

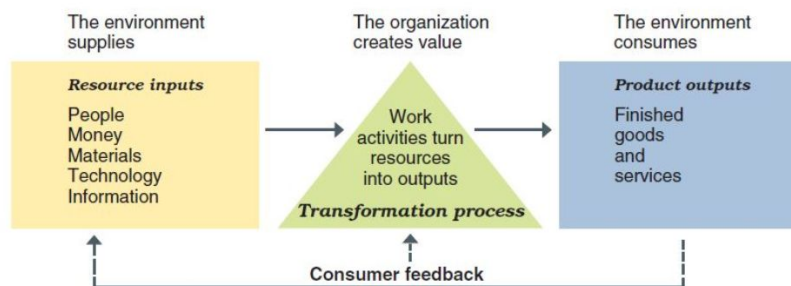
- Glo-bus is a simulation to help you in making decisions in a business
- All companies start at the same level(profits, costs etc)
- Key measures
  - Earnings per share 20% (total profit / no.of shares)
  - Return on equity 20% (total amount invested in the company)
  - Credit rating 20% (ability to pay back your debt)
  - Stock price 20%
  - Image rating 20%

## CHAPTER 1 - management today

- Working today -
  - Talent -
    - intellectual capital - brain power
    - It's not only about physical strength it's about knowledge and creativity
  - Technology -
    - Ability to use current technology
    - As a manager, you don't have to be able to program but to be aware that you can use technology to enhance your business
  - Globalization -
    - Worldwide interdependence of resource flows, product markets and business competition and characterize economy
    - In today's world whatever happens in other parts of the country affects your business, maybe indirectly.
  - Ethics
    - Code of principles that set standards of what is good and bad
      - In individual behaviour
      - In business practices
    - How would you reconcile ethics and business profitability?
      - As a manager, you would try to strike a balance between the two.
  - Which of the following constitute intellectual capital?
    - Knowledge
    - Skills
    - Savings in the bank
    - Experience
    - Diploma
  - Corporate governance
    - Reconciling financial performance, ethical performance and sustainability
  - Diversity

- A manager should know workforce diversity because of sensitivity to race, ethnicity, sexual orientation etc
- Blindspot - unintentional bad behaviour of good people
- A diverse and multicultural workforce both challenges and offers opportunities to employers
- To know your blind spots, you need to become more knowledgeable about other backgrounds and be more contra sensitive (culturally aware)
  - Secondly, you can ask your close friends or close colleagues to tell you if you are sensitive.
  - As a manager, you can hold diversity workshops or hire a diversity expert to make your workers culturally aware
- How diversity bias can occur in the workplace
  - Prejudice - negative irrational opinions and attitudes
  - Discrimination - unfair treatment of other groups
  - Glass ceiling effect - an invincible barrier or ceiling
- Careers and connections
  - Permanent workers
  - Temporary workers
  - Freelance or contract workers
  - Free-agent economy
    - People change jobs more often and work on flexible
  - Self-management
    - Ability to assess oneself realistically, recognize strengths and weakness, make constructive changes and manage personal development
- Organizations
  - A collection of people working together to achieve a common purpose
  - Provides goods and services
  - Serve society

## Organizations (2 of 6)



- **Organizations as open systems interact with their environments**

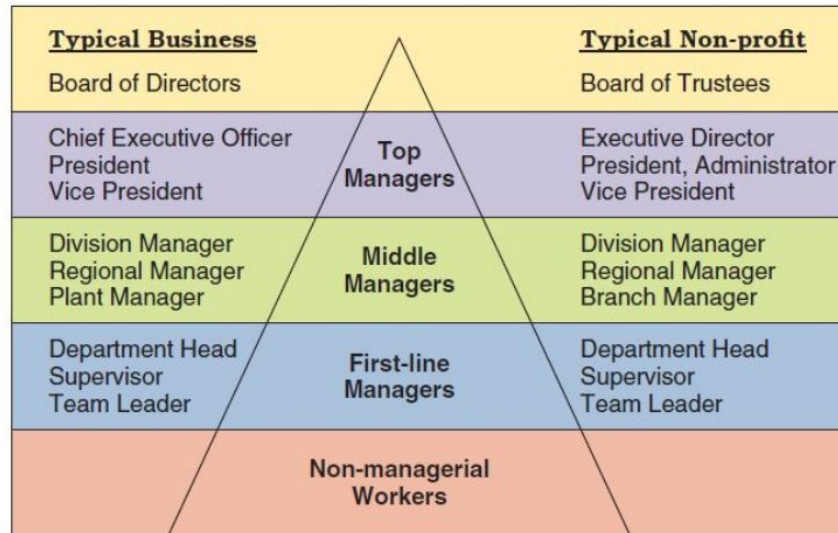
- 
- Organizational performance
  - “Value creation” is important
  - Created when operations add value to original cost of resource inputs
  - Result of value creation
    - Businesses are profit
    - Non-profit organizations add wealth to society
  - Productivity
    - Overall measure of quantity and quality of work performance with resource utilization
  - Performance effectiveness
    - Output measure of the goal
  - Performance efficiency
    - Input measure of resource costs associated with goal accomplishment



**Productivity and the dimensions of organizational performance**

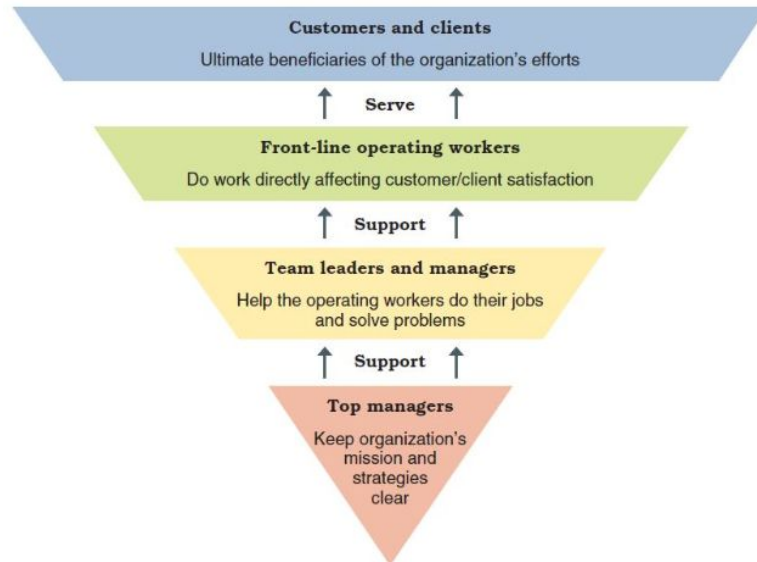
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- Workplace changes that provide a context for studying management
  - Focus on valuing human capital
  - Demise of “command and control”
  - Emphasis on teamwork
  - Preeminence of technology
  - Importance of networking
  - New workforce expectations
  - Concern for sustainability
- Managers
  - Importance of human resources and managers
    - People are not “costs to be controlled”
    - High performing organizations treat people as valuable strategic assets
    - Directly supports, supervises and helps activate the work efforts of others
    - The people who managers help are the ones whose contributions represent the real work of the organization

- Levels of management
  - Board of directors - makes sure the organization runs well
  - Top managers - responsible for the performance of an organization as a whole or for one of its major parts
  - Middle managers - oversee large departments or divisions
  - Team leaders - supervise non-managerial workers



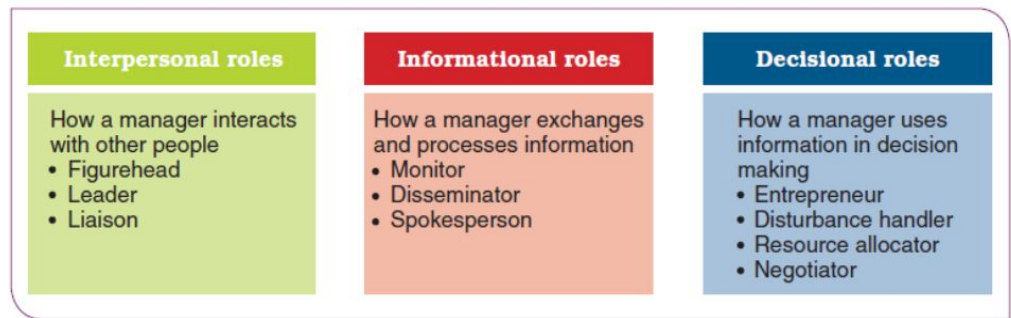
- 
- Types of managers
  - Line manager - responsible for work activities that directly affect organizations outputs
  - Staff managers - use technical expertise to advise and support the efforts of line workers
  - Functional managers - are responsible for a single area of activity
  - General managers - responsible for more complex units that include many functional areas
  - Administrators - work in public and non-profit organizations
- Managerial performance accountability is the requirement to show performance results to a supervisor
  - Effective managers help others achieve high performance and satisfaction at work
- Quality of work-life (QWL)
  - Indicator of overall quality to human experiences in the workplace
  - Indicators
    - Respect
    - Fair pay
    - Safe working conditions
    - Opportunities to learn and use new skills
    - Room to grow and progress in a career
    - Protection of individual rights

- The organization as an upside-down pyramid
  - Manager's job is to support other workers efforts
  - Best managers help and support
  - Customers at the top served by workers who are supported by managers



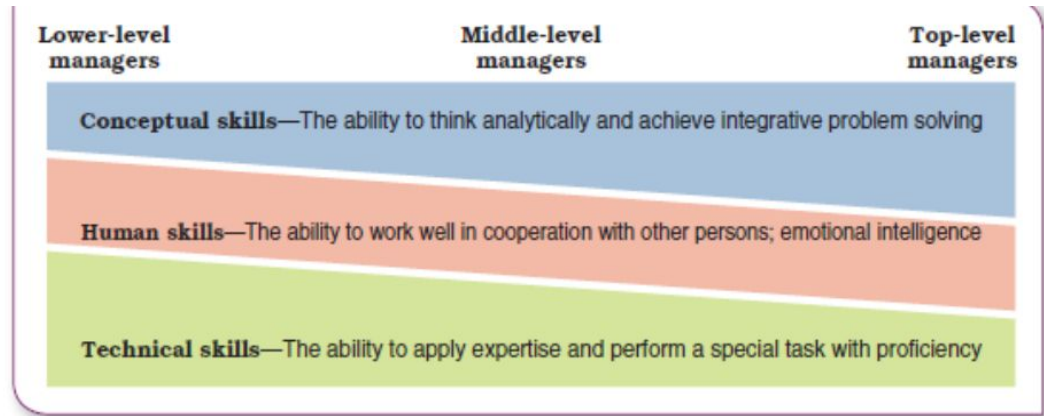
### ■ The organization viewed as an upside-down pyramid

- Management process
  - Managers achieve high performance for their organizations best utilizing its human and material resources
  - Management is the process of planning, organizing, leading and controlling the use of resources to accomplish performance goals
  - All managers are responsible for the four functions
  - The functions are carried on continually
    - Four functions:
      - Planning - setting performance objectives and deciding how to achieve them
      - Organizing - arranging tasks, people and other resources to accomplish the work
      - Leading - inspiring people to work hard to achieve high performance
      - Controlling - Measuring performance and taking action to ensure desired results



### Mintzberg's 10 Managerial Roles

- 
- Characteristics of managerial work
  - Long hours
  - Intense pace
  - Fragmented and varied tasks
  - Many communication media
  - Filled with interpersonal relationships
- Agendas and networks
  - Agenda setting
    - Develops action priorities for accomplishing goals and plans
  - Networking
    - Process of building and maintaining positive relationships with people who can help advance agendas
  - Social capital
    - Capacity to attract support and help from others
  - Learning
    - The change in behaviour that results from experience
  - Lifelong learning
    - The process of continuously learning from daily experiences and opportunities



- **Katz' essential managerial skills – technical, human, and conceptual**

# Chapter 7 - information and decision making

## Information, technology and management

### Managers must have

- Technological competency
  - Ability to understand new technologies and to use them to their best advantage
- Information competency
  - Ability to locate, gather, organize and display information for decision making and problem-solving
- Analytical competency
  - Ability to evaluate and analyze information to make actual decisions and solve real problems

### Useful information

- Data - raw facts and observations
- Information - data made useful and meaningful for decision making
- Managers use the information to make decisions

### Characteristics of useful info

- Timely
- High quality
- Complete
- Relevant
- Understandable

### Management information system

- Using the latest technology to collect, organize and distribute data

### Data mining and analytics

- Data mining is the process of analyzing data to produce information for decision-makers
- Big data exists in huge quantities and is difficult to process without sophisticated mathematical and analytical techniques
- Management analytics involves the systematic evaluation and analysis of data to make informed decisions.

### Business intelligence and executive dashboards

- Business intelligence
  - Taps information systems to extract and report data in organized ways that are useful to decision-makers
- Executive dashboards
  - Visually update and display key performance metrics and information on a real-time basis

### Information needs in organizations

- Information exchanges with the external environment:
  - Gather intelligence information
  - Provide public information
- Information exchanges within the organization
  - Facilitate decision making
  - Facilitate problem-solving

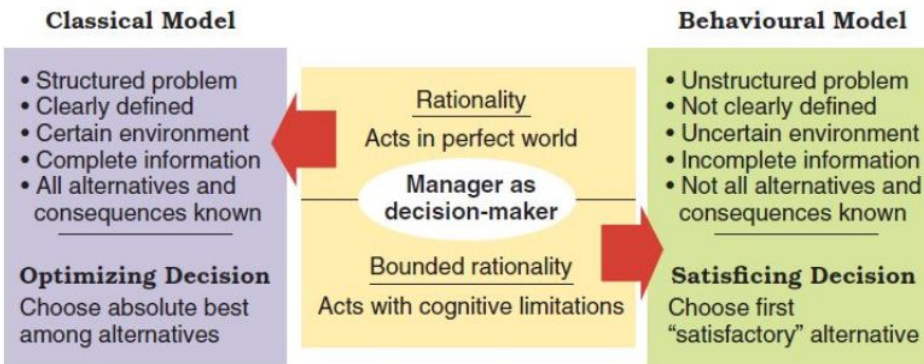
Problem-solving and managerial decisions:

Problem-solving - process of identifying the discrepancy between actual and desired performance and taking action to resolve it

- Decision
  - A choice among possible alternative courses of action
- Performance threat
  - Something went wrong or has the potential to go wrong
- Performance opportunity
  - Situation offers the chance for a better future if the right steps are taken
- Problem-solving approaches or styles:
  - Problem avoiders
    - Inactive in information gathering and solving problems
  - Problem solvers
    - Reactive in gathering information and solving problems
  - Problem seekers
    - Proactive in anticipating problems and opportunities and taking appropriate action to gain advantage
- Systematic vs intuitive thinking
  - Systematic
    - Approaches problems in a rational analytic way, looking at data just how it is
  - Intuitive
    - Approaches problems in a flexible and spontaneous fashion suiting your own biases
  - Multidimensional thinking
    - Applies both intuitive and systematic thinking
    - Effective multidimensional thinking requires skill at strategic opportunism
- Types of problems
  - Structured problems
    - Ones that are familiar, straightforward and clear with respect to information needs
  - Programmed decisions
    - Apply solutions that are readily available from past experiences to solve structured problems
  - Unstructured problems
    - Problems that are full of ambiguous and information deficiencies

- Non-programmed decisions
  - Specific solution to meet the demands of a unique problem
  - Commonly faced by higher-level management
- Crisis decision making
  - Crisis involves an unexpected problem that can lead to disaster if not resolved quickly and appropriately
  - When things change in a dramatic way
- Rules for crisis management
  - Figure out what is going on
    - Get as much information as you can, by calling analysts or economists
  - Remember that speed matters
  - Remember that slow counts, too
  - Respect the danger of the unfamiliar
    - Be cautious, don't be a know it all
  - Value the skeptic
    - Listen to all sides of the story
  - Be ready "to fight fire with fire"
- Managers make decisions with various amounts of information
  - Certain environment
    - Offers complete information on possible action alternatives and their consequences
  - Risk environment
    - Lacks complete information but offers probabilities of the likely outcomes for possible action alternatives.
  - Uncertain environment
    - Lacks so much information that it is difficult to assign probabilities to the likely outcomes of alternatives
- Decision-making process
  - 1 - identify the real problem
  - 2 - Generate and evaluate alternatives solutions by gaining information, analyzing data, advantages and disadvantages
  - 3 - Choose a preferred course of action
    - Two different
      - Behavioural model leads to satisfying decisions
      - Classical model leads to optimizing decisions

# The Decision-Making Process (7 of 11)



## Differences in the classical and behavioural decision-making models

- 4 - Implement the decisions
  - Take action so the solution decision becomes reality
  - Willingness and ability to take action
- 5 - Evaluate results
  - Comparing actual and desired results
  - Positive and negative consequences of chosen action is examined
  - If actual results fall short then review to previous decision-making process
- Utility - does the decision satisfy all constituents or stakeholders?
- Rights - does the decision to respect the rights and duties of everyone?
- Justice - is the decision consistent with the canons of justice
- Caring - is the decision consistent with my responsibilities to care?
- Issues in managerial decision making
  - How do they happen?
    - Heuristics - strategies for simplifying decision making which is wrong
      - Availability bias
        - Bases a decision on recent information or events
      - Representativeness bias
        - Bases a decision on similarity to other situations
      - Anchoring and adjustments bias
        - Bases a decision on incremental adjustment from prior decision point
      - Framing error
        - Trying to solve a problem in the context perceived, positive or negative

- Confirmation error
  - Focusing on information that confirms a decision already made
- Escalating commitment
  - Continuing a course of action even though it is not working
- How do you know about these unconscious mistakes
  - Seek a second opinion
  - create a system that allows a peer expects to review you( audit of systems)
  - Potential of decision arrows
- Creative decision making
  - The idea that solves a problem or crafts an opportunity
  - Big C - creativity occurs when extraordinary things are done by exceptional people
  - Little C - creativity occurs when average people come up with unique ways to deal with daily events and situations

# Chapter 2 - management learning past to present

## Management approaches

- Classical management approach
  - The assumption that people are rational
  - Scientific management - Fredrick Taylor
    - Develop a science of the job including rules of motion, standardize work implements and proper working conditions for every job
    - Carefully select workers with the right abilities for the job
    - Carefully train workers to do the job and give them incentives to cooperate with the job “science”
    - Support workers by carefully planning their work and by smoothing the way, as they do their work
    - The Gilbreth’s
      - Motion study
        - Science of reducing a job or task to its basic physical motions
        - Eliminating wasted motions improves performance
      - Practical insights from scientific management
        - Make results based competition a performance incentive
        - Carefully design jobs with efficient work methods
        - Carefully select workers with the abilities to do these jobs
        - Train workers to perform jobs to the best of their abilities
        - Train supervisors to support workers so they can perform jobs to the best of their abilities
    - What work environment would the scientific management principle be most appropriate or applicable?
      - Assembly lines
      - Don’t care about the people just the fact that you can get the work done! Like how many steps it would take, or how long it takes you to make a cup of coffee
  - Administrative principles - Henri fayol
    - Rules and duties of management (all about structure)
      - Foresight
        - To complete a plan of action for the future
      - Organization
        - To provide and mobilize resources to implement the plan
      - Command
        - To lead, select, evaluate workers to get the best work toward the plan

- Coordination
    - To fit diverse efforts together and ensure information is shared and problem solved
  - Control
    - To make sure things happen according to plan and to take necessary corrective action
- Bureaucratic organization - Max weber
  - Bureaucracy
    - An ideal intentionally rational, and very efficient form of organization
    - Based on principles of logic, order and legitimate authority
  - Characteristics of bureaucratic organizations
    - Clear division of labour
    - Clear hierarchy of authority
    - Formal rules and procedures
    - Impersonality
    - Careers based on merit
  - Possible disadvantages of bureaucracy
    - Excessive paperwork of “red tape”
    - Slowness in handling problems
    - Rigidity in the face of shifting needs
    - Resistance to change
    - Employee apathy
  - What do you make of the classical management approaches given today’s work environment?
- Behavioural management approach
  - The assumption that people are social and self-actualizing (performance matters)



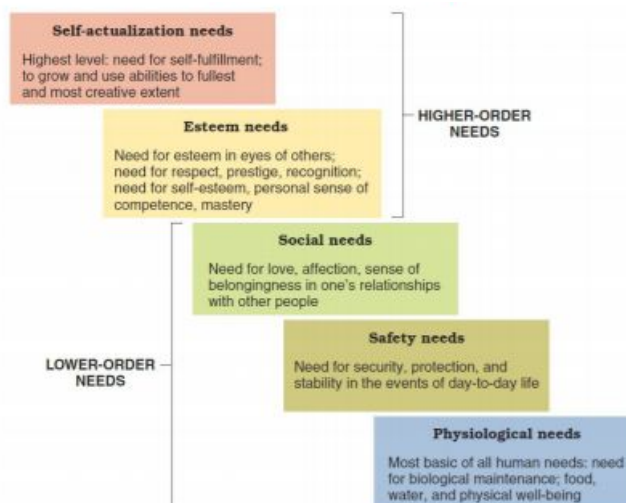
### Foundations in the behavioural or human resources approaches to management

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- Follett's organizations as communities (Mary Parker Follett)
  - Groups and human cooperation
    - Allows people to combine their talents for the greater good
    - Organizations are cooperating communities of managers and workers
    - Managers job is to help people cooperate and achieve an integration of goals
  - Forward-looking management insights
    - Making every employee an owner creates a sense of collective responsibility
      - Precursor of employee ownership, profit-sharing, and gain sharing
    - Business problems involve a variety of interrelated factors
      - Precursor of systems thinking
    - Private profits relative to public good
      - Precursor of managerial ethics and social responsibility
- Hawthorne studies - Elton Mayo
  - Initial study examined how economic incentives and physical conditions affected worker output
  - No consistent relationship found
  - "Psychological factors" influenced results
  - Social setting and human relations

- Manipulated physical work conditions to assess the impact on output
- Designed to minimize the “psychological factors” of the previous experiment
- Mayo and colleagues concluded:
  - New “social setting” led workers to do a good job
  - Good “human relations” = higher productivity
- Employee attitudes and group processes
  - Some things satisfied some workers but not others
  - People restricted output to adhere to group norms
- Lessons from this study
  - Social and human concerns are keys to productivity
  - Hawthorne effect - people who are singled out for special attention perform as expected
- Theory of human needs - Abraham Maslow
  - A need is a physiological or psychological deficiency a person feels compelled to satisfy
    - Physiological
    - Safety
    - Social
    - Esteem
    - Self - actualization



#### Maslow's hierarchy of human needs

- 
- What motivates you to work (a deficit principle)
  - If a person is earning so much money, money is not a motivator so when they offered more money to work on the weekends they will most likely not take it. But if a person who is like a bank teller and has so many unpaid expenses will agree to work weekends for an extra buck!

- 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 the self-actualization level
  - Theory of X and Y - Douglas McGregor
    - X assumes that workers are
      - Dislike workers
      - Lack of ambition
      - Are irresponsible
      - Resist change
      - Prefer to be led
    - Y assumes that workers are
      - Willing to work
      - Willing to accept availability
      - Capable of self-control
      - Capable of self-direction
      - Imaginative and creative
    - Implication of theory X and Y
      - Managers create self-fulfilling prophecies
      - Theory X managers create situations where workers become dependant and reluctant
      - Theory Y managers create situations where workers respond with initiative and high performance
        - Central to notions of empowerment and self-management
- Between the classical and the behavioural management approaches, which is more likely to lead to higher productivity/ why?
  - Both of them useful, so you need a balance of both. The logic and idea of responsibility but also alert about people and behavioural approach
  - Argyris theory of adult personality
    - Classical management principles and practices inhibit worker maturation and are inconsistent with the mature adult personality
    - Physiological success occurs when people define own goals
    - Management practices should accommodate the mature personality by
      - Increasing task responsibility
      - Increasing task variety
      - Using participate decision making
  - Foundations for continuing developments in management
    - Quantitative analysis and tools
    - Organizations as systems
    - Contingency thinking
    - Quality management

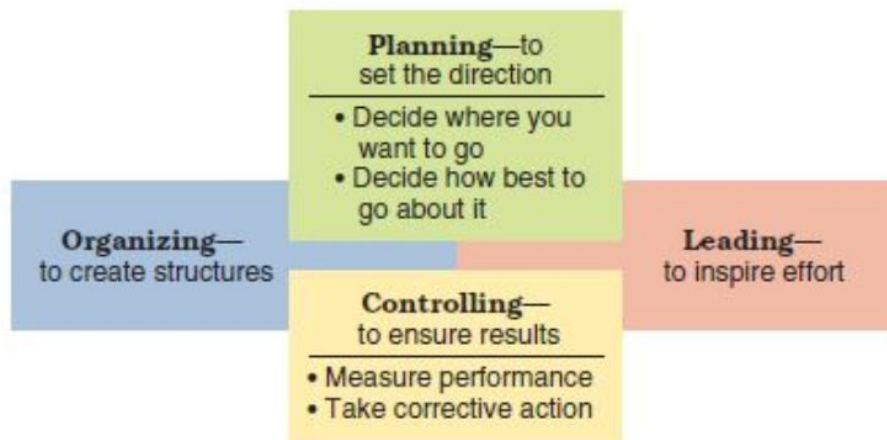


- Quality and competitive advantage are linked
  - Total quality management (TQM)
    - Comprehensive approach to continuous improvement for the total organization
  - Continuous improvement
    - The continual search for new ways to improve quality
    - Something always can and should be improved
  - ISO certification
    - Global quality management standards
    - Refine and upgrade quality to meet ISO requirements
- Evidence-based management
  - Making management decisions on “hard facts” about what really works
  - Positive human resource management practices
    - Employment security
    - Selective hiring
    - Self-managing teams
    - High pay based on merit
    - Training and development
    - Reduced status distinctions
    - Shared information

# Chapter 8 - planning process and techniques

## Why and how managers plan

- Planning
  - The process of setting objectives and determining how best to accomplish them
- Objectives and goals
  - Identify the specific results or desired outcomes that one intends to achieve
- Plan
  - A statement of action steps to be taken in order to accomplish the objectives
- Steps in the planning process
  - Define your objectives
  - Determine where you stand vis - vis objectives
  - Develop premises regarding future conditions
  - Analyze alternatives and make a plan
  - Implement the plan and evaluate results



- 
- Why and how managers plan
  - Benefits of planning
    - Improves focus and flexibility
    - Improves action orientation
    - Improves coordination and control
    - Improves time management

- Which is the most important from the above
  - They are all equally important
  - Planning is the beginning, you hire people, it's a way to guide you throughout
- Personal time management tips
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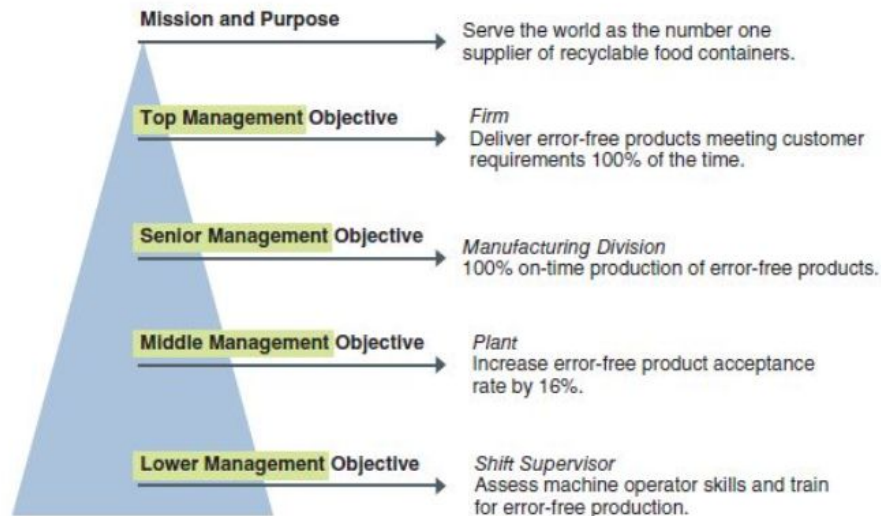
DO Say "no" to requests that distract you from what you should be doing	DONT get bogged down in details that can be addressed later
Do screen phone calls, emails, and meeting requests	DONT let drop-in visitors, text messaging use up your time
DO Spend time on what matters by setting objectives on what needs to be done	Don't become calendar bound by letting
DO Prioritize your important and urgent work	

- Types of plans
  - Long term plans look three or more years into the future
  - Short term plans - take less time
    - 1 year or less
  - Strategic plans - set broad, comprehensive and longer-term action directions for the entire organization or a major division
    - Done by like the higher people like the board
    - Vision - clarifies the purpose of the organization and what it
    - 3 or more years
  - Tactical plans - specify how the organization's resources are used to implement strategy
  - Functional plans - indicate how different components within the organization will help accomplish the overall strategy
    - Production plans
    - Financial plans
    - Facilities plans
    - Logistics plans
    - Marketing plans
    - Human resource plans
  - Operational plans - Describes short term plans to implement strategic plans

- Policies are standing plans that communicate guidelines for decisions
- Procedures are rules that describe actions to be taken in specific situations
- Budgets are single-use plans that commit resources to projects or activities
  - Zero-based budgets allocate resources as if each budget were brand new
- Planning tools and techniques
  - Forecasting
    - Attempts to predict the future
    - Qualitative forecasting uses expert opinions
    - Quantitative forecasting uses mathematical models and statistical analysis of historical data and surveys
  - Contingency planning (dependency on - plan depends on something)
    - Identifying alternative courses of action to take depending on prevailing conditions
    - Contingency plans anticipate changing conditions
    - Contingency plans contain trigger points to indicate when to activate plan
      - When a trigger point is met, then you know you have to activate option B and not wait for option A to fail
  - Scenario planning
    - A long term version of contingency planning
    - Identifying alternative future scenarios
    - Plans made for each future scenario
    - Increases organization's flexibility and preparation for future shocks
  - Benchmarking
    - Use of external and internal comparison to better evaluate current performance
    - Adopting best practices: things people and organizations do that lead to superior performance
  - Staff planners
    - Experts who assist in all steps of the planning process
  - Goal setting
    - Using SMART goals
  - Implementing plans to achieve results

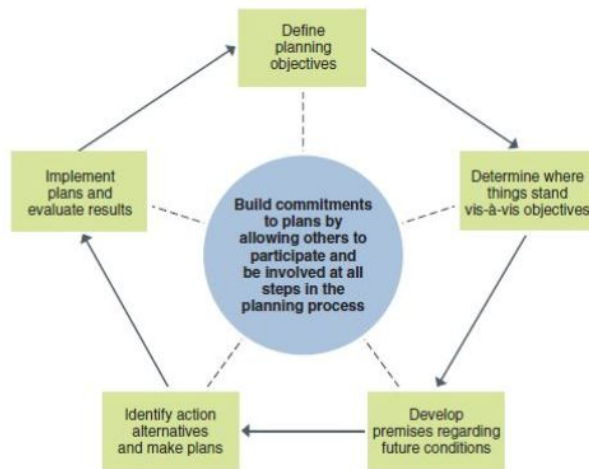


**The five characteristics of great goals**



**Goal alignment in a sample hierarchy of objectives**

- Goal alignment between team leader and team member
  - Jointly plan: set objectives, set standards, choose actions
  - Individually act: perform tasks (members), provide support (leader)
  - Jointly control: review results, discuss implications, renew the cycle
- Participatory planning
  - Unlocks the motivational potential of goal setting
  - Management by objectives (MBO) promotes participation
  - Participation increases understanding and acceptance of plan and commitment to success



**How participation and involvement help build commitment to plans**

# Chapter 5 Global management and cultural diversity

- Management and globalization
  - Global economy
    - resources, markets and competition are worldwide
  - Globalization
    - The growing interdependence among elements in the global economy
  - World 3.0
    - Balancing cooperation in the global economy with national identities and interests
    - Because countries that have a high cost of production, they aren't in the global market
  - Global management
    - Managing business and organizations with interests in more than one country
  - Global manager
    - Is culturally aware and informed on international affairs
  - What factors motivate firms to go global?
    - Less competition - diversify their risk
    - Low cost of labour
    - Low tax cuts
    - Expand their customer base, harness benefit from 7 billion people which is the world population
    - Closer to raw materials
  - International business
    - Conducting for-profit transactions of goods and services across national boundaries
    - Why business go global
      - Customers
      - Suppliers
      - Capital - the amount of money you invest in the business
      - Labour
      - Risk - if the recession is bad and people are losing their jobs, if you have jobs in other countries then you have leverage and you don't fail
  - How do companies go global (market entry strategies)
    - Global sourcing
      - The process of purchasing materials or services around the world for local use
    - Exporting

- Selling locally made products in foreign markets
  - Importing
    - Buying foreign made products and selling them domestically
  - Licencing agreement
    - One firm pays a fee for rights to make or sell another company's products
  - Franchising
    - A fee is paid for rights to use another firms name, branding and methods
- Types of insourcing
  - Joint ventures
    - Operates in a foreign country through co-ownership by foreign and local partners
  - Strategic alliances
    - A partnership in which foreign and domestic firms share resources and knowledge for mutual gains
  - Foreign subsidiaries
    - Local operation completely owned by a foreign firm
- Criteria for choosing a joint venture partner
  - Familiarity with your firms major business
  - Strong local workforce
  - Values its customers
  - Future expansion possibilities
  - The strong local market for partners own products
  - Good profit potential
  - Sound financial standing
- What are some of the common risks to global business (MNEs)?
  - Foreign currency risk
- Global business environments
  - Legal and political systems
    - Different laws and practices regarding
      - Business ownership
      - Negotiation and implementation of contracts (institutions)
      - Foreign currency exchange
      - Protection of intellectual property rights
        - Counterfeit merchandise
    - Political risk
      - Potential loss in value of foreign investment due to instability and political changes in the host country
    - Political risk analysis
      - Forecast political disruptions that threaten the value of a foreign investment

- Trade agreements and trade barriers
  - World trade organization
    - Most favoured nation status
    - Tariffs
    - Non-tariff barriers
    - Protectionism
  - The united nations and their agencies
  - The world bank
  - The IMF
- Regional economic alliances
  - NAFTA - North American free trade agreement
  - EU - European union
  - APEC - Asia pacific economic cooperation
  - ASEAN - association of southeast Asian nations
  - SADC - Southern Africa development community
- Global businesses
  - Types of global businesses
    - Global corporation
      - MNE (multinational enterprise) or MNC with extensive business operations in more than one foreign country
    - Transactional corporation
      - A global corporation that operates worldwide on borderless basis
  - Mutual benefits for the host country and global corporation or MNC
    - Shared growth opportunities
    - Shared income opportunities
    - Shared learning opportunities
    - Shared development opportunities



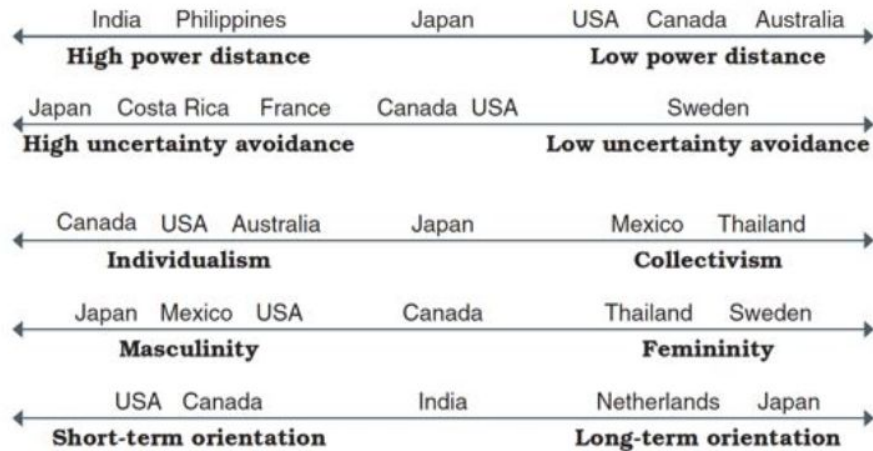
**What should go right and what can go wrong in global corporation and host-country relationships**

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- Host country complaints about MNCs
  - Excessive profits
  - Domination of the local economy
  - Interference with local government
  - Hiring the best local talent
  - Limited technology transfer
  - Disrespect for local customs
- MNC complaints about host countries
  - Profit limitations
  - Overpriced resources
  - Exploitative rules
  - Foreign exchange restrictions
  - Failure to uphold contracts
- Ethical challenges for global businesses
  - Corruption
    - Illegal practices that further one's business interests
    - Corruption of foreign public officials act - makes it illegal for Canadian firms and their representatives to engage in corrupt practices overseas
      - Bribes to foreign officials
      - Excessive commissions
      - Non-monetary gifts
  - Sweatshops
    - Employment of workers at very low wages for long hours in poor working conditions
  - Child labour
    - Employment of children for work otherwise done by adults
  - Conflict minerals
- Cultures and global diversity
  - Culture
    - The shared set of beliefs, values and patterns of behaviour common to a group of people
  - Culture shock
    - Confusion and discomfort a person experiences in an unfamiliar culture
  - Cultural intelligence
    - The ability to adapt and adjust to new cultures
  - Ethnocentrism
    - Tendency to consider one's own culture as superior to others
  - Stages in adjusting to a new culture
    - Confusion
    - Small victories
    - The honeymoon

- When the host country tolerates your mistakes
  - Irritation and anger
  - Reality
- Silent languages of culture
  - Context
    - Low context cultures
      - Emphasizes communication via spoken or written words
      - No strong group behaviour
      - More individual
      - United States
      - Canada
      - Germany
    - High context cultures
      - Rely on nonverbal and situational cues as well as on spoken or written words
      - More group ideas and thinking
      - Thailand
      - Malaysia
  - Space
    - Proxemics
      - Study of how people use space to communicate
      - In North America, people value “personal space”
      - Many Latin and Asian cultures expect much less personal space
  - Time
    - Monochromic cultures
      - People tend to do one thing at a time
      - Canada
    - Polychromic culture
      - Time is used to accomplish many different things at once
      - Egypt
  - Tight and loose cultures
    - Cultural tightness looseness
    - Strength of norms that govern social behaviour
    - Tolerance for any deviation from norms
    - Tight = Japan, Korea, Malaysia
    - Loose = Australia, Brazil, Hungary
- Values and national cultures (Hofstede)
  - Power distance
  - Uncertainty avoidance
  - Individualism - collectivism
  - Masculinity - femininity
  - Time orientation

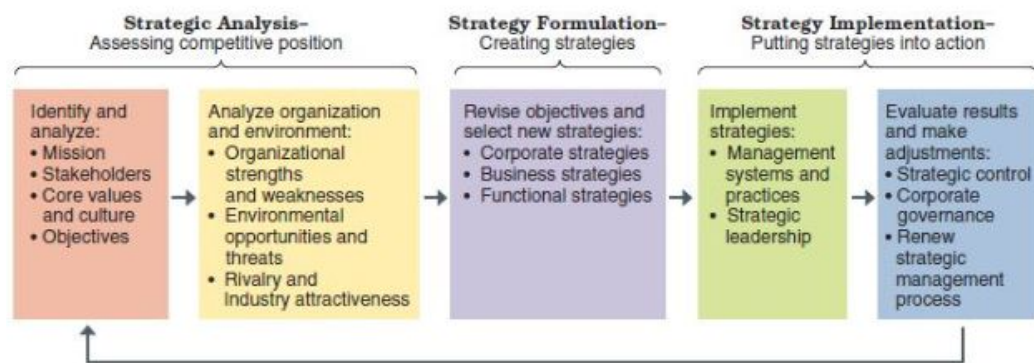
## Cultures and Global Diversity (11 of 12)



- **How countries compare on Hofstede's dimensions of national**
- Global management learning
  - Comparative management
    - How management practices systematically differ among countries and or cultures
  - Intercultural competencies
    - Skills and personal characteristics that help us be successful in cross-cultural situations
  - Global managers
    - Need to successfully apply management functions across international boundaries
  - Global learning goals
    - Not universal
    - Engage in critical thinking
    - Look everywhere for new management ideas
    - Always consider culture

# Chapter 10 - Strategy and strategic management

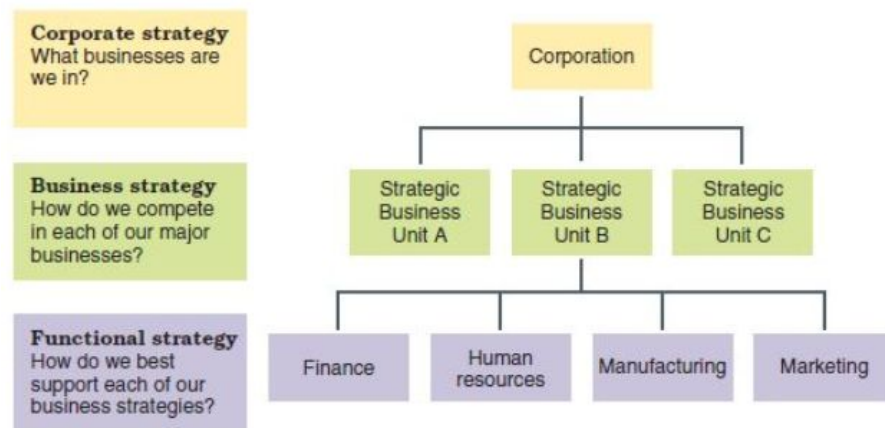
- When you hear about corporate strategy, what comes to your mind?
- Basic concepts of strategy :
  - **Strategy** - A comprehensive action plan that identifies long term direction for an organization and guides resource utilization to accomplish organizational goals with sustainable competitive advantage
  - **Competitive advantage** - refers to operating with an attribute or set of attributes that allows an organization to outperform its rivals
  - **Sustainable competitive advantage** - Doing something so well that it is difficult for competitors to imitate. (Doing something consistently to become better)
  - Strategic intent - focusing all organizational energies on a unifying and compelling goal
- Typical sources of competitive advantage include:
  - **Technology**
  - **Cost and quality** - producing products at a lower price, although the quality is the same then your competitors
  - **Knowledge and speed** -
  - **Barriers to entry** -
  - **Financial resources** - e.g shipbuilders need a lot of capital, so they are not so many competitors, because only people who are very rich will get into that business
- Strategic management process:
  - **Strategic management** - the process of formulating and implementing strategies to accomplish long term goals and sustain competitive advantage
  - **Strategic analysis** - the process of analyzing the organization, the environment, its competitive positioning and current strategies



**Major elements in the strategic management process**

○

- **Strategy implementation** - Process of allocating resources and putting strategies into action. All organizational and management systems must be mobilized to support and reinforce the accomplishment of strategies
- The overall goal of strategic management for the organization is to deliver good quality products/services to clients and earn profit
- What are the major reasons for strategy formulation? That is, why would an organization undertake this exercise?
  - Figure out what they need to do to move from point a to b, basically figuring out what to do to achieve your goal
- Levels of strategy
  - **Corporate strategy** - sets long term direction for the entire enterprise
  - **Business strategy** - identifies how a division or strategic business unit will compete in products/services
  - **Functional** - guides the use of resources within one specific area of operations



The three levels of strategy in organizations

- 
- Strategy formulation
  - The process of creating a strategy
  - Involves assessing existing strategies, organization and environment to develop new strategies and strategic plans capable of delivering future competitive advantage
- Essentials of strategic analysis
  - Druckers strategic questions for strategy formulation:
    - What is our business mission?
    - Who are our customers
    - What to our customers consider value?
      - Understanding what your customers want, sometimes the law of demand and price doesn't work for every product. E.g a high-end restaurant that normally serves Hollywood stars and rich people, if they lower the price, people won't go cuz it's too cheap but like

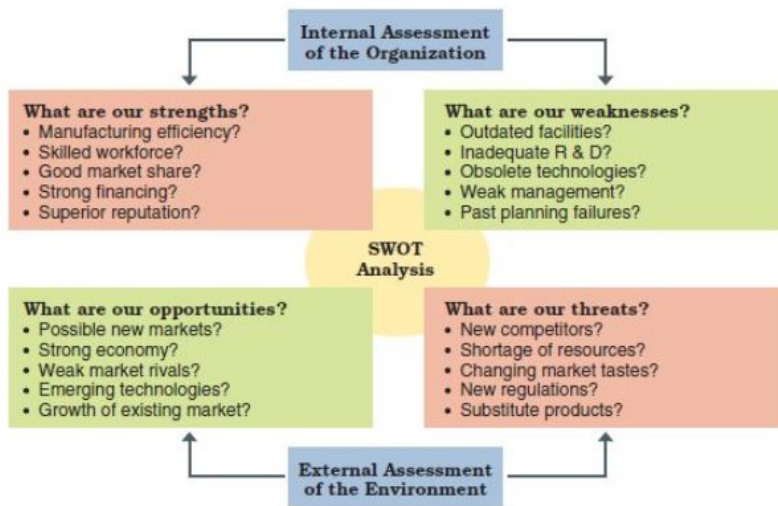
Walmart, their target market is different, so if they raise their price then less people will go.

- What have been our results?
- What is our plan?
- Stakeholders
  - Individuals and groups directly affected by the organization and its strategic accomplishments
  - An important test of the mission is how well it serves the organization's stakeholders



- **External stakeholders as strategic constituencies in an organization's mission**
- Common strategic objectives
  - Profitability - earning a reasonable return on investment
  - Sustainability -
  - Financial health - sound financial and cash flow position
  - Market share - gaining a reasonable share of the customers
  - Cost efficiency - using resources well to achieve optimum results
  - Customer service - meeting and exceeding customers expectations
  - Product quality - producing high-quality goods or services
  - Human talent -
  - Innovation -
- Analysis of core values
  - Broad beliefs about what is or is not appropriate behaviour
  - Organizational culture reflects the predominant value system of the organization as a whole
- Analysis of organizational resources and capabilities
  - Core competency is a special strength that gives an organization a competitive advantage
  - An important goal of the organization is assessing core competencies
- Potential core competencies
  - Special knowledge or expertise

- Superior technology
- Efficient supply chains
- Unique product distribution systems
- SWOT analysis
  - Examination of an organization's current position by looking at
    - Internal strengths and weakness
    - Environmental opportunities and threats



SWOT analysis of strengths, weaknesses, opportunities, and threats

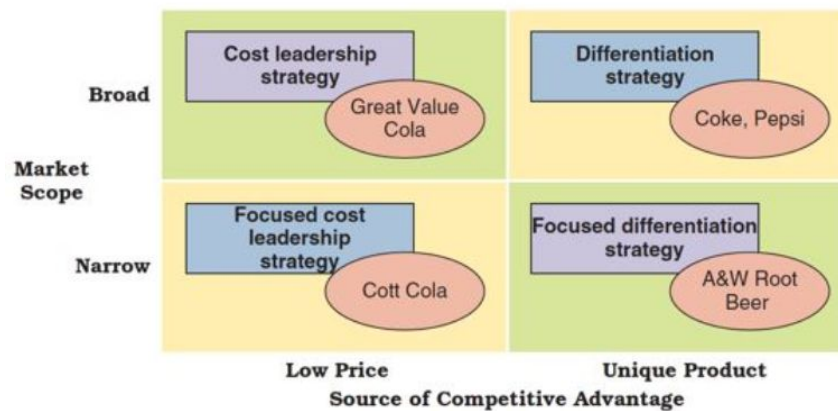


**Porter's model of five strategic forces affecting industry competition**

- Micheal porters model of five strategic forces affecting competition
  - **Industry competition** - the intensity of competition in the industry
  - **New entrants** - the threat of new entrants into the market
  - **Substitute products or services** - the threat of substitutes
  - **Bargaining power of suppliers** - the ability of resource suppliers to influence the cost of products or services

- Bargaining power of customers ○ the ability of customers to influence the price of the product/service
- Corporate level strategy formulation
  - Portfolio planning model
    - Portfolio planning seeks the best mix of investments among alternative business opportunities
      - BCG matrix analyzes business opportunities according to market growth rate and market share
  - BCG matrix
    - Ties strategy formulation to analysis of business opportunities according to
      - Industry or market growth rate
        - Low versus high
      - Market share
        - Low versus high
    - Business conditions and related strategies
      - Stars -
        - high share/ high growth businesses
        - Preferred strategy - growth
      - Cash cows
        - High share/ low growth businesses
        - Preferred strategy - stability or modest growth
      - Question marks
        - Low share/high growth businesses
        - Preferred strategy - growth for promising question marks and restructuring or divestiture for others
      - Dogs
        - Low share/low growth businesses
        - Preferred strategy - retrenchment/ divestiture
  - Growth strategies - seek an increase in size and the expansion of current operations
    - Types of growth strategies
      - Concentration strategies
        - Grow within the same business area
      - Diversification - grow by acquiring or investing in new and different business areas
        - Related diversification
        - Unrelated diversification
      - Integration - acquiring suppliers or distributors
        - Vertical integration - (backward or forward)
  - Retrenchment and restructuring strategies
    - Pursue radical changes to solve problems
    - Chapter 11 bankruptcy

- Protects a firm from creditors while management reorganizes to restore solvency
  - Types of retrenchment and restructuring strategies
    - Liquidation
      - Business closes and sells assets to pay creditors
    - Downsizing
      - Decreases size of operations
    - Divestiture
      - Sells of parts of the organization to refocus attention on core business areas
    - Turnaround strategy
      - Tries to fix specific performance problems
  - Global strategies - strategies around internationalization
    - Globalization strategy
      - World is one large market; standardize products and advertising as much as possible
    - Multi domestic strategy
      - Customize products and advertising to local markets as much as possible
    - Transnational strategy
      - Balance efficiencies in global operations and responsiveness to local markets
  - Cooperative strategies
    - Strategic alliances - two or more organizations partner to pursue an area of mutual interest
    - Types of strategic alliances
      - Outsourcing alliances
      - Supplier alliances
      - Distribution alliances
  - Coopetition - working with rivals on projects of mutual benefit
- Business level strategy formulation
  - Good strategies help achieve above-average returns
  - A key question is “how can we best compete for customers in our market and with our products or services?”
  - Porters competitive strategies model
    - Business level strategic decisions are driven by
      - Business scope
      - Source of competitive advantage
    - Market scope and source of competitive advantage combine to generate three generic strategies

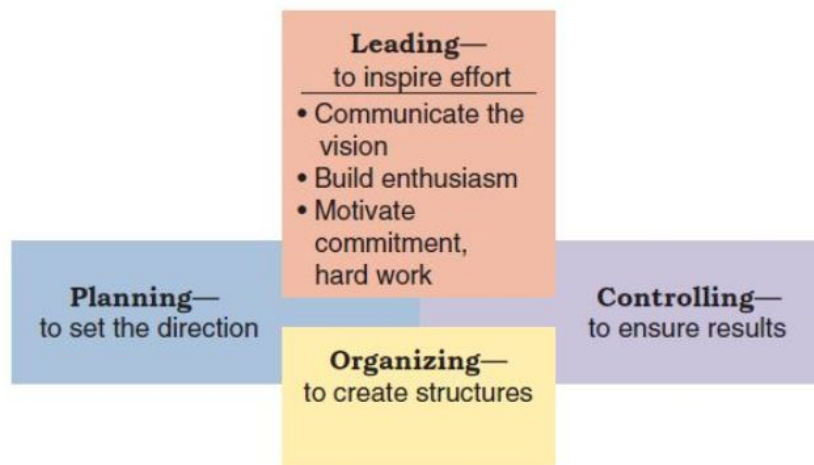


- Porter's competitive strategies framework with soft-drink industry examples
  - Porter's generic strategies for gaining competitive advantage
    - Differentiation strategy
      - Seeks competitive advantage through uniqueness
    - Cost leadership strategy
      - Seeks competitive advantage by operating with lower costs than competitors
    - Focus strategy - concentrates on a special market segment
      - Focus cost leadership - seeks the lowest cost of operations within a special market segment
      - Focused differentiation - offers a unique product to a special market segment
- Types of strategies
  - **Stability strategies** - to maintain existing courses of action without major changes
  - **Growth strategies** - strategies to achieve the expansion of current operations
  - **Renewal strategies** - also called retrenchment or defensive strategies, try to solve problems and overcome weakness that are hurting the performance of an organization
    - Restricting - changing all or some aspects of the form \
    - Liquidation - the most extreme form of retrenchment. Operation cease and assets are sold.
  - **Corporate strategies** - to form strategic alliances
  - **E-business strategies** - how and when to deploy e-business infrastructure and what type
  - Growth and diversification strategies
    - Concentration - growth occurs through expansion within the same business area
    - Diversification
  - **Globalization strategies** -

- **Ethnocentric view** - everyone wants the same product that the firms has already developed (globalization strategy)
- Strategic implementation -
  - Must be supported in every aspect of management
    - Planning
    - Controlling
    - Organizing
    - leading
  - Strategic planning failures that hinder strategy implementation include:
    - Failures of substance - inadequate attention to major strategic planning elements
    - Failures of process - poor handling of strategy implementation
      - Lack of participation error
      - Goal displacement error
  - Corporate governance
    - System of control and performance monitoring of the top management of an organization
    - Done by boards of directors and other major stakeholders representatives
    - Looks at activities and roles of inside directors and outside directors
    - There is an increasing emphasis on corporate governance inc contemporary businesses
  - Strategic control
    - Makes sure strategies are well implemented and that poor strategies are scrapped or modified
  - Strategic leadership
    - Inspires people to continually change, refine and improve strategies and their implementation
  - Critical tasks of strategic leadership
    - Maintain strategic control
    - Be a guardian of trade-offs, where necessary
    - Create a sense of urgency
    - Ensure that everyone understands the strategy
    - Be a teacher/ leader

# Chapter 14 - leading and leadership development

- The nature of leadership
  - Leadership - the process of inspiring others to work hard to accomplish important tasks
  - What are the characteristics of a good leader?



- **Leading viewed in relationship to the other management functions**
- Power
  - Ability to get someone else to do something you want done or make things happen the way you want
  - Power should be used to influence and control others for the common good rather seeking to exercise control for personal satisfaction
- Two sources of managerial power
  - Position power
    - Based on managers official status in the organization's hierarchy of authority
  - Personal power
    - Based on the unique personal qualities that a person brings to the leadership situation
- Sources of position power
  - 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

- Sources of personal power
  - Expert power
  - information and networking power
  - Referent power

**Power of the POSITION:**  
*Based on things managers can offer to others.*

**Rewards:** “If you do what I ask, I’ll give you a reward.”

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**Coercion:** “If you don’t do what I ask, I’ll punish you.”

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**Legitimacy:** “Because I am the boss; you *must* do as I ask.”

- **Position Power**

**Power of the PERSON:**  
*Based on how managers are viewed by others.*

**Expertise**—as a source of special knowledge and information.

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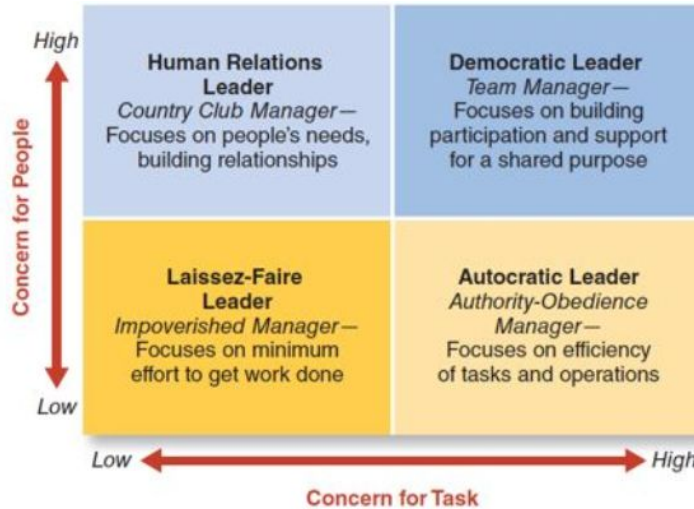
**Reference**—as a person with whom others like to identify.

- **Personal power**

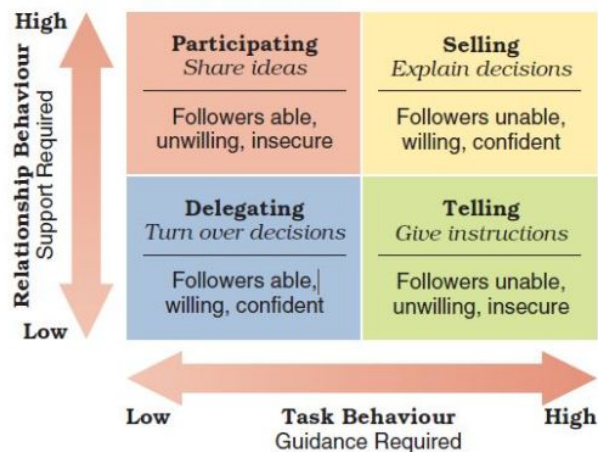
- Visionary leadership
  - Vision
    - A future that one hopes to create or achieve in order to improve upon the present state of affairs
  - Vision leadership
    - A leader who brings to the situation a clear and compelling sense of the future, as well as an understanding of the actions needed to get there successfully
- Servant leadership
  - Commitment to serving others
  - Followers more important than leader
  - “Other centred” not “self-centred”
  - Power not a “zero-sum” quantity

- Focuses on empowerment, not power
  - Empowerment
    - The process through which managers enable and help others to gain power and achieve influence
    - Effective leaders empower others by providing them with:
      - Information
      - Responsibility
      - Authority
      - Trust
- Leadership traits and behaviour
  - Important traits for leadership success
    - Drive
    - Self-confidence
    - Creativity
    - Cognitive ability
    - Job relevant knowledge
    - Motivation
    - Flexibility
    - Honesty and integrity
  - Leadership behaviour
    - Leadership behaviour theories focus on how leaders behave when working with followers
    - Leadership styles are recurring patterns of behaviours exhibited by leaders
    - Basic dimensions of leadership behaviours
      - Concern for the task to be accomplished
      - Concern for the people doing the work
  -

Task concerns	People concerns
Plans and defines work to be done	Acts warm and supportive toward followers
Assigns task responsibilities	Develops social rapport with followers
Sets clear work standards	Respects the feelings of followers
Urges task completion	Is sensitive to followers' needs
Monitors performance results	Shows trust in followers



- Classic leadership styles combining concerns for task and concerns for people
- Classic leadership styles
  - Autocratic style
    - Emphasis task over people
  - Human relations style
    - Emphasizes people over task
  - Laissez-faire style
    - Shows little concern for task
  - Democratic style
    - Committed to both task and people
- Contingency approaches to leadership
  - Fiedler's contingency model
    - Task motivated leaders are most successful in
      - Very favourable (high control) situations
      - Very unfavourable (low control) situations
    - Relationship - motivated leaders are most successful in:
      - Situations of moderate control
  - Hersey-Blanchard situational leadership model
    - Leaders adjust their styles depending on the readiness, or task maturity of their followers
      - Readiness - how able, willing or confident followers are in performing required tasks



- Leadership implications of the Hersey-Blanchard situational leadership model
- Hersey Blanchard leadership styles
  - Delegating
    - Low task, low relationship style
    - Works best in high readiness- situations
  - Participating
    - Low task, high relationship style
    - Works best in low to moderate readiness situations
  - Selling
    - High task, high relationship style
    - Work best in moderate - to high readiness situations
  - Telling
    - High task, low relationship style
    - Work best in low readiness situations
- Path goal leadership styles
  - Directive leadership
    - Communicate expectations
    - Give directions
    - Schedule work
    - Maintain performance standards
    - Clarify leaders's role
  - Supportive leadership
    - Make work pleasant
    - Treat group members as equals
    - Be friendly and approachable
    - Show concern for subordinates' well being
  - Achievement-oriented leadership
    - Set challenging goals
    - Expect high-performance levels
    - Emphasize continuous improvement

- Display confidence in meeting high standards
- Participation leadership
  - Involve subordinates in decision making
  - Consult with subordinates
  - Ask for subordinates' suggestions
  - Use subordinates' suggestions
- When to use the house's leadership styles
  - Use directive leadership when job assignments are ambiguous
  - Use supportive leadership when worker self-confidence is low
  - Use participative leadership when performance incentives are poor
  - Use achievement-oriented leadership when task challenge is insufficient
- Substitutes for leadership
  - Factors in the work setting that direct the work efforts without the involvement of the leader
    - Follower characteristics
      - Ability, experience, independence
    - Task characteristics
      - Routine, feedback
    - Organization characteristics
      - Clarity of plans formalized rules and procedures
- Vroom- Jago leader - participation theory
  - Help leaders choose the method of decision making that best fits the nature of the problem situation
  - Basic decision-making choices
    - Authority decision
    - Consultive decision
    - Group decision
  - Decision-making options in the vroom - Jago leader participation theory
    - Decide alone
    - Consult individually
    - Consult with group
    - Facilitate
    - Delegate
  - Contingency factors in the vroom Jago leader Participation theory
    - Decision quality
      - Who has the information needed for problem-solving
    - Design acceptance
      - Importance of subordinate acceptance to eventual implementation
    - Decision time
      - Time available to make and implement the decision



- Men and women are sometimes perceived as using different styles of leadership
  - Women tend to use interactive leadership
    - A style that shares qualities with transformational leadership
    - Leaders with this style are democratic, participative and inclusive
  - Men tend to use transactional leadership
  - Interactive leadership provides a good fit with the demands of a diverse workforce and the new workplace
- Moral leadership
  - Ethical leadership that is always “good” and “correct”
  - Integrity involves the leader’s honesty, credibility and consistency in putting values into action
  - Moral overconfidence is an overly positive view of one’s strength of character
  - Authentic leadership activates positive psychological states to achieve self-awareness and positive self-regulation
- Drucker’s “good old fashioned” leadership
  - Leadership is more than charisma, it is “good old fashioned” hard work
- Peter Drucker’s straight talk on leadership
  - Defining and communicating a clear vision
  - Accepting leadership as a “responsibility” rather than a rank
  - Surround yourself with talented people
  - Don’t blame others when things go wrong
  - Keep your integrity, earn trust
  - Don’t be clever, be consistent