

COMM 210

Critical Thinking

Final Review: Major Claims & Theories 2014

Including:

Chandler, Greiner, Tannenbaum & Schmidt, Collins & Porras, Zaleznik

Mintzberg, French & Raven, Barney, Kaplan & Norton, Handy, Herzberg

Chandler

Major Claim

- Successful firms capitalize on economies of scale and scope; they have a functional management structure and invest in research and development and grow from related diversification this will allow them to stay ahead of competition.

Economies of Scale

- Doing things in a bigger scale reduces costs.

Economies of Scope

- Use the same raw materials to produce various products.

Managerial Enterprize

- Making necessary investments in management, production and distribution in order to capitalize in Economies Scale and Scope.

Research & Development

New Technologies, improving quality, (innovation)

- * Hiring managers with experience and skills to understand the company's products and processes.

Management Hierarchy

Seperation of upper and lower level management

Greiner

Major Claim

- Organizational growth is done in 5 phases and by implementing the right strategies and managerial structures, they can resolve the crisis and move on.
- * Each phase begins with a period of evolution and has its moments of stability and growth but eventually ends with a revolutionary period.
- ⇒ Management Practices that work well in one phase brings crisis and chaos in another.

Age: Life span of Organization
Management problems and principles are rooted in time.

Size: Companies Problems and Solutions change as number of employees & sales volume increase.

Stages of Evolution: Prolonged Growth

Stages of Revolution: Time of crisis and turmoil between periods of evolution.

Growth Rate of the Industry

Speed at which industry goes through the stages is related to the market environment of industry.

Evolution 1: Creativity, Emphasis on creating a product

Revolution 1: Crisis of Leadership

→ Unwanted Management Responsibilities

Solution: Find Strong Manager with Knowledge & Skill to lead

Evolution 2: Direction, Period of Sustainable Growth

Revolution 2: Crisis of Autonomy

→ Employees dislike hierarchy

: Torn between following procedures and taking initiative

⇒ Top Managers dislike giving up responsibilities to lower management

Solution: Work towards delegation

Evolution 3: Delegation = separation between top & lower management

Revolution 3: Crisis of Control

→ Top level managers seek to regain control

Solution: Special coordination techniques

Evolution 4: Coordination

→ Use of formal systems to achieve greater coordination

Revolution 4: Red Tape Crisis

→ Organization too large to be managed through formal rigid systems.

Solution: Collaboration

Evolution 5: Collaboration (Team Work)

→ More flexible approach to management

→ No more Formal Systems.

Revolution 5: (?)

Greiner's Secondary Claim

- > Organizations should not try to skip phases.
- > Top managers whose style is no longer appropriate should remove themselves
- > Growth is not inevitable

5 Forces that Impact the choice of Managerial Style

(1) Forces in The Manager

- (a) Their value system (How they feel about individual making decisions)
- (b) Their confidence in subordinates (Does he trust them?)
- (c) Their Leadership inclinations (How they feel about giving orders)
- (d) their feelings of security in an uncertain situation

(2) Forces in The Subordinate

- (a) High need for independence
- (b) Readiness to assume responsibility for decision making
- (c) Preference for orders vs. more freedom
- (d) Preference for direct vs. indirect communication (How direct)
- (e) How well they know and understand leader with problem
- (f) Expectations of decision making

(3) Forces in Situation

- (a) Types of organization (values & traditions)
- (b) Group Effectiveness (How effective the group works?)
- (c) The Problem itself (Determine how much authority to give)
- (d) Pressure of time (How much time they have for solution)
- (e) Long-run Strategy (Shift thinking from tactics to large-scale strategy)
- (f) Objectives to be attained

Tannenbaum & Schmidt Theory

- Continuum leadership model shows the relationship between the level of freedom that a manager chooses to give to a team and the level of authority used by the manager.

⇒ Teams Freedom ↑ leads to Managers Authority ↓

3 Forces that Impact the choice of Managerial Style

① Forces in The Manager

- Their value system (How they feel about individuals making decisions)
- Their confidence in subordinates (Does he trust them?)
- Their Leadership inclinations (How they feel about giving orders)
- Their feelings of security in an uncertain situation

② Forces in The Subordinate

- high need for independence
- readiness to assume responsibility to decision making
- like receiving orders vs. more freedom
- Importance they put via company problems (their interest)
- Have necessary knowledge and experience to deal with problem.
- Expectations in decision making

③ Forces in Situation

- types of organization (values & traditions)
- Group effectiveness (How effective the group works?)
- The Problem itself (Determine how much authority to give)
- Pressure of time (How much time they have for solution)
- Long-run Strategy (Shift thinking from tactics to large-scale strategy)
- Objectives to be attained

Tannenbaum & Schmidt Continuum levels

* From Left to Right

- ① Manager decides and announces decision
Subordinates have no say in decision making process
→ Manager reviews options and comes to a decision.
- ② Manager decides and explains his reasoning
Manager makes the decision and explains why it's good and he'll list the benefits that the team will enjoy.
- ③ Manager decides and allows subordinates to discuss
Manager makes the decision and explains the process that led to it. The subordinates are allowed to question the decision in order to get a better understanding. (More motivational) (Higher team involvement)
- ④ Manager suggests a decision and invites subordinates to contribute their input
Manager takes the views of the subordinates into consideration. The subordinates have an influence in the making of the decision.

- ⑤ Manager presents problem, gets suggestions then decides
Subordinates are active in decision making; Manager presents problem and subordinates are expected to have some suggestions to solve the problem and the Manager will choose best option. This is a decision making process is done when team has more experience and knowledge than the manager.
- ⑥ Manager explains problem, describes parameters and expects the subordinates to come up with a decision
Manager has given the subordinates the power to decide; although it has to be within the limitations set by the manager. The manager may or may not be part of the team that decides. This decision making process can only happen when the subordinates have the required knowledge and skills in order to deal with the problem in a efficient manner.
- ⑦ Manager lets subordinates identify the problem, let's them develop possible solutions, while also letting them decide in the necessary course of action, while staying within the limitations set by manager.
Manager states that he will support the decision. Therefore, manager has same amount of authority as subordinate in the decision making.

Collins & Porras

Vision: provides guidance about what Core to preserve and what Future to stimulate progress toward.

Core Ideology (core values & core purpose)

Enduring Character of an organization and is the source of guidance and inspiration. It is the glue that holds organization together as it grows, diversifies, expand globally. It is the consistent identity of the organization that transcends product or market life cycles.

Core Values

Beliefs about what is important. Small set of timeless guiding principles. Company should not change core values in response to market change.

Core Purpose (Reason for Existing)

The organization's reason for being; people's idealistic motivations for working at the company.
 → Not a Goal or Business Strategy.

- * Core Purpose should inspire change since a company can never fully achieve it's purpose. [Guiding Light]

Core Purpose is to guide and inspire

Discovering Core Ideology

* You do not create or set core Ideology. You discover it!

→ Ideology has to be authentic

Role of core ideology is to guide and inspire not to differentiate.

→ Core Ideology needs to be meaningful and inspirational only to people inside organization because they need to commit to the ideology over the long term.

★ A clear and well-articulated ideology attracts to the company people whose personal values are compatible with the company's core values.

⇒ Core values & core purpose; attract & retain those people who are compatible.

Core Ideology \neq Core Competence

Envisioned Future

- ① BHAG (Big, Hairy, Audacious Goal) 10-30 years to complete
- ② Vivid Description (What it will be like to achieve goal)

BHAG

Engages people - it reaches out and grabs them.

→ It is tangible, energizing, highly focused

[Vision level BHAG]

- Applies to the entire organization and requires 10-30 years of effort to complete.
- Setting BHAG that far into future requires thinking beyond the current capabilities of the organization and the current environment.

BHAG should not be sure bet. (50% to 70% success rate)

→ Organization must believe that it can reach the goal.

Vivid Description

Vibrant, engaging and specific description of what it will be like to achieve the BHAG.

→ Translating the vision from words into pictures that people can carry around in their heads.

→ Passion, emotion and conviction are essential parts of the vivid description

Zaleznik

Main Claim

- Managers embrace process, seek stability and control, and instinctively try to resolve problems quickly - sometimes before they truly understand the problems' significance.
- Leaders, in contrast, tolerate chaos and lack of structure and are willing to delay closure in order to understand the issue more fully.
- Business Leaders have much more in common with artists, scientists, and other creative thinkers than they do with managers.
- Organizations require both managers & leaders in order to succeed; but developing both requires a reduced focus on logic and strategic exercises in favor of an environment where creativity and imagination are permitted.

Attitudes towards Goals

Manager

- Takes an impersonal, passive outlook.
- Goals arise out of necessities not desires

Leaders

- Take a personal, active outlook. Shape rather than respond to ideas.
- Change how people think about what's desirable and possible.
- Set company direction.

Conceptions of Work

Managers

- Negotiate and coerce. Balance opposing views.
- Design compromises. Limit choices
- Avoid Risk

Leaders

- Develop fresh approaches to problems.
- Increase options. Turn ideas into exciting images
- Seek risk when opportunities seem promising.

Relations with others

Managers

- Prefer working with people, but maintain minimal emotional involvement. Lack empathy.
- Focus on Process. How decisions are made rather than what decisions to make.
- Communicate by sending ambiguous signals
Subordinates perceive them as detached & manipulative
- Organization accumulates bureaucracy and political intrigue.

Leaders

- Attracted to ideas. Relate to others directly and intuitively.
- Focus on substance of events and decisions.
Including their meaning for participants
- Subordinates describe them with emotionally rich adjectives
- Relations appear turbulent, intense disorganized
Yet motivation intensifies, and unanticipated outcomes occur.

Sense of Self

Manager

- Comes from perpetuating and strengthening existing institutions
- Feel Part of the organization

Leaders

- Comes from struggles to profoundly alter human and economic relationships
- Feel separate from the organization

Henry Mintzberg

Mintzberg talks about the importance of the manager's role and the need to understand it properly and thoroughly before attempting to train and developing more managers.

The Nature of Managerial Work (six characteristics)

- ① The manager's job is a mixture of regular programmed jobs and unprogrammed jobs/tasks.
- ② A manager is both a generalist and specialist
- ③ Managers rely on information from all sources but show a preference for that which is orally transmitted.
- ④ Managerial work is made up of activities that are characterized by brevity, variety and fragmentation.
- ⑤ Management work is more an art than a science and is reliant on intuitive processes and a feel for what is right
- ⑥ Management work is becoming more complex

According to Mintzberg, the roles of the manager, or expectations for a manager's behavior, fall into three categories;

- ① Informational: Managing by Information
- ② Interpersonal: Managing through people
- ③ Decisional: Managing through action

① Interpersonal Roles

- ① Figurehead → Head of an Organization, and must perform some ceremonial duties.
→ Role may sometimes be routine, involving little serious communication
- ② Leader → Establish the atmosphere and motivate the subordinates
→ Are responsible for the work of its people
- ③ Liaison → Developing and maintaining webs of contacts outside the organization

② Informational Roles

- ① Monitor → Collecting all types of information that are relevant and useful to the organization.
- ② Disseminator → Transmits some privileged information directly to subordinates, who would otherwise have no access to it.
- ③ Spokesperson → Transmits information from within the organization to outsiders

③ Decisional Roles

- ① Entrepreneur → Seeks to improve organization; and to adapt it to changing conditions in the environment
- ② Disturbance Handler → Deals with disputes or problems and takes corrective action
- ③ Resource Allocator → Decides on the use of the organizations resources.
- ④ Negotiator → Negotiating with individuals and dealing with other organizations
→ Defends business interests

Becoming a More Effective Manager

- Be aware of the roles you prefer. Stretch beyond those you're most comfortable in, depending on what the situation demands.
- Reduce Workload by giving subordinates the information they need to be more self-sufficient.
- Avoid Superficial decision making by taking advantage of expert analysts.
- Force yourself to do things you believe are important.

French & Raven

The bases of Social Power of French and Raven is a theory that identifies 5 bases or sources of social organizational power.

① Reward Power

Is the ability to compensate another for their compliance and work

② Coercive Power

Is the understanding that one has the ability to punish others for not complying.

③ Legitimate Power

Based on the perception that people have the formal right to make demands, and to expect compliance and obedience from others.

④ Referent Power

Is the influence one has on others from being well liked or respected by others

⑤ Expert Power

Is the ability to influence others based solely on one's in-depth knowledge, superior skills and experience

Jay Barney

- A firm will have a sustained competitive advantages if its resources and capabilities are valuable, rare, inimitable and organized in a way that allows to exploit potential opportunities.
- A firm will be successful if it has resources with the right attributes and characteristics.
- * A firm's resources and capabilities include all of the financial, physical, human and organizational assets used by a firm to develop, manufacture, and deliver products or services to its customers.
 - Financial: Debt, Equity, Retained Earnings
 - Physical: Machines, Manufacturing Facilities
 - Human: Experience, Knowledge, Judgement, Wisdom
 - Organizational: History, Relationships, Trust, Culture
Formal Reporting Structure, Patents
- ★ A complete understanding of sources of competitive Advantage requires the analysis of a firm's internal strengths and weaknesses as well.

Four Important Questions about resources and capabilities

- ① The Question of Value
Does a firm's resources and capabilities enable it to exploit an opportunity, and/or neutralize it?
- ② The Question of Rareness
How many competing firms already possess these valuable resources and capabilities?

③ The Question of Imitability

Do firms without a resource or capability face a cost disadvantage in obtaining it compared to firms that already possess it?

Barney has identified ③ reasons why resources can be hard to imitate.

(a) Historical Conditions

→ Valuable and rare resources acquired or developed through unique historical circumstances can be costly to imitate and thus a source of sustained competitive advantage.

(b) Importance of Numerous Small Decisions

→ A firm's competitive advantage seems to depend on numerous "small decisions" through which a firm's resources and capabilities are developed and exploited in developing, nurturing and exploiting resources.

(c) The Importance of Socially Complex Resources

→ The resources and capabilities that are based on company's culture or interpersonal relationships (reputation, trust, friendship, teamwork and culture) [while not patentable are much more difficult to imitate]

④ The Question of Organization

Is a firm organized to exploit the full competitive potential of its resources and capabilities?

Kaplan & Norton

The balanced scorecard is a strategic planning and management system that is used extensively in business to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals.

Four perspectives for a balanced scorecard

① The Customer Perspective

The importance of customer focus and customer satisfaction in any business. If customers are not satisfied, they will eventually find other suppliers that will meet their needs.

② The Internal Business Perspective

Refers to the internal business process. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements. Metrics must developed and designed by people within the company that know these processes well.

③ Innovation & Learning Perspective

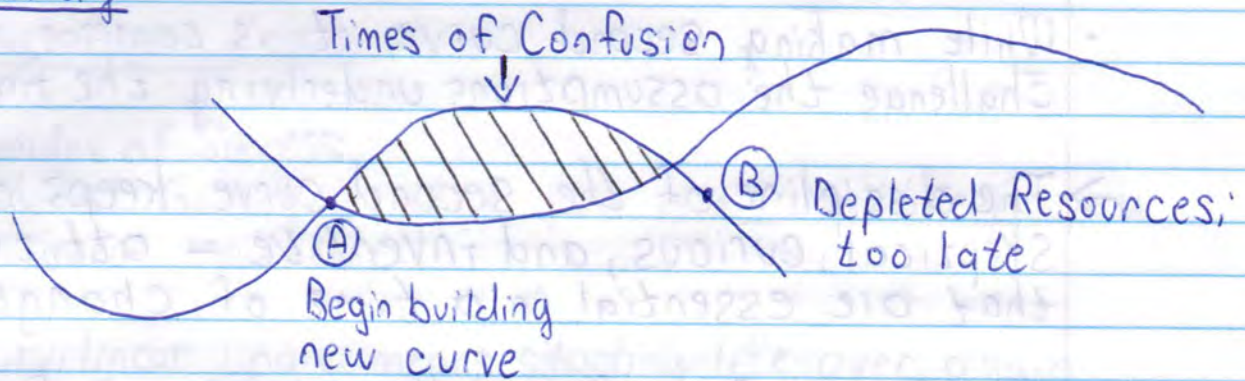
Refers to the importance of individual and corporate self-improvement. In a knowledge-worker organization, people are the main resources, and with the rapid technological change; it is necessary for these knowledge workers to be in a continuous learning mode. Certain Metrics can be put into place to help guide managers in allocating resources where they can help the most.

→ Learning & Growth constitute the essential foundation for Success of any knowledge-worker Organization.

④ The Financial Perspective

Timely and accurate funding data will always be a priority; they must ensure profitability for the shareholders. These measures indicate whether or not the company's Strategy, implementation and execution are contributing to the bottom line.

Handy



Sigmoid curve sums up the story of life itself.

→ The secret to constant growth is to start a new sigmoid curve before the first one begins to diminish.

* When a company is left at point B, only new people will be able to lift the organization to the second curve.

The Second Curve (Proceed by Guess & Assumption)

→ The discipline of the second curve requires that you always assume that you are near the peak of the first curve, at Point A, and should therefore be starting to prepare for the second curve.

• If assumption turns out to be wrong, nothing has been lost. Only the exploratory phase of the second curve has been done.

→ No Major commitments will have been done until Curve 2 overtakes Curve 1; which won't happen if curve 1 is on the rise.

* Keeping the two curves going will become a habit.

- While making second curve, it is common to challenge the assumptions underlying the first curve.

→ The discipline of the second curve keeps one skeptical, curious, and inventive - attitudes that are essential in a time of change.

The Second Curve follows the traditional four-stage cycle of discovery.

⇒ Questions start it off!

Ideas

Possibilities

Hypotheses

→ In the Second Curve it is important to not re-invent the same life because that would perpetuate the first curve.

⇒ Essential: Let go of the past

- Second Curve is always different, although it builds on and grows out of the first curve.

Paradox of Time

* By the time you know where you need to go, it is already too late.

"If one is too emotionally attached to what has gone before, it is difficult to be different in any way."

Curvilinear Logic

Paradox of Success

→ What Got You where you are won't keep you where you are.

Curvilinear Logic means starting life over again, something that gets harder as one gets older.

* Entrust the Curvilinear Thinking to the next generation
→ Can see more clearly where the first curve is heading and what the next curve might look like.

* The Elders of the organization must allow change, give permission to be different, and then when the next curve is established, they must exit/get out of the way.

⇒ For that to happen, there has to be a new curve for them, outside.

Herzberg

Two Factor Theory

① Hygiene Factors

Needed to ensure an employee does not become dissatisfied. They do not lead to motivation, but without them, there is possibilities of dissatisfaction.

Examples: Working Conditions, Salary
Quality of Supervision, Company Policies
Status, Interpersonal Relations
Security

② Motivation Factors

Needed to motivate an employee into higher performance. Motivators are the primary source of satisfaction.

Examples: Achievement, Interest in job
Responsibility, Recognition for Achievement
Growth
Advancement for higher level task

Combining Hygiene & Motivation Factors

① High Hygiene & High Motivation

→ Ideal situation where employees are highly motivated and have few complaints.

② High Hygiene & Low Motivation

→ Employees have few complaints but are not motivated. Job seen as a paycheck.

③ Low Hygiene & High Motivation
→ Employees are motivated but have lots of complaints. A situation where job is exciting and challenging but salaries and work conditions are poor.

④ Low Hygiene & Low Motivation
→ Unmotivated Employees with lots of complaints. Worse Situation.

Job Enrichment (Vertical Job Enlargement)

Provides employee with more task to do as part of the job and gives them the responsibility and authority needed to complete the task.

→ Give people responsibility for the complete process of the task.

→ Make Information directly available to employees. Rather than sending it through their managers.

→ Enable people to take on new, more difficult tasks they haven't handled before.

* Employees gain an enhanced sense of responsibility and achievement; along with new opportunities to learn and grow.

Job Loading

(a) Horizontal Job Loading

- Adding tasks to a job but not responsibilities.
- The Meaningness of the job is simply increased.

(b) Vertical Job Loading

- Adding meaningful tasks that will lead to growth.
- Additional tasks that permit growth and provide motivating factors.

Job Enlargement (Horizontal Job Enlargement)

Widening the range of jobs at the same level in the organization and adding them to the existing job.

⇒ Herzberg says there is little motivation value in this approach.

Job Rotation

Planned rotation of staff between jobs to alleviate monotony (lack of interest and variety) and provide a fresh job challenge.

⇒ Herzberg says it is likely to improve job satisfaction but unlikely to create positive motivation.