

Fundamentals of Management

1



Part One: Introduction

2

- Chapter Three: Integrative Managerial Issues
 - Explain globalization and its impact on organizations.
 - Discuss how society's expectations are influencing managers and organizations.
 - Discuss the factors that lead to ethical and unethical behavior in organizations.
 - Describe how the workforce is changing and its impact on the way organizations are managed.



Globalization

3

- What is Globalization and How Does It Affect Organizations?
 - The world is still a global village – a world where goods and services are produced and marketed worldwide – but, how managers do business in that global village is changing.
 - ✦ To be effective in this boundary-less world, managers need to adapt to this changed environment, as well as, be more understanding of cultures, systems, and techniques that are different from their own.



Globalization

4

- What Does it Mean to be Global?
 - Organizations are considered global if they exchange goods and services with consumers in other countries.
 - ✦ Marketplace globalization is the most common approach.
 - ✦ However, many organizations use managerial and technical employee talent from other countries, and
 - ✦ An organization may use financial resources outside its home country



Globalization

5

- How Do Organizations Go Global?

- Global Sourcing
 - ✦ Purchasing materials or labor from around the world.
- Exporting
 - ✦ Making products domestically and selling them abroad.
- Importing
 - ✦ Acquiring products made abroad and selling them domestically.
- Licensing
 - ✦ An agreement which allows another to make or sell its products, or use its technology.
- Franchising
 - ✦ An agreement which allows another to use its name and operating methods.
- MNC (Multi-National Corporation)
 - ✦ Any type of international company that maintains operations in multiple countries.
- Multi-Domestic Corporation
 - ✦ An MNC that decentralizes MGMT and other decisions to local countries where it does business
- Transnational (Borderless) Organization
 - ✦ An MNC where artificial geographic boundaries are eliminated.
- Global Corporation
 - ✦ An MNC that centralizes management and other decisions in the home country.



Direct Investment in Globalization

6

- Once an organization has been doing business internationally for a while and has gained experience in international markets, managers may decide to make more of a direct investment.
 - Global Strategic Alliance
 - ✦ A partnership between an organization and foreign company partner(s) in which both share resources and knowledge in developing new products or building production facilities.
 - Joint Venture
 - ✦ A specific type of strategic alliance in which the partners agree to form a separate, independent organization for some business purpose.
 - Foreign Subsidiary
 - ✦ A direct investment in a foreign country that involves setting up a separate and independent facility or office.



Globalization

7

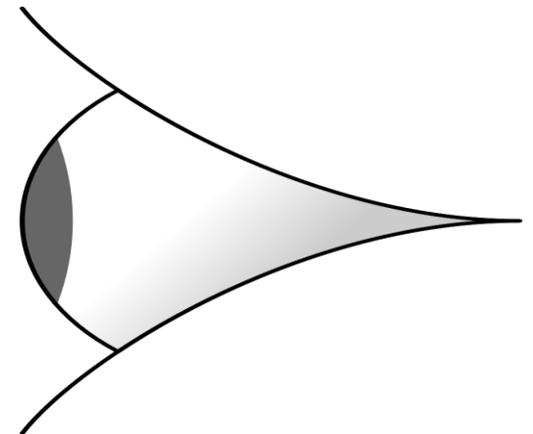
- What Do Managers Need to Know About Managing in a Global Organization?
 - A global world brings new challenges for managers, especially in managing in a country with a different national culture.
 - A specific challenge comes from the need to recognize the differences that might exist and then find ways to make interactions effective.

THE
DIFFERENCE

Parochialism

8

- U.S. Managers once held – and some still hold – a rather parochial view of the world of business.
 - Parochialism
 - ✦ A narrow focus in which managers see things only through their own eyes and from their own perspectives.
 - ✦ Managers don't recognize that people from other countries have different ways of doing things or that they live differently from Americans.
 - This view can't succeed in a global village.



Differences

9

- All countries have different values, morals, customs, political and economic systems, and laws; all of which can affect how a business is managed.
 - The most important and challenging differences for managers to understand are those related to a country's social context or culture.



Five Dimensions of National Culture

10

- Geert Hofstede found that Managers and employees vary on five dimensions of national culture:
 - Power Distance
 - ✦ The degree to which people in a country accept that power in institutions and organizations is distributed unequally.
 - Individualism vs. Collectivism
 - ✦ Individualism is the degree to which people in a country prefer to act as individuals rather than members of groups.
 - Achievement vs. Nurturing
 - ✦ The degree to which values such as assertiveness, the acquisition of money and material goods, and competition are more important than relationships and concern for the welfare of others.

Five Dimensions of National Culture

11

- Geert Hofstede found that Managers and employees vary on five dimensions of national culture:
 - Uncertainty Avoidance
 - ✦ This dimension assesses the degree to which people in a country prefer structured over unstructured situations and are willing to take risks.
 - Long-Term vs. Short-Term Orientation
 - ✦ The degree to which people look to the future and value thrift and persistence, or value the past and present and emphasize respect for tradition and fulfilling social obligations.

Cultural Differences

12

- Understanding Cultural Differences
 - Power Distance
 - ✦ United States – Small
 - ✦ Mexico – Large
 - Individualism vs. Collectivism
 - ✦ United States – Individual
 - ✦ Mexico – Collective
 - Achievement vs. Nurturing
 - ✦ United States – Strong
 - ✦ Mexico – Strong
 - Uncertainty Avoidance
 - ✦ United States – Low
 - ✦ Mexico – High

HIGH

LOW

GLOBE



13

- Global Leadership and Organizational Behavior Effectiveness (GLOBE) identified 9 dimensions on which national cultures differ:
 - Assertiveness
 - ✦ The extent to which a society encourages people to be tough, confrontational, assertive, and competitive vs. modest and tender.
 - Future Orientation
 - ✦ The extent to which a society encourages and rewards future-oriented behavior such as planning, investing in the future, and delaying gratification.
 - Gender Differentiation
 - ✦ The extent to which a society maximizes gender role differences.
 - Uncertainty Avoidance
 - ✦ A society's reliance on social norms and procedures to alleviate the unpredictability of future events.

9

GLOBE



14

- Globe: 9 Dimensions (Cont.)

- Power Distance

- ✦ The degree to which members of a society expect power to be unequally shared.

- Individualism - Collectivism

- ✦ The degree to which individuals are encouraged by societal institutions to be integrated into groups within organizations and society.

- In-Group Collectivism

- ✦ The extent to which members of a society take pride in membership in small groups such as their family, circle of close friends, and the organizations in which they are employed.

- 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.

9

Social Responsibility

15

- What Does Society Expect from Organizations and Managers?
 - Society expects organizations and managers to be responsible and ethical and to give something back.
 - ✦ Social Responsibility
 - A business firm's intention, 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.
 - Pursues economic interests.
 - Is a moral agent.
 - In its effort to do good for society, it must differentiate.....
right from wrong.



Obligation and Responsiveness

16

- We can understand Social Responsibility better if we compare it to two similar concepts:
 - Social Obligation
 - ✦ The activities a business engages in to meet certain economic and legal responsibilities. It does the min. that the law requires, and only pursues social goals to the extent that they contribute to its economic goals.
 - Social Responsiveness
 - ✦ The activities a business engages in to respond to some social need. Managers are guided by social norms and values and make practical, market-oriented decisions about their actions.
 - Pollution Standards
 - On-Site Childcare Facilities
 - Etc..



Social Involvement

17

- Should Organizations Be Socially Involved?
 - Despite minimal positive financial correlation between social involvement and economic performance, researchers have concluded that managers can afford to be, and should be, socially responsible.



Sustainability

18



- What is Sustainability and Why is it Important?

- Sustainability

- ✦ A company's ability to achieve its business goals and increase long-term shareholder value by integrating economic, environmental, and societal opportunities into its business strategies.
- ✦ Organizations are widening their responsibility not just to managing in an efficient and effective way, but also to responding strategically to a wide range of environmental and societal challenges.
- ✦ The idea of practicing sustainability affects many aspects of business, from the creation of products and services to their use and subsequent disposal by consumers.

Ethics

19

- What Factors Determine Ethical and Unethical Behavior?
 - Ethics commonly refers to a set of rules or principles that defines right and wrong conduct. Right and wrong behavior, though, may at times be difficult to determine.

moral

immoral

Ethics

20



- In What Ways Can Ethics Be Viewed?

- To better understand what's involved with managerial ethics, we need to first look at three different perspectives on how managers make ethical decisions:
 - ✦ The Utilitarian View of Ethics
 - Ethical decisions are made solely on the basis of their outcomes or consequences. The goal of utilitarianism is to provide the greatest good for the greatest number.
 - ✦ The Rights View of Ethics
 - Individuals are concerned with respecting and protecting individual liberties and privileges such as the right of free consent, the right of privacy, the right of free speech, etc.
 - ✦ The Theory of Justice View of Ethics
 - An individual imposes and enforces rules fairly and impartially. The goal of this approach is to be equitable, fair, and impartial in making decisions.

Ethics

21

- Whether a Manager – or Any Employee – Acts Ethically or Unethically Depends on Several Factors.
 - These factors include an individual's morality, values, personality, and experiences; the organizations' culture; and the ethical issue being faced.
 - People who lack a strong moral sense are much less likely to do the wrong things if they are constrained by rules, policies, job descriptions, or strong cultural norms that discourage such behaviors.

mo · ral · i · ty

Ethics

22

- Ethics Example:

- Suppose that someone in your class stole the Final Exam and is selling copies. You need to do well on the Exam or risk failing the course. You suspect that some classmates have bought copies, which could affect any results because your professor grades on a curve.
 - Do you buy a copy because you fear that without it you'll be disadvantaged?
 - Do you refuse to buy a copy and try your best?
 - Do you report your knowledge to you instructor?



Ethics

23



- Three Ways Managers Encourage Ethical Behavior:
 - Code of Ethics
 - ✦ A formal document stating the organization's values and ethical standards it expects employees to follow.
 - Shared values such as honesty, fairness, respect, responsibility, and caring are embraced worldwide.
 - Ethical Leadership
 - ✦ Managers must be good ethical role models both in words and in actions.
 - Ethics Training
 - ✦ Evidence shows that teaching ethical problem-solving can make an actual difference in ethical behaviors; that training has increased an individual's level of moral development; and that, if nothing else, training increases awareness of ethical issues in business.

Ethical Leadership

24

- Be an Ethical Leader

- Be a good role model by being ethical and honest.
- Tell the truth...ALWAYS.
- Don't hide or manipulate information.
- Be willing to admit your failures.
- Share your personal values by communicating them to employees.
- Stress the organization's or team's important shared values.
- Use the reward system to hold everyone accountable to values.



Ethical Leadership

25

- What You Can Do:

- Know Your Values
- Think Before You Act
- Consider All Consequences
- Apply the “Publicity Test”
 - ✦ What would your friends or family think if your actions were highlighted in the news?
- Seek Opinions from Others

- What Your Organization Can Do:

- Create a Formal Ethics Code
- Set and Ethical Culture
- Ensure Managers are Role Models
- Offer Ethics Workshops
- Appoint an Ethics “Advisor”
- Protect Employees Who Report Unethical Practices



Diversity

26

- What is Today's Workforce Like and How Does It Affect the Way Organizations Are Managed?
 - Workplace Diversity
 - ✦ The ways in which people in an organization are different from and similar to one another.



Diversity

27

- What Types of Diversity Are Found in the Workplace?
 - Age
 - Gender
 - Race and Ethnicity
 - Disability/Abilities
 - Religion
 - GLBT – Sexual Orientation and Gender Identity
 - Other Types of Diversity
 - ✦ Socioeconomic Background
 - ✦ Team Members for Different Functional Areas of Org.
 - ✦ Physical Attractiveness
 - ✦ Obesity/Thinness
 - ✦ Job Seniority
 - ✦ Intellectual Abilities



A Changing Workforce

28

- How Are Organizations and Managers Adapting to a Changing Workforce?
 - Managers are responding with diversity initiatives such as:
 - ✦ Work-Life Balance Programs
 - Allow employees more flexibility at work.
 - Provide on-site child care and summer camp, etc.
 - ✦ Contingent Jobs
 - Part-time, temporary, and contract workers as needed.
 - ✦ Recognition of Generational Differences.
 - (i.e.) Baby Boomers and Gen Y
 - Create an environment in which work can be done efficiently, effectively, and without disruptive conflict.



The End

...IS JUST A NEW
BEGINNING

FILE

© 2000 The Walt Disney Company