

CHAPTER 1 - Introduction to Management and Organizations

Managers are people who work with and through other people by coordinating work activities to achieve organizational goals.

Why are managers important?

- Organizations need their managerial skills and abilities more than ever in uncertain, complex, chaotic times.
- They are critical to get things done.
- The relationship between employees and their direct supervisors (managers)

Actions are affected by both the internal culture of the organization and the constraints of the external environment - including the global environment.

Managerial Levels

1. Top Managers - at / near top level, responsible for making organization-wide decisions + establishing plans and goals affecting the organization. Conceptual / human skills
2. Middle Managers - between, manage the work of first-line managers. Human skills
3. First-Line Managers - lowest level, manage work of employees (in)directly involved with production or creation of organizational products. Technical skills
4. Nonmanagerial Employees

Management - Coordinating work activities with and through other people so the activities are completed efficiently and effectively.

Efficiency is getting the most output from the least amount of inputs, minimizing cost. - doing things right
Effectiveness is completing activities so that organizational goals are attained. - doing the right things

Efficiency (means)

Resource Usage

Low Waste



Effectiveness (ends)

Goal Attainment

High Attainment



Management Strives for:

Low resource Waste (high efficiency)

High Goal Attainment (high effectiveness).

An organization defined?

- An organization is defined as deliberate arrangement of people who act together to accomplish some specific purpose.
- Common characteristics of organizations include:

- Distinct purpose
- Composed of people
- Deliberate structure
- The size of organizations - Managers and employees work in a variety of different sized organizations
 - Large organizations represent 2% in Canada - 98% are small Canadian businesses.

1900s proposed manager to perform five functions:

- Planning
- Organizing
- Commanding
- Coordinating
- Control

Most now use four:

- Planning - define goals, establish strategy, develop sub plans to coordinate activities
- Organizing - see what needs to be done, how it will be, and who does it
- Lead - directing/ motivating involved parties and resolving conflicts
- Control - monitoring activities to ensure they are done as planned

Managers deal with complicated ethical / social responsibility issues as they perform 4 functions.

Management Roles Approach (Henry Mintzberg)

- Technical skills - knowledge and proficiency in a specific field
- Human skills - the ability to work well with other people
- Conceptual skills - the ability to think and conceptualize about abstract and complex situations concerning the organization

How Is the Manager's Job Changing?

- Managing is far more complicated today than it ever was.
- Managers, must deal with
 - Globalization and the multicultural challenges this bring
 - Technological challenges
 - Demand for more accountability from customers and clients (social responsibility).

Importance of Customers to the Manager's Job

- You need customers. Without them, most organizations would cease to exist.
- The majority of employees in developed countries work in service jobs. For instance, almost 70 percent of the Canadian Labour force is employed in service industries.
- High quality customer service is essential for survival and success in today's competitive

environment.

Importance of Social Media to the Manager's Job

- Social media includes all forms of electronic communication through which users create online communities to share ideas, information, personal messages, and other content.
- Managers need to understand and manage the power and peril of social media.
- More and more businesses are turning to social media as a way to manage their human resources and tap into their innovation and talent.

Importance of Innovation to the Manager's Job

- "Nothing is riskier than not innovating."
- Innovative efforts can be found in all types of organizations.
- Innovation is critical throughout all levels and parts of an organization.

Importance of Adaptability to the Manager's Job

- An adaptable organization creates a set of skills, processes, and a culture that enable it to continuously look for new problems and offer solutions before the clients even realize they have a need

Characteristics of Effective Organizations

Organizing to cope with the unexpected = **Flexibility** ←Reactive

Organizing and also preparing for the expected = **Efficiency** ←Routine

Organizing to anticipate problems + opportunities = **Adaptability** ←Proactive

Importance of Managing Responsibly

- Beyond behaving ethically, today's managers are also challenged to be socially responsible.
- Social responsibility is defined as a business's efforts, beyond its legal and economic obligations, to do the right things and act in ways that are good for society. A socially responsible organization goes beyond what it's obligated to do or chooses to do because of some popular social need and does what it can to help improve society because it's the right thing to do.
- Sustainability is important and is defined as a company's ability to achieve its business goals and increase long-term shareholder value by integrating economic, environmental, and social opportunities into its business strategies

The Manager: Omnipotent or Symbolic?

- The Omnipotent View- The view that managers are directly responsible for an organization's success or failure.
 - The quality of the organization is determined by the quality of its managers
- The Symbolic View - The ability of managers to affect outcomes is influenced and constrained by external factors outside of their control:
 - The economy, customers, governmental policies, competitors, industry conditions, technology, and the actions of previous managers.
 - According to the symbolic view, the actual part that management plays in the success or failure of an organization is minimal.

Parameters of Managerial Discretion

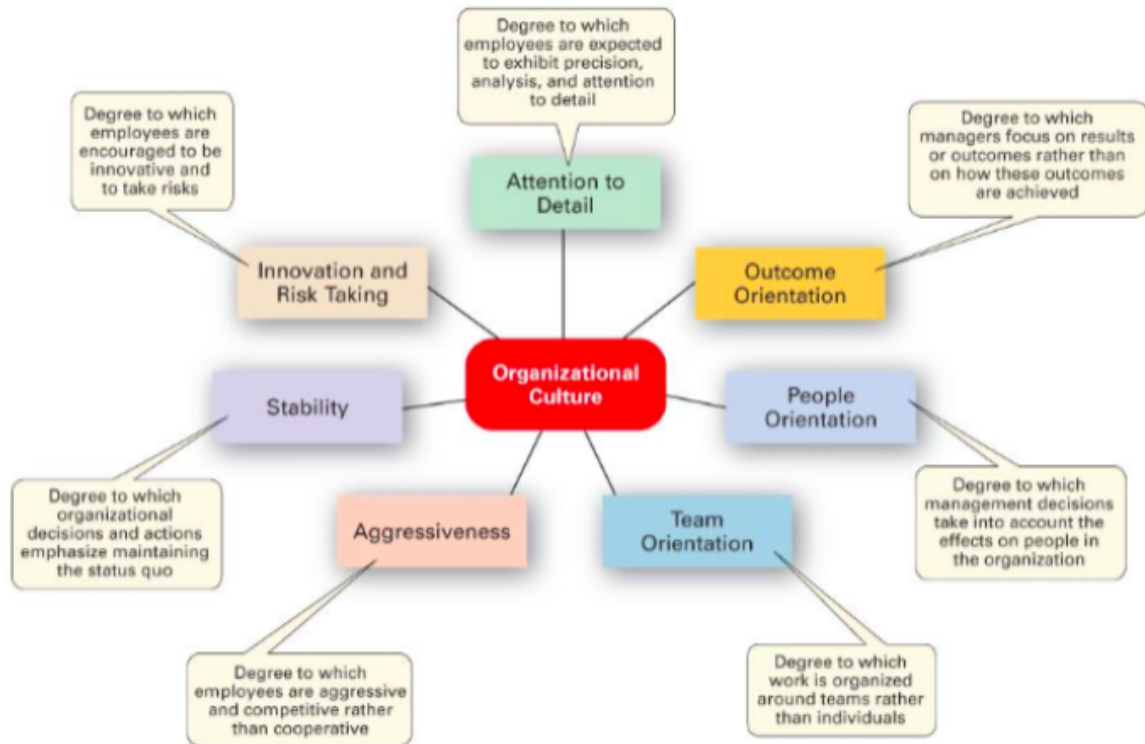
- Reality suggests a synthesis. In reality, managers (people) are neither helpless nor all powerful. Instead, it's more logical to look at the manager operating within constraints imposed by the organization's culture and environment.

The Organization's Culture

- Every organization has a culture, a way in which people interact with each other and with their clients or customers
- Organizational Culture is defined as a system of shared meaning and beliefs held by organizational members that determines, to a large degree, how they act towards each other and outsiders.
 - *"The way we do things around here"*
 - Values, symbols, rituals, myths, and practices
- Implications of an Organizational Culture -
 - Culture is perception
 - Culture is shared
 - Culture is descriptive term

Dimensions of Organizational Culture

- Innovation & risk taking
- Attention to detail
- Outcome orientation
- People orientation
- Team orientation
- Aggressiveness
- Stability



The Organization's Culture

Strong vs. Weak Cultures.

- Strong cultures are possessed by those organizations in which the key values are intensely held and widely shared.
 - Whether an organization's culture is strong, weak, or somewhere in between will depend on organizational factors such as size, age, employee turnover rate, and intensity of original culture.
 - A strong culture will have an increasing impact on what managers do as it becomes stronger.
 - Most organizations have moderate to strong cultures. There's high agreement on what's important, what defines "good" employee behaviour, and so forth.
 - Strong cultures do not always yield positive results, however. Enron had a very strong, and unethical, culture. This enabled employees and top management to engage in unethical behaviour that was concealed from public scrutiny.
- Organizations that have weak cultures do not make clear what is important and what is not. In such organizations, culture is unlikely to greatly influence managers (people will behave as they wish!)

The Organization's Culture

Strong versus Weak Cultures

Strong Cultures	Weak Cultures
Values widely shared	Values limited to a few people—usually top management
Culture conveys consistent messages about what's important	Culture sends contradictory messages about what's important
Most employees can tell stories about company history or heroes	Employees have little knowledge of company history or heroes
Employees strongly identify with culture	Employees have little identification with culture
Strong connection between shared values and behaviours	Little connection between shared values and behaviours

- Strong inter...
- Orga not : beha

The Organization's Culture

- When we talk about an organization's culture, we are referring to its dominant culture.
 - A dominant culture expresses the core values that are shared by a majority of the organization's members.
 - Subcultures tend to develop in large organizations to reflect common problems, situations, or experiences that members face. These subcultures are likely to be defined by department designations and geographical separation.
 - Subcultures include the core values of the dominant culture, plus additional values unique to members of the subculture.

- Source of culture -
 - The original source of an organization's culture is usually a reflection of the vision or mission of the organization's founders.
 - It results from the interaction between the founders' biases and assumptions and what their first employees subsequently learn from their own experiences.
 - Once a culture is in place, practices help maintain it.
 - Hiring practices reflect the culture in terms of fit.
 - Actions of top executives - tone from the top
 - Employees adapt to an organization's culture through socialization - where new employees learn the organization's way of doing things

The Organization's Cultures

- Culture is transmitted principally through stories, rituals, material symbols, and language.
 - Organizational stories are one way that employees learn the culture. These stories typically involve a narrative of significant events or people.
 - Rituals are repetitive sequences of activities that express and reinforce the key values of the organization, what goals are most important, which people are important, and which are expendable.
 - The use of material symbols is another way in which employees learn the culture, learn the degree of equality desired by top management, and find out who is important and the kinds of behaviour that are expected and appropriate.
 - Finally, language is often used to identify members of a culture. Learning this language indicates members' willingness to accept and preserve the culture. This special lingo acts as a common denominator that unites members of a given culture.
 - The culture conveys to managers what is appropriate behaviour

Current Organizational Culture Issues Facing Managers

- Creating an Ethical Culture
 - The content and strength of an organization's culture influence its ethical climate and the ethical behaviour of its members.
 - Strong organizational culture will exert more influence on employees than a weak one.
 - An organizational culture most likely to shape high ethical standards is one that's high in risk tolerance, low to moderate in aggressiveness, and focuses on means as well as outcomes.
- What does an innovative culture look like? (from Swedish researcher Goran Ekvall)
 - a. Challenge and involvement – are people involved and motivated?
 - b. Freedom – do employees have autonomy and empowerment?
 - c. Trust and openness – is the environment supportive and respectful?

- d. Idea time – is innovative thinking encouraged?
- e. Playfulness/humour – is it fun to go to work?
- f. Conflict resolution – are issues resolved for the good of the company?
- g. Debates – is expressing ideas encouraged?
- h. Risk-taking – is taking risks encouraged or discouraged?
- Creating a Customer-Responsive Culture
 - Research shows the following six characteristics that are routinely present -
 - Outgoing and friendly employees
 - Few rigid rules, procedures and regulations
 - Widespread use of empowerment
 - Good listening skills
 - Role clarity
 - Employees are attentive to customer needs

Current Organizational Culture Issues Facing Managers

- Characteristics of a Culture That Supports Diversity
 - showing that they value diversity through their decisions and actions.
 - look for ways to reinforce employee behaviours that exemplify inclusiveness.
 - A culture where workplace values promote a sense of purpose through meaningful work that takes in the context of community (spirituality)
 - Employee empowerment
 - Tolerance of employee expression

The Organizational Environment

- The environment is defined as institutions and forces outside the organization, that potentially affect an organization's performance and success.
 - The specific environment is that part of the operating environment that includes the constituencies that are directly relevant to the achievement of an organization's goals.
 - The specific environment is unique and changes with conditions.
 - It also varies depending on the niche the organization serves with respect to the range of products or services it offers and the markets it serves.
 - The general environment includes the broad economic, political/legal, socio-cultural, demographic, technological, and global conditions.
- Environments are not all the same.
 - They differ in the amount of environmental uncertainty, which is defined as the degree of change and complexity in an organization's environment
 - Degree of change is measured as dynamic or complex.
 - if the components in an organization's environment change frequently, it's a dynamic environment.

- If change is minimal, the environment is called a stable one.
- The other dimension of uncertainty relates to the degree of environmental complexity, which is defined as the number of components in an organization's environment and the extent of an organization's knowledge about its environmental Components.

Environmental Uncertainty Matrix

The

		Degree of Change	
		Stable	Dynamic
Degree of Complexity	Simple	Cell 1 Stable and predictable environment Few components in environment Components are somewhat similar and remain basically the same Minimal need for sophisticated knowledge of components	Cell 2 Dynamic and unpredictable environment Few components in environment Components are somewhat similar but are in continual process of change Minimal need for sophisticated knowledge of components
	Complex	Cell 3 Stable and predictable environment Many components in environment Components are not similar to one another and remain basically the same High need for sophisticated knowledge of components	Cell 4 Dynamic and unpredictable environment Many components in environment Components are not similar to one another and are in continual process of change High need for sophisticated knowledge of components

Organizational Environment

- Stakeholders are any constituencies in the organization's external environment that are affected by, or have a vested interest in, the organization's decisions and actions.
- Stakeholder relationship management is important for two reasons:
 - It can lead to improved predictability of environmental changes, more successful innovation, greater degrees of trust, and greater organizational flexibility to reduce the impact of change.
 - It is the "right" thing to do, because organizations are dependent on external stakeholders as sources of inputs and outlets for outputs and should be considered when making and implementing decisions.

Organizational Stakeholders



CHAPTER 3 - Managing Diversity

What Is Workplace Diversity?

- Workforce Diversity refers to the ways in which people in an organization are different from, but also similar to one another.
- Surface-level diversity
 - Easily perceived differences that may trigger certain stereotypes, but do not necessarily reflect the ways people think or feel.
- Deep-level diversity
 - Differences in values, personality, and work preferences.

Abridged history of the Evolution of Employment Equity in Canada

- 1977: Canada passes the Canadian Human Rights Act and sets up the Human Rights Commission.
- 1982: The Canadian Charter of Rights and Freedoms becomes part of Canada's constitution.
- 1983: The federal government introduces the Federal Affirmative Action Program, which focuses on increasing the representation of women, Aboriginal persons, and persons with disabilities in the public sector.
- 1986: The federal Employment Equity Act comes into force.
- 1996: Sexual orientation is added as a ground for discrimination in the Canadian Human Rights Act

Why Is Managing Workforce Diversity So Important?

- People Management – diversity is, after all, about people, both inside and outside the organization.
- Organizational Performance – cost savings include reducing employee turnover, absenteeism, and the chance of (human rights) lawsuits.
- Strategic – workforce diversity is a key to extracting the best talent performance, market share, and suppliers from a diverse country and world.

Benefits of Workforce Diversity

People Management

- Better use of employee talent
- Increased quality of team problem-solving efforts
- Ability to attract and retain employees of diverse backgrounds



Organizational Performance

- Reduced costs associated with high turnover, absenteeism, and lawsuits
- Enhanced problem-solving ability
- Improved system flexibility



Strategic

- Increased understanding of the marketplace, which improves ability to better market to diverse consumers
- Potential to improve sales growth and increase market share
- Potential source of competitive advantage because of improved innovation efforts
- Viewed as moral and ethical; the “right” thing to do



The Changing Workplace

- Gender Balanced
- Multi-ethnic, multicultural (through immigration policies)
- Changing Demographics
 - Canadian population
 - World population
- An aging Population
 - Reshapes the global workforce
 - Happening at an unprecedented rate
- Characteristics of the Canadian Population –
 - Total population of Canada is currently about 37.7 million and projected to increase to 51 million by the year 2063
 - Racial/ethnic groups – changes in immigrants from Asia & Africa
 - Aging population – median age of 40.2 years up from 23.9 years in 1921

Types of Workplace Diversity

- Age – Both Canada’s Human Rights Act and the Charter of Rights and Freedoms prohibit discrimination based on age (mandatory retirement age eliminated)
- Gender – Women (48%) and men (52%) now each make up almost half of the workforce.
 - Gender pay gap an issue
- Race a socially constructed category used to classify people according to common ancestry and physical characteristics
- Ethnicity Social and cultural characteristics maintained by a shared heritage, language, or religion or other group bond
- Disability/Abilities
 - 2.3 million Canadians between 15 and 64 reported a disability
 - Protection from discrimination comes from the Canadian Charter of Rights and Freedoms and from the government under the Canadian Human Rights Act

Types of Workplace Diversity

- Religion - Religious beliefs also can prohibit or encourage work behaviours.
 - Section 2 of the Canadian Charter of Rights and Freedoms outlines a list of “fundamental freedoms,” including freedom of religion.
- LGBT: Sexual Orientation and Gender Identity – 1996 the Human Rights Act was amended to protect Canadians from discrimination based on sexual orientation
- Other Types of Diversity – Diversity refers to any dissimilarities or differences that might

be present in a workplace and in society as a Whole

Challenges in Managing Diversity

- Personal Bias – A tendency or preference toward a particular perspective or ideology.
 - Our personal biases cause us to have preconceived opinions about people or things. Such preconceived opinions can create all kinds of inaccurate judgments and attitudes.
- Prejudice – is an outcome of our personal biases and is a preconceived belief, opinion, or judgment toward a person or a group of people.
- Stereotyping – judging a person based on a prejudicial perception of a group to which that person belongs.
- Discrimination – when someone acts out their prejudicial attitudes toward people who are the targets of their prejudice.
- Glass Ceiling – the invisible barrier that separates women and minorities from top management positions.

The Legal Aspect of Workplace Diversity

- Federal laws have contributed to some of the social change we've seen over the last 50-plus years.
- Workplace diversity needs to be more than understanding and complying with federal laws.
- Organizations that are successful at managing diversity use additional diversity initiatives and programs.

Top Management Commitment to Diversity

- Mentoring – a process whereby an experienced organizational member (a mentor) provides advice and guidance to a less-experienced member (a protégé).
 - Only works if both parties are serious about it!
- Diversity Skills Training – specialized training to educate employees about the importance of diversity and to teach them skills for working in a diverse workplace.
- Employee Resource Groups – groups made up of employees connected by some common dimension of diversity

CHAPTER 4 - Managing in a Global Environment

- Parochialism is defined as a selfish, narrow view of the world and an inability to recognize differences between people.
 - Parochialism is an obstacle for many managers working in the global business world.

- Managers might have one of three perspectives or attitudes toward international business
 - An ethnocentric attitude is the parochialistic belief that the best work approaches and practices are those of the home country (the country in which the company's headquarters are located).
 - A polycentric attitude is the view that the managers in the host country (the foreign country where the organization is doing business) know the best work approaches and practices for running their business.
 - A geocentric attitude is a world-oriented view that focuses on using the best approaches and people from around the globe.
- To be a successful global manager, you need to be sensitive to differences in national customs and practices.

Key Information about three global attitudes

Orientation	Ethnocentric Home Country	Polycentric Host Country	Geocentric World
Advantages	Simpler structure	Extensive knowledge of foreign market and workplace	Extensive understanding of global issues
	More tightly controlled	More support from host government	Balance between local and global objectives
		Committed local managers with high morale	Best people and work approaches used regardless of origin
Drawbacks	More ineffective management	Duplication of work	Difficult to achieve
	Inflexibility	Reduced efficiency	Managers must have both local and global knowledge
	Social and political backlash	Difficult to maintain global objectives because of intense focus on local traditions	

Understanding the Global Environment

- As we review these, think about how the Covid 19 Pandemic has impacted the global environment and if some of these changes could be permanent.
- Regional Trading Alliances – continue to reshape global competition. It's no longer country versus country, but region against region.
- The European Union (EU) is a union of 25 (now 24) European nations created to eliminate national barriers to travel, employment, investment, and trade
 - The primary motivation for the creation of the EU (in February 1992) was to allow these nations to reassert their position against the industrial strength of the

United States and Japan.

- The UK left the EU at the end of 31 January 2020 with a new trade deal only being agreed to on 24 December 2020, that came into effect 1 Jan 2021.

Understanding the Global Environment

- The North American Free Trade Agreement (NAFTA) was an agreement among the Mexican, Canadian, and U.S. governments in which all barriers to free trade would eventually be eliminated.
- In September 2018, the United States, Mexico, and Canada reached an agreement to replace NAFTA with the United States–Mexico–Canada Agreement (USMCA).
 - All three countries had ratified it by March 2020.
 - NAFTA remained in force until USMCA was implemented.
- A few other trade agreements include (by no means all):
 - US-Central America Free Trade Agreement (CAFTA)
 - Free Trade Area of the Americas (FTAA)
 - Canada-EU Trade Agreement (CETA)
 - Trans-Pacific Partnership (TPP)
 - Association of Southeast Asian Nations (ASEAN)
 - 54-Nation African Union (AU)
 - East African Community (EAC)
 - South Asian Association for Regional Cooperation (SAARC)

Four Important Global Trade Mechanisms

- The World Trade Organization (WTO)
 - Evolved from the General Agreement on Tariffs and Trade (GATT) in 1995
 - Functions as the only global organization dealing with the rules of trade among nations
 - Has 164 member nations since 2016
 - Monitors and promotes world trade...but there are many critics of its effectiveness
- International Monetary Fund (IMF)
 - an organization of 190 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.
- World Bank Group
 - The World Bank Group comprises five constituent institutions:
 - the International Bank for Reconstruction and Development (IBRD),
 - the International Development Association (IDA),
 - the International Finance Corporation (IFC),
 - the Multilateral Investment Guarantee Agency (MIGA), and
 - the International Centre for Settlement of Investment Disputes (ICSID).

- Founded in 1944 at the UN Monetary and Financial Conference (commonly known as the Bretton Woods Conference), which was convened to establish a new, post-World War II international economic system, the World Bank officially began operations in June 1946.
- Affiliated with the United Nations (UN) its primary role is to finance projects that enhance the economic development of member states. Headquartered in Washington, D.C., the bank is the largest source of financial assistance to developing countries.
- Organization for Economic Co-operation and Development (OECD)
 - A Paris-based international economic organization whose mission is to help its 37 member countries achieve sustainable economic growth and employment
 - Generally, OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries
 - Established to raise the standard of living in member countries while maintaining financial stability in order to contribute to the development of the world economy.

Types of International Organizations

- Multinational Corporation (MNC)
 - A firm that maintains operations in multiple countries but manages from the home country
- Multidomestic Corporations
 - An international company that decentralizes management and other decisions to the local country.
- Global Company
 - An international company that centralizes management and other decisions in the home country.
- Transnational or Borderless Organizations
 - A type of international company in which artificial geographical barriers are eliminated.
 - Born Globals (or global start up) are international companies that choose to go global from inception. (e.g. Logitech)

Doing Business Globally

- Importing and Exporting
 - A relatively low-investment strategy is to go global by exporting the organization's products to other countries—that is, by making products at home and selling them overseas.
 - In addition, an organization can go global by importing products, selling products at home that are made overseas. Both exporting and importing are small steps toward being a global business and involve minimal investment and minimal risk.

- Internal Sales or Manufacturing
 - This involves managers making more of an investment by committing to sell products in foreign countries or to having them made in foreign factories. However, there is still no physical presence of company employees outside the company's home country.
- Licensing and Franchising
 - An organization can give another organization the right to use its brand name, technology, or product specifications in return for a lump-sum payment or a fee usually based on sales through licensing or franchising.
 - The only difference is that licensing is primarily used by manufacturing organizations and franchising is used by service organizations.
- Strategic Alliances
 - Strategic alliances are partnerships between an organization and a foreign company in which both share resources and knowledge in developing new products or building production facilities. The partners also share the risks and rewards of this alliance.
- Joint Venture
 - A specific type of strategic alliance in which the partners agree to form a separate, independent organization for some business purpose
- Foreign Subsidiaries
 - Managers can make a direct investment in a foreign country by setting up a foreign subsidiary, a separate and independent production facility or office.
 - This arrangement involves the greatest commitment of resources and poses the greatest amount of risk.

Managing in a Global Environment

- There are many challenges associated with managing in a global environment.
- The Legal-Political Environment
 - It is important to recognize that a country's political system differs from Canada's.
 - The legal-political environment doesn't have to be unstable or revolutionary to be a challenge to managers.
- The Economic Environment
 - Currency rate fluctuations, inflation, and diverse tax policies are economic challenges to managers.
- The Cultural Environment
 - Involves cultural differences between nations.
 - National culture are the values and attitudes shared by individuals from a specific country that shape their behaviour and their beliefs about what is important.

Global Leadership and Organizational Behaviour Effectiveness

- The GLOBE Framework for Assessing Cultures - shows how different countries rank on the following nine dimensions. Confirms Hofstede's Framework for Assessing Cultures
 - Assertiveness. The degree to which a society encourages people to be tough, confrontational, assertive, and competitive versus modes and tender.
 - Future orientation. The degree to which a society encourages and rewards future-oriented behaviours such as planning, investing in the future, and delaying gratification.
 - Gender differentiation. The degree to which a society maximizes gender-role differences as measured by how much status and how many decision-making responsibilities women have.
 - Uncertainty avoidance. The degree to which a society relies on social norms and procedures to alleviate the unpredictability of future events.
 - Power distance. The degree to which members of a society expect power to be unequally shared.
 - Individualism versus collectivism. The degree to which individuals are encouraged by societal institutions to be integrated into groups within organizations and society.
 - In-group collectivism. The degree to which members of a society take pride in membership in small groups.
 - Performance orientation. The degree to which a society encourages and rewards group members for performance improvement and excellence.
 - Humane orientation. The degree to which a society encourages and rewards individuals for being fair. Altruistic, generous, caring, and kind to others.

Managing in today's global environment

- There are two general issues associated with managing globally, outside of the impact that the pandemic is having on global economic activity
 - Challenges associated with globalization in general
 - Challenges of managing a global workforce
- Successful global management requires:
 - Cultural intelligence
 - Knowledge of culture - how cultures vary and how they affect behaviour;
 - Mindfulness - the ability to pay attention to signals and reactions in different cross-cultural situations
 - Behavioural skills - using one's knowledge and mindfulness to choose appropriate behaviours in those situations.
 - A Global mindset
 - attributes that allow a leader to be effective in cross-cultural environments (think about deep level diversity from Ch 3)

CHAPTER 5 - Managing Entrepreneurially

The Context of Entrepreneurship

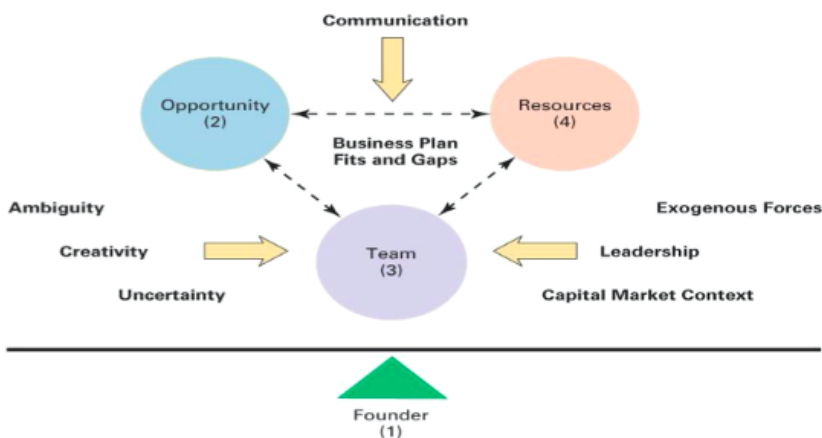
- Entrepreneurship – is the process of starting new organizations, generally in response to new opportunities.
 - May be traditional for-profit companies
 - Can also be for social needs (Social Enterprises/Ventures)
- Entrepreneurial Value Added
 - The entrepreneur creates an opportunity (creative destruction) through innovation and then takes advantage of it. In the process of transformation that accompanies a radical innovation, the way things were done before is “destroyed.”
 - Entrepreneurial alert – ability to see opportunities for profits by being sensitive to signals in the marketplace (zoom, MS Teams...)
- Entrepreneurial Ventures
 - Organizations that are pursuing opportunities, are characterized by innovative practices, and have growth and financial viability as their main goals.

Why is Entrepreneurship Important?

- Innovation
 - A process of changing, experimenting, transforming, and revolutionizing are key aspects of entrepreneurial activity.
 - New small organizations generate 24x more innovations per research and development dollar spent than do Fortune 500 organizations.
 - They account for more than 95% of new and “radical” product developments.
- Number of new start-ups
 - All businesses—whether they fit the definition of entrepreneurial ventures or not—were new start-ups at one point in time.
 - The most suitable measure we have of the important role of entrepreneurship is to look at the number of new firms over a period of time.
- Job Creation
 - Important to the overall long-term economic health of communities, regions, and nations.
 - Businesses with fewer than 100 employees represent 98% of the total business establishments in Canada.
- Global Entrepreneurship
 - Profit creation outside of Canada
 - Global Entrepreneurship Monitor (GEM) - studies the impact of entrepreneurial activity on economic growth in various countries.

What do Entrepreneurs Do?

- Initially, an entrepreneur is engaged in assessing the potential for their entrepreneurial venture and then dealing with start-up issues. Then the entrepreneur:
 - researches the venture's feasibility
 - proceeds to plan the venture
 - organizing the venture
 - launches the venture
 - moves into more of a managerial role
- The Timmons model of entrepreneurship (next slide) considers opportunities, teams, and resources as the 3 critical factors available to an entrepreneur and holds that success depends on the ability of the entrepreneur to balance these critical factors.



1. The Timmons Model bases itself on the founder (entrepreneur). Success of the venture depends on the ability of the founder to balance the critical factors of opportunity, team, and resources. The founder also has a commitment to sustainability for the environment, community, and society.
2. Unlike conventional entrepreneurship models that start with a business plan, the Timmons Model starts with a market opportunity and with the capacity of the founder to distinguish the difference between an idea and an opportunity.
3. Once the founder identifies an opportunity, he or she works to start a business by putting together the team. The founder's ability to build an effective team is a major factor in the success of the founder's vision in spite of the challenges to be faced.
4. The Timmons Model discounts the popular notion that extensive resources reduce the risk of starting a venture and encourages *bootstrapping* or starting with the bare minimal requirements as a way to attain competitive advantages. The founder works to "minimize and control" rather than "maximize and own."

Social Responsibility

- The International Standards Organization has developed standards for sustainability and for social responsibility.
 - People who are socially aware and who become entrepreneurs have pursued opportunities with products and services that protect the global environment.
- Ethical Issues Facing Entrepreneurs
 - People/entrepreneurs need to be aware of the ethical consequences of what they do if they are focused on influencing other peoples' behaviours.

Start-Up and Planning Issues for an Entrepreneurial Venture

- Steps to building a new company
 - Customer discovery – testing business hypotheses, customer reactions
 - Customer validation – testing viability of the model / idea to see if it is scalable

- Customer creation – the start of the execution and develop momentum around sales
- Company-building – transition from a start-up to a growing company

Start-Up and Planning Issues for an Entrepreneurial Venture

- Embracing Failure as Learning
 - A natural part of the start-up process in the search to establish a business model
 - Once a business model is found (it knows its market, customers, product/service, channel, pricing, etc.) the organization moves from search to execution.
- Researching a Venture’s Feasibility
 - Generating Ideas – brainstorming
 - Working in the industry
 - personal interests or hobbies
 - familiar and unfamiliar products and services
 - opportunities in external environmental sectors
- Value Proposition
 - An analysis of the benefits, costs, and value that an organization can deliver to customers and other groups within and outside of the organization.

Evaluating Potential Ideas

- A more structured evaluation approach to help formulate ideas is to carry out a feasibility study

Personal Consideration	Marketplace Consideration
Do you have the capabilities to do what you’ve selected?	Have you educated yourself about financing issues?
Are you ready to be an entrepreneur?	Are you willing and prepared to do continual financial and other types of analyses?
Are you prepared emotionally to deal with the stresses and challenges of being an entrepreneur?	Who are the potential customers for your idea: who, where, how many?
Are you prepared to deal with rejection and failure?	What similar or unique product features does your proposed idea have compared to what’s currently on the market?
Are you ready to work hard?	How and where will potential customers purchase your product?
Do you have a realistic picture of the venture’s potential?	Have you considered pricing issues and whether the price you’ll be able to charge will allow your venture to survive and prosper? Have you considered how you will need to promote and advertise your proposed entrepreneurial venture?

Evaluating Potential Competitors – Barriers to Entry

- What types of products or services are competitors offering?

- What are the major characteristics of these products or services?
- What are the strengths and weaknesses of competitors' products?
- How do competitors handle marketing, pricing, and distributing?
- What do competitors attempt to do differently from other companies?
- Do they appear to be successful at it? Why or why not?
- What are they good at?
- What competitive advantage(s) do they appear to have?
- What are they not so good at?
- What competitive disadvantage(s) do they appear to have?
- How large and profitable are these competitors?

Start-Up and Planning Issues for an Entrepreneurial Venture

- Availability of Financing
 - Getting financing isn't always easy, particularly for new ideas/technology
 - Early in a venture, you may look to peers "friends, fools, and family."
 - After some maturity and validation, you may be able to approach -
 - Angel investors
 - professional venture capital firms.
 - accelerator programs
 - Dragon's Den (?)
- Developing a Business Plan
 - Written document that summarizes your business opportunity and defines and articulates how the identified opportunity is to be seized and exploited.
 - This would certainly be required by an angel investor, venture capitalist, even a regular bank.

Issues in Organizing an Entrepreneurial Venture

- There are four organizing issues an entrepreneur must address:
 - Organizational Design and Structure
 - Organizational structure tends to evolve with intentional planning by the entrepreneur/person
 - The structure may be very simple—one person does whatever is needed.
 - As the entrepreneurial venture grows, new functional areas need people.
 - The structural design may be as fluid as the entrepreneur feels comfortable with and yet still have the rigidity it needs to operate efficiently.
 - Human Resource Management
 - Employee Recruitment - entrepreneurs seek high potential people who can perform multiple roles.
 - Employee Retention - An entrepreneur wants to keep the people he or she has hired and trained.

- Stimulating Changes
 - Entrepreneurs need to be alert to problems and opportunities that may create the need for change. In fact, of the many hats an entrepreneur wears, that of change agent may be one of the most important.
- The Continuing Importance of Continuing Innovation
 - Curiosity-driven research - basic research that is directed toward acquiring new knowledge rather than toward some more practical objective.
 - Applied research - research that accesses, rather than generates, new knowledge and applies it to a practical or commercial purpose.
 - Research and development (R&D) - Investigative activities that an organization conducts to lead to discoveries that will help develop new products or procedures.

The Entrepreneur as Leader

- Leadership is an important function of an entrepreneur
 - They need to be able to draw out the best of other individuals, even given the unpredictability of the situation.
 - The driving force through the early stages of the entrepreneurial venture is often the visionary leadership of the entrepreneur.
- Managing Change - “Speed Kills!”
 - The same is often true for rapidly growing companies that are unable to manage the stresses and strains caused by growth, such as the need for cash injections, a growing workforce, and the need to figure out the logistics of invoicing customers and getting paid
- Managing Growth
 - The best growth strategy is a well-planned one.
 - A growth strategy should be part of a venture’s overall business goals and planning.
 - The key challenges for an entrepreneur in organizing for growth include finding capital, finding people, and strengthening the organizational culture.
- Managing Downturns
 - It’s important to have an up-to-date contingency plan, or Plan B, for dealing with a worst-case situation or crisis.
 - An entrepreneur wants to be prepared before an emergency hits.
- Getting out!
 - You have come to a point where you might want to “cash in” – called harvesting, or
 - There are just too many organizational problems and issues to deal with...the fun is gone!

CHAPTER 6 - Managing Responsibly and Ethically

What do we mean by socially responsible management?

- Managers regularly face decisions that have a dimension of social responsibility. We define social responsibility as a business's obligation, beyond that required by law and economics, to pursue long-term goals that are good for society
- This definition views business as a moral agent. That is, in its effort to do good for society, it must differentiate between right and wrong. The more obvious examples include employee relations, philanthropy, pricing, resource conservation, product quality, and doing business in countries that violate human rights.
- There are two opposing views of what social responsibility is.
 - The classical view is the view that management's only social responsibility is to maximize profits.
 - The socioeconomic view says that manager's social responsibilities go beyond just making profits to include protecting and improving society's welfare.

The Socio-Economic View: Social Responsiveness and Social Responsibility

- Social responsiveness means that a company engages in social actions in response to some popular social need.
 - Managers in these companies are guided by social norms and values and make practical, market-oriented decisions about their actions
- Social responsibility is defined as a business's efforts, beyond its legal and economic obligations, to do the right things and act in ways that are good for society.
 - This definition assumes that a business obeys the law and cares for its stockholders, and it adds an ethical imperative to do those things that make society better and not to do those that make it worse, including environmental degradation.

The Evolution of Socially Responsible Management

- Those supporting the socio-economic view would respond that managers should be responsible to any group affected by the organization's decisions and actions.
- Classicists would say that shareholders, or owners, are the only legitimate concern.

Corporate Social Responsibility and Economic Performance

- Many studies have shown positive relationship between social involvement and economic performance.
- However, we cannot generalize findings because the studies haven't used standardized measures of social responsibility and economic performance.
- A recent analysis of several studies in this area concluded that managers can afford to be (and should be) socially responsible.

- Standardized reporting with key metrics can be found through the Global Reporting Initiative (GRI)

Socially Responsible Investing

- Another way to view social involvement and economic performance is by looking at socially responsible investing (SRI) funds
 - SRI's are funds which provide a way for individual investors to support socially responsible company
 - These funds generally use some type of social screening - that is, applying social and environmental criteria to investment decisions.

Green Management and Sustainability

- How Organizations Go Green
 - Managers and organizations can do many things to protect and preserve the natural environment.
 - Some do no more than what is required by law - that is, they fulfill their social obligation.
 - Others have made radical changes to make their products and production processes cleaner.
- There is a growing recognition by business of the close link between its decisions and activities and their impact on the natural environment.

Approaches to Sustainable Management

- Legal approach
 - Organizations obey laws, rules, and regulations willingly and without legal challenge, but that is the extent of their implementation of sustainable management practices.
 - This approach is a good illustration of social obligation as these organizations simply follow the legal requirements to prevent pollution and protect the environment
- Market approach
 - where organizations respond to the environmental preferences of their customers.
 - Whatever customers demand in terms of environmentally friendly products will be what the organization provides
 - The market approach is a good illustration of social responsiveness.

Approaches to Sustainable Management

- Stakeholder approach
 - Organizations approach work to meet the environmental demands of multiple stakeholders such as employees, suppliers, and the community.

- The stakeholder approach is a good illustration of social responsiveness.
- Activist approach
 - If an organization pursues an activist (also called a dark green) approach to sustainable management, it looks for ways to respect and preserve the earth and its natural resources.
 - Organizations that follow the activist approach exhibit the highest degree of environmental sensitivity.

Evaluating Sustainable Management

- As organizations implement sustainable management practices, we find more and more of them issuing detailed reports on their environmental performance via:
 - The Global Reporting Initiative
 - Adopting ISO standards
 - Inclusion in the list of the Global 100 Most Sustainable Corporations in the World

Values-Based Management

- This is an approach to managing in which managers establish and uphold an organization's shared values.
 - Remember from CH 2, that values reflect what it stands for and what it believes in.
- Purposes of Shared Values
 - They act as guideposts for managerial decisions and actions.
 - They also serve to shape employee behaviour and to communicate what the organization expects of its members.
 - The shared corporate values also can influence the organization's marketing efforts.
 - Finally, shared values are a way to build team spirit in organizations.
- The Bottom Line on Shared Corporate Values
 - An organization's values are revealed in the decisions and actions of employees.

Purposes of shared values



Managerial Ethics

- The term ethic refers to rules and principles that define right and wrong conduct

- Stages of Moral Development
 - Research divides moral development into three levels:
 - a. First level is preconventional. Person's choice based on personal consequences involved
 - b. Conventional level indicates that moral values reside in maintaining expected standards
 - c. Principled level has individuals make a clear effort to define moral principles apart for the authority of the groups to which individuals belong.

Managerial Ethics

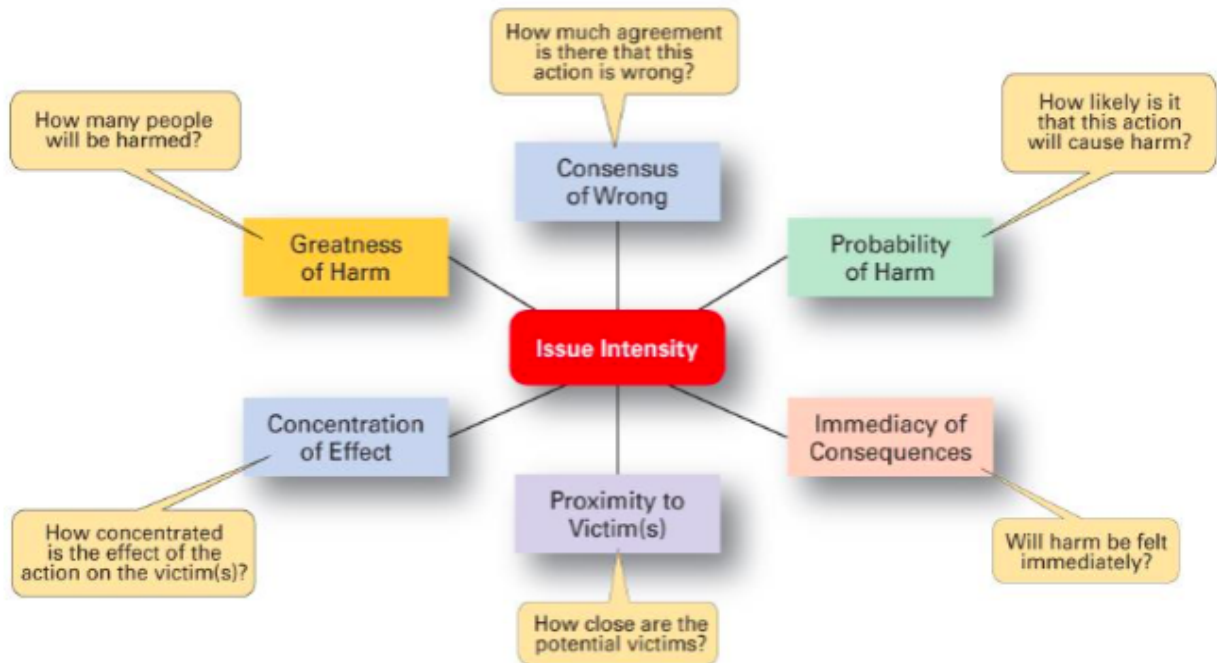
- Stages of Moral Development
 - Whether a person acts ethically or unethically when faced with an ethical dilemma, is the result of complex interactions between the stage of moral development and several variables, including
 - individual characteristics,
 - the organization's structural design,
 - the organization's culture, and
 - the intensity of the ethical issue.
 - Research on the stages of moral development shows that people proceed through the six stages sequentially.
 - there's no guarantee of continued development.
 - the majority of adults are [generally] at Stage 4.
 - the higher the stage an employee reaches, the more likely he or she will behave ethically.

Managerial Ethics

- The second factor that influences managerial ethics is individual characteristics, which reflect -
 - Values - our basic convictions about what is right and wrong.
 - Ego strength - a personality measure of the strength of a person's convictions.
 - Individuals high in ego strength are likely to resist impulses to act unethically and instead do what they think is right.
 - Locus of control - a personality attribute that measures the degree to which people believe they control their own fate.
 - Externals are less likely to take personal responsibility for the consequences of their behaviour and are more likely to rely on external forces.
- The third factor that influences managerial ethics is structural variables such as -
 - The existence of formal rules and regulations, job descriptions, written codes of

ethics, performance and reward systems

- Good structural design minimizes ambiguity and uncertainty and fosters good ethical behaviour
- The final factor that affects a manager's ethical behaviour is issue intensity which has six characteristics:



Managerial Ethics

- Ethical Standards in an International Context - Are ethical standards universal (the same) across countries?
 - Social and cultural differences between countries are important factors – so no!...unfortunately?
- Encouraging Ethical Behaviour
 - Hire individuals with high ethical standards.
 - Establish codes of ethics and decision rules.
 - Lead by example.
 - Delineate job goals and performance appraisal mechanisms.
 - Provide ethics training.
 - Conduct independent social audits.
 - Provide support for individuals facing ethical dilemmas.

Managerial Ethics

- The 10 Principles of the United Nations Global Compact
 - Human Rights
 - Principle 1: Businesses should support and respect the protection of

- international human rights within their sphere of influence; and
 - Principle 2: make sure that they are not complicit in human rights abuses.
 - Labour Standards
 - Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
 - Principle 4: the elimination of all forms of forced and compulsory labour;
 - Principle 5: the effective abolition of child labour; and
 - Principle 6: the elimination of discrimination in respect of employment and occupation.
 - Environment
 - Principle 7: Businesses should support a precautionary approach to environmental challenges;
 - Principle 8: undertake initiatives to promote greater environmental responsibility; and
 - Principle 9: encourage the development and diffusion of environmentally friendly technologies.
 - Anti-Corruption
 - Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Codes of Ethics

- Cluster 1. Be a Dependable Organizational Citizen
 - 1. Comply with safety, health, and security regulations.
 - 2. Demonstrate courtesy, respect, honesty, and fairness.
 - 3. Illegal drugs and alcohol at work are prohibited.
 - 4. Manage personal finances well.
 - 5. Exhibit good attendance and punctuality.
 - 6. Follow directives of supervisors.
 - 7. Do not use abusive language.
 - 8. Dress in business attire.
 - 9. Firearms at work are prohibited.
- Cluster 2. Do Not Do Anything Unlawful or Improper That Will Harm the Organization
 - 1. Conduct business in compliance with all laws.
 - 2. Payments for unlawful purposes are prohibited.
 - 3. Bribes are prohibited.
 - 4. Avoid outside activities that impair duties.
 - 5. Maintain confidentiality of records.
 - 6. Comply with all antitrust and trade regulations.
 - 7. Comply with all accounting rules and controls.
 - 8. Do not use company property for personal benefit.

- 9. Employees are personally accountable for company funds.
- 10. Do not propagate false or misleading information.
- 11. Make decisions without regard for personal gain.
- Cluster 3. Be Good to Customers
 - 1. Convey true claims in product advertisements.
 - 2. Perform assigned duties to the best of your ability.
 - 3. Provide products and services of the highest quality.

Managerial Ethics

- Ethical Leadership
 - Doing business ethically requires a commitment from top managers.
 - It's the top managers ("tone from the top") who uphold the shared values and set the cultural tone. They are role models in terms of both words and actions, although what they do is far more important than what they say.
- Job Goals and Performance
 - Under the stress of unrealistic job goals, otherwise ethical employees may feel they have no choice but to do whatever is necessary to meet those goals.
 - To encourage ethical behaviour, both the objectives and ensuing results should be evaluated.

Managerial Ethics

- A Process for "Thinking Through" Ethical Dilemmas
 - Step 1: What is the ethical dilemma?
 - Step 2: Who are the affected stakeholders?
 - Step 3: Which personal, organizational, and external factors are important in this decision?
 - Step 4: What are possible alternatives?
 - Step 5: What is my decision, and how will I act on it?
- When in doubt just ask yourself "what does right look like?"

CHAPTER 8 - Decision Making

The Decision-Making Process

- A decision is a choice made from two or more alternatives.
- The decision-making process is a comprehensive process, involving eight steps, that begins with
 - identifying a problem and decision criteria and allocating weights to those criteria;
 - developing, analyzing, and selecting alternatives that can resolve the problem;
 - implementing the selected alternative; and

- concludes by evaluating the decision's effectiveness.

Step 1 - Identify a problem.

- A problem is defined as a discrepancy between an existing and a desired state of affairs.
- Some cautions about problem identification include the following:
 - 1. Make sure it's a problem and not just a symptom of a problem.
 - 2. Problem identification is subjective.
 - 3. Before a problem can be determined, a manager must be aware of any discrepancies.
 - 4. Discrepancies can be found by comparing current results with some standard.
 - 5. Pressure must be exerted on the manager to correct the discrepancy.
 - 6. Managers aren't likely to characterize a discrepancy as a problem if they perceive that they don't have the authority, information, or other resources needed to act on it.
- Step 2 - identify the decision criteria
 - These are criteria that define what is relevant in making a decision.
- Step 3 - allocate weights to the criteria
 - The criteria identified in Step 2 aren't all equally important, so the decision maker must weight the items in order to give them correct priority in the decision.
- Step 4 - development of alternatives
 - The decision maker now needs to identify viable alternatives for resolving the problem.
- Step 5 - analyze the various alternatives
 - Each of the alternatives must now be critically analyzed from both a qualitative and quantitative perspective (pros and cons) along with a weighting criteria if appropriate
- Step 6 - select an alternative
 - Select the best alternative from among those identified and assessed.
 - If criteria weights have been used, the decision maker simply selects the alternative with the highest score from Step 5.
- Step 7 - implement the alternative
 - Implementation is conveying a decision to those affected by it and getting their commitment to it.
- Step 8 - evaluate the effectiveness of the decision
 - This last step assesses the result of the decision to see whether the problem has been resolved.

Decisions in the Management Functions

- Planning
 - What are the organization's long-term objectives?

- What strategies will best achieve those objectives?
- What should the organization's short-term objectives be?
- How difficult should individual goals be?
- Organizing
 - How many employees should I have report directly to me?
 - How much centralization should there be in the organization?
 - How should jobs be designed?
 - When should the organization implement a different structure?
- Leading
 - How do I handle employees who appear to be low in motivation?
 - What is the most effective leadership style in a given situation?
 - How will a specific change affect worker productivity?
 - When is the right time to stimulate conflict?
- Controlling
 - What activities in the organization need to be controlled?
 - How should those activities be controlled?
 - When is a performance deviation significant?
 - What type of management information system should the organization have?

The Manager (Person) as Decision Maker

- Managerial decision-making is assumed to be rational; that is, choices are consistent and maximize value, within specified constraints. These assumptions are –
 - problem clarity (the problem is clear and unambiguous);
 - goal orientation (a single, well-defined goal is to be achieved);
 - known options (all alternatives and consequences are known);
 - clear preferences;
 - constant preferences (preferences are constant and stable);
 - no time or cost constraints; and
 - maximum payoff.
- The assumption of rationality is that decisions are made in the best economic interests of the organization, not in the manager's interests.
- The assumptions of rationality can be met if:
 - the manager is faced with a simple problem in which goals are clear and alternatives limited,
 - in which time pressures are minimal and the cost of finding and evaluating alternatives is low,
 - for which the organizational culture supports innovation and risk taking,
 - and in which outcomes are concrete and measurable.

The Manager (Person) as Decision Maker

- Managers tend to operate under assumptions of bounded rationality, which is behaviour that is rational, within the parameters of a simplified decision-making process, that is limited (or bounded) by an individual's ability to process information.
 - Under bounded rationality, managers make satisfying decisions, where managers accept solutions that are “good enough,” rather than maximizing payoffs.
 - They're being rational within the limits (bounds) of their ability to process information.
 - Managers' decision-making may also be strongly influenced by the organization's culture, internal politics, power considerations, and by a phenomenon called escalation of commitment, which is an increased commitment to a previous decision despite evidence that it may have been wrong...”sunk cost fallacy”
- Intuitive decision making
 - Making decisions on the basis of experience, feelings, and accumulated judgment.
 - One-third (?) of managers and other employees said they emphasized “gut feeling” over cognitive problem solving.

Types of Decisions and Decision-Making Conditions

- Managers will be faced with different types of problems and will use different types of decisions:
 - Structured problems are straightforward, familiar, and easily defined.
 - In handling this situation, a manager can use a programmed decision, which is a repetitive decision (a procedure, a rule, or a policy).
 - Unstructured problems are new or unusual problems in which information is ambiguous or incomplete.
 - These problems are best handled by a nonprogrammed decision, that is, a unique decision that requires a custom-made solution.

Decision-Making Conditions

- When managers make decisions, they face three conditions –
 - Certainty - a situation in which a manager can make accurate decisions because the outcome of every alternative is known.
 - This isn't characteristic of most managerial decisions.
 - Risk - a condition in which the decision maker is able to estimate the likelihood of certain outcomes.
 - The ability to assign probabilities (guesstimates) to outcomes may be the result of personal experiences and secondary information
 - Uncertainty - a situation in which the decision maker has neither certainty nor reasonable probability estimates available.
 - The choice of alternative is influenced by the limited amount of information available to the decision maker.

- It's also influenced by the psychological orientation of the decision maker (optimistic or pessimistic)

Decision-Making Styles

- Dimensions of Decision-Making Styles
 - Managers (people) have different styles when it comes to making decisions and solving problems.
 - One perspective proposes that people differ along two dimensions in the way they approach decision making.
 - One dimension is an individual's way of thinking - rational or intuitive.
 - The other is the individual's tolerance for ambiguity - low or high.
- Linear Thinking Style
 - characterized by a person's preference for using external data and facts and processing this information through rational, logical thinking.
- Nonlinear Thinking
 - characterized by a person's preference for internal sources of information and processing this information with internal insights, feelings, and hunches.

Decision-Making Biases and Errors

- Heuristics - using "rules of thumb" to simplify decision making.
- Overconfidence bias - holding unrealistically positive views of one's own abilities and one's performance.
- Immediate gratification bias - decision makers who tend to want immediate rewards and to avoid immediate costs.
- Anchoring effect - describes how decision makers fixate on initial information as a starting point and then, once set, fail to adequately adjust for subsequent information
- Selective perception - selecting, organizing, and interpreting events based on the decision maker's biased perceptions
- Confirmation bias - seeking out information that reaffirms past choices and discounting contradictory information.
- Framing bias - decision makers select and highlight certain aspects of a situation while excluding others
- Availability bias - decisions makers tend to remember events that are the most recent and vivid in their memory.
- Representation bias - decision makers assess the likelihood of an event based on how closely it resembles other events or sets of events
- Sunk cost errors – people incorrectly fixate on past expenditures of time, money, or effort in assessing choices rather than on future consequences (these should never factor into a decision to be made today...but they so often are)
- Randomness bias - describes the actions of decision makers who try to create meaning

out of random events.

- Self-serving bias - decision makers who are quick to take credit for their successes and to blame failure on outside factors (dishonest)
- Hindsight bias – people falsely believe that they would have accurately predicted the outcome of an event once that outcome is actually known.

Effective Decision Making for Today's World

- Today's business world revolves around making decisions, often risky ones, with incomplete or inadequate information and under intense time pressure...plus add in a global pandemic!
- What do managers need to do to make effective decisions under today's conditions?
 - Understand cultural differences
 - Create standards for good decision making
 - Know when it's time to call it quits
 - Use an effective decision-making process
 - Build an organization that can spot the unexpected and quickly adapt to changes in their operating environment (adaptability, flexibility)
 - Be ethical

CHAPTER 9 - Foundations of Planning

- Planning Is a management function that involves –
 - Defining the organization's goals.
 - Establishing an overall strategy or direction for achieving those goals.
 - Developing a comprehensive set of plans to integrate and coordinate work.
- Planning Also helps to –
 - reduce the impact of unnecessary and frequent changes.
 - reduce overlapping and wasteful activities.
 - establish the goals or standards that are used in controlling the various activities of an organization
- The Relationship Between Planning and Performance
 - Formal planning is generally associated with
 - Higher profits and returns on assets
 - Other positive financial results
 - The quality of planning and implementation, affects performance more than the extent of planning.
 - The external environment can reduce the impact of planning on performance
 - Formal planning must be used for several years before planning begins to affect performance (in general terms)

How do managers plan?

- Elements of planning
 - Goals (also objectives) –
 - These are the desired outcomes or targets.
 - They provide direction and performance evaluation criteria
 - Stated goals are official statements of what an organization says, and what it wants its stakeholders to believe its goals are.
 - Real goals are the goals that an organization actually pursues, as defined by the actions of its members
 - Plans
 - The documents that outline how goals are going to be met.
 - Describe resource allocations, schedules and other necessary actions to accomplish their goals

Types of Plans

- Breadth (strategic vs. operational)
 - Strategic plans are long term, directional, and single use. They apply to the entire organization, establish the organization's overall goals, and seek to position the organization in terms of its environment.
 - Operational plans are short term, specific, and standing. They specify the details of how the overall goals are to be achieved
- Time frame (short term vs. long term)
 - long-term plans as those with a time frame beyond three years.
 - short-term plans as those with a time frame of one year or less.
- Specificity (directional vs. specific)
 - Specific plans are plans that are clearly defined and that leave no room for interpretation.
 - Directional plans are flexible plans that set out general guidelines. They provide focus but don't lock managers into specific goals or courses of action
- Frequency of use (single use vs. standing)
 - A single-use plan is a one-time plan specifically designed to meet the needs of a unique situation.
 - Standing plans are ongoing plans that provide guidance for activities performed repeatedly.
 - Standing plans include policies, rules, and procedures

Setting goals and developing plans

- Goals can be established through a process of traditional goal setting or through management by objectives
 - traditional goal setting

- defined as the process whereby goals are set at the top of the organization and then broken down into sub-goals for each level in an organization.
- Top managers are assumed to know what's best because they see the "big picture."
- These goals are also often largely non-operational.
- Specificity is achieved as each manager applies his or her own set of interpretations and biases.
- However, what often results is that objectives lose clarity and unity as they move from the top of the organization to the bottom
- Management by objectives MBO
 - defined as a system in which specific performance goals are jointly determined by employees and their managers
 - progress toward accomplishing these goals is periodically reviewed
 - rewards are allocated on the basis of the progress achieved
 - makes objectives operational through the process by which they cascade down through the organization.
 - first described by Peter Drucker and consists of four elements
 - Goal specificity
 - Participative decision making
 - Explicit time period
 - Performance feedback

Steps in management by objectives

1. The organization's overall objectives and strategies are formulated.
2. Major objectives are allocated among divisional and departmental units.
3. Unit managers collaboratively set specific objectives for their units with their managers.
4. Specific objectives are collaboratively set with all department members.
5. Action plans, defining how objectives are to be achieved, are specified and agreed upon by managers and employees.
6. The action plans are implemented.
7. Progress toward objectives is periodically reviewed, and feedback is provided.
8. Successful achievement of objectives is reinforced by performance-based rewards

Characteristics of Well-Written Goals

- Written in terms of outcomes rather than actions
- Measurable and quantifiable
- Clear as to a time frame • Challenging yet attainable
- Written down
- Communicated to all necessary organizational members

Steps in Goal Setting

1. Review the organization's mission.
 - Goals should reflect what the mission statement says.
2. Evaluate available resources
3. Determine individually, or with input from others, the goals.
4. Write down the goals and communicate them to all who need to know.
5. Review results and whether goals are being met.

Approaches to planning

- Traditional Approach
 - Planning is done entirely by top-level managers who were often assisted by a formal planning department
- Organizational member involvement
 - Plans aren't handed down from one level to the next but are developed at the various levels to meet specific needs

Contemporary issues in planning

- As we know from earlier chapters, the external environment is constantly changing. As such –
 - Managers need to develop plans that are specific, but flexible.
 - Managers must recognize that planning is an ongoing process, and they need to be flexible and willing to change directions if external environmental conditions warrant.
 - Managers need to foster the development of planning skills at all organizational levels.

CHAPTER 10 - Managing Strategically

The importance of Strategic Management

- The role that the environment plays has influenced managers in
 - developing a systematic means of analyzing the environment,
 - assessing their organization's internal strengths and weaknesses,
 - identifying external opportunities to pursue,
 - Identifying external threats or risks that could derail their strategy (SWOT)
 - incorporating these findings into their planning.
- The value of thinking strategically has an important impact on organization performance.
- What is Strategic Management?
 - What managers (people) do to develop the organization's strategies
 - Strategies are the plans for how an organization will carry out its' business model
 - how it will compete successfully, and

- how it will attract and satisfy its customers in order to achieve its goals
- Why is Strategic Management important?
 1. One of the most significant reasons is that it can make a difference in how well an organization performs
 2. It requires that managers examine and adapt to business environment changes, allowing them to better cope with uncertain environments.
 3. It's involved in many of the decisions that managers make.
- Today, strategic management has moved beyond for-profit business organizations to include government agencies, hospitals, and other not-for-profit organizations.

The strategic Management process

- The strategic management process is a six-step process that encompasses strategic planning, implementation, and evaluation
- Step 1-Identify the Organization's Current Mission, Goals, and Strategies
 - Defining the mission forces managers to identify what the business model is
 - Goals and strategies have to be consistent with the company's mission
- Step 2 -Conduct an external analysis
 - Critical step in the strategy process
 - Identify opportunities to pursue and threats or risks to mitigate (SWOT)
- Step 3 -Conduct an internal analysis
 - Activities done well or unique resources (competitive advantage) are called strengths
 - Activities not done well, or a lack of resources are considered weaknesses(SWOT)
- Step 4 –Formulate strategy
 - Once your SWOT is complete, develop and evaluate viable strategic alternatives
 - Select strategies that capitalize on the company's strengths and exploit opportunities
- Step 5 –Implement strategy
 - The company will not succeed if the strategies are not implemented properly and efficiently
 - Identify timeframes and who is responsible for implementing what part of the strategy
- Step 6 –Evaluate results
 - How effective have the strategies been?
 - What changes, tweaks might be necessary?

Components of a Mission Statement

- Customers: Who are the firm's customers?
- Markets: Where does the firm compete geographically?

- Concern for survival, growth, and profitability: Is the firm committed to growth and financial stability?
- Philosophy: What are the firm's basic beliefs, values, and ethical priorities? Concern for public image: How responsive is the firm to societal and environmental concerns?
- Products or services: What are the firm's major products or services?
- Technology: Is the firm technologically current?
- Self-concept: What are the firm's major competitive advantages and core competencies?
- Concern for employees: Are employees a valuable asset of the firm?

Types Of Organizational Strategies

- There are three different and distinct levels of strategy: corporate, business, and functional
- A. Corporate Strategy –the corporate-level strategy seeks to determine what businesses a corporation should be in or wants to be in. There are three main types of corporate strategies –
 - A growth strategy seeks to increase the organization's business by expanding the number of products offered or markets served.
 - A stability strategy is characterized by an absence of significant change.
 - A Renewal strategy is deployed when the organization is in trouble.
 - Retrenchment Strategies are short term strategies used for minor problems
 - Turnaround Strategies are longer term and used for more significant problems, whether due to internal issues or an external threat

How are corporate strategies managed?

- The first portfolio matrix (BCG matrix) introduced the idea that an organization's business lines could be evaluated to identify which ones offered high potential and which were a drain on organizational resources. The horizontal axis represents market share, and the vertical axis indicates anticipated market growth. Based on its evaluation, each business line can be placed in one of four categories.

Creating Strategic Competitive Advantage

- A competitive advantage is what sets an organization apart from their competitors. These come from the firm's core strengths.
- Quality As a competitive advantage
 - If implemented properly, quality can be a way for an organization to create a sustainable competitive advantage.
 - Quality can differentiate the firm from its competitors.
 - Represents the company's focus on quality management to achieve constant improvement and meet customers' demand for quality and reliability
- Design Thinking as a competitive advantage

- Design thinking has been described as “approaching management problems as designers approach design problems.”
- Social Media as a competitive advantage
 - Strategies should help people both inside and outside the organization connect and reduce costs or increase revenue possibilities or both.

Competitive Strategies - Porter's 5 forces Model

- Michael Porter’s five forces model (Harvard 1979) outlined how managers can create and sustain a competitive strategy in order to earn above-average profitability.
- Industry analysis is an important step in Porter’s framework and there are five competitive forces at work in an industry.
 - 1.Threat of new entrants –determined by barriers to entry, which are factors that determine how easy or hard it is for new competitors to enter an industry.
 - 2.Threat of substitutes –a factor that determines whether or not customers will switch their business to a competitor.
 - 3.Bargaining power of buyers –a factor that determines the amount of influence that buyers have in an industry.
 - 4.Bargaining power of suppliers –a factor that determine the power that suppliers have over firms in the industry
 - 5.Current rivalry –includes factors that determine how intense the competitive rivalry will be among firms currently in the industry.

Current Strategic Management Issues

- The Need for Strategic Leadership
 - Organizations need managers (people) who have the ability to anticipate, envision, think strategically, and work with others in the organization to initiate changes that will create value
- The Need for Strategic Flexibility
 - When a chosen strategy is not working out as planned, organizations need managers who can quickly adapt and change strategy as appropriate
 - Given today’s environment (including the Global Pandemic) strategic flexibility is very important
- Important Organizational Strategies for Today’s Environment –
- E-Business strategies can be used to develop a sustainable competitive advantage
 - Cost leadership strategy–use of online bidding, order processing, inventory control, recruitment, and hiring.
 - Differentiation strategy –use of internet-based knowledge systems, online ordering, and customer support.
 - Focus strategy –use of chat rooms and discussion boards, targeted web sites.
- Customer service strategies (also referred to as a customer intimacy strategy)

- Are customers getting what they want?
- Effective customer communications
- Organization's culture is extremely important in this area
- Innovation Strategies
 - Can focus on breakthrough products or include the application of existing technology to new uses.
 - First movers –first to bring a new product or idea to market

First-Mover Advantages and Disadvantages

- An organization that is first to bring a product innovation to the market or to use a new process innovation is called a first mover. Being a first mover has certain strategic advantages and disadvantages

Advantages	Disadvantages
• Reputation for being innovative and industry leader	• Uncertainty over exact direction technology and market will go
• Cost and learning benefits	• Risk of competitors' imitating innovations
• Control over scarce resources and keeping competitors from having access to them	• Financial and strategic risks
• Opportunity to begin building customer relationships and customer loyalty	• High development costs

CHAPTER 11 - Designing Organizational Structure

Designing Organizational structure

- Organizational structure can play an important role in an organization's success.
- The process of organizing (from Chapter 1) is how an organization's structure is created.
 - Managers seek structural designs that will best support and allow employees to effectively and efficiently do their work
- Organizational design is the process of developing or changing an organization's structure. It involves decisions around six key elements –
 - work specialization, departmentalization, chain of command, span of control, centralization/decentralization, and formalization
 - Divides work to be done into specific jobs and departments.
 - Assigns tasks and responsibilities associated with individual jobs.
 - Coordinates diverse organizational tasks.
 - Clusters jobs into units.
 - Establishes relationships among individuals, groups, and departments.
 - Establishes formal lines of authority.

- Allocates and deploys organizational resources
- Work specialization is the degree to which tasks in an organization are divided into separate jobs.
 - Most managers today see work specialization as an important organizing mechanism but not as a source of ever-increasing productivity.
 - Conversely, overspecialization can result in human diseconomies from boredom, fatigue, stress, poor quality, increased absenteeism, and higher turnover
- Departmentalization is the basis on which jobs are grouped, in order to accomplish organizational goals.
- There are five major ways to departmentalize –
 1. Functional departmentalization is grouping jobs by functions performed.
 2. Product departmentalization is grouping jobs by product line.
 3. Geographical departmentalization is grouping jobs based on territory or geography.
 4. Process departmentalization is grouping jobs based on product or customer flow.
 5. Customer departmentalization is grouping jobs based on common customers
- Organizations can follow these five ways or develop their own unique classification
- The chain of command is the continuous line of authority that extends from the upper organizational levels to the lowest levels and clarifies who reports to whom.
- Related concepts include –
 - Authority—the right inherent in a managerial position to tell people what to do and to expect them to do it.
 - Acceptance theory of authority –the view that authority comes from the willingness of subordinates to accept it.
 - Responsibility—the obligation or expectation to perform.
 - Responsibility brings with it accountability, which is the need to report and justify work to a manager’s superiors.
 - Unity of command –the classical management principle that a subordinate should have one and only one superior to whom he or she is directly responsible
 - Delegation—the assignment of authority to another person to carry out specific duties, allowing employees to make some of the decisions
- The concept of span of control refers to the number of subordinates a manager can supervise effectively and efficiently.
 - This concept is important because it determines how many levels and managers an organization will have
- What determines the “ideal” span of control?
 - Contingency factors such as the skills and abilities of the manager and the employees (the people involved),
 - the characteristics of the work being done,
 - similarity of employee tasks and the complexity of those tasks,

- the physical proximity of subordinates,
- the degree to which standardized procedures are in place,
- the sophistication of the organization's information system,
- the strength of the organization's culture, and
- the preferred style of the manager will influence the ideal number of subordinates (we'll look at this in more detail in chapter 14).
- The authors of our text suggest there has been a trend in recent years towards larger spans of control
- The concepts of centralization and decentralization address who, where, and how decisions are made in organizations.
- Centralization Is the degree to which decision making is concentrated at a single point in the organization, usually in the upper levels of the organization.
- Decentralization Is the handing down of decision-making authority to lower levels in an organization.
 - It is suggested that there is a trend towards decentralizing decision making in order to make organizations more flexible and responsive.
 - Gives employees more authority (power) to make decisions (employee empowerment)

Advantages	Disadvantages
• Reputation for being innovative and industry leader	• Uncertainty over exact direction technology and market will go
• Cost and learning benefits	• Risk of competitors' imitating innovations
• Control over scarce resources and keeping competitors from having access to them	• Financial and strategic risks
• Opportunity to begin building customer relationships and customer loyalty	• High development costs

Designing Organizational Structure

- Formalization Refers to the degree to which jobs within an organization are standardized and the extent to which employee behaviour is guided by rules and procedures (form of internal controls).
 - In a highly formalized organization, employees have little discretion, and there's a high level of consistent and uniform output
 - Organizations have explicit job descriptions, lots of organizational rules, and clearly defined procedures
 - Standardization not only eliminates the possibility that employees will

engage in alternative behaviours, but it also even removes the need for employees to consider alternatives

- In a less-formalized organization, employees have a lot of freedom and can exercise discretion in the way they do their work.
- The degree of formalization can vary widely between organizations and even within organizations

Mechanistic and Organic Structures

- A mechanistic organization is an organizational structure that's characterized by –
 - high specialization,
 - rigid departmentalization,
 - narrow spans of control, •high formalization, a
 - limited information network, and
 - little participation in decision making by low-level employees.
- An organic organization is a structure that is –
 - highly adaptive and flexible with little work specialization,
 - minimal formalization, and •little direct supervision of employees.
- When is each design favoured?
 - It “depends” on the contingency variables

Contingency Factors Affecting Structural Choice

- The appropriate structure an organization chooses to adopt depends upon four contingency variable –
 - the organization's strategy
 - the size of the organization
 - the technology that is used by the organization
 - the degree of environmental uncertainty
 - dynamic environments require organic structures while mechanistic structures need stable environments

Woodward's Findings on Technology, Structure, and Effectiveness

- Joan Woodward found in her study of these three groups that distinct relationships existed between these technologies, the subsequent structure of the organization, and the effectiveness of the organization

	Unit Production	Mass Production	Process Production
Structural characteristics	<ul style="list-style-type: none"> • Low vertical differentiation • Low horizontal differentiation • Low formalization 	<ul style="list-style-type: none"> • Moderate vertical differentiation • High horizontal differentiation • High formalization 	<ul style="list-style-type: none"> • High vertical differentiation • Low horizontal differentiation • Low formalization
Most effective structure	<ul style="list-style-type: none"> • Organic 	<ul style="list-style-type: none"> • Mechanistic 	<ul style="list-style-type: none"> • Organic

Contemporary Organizational Designs

Team Structure

- What it is: A structure in which the entire organization is **made up of work groups or teams**.
- Advantages: Employees are more involved and **empowered**.
Reduced barriers among functional areas.
- Disadvantages: **No clear chain of command**.
Pressure on **teams to perform**.

Matrix-Project Structure

- What it is: In a matrix structure, **specialists** from different functional areas are assigned to work on projects and then return to their areas when the project is completed. In a project structure, **employees continuously work on projects**. As one project is completed, employees move on to the next project.
- Advantages: Fluid and flexible design that can respond to environmental changes. **Faster decision making**.
- Disadvantages: Complexity of assigning people to projects. **Task and personality conflicts**.

Boundaryless Structure

- What it is: A structure not defined by or limited to artificial horizontal, vertical, or external boundaries; includes **virtual and network** types of organizations.
 - Advantages: **Highly flexible** and responsive.
Utilizes talent wherever it's found.
 - Disadvantages: **Lack of control.**
Communication difficulties.
-

Learning Structure

- What it is: A structure in which **employees continually acquire and share new knowledge** and apply that knowledge.
 - Advantages: Sharing of knowledge throughout organization. Sustainable source of **competitive advantage.**
 - Disadvantages: Reluctance on part of employees to share knowledge for **fear of losing their power.**
Large numbers of experienced employees on the verge of retiring.
-

Example of a Matrix Organization

- A matrix organization assigns specialists from different functional departments to work on one or more projects being led by project managers

Contemporary Organizational Designs

- Network organization –another structural option for managers who want to minimize or eliminate organizational boundaries –
 - a small core organization that outsources major business functions
 - allows organizations to concentrate on what they do best and contract out other activities to companies that can do those activities best
 - many large organizations use the network structure to outsource manufacturing.
- Learning organization –where employees continually acquire and share new knowledge and apply that knowledge in making decisions or doing their work
 - Some organizational theorists even go so far as to say that an organization's ability to learn and apply that learning, may be the only sustainable source of competitive advantage

CHAPTER 12 - Managers and Communication

Understanding communication

- Communication is the transfer and understanding of meaning –
 - If no information or ideas have been conveyed or transferred, communication hasn't taken place
 - For communication to be successful, the meaning must be imparted and understood.
 - Good communication does not require agreement with the message, just a clear

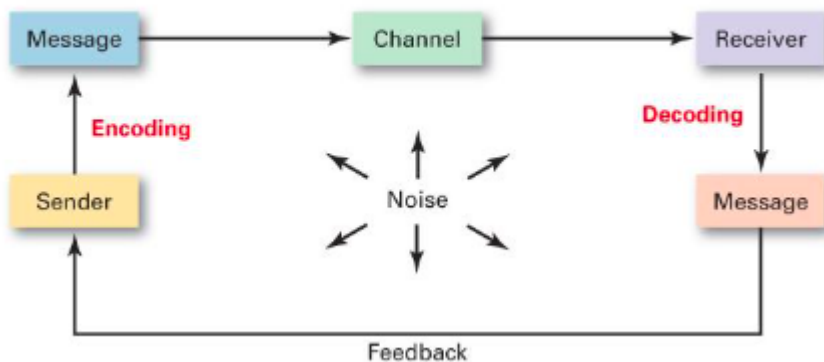
understanding of the message.

- Communication encompasses both interpersonal communication (between two or more people) and organizational communication (all the patterns, networks, and systems of communication within an organization).
- Communication serves four major functions –
 - Control –the formal and informal communications that control individuals' behaviour in organizations.
 - Motivation–communications clarify for employees what is to be done, how well they have done it, and what can be done to improve performance.
 - Emotional Expression –the social interactions, in the form of work group communications, provides a way for employees to express themselves.
 - Information–individuals and work groups need information to make decisions or to do their work

Methods of Interpersonal Communication

- This diagram illustrates the seven elements of the communication process. Note that the entire process is susceptible to noise—disturbances that interfere with the transmission, receipt, or feedback of a message

The Interpersonal Communication Process



12 Questions to help evaluate communication methods

- 1. Feedback. How quickly can the receiver respond to the message?
- 2. Complexity capacity. Can the method effectively process complex messages?
- 3. Breadth potential. How many different messages can be transmitted using this method?
- 4. Confidentiality. Can communicators be reasonably sure their messages are received only by those for whom they're intended?
- 5. Encoding ease. Can the sender easily and quickly use this channel?
- 6. Decoding ease. Can the receiver easily and quickly decode messages?
- 7. Time–space constraint. Do senders and receivers need to communicate at the same time and in the same space?
- 8. Cost. How much does it cost to use this method?
- 9. Interpersonal warmth. How well does this method convey interpersonal warmth?

- 10. Formality. Does this method have the needed amount of formality?
- 11. Scanability. Does this method allow the message to be easily browsed or scanned for relevant information?
- 12. Time of consumption. Does the sender or receiver exercise the most control over when the message is dealt with?

Methods of Interpersonal Communication

- Nonverbal Communication is communication transmitted without words –
 - Sounds with specific meanings or warnings
 - Images that control or encourage behaviours
 - Situational behaviours that convey meanings
 - Clothing and physical surroundings that imply status
- The best-known types of nonverbal communication are body language and verbal intonation –
 - Body language refers to gestures, facial expressions, and other body movements that convey meaning.
 - Keep in mind that the message that is transmitted through body language may be quite different than the verbal message.
 - This “non-spoken” language is most often more accurate than what is being said.
 - Verbal intonation refers to the emphasis someone gives to words or phrases that convey meaning.

Barriers to Effective Interpersonal Communication

- In addition to the general distortions that can occur in the communication process, managers face the following barriers to effective communication –
- Filtering—is the deliberate manipulation of information to make it appear more favourable to the receiver
 - as information is communicated up through the organizational levels, it’s condensed and synthesized, and those doing the condensing filter communication through their personal interests and perceptions of what is important.
 - the more that organizational cultural rewards emphasize style and appearance, the more that managers will be motivated to filter communications in their favour.
- Emotions—influence how a receiver interprets a message when it is received. It’s best to avoid reacting to a message when the receiver is upset because he/she is not likely to be thinking clearly
- Information overload—happens when the information we must work with exceeds our processing ability
 - receivers tend to select, ignore, pass over, or forget information when there is too much, or they may put off further processing until the overload dies down (still

ineffective communication).

- Selective Perception –people don't see reality –they interpret what they perceive and call it “reality.” As a result, the reality that people construct is based on individual needs, motivations, experience, background, and other personal characteristics.
- Defensiveness –engaging in behaviors such as verbally attacking others, making sarcastic remarks, being overly judgmental, and questioning others' motives—happens when people feel that they're being threatened.
- Language –words mean different things to different people.
 - Age, education, and cultural background can influence language use and definition given to words.
 - Jargon is a language unique to members of a group that they use to communicate among themselves.
 - National culture can affect the way a manager chooses to communicate.

Overcoming Barriers to Communication

- Actions to help overcome barriers to communication –
 - Use feedback –can be verbal or nonverbal.
 - Simplify language –clear and easily understood terms
 - Listen actively
 - Listening is an active search for meaning, whereas hearing is passive.
 - Active listening is listening for full meaning without making premature judgments or interpretations and demands total concentration.
 - Active listening is enhanced by developing empathy with the sender— placing yourself in the sender's position.
 - Constrain emotions -the simplest answer is for a manager to refrain from communicating until they have regained their composure.
 - Watch nonverbal cues –actions speak louder than words

Organizational Communication

- Upward communication
 - flows from employees to managers
 - upward communication can be used to keep managers aware of how employees feel about their jobs, their co-workers, and the organization in general.
 - the organizational culture influences the extent of upward communication.
- Lateral communication•
 - takes place among employees on the same organizational level
- Diagonal communication
 - communication that cuts across both work areas and organizational levels
 - the increased use of email facilitates diagonal communication
 - has the potential to create problems if employees don't keep their managers

informed.

Organizational Communication Networks

- The vertical and horizontal flows of organizational communication can be combined into a variety of patterns call communication networks –
- Chain network
 - Communication flows according to the formal chain of command, both upward and downward.
- Wheel network
 - All communication flows in and out through the group leader (hub) to others in the group.
- All-Channel network
 - Communication flows freely among all members of the work team.
- The Grapevine (or gossip network!)
 - An informal organizational communication network.

Workplace Design and Communication

- Another factor that influences organizational communication is workplace design.
- Much of an organization's communication still occurs in the workplace...or did until the pandemic took hold and changed a lot of this...think zoom!
- How that office workspace is designed and configured can affect the communication that occurs as well as influence an organization's overall performance
 - Open office -workplaces with few physical barriers and enclosures...and little to no privacy

Information Technology (IT) and Communication

- IT today touches almost every aspect of every company's business which has had, and will continue to have, a profound effect on how managers communicate.
- Network systems
 - Have significantly improved a manager's ability to monitor individual and team performance
 - Have allowed employees to have more complete information to make faster and better decisions
 - Have allowed more collaboration and sharing of information, and
 - Have provided greater accessibility to coworkers any time, regardless of where they are (working from home!)
- Wireless Technology
 - Continued improvements will result in more people within organizations to use it to collaborate and share information more efficiently
- Privacy Issues

- The widespread use of voice mail, email and the internet at work has led to some ethical concerns as well.
- These forms of communication are not necessarily private, because employers have access to them.
- Many private sector employees are not covered by privacy legislation, as not all provinces have enacted legislation that protects private sector employees

Communication Issues in Today's Organizations

- Five communication issues of particular importance to today's managers
- 1. Managing communications in an internet world
 - Email ranks number one in terms of problems of the modern workplace
 - Communication challenges around legal and security issues, and lack of personal interactions
- 2. Managing the organization's knowledge resources
 - Need to make it easier for employees to communicate and share their knowledge so they can learn from one another ways to be more effective and efficient
 - Build on-line information databases that employees can access
 - Create "communities of practice"
- 3. Communication with customers
 - Recognize the three components of the customer service delivery process –
 - The customer
 - The service organization
 - The individual service provider
 - Develop a strong service culture focused on the personalization of service to each customer –
 - Listen and respond to the customer
 - Provide access to needed service information
- 4. Getting employee input
 - Can't afford to ignore potentially valuable ideas from employees
- 5. Communicating ethically
 - Include all relevant information and in an honest and transparent way
 - We reviewed ethical behaviour in chapter 6

How to Let Employees Know their Input Matters

- Hold town-hall meetings where information is shared, and input solicited.
- Provide information about what's going on, good and bad.
- Invest in training so that employees see how they impact the customer experience.
- Analyze problems together—managers and employees.
- Make it easy for employees to give input by setting up different ways for them to do so (online, suggestion box, pre printed cards, and so forth)

CHAPTER 13 - Managing Human Resources

The human resource management process

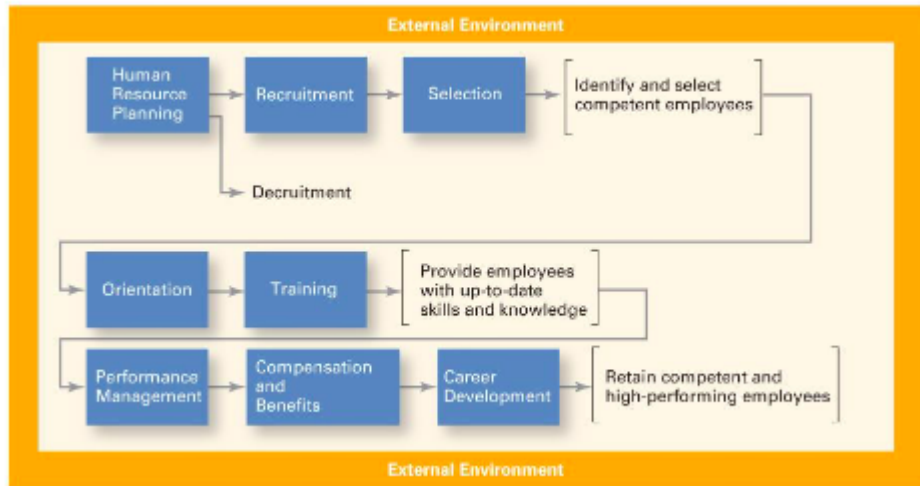
- Various studies have concluded that an organization's human resources can be an important strategic tool and can help establish a firm's sustainable competitive advantage
 - Whether or not an organization has a human resource department, every manager is involved with human resource management activities.
 - Managers must see employees as partners, not just costs to be minimized.
 - There is a direct link between HRM policies and practices and organizational performance (high performance work practices)

High-Performance Work Practices

- Self-managed teams
- Decentralized decision making
- Training programs to develop knowledge, skills, and abilities
- Flexible job assignments
- Open communication
- Performance-based compensation
- Staffing based on person–job and person–organization fit
- Extensive employee involvement
- Giving employees more control over decision making
- Increasing employee access to information

The Human Resource Management Process

- All managers (people) need to do a good job of handling other people, and have a reasonable knowledge of people skills –
 - In a smaller organization, managers often have to handle many human resources functions, as well as their other jobs.
 - In larger organizations, the human resources tasks are delegated to the human resources person or department.
 - As a result, managers may not need to know all the intricate details of what a human resources manager faces,
 - but they do need to be aware that federal and provincial legislation as well as company policies govern many aspects of the employment relationship.
- Even if an organization doesn't use high-performance work practices, there are specific HRM activities that must be completed in order to ensure that the organization has qualified people to perform the work that needs to be done—activities that compose the human resource management process



External Factors that Affect the HRM Process

- the entire HRM process is influenced by factors in the external environment –
- The Economy –
 - The text refers to the “great recession” having left an enduring mark on HRM practices worldwide.
 - A “job for life” is no longer a reality for many people and defined benefit pension plans have been steadily declining in recent years
 - Add in the effect that the current pandemic is having on the global workforce and we may be heading for a new “great recession.”
- Labour Unions –
 - An organization that represents employees and seeks to protect their interests through collective bargaining.
 - Employees pay union dues to support union efforts
 - uOttawa has several unions in place (part-time teachers, support staff...)
- Government Legislation –
 - The most significant environmental constraint on HRM practices is government legislation (laws)
 - Canadian laws pertaining to HRM practices closely parallel those in the U.S.
- Legislation Affecting Workplace Conditions –
 - Canada Labour Code – covers employment by the federal government and Crown corporations and establishes the right of employees to join labor unions if desired.
 - Occupational Health and Safety Act (or something similar) – each province and territory has health and safety regulations that cover most non federal workplaces in its region.
 - Workplace Hazardous Materials Information System (WHMIS) – covers workplace hazards and provides information on the safe use of potentially hazardous materials in the workplace.
 - Employment standards legislation – sets minimum employment standards in the

private sector in Canada. It covers such things as the minimum age of employees, hours of work and overtime pay, minimum wages, equal pay, general holidays and annual vacations with pay, parental leave, and termination of employment.

- The intent of these laws is to ensure that all employees have a safe work environment, that they are not asked to work unreasonable numbers of hours, and that pay for jobs is not discriminatory.

Identifying and Selecting Competent Employees

- Human resources planning –
 - This is the process by which managers ensure that they have the right numbers and kinds of people in the right places, and at the right times who are capable of effectively and efficiently performing assigned tasks, to ensure that the organization reaches its objectives.
- HR Managers begin with a current assessment of the organization's human resources and reviewing their status –
 - This is typically done through a human resources inventory. Many firms have introduced HR management information systems (HRMIS) to track employee information for policy and strategic needs.
 - Another part of the current assessment is the job analysis, which is an assessment that defines jobs and the behaviours necessary to perform them.
- Human resources planning –
- Following the job analysis assessment process –
 - Management can draw up a job description, which is a written statement of what a jobholder does, how it is done, and why it is done.
 - Also, management can develop a job specification, which is a statement of the minimum acceptable qualifications that a person must possess to perform a given job successfully
- Once managers know their current HR status and their future needs, they can begin to do something about any shortages or excesses through –
- Recruitment –
 - the process of locating, identifying, and attracting capable applicants.
 - Job candidates can be found using several sources such as job fairs, web-based recruiting (e-recruiting), and/or employee referrals (these can produce the best candidates)
- Decruitment –
 - Ways for reducing the labor supply within an organization.
 - Options include firing, layoffs, attrition, transfers, reduced workweeks, early retirements, and job sharing

Decruitment Options

Option	Description
Firing	Permanent involuntary termination
Layoffs	Temporary involuntary termination; may last only a few days or extend to years
Attrition	Not filling openings created by voluntary resignations or normal retirements
Transfers	Moving employees either laterally or downward; usually do not reduce costs but can reduce intraorganizational supply–demand imbalances
Reduced workweeks	Having employees work fewer hours per week, share jobs, or perform their jobs on a part-time basis
Early retirements	Providing incentives to older and more senior employees for retiring before their normal retirement dates
Job sharing	Having employees share one full-time position

Selection Decision Outcomes

- The selection process is the process of screening job applicants to ensure that the most appropriate people are hired –selection involves predicting which applicants will be successful if hired

Identifying and Selecting Competent Employees

- Any selection process that a manager uses should demonstrate validity, which is a proven relationship between the selection devise (test scores) and some relevant job criterion
- A selection devise must also demonstrate reliability and consistency
 - If a test is reliable, any person’s score should remain fairly consistent over time
- A growing number of companies are adopting a new recruitment measure called “quality of fill,” with five key factors –
 - Employee retention
 - Performance evaluations
 - Number of first-year hires who advance for more training
 - Number of promotions
 - Results of survey results from new hires

Providing Employees with Needed Skills and Knowledge

- Work unit orientation –
 - Familiarizes new employee with the goals of the area that they will be working in
 - Clarifies how his or her job contributes to the goals or the unit
 - Introduces new employees to their co-workers
- Organization orientation

- informs the new employee about the organization’s objectives, history, philosophy, procedures, and rules.
- Employee training is an important HRM activity –
 - As job demands change, employee skills have to be altered and updated

Types of Training

Type	Includes
General	Communication skills, computer systems application and programming, customer service, executive development, management skills and development, personal growth, sales, supervisory skills, and technological skills and knowledge
Specific	Basic life/work skills, creativity, customer education, diversity/cultural awareness, remedial writing, managing change, leadership, product knowledge, public speaking/presentation skills, safety, ethics, sexual harassment, team building, wellness, and others

Employee Training Methods

- traditional Training Methods
 - On the job—Employees learn how to do tasks simply by performing them, usually after an initial introduction to the task.
 - Job rotation—Employees work at different jobs in a particular area, getting exposure to a variety of tasks.
 - Mentoring and coaching—Employees work with an experienced worker who provides information, support, and encouragement; also called apprenticing in certain industries.
 - Experiential exercises—Employees participate in role playing, simulations, or other face-to-face types of training.
 - Workbooks/manuals—Employees refer to training workbooks and manuals for information.
 - Classroom lectures—Employees attend lectures designed to convey specific information.
- Technology-Based Training Methods
 - CD-ROM/DVD/video tapes/audiotapes—Employees listen to or watch selected media that convey information or demonstrate certain techniques.
 - Videoconferencing/teleconferencing/satellite TV—Employees listen or participate

as information is conveyed or techniques demonstrated.

- E-learning—Internet-based learning where employees participate in multimedia simulations or other interactive modules.

Retaining Competent and High-Performance Employees

- A performance management system –
 - is a process of establishing performance standards and appraising employee performance in order to arrive at objective HR decisions and support those decisions with documentation.
- What Happens When Performance Falls Short?
 - Disciplinary Actions –actions taken by a manager to enforce an organization’s standards and regulations
 - Employee job counselling –a process designed to help employees overcome performance-related problems

Advantages and Disadvantages of Performance Appraisal Methods

Method	Advantage	Disadvantage
Written essays	Simple to use	More a measure of evaluator's writing ability than of employee's actual performance
Critical incidents	Rich examples; behaviourally based	Time consuming; lack quantification
Graphic rating scales	Provide quantitative data; less time-consuming than others	Do not provide depth of job behaviour assessed
BARS	Focus on specific and measurable behaviours	Time consuming; difficult to develop job behaviours
Multiperson comparisons	Compare employees with one another	Unwieldy with large number of employees; legal concerns
MBO	Focuses on end goals; results oriented	Time consuming
360-degree feedback	Thorough	Time consuming

Retaining Competent and High-Performance Employees

- Developing an effective and appropriate compensation system is an important part of the HRM process –
 - Managers (people) must develop a compensation system that reflects the changing nature of work and the workplace in order to keep people motivated.
 - The purpose of having an effective reward system is to attract and retain competent and talented people who can help the organization achieve its mission and goals.

- A compensation system can include base wages and salaries, wage and salary add-ons, incentive payments, and benefits and services.
- Flexibility is becoming a key consideration in the design of an organization's compensation system
- A career is defined as the sequence of positions held by a person during his or her lifetime.
- The Way It Was –
 - Career development programs were typically designed by organizations to help employees advance their work lives within a specific organization.
 - However, widespread internal changes have altered the idea of a traditional organizational career.
 - Today, it's the individual (you), not the organization, who is responsible for his or her own career.
- You and Your Career Today –
 - The idea of increased personal responsibility for one's career has been described as a boundaryless career in which individuals rather than organizations define career progression, organizational loyalty, important skills, and marketplace value.
 - The optimum career choice is one that offers the best match between what a person wants out of life and his or her interests, abilities, and market opportunities.

Contemporary Issues in Managing Human Resources

- One current HR issue is managing workforce diversity–
 - The makeup of the workforce is changing and will impact recruitment, selection, and orientation/training of employees
 - Recruitment–to improve workforce diversity, managers need to widen their recruiting net
 - Selection–once a diverse set of applicants exists, efforts must be made to ensure that the selection process does not discriminate
 - Orientation and Training –the outsider–insider transition is often more challenging for women and minorities than for white males. Many organizations provide special workshops to raise diversity awareness issues.
- When an organization has too many employees –which can happen when it's faced with an economic recession (think pandemic), declining market share, too aggressive growth, or poorly managed operations –one option for improving profits is to eliminate some of those excess workers.

Tips for Managing Downsizing

- Treat everyone with respect.

- Communicate openly and honestly:
 - Inform those being let go as soon as possible.
 - Tell surviving employees the new goals and expectations.
 - Explain impact of layoffs.
- Follow any laws regulating severance pay or benefits.
- Provide support/counselling for surviving (remaining) employees.
- Reassign roles according to individuals' talents and backgrounds.
- Focus on boosting morale–
 - Offer individualized reassurance.
 - Continue to communicate, especially one on one.
 - Remain involved and available.
- Have a plan for the empty office spaces/cubicles so it isn't so depressing for surviving employees

Contemporary Issues in Managing Human Resources

- Sexual harassment –
 - Is defined as behaviour marked by sexually aggressive remarks, unwanted touching and sexual advances, requests for sexual favours, or other verbal or physical conduct of a sexual nature
 - It can occur between members of the opposite sex or of the same sex.
- Workplace Romances –
 - Common in today's organizations, given mixed gender work teams and long working hours.
 - Potentially troublesome –conflicts/sexual harassment
 - It may be necessary in some work environments to develop policies regarding workplace romances
- Managing Work-Life Balance –
 - Many people are working longer hours and being asked to work extra time for no extra pay (Federal Government)
 - Is it okay for someone to bring their baby to work because of an emergency crisis with normal childcare arrangements?
 - Is it okay to expect an employee to work 60 or more hours a week?
 - Should an employee be given the day off to watch their child perform in a school event?
 - People have personal lives that they don't leave behind when they come to work
 - Smart organizations have become more attuned to their employees by offering family-friendly benefits:
 - On-site childcare
 - Summer day camps
 - Job sharing

- Leave for personal matters
 - Flexible work hours
- Controlling HR Costs –
- Employee absenteeism due to illness, short-term disability (STD) or long-term disability (LTD) is estimated to cost the Canadian economy \$billions each year
- Though Canadian companies do not have to worry about providing health insurance to their employees, many Canadian companies provide health benefits that supplement basic care
 - The reason they do this is not simply to attract the best employees—for many firms, benefits are a way of protecting their human resource investment.
- The other area where organizations are looking to control costs is employee pension plans. Corporate pensions have been around since the nineteenth century.
 - But the days when companies could afford to give employees a broad-based pension that provided them a guaranteed retirement income have changed.
- Organizations today are always looking for ways to control escalating HR costs.

CHAPTER 14 - Leadership

Who are Leaders, and What is Leadership?

- The authors define a leader as someone who can influence others and who have managerial authority.
- They define leadership as the process of influencing individuals or groups toward the achievement of goals.
- There are many definitions about leaders and what constitutes leadership, but they all focus on people.
- Leading is one of the four management functions, and as such all managers (people) should think of themselves as leaders
- Quite often, people assume positions of leadership, but do not possess the necessary qualities of a good leader/manager (think politics) –bossing/ordering people around because of some title, position, or rank is not leadership

Early Leadership Theories

- Human beings (people) have been interested in leadership since we started coming together in groups to accomplish specific goals –
 - Research in the 1920s and 1930s focused basically on leader traits with the intent to isolate one or more traits that leaders (people) possessed, but that non-leaders did not.
 - Identifying a set of traits that would always differentiate leaders (people) from non-leaders (other people) proved impossible.
 - Then attention was focused on identifying a set of traits associated with

leadership(the process vs people)

Eight Traits Associated with Leadership

- 1.Drive–Leaders exhibit a high effort level. They have a relatively high desire for achievement, they are ambitious, they have a lot of energy, they are tirelessly persistent in their activities, and they show initiative.
- 2.Desire to lead–Leaders have a strong desire to influence and lead others. They demonstrate the willingness to take responsibility.
- 3.Honesty and integrity–Leaders build trusting relationships with followers by being truthful or non-deceitful and by showing high consistency between word and deed (authentic leadership).
- 4.Self-confidence–Followers look to leaders for an absence of self-doubt. Leaders, therefore, need to show self-confidence in order to convince followers of the rightness of their goals and decisions.
- 5.Intelligence –Leaders need to be intelligent enough to gather, synthesize, and interpret large amounts of information, and they need to be able to create visions, solve problems, and make correct decisions.
- 6.Job-relevant knowledge–Effective leaders have a high degree of knowledge about the company, industry, and technical matters. In-depth knowledge allows leaders to make well-informed decisions and to understand the implications of those decisions.
- 7.Extraversion –Leaders are energetic, lively people. They are sociable, assertive, and rarely silent or withdrawn (not necessarily true)
- 8.Proneness to guilt –Guilt proneness is positively related to leadership effectiveness because it produces a strong sense of responsibility for others.

Early Leadership Theories

- BehaviouralTheories –
 - If behaviour studies turned up critical behavioural determinants of leadership, people could be trained to be leaders
- Four main leader behaviour studies –
 - University of IowaStudies –identified three leadership styles –autocratic, democratic, and laissez-faire.
 - The Ohio State Studies –identified two important dimensions of leader behaviors– initiating structure and consideration.
 - University of Michigan Studies –identified two dimensions of leader behaviour– employee oriented and production oriented.
 - The managerial grid –the behavioural dimensions from these earlier leadership studies provided the basis for the development of a two-dimensional grid for appraising leadership styles

Behavioural Theories Of Leadership

	Behavioural Dimension	Conclusion
University of Iowa	<p><i>Democratic style:</i> involving subordinates, delegating authority, and encouraging participation</p> <p><i>Autocratic style:</i> dictating work methods, centralizing decision making, and limiting participation</p> <p><i>Laissez-faire style:</i> giving group freedom to make decisions and complete work</p>	<p>Democratic style of leadership was most effective, although later studies showed mixed results.</p>
Ohio State	<p><i>Consideration:</i> being considerate of followers' ideas and feelings</p> <p><i>Initiating structure:</i> structuring work and work relationships to meet job goals</p>	<p>High-high leader (high in consideration and high in initiating structure) achieved high subordinate performance and satisfaction, but not in all situations.</p>
	Behavioural Dimension	Conclusion
University of Michigan	<p><i>Employee oriented:</i> emphasizes interpersonal relationships and taking care of employees' needs</p> <p><i>Production oriented:</i> emphasizes technical or task aspects of job</p>	<p>Employee-oriented leaders were associated with high group productivity and higher job satisfaction.</p>
Managerial Grid	<p><i>Concern for people:</i> measures leader's concern for subordinates on a scale of 1 to 9 (low to high)</p> <p><i>Concern for production:</i> measures leader's concern for getting job done on a scale of 1 to 9 (low to high)</p>	<p>Leaders performed best with a 9,9 style (high concern for production and high concern for people).</p>

Contingency Theories of Leadership

- The [Fred] Fiedler Model –
 - Proposed that effective groups depended on a properly matching the leader's style and the amount of control and influence in the situation
 - model is based on the premise that a certain leadership style would be most effective in different situations

- The keys were to –
 - Define those styles and different types of situations, and
 - Identify appropriate combinations of style and situation
- A key factor in leadership success was an individual's basic leadership style –task oriented or relationship oriented
- Also identified three dimensions that defined situational factors in leader effectiveness
 - Leader-member relations –degree of confidence, trust and respect employees had for their leader
 - Task structure –degree to which job assignments were formalized
 - Position power –degree of influence a leader had over activities such as hiring, firing, discipline, promotions, salary increases
- Fiedler concluded –
 - That task-oriented leaders tend to perform better in situations that were very favourable or very unfavourable to them
 - That relationship-oriented leaders perform better in moderately favorable situations
 - One big assumption that Fiedler made was that an individual's leadership style was fixed.
 - Therefore, there were basically only two ways to improve leader effectiveness –
 - Bring in a new leader whose style fits better to the situation.
 - Change the situation to fit the leader.
- Other research in this field has generally supported the validity of Fiedler's model. However, there are some drawbacks associated with the model –
 - Effective leaders (people) do not use a single style –
 - They adjust their style according to the situation they are faced with
- Hersey and Blanchard's Situational Leadership Theory (SLT) –
 - Is a leadership theory that focuses on followers' readiness.
 - Hersey and Blanchard argued that successful leadership is achieved by selecting the right leadership style that matches the level of the followers' readiness.
 - Readiness Refers to the extent to which people have the ability and willingness to accomplish a specific task and is identified using four stages .
- SLT uses the same two leadership dimension that Fiedler identified (task and relationship behaviours) then combines them into four specific leadership styles -
 - Telling (high task–low relationship): The leader defines roles and tells people what, how, when, and where to do various tasks.
 - Selling (high task–high relationship): The leader provides both directive and supportive behaviour.
 - Participating (low task–high relationship): The leader and follower share in decision making; the main role of the leader is facilitating and communicating.
 - Delegating (low task–low relationship): The leader provides little direction or

support

- Robert House path-goal theory –
 - A leader's job is to assist followers (the employees reporting to them) in attaining their goals and to provide direction or support needed to ensure that their goals are compatible with those of the group or organization.
 - The term path-goal is derived from the belief that effective leaders clarify the path to help the employees reporting to them get from where they are to the achievement of their work goals and make the journey along the path easier...and more enjoyable
- House identified four leadership behaviours–
 - Directive leader –lets subordinates know what's expected of them, schedules work to be done, and gives specific guidance on how to accomplish tasks.
 - Supportive leader –is friendly and shows concern for the needs of followers.
 - Participative leader –consults with group members and uses their suggestions before making a decision
 - Achievement-oriented leader –sets challenging goals and expects followers to perform at their highest level.
- The path-goal theory proposes two classes of situational or contingency variables that moderate the leadership behaviour-outcome relationship –
 - The ones in the environment are outside the control of the subordinate.
 - There are also those that are part of the personal characteristics of the subordinate.
- Some examples of the hypotheses that have evolved out of path-goal theory include the following –
 - Directive leadership leads to greater satisfaction when tasks are ambiguous or stressful than when they're highly structured and well laid out.
 - Supportive leadership results in high employee performance and satisfaction when subordinates are performing structured tasks.
 - Directive leadership will lead to higher employee satisfaction when there is substantive conflict within a work group.
 - Achievement-oriented leadership will increase subordinates' expectations that effort will lead to high performance when tasks are ambiguously structured.

Contemporary Views of Leadership

- Leader-Member Exchange (LMX) Theory –
 - leadership theory that says leaders (people) create in-groups and out-groups (people who they like and people who they don't), and those in the in-group will have higher performance ratings, less turnover, and greater job satisfaction (playing favourites)
- Transactional leaders –
 - are leaders who guide or motivate their followers in the direction of established

goals by clarifying role and task requirements.

- Transformational leaders—
 - are leaders who provide individualized consideration and intellectual stimulation and possess charisma
 - Transformational leadership develops from transactional leadership.
 - Transformational leaders have been evaluated to be more effective and higher performing than transactional leaders (but can also turn out to be duds!...there are always exceptions)
- Charismatic-Visionary Leadership –
 - an enthusiastic, self-confident leader whose personality and actions influence people to behave in certain ways.
- Visionary leadership –
 - Is described as going beyond charisma with the ability to create and articulate a realistic, credible, attractive vision of the future for an organization or organizational unit that grows out of and improves on the present.
 - A vision differs from other forms of organizational direction in that it uses compelling imagery, taps into people's emotions and energy, and creates the enthusiasm that people need to bring energy and commitment to the workplace.
 - The key properties of a vision are that it has inspirational possibilities that are value centered, are realizable, have superior imagery, and are well articulated
- Team Leadership –
 - As the use of work teams has grown over the years, the role of team leader has become increasingly important.
 - The challenge for most managers (people) is learning how to become an effective team leader.
 - Effective team leaders have mastered the difficult balancing act of knowing when to leave their teams alone and when to get involved.
 - There are two priorities for a team leader –
 - Managing the team's external boundaries
 - Facilitating the team process

Leadership Issues in the Twenty-First Century

- Power Is the capacity of a leader to influence work actions or decisions. Because leadership is all about influence, we need to look at how leaders acquire power.
- French and Raven identified five sources or bases of power –
 - Legitimate power is the power a person has as a result of his or her position in the formal organizational hierarchy (also called authority).
 - Coercive power is the power that rests on the application (or the threat) of physical sanctions such as the infliction of pain; the arousal of frustration through restriction of movement; or the controlling by force of basic physiological or

safety needs.

- Reward power is the power that produces positive benefits or rewards.
- Expert power is the influence that results from expertise, special skills, or knowledge
- Referent power is the power that arises from identification with a person who has desirable resources or personal traits
- Another important contemporary issue for leaders is developing trust –
 - Credibility Is the degree to which followers perceive someone as honest, competent, and able to inspire.
 - Trust is the belief in the integrity, character, and ability of a leader.
- Research has identified five dimensions that make up the concept of trust –
 - Integrity: Honesty and truthfulness
 - Competence: Technical and interpersonal knowledge and skills
 - Consistency: Reliability, predictability, and good judgment in handling situations
 - Loyalty: Willingness to protect a person, physically and emotionally
 - Openness: Willingness to share ideas and information freely
- Building trust
 - Practice openness.
 - Be fair.
 - Speak your feelings.
 - Tell the truth.
 - Show consistency.
 - Fulfill your promises.
 - Maintain confidence.
 - Demonstrate competence
- Ethical Leadership –
 - Address both the moral content of a leader's goals and the means used to achieve those goals.
 - Includes reinforcing ethics through organizational mechanisms.
- Employee empowerment
 - Involves giving more authority and responsibility to employees to make decisions.
 - If organizations are to successfully compete in a dynamic global environment, they need to have people that can make decisions and implement changes quickly
- Culture –
 - National culture is an important situational variable in determining which leadership style will be most effective.
 - What works (in terms of leadership style) in one country may not necessarily work as effectively in another country
- Becoming an Effective Leader –

- Leader Training –
 - Some people don't have what it takes to be a leader; or have little interest in being a leader
 - Some people are more motivated to lead than others
- Substitutes for Leadership –
 - Some people don't need to be led by others
 - Leaders need to be aware of followers' needs
- Effective leaders (people) do not use a single style –
 - They adjust their style according to the situation they are faced with

CHAPTER 16 - Managing Groups and Teams

Groups and Group Development

- Work groups are a common arrangement within today's business organizations. Work is being restructured around groups of all kinds and in all sizes of organizations –
 - Managers (people) need an understanding of group behaviour and the concept of teams in order to appreciate what groups can and cannot do within organizations and how groups function.
- A group is defined as two or more interacting and interdependent individuals who come together to achieve particular objectives.
- Formal groups are work groups established by the organization and who have designated work assignments and specific tasks
- Informal groups are natural social formations that appear in the work environment.

Examples of Formal Groups

- Command Groups
 - groups that are determined by the organizational chart and composed of individuals who report directly to a given manager.
- Task Groups
 - groups composed of individuals brought together to complete a specific job task; their existence is often temporary because once the task is completed, the group disbanded.
- Cross-Functional Teams
 - groups that bring together the knowledge and skills of individuals from various work areas, or groups whose members have been trained to do one another's jobs.
- Self-Managed Teams
 - groups that are essentially independent and, in addition to their own tasks, take on traditional managerial responsibilities such as hiring, planning and scheduling, and performance evaluations

Groups and Group Development

- There is strong evidence that groups pass through five stages as they develop
 - Stage one: Forming is the first stage in group development, during which people join the group and then define the group's purpose, structure, and Leadership. Forming is a state characterized by much uncertainty.
 - This stage is complete when members begin to think of themselves as part of a group.
 - Stage 2: Storming is the second stage of group development characterized intra-group conflict. When this stage is complete, members will agree upon the leadership hierarchy and group Direction.
 - Stage 3: Norming is the third stage of group development, characterized by close relationships and cohesiveness.
 - Stage 4: Performing is the fourth stage in group development, when the group is fully functional.
 - Stage 5: Adjourning is the final stage in group development for temporary groups. It's characterized by concern with wrapping up activities rather than with task performance.

Group Performance Satisfaction Model

- Groups and teams differ in their objectives. Groups interact primarily to share information and to make decisions to help each member do his or her job more efficiently and effectively. Teams work intensely on a specific, common goal using their positive synergy, individual and mutual accountability, and complementary skills.
- A work group is affected by the external conditions imposed on it. These Include the:
 - organization's strategy,
 - Authority relationships,
 - formal rules and regulations,
 - The availability of resources,
 - employee selection criteria,
 - the performance management system and culture,•and the general physical layout of the group's workspace.
 - For instance, some groups have modern, high-quality tools and equipment to do their jobs, while other groups don't.
 - Or the organization might be pursuing a strategy of lowering costs or improving quality, which will affect what a group does and how it does it
- Group Member Resources –
 - A group's performance depends to a large extent on the resources everyone brings to the group.
 - These resources include knowledge, skills, abilities, personality trait, and interpersonal skills

- Roles –
 - The concept of roles applies to all employees and to their life outside an organization as well
 - In a group, people are expected to do certain things because of their position or role in the group
- Norms –
 - All groups have norms which are standards or expectations that are accepted and shared by group members
 - The most widespread norms are those related to work effort and performance
- Conformity –
 - People are susceptible to conformity because they want to be accepted by groups to which they belong
 - People tend to find it more pleasant to agree with others than to be disruptive, even if being disruptive may improve the group's performance
 - Groupthink Can occur when there is a clear group identity
- Status Systems –
 - Status is a prestige grading, position or rank within a group
 - Status may be informally conferred by education, age, skill, or experience
 - Status may be formally conferred by the rank or level a person has within an organization and their titles
- Group Size –
 - The size of groups affects performance and satisfaction, but the effect depends on what the group is supposed to accomplish
 - Social loafing can occur because people believe that others in the group aren't pulling their weight
 - Individuals may also become “free riders” and coast on the group's efforts because they believe their contribution, or lack thereof, won't be noticed
- Group Cohesiveness –
 - Refers to the degree to which members are attracted to a group and share the group's goals
 - The more cohesive the group, the more likely its members will follow its goals.
- Group Processes –
 - Processes around communication, decision making, and conflict management influence group performance and satisfaction positively or negatively
 - The complexity and interdependence of tasks influence a group's effectiveness
- Group Decision Making –
 - Groups generate more complete information and knowledge
 - They bring diversity of experience and perspectives to the decision process that an individual cannot
 - Decisions made by groups may be perceived as more legitimate than decisions

made by one person

- Conflict Management –
 - Traditional view –conflict must be avoided
 - Human relations view –conflict is natural and inevitable and need not be negative
 - Interactionist View –conflict can be a positive force and may be necessary for group effectiveness

Turning Groups into Effective Teams

- Organizations use team-based structures because teams are more flexible and responsive to changing events than are traditional departments or other permanent work groups
 - Work teams differ from work groups and have their own unique traits
 - Work groups interact primarily to share information and to make decisions to help group members do their work more efficiently and effectively
 - Work teams are groups whose members work intensely on a specific, common goal using individual and mutual accountability and complimentary skills

Work teams VS Work groups

Work Teams	Work Groups
<ul style="list-style-type: none">• Leadership role is shared• Accountable to self and team• Team creates specific purpose• Work is done collectively• Meetings characterized by open-ended discussion and collaborative problem solving• Performance is measured directly by evaluating collective work output• Work is decided upon and done together• Can be quickly assembled, deployed, refocused, and disbanded	<ul style="list-style-type: none">• One leader clearly in charge• Accountable only to self• Purpose is same as broader organizational purpose• Work is done individually• Meetings characterized by efficiency; no collaboration or open-ended discussion• Performance is measured indirectly according to its influence on others• Work is decided upon by group leader and delegated to individual group members

Turning Groups into Effective Teams

- The four most common types of work teams are
 - Problem-solving teams –teams from the same functional area that work to improve upon work processes and methods
 - Self-managed work teams –a formal group of employees who operate with-out a manager and are responsible for a complete work process or segment, for getting the work done and managing itself
 - Cross-functional teams –a work team composed of people from various

specialties

- Virtual teams –a team that uses technology to link people from different locations to achieve a common goal (Zoom!)

Current Challenges in Managing Teams

- From all the chapters covered to date in our course, you now know that two characteristics of organizations today are that:
 - They are impacted by globalization, and
 - Work is done increasingly by teams
 - As such, managers (people) have to have an appreciation for the advantages and disadvantages of managing global teams
 - Issues associated with global teams include–
 - Group Member Resources and Culture
 - Group Structure(conformity, status, social loafing, cohesiveness)
 - Group Processes
 - The Manager’s Role -
 - Importance of ethical communication
 - Managers need to understand the social networks and social relationships of work groups
 - A group’s informal social relationships can help or hinder its effectiveness

Drawbacks and Benefits of Global Teams

Drawbacks	Benefits
<ul style="list-style-type: none">• Dislike team members• Mistrust team members• Stereotyping• Communication problems• Stress and tension	<ul style="list-style-type: none">• Greater diversity of ideas• Limited groupthink• Increased attention on understanding others' ideas, perspectives, etc.

CHAPTER 17 - Evidence Based Decision Making

The importance of Control

- Control is one of the four pillars of management and is a strategic activity that should be infused across the organization –
 - Control is the process of monitoring activities to ensure they are being accomplished as planned and of correcting any significant deviations.
- Control is important for several reasons –

- It is the final link in the four management functions and is the only way managers (people) know whether the company’s goals are being met, and if not, the reasons why.
- Controlling is also important to delegation—if managers develop an effective control system, it may lessen the resistance to delegation and results in greater employee empowerment.
- It protects the organization and the physical workplace by heightening security alerts and protecting against such disruptive influence as internal scandal

The Control Process

- The control process is the three-step process of –
 - Measuring Actual performance –
 - How We measure is done through four common sources of information that managers use. Each of these sources has its own advantages and drawback
 - Personal observation
 - Statistical reports
 - Oral reports
 - Written reports
 - What We measure is probably more critical than the how. Both objective and subjective measures are used.
- Comparing Actual performance against a standard
- Taking managerial action to correct deviations or inadequate standards

Common Sources of Information for Measuring Performance

Exhibit 17-3	Advantages	Drawbacks
Personal observations (management by walking around)	<ul style="list-style-type: none"> • Get firsthand knowledge • Information isn't filtered • Intensive coverage of work activities 	<ul style="list-style-type: none"> • Subject to personal biases • Time consuming • Can distract employees
Statistical reports	<ul style="list-style-type: none"> • Easy to visualize • Effective for showing relationships 	<ul style="list-style-type: none"> • Provide limited information • Ignore subjective factors
Oral reports	<ul style="list-style-type: none"> • Fast way to get information • Allow for verbal and nonverbal feedback 	<ul style="list-style-type: none"> • Information is filtered • Information cannot be documented
Written reports	<ul style="list-style-type: none"> • Comprehensive • Formal • Easy to file and retrieve 	<ul style="list-style-type: none"> • Take more time to prepare

The Control Process

- The second step in the

control process is comparing–

- It determines the degree or range of variation between actual performance and the standard
- The range of variation represents the acceptable parameters of variance between

actual performance and the standard

- The final step is taking managerial action –
 - While the decision may be to “do nothing,” two other alternatives are possible
 - Correct actual performance by taking immediate corrective action or basic corrective action(determining how and why performance has deviated)
 - Possible corrective actions include changing strategy, structure, compensation scheme, or training programs; redesigning jobs; or firing employees
 - Revise the standard –
 - A manager may want to uphold the validity of the standard –which suggests that employees were not performing adequately.
 - If the standard was set too high or too low, a manager may decide to reset goals that were initially set too low or too high

Controlling for Organizational and Employee Performance

- Performance is the end result of an activity.
- Managers (people) are concerned with organizational performance –
 - Which are the accumulated end results of all of the organization’s work processes and activities
 - Few company’s aim to be mediocre
 - Employees need to see the connection between what they do and the outcomes.
- The most frequently used organizational performance measures include organizational productivity, organizational effectiveness, and industry rankings.
- Organizational productivity is the overall output of goods or services produced divided by the inputs needed to generate that output –
 - It’s the job of management to increase this ratio by either –
 - Increasing outputs, such as increasing sales to increase revenues
 - Reducing inputs, such as reducing the costs of resources (materials, labour expense, and facilities)
- Organizational effectiveness –
 - is a measure of how appropriate organizational goals are and how well those goals are being met
 - This is what guides managerial decisions in designing strategies and work activities and in coordinating the work of employees.
- Industry rankings –
 - There is no shortage of different types of industry and company rankings to help “show-off” the company and attract new employees
 - Canada’s Top 100 Employers
 - Ottawa’s Top 10 Employers
 - Most “green” employers

- Corporate Knight's –CSR related

Tools for Measuring Organizational Performance

- Managers can implement controls for monitoring and measuring organizational performance before an activity begins (feed-forward), during the actual activity (concurrent control) and after the activity has been completed (feedback control)
 - Feed-forward control aims to prevent anticipated problems.
 - Concurrent control occurs while an activity is in progress.
 - The best-known form of concurrent control is direct supervision.
 - When managers use “management by walking around,” which is a phrase used to describe a manager (person) interacting directly with employees (other people), they’re using concurrent control.
 - Feedback Control takes place after an activity is done
 - Corrective action is after-the-fact
 - Feedback provides managers with information on the effectiveness of their planning efforts and enhances employee motivation by providing them with information on how well they are doing
- Other ways to measure performance –
 - The analysis of financial ratios –
 - To measure liquidity
 - To measure profitability
 - To measure efficiency in their use of the company’s assets
 - To measure solvency and leverage
 - The preparation of strategic and operational budgets –
 - Serves as a planning tool
 - Identifies specific resource requirements for different activities
 - Used for controlling purposes as managers are able to apply quantitative standards against which to measure and compare actual results against what was projected in their budgets
 - Through informational controls –
 - Controlling information (sensitive or otherwise) can be vital to an organization’s success.
 - Management Information Systems (MIS) are systems that provide managers with needed and usable information on a regular basis
- Benchmarking Involves looking at what and how other companies (both competitors or noncompetitors) are conducting their businesses to improve

-
1. **Connect best practices to strategies and goals.** The organization's strategies and goals should dictate what types of best practices might be most valuable to others in the organization.
 2. **Identify best practices throughout the organization.** Organizations must have a way to find out what practices have been successful in different work areas and units.
 3. **Develop best-practices reward and recognition systems.** Individuals must be given an incentive to share their knowledge. The reward system should be built into the organization's culture.
 4. **Communicate best practices throughout the organization.** Once best practices have been identified, that information needs to be shared with others in the organization.
 5. **Create a best-practices knowledge sharing system.** There needs to be a formal mechanism for organizational members to continue sharing their ideas and best practices.
 6. **Nurture best practices on an ongoing basis.** Create an organizational culture that reinforces a "we can learn from everyone" attitude and emphasizes sharing information.