or sequences should appear random.
 - **Regression to the mean:** Overlooking the fact that extreme events or characteristics are exceptional cases that will likely revert back to historic averages over time.
 - **Conjunction Fallacy:** The tendency for people to assume that co-occurring events are more likely to occur than if they were independent of each other or grouped with other events.
- **Anchoring**
 - Using an initial value from prior experience or any external information source and giving it disproportionate weight in setting a final value.
- **Escalation of Commitment**
 - Tendency to exhibit greater levels of commitment to a decision as time passes and investments are made in the decision, even after significant evidence emerges in directing that the original decision was incorrect.
 - Contributing factors to escalation of commitment to decisions
 - Justification of previous decisions
 - Positive value of expected outcomes
 - Norm for consistency

- Probability of future outcomes.
- **Prospective Rationality:** A belief that future courses of action are rational and correct.

Making Better Decisions

- **Analyze the Situation**
- **Scan the Environment**
 - May help gain useful information that can lead to a higher-quality decision.
- **Think Through the Process**
 - Even though the rational approach may not always be descriptive of many decision-making processes, you can and most often should use it to guide your own decision-making.
- **Be Creative**
 - Think of other ways that are not conventional.
- **Know the Right Timing**
 - To avoid poor timing, ask yourself and others when a decision is needed and why.
 - Make sure the timing of the decision is clear and makes sense.
- **Increase Your Knowledge**
- **Be flexible**
 - It is important to monitor the outcomes closely and be prepared to modify or even completely change your decision if it seems that the desired outcomes will not materialize.

Group Decision Making

Assets and Liabilities of Group Decision Making	
Assets	Liabilities
Groups can accumulate more knowledge and facts.	Groups often work more slowly than individuals.
Groups have a broader perspective and consider more alternatives.	Group decisions involve considerable compromise that may lead to less than optimal decisions.
Individuals who participate in group decisions are more satisfied with the decision and are more likely to support it.	Groups are often dominated by one individual or a small clique, thereby negating many of the virtues of group processes.
Group Decision processes serve an important communication function, as well as a useful political function.	Overreliance on group decision-making can inhibit management's ability to act quickly and decisively when necessary.

Contingency Model of Participative Decision Making

- **Participative Decision Makers**
 - When should we allow employees to participate in decision-making?
 - **Cross-Functional Teams**
 - Employees from different departments, such as finance, marketing, operations, and human resources, who work together in problem solving.
 - Each member has unique knowledge that adds value to the overall task.
 - Members must have a general desire to participate and believe that:
 - They have relevant content knowledge.
 - Their participation will help bring about change.
 - The resulting change will produce outcomes that they value or prefer.
 - Participation is valued by the organization and fits with its goals and objectives.
- **Participative Decision-Making Process**
 - Using the classical model of decision making, a participative group moves through the same seven steps, but involvement of group members can vary in each of those steps.
 - **Low involvement:** Allows members to communicate their opinions about the problem, alternatives, and solution, but not to influence the final determination.
 - **High involvement:** Allows members not only to communicate their opinions, but also to make final determinations.

Decision Speed and Quality

- **Three mediating processes that determine the manager and group's ability to deal with the quantity and quality of information.**
 - **Accelerated cognitive processing**
 - The decision maker must be able to process and analyze great amounts of information quickly and efficiently.
 - The faster a manager can process what is presented, the quicker the decision can be made.
 - **Smooth group processes**
 - The manager must work with a group that has smooth, harmonious relations.
 - Must be able to resolve their disagreements efficiently.
 - Fast decisions are aided by group members who share a common vision and who are mutually supportive and cohesive.
- **Factors of Fast Decision-Making**
 - **Real-time Information**
 - Must have access to and be able to process real-time information.
 - Information that describes what is happening right now.
 - **Multiple Simultaneous Alternative**
 - Examine several possible alternative courses of action simultaneously.
 - Adds complexity and richness to the analysis and reduces the time involved in information processing.
 - **Two-tiered Advice Process.**
 - All members are allowed input but greater weight is given to the more experienced co-workers.
 - **Consensus With Qualification**
 - Attempt to gain widespread consensus on the decision as it is being made, not after it is made.
 - **Decision integration**
 - Integrate tactical planning and issues of implementation within the decision process itself.

Problems in Group Decision Making

- **Groupthink**
 - A mode of thinking in which the pursuit of agreement among members become so dominant that it overrides a realistic appraisal of alternative courses of action.
- **Symptoms of Groupthink**
 - **Illusions of invulnerability**
 - Members often reassure themselves about obvious dangers, becoming overly optimistic and thus willing to take extraordinary risks.
 - Members fail to respond to clear warning signals.
 - **Rationalize**
 - Members tend to collectively rationalize and discount warning signs and other negative feedback that could lead to reconsidering the course of action.
 - **Illusion of morality**
 - Believe in the inherent morality of the group.
 - They ignore the ethical or moral consequences of their decisions.
 - **Stereotyping**
 - They stereotype leaders of opposition groups in harsh terms that rule out negotiation on differences of opinion.
 - **Pressure to Conform**
 - Place pressure on members who temporarily express doubts about the group's shared illusions or who raise questions about the validity of the arguments supporting the decision.
 - **Self-censorship**
 - To avoid deviations from group consensus.

- They often minimize to themselves the seriousness of their doubts.
- **Illusion of unanimity**
 - Members assume that individuals who remain silent agree with the spoken opinions of others and falsely conclude that everyone holds the same opinion.
- **Mindguards**
 - Protect the leaders and other members of the group from adverse information that could cause conflict over the correctness of a course of action.
- **Consequences of Groupthink**
 - Limit their search for possible solutions to one or two alternatives rather than all possible alternatives.
 - Groups frequently fail to re-examine their chosen action after new information or events suggest a change in course.
 - Group members spend little time considering non-obvious advantages to alternative options.
 - Groups often make little or no attempt to seek expert advice either inside or outside their organization.
 - Members show interest in facts that support their preferred alternative and ignore or disregard facts that fail to support it.
 - Groups often ignore possible roadblocks to their choice and, as a result, fail to develop contingency plans.
- **Devil's advocate:** A group member whose role is to challenge the majority position.
- **Overcoming Groupthink**
 - **For the company**
 - Establish several independent groups to examine the same problem.
 - Train managers in groupthink prevention techniques.
 - **For the leader**
 - Assign everyone the role of critical evaluator.
 - Use outside experts to challenge the group.
 - Assign a devil's advocate.
 - Try to be impartial and refrain from stating your own views.
 - **For group Members**
 - Try to retain your objectivity and be a critical thinker.
 - Discuss group deliberations with a trusted outsider and report back to the group.
 - **For the Deliberation Process**
 - At times, break the group into subgroups to discuss the problem.
 - Take time to study what other companies or groups have done in similar situations.
 - Schedule second-chance meetings to provide an opportunity to rethink the issues before making final decisions.

Strategies for Improving Decision Making

- **Improving Problem Formulation**
 - **Structured Debate:** A process to improve problem formulation that includes using a devil's advocate, multiple advocacy, and dialectical inquiry.
 - **Devil's Advocate**
 - The group is forced to justify its position and, as a result, develop a more precise and accurate picture of the problem and its underlying causes.
 - **Multiple Advocacy**
 - Similar to the devil's advocate.
 - More than one opposing view is presented.
 - Each group involved in a decision is assigned the responsibility of representing the opinions of its constituents.
 - The resulting dialogue should lead to the identification of a useful agenda for discussion.

- **Dialectical inquiry**
 - A process to improve decision making by assigning a group member the role of questioning the underlying assumptions associated with the formulation of a problem.
 - The accuracy of the original assumptions is examined and possibly altered.
 - Members are forced to “think outside the box” and look at new ways to analyze a problem.
- **Improving Problem Solution**
 - Problem solution involves developing and evaluating alternative courses of action and then selecting and implementing the preferred alternatives.
 - **Brainstorming**
 - A process of generating many creative solutions without evaluating their merit.
 - Provides maximum number of ideas in a short period of time.
 - The ideas are then analyzed for positive and negative aspects.
 - **Nominal Group Technique**
 - A process of having group members record their proposed solutions, summarize all proposed solutions, and independently rank solutions until a clearly favoured solution emerges.
 1. Members independently generate their own ideas on a problem in writing.
 2. Members present their ideas to the group; no discussion of the idea is allowed.
 3. Ideas are summarized and recorded.
 4. Members independently rank the various ideas of ideas or solutions.
 - Final decision is determined by the pooled outcome of the members' votes.
 - **Delphi Technique**
 - A decision-making technique that never allows decision participants to meet face to face but identifies a problem and asks for solutions using a questionnaire.
 - A problem is identified and members are asked to provide solutions to a carefully designed questionnaire.
 - Allows individuals greater freedom of expression and the group receives far less filtered or slanted information with which to make its decision.

Chapter 10 – Managing with Cultural Context

Definition of Culture

- **Culture:** a learned set of assumptions, values, and behaviours that have been accepted as successful enough to be passed on to newcomers.
- Early leaders have a significant impact on the exact nature of the company culture.
- Culture is taught primarily through symbols and communication, such as stories, speeches, discussions, manuals, etc.
- Specific assumptions, values, and behaviours come to be shared among the members of the group.
- Culture of a smaller group is often influenced by and reflects the culture of the larger group.

Managerial Relevance of Culture

- Culture is important because it is a strong driver to behavior.
 - As a consequence, an understanding of culture can be helpful to you in understanding why people behave the way they do.
 - Useful to help accomplish goals as well as achieve the strategic aims of the organization.
- **Impact of Culture on Behaviour**
 - Culture can dramatically influence important behaviours.
 - Culture can influence whether situations are opportunities or threats.
 - Culture can lead to different beliefs about the “right” managerial behavior regarding specific aspects of management.
 - Employees who consider themselves as part of the culture can cause them to exert extra effort and make sacrifices to support the culture and the people in it.
- **Cultural Diversity in the Workspace**
 - Globalization is a critical factor in cultural diversity.
 - Consequence: Employees are much more likely to work with others from a variety of cultural background.
 - Understanding of culture is a critical component of effective management.
- **Culture as a Management Tool**
 - Managers must thoroughly understand culture because it can help accomplish your managerial responsibilities.
 - Culture guides people’s behaviours without overt or constant supervision.
 - An organization’s culture can guide what people do and how they do it without having to be monitored or told.
 - Wrong culture can “lead otherwise good people to do bad things”.

Levels of Culture

- Culture consists of three distinct but related levels.
- **Artifacts:** Visible manifestations of a culture such as its art, clothing, food, architecture and customs.
- **Values:** The enduring beliefs that specific conduct or end states are personally or socially preferred to others.
- **Assumptions:** Beliefs about fundamental aspects of life.
- **Cultural Assumptions**
 - If managers understand the fundamental cultural assumptions of a group, they can then begin to understand and even anticipate the values and behaviours of the group.
 - Cultural assumptions are deterministic.
 - It is possible for two groups to share the same assumption about hierarch but exhibit different behaviours.
 - Assumptions are practical because values and behaviours grow out of assumptions.
- **Humanity’s Relationship to the Environment**
 - **Assumptions about the relationship of humanity to nature**
 - Some groups assume that humans should dominate nature and use it for the wealth and benefit of humankind.
 - Others assume that humans and nature should coexist harmoniously.

- **Human Nature**
 - Some cultures believe that people are fundamentally good.
 - Others believe that they are inherently evil.
 - **Theory X Managers:** assume that the average human being has an inherent dislike for work and will avoid it if possible.
 - Believe that employees must be coerced, controlled, directed and threatened with punishment to get them to strive toward the achievement of organizational objectives.
 - **Theory Y Managers:** assume that work is as natural as play or rest.
 - Believe that employees exercise self-direction and self-control to accomplish objectives to which they are committed.
- **Human Relationships**
 - **Power Distance**
 - The extent to which people accept power and authority differences among people.
 - The extent to which any differences are accepted (individual status and power).
 - **Individualism**
 - The extent to which people base their identities on themselves and are expected to take care of themselves and their immediate families.
 - **Collectivism**
 - The extent to which identity is a function of the group to which an individual belongs.
- **Human Activities**
 - Concerns issues of what is right for people to do and whether they should be active, passive or fatalistic in these activities.
 - **Masculine Societies**
 - Value activities focused on success, money, and possessions.
 - **Feminine Societies**
 - Value activities focused on caring for others and enhancing the quality of life.
- **Truth and Reality**
 - Assumptions about the nature of reality and truth and how they are verified or established.
 - **Truth** is assumed to exist and can be discovered through rigorous examination.
 - **Reality** is much more subjective and dependent on what people believe it to be.
 - **Uncertainty Avoidance**
 - The need for things to be clear rather than ambiguous.
- **Time**
 - Is time viewed as a river or a lake?
 - **River:** Linear assumptions about time.
 - What you do not take advantage of today will be gone tomorrow.
 - Creates a great emphasis on time management, being punctual.
 - **Lake:** non-linear assumptions about time.
 - What you do not dip from the lake today will still be there for you to use tomorrow.
 - Not being punctual is not seen as a character flaw and setting specific day, hour, and minute-schedules is seen as unnecessary.
 - **Short-term Orientation**
 - Focus on immediate results and maximizing time management.
 - **Long-term Orientation**
 - Focus on developing relationships, not expecting immediate results or returns on current efforts.
- **Cultural Values**
 - Values are typically defined as enduring beliefs that others personally and socially prefer specific conduct or end states of existence.
 - Values guide behavior because they define what is good or ought to be and what is bad and ought not to be.
 - Differences in values often lead to clashes and negative judgments about others.
 - Values are also the source of actions that you see.
 - Values are critical for any manager to understand.

- **Cultural Artifacts and Behaviours**
 - Visible portions of culture are referred to as artifacts and behaviours
 - **Artifact** is most often associated with physical discoveries that represent an ancient culture and its values.

- **Cultural Diversity**
 - Diversity comes from two primary sources:
 - Increased international activity of organizations.
 - Greater diversity in the cultures of employees.
 - **Globalization** means that as a manager you are increasingly likely to encounter and work with suppliers and customers with different cultural backgrounds.
 - New technology now allows people of different cultures to be brought together without ever leaving home.
 - Differences can influence the assumptions, values and behaviours of people.
 - Diversity can enhance competitiveness or lower productivity.

Classification of Values	
Theoretical People	<ul style="list-style-type: none"> • Value the discover of truth. • They are empirical, critical, and rational, aiming to order and systematize their knowledge.
Economic People	<ul style="list-style-type: none"> • Value what is useful. • They are interested in practical affairs, especially those of business, judging things by their usefulness.
Aesthetic People	<ul style="list-style-type: none"> • Value of beauty and harmony. • They are concerned with grace and symmetry, finding fulfillment in artistic experiences.
Social People	<ul style="list-style-type: none"> • Value altruistic and philanthropic love. • They are kind, sympathetic, and unselfish, valuing other people as ends in themselves.
Religious People	<ul style="list-style-type: none"> • Value unity. • They seek communication with the cosmos, mystically relating to its wholeness.

Strong and Weak Cultures

- **Strong Culture Versus Weak Culture**
 - The extent to which they are widely shared among group members and the extent to which they are deeply held.
- Culture that is **widely shared and deeply held** are generally those that are accompanied by substantial rewards or punishments.
- **Subculture**
 - Where values are **deeply held but not widely shared**.
 - Subcultural groups have been shown to have a stronger impact on performance than overall corporate culture.
 - Can develop within nations.
- **Widely shared but not deeply held:** violations of the rules often carry uniform but rather mild punishments.
- **Core Value:** A value that is widely shared and deeply held.

Creating and Changing Organization Culture

- Organization culture can be a mechanism for guiding employee behavior.
- **Selection**

- Select individuals whose assumptions, values, and behaviours already match those that you desire.
- **Socialization**
 - Early orientation, training and arranged interactions with experienced organizational members on a group or individual members.
- **Performance Appraisal**
 - Few things signal what the organization values more clearly to newcomers in an organization than what it measures and evaluates.
- **Rewards and Compensation**
 - Most powerful means of a signaling what the organization values and reinforcing desired behaviours in newcomers.
- **Stories and Symbols**
 - Symbols and stories can be a powerful means of communicating company values.
 - Organizational **stories** tell employees what to do or not to do.
 - **Symbols** can also communicate and reinforce specific values of the corporate culture.
 - **Rituals:** Symbolic communication of an organization's culture.

International Context and Cultures

- **Cultural Context**
 - The degree to which a situation influences behavior or perception of appropriateness.
- **High-Context Culture**
 - People pay close attention to the situation and its various elements.
- **Low-Context Culture**
 - Contextual variables have much less impact on the determination of appropriate behaviours.
- Neither high or low context culture is right or wrong.

Chapter 12 – Motivating and Leading Employees

Forms of Employee Behaviour

- **Employee Behaviour**
 - The pattern of actions by the members of an organization that directly or indirectly influences the organization's effectiveness.
- **Performance Behaviour**
 - Behaviours directly targeted at performing a job.
- **Organizational Citizenship**
 - Behaviours that provide positive benefits to the organization in indirect ways.
- **Counterproductive Behaviour**
 - Behaviours that detract from organizational performance.
 - **Absenteeism**
 - Occurs when an employee does not show up for work.
 - **Turnover**
 - The percentage of an organization's workforce that leaves and must be replaced.
 - High turnover has many negative consequences.
 - Results from a number of factors, including aspects of the job, the organization, the individual, etc.
 - Other forms of Counterproductive behavior:
 - **Theft and sabotage**
 - **Sexual and racial harassment**
 - **Workplace aggression and violence.**

Individual Differences Among Employees

- **Individual differences**
 - Physical, psychological, and emotional attributes that vary from one person to another.
 - Personality and attitudes are two main categories of individual differences.
- **Personality**
 - The relatively stable set of psychological attributes that distinguish one person from another.
 - **Agreeableness**
 - A person's ability to get along with others.
 - Highly agreeable people are better at developing good working relationships with co-workers.
 - Less agreeable people are not likely to have particularly good working relationships.
 - **Conscientiousness**
 - Number of things a person tries to accomplish.
 - Highly conscientious people tend to focus on relatively few tasks at one time.
 - Likely to be organized, systematic, careful, thorough, responsible.
 - Higher performers in a variety of different jobs.
 - Less conscientious people tend to pursue a wider array of tasks.
 - Often more disorganized and irresponsible.
 - **Emotionality**
 - The degree to which people tend to be positive or negative in their outlook and behaviours toward others.
 - Positive emotionality people are relatively poised, calm, resilient and secure.
 - Able to handle job stress, pressure and tension better.
 - Seen as more reliable.
 - Negative emotionality people are more excitable, insecure, reactive, and subject to mood swings.
 - **Extroversion**
 - A person's comfort level with relationships.

- Extroverts are sociable, talkative, assertive and open to establishing new relationships.
 - Tend to be higher overall job performers and are more likely to be attracted to jobs based on personal relationships.
 - Introverts are much less sociable, less talkative, less assertive and more reluctant to begin new relationships.
 - **Openness**
 - How open or rigid a person is in terms of his or her beliefs.
 - Highly open people are curious and willing to listen to new ideas and to change their own ideas, beliefs and attitudes.
 - Often better performers due to their flexibility.
 - More likely to be accepted by others.
 - Less open people tend to be less receptive to new ideas and less willing to change their minds.
- **Emotional Intelligence or Emotional Quotient (EQ)**
 - The extent to which people possess social skills, are self-aware, can manage their emotions, can motivate themselves, and can express empathy for others.
- **Attitudes**
 - A reflection of our beliefs and feelings about specific ideas, situations, or other people.
 - People's attitudes also affect their behavior in organizations.
 - **Job Satisfaction**
 - The degree of enjoyment that people derive from performing their jobs.
 - High levels of job satisfaction do not automatically lead to higher levels of productivity.
 - **Organizational Commitment**
 - An individual's identification with the organization and its mission.
 - Highly committed employees see themselves as true members of the firm.
 - Less committed employees are more likely to see themselves as outsiders.

Matching People and Jobs

- **Psychological Contracts**
 - The set of expectations held by an employee concerning what he or she will contribute to an organization and what the organization will provide the employee in return.
 - Not written on paper, nor are all of its terms explicitly negotiated.
- **Person-Job Fit**
 - The extent to which a person's contributions and the organization's inducements match one another.
 - A good person-job fit can result in higher performance and more positive attitudes.

Motivation in the Workplace

- **Motivation**
 - The set of forces that cause, focus and sustain worker's behavior.
- **Classical Theory**
 - Workers are motivated solely by money.
- **Scientific Management**
 - Analyzing jobs in order to find better, more efficient ways to perform them.
- **Early Behavioural Theory**
 - Intent was to examine the relationship between changes in the physical environment and worker output, with an eye to increasing productivity.
 - **Hawthorne Effect**
 - The tendency for workers' productivity to increase when they feel they are receiving special attention from management.
 - **Human Relations**
 - The interactions between employers and employees and their attitudes toward one another.
 - **The Human-Resources Model: Theories X and Y**

- **Theory X**
 - A management approach based on the belief that people must be forced to be productive because they are naturally lazy, irresponsible, and uncooperative.
 - **Theory Y**
 - A management approach based on the belief that people want to be productive because they are naturally energetic, responsible, and cooperative.
 - Theory Y managers are more likely to have satisfied, motivated employees.
- **Maslow's Hierarchy of Needs Model**
 - Theory of Motivation describing five levels of human needs and arguing that basic needs must be fulfilled before people will work to satisfy higher-level needs.
 - **Physiological Needs (Lowest Level)**
 - Survival oriented; include food, water, shelter and sleep.
 - Compensated by providing comfortable working environments and salaries.
 - **Security Needs**
 - Needs stability and protection from the unknown.
 - Satisfied when employers offer pension plans and job security.
 - **Social Needs**
 - Needs for friends and companionship.
 - Satisfied by making friends at work and feeling that you "belong".
 - **Esteem Needs**
 - Need for status and recognition as well as the need for self-respect.
 - Job titles and large offices.
 - **Self-Actualization Needs (Highest Level)**
 - Needs for self-fulfillment.
 - Includes the needs to grow and develop one's capabilities and to achieve new and meaningful goals.
 - Satisfied by challenging job assignments.
 - Once one set of needs have been satisfied, it ceases to motivate behavior.
- **Two-Factor (Motivation-Hygiene) Theory**
 - A theory of human relations that identifies factors that must be present for employees to be satisfied with their jobs and factors that, if increased, lead employees to work harder.
 - Two-Factor Theory says that job satisfaction depends on two factors.
 - **Hygiene Factors**
 - Working conditions, quality of supervision, interpersonal relations, pay and job security.
 - Cause movement along a continuum from no dissatisfaction to dissatisfaction.
 - Refer to the environment in which employees perform.
 - **Motivating Factors**
 - Recognition, responsibility, advancement, and achievement.
 - Cause movement along a continuum from no satisfaction to satisfaction.
 - Directly related to the work that employees actually perform.
- **Contemporary Motivation Theory**
 - **Expectancy Theory**
 - The theory that people are motivated to work toward rewards that they want and that they believe they have a reasonable chance of obtaining.
 - **Equity Theory**
 - The theory that people compare what they contribute with what they get in return and their input/output ratio with that of other employees.
 - The result is a ratio of contribution to return.
 - When people feel that they are being inequitably treated, they are motivated to do something to restore equity.

Strategy for Enhancing Motivation

- **Reinforcement/Behaviour Modification Theory**
 - Controlling and modifying employee behavior through the use of systematic rewards and punishments for specific behaviours.
 - Positive reinforcement
 - Applying positive consequences when employees exhibit desired behaviours.
 - Most frequently used.
 - Punishment
 - Apply negative consequences when employees exhibit undesirable behaviours.
 - Omission
 - Withhold positive consequences when employees exhibit undesirable behaviours.
 - Negative reinforcement
 - Withhold negative consequences when employees exhibit desired behaviours.
 - As workers become more adept, rewards can be used less frequently.
- **Goal Setting Theory**
 - The theory that people perform better when they set specific, quantified, time-framed goals.
 - **SMART Goals** are most likely to result in increased performance.
 - Specific
 - Measurable
 - Agreed-upon
 - Realistic
 - Time-framed
 - **Management by Objectives (MBO)**
 - A system of collaborative goal setting that extends from the top of an organization to its bottom.
 - Involves managers and subordinates in setting goals and evaluating progress.
- **Participative Management and Empowerment**
 - A method of increasing employees' job satisfaction by giving them a voice in how they do their jobs and how the company is managed.
 - Empowerment has meant more authority and responsibility for the workers.
 - All employees do not desire empowerment.
- **Team Management**
 - Teams of employees are also being consulted on such decisions as production, scheduling, etc.
 - Teams help smaller, more flexible organizations make decisions more quickly and effectively. Enhance company-wide communication.
- **Job Enrichment and Job Redesign**
 - **Job enrichment**
 - A method of increasing employees' job satisfaction by extending or adding motivating factors such as responsibility of growth.
 - **Job Redesign**
 - A method of increasing employees' job satisfaction by improving the worker-job fit through combining tasks, creating natural work groups, and/or establishing client relationships.
 - **Combining Tasks:** involves enlarging jobs and increasing their variety.
 - Forming Natural Work Groups.
 - Help employees see the place and importance of their jobs in the total structure of the firm.
 - **Establishing Client Relationships**
 - Letting employees interact with customers.
- **Modified Work Schedules**
 - **Flextime:** Allowing employees to pick their working hours.
 - **Compressed Workweek:** work fewer days per week but more hours per day.
 - **Telecommuting:** Allows people to do some or all of their work away from their office.
 - **Workshare programs:** two people share one full-time job.

Leadership and Motivation

- **Leadership**
 - The processes and behaviours used by managers to motivate, inspire, and influence subordinates to work toward certain goals.
 - Organizations need both management and leadership if they are to be effective.
 - Leadership is necessary to create and direct change.
- **Approaches to Leadership**
 - **Trait Approach**
 - An approach that focuses on identifying the traits that would differentiate leaders from non-leaders.
 - **Behavioural Approach**
 - Determines how the behaviours of effective leaders differ from the behaviours of less effective leaders.
 - **Task-Oriented**
 - A form of leader behavior in which the manager focuses on how tasks should be performed in order to achieve goals.
 - **Employee-Oriented**
 - A form of leader behavior in which the manager focuses on the satisfaction, motivation and well being of employees.
 - **Autocratic Style**
 - A form of leader behavior in which the manager issues orders and expects them to be obeyed without question.
 - **Democratic Style**
 - A form of leader behavior in which the manager requests input from subordinates before making decisions but retains that decision-making power.
 - **Free-Reign Style**
 - A form of leader behavior in which the manager serves as an adviser to subordinates given a lot of discretion when making decisions.
 - **The Situational (Contingency) Approach**
 - An approach that assumed that appropriate leader behavior varied from one situation to another.
- **Recent Trends in Leadership**
 - **Transformational Leadership**
 - The set of abilities that allows a leader to recognize the need for change, to create a vision to guide that change and to execute that change effectively.
 - **Transactional Leadership**
 - Routine, regimented activities that focus on maintaining stability of operations.
 - **Charismatic Leadership**
 - A type of Influence based on the leader's personal charisma.
 - **Leaders as Coaches**
 - Leaders help select team members and other new employees, to provide some general direction, to help train and develop the team and the skills of its members.
 - Resolve conflict among team members.
 - **Gender and Leadership**
 - There is a growing number of women advancing to the highest levels in organization.
 - Women seem to have a tendency to be more democratic when making decisions.
 - **Strategic Leadership**
 - A leader's ability to understand the complexities of both the organization and its environment in order to lead change in the organization, which will enhance its competitiveness.
 - **Ethical Leadership**
 - Leader behaviours that reflect high ethical standards.
 - **Virtual Leadership**
 - The carrying out of leadership activities when the leader does not have regular personal contact with followers.

Chapter 13 – Communication

Communication

- **Communication**
 - The process of transferring information, meaning and understanding from sender to receiver.
 - Outstanding leaders must be outstanding communicators.
 - Communication requires motivation, skill and knowledge.

Basic Model of Communication

- Involves four actions and five components.
 - Actions: encoding, sending, receiving, and decoding
 - Components: sender, message, medium, noise, and receiver
- **Encoding**
 - The act of constructing a message.
- **Medium**
 - The mode or form of transmission of a message.
- **Decoding**
 - The act of interpreting a message.
- **Noise**
 - Potential interference with the transmission or decoding of a message.

Modes of Communication

- **Verbal Communication**
 - **Oral Communication**
 - Spoken word
 - **Written Communication**
 - When messages are put in writing, as in letters, memos, email, etc.
- **Non-Verbal Communication**
 - Body language, posture, the way you dress, speak words, use gestures, handle utensils, exhibit facial expressions, and set the physical distance to the receiver.

Media of Communication

- How or by what methods information is transmitted from sender to receiver, are typically referred to as communication media.
- Different media have different sets of characteristics
 - **Media Richness**
 - Different media are classified as rich or lean based on their capacity to facilitate shared meaning.
 - Personal-impersonal nature
 - Speed in sending and receiving
 - Availability of multiple cues to assist receivers in acquiring accurate meaning from the messages.
 - Opportunity to receive immediate and continuing feedback from the receiver.

The Organizational Context of Communication

- **Directions of Communication within Organizations**
 - **Downward Communication**
 - Messages sent from higher organizational levels to lower levels.
 - **Upward Communication**
 - Messages sent from lower organizational levels to higher levels.
 - **Lateral Communication**
 - Messages sent across essentially equivalent levels of an organization.
- **Channels of Communication within Organizations**
 - **Formal Communication Channels**

- Routes that are authorized, planned and regulated by the organization and that are directly connected to its official structure.
- **Informal Communication Channels**
 - Routes that are not pre-specified by the organization but that develop through typical and customary activities of people at work.
- **Patterns of Organizational Communication**
 - **Communication Networks**
 - Identifiable patterns of communication within and between organizations, whether using formal or informal channels.
 - **Networking**
 - A process of developing regular patterns of communication with particular individuals or groups to send and receive information.

Barriers to Communication

- **Interpersonal Barriers**
 - **Selective Perception**
 - The process of screening out some parts of an intended message because they contradict our beliefs or desires.
 - **Frames of Reference**
 - Existing set of attitudes that provide quick ways of interpreting complex messages.
 - Other things including emotions, language, and nonverbal cues.
- **Organizational Barriers**
 - Basis of organizational barriers lies within the hierarchical structure of organizations.
- **Cultural Barriers**
 - **Ethnocentrism**
 - The belief in the superiority and importance of one's own group.
 - **Stereotyping**
 - The tendency to oversimplify and generalize groups of people.
 - **Cultural Distance**
 - The overall difference between two cultures' basic characteristics such as language, level of economic development and traditions and customs.

Improving Communication

- **Improving Listening Skills**
 - Be more open-minded
 - Develop empathy
 - **Empathy:** The ability to put yourself in someone else's place and to understand his or her feelings, situation, and motives.
 - Listen Actively
 - Observe nonverbal cues
- **Improving Sending Skills**
 - Simplify your language
 - Organize your writing
 - Understand your audience