

**GMS 200 – Introduction to Global  
Management**

**Final Exam Study Guide**

**Ryerson University – Fall 2015**

## GMS 200 - Lecture 1 – Introducing Management

### **Crucial issues of management**

#### **Challenges of working in a new economy:**

- Diversity:
  - Helps the society by giving people perspective into different cultures, traditions, way of lifestyle and helps them to gain knowledge about people from around the world
- Globalization:
  - Countries interacting and integrating with each other and other nations through a process such as international trade and foreign investment
- Competitive Advantage :
  - Which country can sell a product better or in a more efficient way has the competitive advantage
  - Canada has many competitive advantages(ex: lumber, agriculture, fisheries)
  - Natural disasters can affect a company's competitive advantages, Farmers have no control over the weather and this would affect the agriculture competitive advantage that Canada has over other countries
- Environmental Uncertainty:
  - When a company or management has very little information about their external environment or are not sure of their external environment
  - Countries that have environmental uncertainty affects other countries as well especially if the product or service is popular in the market or is a necessity to human survival, for example if Saudi Arabia decided not to produce oil or as much oil as they usually do, this would affect Canada because oil prices in Canada would increase substantially

#### **Ethics:**

- Code of moral principles that set standards of conduct of what is good and right

#### **Ethical expectations for modern business:**

- Integrity and ethical leadership at all levels
- Sustainable development
- Consumer protection
- Human rights

#### **What are organizations like in the new workplace?**

Organizations are open systems:

- Composed of interrelated parts that function together to achieve a common purpose environments (Walmart: all the employees, managers, supervisors, clerks work together to achieve the goal of having a zero inventory by the end of each day even though that is an ideal situation)
- Interact with their environments
- Transform resource inputs into product outputs (goods and services)
- Walmart is an open system

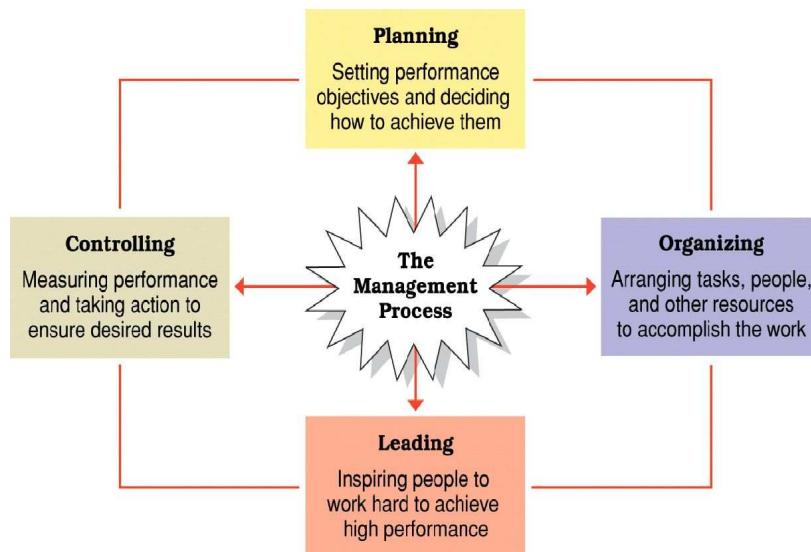
**Who are managers and what do they do?**



**Types of managers:**

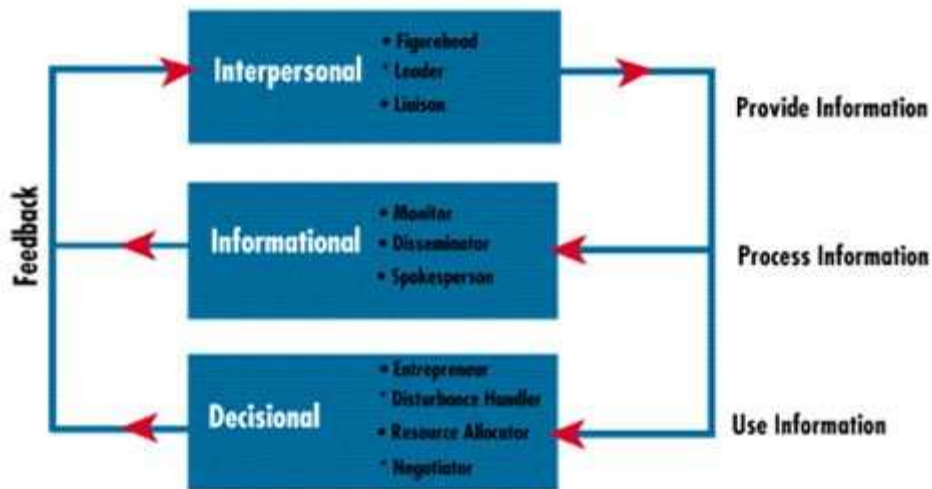
- Line Managers: responsible for work activities that directly affect organization's outputs. They have control over a certain department of an organization that relates to products or services
- Staff Managers: use technical expertise to advise and support the efforts of line workers. These managers manage some part of the revenue department such as accounting, customer service or human resources
- Functional Managers: responsible for a single area or department of activity. Functional managers have ongoing responsibilities

## Four Functions of Management:



## Mintzberg's 10 managerial roles:

# The Managerial Roles



\* Indicates significant role for the supervisor

## Katz's essential managerial skills

All managers should have these skills:

- Conceptual skills: the ability to think analytically and achieve integrative problem solving
- Human skills: the ability to work well in cooperation with other persons
- Technical skills: the ability to apply expertise and perform a special task with proficiency

## GMS 200 – Lecture 2 – Creativity and Innovation

### **Rational Problem Solving Model:**

Being rational refers to someone who thinks things through based on logic and statistics rather than their emotion or impulse

1. Define the problem:
  - A light bulb stopped working
2. Generate the alternative solutions
  - Buy another light bulb
3. Evaluate and select an alternative
  - Check to see if you bought the correct light bulb and if it is the correct size
4. Implement and follow up on solution
  - Replace the light bulb with the new one

Always remember that not every problem is solved in a rational way

Example: Breaking up with someone who you were in a relationship with because you don't find them good looking anymore is an irrational decision, it's an emotional way of thinking

Left Brain Thinkers

Right brain thinkers:

Technical/task issues:

people/social issues:

### **Patterned Thinking:**

- When you are accustomed to doing things you usually do, things you are comfortable with

Example: Pandora, Gemma and Alec are animals in a zoo. The other day, one of them ate an animal called Tabitha. Who is the animal who ate Tabitha?

Alec-ate-her

This example shows how you cannot think rationally to solve every question. As you can see you cannot base your solution on facts or knowledge when solving this problem.

### **Chapter 9: Innovation and Organizational Change:**

#### **Innovation:**

- Implementing on a new idea into a service which creates value, improving on something or making it better
- Google has been one of the most innovative companies in the world

#### **Social business innovation:**

- Using micro-credit lending to help create enterprises and fight poverty

**Social Entrepreneurship:**

- Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems
- People use their money to help others develop their talent or help others to innovate
- Ex: Mark Zuckerberg will be providing internet access in all rural areas in India in the future, he is using his money to help other people to learn and to innovate from the internet

**Sustainable Innovation:**

- Creation of new products and processes that have lower environmental impacts than the available alternatives
- New products or creative new ideas that can help future generations to survive on Earth
- Ex: Tesla's (a car) new battery, cuts down on fossil fuels used

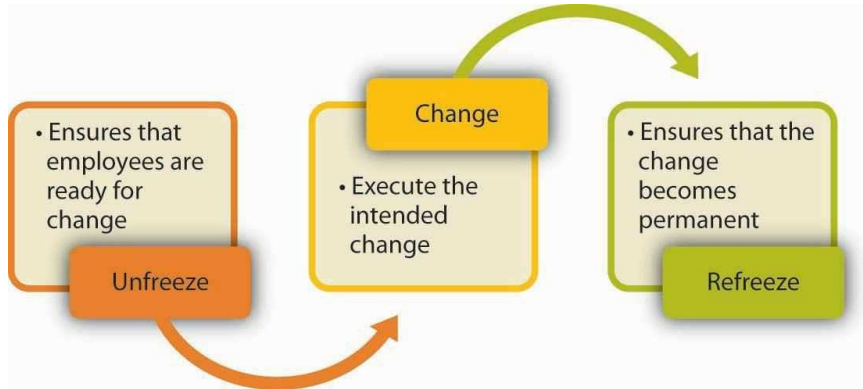
**Green Innovation:**

- The process of turning ideas into innovations that reduce the carbon footprint of an organization or its products
- Carbon footprint refers to the amount of greenhouse gases, mostly CO<sub>2</sub> produced from human activities
- Green innovation is similar to sustainable innovation

**In highly innovative organizations:**

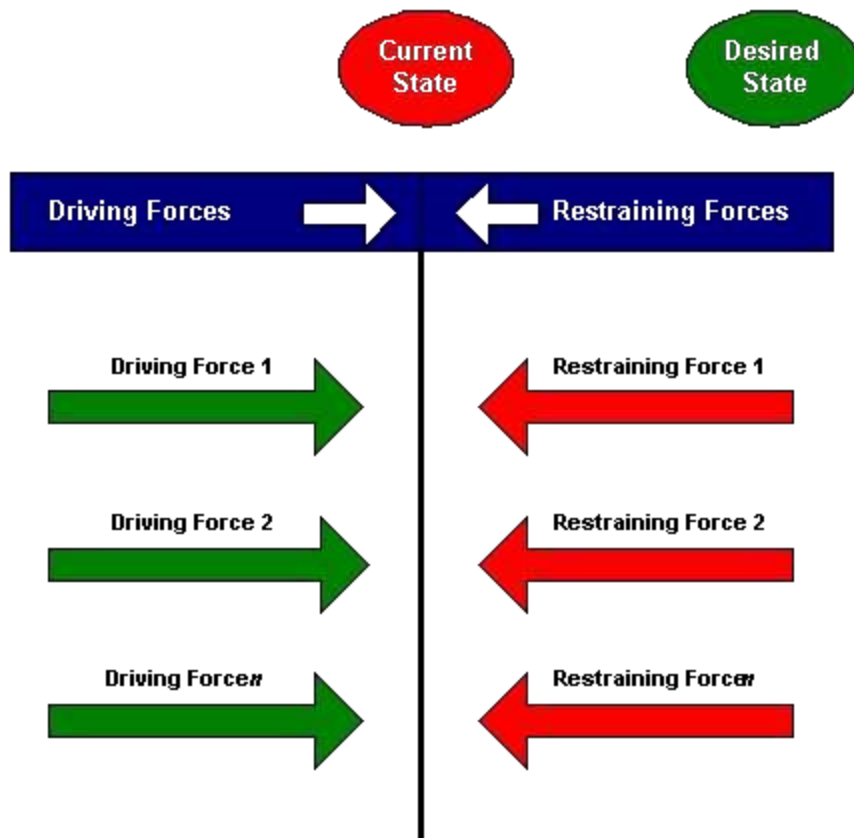
- Corporate strategy and culture should:
  - Learn to accept failure and not give up
  - Be willing to take risks
- Organization structure should:
  - Be organic, consistently changing
  - Use cross-functional teams and task forces

**Kurt Lewin's three phases of planned organizational change**



Change does not come quickly to people, you prepare for change.

**Kurt Lewin: Force field analysis:**



People always restrain from change and restraining forces in most cases are stronger than the driving forces

- o Ex: In a classroom, Laura sits beside her best friend Lucy, the teacher asks Laura to move to the other side of the room and sit with Jack whom she's never spoken to. Laura restrains from moving and is hesitant to move because she is not prepared for change

## **Organization development (OD)**

- o A comprehensive approach to planned organizational change that involves the application of behavioral science in a systematic and long-range effort to improve organizational effectiveness
- o OD changes the organization to make it more efficient

## GMS 200 – Lecture 3 – Global Dimensions of Management

### **Key concepts in the challenges of globalization:**

- Global economy – economic activities between different countries, this would not exist without trade amongst countries
- Globalization
- International management – managing business operations in more than one country
- Global management - the way a business handles its operations in various countries

### **Global Economy**

- Resource supplies, product markets, and business competition are worldwide, rather than local

### **Globalization**

- The process of growing interdependence of these components in the global economy

### **Types of market entry strategies:**

- Global sourcing: global sourcing is the practice of sourcing from the global market for goods and services across geopolitical boundaries
- Exporting: the process of selling goods or services to another country
- Importing: the process of buying goods or services from another country
- Licensing agreement: being given permission to sell your product or service in another country
- Franchising: it is the practice of using another firm's business model, granting a franchise for the sale of goods or services

### **Foreign Direct Investment**

- Is a direct investment into production or business in a country by an individual or company of another country either by:
  - Buying a company in the target country or
  - By expanding operations of an existing business in that country

### **Insourcing**

- Having people within the company do jobs that would normally be done by contractors

### **Types of Direct Investment strategies:**

- Joint ventures:
  - Operates in a foreign country through co-ownership by foreign and local partners
- Global strategic alliances:
  - Foreign and domestic firms share resource and knowledge
  - Foreign subsidiaries

- Local operation completely owned by a foreign firm

### **Regional Economic Alliances**

- NAFTA – North American Free Trade Agreement, consists of three countries (Canada, United States, Mexico), this alliance allows trade between any and all of these countries without tariffs
- EU – European Union
- World Trade Organization (WTO), this was organized by the United Nations

### **Types of global businesses:**

- Global corporation
  - MNC (multinational corporation) with extensive business operations in more than one foreign country
- Transnational corporation
  - MNC (multinational corporation) operates worldwide on a borderless basis

### **Culture Shock**

- Confusion and discomfort a person experiences in an unfamiliar culture

### **Ethnocentrism**

- Tendency to consider one's own culture as superior to others

### **Silent languages of Culture:**

- Context:
  - low context cultures – emphasize communication via spoken or written words
  - high context cultures – rely on nonverbal and situational cues as well as on spoken or written words in communication
- Time:
  - Monochronic cultures – people are more focused on what is happening than when it is happening
  - Polychronic cultures – time is used to accomplish many different things at once
- Space:
  - Proxemics: is how people use space to communicate, distance between people during communication

## GMS 200 – Lecture 4 – Teams, Teamwork and Collaboration

### Chapter 3 Global Dimensions of Management Continued...

#### Values and national cultures (Hofstede)

One of the ways of identifying cultures of different countries

- Power distance – helps people identify different cultures Ex: Calling the boss by sir, prof, etc.
- Uncertainty avoidance – when you are not sure if something is gonna work out, taking risks
  - Canada has low uncertainty avoidance
- Individualism – collectivism, individualism is achieving success on your own
- Masculinity – femininity, masculinity is when we want everything our own way, femininity is more relationship oriented
- Long term orientation – can identify cultures by their long term orientation, some countries don't have the facilities to think long term

### Chapter 15: Teams, Teamwork, and collaboration

- Team - a small group of people with complementary skills, who work together to achieve a shared purpose and hold themselves mutually accountable for performance results
- Teamwork- the process of people actively working together to accomplish common goals.

#### Common Problems in teams?

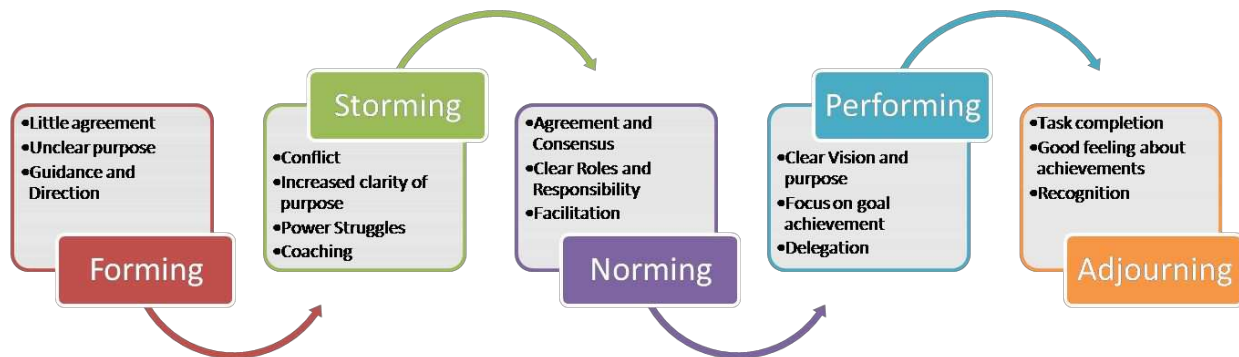
- Personality conflicts – You don't like something about someone else in the group/team
- Ill-defined problems – Not knowing what the problem is
- Lack of motivation – someone that doesn't want to do the work or is not motivated to do the work
- Conflicts with other deadlines or priorities – Overload of things due at once
- Meetings that lacks purpose or structure – Talking off topic, showing up late etc.

#### Teams and Groups

- Formal and Informal Teams
- Formal: Committees, project teams, and task forces
- Cross functional teams: A group made up of people that excel in different areas, have diversity, people of different strengths.
- Virtual Teams (Computer-mediated groups) – electronic group networks, meeting in person is not necessary
- Self-managing work teams (Autonomous teams) - someone is not always there to supervise you

## Stages of team development: Tuckman

1. Forming
2. Storming
3. Norming
4. Performing
5. Adjourning



## What is groupthink?

- Psychological phenomenon that occurs within a group of people make faulty decisions because group pressure leads to deterioration of “mental efficiency, reality testing, and moral judgment”
- Groups that take irrational decisions that dehumanize other groups

## Symptoms of Groupthink: Irving Janis

- Illusions of group invulnerability
- Rationalizing unpleasant data
- Belief in group morality
- Negative stereotypes of competitors
- Pressure to conform
- Self-censorship of members
- Illusions of unanimity
- Mind guarding.

### **Examples of groupthink activities that have occurred in the past:**

- Swissair: the flying bank
- Marks & Spencer
- Pearl Harbor, the Bay of Pigs Invasion
- Vietnam's War escalation
- George Bush and the Weapons of mass destruction

### **Methods of dealing with Groupthink**

- Have each group member to be critical evaluator
- Don't appear to favour one course of action
- Have team members discuss issues with outsiders
- Assign a member to the devil's advocate (a person who provokes an argument or debate) role

### **Roles**

- Task-orientated roles – Roles performed by group members to ensure that the task of the group are accomplished
- Maintenance roles – Roles performed by group members to maintain good relations within the group
- Individual roles – Roles performed by group members that are or are not productive for keeping the group on task.

Research shows that:

The ideal size for a work group is between 5 and 7 individuals

### **Social Loafing**

- The tendency for individuals to expend less effort when working collectively than when working individually (working less or putting in not enough effort because of the support of other group members)
- To reduce social loafing, teams should not be larger than necessary and individuals should be held accountable for their actions

Best way to deal with conflict is to collaborate and talk about it

## **GMS 200 – Lecture 5 – Management Learning Past and Present**

There are two major approaches to management:

- Classical
- Behavioural

### **Classical:**

#### **1. Scientific Management - Fredrick Taylor**

- Proper work conditions
- Carefully selected workers
- Carefully trained workers
- Support workers

#### **2. Administrative Principles - Henri Fayol**

- Division of Labour
- Authority
- Discipline
- Unity of Command - 1 person should be in charge
- Unity of direction – You know where you need to be headed (Goals)
- Subordination of individual interests – Somethings we want to do but we give away to Follow the rules of the organization
- Remuneration- how much money you make
- Centralization – one central office where a boss takes charge
- Scalar chain – similar to hierarchy
- Equity – treating everyone with respect

#### **3. Bureaucratic Organization - Max Webber**

##### **Bureaucracy**

- An Ideal, intentionally rational, and very efficient form of organization
- Based on principles of logical, order and legitimate authority
- System of government where most of the important decisions are made by state officials

##### **Classical Management Thinking**

##### **Scientific Management (Frank and Lillian Gilbreth):**

- Motion Study
- Science of reducing a job or task to its basic physical motions
- Eliminating wasted motions improves performance

Break down the task and learn how to do it really well

## **Behavioural Management:**

- Studying the way people behave

Follett's notion of organization as communities

## **Hawthorne Studies**

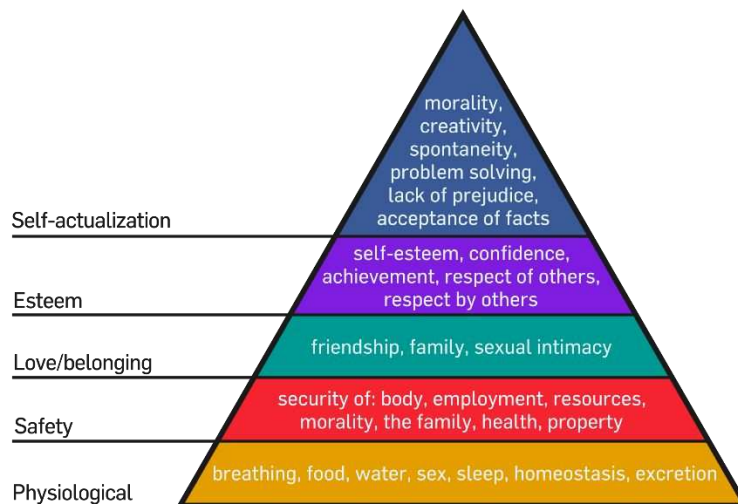
- Employers hire researchers to observe workers to increase productivity such as changing the paint colour, having different lights etc.
- Researchers did not do anything, but the productivity went up because the workers were being watched and they felt cared for

## **Maslow's Hierarchy of Human Needs**

- Deficit Principle: a satisfied need is not a motivator of behaviour
- Progression principle: A need becomes a motivator once the preceding lower-level need is satisfied.

Both principles cease to operate at self-actualization level

- Self-actualization
- Esteem
- Social
- Safety
- Physiological



Something that is wrong with Maslow's Hierarchy of Needs is the progression principle. It states you have to move up the pyramid in order, which you do not have to in reality.

## **McGregor's Theory X and Theory Y**

Theory X boss thinks that you are lazy and will not accomplish anything

- Attitude: people dislike work
- Direction: people must be forced or bribed
- Responsibility: people would rather be directed
- Motivation: motivated mainly by money
- Creativity: people have little creativity

Theory Y boss thinks the best in everyone. Boss believes you will do well.

- Attitude: people need to work
- Direction – people direct themselves
- Responsibility – seek and accept responsibility
- Motivation – under the right conditions, people are motivated
- Creativity – creativity and ingenuity are widely distributed

## **Argyris's Theory**

Adult personality workers regarding of their age will act as adults when they are given responsibility.

## GMS 200 – Lecture 6 – Planning Processes and Techniques

### Why and how managers plan?

- Planning: the process of setting objectives and determining how to best accomplish them
- Objectives: identify the specific results or desired outcomes that one intends to achieve
- Plan: a detailed proposal for doing or achieving something

### Steps in the planning process

- Define your objective (a goal)
- Determine where you stand vis-à-vis (in relation with) objectives
- Develop premises regarding future conditions
- Analyze and choose among action alternatives
- Implement the plan and evaluate results

### The roles of planning and controlling in the management process

Planning	Organizing	Leading	Controlling
1. Vision & Mission 2. Strategizing 3. Goals & Objectives	1. Organization Design 2. Culture 3. Social Networks	1. Leadership 2. Decision Making 3. Communications 4. Groups/Teams 5. Motivation	1. Systems/Processes 2. Strategic Human Resources

### Types of plans used by managers

- Strategies and Tactical plans:
  - Strategic plans: set broad, comprehensive, and long-term action directions for the entire organization
  - Tactical plans: define what needs to be done in specific functions to implement strategic plans
    - Production plans
    - Financial plans
    - Facilities plans
    - Marketing plans
    - Human resource plans

### Planning Tools and Techniques

- Forecasting:
  - Making assumptions about what will happen in the future
  - Qualitative forecasting uses expert opinions
  - Quantitative forecasting uses mathematical and statistical analysis
  - All forecasts rely on human judgement

- o Planning involves deciding on how to deal with the implications of a forecast
- Contingency planning:
  - o Identifying alternative courses of action that can be implemented if circumstances change
  - o Contingency plans anticipate changing conditions (Ex: if it's a bad weather tomorrow, you figure out a different outfit to wear)
- Scenario planning:
  - o A long-term version of contingency planning
  - o Identifying alternative future scenarios
  - o Plans made for each future scenario
    - "worst case" and "best case" scenarios
- Benchmarking:
  - o Use of external and internal comparisons to better evaluate current performance and identify possible actions for the future
  - o Adopting best practices of other organizations that achieve superior performance (gaining a competitive advantage, Ex: all banks having ATMs after it was introduced by CIBC to gain a competitive advantage)

### **Implementing plans to achieve results**

- Goal Setting:
  - o Can make a big difference in how well management does in pointing people in the right directions and inspiring them to work hard
  - o Great goals are SMART
    - Set **S**pecific goals
    - Make sure goals are **M**easurable (realistic)
    - Ensure goals are **A**ttainable (they are achievable)
    - Goals must be set to **R**egularity
    - Goals must be **T**imely
- Management by objectives (MBO):
  - o A structured process of regular communication
  - o Supervisor/team leader and workers jointly set performance objectives (Ex: if an employee needs a day off, the supervisor tells him he can have it but he would have to work overtime to make up for it)
  - o Supervisor/team leader and workers jointly review results

## GMS 200 – Lecture 7 – Individual Behavior

### **Perception:**

- The process through which people receive, organize and interpret information from the environment
- People can perceive the same things or situations differently

### **Attribution:**

- It is a process of explaining events
- If someone cuts in line, internal attribution: Person is selfish
- External attribution: Person is unaware (situational)
- If I cut in line, I would most likely believe that I was unaware.

### **Fundamental attribution error:**

- Blame others performance problems on internal rather than external factors, a man is walking down a crowded sidewalk, carrying loaded bags from shops. If someone bumps into him, he is probably inclined to think “what an idiot!”

### **Self-serving bias:**

- Blame personal performance problems on external factors and attribute successes to internal factors.
- Ex: I earned an A on my POM exam because I studied hard. I received a C on my Accounting exam because the prof deliberately set a difficult exam.

### **Perceptual tendencies and distortions:**

#### **Stereotype:**

- Occurs when someone is identified with a group or category, and then oversimplified attributes associated with the group or category are used to describe the individual

#### **Halo effects:**

- Occurs when one attribute is used to develop an overall impression of a person or situation

#### **Selective perception:**

- The tendency to focus on parts of the situation or person that reinforces one’s existing beliefs, values, or needs.

#### **Projection:**

- The assignment of personal attributes to other individuals.
- (Self: Polite, so you expect everyone else to be.)

## “Big Five” dimension personality



### Other personality traits that affect work behavior:

#### Locus of control:

- The extent to which people believe they are in control of their destinies versus believing that what happens to them is beyond their control.

#### Authoritarianism:

- The degree to which a person defers to authority and accepts status differences.

#### Machiavellianism:

- The extent to which someone is emotionally detached and manipulative in using power.

### Personalities in the workplace:

#### Other personality traits that affect work behavior:

#### Self –monitoring:

The degree to which someone is able to adjust and modify behavior in response to the situation and external factors. (How fast do you speak?)

#### Type A:

- Competitive
- Time urgent
- Hostile and aggressive

#### Type B:

- Relaxed
- One thing at a time
- Express feelings

**Attitudes:**

**Cognitive dissonance. (Leon Festinger)**

- The discomfort a person feels when attitudes and behavior are inconsistent.
- Usually try to rationalize it

**Constructive stress:** (Eustress or “Euphoric stress”)

- acts in a positive way to increase effort, stimulate creativity, and courage diligence in one’s work

**Destructive stress:** (Distress)

- impairs the performance of an individual

## GMS 200 – Lecture 8 – Strategy and Strategic Behavior

### Essentials of Strategic Analysis: Porter's Model of Five Strategic Forces Affecting Competition



- Strategy involves planning
- Planning involves situational analysis
- In situational analysis, a manager identifies planning assumptions, issues and problems

### Three Levels of Planning

- Strategic
- Tactical
- Operational

### Strategic Planning

- Envisioning goals for the future
- Creating goals from above
- Creating a sequence of steps to achieve them

### Tactical Planning

- The steps or tactics needed to achieve the goals defined in a strategic plan
- For example, if a company's strategic plan is to become a market leader, its tactical plan might be to spend more on advertising and marketing

### Operational Planning

- The process of planning strategic goals and objectives to tactical goals and objectives
  - o Specific goals
  - o Actions and time required to achieve goals
  - o Human Resources required
  - o Physical Resources required

- o Budget required

## Goals

- The target or ends the manager wants to reach are called Goals

In looking at a strategy, we have to think about core values

- Values are broad beliefs about what is or is not appropriate
- Organizational culture reflects the dominant value system of the organization as a whole

## SWOT Strategic Analysis

- A technique for assessing the organization's internal and external environments

# SWOT ANALYSIS



## Cooperative Strategies

- Strategic alliances – two or more organizations partner to pursue an area of mutual interest
- An example of a strategic alliance is the use of Co-operatives

## Other Strategic Tools

- BCG Matrix involves evaluating competitiveness and resource allocation
- BCG – Boston Consulting Group

## GMS 200 – Lecture 9 – Leading and Communication

### Power

Two sources of power:

- Position power (position you have in the organization)
  - Reward power: capability to offer something of value
  - Coercive Power: capability to punish or withhold positive outcomes
  - Legitimate Power: organizational position or status confers the right to control those in subordinate positions
- Personal Power:
  - Based on the unique personal qualities that a person brings to the leadership situation
  - Sources of personal power:
    - Expert power: capacity to influence others because of one's knowledge and skills
    - Reference power: capacity to influence others because they admire you and want to identify positively with you

### Visionary Power

- A leader who brings to the situation a clear and compelling sense of the future as well as an understanding of the actions needed to get there successfully

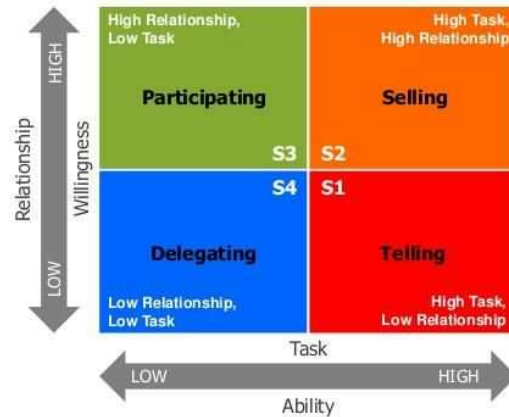
### Servant Leadership

- Commitment to serving others
- Followers more important than leader
- Focuses on empowerment, not power

### Blake and Mouton's Leadership Grid



## Hersey-Blanchard's Situational Leadership® Model



### Transactional Leadership

- Someone who directs the efforts of others through tasks, rewards, and structures

### Transformational Leadership

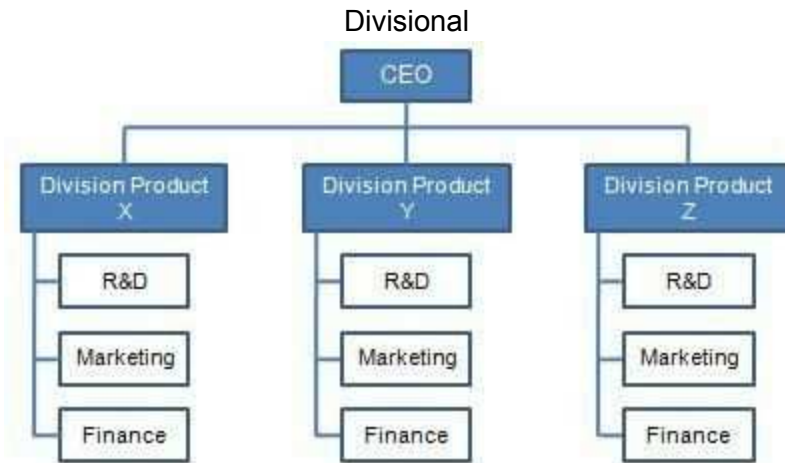
- Someone who is truly inspirational as a leader and who arouses others to seek extraordinary performance accomplishments

### Emotional Intelligence

The ability of people to manage themselves and their relationships effectively

- Components of emotional intelligence:
  - Self-awareness
  - Self-regulation
  - Motivation
  - Empathy
  - Social skills





### **Strengths and Weaknesses of Functional Organization Structure**

Strengths:

- Allows economics of scale
- Is best with only one or a few products

Weaknesses:

- Slow response time to environmental changes
- Leads to poor horizontal coordination among departments

Organic

- active, reacts to the environment, changes very quickly
- ex. SWAT team