

Fundamentals of Management

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Part One: Introduction

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- Chapter Two: The Management Environment
 - Explain What the Internal Environment Is and Why It's Important.
 - Discuss How the External Environment Affects Managers.
 - Define What Organizational Culture Is and Explain Why It's Important.
 - Describe How Organizational Culture Affects Managers.



Management Environment

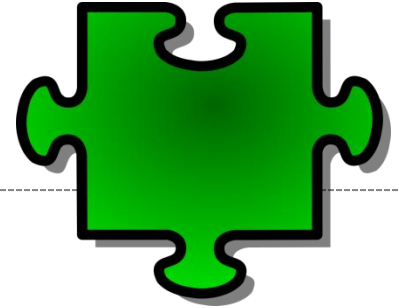
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- What Is the External Environment and Why Is It Important?
 - No successful organization, or its managers, can operate without understanding the dynamic external environment that surrounds it.
 - ✦ Systems Effect
 - Under the Systems Effect, all people in the ORG are affected by at least one other person and each person affects the whole group or organization.
 - Components of the External Environment
 - ✦ Political/Legal
 - ✦ Demographics
 - ✦ Economic
 - ✦ Sociocultural
 - ✦ Technological
 - ✦ Global



External Environment

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- **Political/Legal**
 - Political Conditions and Stability: Nationally and Worldwide
 - Federal, State, and Local Laws, as well as, Country and Global Laws
- **Demographics**
 - Trends in Population Characteristics
 - ✦ Age, Race, Gender, Education Levels, Geo Location, Family Composition
- **Economic**
 - Interest Rates, Inflation, Employment, Unemployment, Income levels
- **Sociocultural**
 - Societal and Cultural Factors
 - ✦ Values, Attitudes, Trends, Traditions, Lifestyles, Beliefs, Patterns of Behavior
- **Technological**
 - Scientific or Industrial Innovations
- **Global**
 - Issues (i.e. Volcano, Instability, Terrorism) Associated with World Economy

External Environment

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- How Does the External Environment Affect Managers?
 - Knowing *what* the various components of the external environment are and examining certain aspects of that environment is important.
 - However, understanding *how* the environment affects managers is equally as important.



Differentiation

External Environment

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- Three Ways the External Environment Constrains and Challenges Managers:
 - Through its impact on jobs and employment
 - Through the environmental uncertainty that is present
 - Through the various stakeholder relationships that exist between an organization and the external constituencies



Jobs and Employment

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- Jobs and Employment

- One of the most powerful constraints managers face is the impact of such changes on jobs and employment.
 - ✦ Both in poor conditions and in good conditions.
- Not only do changes in external conditions affect the types of available jobs, they affect how those jobs are created and managed.
 - ✦ For instance, many employers are using flexible work arrangements with tasks done by freelancers hired on an as-needed basis, or by temporary workers who work full-time but are not permanent employees.



Environmental Uncertainty

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- Assessing Environmental Uncertainty
 - Environmental uncertainty is the degree of unpredictable change and complexity in an organization's environment.
 - Environmental complexity looks at the number of components in an organization's environment and the extent of the knowledge that the organization has about those components.



Stakeholder Relationships

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- Managing Stakeholder Relationships
 - The nature of stakeholder relationships is another way in which the environment influences managers.
 - ✦ Stakeholders are any constituencies in an organization's environment that are affected by that organization's decisions and actions.
 - ✦ These groups have a stake in or are significantly influenced by what the organization does. In turn, these groups can influence the organization.



Stakeholders

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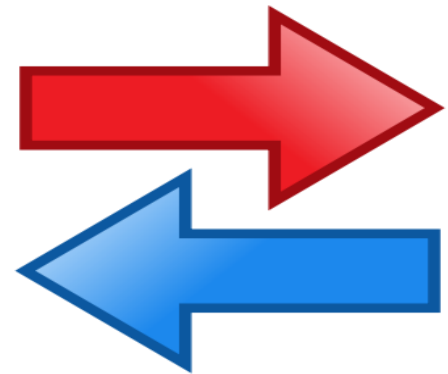
- Organizational Stakeholders
 - Customers
 - Social and Political Action Groups
 - Competitors
 - Trade and Industry Associations
 - Governments
 - Media
 - Suppliers
 - Communities
 - Shareholders
 - Unions
 - Employees



Stakeholder Relationships

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- Managing Stakeholder Relationships
 - Managers of high performing companies tend to consider the interests of all major stakeholder groups as they make decisions.
 - ✦ Because an organization depends on external groups as sources of inputs (resources) and as outlets for outputs (goods and services), managers should consider the interests of stakeholders as they make decisions.

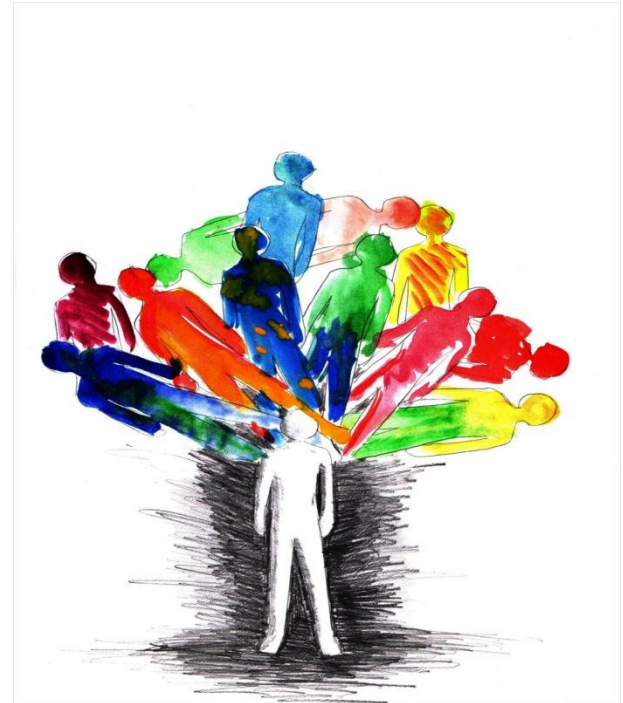


Organizational Culture

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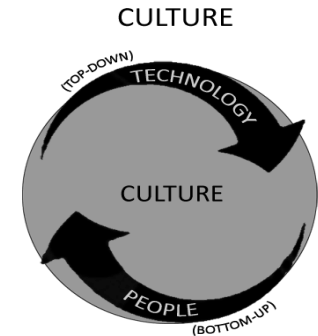
- What Is Organizational Culture?

- Each of us has a unique personality that influences the way we act and interact. An organization has a personality, too.
 - ✦ We call it culture.



Organizational Culture

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- Organizational Culture

- Culture is Perceived

- ✦ It's not something that can be physically touched or seen, but employees perceive it on the basis of what they experience within the organization.
 - *“Perception is real in its consequences.”*

- Culture is Descriptive

- ✦ It's concerned with how members perceive or describe the culture, not with whether they like it.

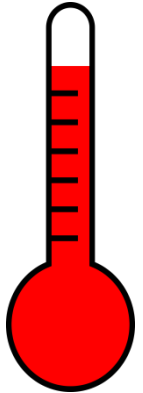
- Culture is Shared

- ✦ Even though individuals may have different backgrounds or work at different organizational levels, they tend to describe the organization's culture in similar terms.

Dimensions of Organizational Culture

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- People Orientation
 - Degree to which MGMT decisions take into account the effects on people in the ORG.
- Team Orientation
 - Degree to which work is organized around teams rather than individuals.
- Aggressiveness
 - Degree to which employees are aggressive and competitive rather than cooperative.
- Stability
 - Degree to which organizational decisions and actions emphasize maintaining the status quo.
- Innovation and Risk Taking
 - Degree to which employees are encouraged to be innovative and take risks.
- Attention to Detail
 - Degree to which EE's are expected to exhibit precision, analysis, and attention to detail.
- Outcome Orientation
 - MGMT focus on results or outcomes rather than on how these outcomes are achieved.



Culture

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- Where Does Culture Come From?
 - Usually reflects the vision or mission of founders.
 - Founders project an image of what the organization should be and what its values are. Founders “impose” their vision on employees.
 - Organizational members create a shared history that binds them into a community and reminds them of “who we are.”

Vision
Mission
& Values

Culture

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- How Do Employees Learn the Culture?

- Organizational Stories

- ✦ Narrative tales of significant events or people.

- Corporate Rituals

- ✦ Repetitive sequences of activities that express and reinforce important organizational values and goals.

- Material Symbols or Artifacts

- ✦ Layout of facilities, how employees dress, size of offices, material perks provided to executives, furnishings, and so forth.

- Language

- ✦ Special acronyms; unique terms to describe equipment, key personnel, customers, suppliers, processes, products



Culture

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- How Does Organizational Culture Affect Managers?
 - It's effect on what employees do and how they behave:
 - ✦ Strong Cultures – those in which key values are deeply held and widely shared – have greater influence on employees than do weaker cultures.
 - A strong culture can substitute for the rules and regulations that formally guide employees.



Culture

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- How Does Organizational Culture Affect Manager?
 - It's effect on what manager's do:
 - ✦ The culture establishes for managers appropriate and expected behavior.



Managerial Decisions Affected by Culture

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- Planning

- The degree of risk that plans should contain.
- Whether plans should be developed by individuals or teams.
- The degree of environmental scanning in which MGMT will engage.

- Organizing

- How much autonomy should be designed into employee's jobs?
- Whether tasks should be done by individuals or in teams.
- The degree to which department managers interact with each other



Managerial Decisions Affected by Culture

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- Leading

- The degree to which managers are concerned with employee job satisfaction.
- What leadership styles are appropriate?
- Whether all disagreements – even constructive ones – should be eliminated.

- Controlling

- Whether to impose external controls or to allow employees to control their own actions.
- What criteria should be emphasized in employee performance evaluations?
- What repercussions will occur from exceeding one's budget?



Understanding Culture

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- Understanding Culture

- An organization's culture is a system of shared meaning.
- When you understand your organization's culture, you know, whether it encourages teamwork, rewards innovation, etc.
- Understanding the culture allows you to know what behaviors are likely to be rewarded and which are likely to be punished.



Understanding Culture

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- Learning About An Organization's Culture
 - Do background work
 - Observe the physical surroundings
 - Make note about those with whom you met
 - How would you characterize the style of the people you met?
 - Look at the organization's Human Resources Manual
 - Ask questions of the people with whom you meet



RESEARCH



The End

...IS JUST A NEW
BEGINNING