

The Exceptional Manager

What You Do, How You Do It

PPT1
Chapter One

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 1.1** What are the rewards of being an exceptional manager?
- 1.2** What would I actually *do*—*that is, what would* be my four principal functions—as a manager?
- 1.3** Challenges can make one feel alive. What are seven challenges I can look forward to as a manager?
- 1.4** What are the levels and areas of management I need to know to move up, down, and sideways?

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 1.5** To be a terrific manager, what skills should I cultivate?
- 1.6** To be an exceptional manager, what roles must I play successfully?
- 1.7** Do I have what it takes to be an entrepreneur?

The Art of Management Defined

Managers operate within an organization

★ Organization

- ↪ a group of people who work together to achieve some specific purpose



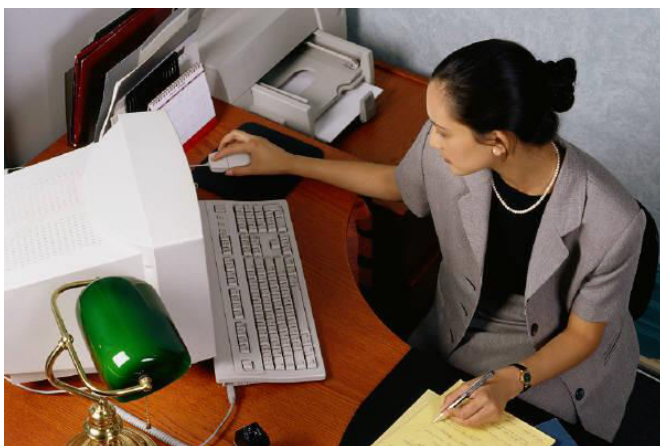
The Art of Management Defined

Management is defined as

1. The pursuit of organizational goals efficiently and effectively by
2. Integrating the work of people through
3. Planning, organizing, leading, and controlling the organization's resources

The Art of Management Defined

- ✦ To be **efficient** means to use resources - people, money, raw materials, and the like -wisely and cost-effectively



The Art of Management Defined

- ★ To be **effective** means to achieve results, to make the right decisions and to successfully carry them out so that they achieve the **organization's goals**

Question

Burger King decided to add breakfast to its hours of operation in order to increase its customers. This was an attempt to improve the organization's:

- A. Effectiveness
- B. Planning
- C. Leading strategy
- D. Efficiency



Example – Efficiency versus Effectiveness

- ★ Many companies now use a recorded “telephone menu” of options to answer customer calls
- ★ This is efficient for the companies, but not effective
- ★ Most consumers prefer a live agent



Rewards of Studying Management

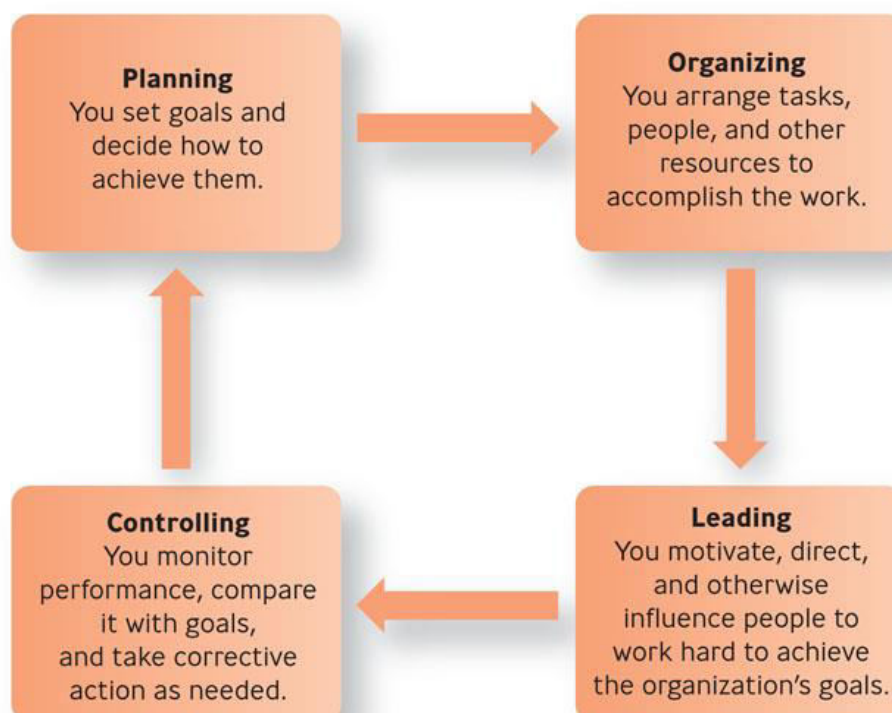
- ★ You will understand how to deal with **organizations** from the outside
- ★ You will understand how to relate to your supervisors
- ★ You will understand how to **interact** with co-workers
- ★ You will understand how to manage **yourself** in the workplace

Rewards of Practicing Management

- ★ You and your employees can experience a **sense of accomplishment**
- ★ You can stretch your abilities and magnify your range
- ★ You can build a catalog of **successful products** or **services**
- ★ You can become a mentor and help others

The Management Process

Figure 1.1



Question

Laura runs a sales and expense report at the end of each work day? Which management function is she performing?

- A. Leading
- B. Organizing
- C. Controlling
- D. Planning

Seven Challenges to Being a Star Manager

1. Managing for competitive advantage – staying ahead of rivals
2. Managing for diversity – the future won't resemble the past
3. Managing for globalization – the expanding management universe

Seven Challenges to Being a Star Manager (cont.)

4. Managing for information technology – Dealing with the New Normal
5. Managing for ethical standards
6. Managing for Sustainability— The Business of Green
7. Managing for your own happiness & meaningfulness

The Struggle for Competitive Advantage: App-Based Ride-Share Services Leave the Taxi Industry Reeling

- ★ Technology has enabled on-demand “transportation network companies” (TNCs) such as Uber, Lyft, and Sidecar to challenge the traditional taxi cab industry.
- ★ The cab companies’ competitive disadvantage is aggravated by government requirements that taxis had to be wheelchair accessible and their drivers background-checked, requirements so far not applying to the ride-sharing firm

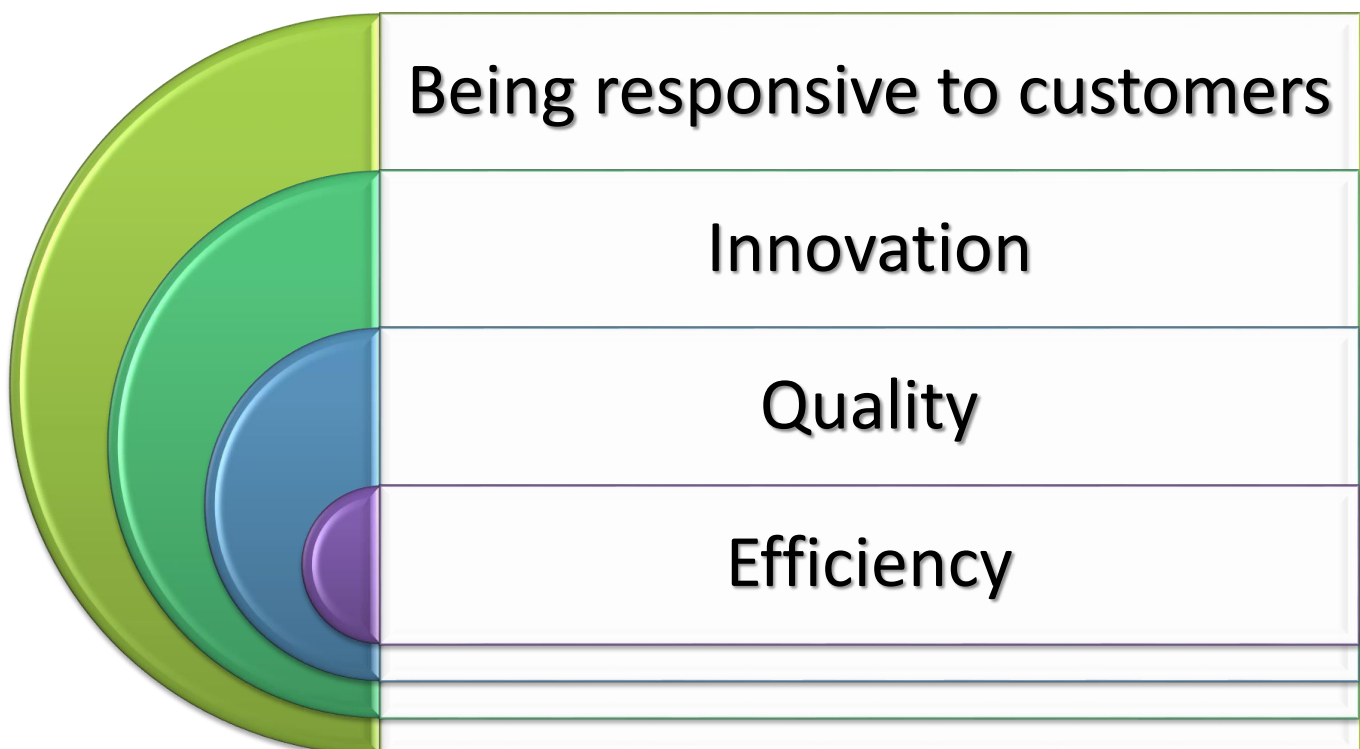
Managing for Competitive Advantage

✦ Competitive advantage

↳ the ability of an organization to produce goods or services more effectively than competitors do, thereby outperforming them



Managing for Competitive Advantage



Question

John wants his salespeople to use Salesforce.com to improve their sales? Which challenge is he trying to manage?

- A. Diversity
- B. Information technology
- C. Competitive advantage
- D. Globalization



Managing for Information Technology

- ★ By 2017, consumers worldwide are projected to spend **\$2.3 trillion online**, a rise of 14.8% over the year before
- ★ Information technology has led to the growth of **e-business**, using the Internet to facilitate every aspect of running a business

Managing for Information Technology

Implications of information technology

- ★ Far-ranging electronic management: e-communication all the time
- ★ More and more data: challenges to decision making
- ★ The rise of artificial intelligence: more automation in the workforce
- ★ Organizational changes: shifts in structure, jobs, goals, and knowledge management

Managing for Sustainability

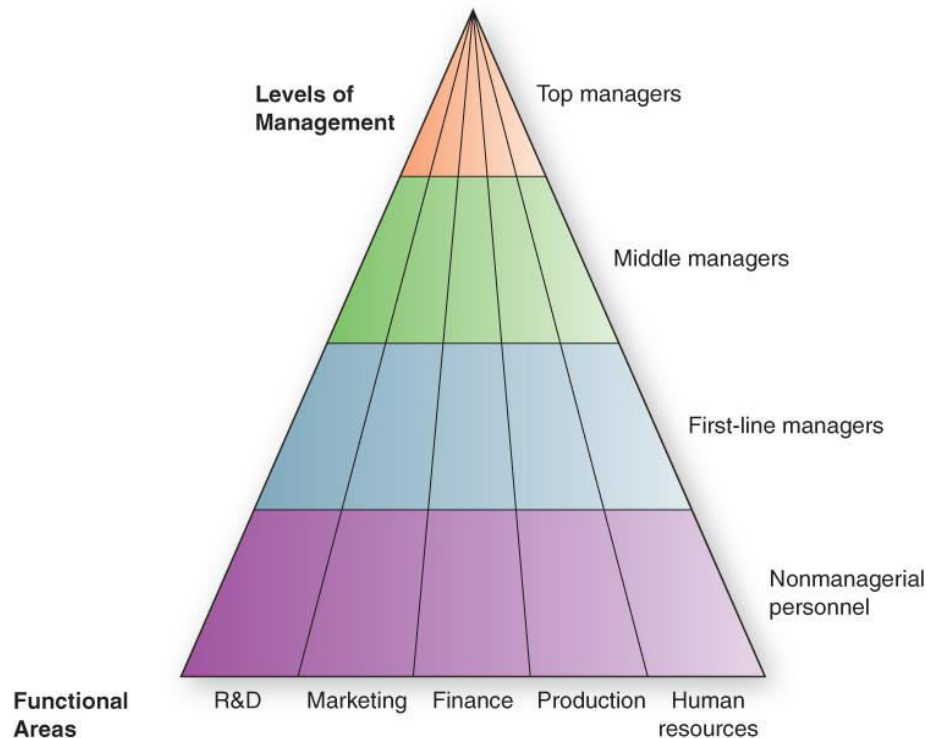
★ Sustainability

- ↳ economic development that meets the needs of the present without compromising the ability of future generations to meet their own needs.



Levels & Areas of Management

Figure 1.2



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

1-23

Four Levels of Management

★ Top managers

- ↪ make long-term decisions about the overall direction of the organization and establish the objectives, policies, and strategies for it



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

1-24

Four Levels of Management

★ Middle managers

- ↪ implement the policies and plans of the top managers above them and supervise and coordinate the activities of the first-line managers below them

★ “High touch” jobs

- ↪ dealing with people rather than computer screens or voice-response systems

Four Levels of Management

★ First-line managers

- ↪ make short-term operating decisions, directing the daily tasks of nonmanagerial personnel

★ Team leader

- ↪ a manager who is responsible for facilitating team activities toward achieving key results

Functional Managers versus General Managers

✦ Functional manager

↳ responsible for just one organizational activity

✦ General manager

↳ responsible for several organizational activities

Question

Donielle supervises the food assembly line workers. What type of manager is she?

- A. Top manager
- B. Middle manager
- C. First-line manager
- D. General manager



Managers for Three Types of Organizations

For-Profit Organizations: For Making Money

Nonprofit Organizations: For Offering Services

Mutual-Benefit Organizations: For Aiding Members

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

1-29

The Skills Exceptional Managers Need

★ **Technical skills**

↪ the job-specific knowledge needed to perform well in a specialized field

★ **Conceptual skills**

↪ the ability to think analytically, to visualize an organization as a whole and understand how the parts work together

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

1-30

The Skills Exceptional Managers Need



✦ Human skills

↳ the ability to work well in cooperation with other people to get things done

✦ Soft skills

↳ the ability to motivate, to inspire trust, to communicate with others

The Most Valued Traits in Managers

- ✦ The ability to motivate and engage others
- ✦ The ability to **communicate**
- ✦ **Work experience** outside the United States
- ✦ High energy levels to meet the demands of **global** travel and a **24/7** world

Roles Managers Must Play Successfully

The manager's roles: Mintzberg's useful findings

1. A manager relies more on **verbal** than on **written** communication
2. A manager works long hours at an **intense** pace
3. A manager's work is characterized by **fragmentation**, brevity, & variety

Three Types of Managerial Roles

★ **Interpersonal roles**

- ↪ managers interact with people inside and outside their work units
- ↪ figurehead, leader, liaison

★ **Informational roles**

- ↪ managers receive and communicate information
- ↪ monitor, disseminator, spokesperson

Three Types of Managerial Roles

★ Decisional roles

- ↪ managers use information to make decisions to solve problems or take advantage of opportunities
- ↪ entrepreneur, disturbance handler, resource allocator, negotiator

Question

CEO, Gary Kelly sets the direction and strategy for Southwest Airlines. What type of managerial role is he performing?

- A. Interpersonal
- B. Informational
- C. Decisional
- D. Conclusive

What Entrepreneurship Is

★ Entrepreneurship

- ↪ process of taking risks to try to create a new empire
- ↪ Entrepreneur, intrapreneur



What Entrepreneurship Is

★ Entrepreneur

- ↪ someone who sees a new opportunity for a product or service and launches a business to try to realize it

What Entrepreneurship Is



✦ Intrapreneur

- ↳ someone who works inside an existing organization who sees an opportunity for a product or service and mobilizes the organization's resources to try to realize it

How Do Entrepreneurs & Managers Differ

✦ Being an **entrepreneur** is what it takes to start a business

✦ Being a **manager** is what it takes to grow or maintain a business

The Entrepreneurial Spirit

✦ Necessity entrepreneurs

↳ people who suddenly must earn a living and are simply trying to replace lost income and are hoping a job comes along

✦ Opportunity entrepreneurs

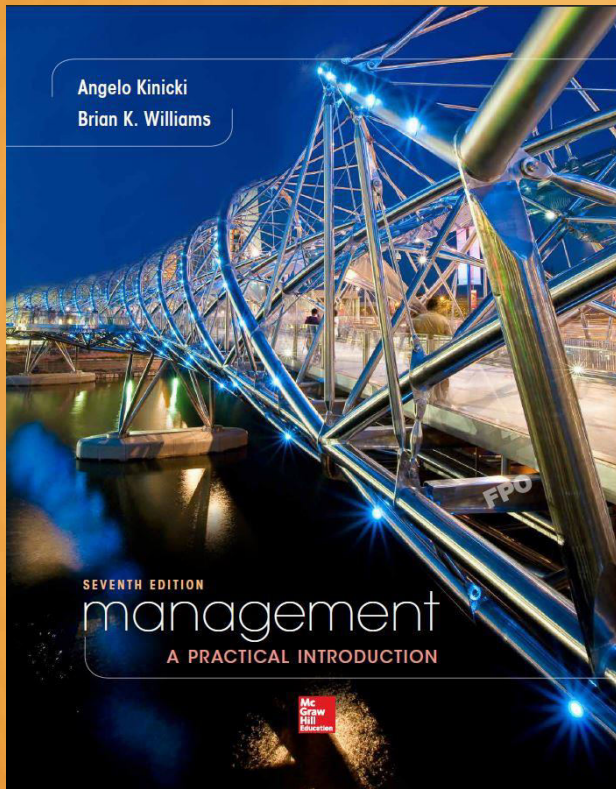
↳ those who start their business out of a burning desire rather than because they lost a job

Question

George thought there was an opportunity and opened a new deli in Irmo. He is a(n)

_____.

- A. Manager
- B. Intrapreneur
- C. Entrepreneur
- D. Omni-preneur



Management Theory & Managers Changing Work Environment

PPT2
Chapter Two & Three

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 2.1** What's the payoff in studying different management perspectives, both yesterday's and today's?
- 2.2** If the name of the game is to manage work more efficiently, what can the classical viewpoint teach me?
- 2.3** To understand how people are motivated to achieve, what can I learn from the behavioral viewpoint?
- 2.4** If the manager's job is to solve problems, how might the two quantitative approaches help?

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

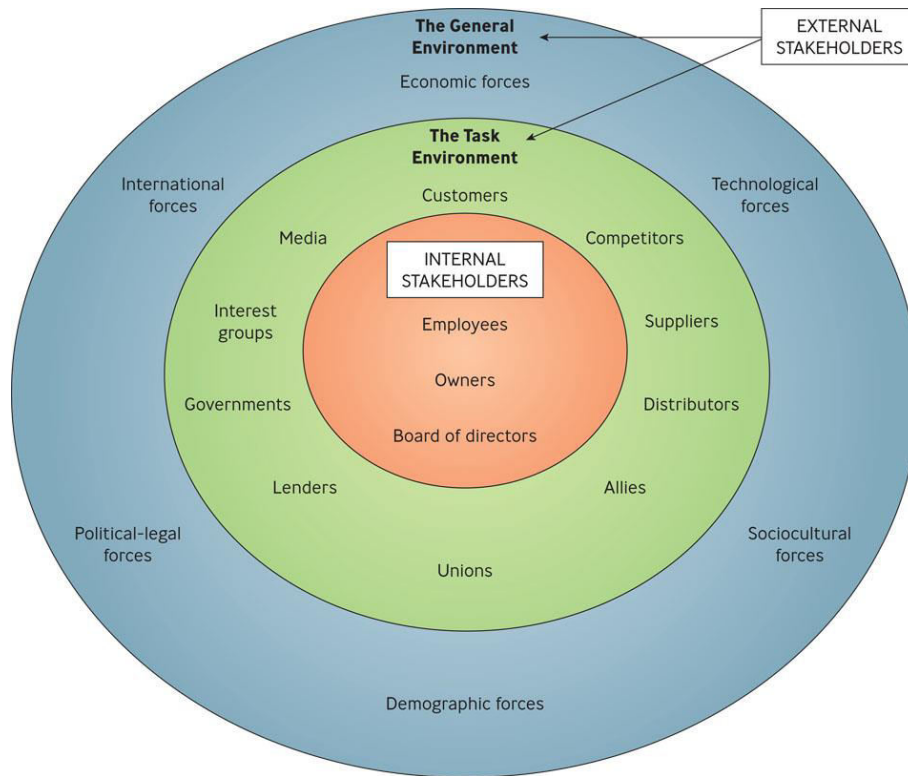
- 2.5** How can the exceptional manager be helped by the systems viewpoint?
- 2.6** In the end, is there one best way to manage in all situations?
- 2.7** Can the quality-management viewpoint offer guidelines for true managerial success?
- 2.8** How do I build a learning organization?

Six Practical Reasons for Studying This Chapter

1. Understanding of the present
2. Guide to action
3. Source of new ideas
4. Clues to meaning of your managers' decisions
5. Clues to meaning of outside events
6. Producing positive results

The Organization's Environment

Figure 3.1



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

3-5

Organization's Environment

- A. Internal Stakeholders: Employees, Owners & BOD
- B. External Stakeholders
 - I. Task Environment
 - a. Customers
 - b. Competitors
 - c. Suppliers
 - d. Distributors
 - e. Allies
 - f. Unions
 - g. Lenders
 - h. Governments
 - i. Interest Group
 - j. Media
 - II. The General Environment
 - a. Economic Forces
 - b. Technological Forces
 - c. Sociocultural Forces
 - d. Demographic Forces
 - e. Political-legal Forces
 - f. International Forces

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

6

Two Overarching Perspectives about Management

✦ Historical perspective

↳ classical, behavioral, and quantitative

✦ Contemporary perspective

↳ systems, contingency, and quality-management



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

2-7

The Two Overarching Perspectives—Historical and Contemporary

FIGURE 2.1 The Two Overarching Perspectives—Historical and Contemporary

The Historical Perspective (1911–1950s)

Classical Viewpoint
1911–1947
Emphasis on ways to manage work more efficiently

Behavioral Viewpoint
1913–1950s
Emphasis on importance of understanding human behavior and motivating and encouraging employees toward achievement

Quantitative Viewpoint
1940s–1950s
Applies quantitative techniques to management

The Contemporary Perspective (1960s–Present)

The Systems Viewpoint
Regards the organization as systems of interrelated parts that operate together to achieve a common purpose

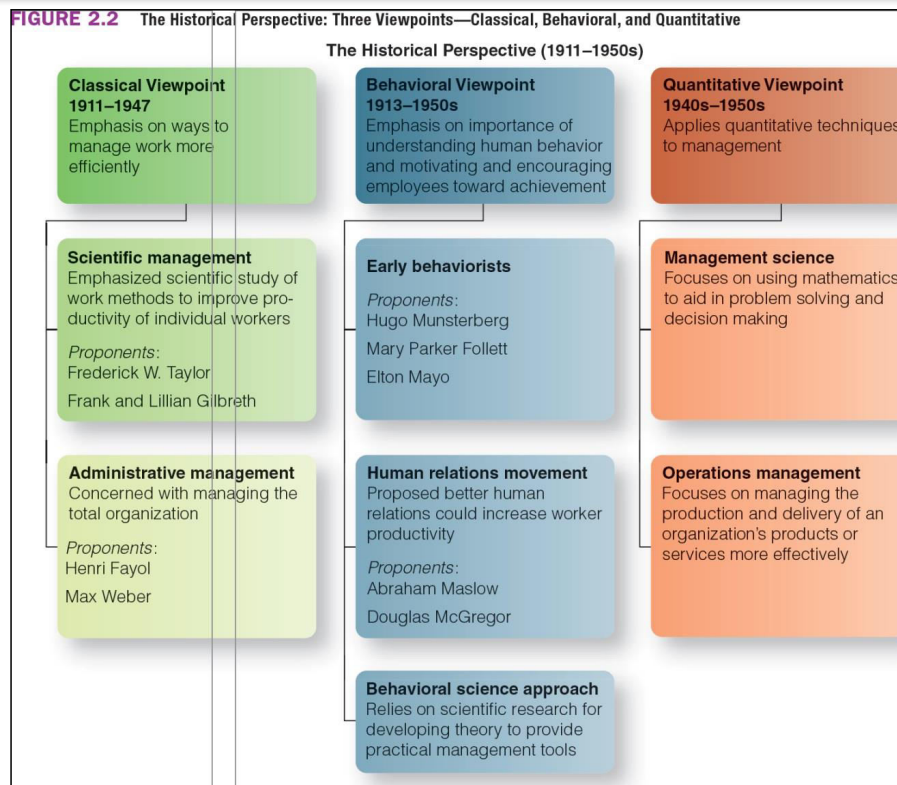
The Contingency Viewpoint
Emphasizes that a manager's approach should vary according to—i.e., be contingent on—the individual and environmental situation

The Quality-Management Viewpoint
Three approaches

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

2-8

The Historical Perspective: Three Viewpoints—Classical, Behavioral, and Quantitative



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

2-9

Question

Which viewpoint emphasized the scientific study of work methods to improve the productivity of individual workers?

- A. Scientific management
- B. Administrative management
- C. Behavioral science
- D. TQM



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

2-10

Scientific Management: Pioneered by Taylor & the Gilbreths

★ Scientific management

- ↪ emphasized the scientific study of work methods to improve the productivity of individual workers
- ↪ Frederick W. Taylor, Frank and Lillian Gilbreth

Scientific Management: Pioneered by Taylor & the Gilbreths

Principles of Scientific Management

1. Scientifically study each part of the task
2. Carefully select workers with the right abilities
3. Give workers the training and incentives to do the task
4. Use scientific principles to plan the work methods

Administrative Management: Pioneered by Fayol & Weber

★ Administrative management

↳ concerned with managing the total organization

★ Henri Fayol

↳ French engineer and industrialist

↳ first to identify the major functions of management

Administrative Management: Pioneered by Fayol & Weber

★ Max Weber believed that a **bureaucracy** was a rational, efficient, ideal organization based on the **principles of logic**



Five Positive Bureaucratic Features

1. A well-defined hierarchy of authority
2. Formal rules and procedures
3. A clear division of labor
4. Impersonality
5. Careers based on merit

The Problem with the Classical Viewpoint

✦ Mechanistic

- ↳ Tends to view humans as cogs within a machine, not taking into account the importance of human needs



Why the Classical Viewpoint is Important?

- ★ **Work activity** was amenable to a rational approach
- ★ Through the application of **scientific methods**, **time** and **motion** studies, and job specialization it was possible to boost **productivity**

Question

Which viewpoint emphasized the importance of understanding human behavior and of motivating employees toward achievement?

- A. Scientific management
- B. Administrative management
- C. Behavioral
- D. TQM



Behavioral Viewpoint: Behaviorism, Human Relations, & Behavioral Science

★ Behavioral viewpoint

- ↪ emphasized the importance of understanding human behavior and of motivating employees toward achievement

Behavioral Viewpoint: Behaviorism, Human Relations, & Behavioral Science

The **behavioral viewpoint** developed over three phases:

1. Early behaviorism
2. The human relations movement
3. Behavioral science.



Early Behaviorism: Pioneered by Munsterberg, Follett, & Mayo

★ Hugo Munsterberg

↪ father of industrial psychology

1. Study jobs and determine which people are best suited to specific jobs
2. Identify the psychological conditions under which employees do their best work
3. Devise management strategies to influence employees to follow management's interests

Early Behaviorism: Pioneered by Munsterberg, Follett, & Mayo

★ Mary Parker Follett

↪ social worker and social philosopher

1. Organizations should be operated as “communities”
2. Conflicts should be resolved by having managers and workers talk over differences and find solutions that would satisfy both parties
3. The work process should be under control of workers with relevant knowledge

Early Behaviorism: Pioneered by Munsterberg, Follett, & Mayo

★ Hawthorne effect

↪ employees worked harder if they received added attention, thought that managers cared about their welfare and that supervisors paid special attention to them

↪ Elton Mayo

The Human Relations Movement: Pioneered by Maslow & McGregor

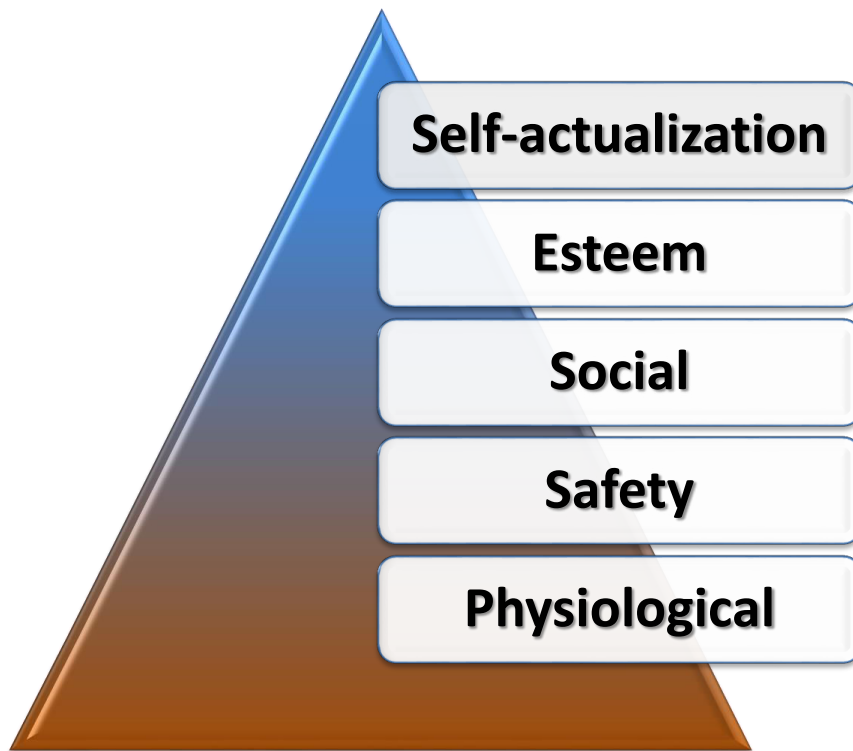
★ Human relations movement

↪ proposed that better human relations could increase worker productivity

↪ Abraham Maslow and Douglas McGregor



Maslow's Hierarchy of Needs



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Douglas McGregor – Theory X versus Theory Y

★ Theory X

- ↪ represents a pessimistic, negative view of workers
- ↪ workers are irresponsible, resistant to change, lack ambition, hate work, and want to be led

★ Theory Y

- ↪ represents an optimistic, positive view of workers
- ↪ Workers are considered capable of accepting responsibility, self-direction, self control and being creative

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Why Theory X/Theory Y Is Important

- ★ Helps managers understand how their **beliefs** affect their behavior.
- ★ Managers can be more effective by considering how their behavior is shaped by their **expectations** about human nature

The Behavioral Science Approach

★ Behavioral science

- ↪ relies on scientific research for developing theories about human behavior that can be used to provide practical tools for managers

Quantitative Viewpoints: Management Science & Operations Research

★ Quantitative management

- ↪ application to management of quantitative techniques, such as statistics and computer simulations
- ↪ Management science, operations management



Question

Which viewpoint stresses the use of rational, science-based techniques and mathematical models to improve decision making and strategic planning?

- A. Scientific management
- B. Operations management
- C. Production management
- D. Management science

Management Science: Using Mathematics to Solve Management Problems

✦ Management science

- ↳ stresses the use of rational, science-based techniques and mathematical models to improve decision making and strategic planning



Operations Management: Being More Effective

✦ Operations management

- ↳ focuses on managing the production and delivery of an organization's products or services more effectively
- ↳ work scheduling, production planning, facilities location and design

The Contemporary Perspective

Figure 2.3



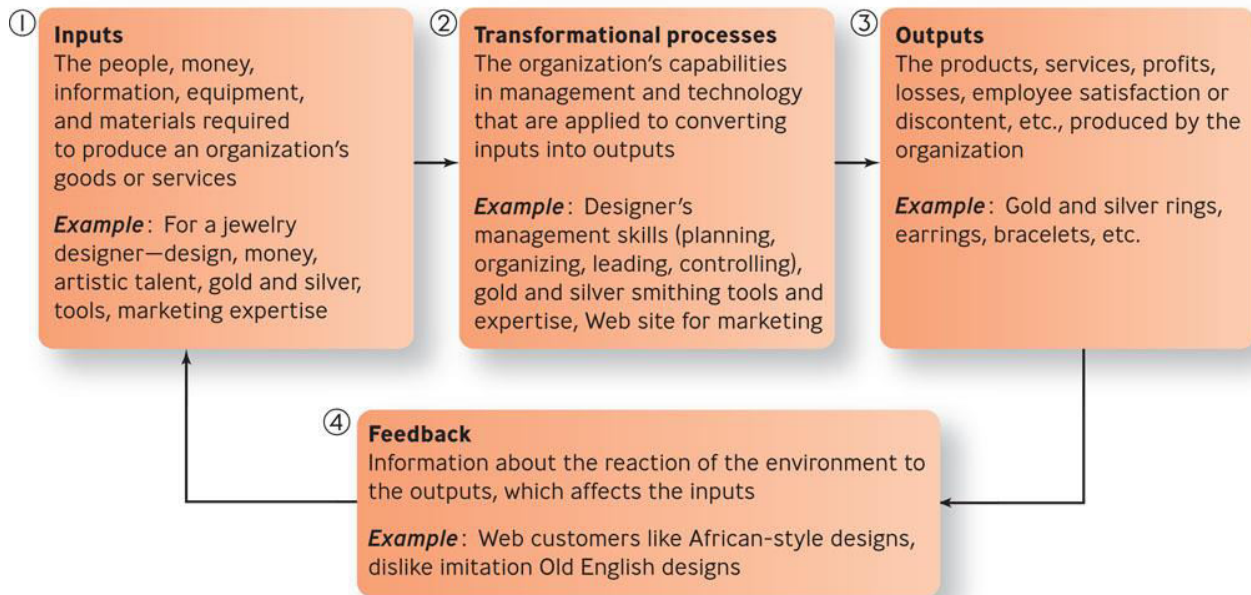
Systems Viewpoint

★ Systems viewpoint

- ↪ regards the organization as a system of interrelated parts
- ↪ collection of subsystems
- ↪ part of the larger environment

The Four Parts of a System

Figure 2.4



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

2-35

Systems Viewpoint

✦ Open system

↳ continually interacts with its environment

✦ Closed system

↳ has little interaction with its environment



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

2-36

Complexity Theory: The Ultimate Open System

★ Complexity theory

- ↪ the study of how order and pattern arise from very complicated, apparently chaotic systems.
- ↪ recognizes that all complex systems are networks of many interdependent parts that interact with each other according to certain simple rules

Contingency Viewpoint

★ Contingency viewpoint

- ↪ emphasizes that a manager's approach should vary according to the individual and the environmental situation
- ↪ Most practical because it addresses problems on a case-by-case basis

Defining Ethics & Values

★ Ethics

↪ standards of right and wrong that influence behavior

★ Values

↪ relatively permanent and deeply held underlying beliefs and attitudes that help determine a person's behavior

Organizations may have two value systems that conflict:

1. The value system stressing financial performance versus
2. the value system stressing cohesion and solidarity in employee relationships

Social Responsibility

★ Social responsibility

↪ manager's duty to take actions that will benefit the interests of society as well as of the organization

★ Corporate social responsibility

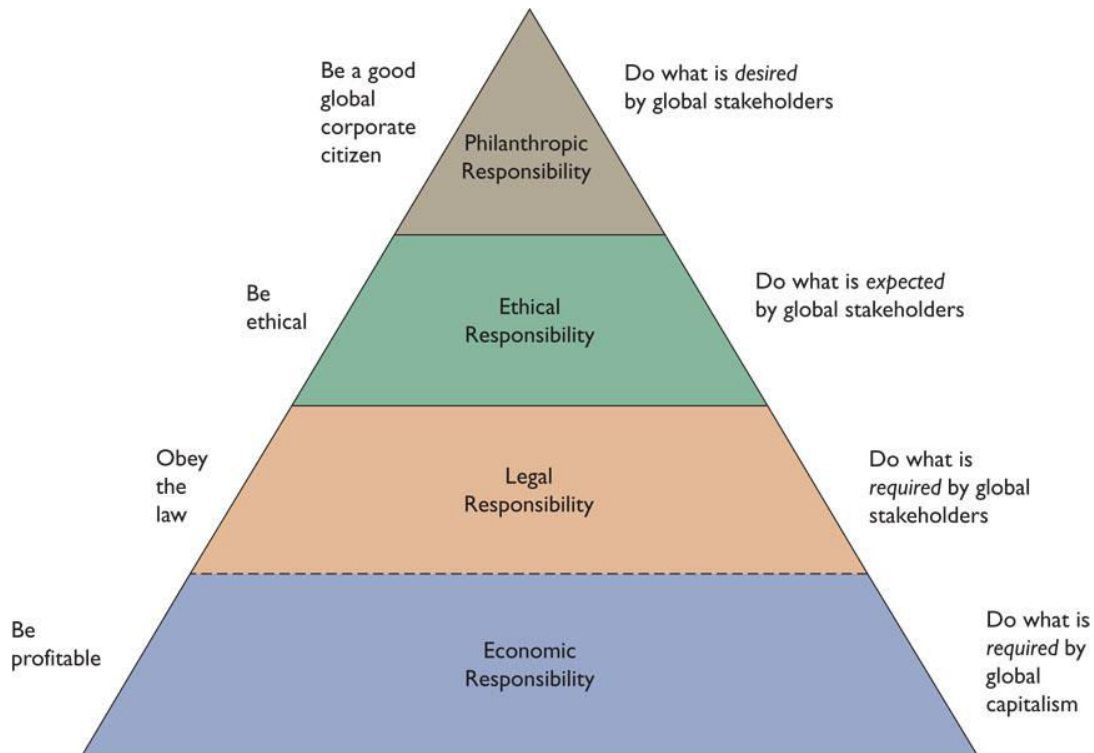
↪ notion that corporations are expected to go above and beyond following the law and making a profit

★ Corporate governance

↪ the system of governing a company so that the interests of corporate owners and other stakeholders are protected.

↪ More attention is being paid to strengthening **corporate governance** so that directors are clearly separated in their authority from the CEO

Carroll's Global Corporate Social Responsibility Pyramid



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

41

Evidence-Based Management: Facing Hard Facts, Rejecting Nonsense

★ Evidence based management

- ↪ translating principles based on best evidence into organizational practice, bringing rationality to the decision making process
- ↪ Pfeffer and Sutton

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

2-42

Quality Control & Quality Assurance

★ Quality

↳ total ability of a product or service to meet customer needs

★ Quality control

↳ the strategy for minimizing errors by managing each stage of production

★ Quality assurance

↳ focuses on the performance of workers, urging employees to strive for “zero defects”

Quality-Management Viewpoint

★ Total quality management (TQM)

↳ comprehensive approach-led by top management and supported throughout the organization-dedicated to continuous quality improvement, training, and customer satisfaction

↳ Deming, Juran

Total Quality Management

1. Make **continuous improvement** a priority
2. Get every employee involved
3. **Listen to** and **learn** from customers and employees
4. Use accurate standards to **identify** and eliminate problems

The Learning Organization: Handling Knowledge & Modifying Behavior

★ Learning organization

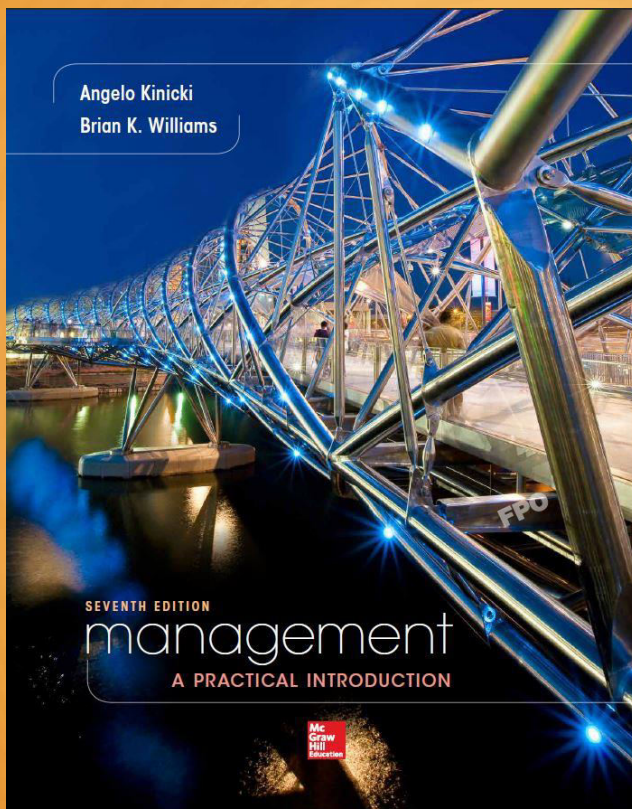
↪ organization that actively creates, acquires, and transfers knowledge within itself and is able to modify its behavior to reflect new knowledge



How to Build a Learning Organization: Three Roles Managers Play

To create a learning organization, managers must perform three key functions or roles:

1. build a commitment to learning
2. work to generate ideas with impact
3. work to generalize ideas with impact.



Planning The Foundation of Successful Management

PPT3(A)
Chapter Five

Major Questions You Should Be Able to Answer

- 5.1** What are planning, strategy, and strategic management, and why are they important to me as a manager?
- 5.2** What are mission and vision statements and what are three types of planning and goals?
- 5.3** What are the three types of goals, and what are different kinds of plans?
- 5.4** What are SMART goals and MBO, and how can they be implemented?
- 5.5** How does the planning/control cycle help keep a manager's plans headed in the right direction?

Planning: Coping with Uncertainty

✦ Planning

- ↳ coping with uncertainty by formulating future courses of action to achieve specified results
- ↳ setting goals and deciding how to achieve them



Planning: Coping with Uncertainty

★ Business plan

↪ a document that outlines a proposed firm's goals, the strategy for achieving them, and the standards for measuring success.

★ Business model

↪ outlines the need the firm will fill, the operations of the business, its components and functions, as well as the expected revenues and expenses

Strategy

★ Strategy

↪ a large-scale action plan that sets the direction for an organization

↪ represents an “educated guess” about what must be done in the long term for the survival or the prosperity of the organization or its principal parts.

Strategic Management

★ Strategic management

↪ a process that involves managers from all parts of the organization in the formulation and the implementation of strategies and strategic goals.

Planning & Strategic Management

Figure 5.1



Why Planning & Strategic Management Are Important

1. Provide direction and momentum
2. Encourage new ideas
3. Develop a sustainable competitive advantage.

Encouraging New Ideas

★ Management scholar Gary Hamel says that companies such as Apple have been successful because they have been able to unleash the spirit of “**strategy innovation.**”

★ **Strategy innovation**

↪ the ability to reinvent the basis of competition within existing industries—“bold new business models that put incumbents on the defensive.”

Making Plans

Figure 5.2



Mission & Vision Statements

★ Mission statement

↪ expresses the purpose of the organization

★ Vision statement

↪ expresses what the organization should become, where it wants to go strategically

Example: Amazon and Patagonia

- ★ Amazon - “Our vision is to be earth’s most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online.”
- ★ Patagonia - “We prefer the human scale to the corporate, vagabonding to tourism, and the quirky to the toned-down and flattened out.”

Three Types of Planning for Three Levels of Management

★ **Strategic planning**

- ↪ Top managers determine what the organization’s long-term goals should be for the next 1-5 years with the resources they expect to have available

★ **Tactical planning**

- ↪ Middle managers determine what contributions their departments or similar work units can make during the next 6-24 months

Three Types of Planning for Three Levels of Management

✦ Operational planning

- ↳ First-line managers determine how to accomplish specific tasks with available resources within the next 1-52 weeks



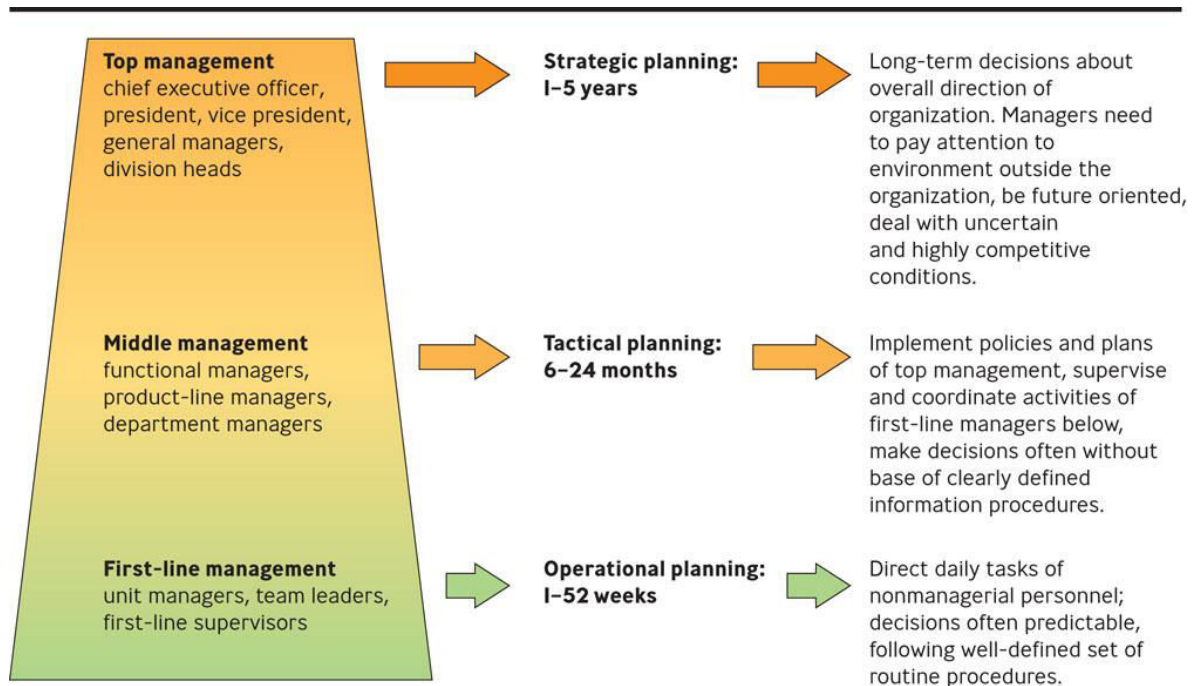
Question

Danny is participating with other managers in a discussion about what his organization's goals should be for the next decade. He is participating in:

- A. Strategic planning
- B. Operational planning
- C. Tactical planning
- D. Controlling

Three Levels of Management, Three Types of Planning

Figure 5.3



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

5-16

Three Types of Goals: Strategic, Tactical, & Operational

★ Goals

- ↪ specific commitment to achieve a measurable result within a stated period of time
- ↪ also known as an objective
- ↪ strategic, tactical, operational

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

5-17

Three Types of Goals: Strategic, Tactical, & Operational

★ Strategic goals

↪ set by and for top management and focus on objectives for the organization as a whole.

★ Tactical goals

↪ set by and for middle managers and focus on the actions needed to achieve strategic goals.

Three Types of Goals: Strategic, Tactical, & Operational

★ Operational goals

↪ set by and for first-line managers and are concerned with short-term matters associated with realizing tactical goals.

The Action Plan & the Operating Plan

★ Action plan

- ↪ defines the course of action needed to achieve the stated goal



The Action Plan & the Operating Plan

★ Operating plan

- ↪ designed for a 1-year period
- ↪ defines how you conduct your business based on the action plan
- ↪ identifies clear targets such as revenue, cash flow, and market share

Types of Plans: Standing Plans & Single-Use Plans

Table 5.1

PLAN	DESCRIPTION
Standing plan	For activities that occur repeatedly over a period of time
• Policy	Outlines general response to a designated problem or situation
• Procedure	Outlines response to particular problems or circumstances
• Rule	Designates specific required action
Single-use plan	For activities not likely to be repeated in the future
• Program	Encompasses a range of projects or activities
• Project	Has less scope and complexity than a program

Standing Plans: Policies, Procedures, & Rules

★ Standing plans

- ↳ plans developed for activities that occur repeatedly over a period of time
- ↳ consist of policies, procedures, and rules.

○ Policy

- ↳ outlines the general response to a designated problem or situation

Standing Plans: Policies, Procedures, & Rules

○ Procedure

↪ outlines the response to a particular problem or circumstances

○ Rule

↪ designates specific required action

Single Use Plans: Programs & Projects

★ Single-use plans

↪ plans developed for activities that are not likely to be repeated in the future

○ Program

single-use plan encompassing a range of projects or activities

○ Project

single-use plan of less scope and complexity than a program

SMART Goals

Specific

Measurable

Attainable

Results-oriented

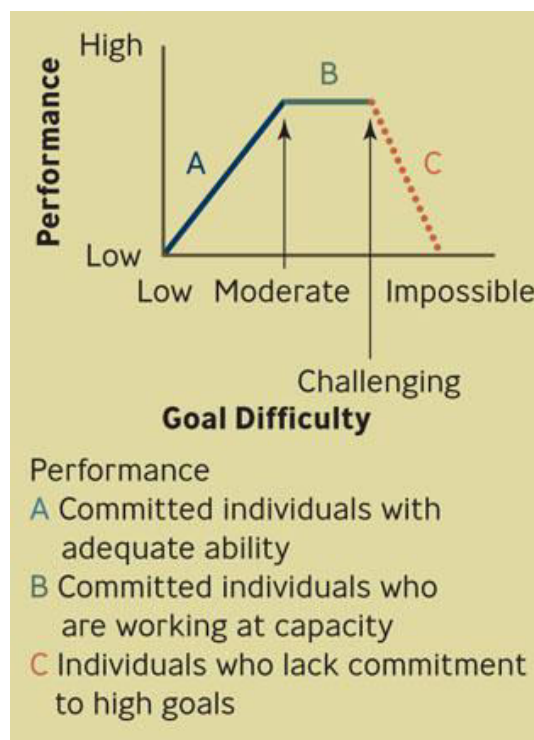
Target dates

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

5-26

Relationship Between Goal Difficulty and Performance

Figure 5.4



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

5-27

Management by Objectives: The Four-Step Process for Motivating Employees

★ Management by objectives (MBO)

↪ a four-step process in which (1) managers and employees jointly set objectives for the employee, (2) managers develop action plans, (3) managers and employees periodically review the employee's performance, and (4) the manager makes a performance appraisal and rewards the employee according to results

Three Types of Objectives Used in MBO

Table 5.2

Improvement Objectives
Purpose Express performance to be accomplished in a specific way for a specific area Examples "Increase sport utility sales by 10%." "Reduce food spoilage by 15%."
Personal Development Objectives
Purpose Express personal goals to be realized Examples "Attend five days of leadership training." "Learn basics of Microsoft Office software by June 1."
Maintenance Objectives
Purpose Express the intention to maintain performance at previously established levels Examples "Continue to meet the increased sales goals specified last quarter." "Produce another 60,000 cases of wine this month."

Cascading Objectives: MBO from the Top Down

1. Top management must be committed
2. It must be applied organization-wide
3. Objectives must “cascade”



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

5-30

Cascading Objectives: MBO from the Top Down

- ★ MBO works by *cascading objectives down* through the organization
- ★ Objectives are structured in a unified hierarchy, becoming more specific at lower levels of the organization.

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

5-31

Question?

Melissa wants her employee, Ralph, to turn in his monthly sales report by the 5th of every month. This meets the _____ requirement of SMART goals.

- A. Specific
- B. Measurable
- C. Attainable
- D. Target dates

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

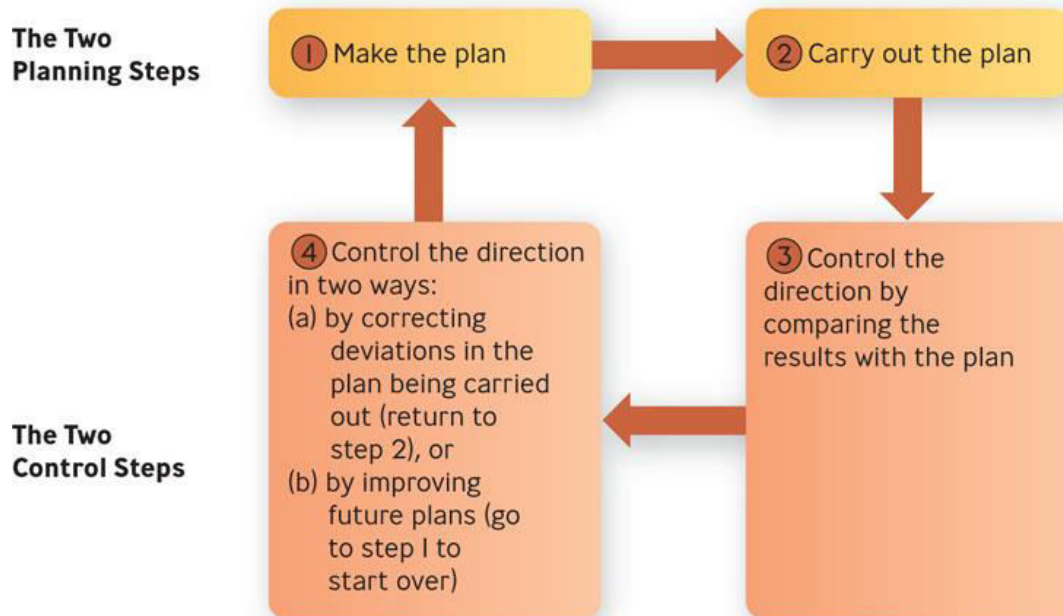
The Planning/Control Cycle

1. Make the plan
2. Carry out the plan
3. Control the direction by comparing results with the plan
4. Control the direction by taking corrective action in two ways
 - a) Correcting deviations
 - b) Improving future plans

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

The Planning/Control Cycle

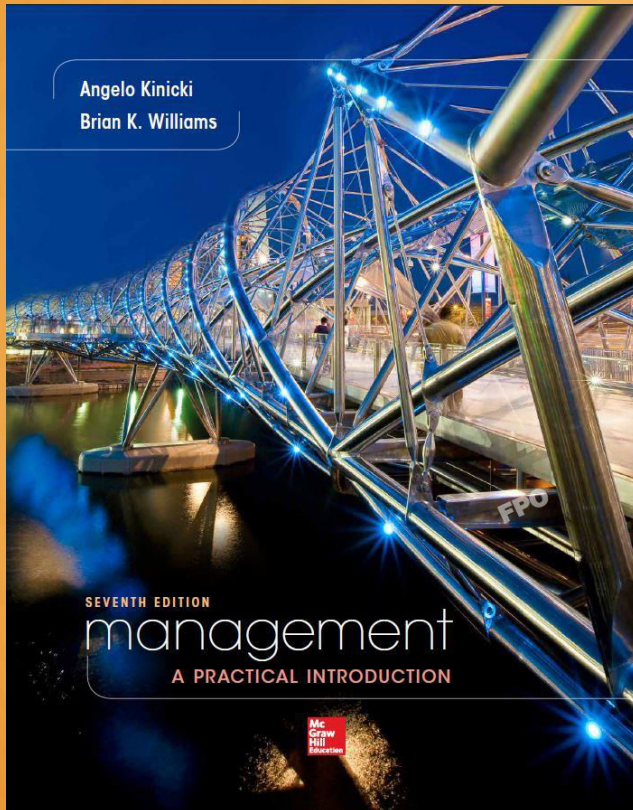
Figure 5.5



Question?

Apple has fired employees who have leaked news about unannounced products. Which step of the Planning/Control is this?

- A. Make the plan
- B. Carry out the plan
- C. Take corrective action
- D. Document the plan



Strategic Management

How Exceptional
Managers Realize
a Grand Design

PPT3(B)
Chapter Six

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 6.1** What is strategic positioning, and what are the three principles that underlie it?
- 6.2** What's the five-step recipe for the strategic management process?
- 6.3** What are the characteristics of good mission and vision statements?

Major Questions You Should Be Able to Answer

- 6.4** How can three techniques—Porter’s four competitive strategies, diversification and synergy, and the BCG matrix—help me formulate strategy?
- 6.5** How does effective execution help managers during the strategic-management process?
- 6.6** How does effective execution help managers during the strategic-management process?

What Is an Effective Strategy?

Strategic positioning

- ↪ attempts to achieve sustainable competitive advantage by preserving what is distinctive about a company
- ↪ “performing different activities from rivals, or performing similar activities in different ways”

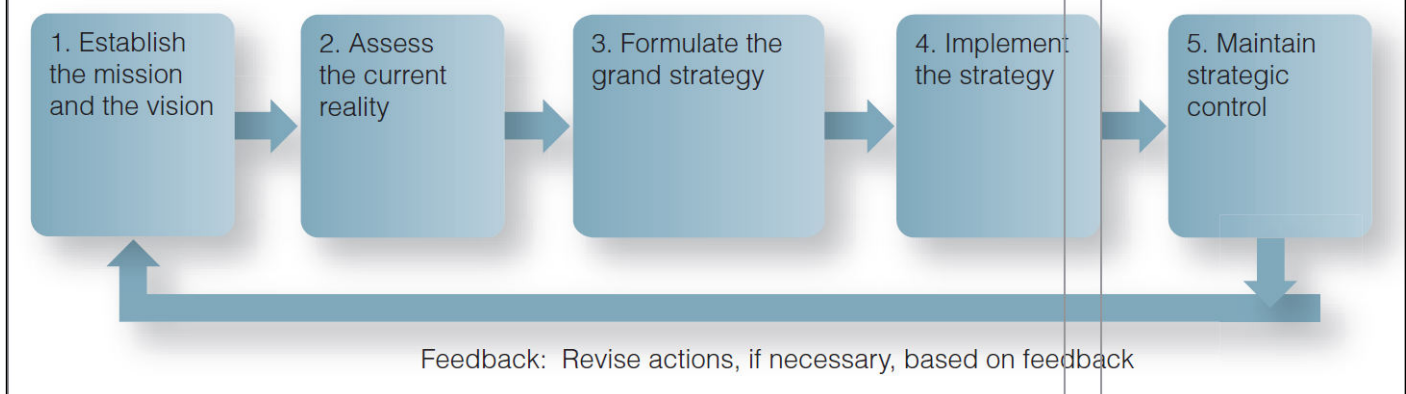
Strategic Positioning & Its Principles

1. Strategy is the creation of a **unique & valuable** position
2. Strategy requires trade-offs in competing
3. Strategy involves creating a **“fit”** among activities

The Strategic-Management Process

FIGURE 6.1 The strategic-management process

The process has five steps.



Assess the Current Reality

★ Current reality assessment

- ↳ to look at where the organization stands and see what is working and what could be different so as to maximize efficiency and effectiveness in achieving the organization's mission
- ↳ Also called organizational assessment

Formulate the Grand Strategy

★ Grand strategy

- ↳ explains how the organization's mission is to be accomplished.

★ Strategy formulation

- ↳ process of choosing among different strategies and altering them to best fit the organization's needs

★ Strategy implementation

- ↳ putting strategic plans into effect

The Strategic Management Process

✦ Strategic control

- ↳ consists of monitoring the execution of strategy and making adjustments, if necessary



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

6-9

Mission Statements and Vision Statements

Table 6.1

MISSION STATEMENTS: DOES YOUR COMPANY'S MISSION STATEMENT ANSWER THESE QUESTIONS?

1. Who are our customers?
2. What are our major products or services?
3. In what geographical areas do we compete?
4. What is our basic technology?
5. What is our commitment to economic objectives?
6. What are our basic beliefs, values, aspirations, and philosophical priorities?
7. What are our major strengths and competitive advantages?
8. What are our public responsibilities, and what image do we wish to project?
9. What is our attitude toward our employees?

VISION STATEMENTS: DOES YOUR COMPANY'S VISION STATEMENT ANSWER "YES" TO THESE QUESTIONS?

1. Is it appropriate for the organization and for the times?
2. Does it set standards of excellence and reflect high ideals?
3. Does it clarify purpose and direction?
4. Does it inspire enthusiasm and encourage commitment?
5. Is it well articulated and easily understood?
6. Does it reflect the uniqueness of the organization, its distinctive competence, what it stands for, what it's able to achieve?
7. Is it ambitious?

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

6-10

Competitive Intelligence

★ Competitive intelligence

- ↳ means gaining information about one's competitors' activities so that you can anticipate their moves and react appropriately
- ↳ public prints and advertising, investor information, informal sources

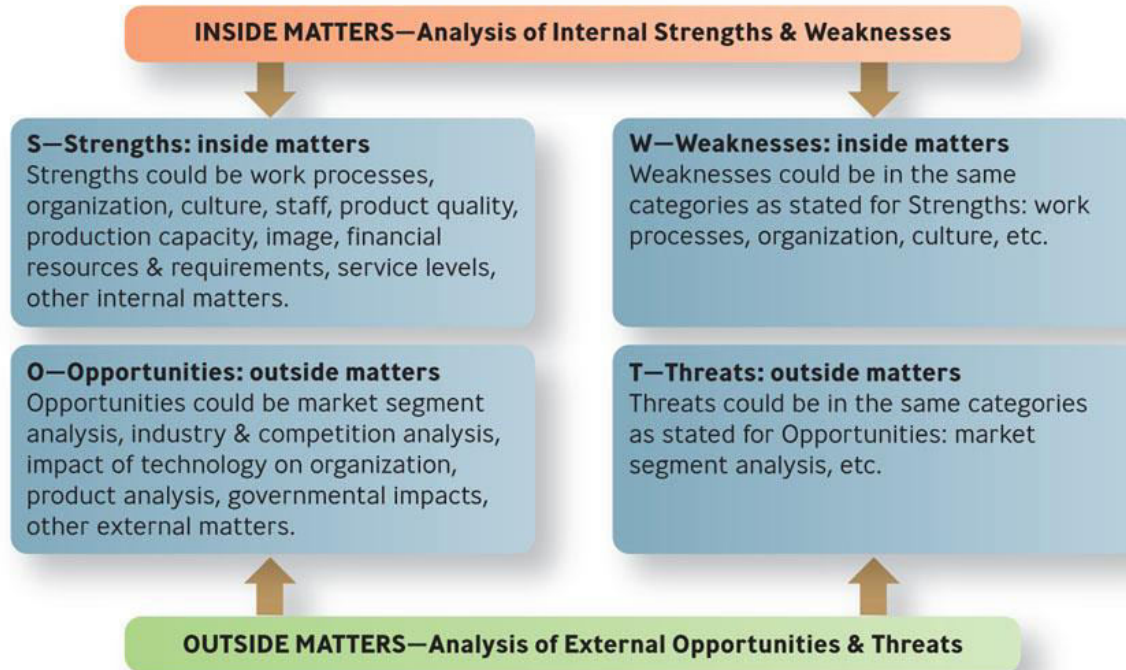
SWOT Analysis

★ Environmental scanning

- ↳ careful monitoring of an organization's **internal** and **external** environments to detect early signs of **opportunities** and **threats** that may influence the firm's plans

SWOT Analysis

Figure 6.2



SWOT Analysis

✦ Organizational strengths

- ↳ skills and capabilities that give the organization special competencies and competitive advantages in executing strategies in pursuit of its mission

✦ Organizational weaknesses

- ↳ drawbacks that hinder an organization in executing strategies in pursuit of its mission

Question?

When analyzing the “W” in SWOT analysis, Roberta, the manager might be assessing:

- A. Possible challenges in the market
- B. Competitors' actions
- C. High turnover of employees
- D. Good financial resources of the firm

SWOT Analysis

✦ Organizational opportunities

↳ environmental factors that the organization may exploit for competitive advantage

✦ Organizational threats

↳ environmental factors that hinder an organization's achieving a competitive

Example: How Would You Analyze Toyota?

★ Internal strengths

- ↳ attention to detail and a frugality that shuns waste of every kind

★ Internal weaknesses

- ↳ parts were supplied by outside companies rather than trusted traditional suppliers

★ External opportunities

- ↳ stressed commitment to customers
- ↳ still ranks high in quality



Forecasting: Predicting the Future

★ Trend analysis

- ↳ hypothetical extension of a past series of events into the future

★ Contingency planning

- ↳ creation of alternative hypothetical but equally likely future conditions
- ↳ also called scenario planning and scenario analysis

Benchmarking: Comparing with the Best

★ Benchmarking

↪ a process by which a company compares its performance with that of high-performing organizations

Porter's Five Competitive Forces

1. Threat of new entrants
2. Bargaining power of suppliers
3. Bargaining power of buyers
4. Threat of substitute products or services
5. Rivalry among competitors

Common Grand Strategies

★ Growth strategy

↳ involves expansion - as in sales revenues, market share, number of employees, or number of customers

★ Stability

↳ involves little or no significant change

★ Defensive

↳ involves reduction in the organization's efforts

↳ retrenchment

How Companies Can Implement Grand Strategies?

Table 6.3

GROWTH STRATEGY

- It can improve an existing product or service to attract more buyers.
- It can increase its promotion and marketing efforts to try to expand its market share.
- It can expand its operations, as in taking over distribution or manufacturing previously handled by someone else.
- It can expand into new products or services.
- It can acquire similar or complementary businesses.
- It can merge with another company to form a larger company.

STABILITY STRATEGY

- It can go for a no-change strategy (if, for example, it has found that too-fast growth leads to foul-ups with orders and customer complaints).
- It can go for a little-change strategy (if, for example, the company has been growing at breakneck speed and feels it needs a period of consolidation).

DEFENSIVE STRATEGY

- It can reduce costs, as by freezing hiring or tightening expenses.
- It can sell off (liquidate) assets—land, buildings, inventories, and the like.
- It can gradually phase out product lines or services.
- It can divest part of its business, as in selling off entire divisions or subsidiaries.
- It can declare bankruptcy.
- It can attempt a turnaround—do some retrenching, with a view toward restoring profitability.

Porter's Four Competitive Strategies

Figure 6.3

Strategy	Type of market targeted	
	Wide	Narrow
1. Cost-leadership	✓	
2. Differentiation	✓	
3. Cost-focus		✓
4. Focused-differentiation		✓

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

6-23

Porter's Four Competitive Strategies

★ Cost-leadership strategy

↪ keep the costs, and hence prices, of a product or service below those of competitors and to target a wide market



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

6-24

Question

The company's CEO puts pressure on the firm's R&D managers to **develop products** that can be created **cheaply**. The firm would be following a _____ strategy:

- A. Cost leadership
- B. Differentiation
- C. Cost focus
- D. Retrenchment

Porter's Four Competitive Strategies

★ Differentiation strategy

- ↪ offer products that are of unique and superior value compared to those of competitors but to target a wide market

Porter's Four Competitive Strategies

★ **Cost-focus strategy**

↪ keep the costs of a product below those of competitors and to target a narrow market

★ **Focused-differentiation**

↪ offer products that are of unique and superior value compared to those of competitors and to target a narrow market

The Single-Product Strategy: Focused but Vulnerable

★ **Single-product strategy**

↪ company makes and sells only one product within its market

↪ Benefit-focus

↪ Risk-vulnerability



The Diversification Strategy

★ Diversification

- ↪ operating several businesses in order to spread the risk
- ↪ related, unrelated

Advantages of Related Diversification

★ Reduced risk

- ↪ because more than one product

★ Management efficiencies

- ↪ administration spread over several businesses

Advantages of Related Diversification

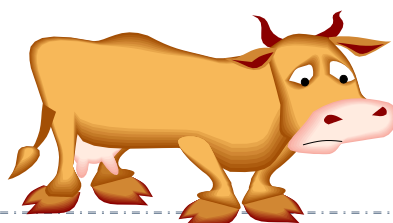
★ Synergy

- ↪ the economic value of separate, related businesses under one ownership and management is greater together than the businesses are worth separately

The BCG Matrix

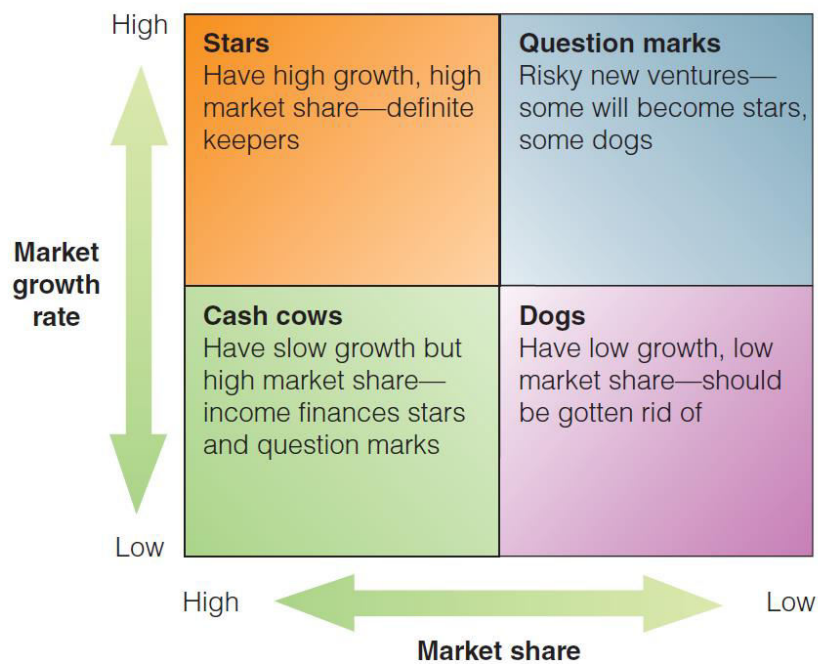
★ BCG matrix

- ↪ a means of evaluating strategic business units on the basis of (1) their business growth rates and (2) their share of the market.



The BCG Matrix

Figure 6.4



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

6-33

Maintaining Strategic Control



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

6-34

Execution: Getting Things Done

★ Execution

- ↳ consists of using questioning, analysis, and follow-through in order to mesh strategy with reality, align people with goals, and achieve results promised
- ↳ central part of any company's strategy

Question

John owns a piano sales and tuning store. He wants to be the biggest retailer in the Midlands. Adding salespeople would be part of his strategic _____.

- A. Locution
- B. Execution
- C. Efficacy
- D. Efficiency

The Three Core Processes of Business

★ People

↪ Consider who will benefit you in the future

★ Strategy

↪ Consider how success will be accomplished

★ Operations

↪ Consider what path will be followed

What Questions Should a Strong Strategic Plan Address?

Table 6.4

1. What is the assessment of the external environment?
2. How well do you understand the existing customers and markets?
3. What is the best way to grow the business profitably, and what are the obstacles to growth?
4. Who is the competition?
5. Can the business execute the strategy?
6. Are the short term and long term balanced?
7. What are the important milestones for executing the plan?
8. What are the critical issues facing the business?
9. How will the business make money on a sustainable basis?

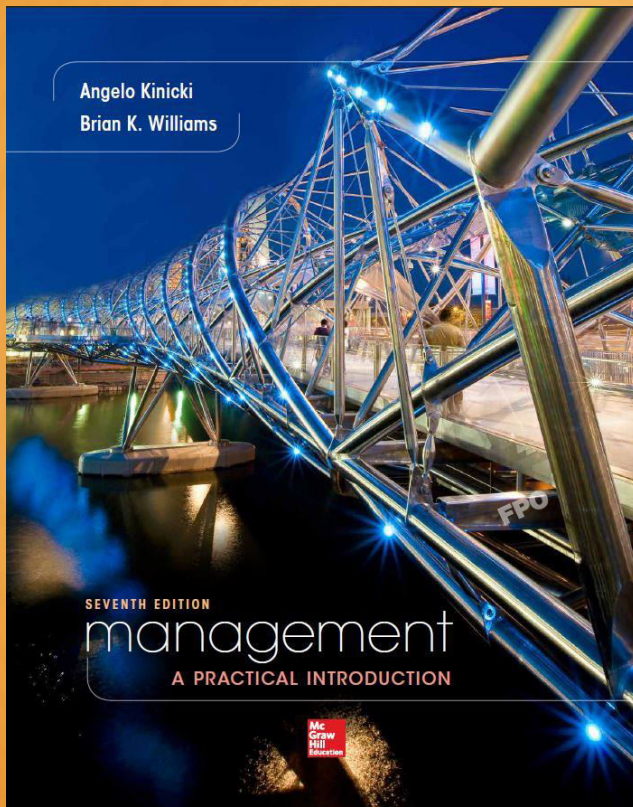
Building a Foundation of Execution

- ★ Know your **people** & your **business**
- ★ Insist on realism
- ★ Set **clear** goals & priorities
- ★ Follow through
- ★ **Reward** the doers
- ★ Expand the **capabilities**
- ★ Know yourself



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

6-39



Individual & Group Decision Making How Managers Make Things Happen

PPT4

Chapter Seven &
Thirteen

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 7.1** How do people know when they're being logical or illogical?
- 7.2** What guidelines can I follow to be sure that decisions I make are not just lawful but ethical?
- 7.3** How can I improve my decision making using evidence-based management and business analytics?

Major Questions You Should Be Able to Answer

- 7.4** How do I decide to decide?
- 7.5** Trying to be rational isn't always easy. What are the barriers?
- 7.6** How do I work with others to make things happen?

Two Kinds of Decision Making

★ Decision

↪ choice made from among available alternatives

★ Decision making

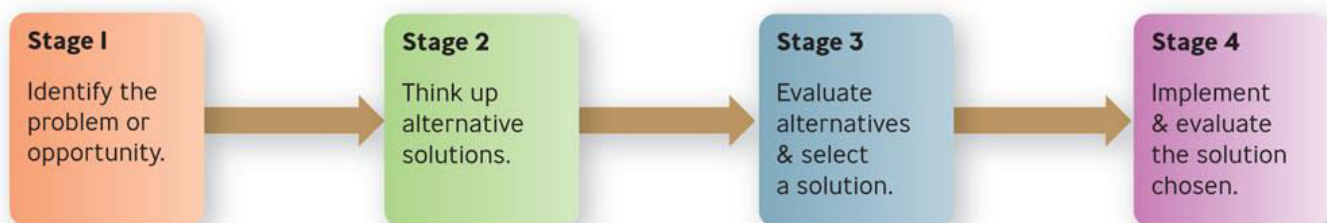
↪ process of identifying and choosing alternative courses of action

↪ An effective information technology tool used in organizations is Computer Aided Decision Making e.g DSS (**A computer-based information system that provides a flexible tool for analysis and helps managers to focus on the future**)

↪ Business intelligence

Rational Decision Making

Figure 7.1



Rational Decision Making

★ Rational model of decision making

- ↪ explains how managers should make decisions
- ↪ assumes managers will make logical decisions that will be optimum in furthering the organization's best interests
- ↪ also called the classical model

Assumptions of the Rational Model

Table 7.1

- **Complete information, no uncertainty:** You should obtain complete, error-free information about all alternative courses of action and the consequences that would follow from each choice.
- **Logical, unemotional analysis:** Having no prejudices or emotional blind spots, you are able to logically evaluate the alternatives, ranking them from best to worst according to your personal preferences.
- **Best decision for the organization:** Confident of the best future course of action, you coolly choose the alternative that you believe will most benefit the organization.

Nonrational Decision Making

✦ Nonrational models of decision making

- ↳ assume that decision making is nearly always uncertain and risky, making it difficult for managers to make optimal decisions



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

7-8

Bounded Rationality

✦ Bounded Rationality

- ↳ suggests that the ability of decision makers to be rational is limited by numerous constraints
- ↳ complexity, time and money, cognitive capacity

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

7-9

Some Hindrances to Perfectly Rational Decision Making

Figure 7.2

<ul style="list-style-type: none">■ Complexity: The problems that need solving are often exceedingly complex, beyond understanding.■ Time and money constraints: There is not enough time or money to gather all relevant information.	<ul style="list-style-type: none">■ Different cognitive capacity, values, skills, habits, and unconscious reflexes: Managers aren't all built the same way, of course, and all have personal limitations and biases that affect their judgment.■ Imperfect information: Managers have imperfect, fragmentary information about the alternatives and their consequences.	<ul style="list-style-type: none">■ Information overload: There is too much information for one person to process.■ Different priorities: Some data are considered more important, so certain facts are ignored.■ Conflicting goals: Other managers, including colleagues, have conflicting goals.
---	--	---

Types of Decision Making Styles

- ★ **Participative Management**
 - ↪ process of involving employees in setting goals, making decisions, solving problems, and making changes in the organization
- ★ **Satisficing Model**
 - ↪ managers seek alternatives until they find one that is satisfactory, not optimal
- ★ **Incremental Model**
 - ↪ managers take small, short term steps to alleviate a problem
- ★ **Intuition Model**
 - ↪ making a choice without the use of conscious thought or logical inference
 - ↪ sources are expertise and feelings

Question

Bill has been a manager for 14 years. He has seen many different situations with his employees. He often makes decisions without really thinking about them. This is called

_____.

- A. Intuition
- B. Satisficing
- C. Bounded rationality
- D. Unbounded rationality

Question

Norma is trying to decide on a new contract for copier services. One of the salesman has an excellent bid, but Norma feels that there are things he is not telling her. Why does this make it hard for her to use evidence-based decision making?

- A. There's too much evidence
- B. There's not enough good evidence
- C. People are trying to mislead you
- D. The evidence doesn't quite apply

Analytics

★ Analytics

- ↪ sophisticated forms of business data analysis
- ↪ Portfolio analysis, time-series forecast
- ↪ also called business analytics



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

7-14

Key Attributes Among Analytics Competitors

1. Use of modeling: going beyond simple **descriptive statistics**
2. Having multiple applications, not just one
3. Support from the **top**

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

7-15

The Uses of “Big Data”

★ Big Data

↪ includes not only data in corporate databases but also web-browsing data trails, social network communications, sensor data, and surveillance data

★ Big Data analytics

↪ the process of examining large amounts of data of a variety of types to uncover hidden patterns, unknown correlations, and other useful information

General Decision-Making Styles

★ Decision-making style

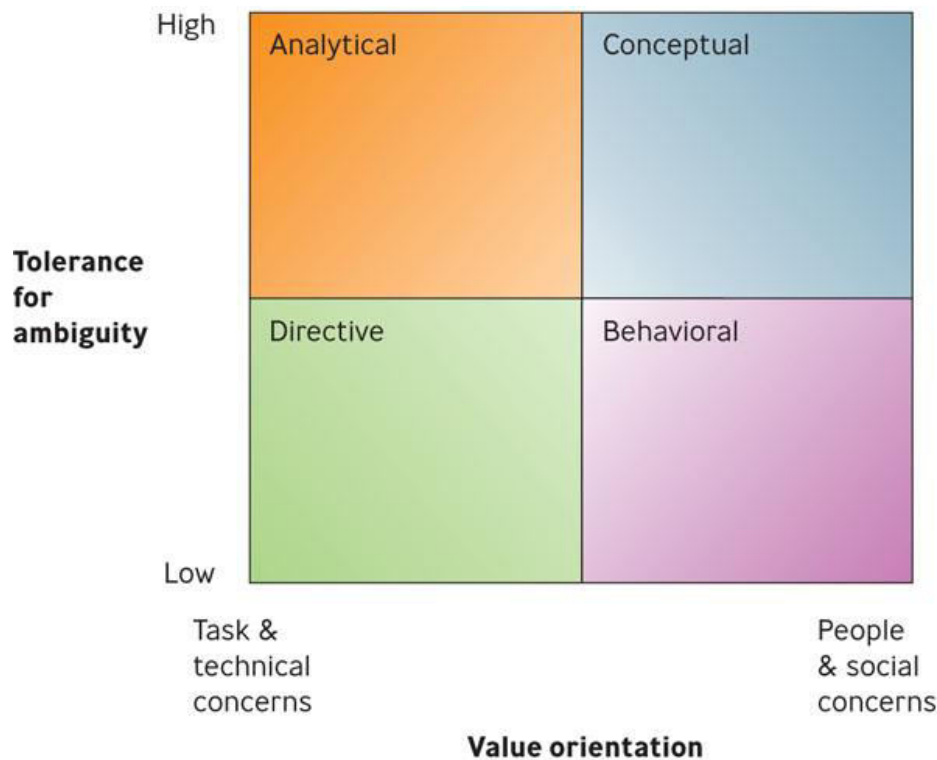
↪ reflects the combination of how an individual perceives and responds to information

↪ Value orientation

↪ Tolerance for ambiguity

Decision-Making Styles

Figure 7.4



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

7-18

Decision-Making Styles

★ Directive

- ↪ people are efficient, logical, practical, and systematic in their approach to solving problems
- ↪ action oriented, decisive, and like to focus on facts

★ Analytical

- ↪ considers more information and alternatives

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

7-19

Decision-Making Styles

★ Conceptual

- ↳ takes a broad perspective to problem solving
- ↳ likes to consider many options and future possibilities

★ Behavioral

- ↳ supportive, receptive to suggestions, show warmth
- ↳ prefer verbal to written information

Question

Bill is supportive of his employees and prefers to have verbal conversations rather than written memos. His style is:

- A. Analytical
- B. Behavioral
- C. Conceptual
- D. Directive

Which Style Do You Have?

Knowledge of your **decision-making style**:

- ★ Helps you to understand yourself
- ★ Can increase your ability to **influence** others
- ★ Gives you an **awareness** of how people can take the same information and yet arrive at different decisions

Ineffective Responses to a Decision Situation

Relaxed avoidance

Relaxed change

Defensive avoidance

Panic

Three Effective Reactions: Deciding to Decide

★ Importance

↪ “How high priority is this situation?”

★ Credibility

↪ “How believable is the information about the situation?”

★ Urgency

↪ “How quickly must I act on the information about the situation?”

Common Decision-Making Biases

1. Availability
2. Representativeness
3. Confirmation
4. Sunk cost
5. Anchoring and adjustment
6. Escalation of commitment
7. Hindsight
8. Framing
9. Escalation of commitment

Advantages of Group Decision Making

- ★ Greater pool of **knowledge**
- ★ Different perspectives
- ★ **Intellectual** stimulation
- ★ Better understanding of decision rationale
- ★ Deeper **commitment** to the decision

Disadvantages of Group Decision Making

- ★ A **few people** dominate or intimidate
- ★ Groupthink
- ★ Satisficing
- ★ **Goal displacement**



Groupthink

★ Groupthink

↪ occurs when group members strive to agree for the sake of unanimity and thus avoid accurately assessing the decision situation

What Managers Need to Know About Groups & Decision Making

- ★ They are less efficient
- ★ Their size affects decision quality
- ★ They may be too confident
- ★ Knowledge counts

When a Group Can Help in Decision Making

Table 7.3

1. **When it can increase quality:** If additional information would increase the quality of the decision, managers should involve those people who can provide the needed information. Thus, if a type of decision occurs frequently, such as deciding on promotions or who qualifies for a loan, groups should be used because they tend to produce more consistent decisions than individuals do.
2. **When it can increase acceptance:** If acceptance within the organization is important, managers need to involve those individuals whose acceptance and commitment are important.
3. **When it can increase development:** If people can be developed through their participation, managers may want to involve those whose development is most important.

Group Problem-Solving Techniques

★ Consensus

↪ occurs when members are able to express their opinions and reach agreement to support the final decision

★ Brainstorming

↪ technique used to help groups generate multiple ideas and alternatives for solving problems

Seven Rules for Brainstorming

Table 7.4

1. Defer judgment. Don't criticize during the initial stage of idea generation. Phrases such as "we've never done it that way," "it won't work," "it's too expensive," and "our manager will never agree" should not be used.
2. Build on the ideas of others. Encourage participants to extend others' ideas by avoiding "buts" and using "ands."
3. Encourage wild ideas. Encourage out-of-the-box thinking. The wilder and more outrageous the ideas, the better.
4. Go for quantity over quality. Participants should try to generate and write down as many new ideas as possible. Focusing on quantity encourages people to think beyond their favorite ideas.
5. Be visual. Use different colored pens (for example, red, purple, blue) to write on big sheets of flip-chart paper, whiteboards, or poster boards that are put on the wall.
6. Stay focused on the topic. A facilitator should be used for keeping the discussion on target.
7. One conversation at a time. The ground rules are that no one interrupts another person, no dismissing of someone's ideas, no disrespect, and no rudeness.

Why Teamwork is Important

Table 13.1

THE IMPROVEMENTS	EXAMPLE
Increased productivity	At one GE factory, teamwork resulted in a workforce that was 20% more productive than comparable GE workforces elsewhere.
Increased speed	Guidant Corp., maker of lifesaving medical devices, halved the time it took to get products to market.
Reduced costs	Boeing used teamwork to develop the 777 at costs far less than normal.
Improved quality	Westinghouse used teamwork to improve quality performance in its truck and trailer division and within its electronic components division.
Reduced destructive internal competition	Men's Wearhouse fired a salesman who wasn't sharing walk-in customer traffic, and total clothing sales volume among all salespeople increased significantly.
Improved workplace cohesiveness	Cisco Systems told executives they would gain or lose 30% of their bonuses based on how well they worked with peers and in 3 years had record profits.

Groups & Teams

✦ Group

- ↳ two or more freely acting individuals who share norms, share goals, and have a common identity



Groups & Teams

✦ Team

- ↳ small group of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they hold themselves mutually accountable

Groups & Teams

- ★ All teams are groups but not all groups are teams.
- ★ So, a team, is a special type of group which 'unites the members towards mutually-held objectives'. (Bennett, 1994)

Difference between Groups & Teams

	Groups	Teams
Leadership	Strong, focused leader	There may be some sharing of leadership
Accountability	Individual accountability	Both individual and mutual accountability
Purpose	Identical to the organisation's mission	Work towards a specific purpose
Work products	Individuals within the group deliver individual products	Collective work products
Communication	Efficient (time bound) meetings	Open-ended discussion and active problem-solving
Effectiveness	Indirectly through their influence on others	Direct assessment of the collective work products
Work style	Groups discuss, delegate and then do the work individually	Teams discuss, decide and delegate but do the work together

Various Types of Teams

Table 13.2

Continuous improvement team	Volunteers of workers and supervisors who meet intermittently to discuss workplace and quality-related problems; formerly called quality circle
Cross-functional team	Members composed of people from different departments, such as sales and production, pursuing a common objective
Problem-solving team	Knowledgeable workers who meet as a temporary team to solve a specific problem and then disband
Self-managed team	Workers are trained to do all or most of the jobs in a work unit, have no direct supervisor, and do their own day-to-day supervision
Top-management team	Members consist of the CEO, president, and top department heads and work to help the organization achieve its mission and goals
Virtual team	Members interact by computer network to collaborate on projects
Work team	Members engage in collective work requiring coordinated effort; purpose of team is advice, production, project, or action (<i>see text discussion</i>)

Virtual Teams

The Challenge of Managing Virtual Teams

★ Virtual Teams

↪ at least one of the team member must be working from a remote location

★ Take baby steps and manage by **results**

★ State expectations

★ **Write** it down

★ Communicate, but be considerate

★ Be aware of **cultural differences**

★ Meet regularly

Formal versus Informal Groups

★ Formal group

↪ group assigned by organizations or its managers to accomplish specific goals

★ Informal group

↪ Group formed by people whose overriding purpose is getting together for friendship or a common interest

Example: Informal Groups & Informal Learning

★ Siemens employees gathered often in the lunchroom

★ More work than chit-chat

★ Siemens managers placed overhead projectors and notepads in the lunchroom to facilitate the exchange of information

SIEMENS

Work Teams for Four Purposes

★ Advice teams

- ↳ created to broaden the information base for managerial decisions
- ↳ Committees, review panels

★ Production teams

- ↳ responsible for performing day-to-day operations
- ↳ Assembly teams, maintenance crews

Question

A stakeholder group who provides reactions to new curriculum proposals by a university faculty is an example of a(n):

- A. Production team
- B. Project team
- C. Action team
- D. Advice team

Work Teams for Four Purposes

★ Project teams

- ↪ work to do creative problem solving, often by applying the specialized knowledge of members of a cross-functional team
- ↪ Task forces, research groups

Work Teams for Four Purposes

★ Action teams

- ↪ work to accomplish tasks that require people with specialized training and a high degree of coordination
- ↪ Hospital surgery teams, airline cockpit crews, police SWAT teams

Self-Managed Teams

★ Continuous improvement teams

- ↳ consist of small groups of volunteers or workers and supervisors who meet intermittently to discuss workplace- and quality-related problems.

Self-Managed Teams

★ Self-Managed teams

- ↳ groups of workers who are given administrative oversight for their task domains



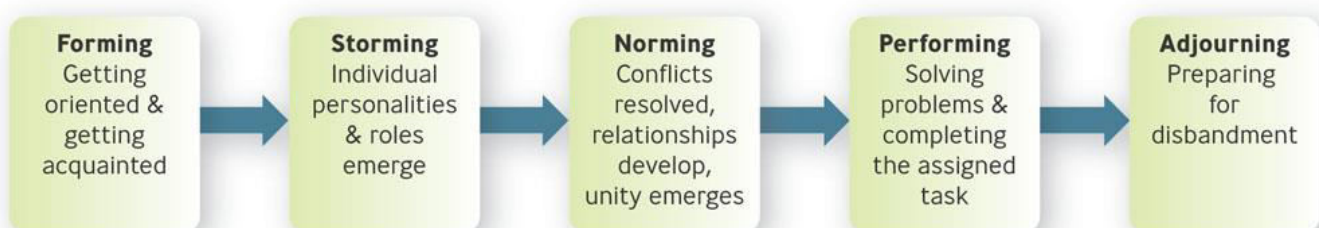
Ways to Empower Self-Managed Teams

Table 13.3

1. Managers should make team members accountable for their work, allow them to set their own team goals, and let them solve their own work-related problems.
2. The team should work with a whole product or service (not just a part), assign jobs and tasks to its members, develop their own quality standards and measurement techniques, and handle their own problems with internal and external customers.
3. Team members are cross-trained on jobs within their (and other) teams; do their own hiring, training, and firing; do their own evaluations of each other; and are paid (at least in part) as a team.
4. The team has access to important information and resources inside and outside the organization, is allowed to communicate with and draw support from other teams and departments, and sets its own rules and policies.

Five Stages of Group and Team Development

Figure 13.1



Stage I: Forming

★ Forming

↪ process of getting oriented and getting acquainted

★ Leaders should allow time for people to become acquainted and socialize

Stage 2: Storming

★ Storming

↪ characterized by the emergence of individual personalities and roles and conflicts within the group

★ Leaders should encourage members to suggest ideas, voice disagreements, and work through their conflicts about tasks and goals

Question

Jeff's workgroup is having a lot of disagreement over the direction the group should take. They are involved in the _____ stage of group development.

- A. Forming
- B. Storming
- C. Norming
- D. Performing



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

13-52

Stage 3: Norming

★ Norming

- ↪ conflicts are resolved, close relationships develop, and unity and harmony emerge
- ↪ Group cohesiveness

★ Leaders should emphasize unity and help identify team goals and values

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

13-53

Stage 4: Performing

★ Performing

↪ members concentrate on solving problems and completing the assigned tasks

★ Leaders should allow members the empowerment they need to work on tasks

Stage 5: Adjourning

★ Adjourning

↪ members prepare for disbandment

★ Leaders can help ease the transition by rituals celebrating “the end” and “new beginnings”



Building Effective Teams



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

13-56

Building Effective teams

★ Cooperating

↪ efforts are systematically integrated to achieve a collective objective.

★ Trust

↪ reciprocal faith in others' intentions and behaviors

★ Cohesiveness

↪ tendency of a group or team to stick together

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

13-57

How to Enhance Cohesiveness in Teams

Table 13.5

1. Keep the team small.
2. Encourage members' interaction and cooperation.
3. Emphasize members' common characteristics.
4. Strive for a favorable public image to enhance the team's prestige.
5. Give each member a stake in the team's success—a "piece of the action."
6. Point out threats from competitors to enhance team togetherness.
7. Ensure performance standards are clear and regularly update members on team goals.
8. Frequently remind members they need each other to get the job done.
9. Direct each member's special talents toward the common goals.
10. Recognize each member's contributions.

Size: Small Teams or Large Teams?

★ **Small teams: 2-9 members**

- ↪ better interaction
- ↪ better morale

★ **Disadvantages**

- ↪ Fewer resources
- ↪ Possibly less innovation
- ↪ Unfair work distribution

Size: Small Teams or Large Teams?

★ Large Teams: 10-16 members

- ↳ More resources
- ↳ Division of labor

★ Disadvantages

- ↳ Less interaction
- ↳ Lower morale
- ↳ Social loafing



Example: Team Size

- ★ At Amazon.com, there is a “two pizza” rule – if a team can’t be fed by two pizzas it’s too large
- ★ Harvard professor, J. Richard Hackman, thought there should be no more than six
- ★ Many companies have their own ideal sizes



Roles & Norms

★ Roles

- ↪ a socially determined expectation of how an individual should behave in a specific position
- ↪ Task roles, maintenance roles

★ Norms

- ↪ general guidelines that most group or team members follow

Question

Layla works during her meeting to pull together the ideas of her committee members into a coherent whole. Layla is performing a _____ role.

- A. Maintenance
- B. Relationship-oriented
- C. Task
- D. Social

Why Norms are Enforced

- ★ To help the group **survive**
- ★ To **clarify** role expectations
- ★ To help individuals avoid **embarrassing** situations
- ★ To emphasize the group's important values and **identity**

The Nature of Conflict

★ Conflict

- ↪ process in which one party perceives that its interests are being opposed or negatively affected by another party

The Nature of Conflict

✦ Dysfunctional conflict

- ↳ conflict that hinders the organization's performance or threatens its interest

✦ Functional conflict

- ↳ conflict that benefits the main purposes of the organization and serves its interests

Three Kinds of Conflict

✦ Personality conflict

- ↳ interpersonal opposition based on personal dislike, disagreement, or differing styles
- ↳ Personality clashes, competition for scarce resources, time pressure, communication failures



Three Kinds of Conflict

★ Intergroup conflicts

↪ Inconsistent goals or reward systems, ambiguous jurisdictions, status differences

★ Multicultural conflicts

Devices to Stimulate Constructive Conflict

1. Spur **competition** among employees
2. Change the organization's **culture & procedures**
3. Bring in **outsiders** for new perspectives
4. Use **programmed** conflict

Programmed Conflict

✦ Devil's advocacy

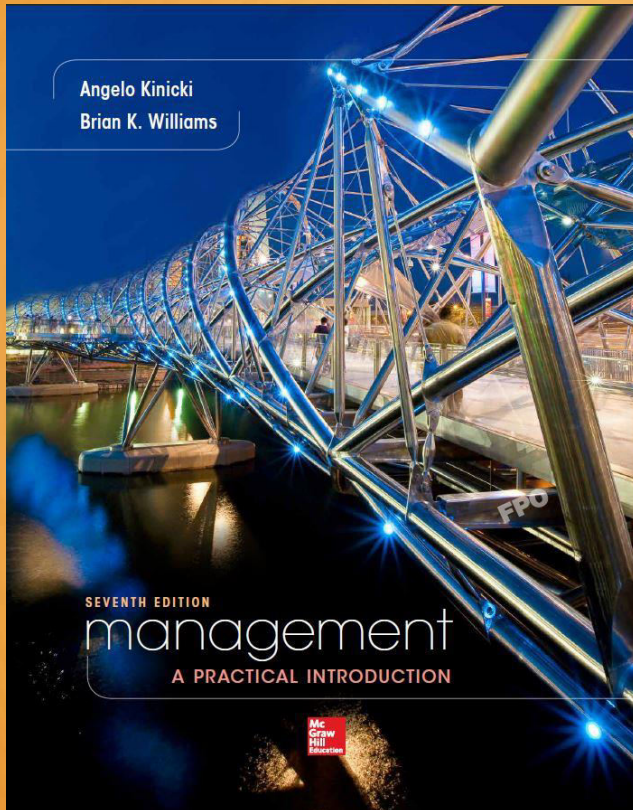
↳ process of assigning someone to play the role of critic to voice possible objections to a proposal and thereby generate critical thinking and reality testing

✦ Dialectic method

↳ process of having two people or groups play opposing roles in a debate in order to better understand a proposal

Five Conflict-Handling Styles

- ★ **Avoiding** - "Maybe the problem will go away"
- ★ **Accommodating** - "Let's do it your way"
- ★ **Forcing** - "You have to do it my way"
- ★ **Compromising** - "Let's split the difference"
- ★ **Collaborating** - "Let's cooperate to reach a win-win solution that benefits both of us"



Organizational Culture, Structure, & Design

Building Blocks of the Organization

PPT5

Chapter Eight

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 8.1** Why is it important for managers to align a company's vision and strategies with its organizational culture and structure?
- 8.2** How do I find out about an organization's "social glue," its normal way of doing business?
- 8.3** What can be done to an organization's culture to increase its economic performance?

Major Questions You Should Be Able to Answer

- 8.4** How are for-profit, nonprofit, and mutual-benefit organizations structured?
- 8.5** When I join an organization, what seven elements should I look for?
- 8.6** How would one describe the seven organizational structures?
- 8.7** What factors affect the design of an organization's structure?

How to Stand Out in a New Job: Fitting into an Organization's Culture in the First 60 Days

- ★ Be Aware of the Power of First Impressions
- ★ Come in 30 Minutes Early & Stay a Little Late to See How People Behave
- ★ Get to Know Some People & Listen to What They Have to Say
- ★ Make It Easy for Others to Give You Feedback
- ★ Over-deliver

What Does It Mean to “Fit”?

Anticipating a Job Interview

★ Person-organization fit

↳ reflects the extent to which your personality and values match the climate and culture in an organization.

Organizational Culture: The Shared Assumptions That Affect How Work Gets Done

★ Organizational culture

↳ the set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to its various environments

↳ Also called corporate culture

Table 8.1

• Founder's values
• Industry & business environment
• National culture
• Organization's vision & strategies
• Behavior of leaders

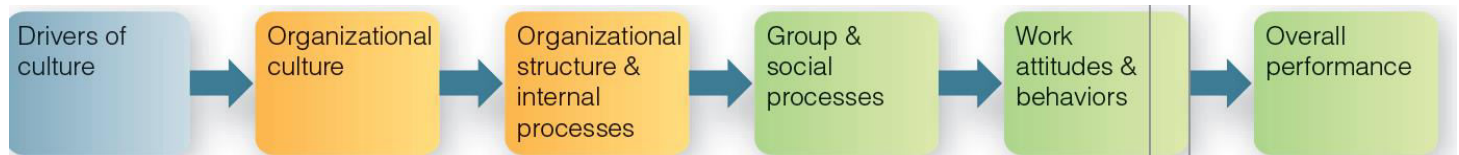
Organizational Structure: Who Reports to Whom & Who Does What

★ Organizational structure

↪ a formal system of task and reporting relationships that coordinates and motivates an organization's members so that they can work together to achieve the organization's goals.

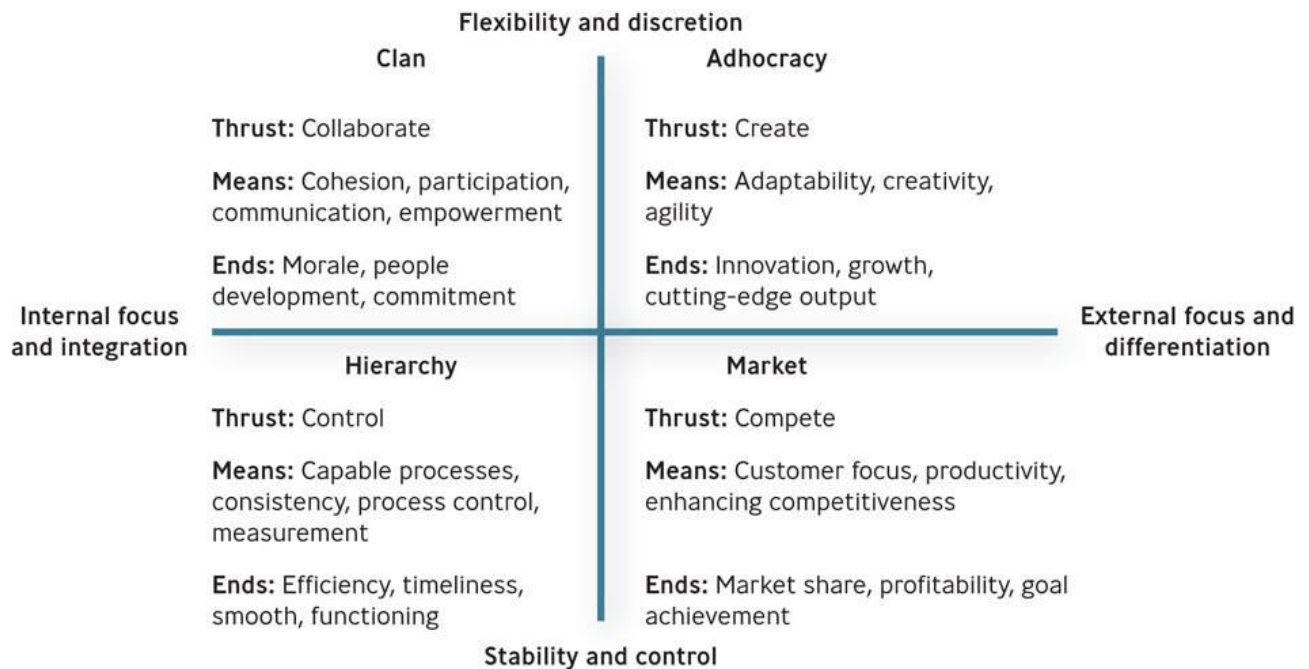
Culture Plus Structure

Figure 8.1



Competing Values Framework

Figure 8.2



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

8-9

Four Types of Organizational Culture

★ Clan culture

- ↪ Internal focused
- ↪ values flexibility rather than stability
- ↪ encourages collaboration among employees

★ Adhocracy culture

- ↪ attempts to create innovative products by being adaptable, creative, and quick to respond to changes in the marketplace

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

8-10

Four Types of Organizational Culture

★ Market culture

- ↪ focused on the external environment
- ↪ driven by competition and a strong desire to deliver results

★ Hierarchy culture

- ↪ apt to have a formalized structured work environment aimed at achieving effectiveness through a variety of control mechanisms

The Three Levels of Organizational Culture

Level 1: Observable artifacts

- ↪ physical manifestations such as manner of dress, awards, myths and stories about the company
- ↪ visible behavior exhibited by managers and employees



The Three Levels of Organizational Culture

Level 2: Espoused Values

★ Espoused values

↪ explicitly stated values and norms preferred by an organization

★ Enacted values

↪ represent the values and norms actually exhibited in the organization

The Three Levels of Organizational Culture

Level 3: Basic Assumptions

↪ represent the core values of the organization's culture

↪ those taken for granted and highly resistant to change

How Employees Learn Culture

★ Symbol

↪ an object, act, quality, or event that conveys meaning to others

★ Story

↪ narrative based on true events, which is repeated – and sometimes embellished upon – to emphasize a particular value

How Employees Learn Culture

★ Hero

↪ person whose accomplishments embody the values of the organization

★ Rites and rituals

↪ activities and ceremonies, planned and unplanned, that celebrate important occasions and accomplishments in the organization's life

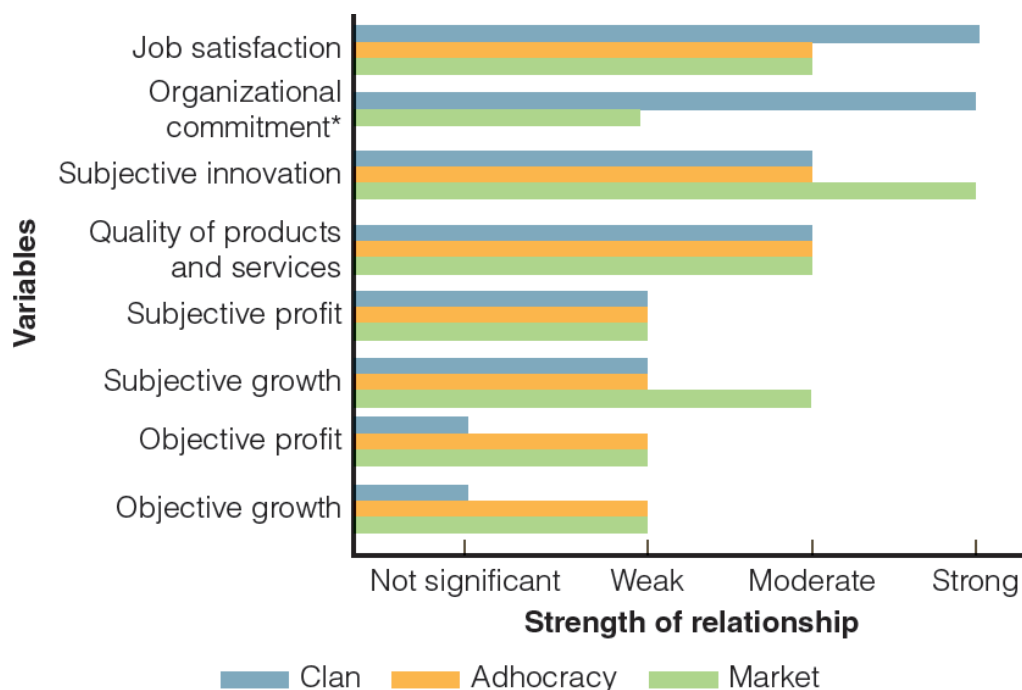
Question

In the Mary Kay Cosmetics Co., the best salespeople receive pink Cadillacs in special awards ceremonies. This is an example of a:

- A. Symbol
- B. Value
- C. Rite or ritual
- D. Both A and C

What organizational benefits are associated with what organizational cultures?

Figure 8.3



The Importance of Culture

- ★ An **organization's culture** matters
- ★ Employees are happier with **clan cultures**
- ★ Elements of these cultures can be used to boost **innovation** and **quality**
- ★ Changing the organizational culture won't necessarily **boost** financial performance (but it might)
- ★ **Market cultures** tend to produce better results

Ways to Change Organizational Culture

1. Formal statements
2. **Slogans** & sayings
3. Rites & Rituals
4. Stories, **legends**, & myths
5. Leader reaction to **crises**
6. Role modeling, training, & coaching

The Process of Cultural Change (cont.)

7. Physical design
8. Rewards, titles, promotions, & bonuses
9. Organizational goals & performance criteria
10. Measurable & controllable activities
11. Organizational structure
12. Organizational systems & procedures

Organizational Structure

✦ Organization

- ↳ a system of consciously coordinated activities or forces of two or more people
- ↳ For-profit, nonprofit, mutual-benefit



The Organization: Three Types

★ For-profit organizations

↳ formed to make money, or profits, by offering products or services

★ Nonprofit organizations

↳ formed to offer services to some clients, not to make a profit

★ Mutual-benefit organizations

↳ voluntary collectives whose purpose is to advance members' interests

Question

The United Way, a charitable organization, is considered a _____ organization.

- A. For-profit
- B. Nonprofit
- C. Mutual-benefit
- D. May be any one of the above

The Organization Chart

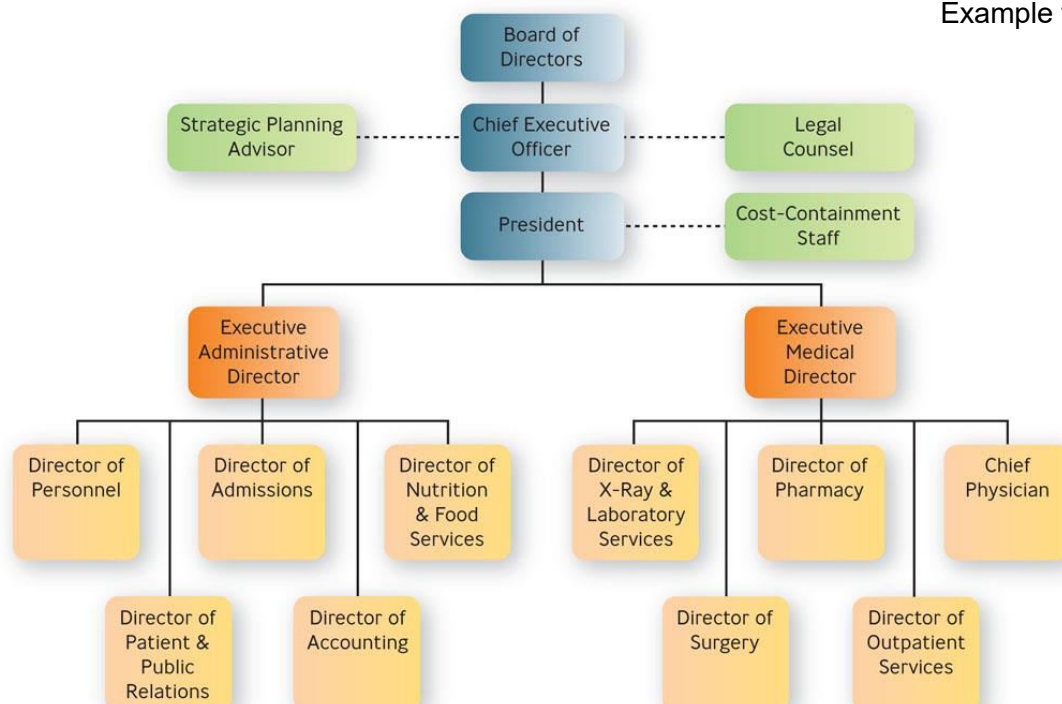
★ Organization Chart

↪ box-and-lines illustration showing the formal lines of authority and the organization's official positions or work specializations

Organization Chart

Figure 8.4

Example for a Hospital



Common Elements of Organizations

- 1. Common purpose** - unifies employees or members and gives everyone an understanding of the organization's reason for being
- 2. Coordinated effort** – the coordination of individual effort into group wide effort
- 3. Division of labor** – arrangement of having discrete parts of a task done by different people

Common Elements of Organizations

- 4. Hierarchy of authority** - control mechanism for making sure the right people do the right things at the right time
 - ↪ Unity of command
- 5. Span of control** - refers to the number of people reporting directly to a given manager
 - ↪ Narrow, wide

Common Elements of Organizations

6. Authority, responsibility, & delegation

- ↪ **Authority** – rights inherent in a managerial position to make decisions and utilize resources
- ↪ **Accountability** – managers must report and justify work results to the managers above them

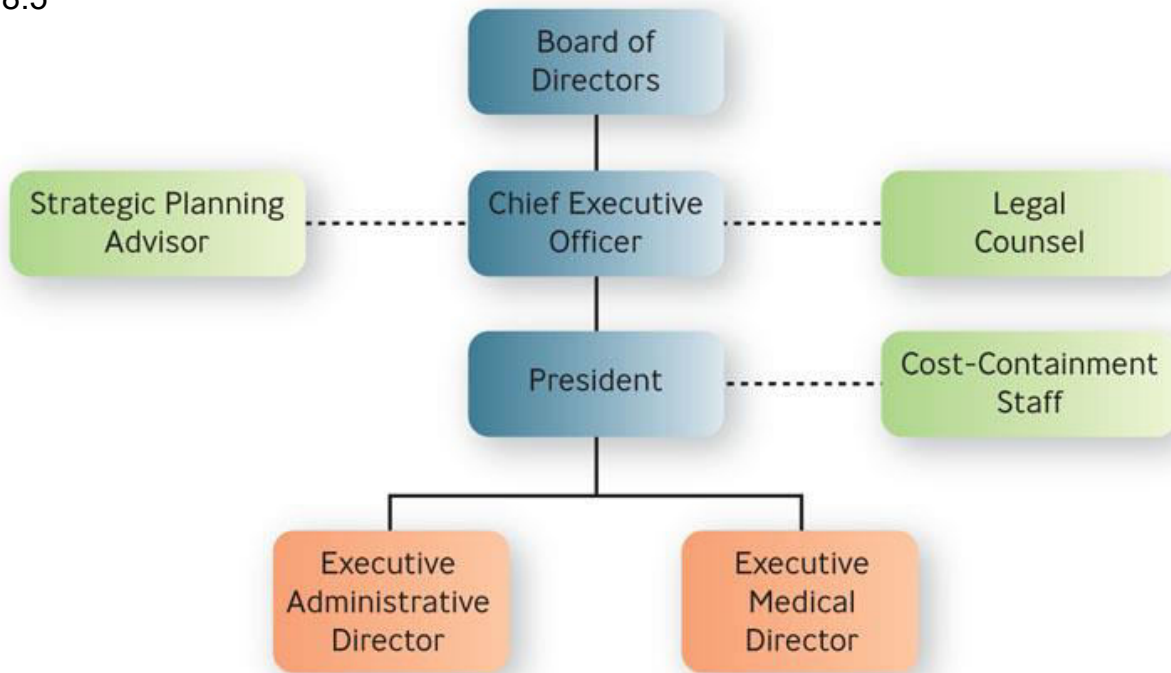
Common Elements of Organizations

6. Authority, responsibility, & delegation (cont.)

- ↪ **Responsibility** – obligation you have to perform the tasks assigned to you
- ↪ **Delegation** – process of assigning managerial authority and responsibility to managers and employees lower in the hierarchy

Line and Staff

Figure 8.5



Common Elements of Organizations

7. Centralization versus decentralization of authority

- ↪ **Centralized authority** – important decisions are made by higher-level managers
- ↪ **Decentralized authority** – important decisions are made by middle-level and supervisory-level managers

Traditional Designs

✦ Simple structure

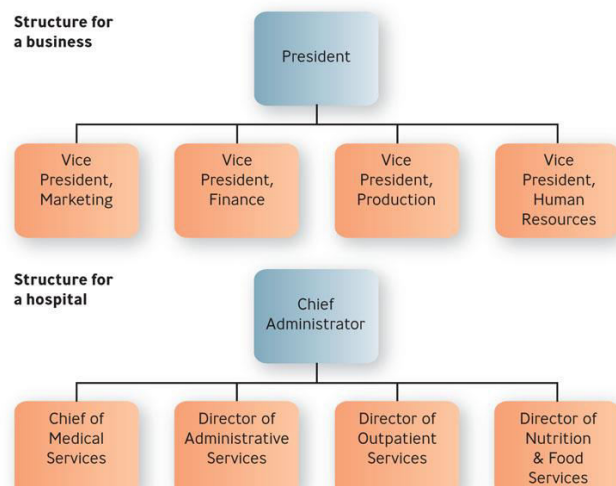
- ↳ authority is centralized in a single person with few rules and low work specialization



Traditional Designs

✦ Functional structure

- ↳ people with similar occupational specialties are put together in formal groups



Question

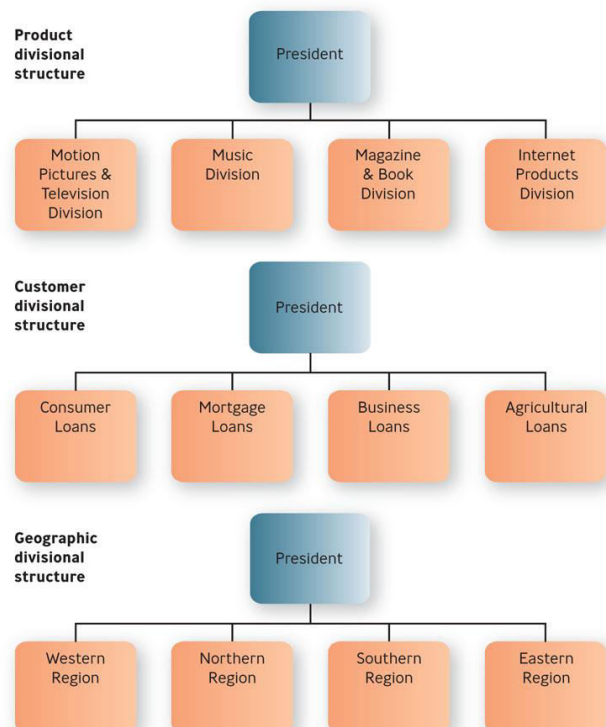
XYZ Hospital has a Chief of Medical Services, a Director of Administrative Services, and a Director of Outpatient Services. XYZ has a _____ structure.

- A. Functional
- B. Simple
- C. Divisional
- D. Matrix

Traditional Designs

✦ Divisional structure

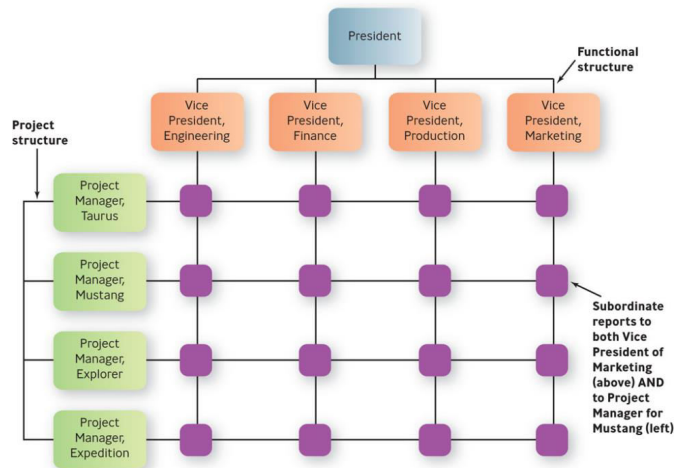
↳ people with diverse occupational specialties are put together in formal groups by similar products, customers or geographic regions



Traditional Designs

✦ Matrix structure

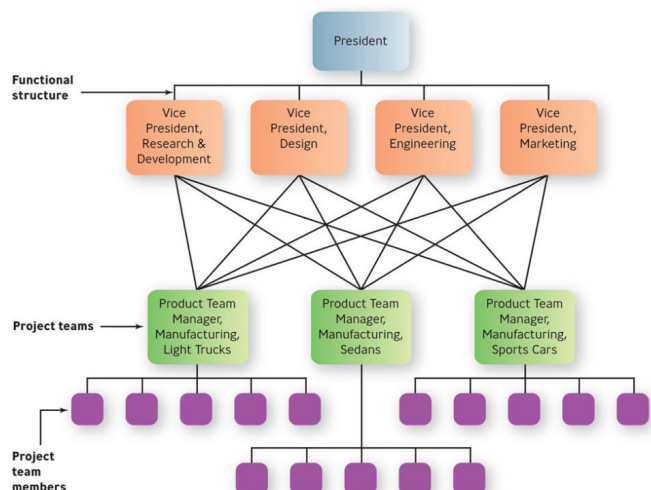
↳ an organization combines functional and divisional chains of command in a grid so that there are two command structures-vertical and horizontal



The Horizontal Design

✦ Horizontal design

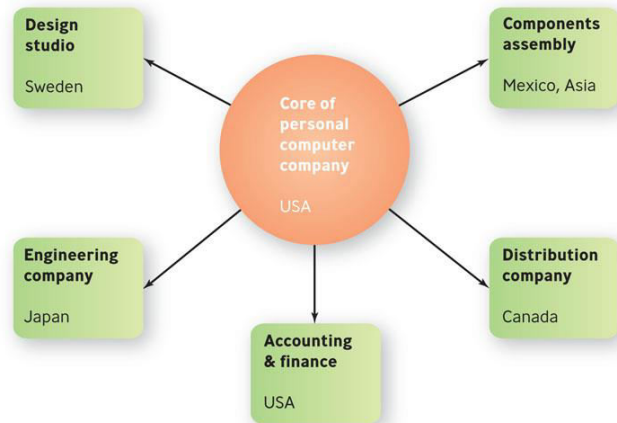
↳ Teams or workgroups, either temporary or permanent, are used to improve collaboration and work on shared tasks by breaking down internal boundaries.



Designs That Open Boundaries between Organizations

✦ Hollow structure

↳ the organization has a central core of key functions and outsources other functions to vendors who can do them cheaper or faster



Designs That Open Boundaries between Organizations

✦ Modular structure

↳ firm assembles product chunks, or modules, provided by outside contractors



Designs That Open Boundaries between Organizations

★ Virtual organization

↪ Organization whose members are geographically apart, usually working with e-mail, collaborative computing, and other computer connections

★ Virtual structure

↪ company outside a company that is created “specifically to respond to an exceptional market opportunity that is often temporary

Mechanistic vs. Organic Organizations

Table 8.3

MECHANISTIC ORGANIZATIONS	ORGANIC ORGANIZATIONS
Centralized hierarchy of authority	Decentralized hierarchy of authority
Many rules and procedures	Few rules and procedures
Specialized tasks	Shared tasks
Formalized communication	Informal communication
Few teams or task forces	Many teams or task forces
Narrow span of control, taller structures	Wider span of control, flatter structures

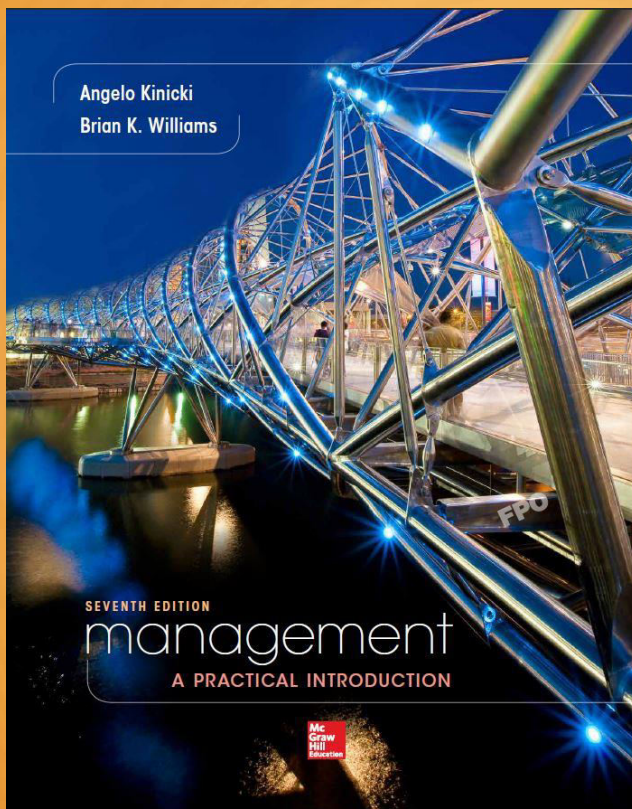
Differentiation vs. Integration

✦ Differentiation

↳ tendency of the parts of an organization to disperse and fragment

✦ Integration

↳ tendency of the parts of an organization to draw together to achieve a common purpose



Human Resource Management Getting the Right People for Managerial Success

PPT6
Chapter Nine

Major Questions You Should Be Able to Answer

- 9.1** How do effective managers view the role of people in their organization's success?
- 9.2** How can I reduce mistakes in hiring and find great people who might work for me?
- 9.3** What are the various forms of compensation?
- 9.4** Once people are hired, what's the best way to see that they do what they're supposed to do?

Major Questions You Should Be Able to Answer

- 9.5** How can I assess employees' performance more accurately and give more effective feedback?
- 9.6** What are some guidelines for handling promotions, transfers, disciplining, and dismissals?
- 9.7** To avoid exposure to legal liabilities, what areas of the law do I need to be aware of?
- 9.8** What are the principal processes and issues involved in organizing labor unions?

Human Resource Management

✦ Human Resource Management

↳ consists of the activities managers perform to plan for, attract, develop, and retain an effective workforce



Human Resource Management

✦ Human Capital

↳ the economic or productive potential of employee knowledge, experience, and actions

✦ Knowledge worker

↳ someone whose occupation is principally concerned with generating or interpreting information, as opposed to manual labor

Planning the Human Resources Needed

★ Strategic human resource planning

↳ consists of developing a systematic, comprehensive strategy for understanding current employee needs and predicting future employee needs

Understanding Current Employee Needs

★ Job analysis

↳ determining the basic elements of a job by observation and analysis



Question

Joe, a human resources specialist for Jersey Office Supplies Co., rides along with the furniture delivery people to observe the problems they were encountering and what activities they were required to perform. Joe was performing a:

- A. Personality test
- B. Performance appraisal
- C. BARS
- D. Job analysis

Understanding Current Employee Needs

✦ Job description

↳ summarizes what the holder of the job does and how and why he or she does it

✦ Job specification

↳ describes the minimum qualifications a person must have to perform a job successfully

Predicting Future Employee Needs

★ Human resource inventory

- ↪ report listing your organization's employees by name, education, training, languages, and other important information

Recruitment

★ Recruitment

- ↪ process of locating and attracting qualified applicants for jobs open in the organization
- ↪ internal, external

Internal and External Recruiting: Advantages and Disadvantages

INTERNAL RECRUITING	
ADVANTAGES	DISADVANTAGES
<ol style="list-style-type: none"> 1. Employees tend to be inspired to greater effort and loyalty. Morale is enhanced because they realize that working hard and staying put can result in more opportunities. 2. The whole process of advertising, interviewing, and so on is cheaper. 3. There are fewer risks. Internal candidates are already known and are familiar with the organization. 	<ol style="list-style-type: none"> 1. Internal recruitment restricts the competition for positions and limits the pool of fresh talent and fresh viewpoints. 2. It may encourage employees to assume that longevity and seniority will automatically result in promotion. 3. Whenever a job is filled, it creates a vacancy elsewhere in the organization.
EXTERNAL RECRUITING	
ADVANTAGES	DISADVANTAGES
<ol style="list-style-type: none"> 1. Applicants may have specialized knowledge and experience. 2. Applicants may have fresh viewpoints. 	<ol style="list-style-type: none"> 1. The recruitment process is more expensive and takes longer. 2. The risks are higher because the persons hired are less well known.

Recruitment

Realistic job preview

- ↳ gives a candidate a picture of both the positive and negative features of the job and the organization before he is hired

Question

Melanie scheduled a special interview with Gina before Gina was hired, in which Melanie painted a picture of both the positive and negative features of the job. Mel was performing a:

- A. Structured interview
- B. Unstructured interview
- C. Performance appraisal
- D. Realistic job preview

Selection

Selection process

- ↪ screening of job applicants to hire the best candidate
- ↪ information, interviewing, and employment tests

Selection

★ Unstructured interview

- ↪ no fixed set of questions and no systematic scoring procedure
- ↪ involves asking probing questions to find out what the applicant is like



Selection

★ Structured interview

- ↪ involves asking each applicant the same questions and comparing their responses to a standardized set of answers

★ Situational

- ↪ focuses on hypothetical situations

★ Behavioral

- ↪ explore what applicants have actually done in the past

Selection

★ Employment tests

- ↳ legally considered to consist of any procedure used in the employment selection decision process
- ↳ ability, performance, personality
- ↳ reliability, validity

Example: Finish Line

- ★ At Finish Line, store managers use the results of web-based personality tests developed by Unicru to screen applicants
- ★ Applicants are scored as green, yellow, or red



Compensation & Benefits

★ Compensation

↳ wages or salaries, incentives, and benefits

★ Base pay

↳ basic wage or salary paid employees in exchange for doing their jobs

Orientation, Training, & Development

★ Orientation

↳ helping the newcomer fit smoothly into the job and the organization

↳ designed to give employees the information they need to be successful

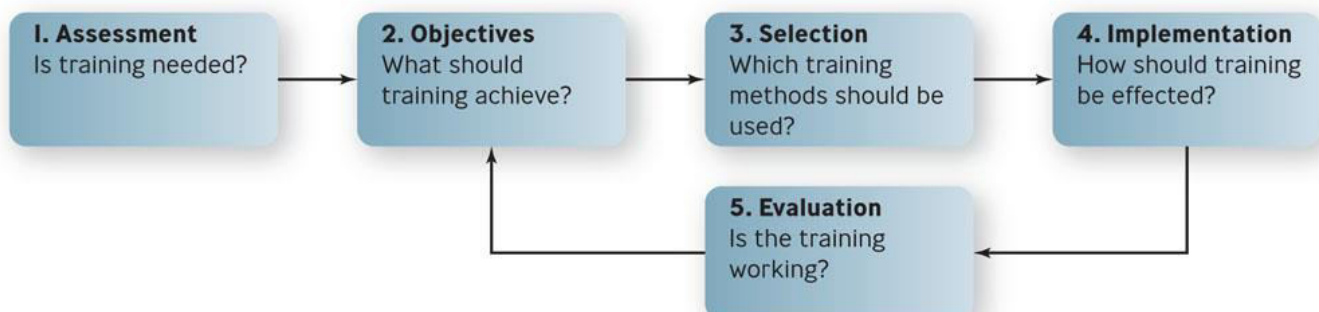
Orientation, Training, & Development

Following orientation, the employee should emerge with information about:

- ★ The **job routine**
- ★ The organization's **mission** and **operations**
- ★ The organization's **work rules** and employee **benefits**

Five Steps in the Training Process

Figure 9.2



Orientation, Training, & Development

✦ Training

↳ educating technical and operational employees in how to better do their current jobs

✦ Development

↳ educating professionals and managers in the skills they need to do their jobs in the future

Question

Artie is designing a training class that is aimed at improving teamwork among people on task forces. What method should he choose?

- A. Lectures
- B. Role plays
- C. Workbooks
- D. Videotapes

Example: E-Learning

Millions of people are taking short-term, practical courses related to their careers

★ Advantages

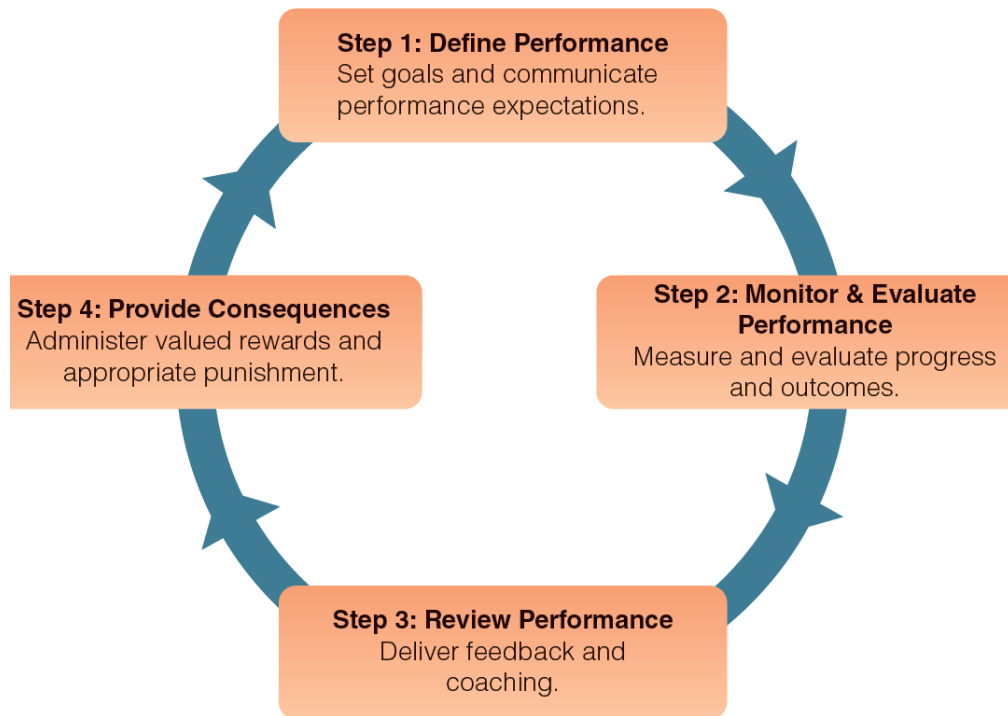
- ↪ No transportation is needed
- ↪ You can follow a flexible schedule
- ↪ You can work at your own pace

Performance Appraisal

★ Performance management

- ↪ set of processes and managerial behaviors that involve defining, monitoring, measuring, evaluating, and providing consequences for performance expectations

Performance Management: Four Steps



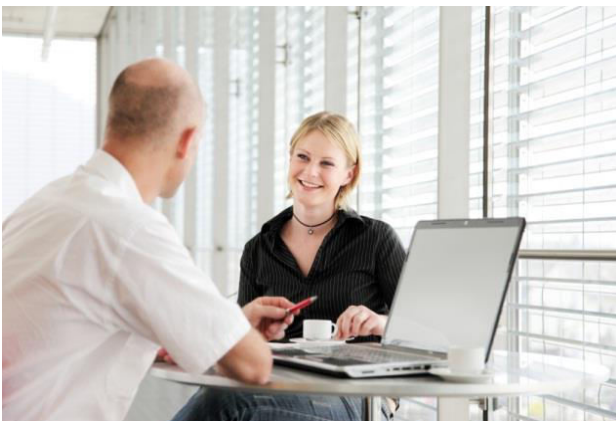
© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

9-28

Performance Appraisal

✦ Performance appraisal

- ↳ consists of assessing an employer's performance and providing him with feedback



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

9-29

Performance Appraisal

★ Objective appraisal

- ↳ based on fact and often numerical
- ↳ measure results
- ↳ harder to challenge legally
- ↳ also called results appraisal

Question

Luann is conducting a performance appraisal on Bill. The form her company uses asks her to list the objectives that she and Bill agreed to last year, and indicate how well he met each objective. Luann's company is using a(n) _____ system of performance appraisal.

- A. Objective
- B. BARS
- C. Trait
- D. Informal

Performance Appraisal

★ Subjective appraisal

- ↳ based on a manager's perceptions of an employees traits and behaviors
- ↳ **BARS** - rates employee gradations in performance according to scales of specific behaviors

Performance Appraisal

★ Forced ranking

- ↳ all employees within a business unit are ranked against one another and grades are distributed along some sort of bell curve

Effective Performance Feedback

✦ Formal appraisal

↳ conducted at specific times throughout the year and based on performance measures that have been established in advance

✦ Informal appraisal

↳ conducted on an unscheduled basis and consists of less rigorous indications of employee performance

Who Should Make Performance Appraisals?

Peers and subordinates

Customers and clients

Self-appraisals

Managing Promotions, Transfers, Disciplining, & Dismissals

- ★ Promotion – moving **upward**
- ★ Transfer – moving **sideways**
- ★ Disciplining & Demotion – the threat of moving **downward**
- ★ Dismissal – moving **out of** the organization

Labor Relations

- ★ **National Labor Relations Board**
 - ↪ enforces procedures whereby employees may vote for a union and collective bargaining
- ★ **Collective bargaining**
 - ↪ negotiations between management and employees about disputes over compensation, benefits, working conditions, and job security

Compensation & Benefits

★ Fair Labor Standards Act of 1938

- ↪ established minimum living standards for workers engaged in interstate commerce, including provision of a federal minimum wage

Equal Employment Opportunity

★ Equal Employment Opportunity Commission

- ↪ job is to enforce antidiscrimination and other employment related laws



Equal Employment Opportunity

★ Discrimination

↳ occurs when people are hired or promoted - or denied hiring or promotion - for reasons not relevant to the job

★ Affirmative action

↳ focuses on achieving equality of opportunity within an organization including establishment of minority hiring goals

Workplace Discrimination

★ Adverse impact

↳ occurs when an organization uses an employment practice or procedure that results in unfavorable outcomes to a protected class

★ Disparate treatment

↳ results when employees from protected groups are intentionally treated differently.

Equal Employment Opportunity

★ Sexual harassment

- ↳ consists of unwanted sexual attention that creates an adverse work environment
- ↳ Quid pro quo , Hostile environment

Question

Stan is constantly telling off-color jokes and using profanity in front of his administrative assistant. This could be considered a

_____.

- A. Difficult atmosphere
- B. Hostile work environment
- C. Intimidating surroundings
- D. This for that

Labor-Management Issues

✦ Labor unions

- ↳ organizations of employees formed to protect and advance their members' interests by bargaining with management over job-related issues



Union Security

✦ Union security clause

- ↳ the part of the labor-management agreement that states that employees who receive union benefits must join the union, or at least pay dues to it

Workplace Labor Agreements

Table 9.7

WORKPLACE	DEFINITION	STATUS
Closed shop	Employer may hire only workers for a job who are already in the union	Illegal
Union shop	Workers aren't required to be union members when hired for a job but must join the union within a specified time	Not allowed in 22 states (right-to-work states)
Agency shop	Workers must pay equivalent of union dues, but aren't required to join the union	Applies to public-sector teachers in some states, prohibited in others
Open shop	Workers may choose to join or not join a union	Applies in 22 states (right-to-work states)

Compensation

★ Two-tier wage contracts

↪ new employees are paid less or receive lesser benefits than veteran employees have

★ Cost-of-living adjustment (COLA)

↪ clause during the period of the contract ties future wage increases to increases in the cost of living

★ Givebacks

↪ the union agrees to give up previous wage or benefit gains in return for something else

Settling Labor-Management Disputes

★ Grievance

↳ a complaint by an employee that management has violated the terms of the labor-management agreement

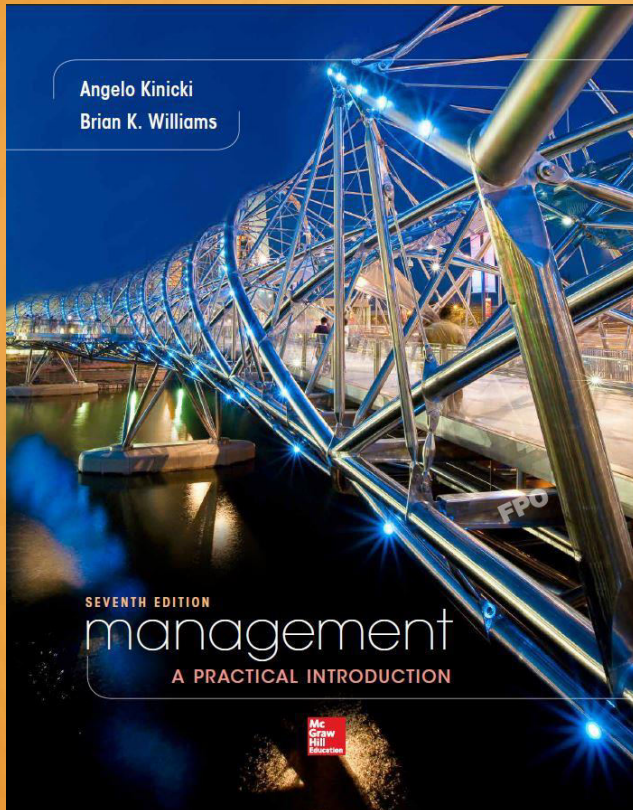
Settling Labor-Management Disputes

★ Mediation

↳ process in which a neutral third party, a mediator, listens to both sides in a dispute, makes suggestions, and encourages them to agree on a solution.

★ Arbitration

↳ process in which a neutral third party, an arbitrator, listens to both parties in a dispute and makes a decision that the parties have agreed will be binding on them



Organizational Change & Innovation Lifelong Challenges for the Exceptional Manager

PPT7(A)
Chapter Ten

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 10.1** Since change is always with us, what should I understand about it?
- 10.2** What are three types of change, and how are Lewin's and Kotter's approaches designed to handle change?
- 10.3** What are the uses of OD, and how effective is it?
- 10.4** What do I need to know to encourage innovation?
- 10.5** How are employees threatened by change, and how can I help them adjust?

Ways to Deal With Change and Innovation

- ★ Allow room for **failure**
- ★ Give one **consistent explanation** for the change
- ★ Look for opportunities in **unconventional** ways
- ★ **Have the courage** to follow your ideas

Fundamental Change: What Will You Be Called Upon to Deal With?

1. The marketplace is becoming more segmented & moving toward more niche products
2. There are more competitors offering targeted products, requiring faster speed-to-market
3. Some traditional companies may not survive radically innovative change

Disruptive Innovation

★ Disruptive innovation

↪ a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors

Fundamental Change: What Will You Be Called Upon to Deal With?

4. China, India, & other offshore suppliers are changing the way we work
5. Knowledge, not information, is becoming the new competitive advantage

Two Types of Change

★ Reactive change

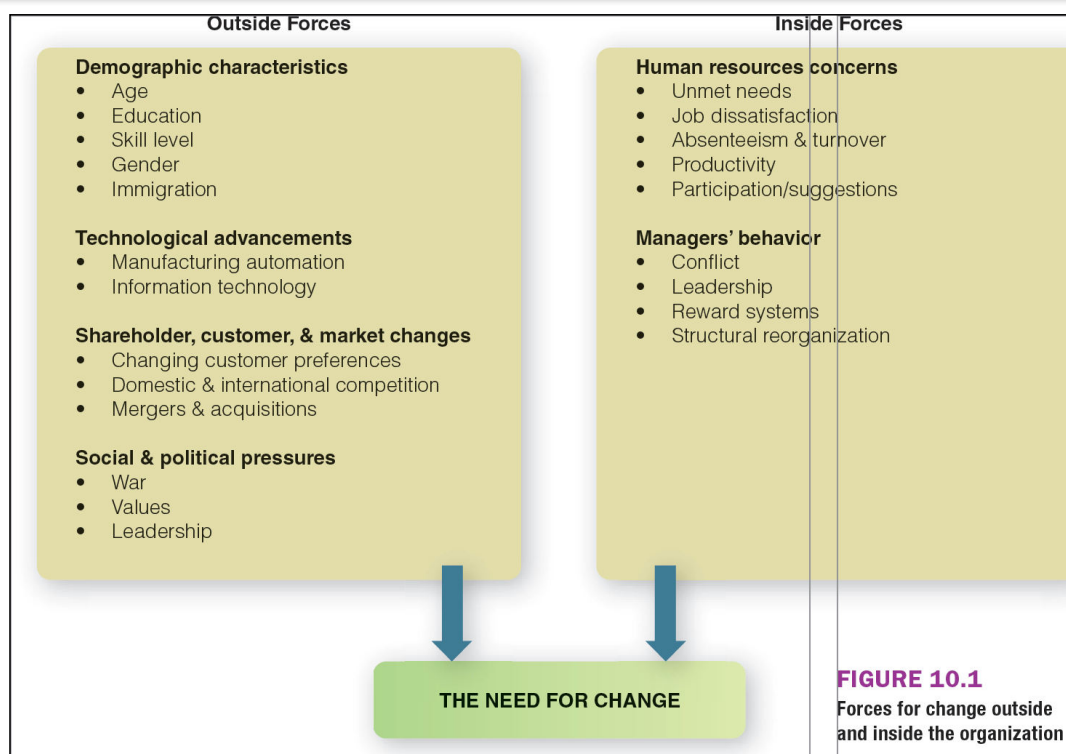
↪ making changes in response to problems or opportunities as they arise

★ Proactive change

↪ involves making carefully thought-out changes in anticipation of possible or expected problems or opportunities

↪ also called planned change

Forces For Change Outside and Inside the Organization



The Forces for Change: Outside the Organization

1. Demographic characteristics
2. Technological advancement
3. Shareholder, customer, & market changes
4. Social & political pressures

Technological Advancements

Technology

- ↪ any machine or process that enables an organization to gain a competitive advantage in changing materials used to produce a finished product
- ↪ not just computer technology

Question

Tony, the owner of Cirodi Pasta restaurant on Cape Cod is open during the “high season” from May until October. He has always hired college students on summer vacation. In recent years, the number of workers who quit mid-summer has risen significantly. When he asks, they say they are quitting because they “have enough money” or “want the time off”. This is probably an example of a(n) _____ change.

- A. Market
- B. Social or political
- C. Economic
- D. Technological

Forces Originating Inside the Organization

1. Human resource concerns
2. Managers' behavior



Three Kinds of Change

- ★ Least threatening: **Adaptive change**
 - ↪ Reintroduction of a familiar practice
- ★ Somewhat threatening: **Innovative change**
 - ↪ Introduction of a practice that is new to the organization

Three Kinds of Change

- ★ Very threatening: **Radically innovative change**
 - ↪ Involves introducing a practice that is new to the industry



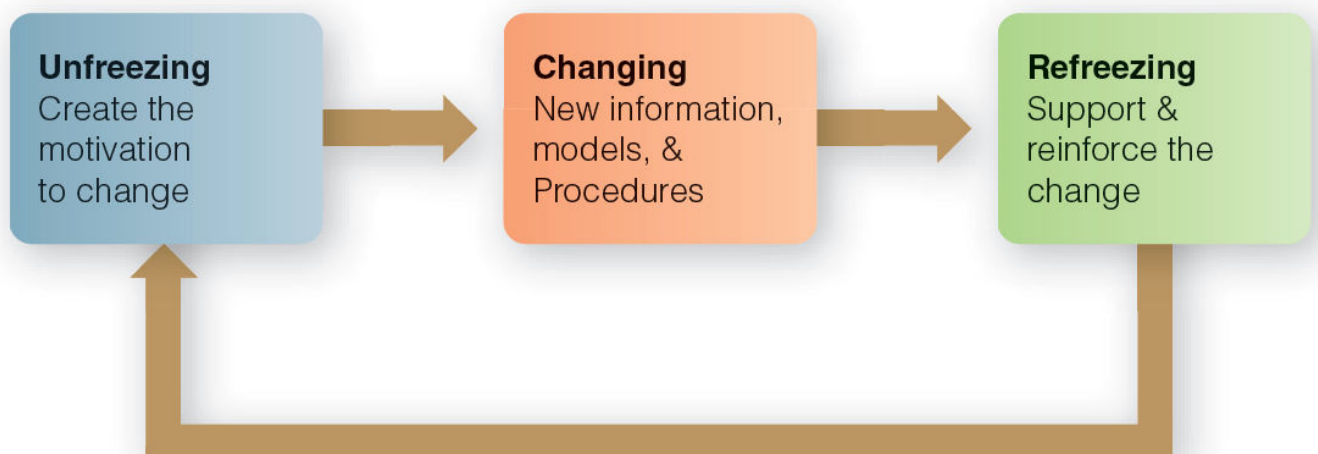
Question

At the Big Peaches Department Store, employees generally know that during annual inventory, they are required to work overnight shifts. This is an example of a(n) _____ change.

- A. Adaptive
- B. Reactive
- C. Innovative
- D. Proactive

Lewin's Change Model

Figure 10.2



Kotter's Eight Steps for Leading Organizational Change

Table 10.1

STEP	DESCRIPTION
1. Establish a sense of urgency.	Unfreeze the organization by creating a compelling reason for why change is needed.
2. Create the guiding coalition.	Create a cross-functional, cross-level group of people with enough power to lead the change.
3. Develop a vision and a strategy.	Create a vision and a strategic plan to guide the change process.
4. Communicate the change vision.	Create and implement a communication strategy that consistently communicates the new vision and strategic plan.
5. Empower broad-based action.	Eliminate barriers to change, and use target elements of change to transform the organization. Encourage risk taking and creative problem solving.
6. Generate short-term wins.	Plan for and create short-term "wins" or improvements. Recognize and reward people who contribute to the wins.
7. Consolidate gains and produce more change.	The guiding coalition uses credibility from short-term wins to create more change. Additional people are brought into the change process as change cascades throughout the organization. Attempts are made to reinvigorate the change process.
8. Anchor new approaches in the culture.	Reinforce the changes by highlighting connections between new behaviors and processes and organizational success. Develop methods to ensure leadership development and succession.

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

10-17

Organizational Development

★ Organization development (OD)

↪ set of techniques for implementing planned change to make people and organizations more effective

★ Change agent

↪ a consultant with a background in behavioral sciences who can be a catalyst in helping organizations deal with old problems in new ways

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

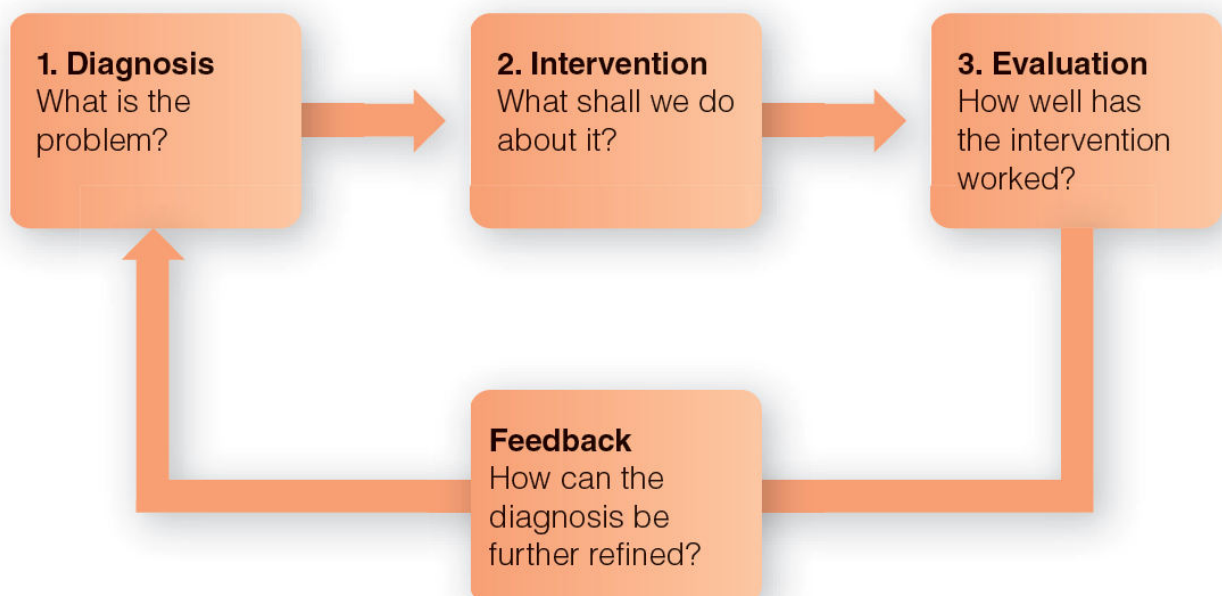
10-18

What Can OD Be Used For?

1. Managing conflict
2. Revitalizing organizations
3. Adapting to mergers

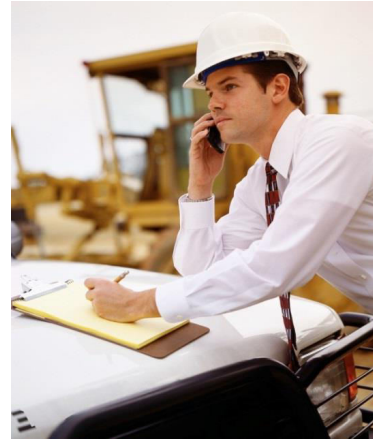
The OD Process

Figure 10.3



How OD Works

1. Diagnosis: What is the **problem**?
2. Intervention: What shall we **do** about it?
 - ▣ Intervention – attempt to correct the diagnosed problem
3. Evaluation: How well has the intervention **worked**?



Question

Fred, an OD consultant, is designing a survey of employee attitudes to be given to workers at the Lemon Automobile Company. Fred is in the _____ stage of OD.

- A. Intervention
- B. Diagnosis
- C. Evaluation
- D. Process consultation

Organizational Development: Using OD to Make Money in the Restaurant Business

- ★ Eli Chait co-founded San Francisco–based Copilot Labs a restaurant marketing analytics company
- ★ “Restaurants are so focused on the day-to-day business,” says Chait, “that they don’t have time to grow the business.”
- ★ An owner might want to know: “Which is more effective—promoting our happy hours or promoting our daily deals?”
- ★ Up to the change agent to evaluate an activity’s success when put into practice

The Effectiveness of OD

1. Multiple interventions
2. Management support
3. Goals geared to both short and long term results
4. OD is affected by culture

Two Myths about Innovation

- ★ **Myth No. 1:** Innovation happens in a “Eureka!” moment
- ★ **Myth No. 2:** Innovation can be **systematized**

Seeds of Innovation

Hard work in a specific direction

Hard work with direction change

Curiosity

Wealth & money

Necessity

Combination of seeds

Types of Innovation

✦ Product innovation

↳ change in the appearance or performance of a product or the creation of a new one

✦ Process innovation

↳ change in the way a product is conceived, manufactured, or disseminated

Types of Innovation

★ Core innovations

↳ the optimizing of products or services for existing customers

★ Transformational innovations

↳ the invention of breakthrough products or services that don't exist yet and that are aimed at creating brand new markets and customers,

Question

Wendy's created display screens at its drive-thru windows that show customers their orders and prices. This is an example of a(n) _____ innovation.

- A. Product
- B. Process
- C. Adaptive
- D. Reactive

Celebrating Failure: Factors Encouraging Innovation

- ★ Organizations can make innovation happen by providing (1) the right organizational *culture*, (2) the right people, or *human capital*; (3) the appropriate *resources*, and (4) the correct *reward system*.



Celebrating Failure: Factors Encouraging Innovation

1. Culture: Is innovation viewed as a **benefit** or a **boondoggle**?
2. Human Capital: Are the Right Kind of People Available?
3. Resources: Do managers put **money** where their mouths are?
4. Rewards: Is experimentation **reinforced** in ways that matter?

Four Steps For Fostering Innovation

Figure 10.4



Gain Allies by Communicating Your Vision

- ★ Showing how the **product** or **service** will be made
- ★ Showing how **potential** customers will be reached
- ★ Demonstrating how you'll **beat** your competitors
- ★ Explaining when the **innovation** will take place

Collins's Five Stages of Decline

- Stage 1** Hubris Born of Success
- Stage 2** Undisciplined Pursuit of More
- Stage 3** Denial of Risk and Peril
- Stage 4** Grasping for Salvation
- Stage 5** Capitulation to Irrelevance or Death

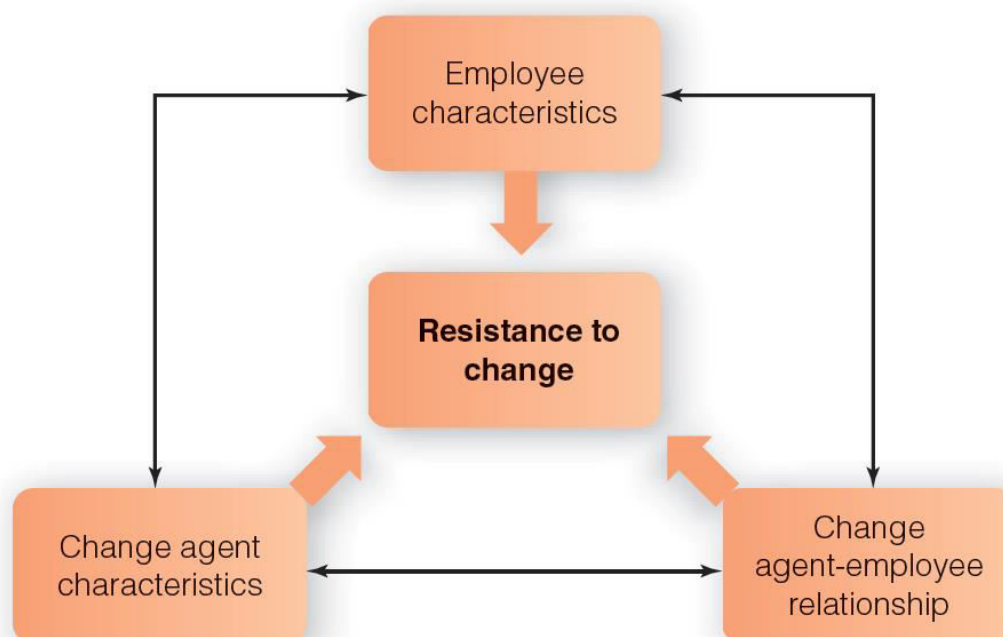
The Causes of Resistance to Change

★ Resistance to change

↪ an emotional/behavioral response to real or imagined threats to an established work routine.

A Model of Resistance to Change

Figure 10.5

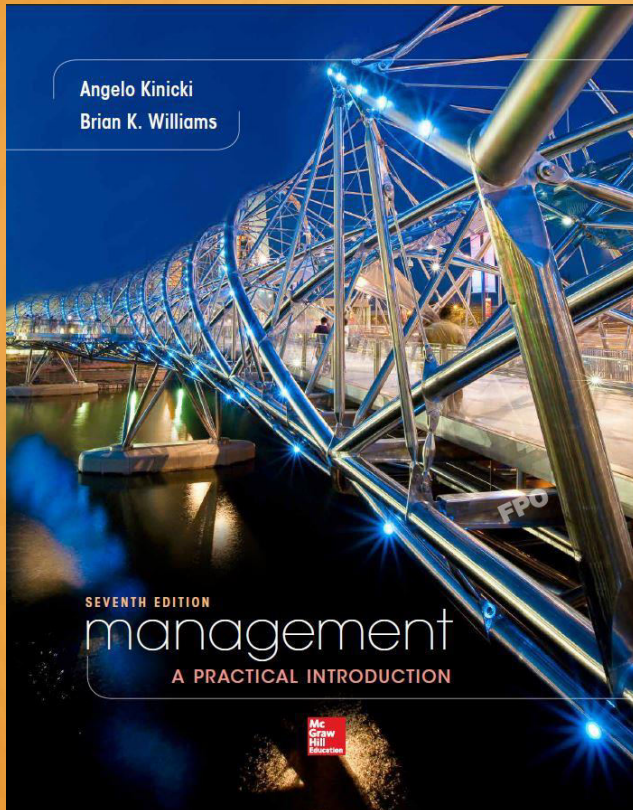


Reasons Employees Resist Change

- ★ Individual's **predisposition** toward change
- ★ Surprise and fear of the unknown
- ★ **Climate** of mistrust
- ★ Fear of failure
- ★ Loss of status or **job security**

Reasons Employees Resist Change

- ★ Peer pressure
- ★ **Disruption** of cultural traditions or group relationships
- ★ Personality conflicts
- ★ Lack of tact or **poor timing**
- ★ Non-reinforcing reward system



Managing Individual Differences & Behavior

Supervising People as People

PPT7B
Chapter Eleven

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 11.1** In the hiring process, do employers care about one's personality and individual traits?
- 11.2** How do the hidden aspects of individuals—their values and attitudes—affect employee behavior?
- 11.3** What are the distortions of perception that can cloud one's judgment?

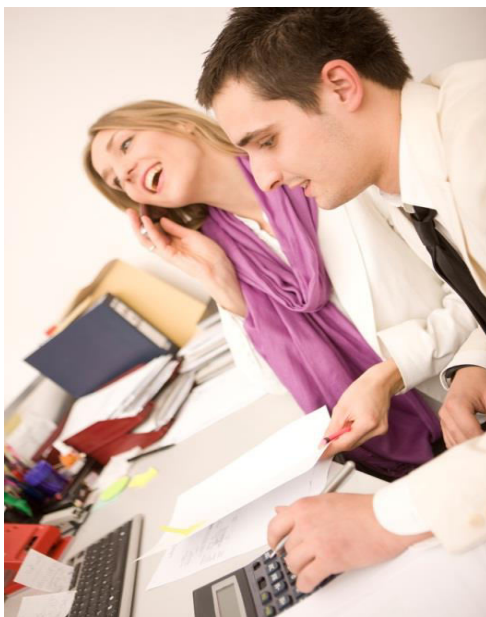
Major Questions You Should Be Able to Answer

- 11.4** Is it important for managers to pay attention to employee attitudes?
- 11.5** What trends in workplace diversity should managers be aware of?
- 11.6** What causes workplace stress, and how can it be reduced?

Personality & Individual Behavior

✦ Personality

- ↳ the stable psychological traits and behavioral attributes that give a person his or her identity



The Big Five Personality Dimensions

★ **Extroversion**

↪ how outgoing, talkative, sociable, and assertive a person is

★ **Agreeableness**

↪ how trusting, good-natured, cooperative, and soft-hearted one is

★ **Conscientiousness**

↪ how dependable, responsible, achievement-oriented, and persistent one is

The Big Five Personality Dimensions

★ **Emotional stability**

↪ how relaxed, secure, and unworried one is

★ **Openness to experience**

↪ how intellectual, imaginative, curious, and broad-minded one is

Question

Susan loves going to parties, where she talks to everyone there. Susan is probably high in:

- A. Emotional stability
- B. Conscientiousness
- C. Extroversion
- D. Agreeableness

Do Personality Tests Work for the Workplace?

- ★ *Extroversion* has been associated with success for managers and salespeople
- ★ *Conscientiousness* has been found to have the strongest positive correlation with job performance and training performance

Cautions About Using Personality Testing in the Workplace

Table 11.1

- *Use professionals.* Rely on reputable, licensed psychologists for selecting and overseeing the administration, scoring, and interpretation of personality and psychological tests. This is particularly important, since not every psychologist is expert at these kinds of tests.
- *Don't hire on the basis of personality test results alone.* Supplement any personality test data with information from reference checks, personal interviews, ability tests, and job performance records. Also avoid hiring people on the basis of specified personality profiles. As a case in point, there is no distinct "managerial personality."
- *Be alert for gender, racial, and ethnic bias.* Regularly assess any possible adverse impact of personality tests on the hiring of women and minorities. This is truly a matter of great importance, since you don't want to find your company (or yourself) embroiled in a lawsuit at some point downstream.
- *Graphology tests don't work, but integrity tests do.* Personality traits and aptitudes cannot be inferred from samples of people's penmanship, as proponents of graphology tests claim. However, dishonest job applicants can often be screened by integrity tests, since dishonest people are reportedly unable to fake conscientiousness, even on a paper-and-pencil test.

Proactive Personality

✦ Proactive personality

↳ someone who is more apt to take initiative and persevere to influence the environment



Core Self-Evaluations

★ Self-efficacy

- ↪ belief in one's ability to do a task
- ↪ learned helplessness

★ Self-esteem

- ↪ the extent to which people like or dislike themselves, their overall self-evaluation

Core Self-Evaluations

★ Locus of control

- ↪ indicates how much people believe they control their fate through their own efforts
- ↪ internal, external

★ Expect different degrees of structure and compliance for each type

★ Employ different reward systems for each type

Core Self-Evaluations

★ Emotional stability

↪ the extent to which people feel secure and unworried and how likely they are to experience negative emotions under pressure

★ Emotional intelligence

↪ ability to monitor your and others' feelings and to use this information to guide your thinking and actions

Some Ways That Managers Can Boost Employee Self-Esteem

Table 11.2

- Reinforce employees' positive attributes and skills.
- Provide positive feedback whenever possible.
- Break larger projects into smaller tasks and projects.
- Express confidence in employees' abilities to complete their tasks.
- Provide coaching whenever employees are seen to be struggling to complete tasks.

The Traits of Emotional Intelligence

Table 11.3

1. *Self-awareness*. The most essential trait. This is the ability to read your own emotions and gauge your moods accurately, so you know how you're affecting others.
2. *Self-management*. This is the ability to control your emotions and act with honesty and integrity in reliable and adaptable ways. You can leave occasional bad moods outside the office.
3. *Social awareness*. This includes empathy, allowing you to show others that you care, and organizational intuition, so you keenly understand how your emotions and actions affect others.
4. *Relationship management*. This is the ability to communicate clearly and convincingly, disarm conflicts, and build strong personal bonds.

Organizational Behavior

✦ Organizational Behavior

- ↳ tries to help managers not only *explain* workplace behavior but also to *predict* it, so that they can better lead and motivate their employees to perform productively
- ↳ individual, group behavior



Values and Attitudes

✦ Values

↳ abstract ideals that guide one's thinking and behavior across all situations

✦ Attitude

↳ a learned predisposition toward a given object

Three Components of Attitudes

★ Affective

↳ consists of feelings or emotions one has about a situation

★ Cognitive

↳ beliefs and knowledge one has about a situation

★ Behavioral

↳ refers to how one intends or expects to behave toward a situation

Question

The statement, “I am never going to eat at this restaurant again,” reflects the _____ component of an attitude.

- A. Behavioral
- B. Decisional
- C. Cognitive
- D. Affective



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

11-19

Attitudes

★ Cognitive dissonance

- ↪ the psychological discomfort a person experiences between his or her cognitive attitude and incompatible behavior
- ↪ Importance, control, rewards

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

11-20

Ways to Reduce Cognitive Dissonance

- ★ Change **attitude** or behavior
- ★ Belittle **importance** of the inconsistent behavior
- ★ Find consonant elements that **outweigh** dissonant ones

Example: Thinking Beyond Profit to Create Value for Society

- ★ **IBM** celebrated its 100th anniversary by offering a global service day, with 300,000 IBM employees signing up to perform 2.6 million hours of service to the world
- ★ In West Africa **Procter & Gamble** set up Pampers mobile clinics

Perception

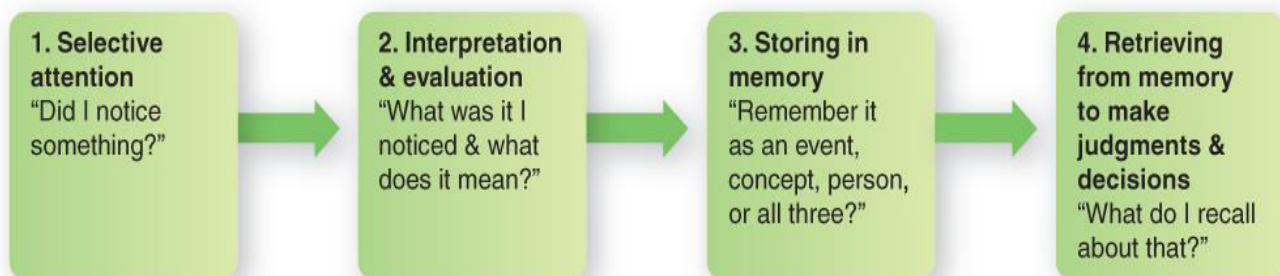
✦ Perception

↳ process of interpreting and understanding one's environment



The Four Steps in the Perceptual Process

Figure 11.2



Distortions in Perception

★ Stereotyping

- ↪ tendency to attribute to an individual the characteristics one believes are typical of the group to which that individual belongs
- ↪ sex-role, age, race/ethnicity

★ Halo effect

- ↪ forming an impression of an individual based on a single trait

Question

John is interviewing Bambi for a job opening at his accounting firm. He notices that she has several tattoos visible on both arms. He does not believe that people with tattoos can be good accountants. John is engaged in _____.

- A. Counseling
- B. Stereotyping
- C. Behavioral interviewing
- D. Situational interviewing

Distortions in Perception

★ Recency effect

↪ Tendency to remember recent information better than earlier information

★ Causal attributions

↪ activity of inferring causes for observed behaviors

↪ Fundamental attribution, self-serving bias

Example: Are Attractive Men & Women Paid More than Ordinary People

★ Being good looking seems to be strongly associated with **self-confidence**

★ Employers showed higher estimates for beautiful people's productivity

★ Good-looking people are good **communicators**

Self-Fulfilling Prophecy

★ Self-Fulfilling prophecy

- ↳ the phenomenon in which people's expectations of themselves or others lead them to behave in ways that make those expectations come true
- ↳ also called the Pygmalion effect

Work-Related Attitudes

★ Employee engagement

- ↳ an individual's involvement, satisfaction, and enthusiasm for work

★ Job satisfaction

- ↳ extent to which you feel positively or negatively about various aspects of your work

Work-Related Attitudes

★ Organizational commitment

- ↪ reflects the extent to which an employee identifies with an organization and is committed to its goals
- ↪ Strong positive relationship between organizational commitment and job satisfaction

Important Workplace Behaviors

- ★ Performance and **productivity**
- ★ **Absenteeism** and turnover
- ★ Organizational citizenship behaviors
- ★ **Counterproductive** work behaviors

Question

Herman spends his lunch hour drinking beer in his car in the parking lot. This is an example of a(n) _____.

- A. Evaluating behavior
- B. Discerning behavior
- C. Counterproductive work behavior
- D. Destructive work behavior

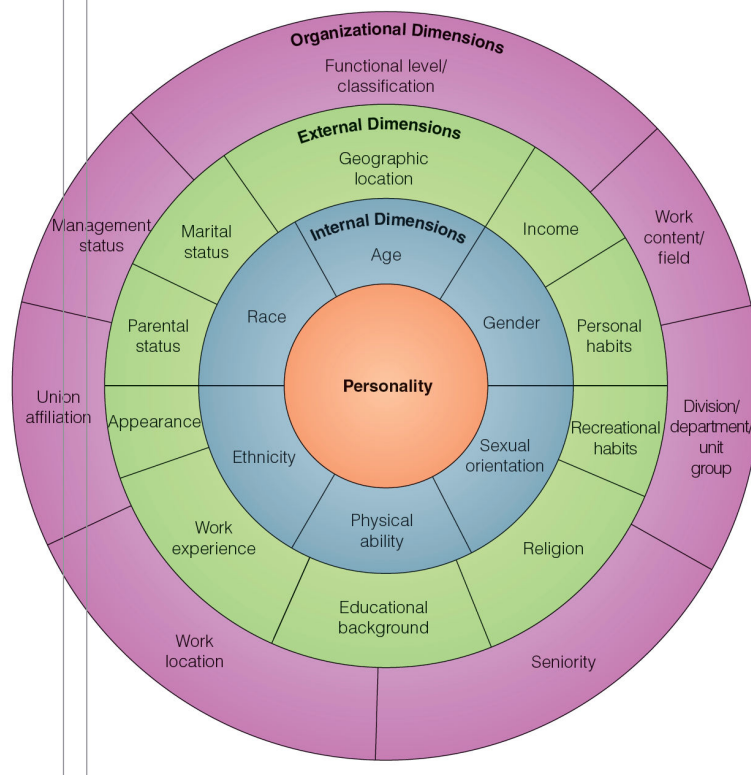
The New Diversified Workforce

Diversity

↳ represents all the ways people are unlike and alike—the differences and similarities in age, gender, race, religion, ethnicity, sexual orientation, capabilities, and socioeconomic background

The Diversity Wheel

Figure 11.3



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

11-35

The Diversity Wheel

★ Internal dimensions

- ↳ those human differences that exert a powerful, sustained effect throughout every stage of our lives
- ↳ gender, age, ethnicity, race, sexual orientation, physical abilities

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

11-36

The Diversity Wheel

★ External dimensions

- ↪ consist of the personal characteristics that people acquire, discard, or modify throughout their lives
- ↪ educational background, marital status, parental status, religion, income, geographic location, work experience, recreational habits, appearance, personal habits.

Trends in Workforce Diversity

- ★ Age: More Older People in the Workforce
- ★ Gender: More Women Working
- ★ Race & Ethnicity: More People of Color in the Workforce
- ★ Sexual Orientation: LGBT People Become More Visible
- ★ People with Differing Physical & Mental Abilities
- ★ Educational Levels: Mismatches Between Education & Workforce Needs

Barriers to Diversity

Stereotypes and prejudices

Fear of discrimination against majority group members

Resistance to diversity program priorities

Unsupportive social atmosphere

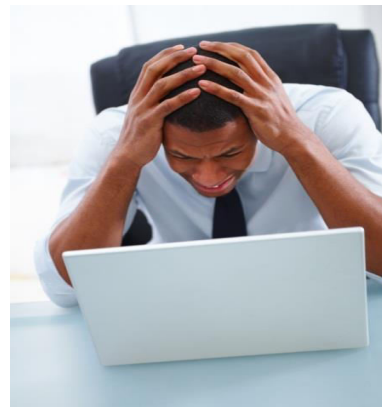
Lack of support for family demands

Lack of support for career-building steps

Understanding Stress

★ Stress

↪ the tension people feel when they are facing or enduring extraordinary demands, constraints, or opportunities and are uncertain about their ability to handle them effectively



Sources of Job-Related Stress

- ★ Demands created by individual differences,
- ★ Individual task demands
- ★ Individual role demands
- ★ Group demands,
- ★ Organizational demands
- ★ Nonwork demands.

Question

Your boss expects you to stay late to cover the workload of a coworker who is out sick, but you are supposed to help your mother with some work on her house tonight. You are suffering from:

- A. Role overload
- B. Role conflict
- C. Role ambiguity
- D. Burnout

Symptom of Stress

★ Physiological

↳ backaches, headaches, sweaty palms, nausea

★ Psychological

↳ boredom, irritability, nervousness, anger, anxiety, depression

★ Behavioral

↳ sleeplessness, changes in eating habits, increased smoking/alcohol/drug abuse

Consequences of Stress

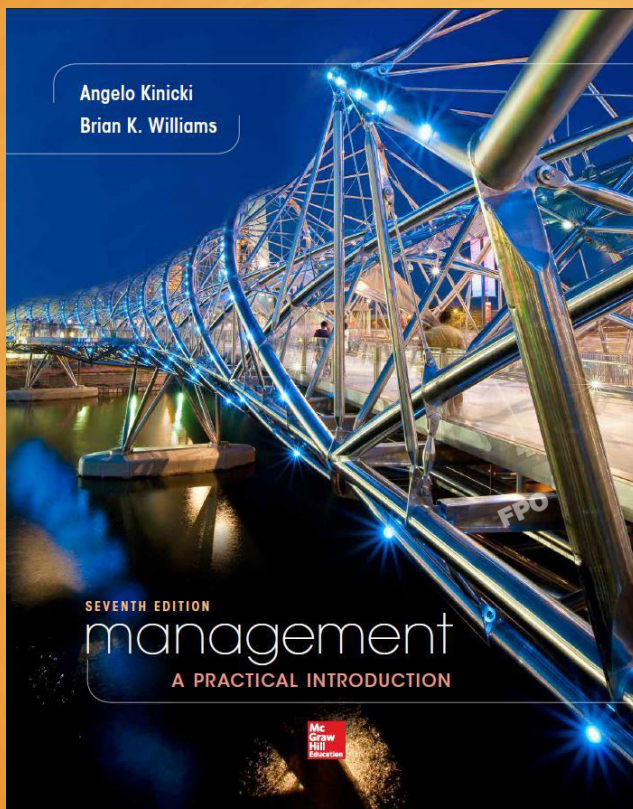
★ Burnout

↳ state of emotional, mental, and even physical exhaustion



Reducing Stressors in Organizations

- ★ Roll out **employee assistance** programs
- ★ Recommend a holistic wellness approach
- ★ Create a **supportive** environment
- ★ Make jobs interesting
- ★ Make career counseling **available**



Motivating Employees Achieving Superior Performance in the Workplace

PPT8
Chapter Twelve

Major Questions You Should Be Able to Answer

- 12.1** What's the motivation for studying motivation?
- 12.2** What kinds of needs motivate employees?
- 12.3** Is a good reward good enough? How do other factors affect motivation?
- 12.4** What's the best way to design jobs—adapt people to work or work to people?

Major Questions You Should Be Able to Answer

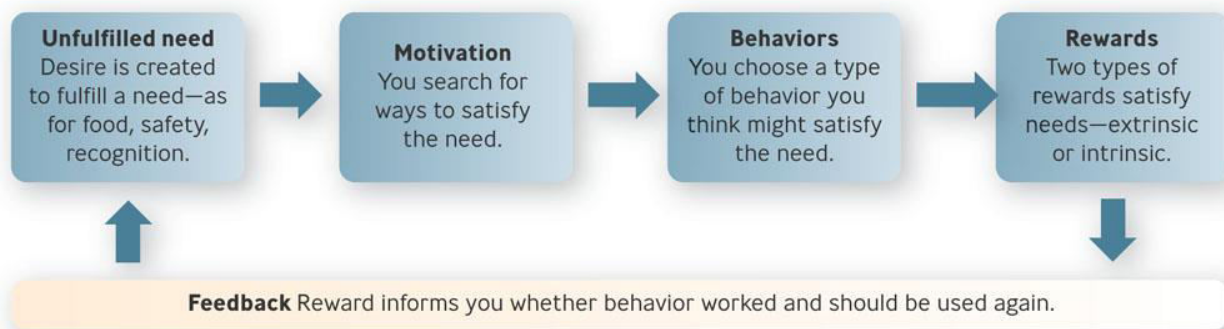
- 12.5** What are the types of incentives I might use to influence behavior?
- 12.6** How can I use compensation and other rewards to motivate people?

Motivation: What It Is, Why It's Important

★ Motivation

↳ the psychological processes that arouse and direct goal-directed behavior

Figure 12.2



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

12-4

Motivation: What It Is, Why It's Important

★ Extrinsic rewards

↳ payoff a person receives from others for performing a particular task

★ Intrinsic rewards

↳ satisfaction a person receives from performing the particular task itself

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

12-5

Question

Bethany is writing a paper for her Management class. She already has a strong 'A' in the class, and only needs to get a C on the paper to keep her A. As she prepares the final version of the paper, she takes special care that the paper is well-written, insightful, and error-free, something that she can be proud of. Bethany is experiencing:

- A. An intrinsic reward
- B. High equity
- C. A belongingness need
- D. A hygiene factor

Why Is Motivation Important?

You want to motivate people to:

- ★ Join your organization
- ★ Stay with your organization
- ★ Show up for work at your organization
- ★ Be engaged while at your organization
- ★ Do extra for your organization

Content Perspectives

✦ Content perspectives

↳ theories that emphasize the needs that motivate people

✦ Needs

↳ physiological or psychological deficiencies that arouse behavior

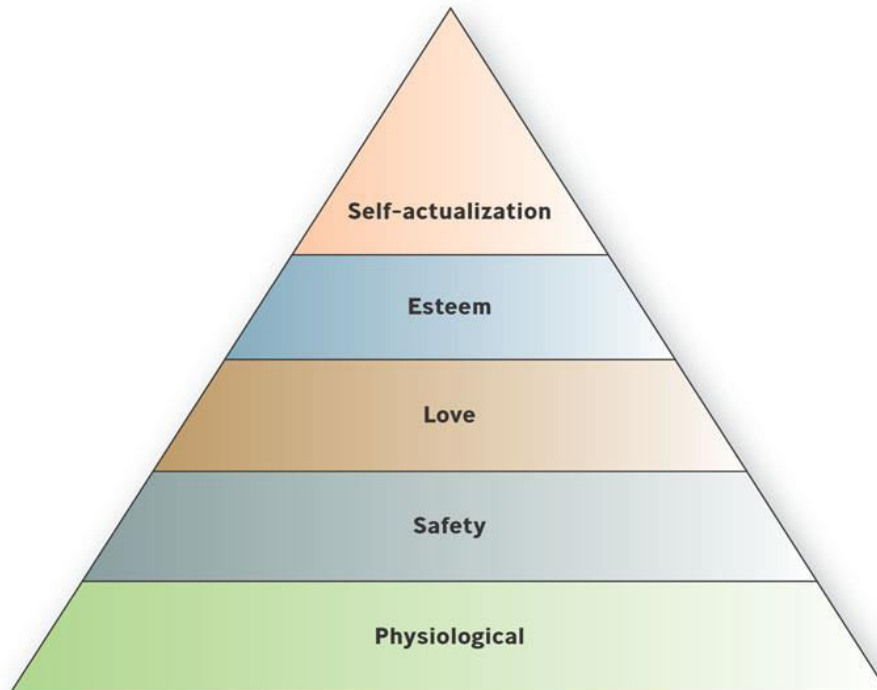
Maslow's Hierarchy of Needs

Hierarchy of needs theory proposes that people are motivated by five levels of needs

- ★ Physiological
- ★ Safety
- ★ Love
- ★ Esteem
- ★ Self-actualization

Maslow's Hierarchy of Needs

Figure 12.3



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

12-10

Example: A Hotel CEO Applies Maslow's Hierarchy

- ★ In *Peak: How Great Companies Get Their Mojo from Maslow*, CEO Chip Conley describes how JDV used Maslow's theory to motivate the business's three key stakeholders—employees, customers, and investors—by tapping into the power of self-actualization to create peak performance

joie de vivre[®]

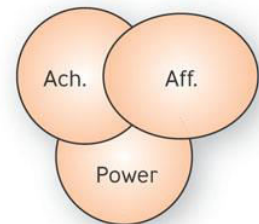
© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

12-11

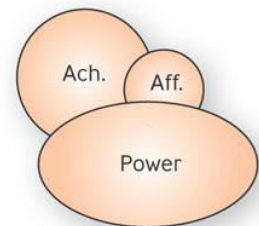
McClelland's Acquired Needs Theory

✦ Acquired Needs Theory

↳ states that three needs - achievement, affiliation, and power - are major motives determining people's behavior in the workplace



A "well-balanced" individual: achievement, affiliation, and power are of equal size.



A "control freak" individual: achievement is normal, but affiliation is small and power is large.

The Three Needs

★ Need for achievement

↳ desire to achieve excellence in challenging tasks

★ Need for affiliation

↳ desire for friendly and warm relations with other people

★ Need for power

↳ desire to be responsible for or control other people

Question

Patty prefers working alone, is comfortable taking moderate risks, and feels good when accomplishing a goal. Patty probably has a:

- A. High need for achievement
- B. High need for affiliation
- C. High need for power
- D. Low need for achievement

Deci & Ryan's Self-Determination Theory

★ Self-determination theory

↪ assumes that people are driven to try to grow and attain fulfillment, with their behavior and well-being influenced by three innate needs: competence, autonomy, and relatedness

The Three Innate Needs

★ Competence

↪ People need to feel qualified, knowledgeable, and capable of completing a goal or task and to learn different skills.

★ Autonomy

↪ People need to feel they have freedom and the discretion to determine what they want to do and how they want to do it.

★ Relatedness

↪ People need to feel a sense of belonging, of attachment to others.

Herzberg's Two-Factor Theory

★ Two-Factor Theory

↪ proposed that work satisfaction and dissatisfaction arise from two different factors - work satisfaction from so-called motivating factors and work dissatisfaction from so-called hygiene factors

Herzberg's Two-Factor Theory

✦ Hygiene factors

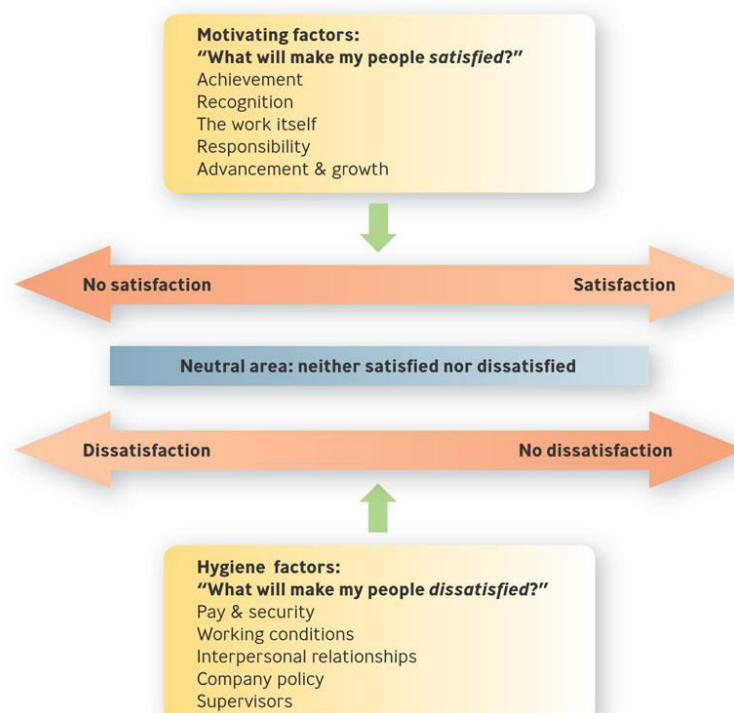
↳ factors associated with job dissatisfaction which affect the job context in which people work

✦ Motivating factors

↳ factors associated with job satisfaction which affects the job content or the rewards of work performance

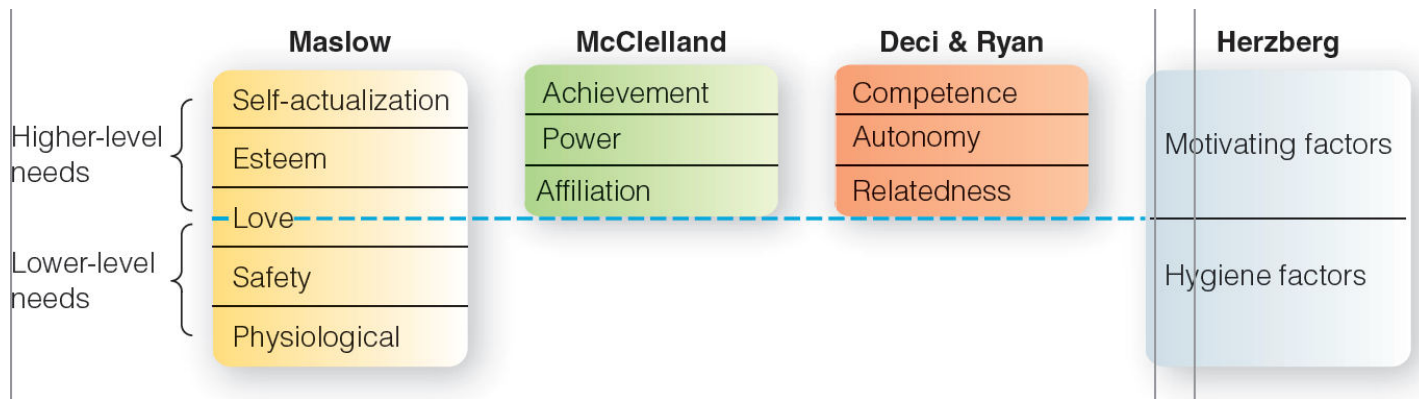
Herzberg's Two-Factor Theory

Figure 12.5



A comparison of needs & satisfaction theories: Maslow, McClelland, Deci & Ryan, and Herzberg

Figure 12.6



Process Perspectives on Employee Motivation

★ Process perspectives

↪ concerned with the thought processes by which people decide how to act—how employees choose behavior to meet their needs

★ Equity theory

★ Expectancy theory

★ Goal-setting theory

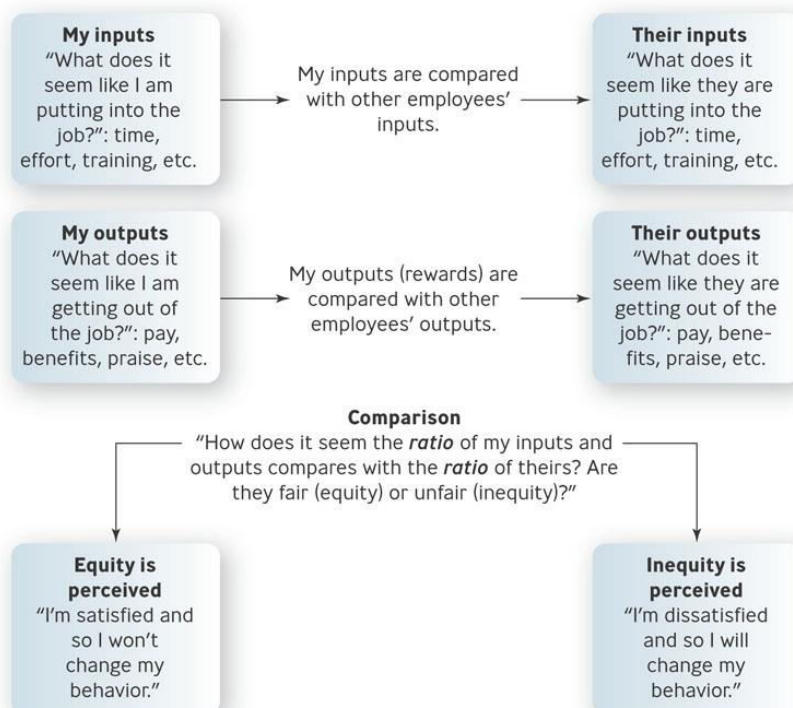
Equity Theory

★ Equity theory

- ↪ focuses on employee perceptions as to how fairly they think they are being treated compared to others
- ↪ Inputs, outputs, comparison

Equity Theory

Figure 12.7



Some Ways Employees Try to Reduce Inequity

Table 12.1

- **They will reduce their inputs:** They will do less work, take long breaks, call in “sick” on Mondays, leave early on Fridays, and so on.
- **They will try to change the outputs or rewards they receive:** They will lobby the boss for a raise, or they will pilfer company equipment.
- **They will distort the inequity:** They will exaggerate how hard they work so they can complain they’re not paid what they’re worth.
- **They will change the object of comparison:** They may compare themselves with another person instead of the original one.
- **They will leave the situation:** They will quit, transfer, or shift to another reference group.

Practical Lessons from Equity Theory

1. Employee perceptions are what count
2. Employee participation helps
3. Having an appeal process helps



Expectancy Theory

★ Expectancy Theory

- ↪ suggests that people are motivated by two things:
(1) how much they want something and (2) how likely they think they are to get it

Expectancy Theory

★ Expectancy

- ↪ belief that a particular level of effort will lead to a particular level of performance

★ Instrumentality

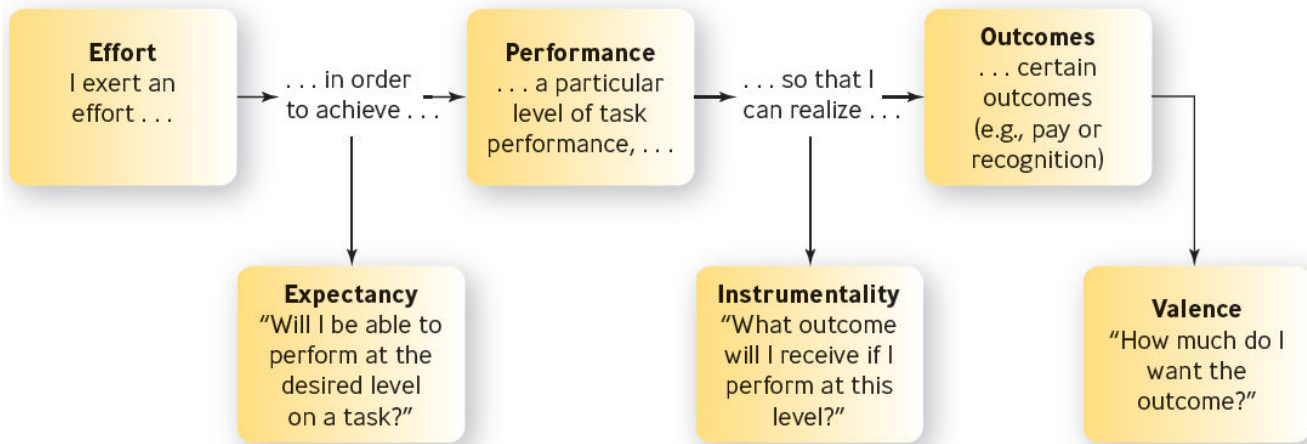
- ↪ expectation that successful performance of the task will lead to the desired outcome

★ Valence

- ↪ the value a worker assigns to an outcome

Expectancy Theory: The Major Elements

Figure 12.8



Question

Last year, Diana's boss promised her a big bonus if she met her goals. At the end of the year, after Diana had exceeded her goals, she found her bonus was very small. In the future, Diana's _____ will probably be _____.

- A. Valence; low
- B. Instrumentality; low
- C. Expectancy; low
- D. Expectancy; high

Goal-Setting Theory

1. Goals should be specific
2. Goals should be challenging but achievable
3. Goals should be linked to action plans
4. Goals need not be jointly set to be effective
5. Feedback enhances goal attainment

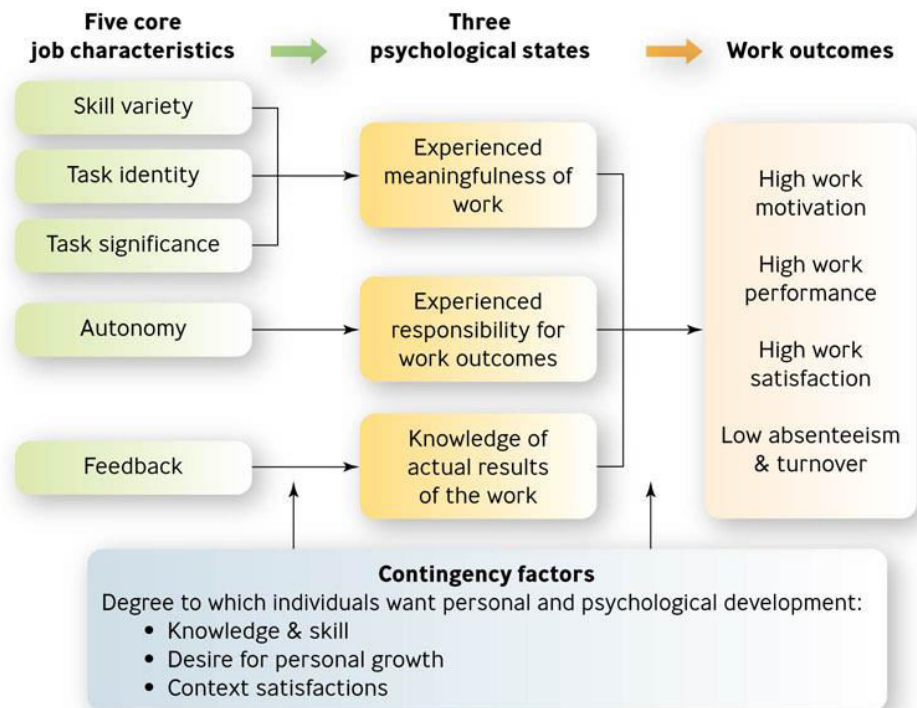
Job Design Perspectives

Job design

- ↪ division of an organization's work among its employees and the application of motivational theories to jobs to increase satisfaction and performance
- ↪ Job simplification, job enlargement, job enrichment

Job Characteristics Model

Figure 12.9



Reinforcement Perspectives on Motivation

★ Reinforcement theory

↪ attempts to explain behavior change by suggesting that behavior with positive consequences tends to be repeated, whereas behavior with negative consequences tends not to be repeated

Types of Reinforcement

✦ Positive reinforcement

↳ use of positive consequences to encourage desirable behavior

✦ Negative reinforcement

↳ process of strengthening a behavior by withdrawing something negative

Types of Reinforcement

✦ Extinction

↳ weakening of behavior by ignoring it or making sure it is not reinforced.

✦ Punishment

↳ process of weakening behavior by presenting something negative or withdrawing something positive

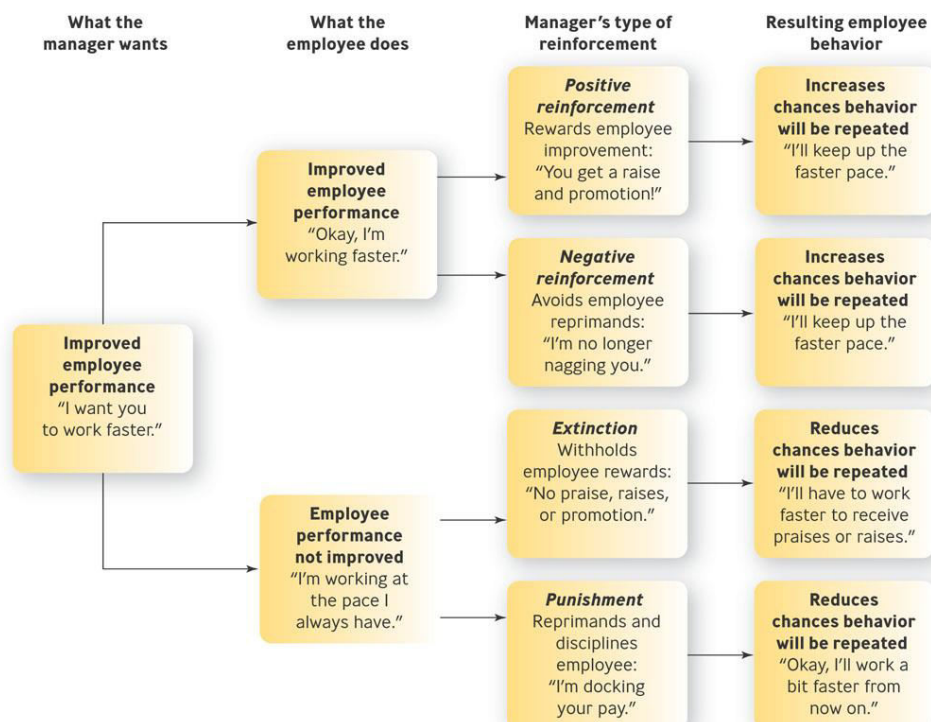
Question

When a manager stops nagging a subordinate, the manager is using:

- A. Positive reinforcement
- B. Negative reinforcement
- C. Punishment
- D. Intrinsic motivation

Four Types of Reinforcement

Figure 12.10



Using Reinforcement to Motivate Employees

Positive reinforcement

- ★ Reward only desirable behavior
- ★ Give rewards as soon as possible
- ★ Be clear about what behavior is desired
- ★ Have different rewards and recognize individual differences

Popular Incentive Compensation Plans

- ★ Piece rate
- ★ Sales commission
- ★ Bonuses
- ★ Profit-sharing
- ★ Gainsharing
- ★ Stock options
- ★ Pay for knowledge



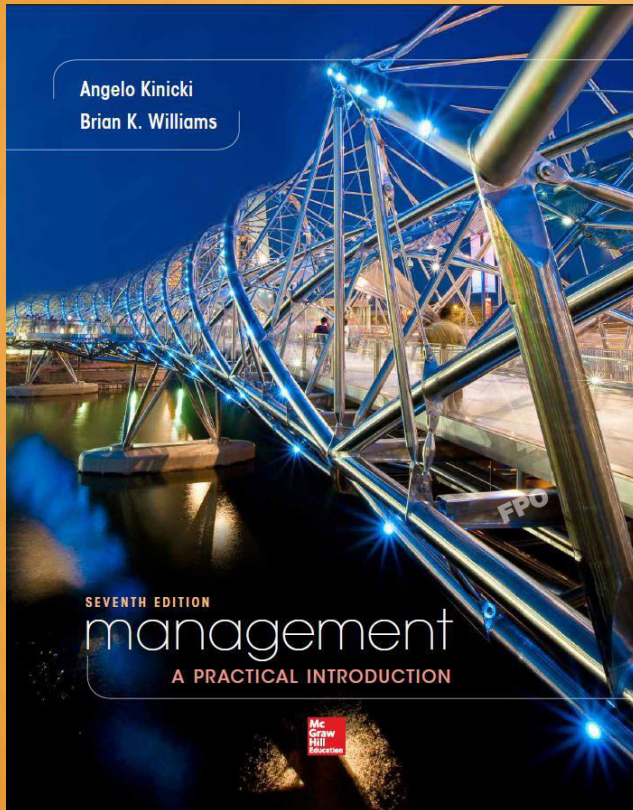
Question

In Earl's department at Pencilchicken, Inc. employees get money based on how much the department has been able to save in costs. This is an example of a _____ compensation plan.

- A. Pay for performance
- B. Pay for knowledge
- C. Bonus
- D. Gainsharing

Nonmonetary Ways of Motivating Employees

- ★ Flexible workplace
- ★ Thoughtfulness
- ★ Work-life benefits
- ★ Surroundings
- ★ Skill-building & educational opportunities
- ★ Sabbaticals



Power, Influence, & Leadership From Becoming a Manager to Becoming a Leader

PPT9

Chapter Fourteen

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 14.1** I don't want to be just a manager; I want to be a leader. What's the difference between the two?
- 14.2** What does it take to be a successful leader?
- 14.3** Do effective leaders behave in similar ways?

Major Questions You Should Be Able to Answer

- 14.4** How might effective leadership vary according to the situation on hand?
- 14.5** What does it take to truly inspire people to perform beyond their normal levels?
- 14.6** If there are many ways to be a leader, which one would describe me best?

The Nature of Leadership

✦ Leadership

↳ the ability to influence employees to voluntarily pursue organizational gains



Characteristics of Being a Manager & a Leader

Table 14.1

BEING A MANAGER MEANS . . .	BEING A LEADER MEANS . . .
Planning, organizing, directing, controlling	Being visionary
Executing plans and delivering goods and services	Being inspiring, setting the tone, and articulating the vision
Managing resources	Managing people
Being conscientious	Being inspirational (charismatic)
Acting responsibly	Acting decisively
Putting customers first—responding to and acting for customers	Putting people first—responding to and acting for followers
Mistakes can happen when managers don't appreciate people are the key resource, underlead by treating people like other resources, or fail to be held accountable	Mistakes can happen when leaders choose the wrong goal, direction, or inspiration; overlead; or fail to implement the vision

Being a Manager: Coping with Complexity

- ★ Determining what needs to be done - **planning** and **budgeting**
- ★ Creating arrangements of people to accomplish an agenda - **organizing** and **staffing**
- ★ Ensuring people do their jobs - **controlling** and **problem solving**

Being a Leader: Coping with Change

- ★ Determining what needs to be done - **setting a direction**
- ★ Creating arrangements of people to accomplish an agenda - **aligning people**
- ★ Ensuring people do their jobs - **motivating and inspiring**

Five Sources of Power

- ★ **Legitimate power**
 - ↪ results from managers' formal positions within the organization
- ★ **Reward power**
 - ↪ results from managers' authority to reward their subordinates
- ★ **Coercive power**
 - ↪ results from managers' authority to punish their subordinates

Five Sources of Power (cont.)

★ Expert power

↳ results from one's specialized information or expertise

★ Referent power

↳ derived from one's personal attraction



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-9

Question

Alex compliments his co-worker Joe on the great job he did on the weekly report, and also informs their mutual boss. Alex is using _____ power.

- A. Legitimate
- B. Referent
- C. Reward
- D. Punishment

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-10

Tactics for Influencing Others



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-11

Five Approaches to Leadership

Table 14.2

<p>1. Trait approaches</p> <ul style="list-style-type: none"> • <i>Leadership traits</i>—positive task-oriented traits and positive/negative interpersonal attributes • <i>Gender studies</i>—motivating others, fostering communication, producing high-quality work, and so on
<p>2. Behavioral approaches</p> <ul style="list-style-type: none"> • <i>Task-oriented behavior</i>—initiating-structure and transactional leadership • <i>Relationship-oriented behavior</i>—three behaviors: consideration, empowering leadership, and servant leadership • <i>Passive behavior</i>—laissez-faire leadership
<p>3. Situational approaches</p> <ul style="list-style-type: none"> • <i>Fiedler's contingency model</i>—task-oriented style and relationship-oriented style—and <i>three dimensions of control</i>: leader-member, task structure, position power • <i>House's path-goal revised leadership model</i>—clarifying paths for subordinates' goals, and employee characteristics and environmental factors that affect leadership behaviors
<p>4. Transformational leadership approach</p> <ul style="list-style-type: none"> • <i>Transformational leadership</i>—transform employees to pursue organizational goals over self-interests, using inspirational motivation, idealized influence, individualized consideration, intellectual stimulation
<p>5. Three additional perspectives</p> <ul style="list-style-type: none"> • <i>Leader-member exchange (LMX) model</i>—leaders have different sorts of relationships with different subordinates • <i>E-Leadership</i>—using information technology for one-to-one, one-to-many, and between group and collective interactions • <i>Followers</i>—we also describe the role of followers in the leadership process.

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-12

Do Leaders Have Distinctive Personality Characteristics?

✦ Trait approaches to leadership

- ↳ attempt to identify distinctive characteristics that account for the effectiveness of leaders

POSITIVE ATTRIBUTES

Extraversion

Agreeableness

Communication skills

NEGATIVE ATTRIBUTES

Narcissism

Machiavellianism

Psychopathy

“Dark Side” Traits

✦ Narcissism

- ↳ having “a self-centered perspective, feelings of superiority, and a drive for personal power and glory

✦ Machiavellianism

- ↳ displays a cynical view of human nature and condones opportunistic and unethical ways of manipulating people, putting results over principles

✦ Psychopathy

- ↳ characterized by lack of concern for others, impulsive behavior, and a dearth of remorse when the psychopath’s actions harm others

Do Women Have Traits that Make Them Better Leaders?

- ★ Studies show that women executives **score higher** than their male counterparts on a variety of measures - from producing high quality work to goal-setting to **mentoring** employees

The Lack of Women at the Top

- ★ Unwillingness to **compete** or **sacrifice**
- ★ Modesty
- ★ Lack of **mentor**
- ★ Starting out lower, and **more likely** to quit

Behavioral Approaches

✦ Behavioral leadership

- ↳ approaches attempt to determine the distinctive styles used by effective leaders



Task-Oriented Leader Behaviors

✦ Task-oriented leadership behaviors

- ↳ to ensure that people, equipment, and other resources are used in an efficient way to accomplish the mission of a group or organization
- ↳ planning, clarifying, monitoring, and problem solving

Initiating-Structure Leadership

Initiating-structure leadership

↪ leader behavior that organizes and defines—that is, “initiates the structure for”—what employees should be doing to maximize output

Transactional Leadership

Transactional leadership

↪ focusing on clarifying employees’ roles and task requirements and providing rewards and punishments contingent on performance.

Relationship-Oriented Leader Behavior

★ Relationship-oriented leadership

↪ primarily concerned with the leader's interactions with his or her people

★ Consideration

★ Empowering leadership

★ Servant-leadership

Relationship-Oriented Leader Behavior

★ Consideration

↪ leader behavior that is concerned with group members' needs and desires and that is directed at creating mutual respect or trust

★ Empowering leadership

↪ represents the extent to which a leader creates perceptions of psychological empowerment in others.

★ Psychological empowerment

↪ employees' belief that they have control over their work

Psychological empowerment

- ★ Leading for **meaningfulness**: inspiring and modeling desirable behaviors
- ★ Leading for **self-determination**: delegating meaningful tasks
- ★ Leading for **competence**: supporting and coaching employees
- ★ Leading for **progress**: monitoring and rewarding employees

Relationship-Oriented Leader Behavior

- ★ **Participative management (PM)**
 - ↪ the process of involving employees in setting goals, making decisions, solving problems, and making changes in the organization

Servant Leadership

★ Servant leadership

↪ focuses on providing increased service to others—meeting the goals of both followers and the organization—rather than to oneself.

Ten Characteristics of the Servant Leader

Table 14.4

1. Focus on listening.
2. Ability to empathize with others' feelings.
3. Focus on healing suffering.
4. Self-awareness of strengths and weaknesses.
5. Use of persuasion rather than positional authority to influence others.
6. Broad-based conceptual thinking.
7. Ability to foresee future outcomes.
8. Belief they are stewards of their employees and resources.
9. Commitment to the growth of people.
10. Drive to build community within and outside the organization.

Example: Servant Leadership: Leaders Who Work for the Led

- ★ Starbucks CEO Howard Schultz is cited as being one of the foremost practitioners of servant-style leadership.
- ★ Schultz has made sure his employees have health insurance and work in a positive environment, and as a result Starbucks has a strong brand following

Passive Leadership

- ★ **Passive leadership**
 - ↪ form of leadership behavior characterized by a lack of leadership skills
- ★ **Laissez-faire leadership**
 - ↪ a form of “leadership” characterized by a general failure to take responsibility for leading

Some Practical Implications of the Behavioral Approaches

1. A leader's behavior is more important than his or her traits.
2. There is no one best style of leadership

The Contingency Leadership Model

★ Contingency leadership model

- ↪ determines if a leader's style is task oriented or relationship-oriented and if that style is effective for the situation at hand



Dimensions of Situational Control

★ Leader-member relations

↪ reflects the extent to which the leader has the support, loyalty, and trust of the work group

★ Task structure

↪ extent to which tasks are routine and easily understood

★ Position power

↪ refers to how much power a leader has to make work assignments and reward and punish

Question

Rayford is head of a task force consisting of his peers from other departments in the organization. Rayford has:

- A. High leader-member relations
- B. High task structure
- C. High position power
- D. Low position power

Representation of Fiedler's Contingency Model

Figure 14.1

Situational Control	High-Control Situations			Moderate-Control Situations				Low-Control Situations
Leader-member relations	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task structure	High	High	Low	Low	High	High	Low	Low
Position power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
Situation	1	11	111	1V	V	V1	V11	V111
Optimal Leadership Style	Task-Motivated Leadership			Relationship-Motivated Leadership				Task-Motivated Leadership

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-33

The Path-Goal Leadership Model

★ Path-Goal Leadership Model

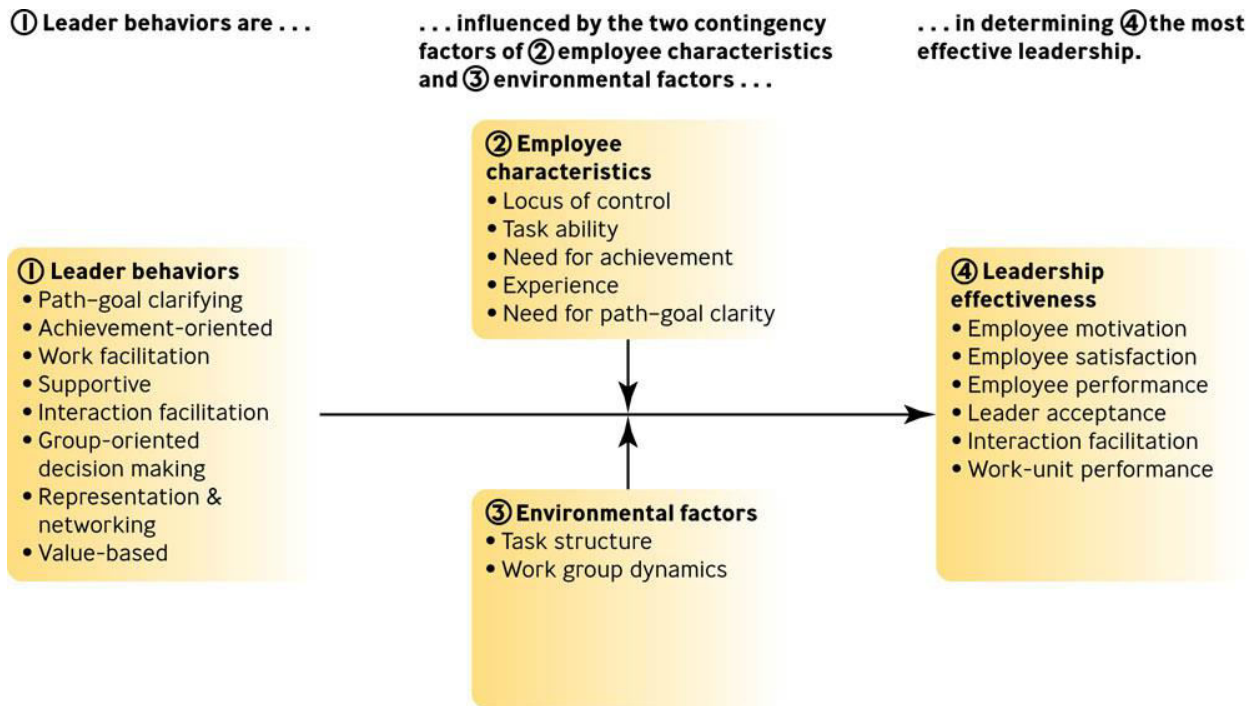
↪ holds that the effective leader makes available to followers desirable rewards in the workplace and increases their motivation by clarifying the paths, or behavior, that will help them achieve those goals and providing them with support

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-34

House's Revised Path-Goal Theory

Figure 14.2



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-35

Leadership Styles of the Revised Path-Goal Theory

Table 14.5

STYLE OF LEADER BEHAVIORS	DESCRIPTION OF BEHAVIOR TOWARD EMPLOYEES
1. Path-goal clarifying ("Here's what's expected of you and here's how to do it.")	Clarify performance goals. Provide guidance on how employees can complete tasks. Clarify performance standards and expectations. Use positive and negative rewards contingent on performance.
2. Achievement oriented ("I'm confident you can accomplish the following great things.")	Set challenging goals. Emphasize excellence. Demonstrate confidence in employee abilities.
3. Work facilitation ("Here's the goal, and here's what I can do to help you achieve it.")	Plan, schedule, organize, and coordinate work. Provide mentoring, coaching, counseling, and feedback to assist employees in developing their skills. Eliminate roadblocks. Provide resources. Empower employees to take actions and make decisions.
4. Supportive ("I want things to be pleasant, since everyone's about equal here.")	Treat as equals. Show concern for well-being and needs. Be friendly and approachable.
5. Interaction facilitation ("Let's see how we can all work together to accomplish our goals.")	Emphasize collaboration and teamwork. Encourage close employee relationships and sharing of minority opinions. Facilitate communication, resolve disputes.
6. Group-oriented decision making ("I want your suggestions in order to help me make decisions.")	Pose problems rather than solutions to work group. Encourage members to participate in decision making. Provide necessary information to the group for analysis. Involve knowledgeable employees in decision making.
7. Representation & networking ("I've got a great bunch of people working for me whom you'll probably want to meet.")	Present work group in positive light to others. Maintain positive relationships with influential others. Participate in organization-wide social functions and ceremonies. Do unconditional favors for others.
8. Value-based ("We're destined to accomplish great things.")	Establish a vision, display passion for it, and support its accomplishment. Communicate high performance expectations and confidence in others' abilities to meet their goals. Give frequent positive feedback. Demonstrate self-confidence.

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-36

Does the Revised Path – Goal Theory Work?

Use more than one leadership style

Help employees achieve their goals

Modify leadership style to fit employee and task characteristics

Full-Range Model

★ Transformational leadership

- ↳ transforms employees to pursue organizational goals over self-interests
- ↳ influenced by individual characteristics and organizational culture

Question

Jim, a manager, uses rewards and discipline to motivate subordinates, but does this as a way of helping them reach their full potential. This is called:

- A. Contingent leadership
- B. Transformational leadership
- C. Developmental consideration
- D. Democratic leadership

Key Behaviors of Transformational Leaders

Inspirational motivation

Idealized influence

Individualized consideration

Intellectual stimulation

Implications of Transformational Leadership

- ★ It can improve results for both **individuals** and **groups**
- ★ It can be used to train **employees** at any level
- ★ It requires **ethical** leaders



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-41

The Ethical Things Top Managers Should Do to Be Effective Transformational Leaders

Table 14.6

- **Employ a code of ethics.** The company should create and enforce a clearly stated code of ethics.
- **Choose the right people.** Recruit, select, and promote people who display ethical behavior.
- **Make performance expectations reflect employee treatment.** Develop performance expectations around the treatment of employees; these expectations can be assessed in the performance-appraisal process.
- **Emphasize value of diversity.** Train employees to value diversity.
- **Reward high moral conduct.** Identify, reward, and publicly praise employees who exemplify high moral conduct.

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

14-42

Additional Perspectives

★ **Leader-Member Exchange (LMX)**

- ↪ emphasizes that leaders have different sorts of relationships with different subordinates

Additional Perspectives

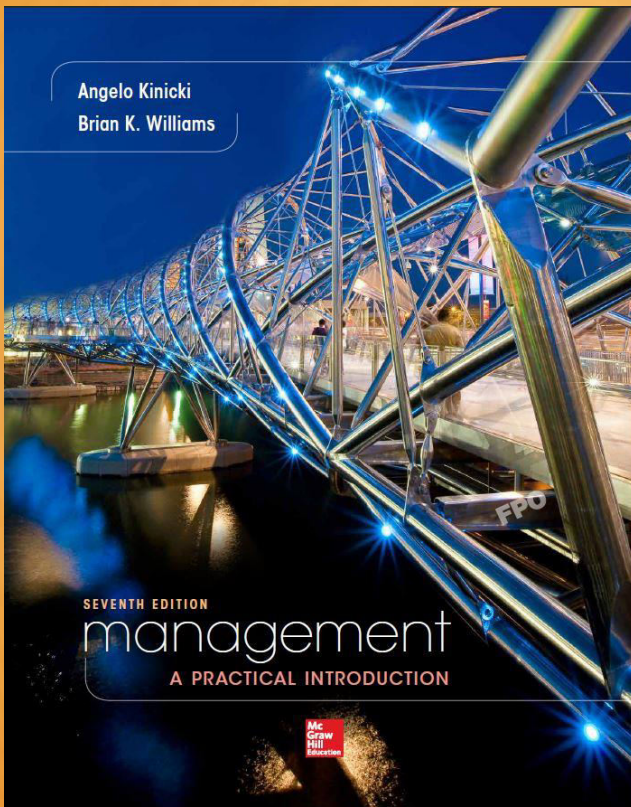
★ **E-leadership**

- ↪ can involve one-to-one, one-to-many, and within-group and between-group and collective interaction via information technology

Question

Laura is involved in leading a virtual team with members in Kansas, South Carolina, Chicago, and India. This is an example of _____.

- A. Servant leadership
- B. Shared leadership
- C. Leader-member exchange
- D. E-leadership



Interpersonal & Organizational Communication Mastering the Exchange of Information

PPT10
Chapter Fifteen

Major Questions You Should Be Able to Answer

- 15.1** What do I need to know about the communication process to be an effective communicator?
- 15.2** How can I use the different channels and patterns of communication to my advantage?
- 15.3** What are the important barriers I need to be aware of, so I can improve my communication skills?

Major Questions You Should Be Able to Answer

- 15.4** How do contemporary managers use information technology to communicate more effectively?
- 15.5** How can I be a better listener, reader, writer, and speaker?

Communication Defined: The Transfer of Information & Understanding

★ Communication

↪ the transfer of information and understanding from one person to another

★ **81%** of a manager's time in a typical workday is spent **communicating**

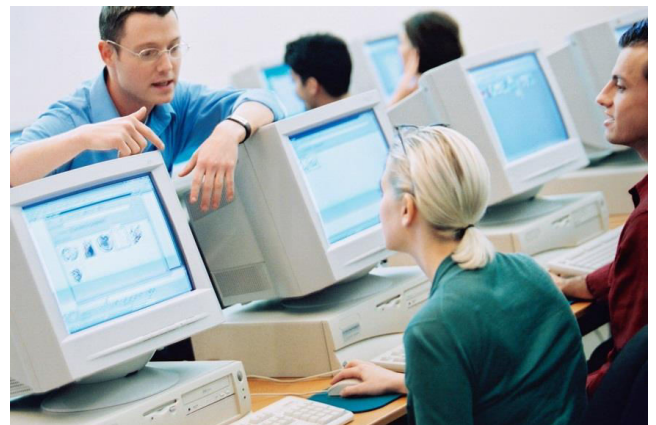
How the Communication Process Works

★ Sender

↪ person wanting to share information-called a message

★ Receiver

↪ person for whom the message is intended



How the Communication Process Works

★ Encoding

↳ translating a message into understandable symbols or language

★ Decoding

↳ interpreting and trying to make sense of the message

How the Communication Process Works

★ Medium

↳ the pathway by which a message travels

★ Feedback

↳ the receiver expresses his reaction to the sender's message

★ Noise

↳ any disturbance that interferes with the transmission of a message

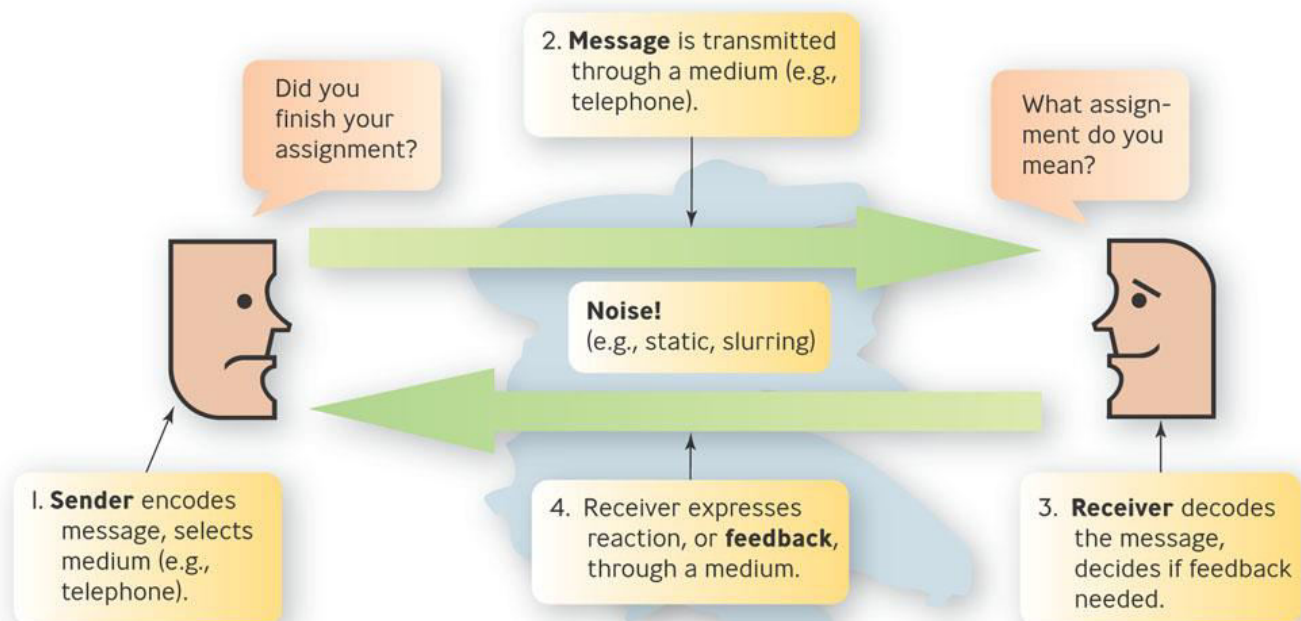
Question

Rachel and Alexa are talking on their cell phones. After Rachel reads her a phone number, Alexa repeats the number back to Rachel. This is an example of:

- A. Feedback
- B. Encoding
- C. Decoding
- D. Medium selection

The Communication Process

Figure 15.1



"Noise" is not just noise or loud background sounds but any disturbance that interferes with transmission—static, fadeout, distracting facial expressions, uncomfortable meeting site, competing voices, and so on.

Selecting the Right Medium

★ Medium richness

↪ indicates how well a particular medium conveys information and promotes learning

★ Rich medium

↪ best for nonroutine situations and to avoid oversimplification

★ Lean medium

↪ best for routine situations and to avoid overloading

Formal Communication Channels

★ Formal communication channels

↪ follow the chain of command and are recognized as official

↪ vertical, horizontal, external



Question

Jeremy shares information with his fellow task-force members about their project. Jeremy is communicating:

- A. Externally
- B. Downward
- C. Upward
- D. Horizontally

Types of Downward & Upward Communication

Table 15.1

Downward communication

Most downward communication involves one of the following kinds of information:

- Instructions related to particular job tasks. Example (supervisor to subordinate): “The store will close Monday for inventory. All employees are expected to participate.”
- Explanations about the relationship between two or more tasks. Example: “While taking inventory, employees need to see what things are missing. Most of that might be attributable to shoplifting.”
- Explanations of the organization’s procedures and practices. Example: “Start counting things on the high shelves and work your way down.”
- A manager’s feedback about a subordinate’s performance. Example: “It’s best not to try to count too fast.”
- Attempts to encourage a sense of mission and dedication to the organization’s goals. Example: “By keeping tabs on our inventory, we can keep our prices down and maintain our reputation of giving good value.”

Upward communication

Most upward communication involves the following kinds of information:

- Reports of progress on current projects. Example: “We shut down the store yesterday to take inventory.”
- Reports of unsolved problems requiring help from people higher up. Example: “We can’t make our merchandise count jibe with the stock reports.”
- New developments affecting the work unit. Example: “Getting help from the other stores really speeded things up this year.”
- Suggestions for improvements. Example: “The stores should loan each other staff every time they take inventory.”
- Reports on employee attitudes and efficiency. Example: “The staff likes it when they go to another store and sometimes they pick up some new ways of doing things.”

Informal Communication Channels

★ Informal communication channels

- ↪ develop outside the formal structure and do not follow the chain of command

Informal Communication Channels

★ Grapevine

- ↪ unofficial communication system of the informal organization

★ Management by wandering around

- ↪ term used to describe a manager's literally wandering around his organization and talking with people across all lines of authority

Barriers to Communication

1. **Physical** barriers: sound, time, space, & so on
2. **Semantic** barriers: when words matter
3. **Personal** barriers: individual attributes that hinder communication

Some Barriers that Happen Within the Communication Process

Table 15.2

- **Sender barrier—no message gets sent.** Example: If a manager has an idea but is afraid to voice it because he or she fears criticism, then obviously no message gets sent.
- **Encoding barrier—the message is not expressed correctly.** Example: If your vocabulary is lacking or English is not your first language, you may have difficulty expressing to a supervisor, coworker, or subordinate what it is you mean to say.
- **Medium barrier—the communication channel is blocked.** Example: When someone's phone always has a busy signal or a computer network is down, these are instances of the communication medium being blocked.
- **Decoding barrier—the recipient doesn't understand the message.** Example: Perhaps you're afraid to show your ignorance when someone is throwing computer terms at you and says that your computer connection has "a bandwidth problem."
- **Receiver barrier—no message gets received.** Example: Because you were talking to a coworker, you weren't listening when your supervisor announced today's work assignments.
- **Feedback barrier—the recipient doesn't respond enough.** Example: You give some people street directions, but since they only nod their heads and don't repeat the directions back to you, you don't really know whether you were understood.

Question

Greg was thinking about how he just did on his Economics test when his Management professor talked about tomorrow's Management quiz. This is an example of a(n) _____ barrier.

- A. Encoding
- B. Decoding
- C. Medium
- D. Receiver

Semantic Barriers

★ Semantics

↪ study of the meaning of words

★ Jargon

↪ terminology specific to a particular profession or group

Personal Barriers

- ★ Variable skills in communicating **effectively**
- ★ Variations in how information is processed & **interpreted**
- ★ Variations in **trustworthiness** & **credibility**
- ★ Oversized **egos**

Personal Barriers

- ★ Faulty **listening** skills
- ★ Tendency to **judge** others' messages
- ★ Inability to listen with understanding
- ★ Stereotypes and **prejudices**



Nonverbal Communication

★ Nonverbal communication

↪ consists of messages sent outside of the written or spoken word

★ Expressed through interpersonal space, eye contact, facial expressions, body movements & gestures, touch, setting and time

Toward Better Nonverbal Communication Skills

Table 15.3

DO ...	DON'T ...
Maintain eye contact	Look away from the speaker
Lean toward the speaker	Turn away from the speaker
Speak at a moderate rate	Speak too quickly or slowly
Speak in a quiet, reassuring tone	Speak in an unpleasant tone
Smile and show animation	Yawn excessively
Occasionally nod head in agreement	Close your eyes
Be aware of your facial expressions	Lick lips, bite nails, play with your hair

Communication Differences

Table 15.4

LINGUISTIC CHARACTERISTIC	MEN	WOMEN
Taking credit	Greater use of "I" statements (e.g., "I did this" and "I did that"); more likely to boast about their achievements	Greater use of "We" statements (e.g., "We did this" and "We did that"); less likely to boast about their achievements
Displaying confidence	Less likely to indicate that they are uncertain about an issue	More likely to indicate a lack of certainty about an issue
Asking questions	Less likely to ask questions (e.g., asking for directions)	More likely to ask questions
Conversation rituals	Avoid making apologies because it puts them in a one-down position	More frequently say "I'm sorry"
Giving feedback	More direct and blunt	More tactful; tend to temper criticism with praise
Giving compliments	Stingy with praise	Pay more compliments than men do
Indirectness	Indirect when it comes to admitting fault or when they don't know something	Indirect when telling others what to do

Example: Women & Communication

- ★ There is evidence that women are superior at **multitasking** and better at **relationships**, which is important in developing teams
- ★ Women are also more willing to **share information**

Communication in the Information Age

✦ **Multicommunicating**

↳ represents the use of technology to participate in several interactions at the same time



Eight Norms of the Millennial or Internet Generation

Table 15.5

1. Freedom—the desire to experience new and different things. This norm, which takes precedence over long-term commitments, is expressed in a desire for flexible work hours and locations, to have a say in how things are done, and for freedom of choice.
2. Customization—the desire to have personalized products and choices. Customization covers everything from ring tone choices to Facebook layouts to lifestyle choices.
3. Scrutiny—not taking “facts” and authority figures at face value. Knowing that there is both treasure and trash on the Internet, this generation has learned to be skeptical, to check things out, to ask probing questions. Candor and straight talk are favored.
4. Integrity—trust in people, products, and employers is important. This generation cares about honesty, transparency, and keeping commitments—although they are elastic when it comes to pirating music and plagiarism.
5. Collaboration—relationships are of key importance. Members of this generation value volunteering, know how to work and play with others, and are eager to offer opinions and suggestions.
6. Entertainment—keep things moving and interesting. A job should be both challenging and fun, not a life sentence. For this multitasking generation, the Internet is not only a productivity tool and information source but also a personal communication device and “fun tool of choice.”
7. Speed—instant feedback is expected. Used to instant-feedback video games and nanosecond answers from Google, Millennials prefer rapid-fire texting, instant messaging, and Tweeting to the slower e-mail. This leads them to urge faster decision making and feedback on job performance.
8. Innovation—impatience for new and different user experiences. In the workplace, the traditional hierarchy is rejected in favor of work processes that encourage collaboration and creativity.

Digital Communication & the New Workplace

★ Videoconferencing

↪ uses video and audio links along with computers to enable people in different locations to see, hear, and talk with each other

★ Telepresence technology

↪ high-definition videoconference systems that simulate face-to-face meetings between users

Digital Communication & the New Workplace

Benefits of Telecommuting

1. Reduces capital **costs**
2. Increases flexibility and autonomy for workers
3. Provides a **competitive advantage** when recruiting
4. Increases job satisfaction
5. Increases **productivity**
6. Ability to tap into nontraditional workers

Downside of the Digital Age

★ Security

↪ a system of safeguards for protecting information technology against disasters, system failures, and unauthorized access that result in damage or loss

★ Identity theft

↪ thieves hijack your name and identity and use your good credit rating to get cash or buy things

Protecting Against Security and Privacy Breaches on the Internet

Table 15.6

- **Don't use passwords that can be easily guessed.** Use weird combinations of letters, numbers, punctuation, and mix uppercase and lowercase, along with special characters such as !, #, and %.
- **Don't use the same password for multiple sites.** Avoid using the same password at different sites, since if hackers or scammers obtain one account, they potentially have your entire online life.
- **Don't reveal sensitive information on social networking sites.** Even people who set their profiles to Facebook's strictest privacy settings may find sensitive information leaked all over the web.
- **Be careful about free and illegal downloads.** File-sharing programs often contain spyware, as do sites containing free and illegal songs, movies, and TV shows.
- **Be mindful of liability issues.** Employers routinely monitor employee e-mail for offensive messages or risky material that may expose them to lawsuits.
- **Keep antivirus software updated.** The antivirus software on your computer won't protect you forever. Visit the antivirus software maker's website and enable the automatic update features.

Disadvantages of E-Mail

1. Has been a decrease in all other forms of communication among co-workers—including greetings and informal conversations
2. Emotions often are poorly communicated or miscommunicated via e-mail messages
3. The greater the use of e-mail, the less connected co-workers reportedly feel.

Tips for Better E-Mail Handling

Table 15.7

- **Treat all e-mail as confidential.** Pretend every message is a postcard that can be read by anyone. (Supervisors may legally read employee e-mail.)
- **Be careful with jokes and informality.** Nonverbal language and other subtleties are lost, so jokes may be taken as insults or criticism.
- **Avoid sloppiness, but avoid criticizing others' sloppiness.** Avoid spelling and grammatical errors, but don't criticize errors in others' messages.
- **When replying, quote only the relevant portion.** Edit long e-mail messages you've received down to the relevant paragraph and put your response immediately following.
- **Not every topic belongs on e-mail.** Complicated topics may be better discussed on the phone or in person to avoid misunderstandings.

Smartphones: Use & Abuse

- ✦ Cell phones are now mostly **smartphones**
- ✦ As smartphones develop more features and make available more applications, their importance will only **increase**

1. Keep your voice down; no need to SHOUT.

2. Don't force the public to have to listen to your phone conversations.

3. During meetings and public performances, shut off the ringer; set the phone on "vibrate."

4. Don't text during meetings or other conversations.

5. Don't dial or text while driving.

Social Media: Pros & Cons

✦ Social media

- ↪ Internet-based and mobile technologies used to generate interactive dialogue with members of a network



Social Media: Pros & Cons

★ Crowdsourcing

↪ the practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people and especially from the online community, such as Facebook and Twitter users

The Downside of Social Media

Distraction

**Leaving wrong
impression**

**Replacing real
conversation**

Using Facebook in Your Personal Life

Table 15.9

- Brand the product or organizational profile, but go light on sales messages. Follow the service standards of your organization.
- Use language relevant to your particular audience members and communicate with, not at, them. Show appreciation for them.
- Remember all wall posts are public. Don't write anything not intended for public consumption.
- All updates should be relevant.
- Take customer-sensitive issues off Facebook, into a private sphere, online or offline.
- Ask questions on the wall posts, but follow up and respond to any feedback received.

What 's Your Listening Style — or Styles?

★ Appreciative style

↪ listening to be amused

★ Empathic style

↪ tuning into the speaker's emotions

★ Comprehensive style

↪ focusing on the speaker's logic

What 's Your Listening Style — or Styles?

★ Discerning style

↪ focusing on the main message

★ Evaluative style

↪ challenging the speaker

Tips for Effective Listening

Table 15.10

1. **Show respect.** Give everyone the opportunity to explain their ideas without interrupting. Actively try to help the sender convey his or her message.
2. **Listen from the first sentence.** Turn off your internal thoughts and whatever you were thinking about prior to the interaction.
3. **Be mindful.** Stay in the moment and focus on the sender. Don't try to figure out what the speaker is *going to say*.
4. **Keep quiet.** You have two ears and one mouth; use them accordingly. Try to use the 80/20 rule: your conversational partner should speak 80% of the time, and you should speak 20%.
5. **Ask questions.** Asking questions clarifies what is being said and demonstrates that you are listening.
6. **Paraphrase and summarize.** Paraphrasing amounts to repeating back to someone what you just heard them say. Summarizing is used to integrate or consolidate an entire conversation. Both of these techniques enhance communications accuracy because they help to ensure the messages are being understood correctly.
7. **Remember what was said.** Either take notes or make an effort to log critical information into your mental computer.
8. **Involve your body.** Use nonverbal cues to demonstrate interest and involvement.

Being an Effective Reader

- ✦ Realize that speed reading doesn't work
- ✦ Do top-down reading – SQ3R



Five Steps to Better Reading

Table 15.11

1. **Rate reasons to read.** Rate your reasons for reading (“Why should I read this? Will reading it contribute to my goals?”).
2. **Question and predict answers.** Formulate specific questions you want the reading to answer. This will give you reasons for reading—to get answers to your questions.
3. **Survey the big picture.** Survey the material to be read so you can get a sense of the whole. Take a few minutes to get an overview so that you'll be better able to read with purpose.
4. **Skim for main ideas.** Skimming the material is similar to surveying, except it's on a smaller scale. You look for the essence of each subsection or paragraph.
5. **Summarize.** Summarize as you skim. Verbally restate or write notes of the main points, using your own words. Visualize or sketch the main points. Answer your initial questions as you skim the material.

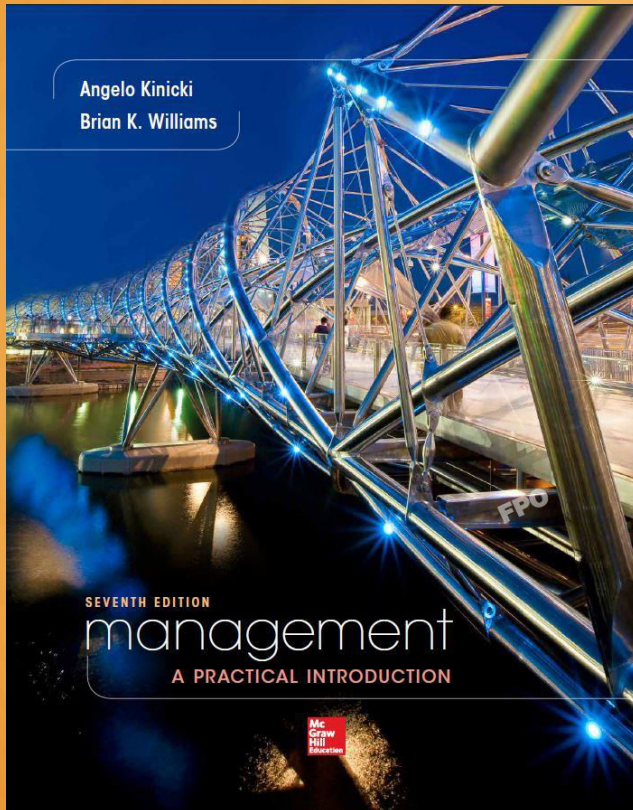
Being an Effective Writer

- ★ Don't show your **ignorance**
- ★ **Understand** your strategy before you write
- ★ Start with your **purpose**
- ★ Write simply, concisely, and **directly**
- ★ **Telegraph** your writing with a powerful layout

Being an Effective Speaker

1. Tell them what you're going to say
2. Say it
3. Tell them what you said





Control Systems & Quality Management Techniques for Enhancing Organizational Effectiveness

PPT11

Chapter Sixteen

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

Major Questions You Should Be Able to Answer

- 16.1** Why is control such an important managerial function?
- 16.2** How do successful companies implement controls?
- 16.3** How can three techniques—balanced scorecard, strategy maps, and measurement management—help me establish standards and measure performance?
- 16.4** What are the financial tools I need to know about?

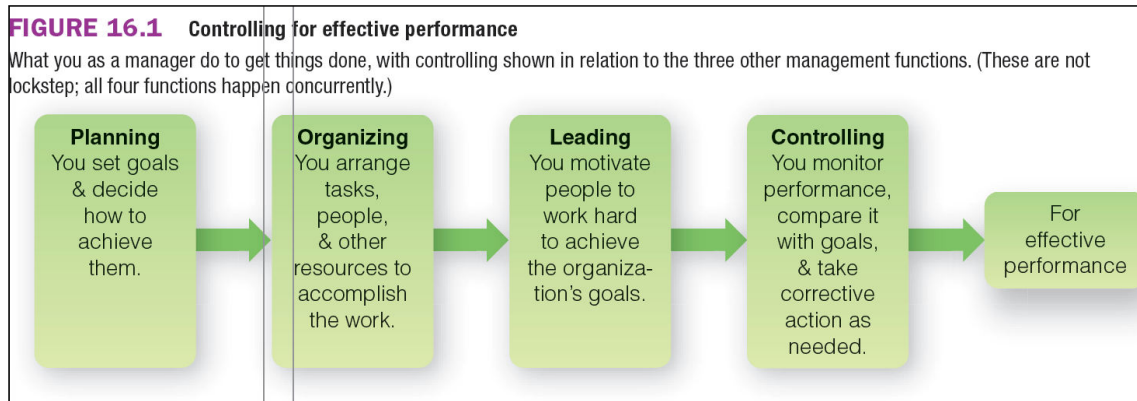
Major Questions You Should Be Able to Answer

- 16.5** How do top companies improve the quality of their products or services?
- 16.6** What are the keys to successful control, and what are the barriers to control success?
- 16.7** How do managers influence productivity?

Control: When Managers Monitor Performance

★ Controlling

↪ defined as monitoring performance, comparing it with goals, and taking corrective action as needed

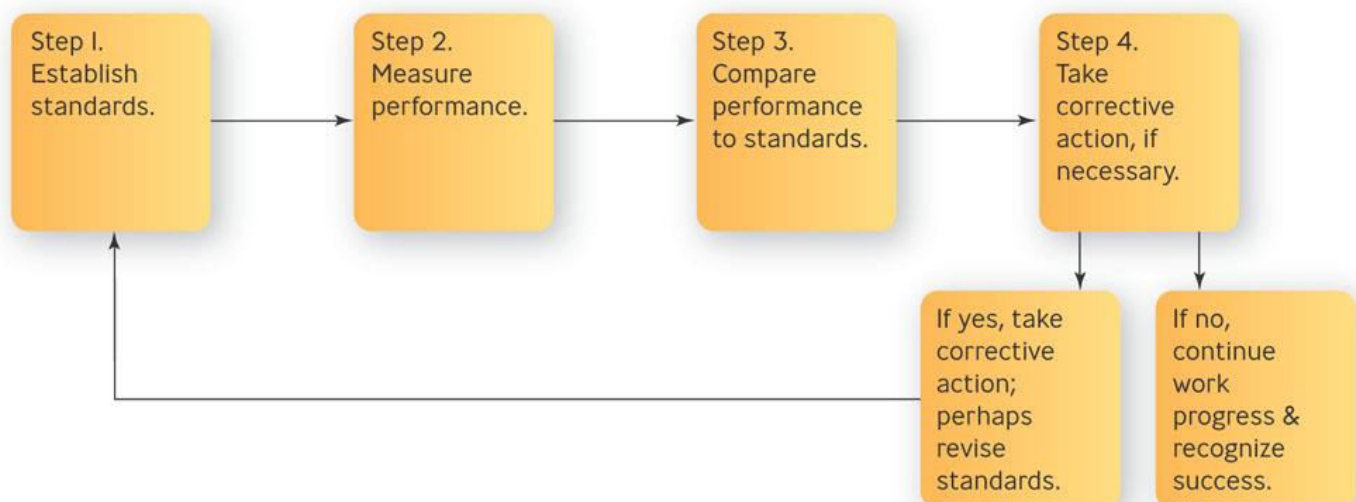


Why Is Control Needed?

1. To adapt to **change & uncertainty**
2. To discover irregularities & errors
3. To **reduce** costs, increase productivity, or add value
4. To detect opportunities
5. To deal with **complexity**
6. To decentralize decision making & facilitate teamwork

Steps in the Control Process

Figure 16.3



Steps in the Control Process

1. Establish standards

- ↪ performance standard is the desired performance level for a given goal
- ↪ best measured when they can be made quantifiable

2. Measure performance

- ↪ usually obtained from written reports, oral reports, and personal observations

Steps in the Control Process

3. Compare performance to standards

- ↪ Management by exception – control principle that says managers should be informed of a situation only if data show a significant deviation from standards

Steps in the Control Process

4. Take corrective action if necessary

- ↪ Make no changes
- ↪ Recognize and reinforce positive performance
- ↪ Take action to correct negative performance



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

16-9

Question

A UPS driver fails to perform according to the standards set for the route and traffic conditions. A supervisor rides along and gives suggestions for improvement. This is the _____ stage of the control process.

- A. Compare performance to standards
- B. Establish standards
- C. Take corrective action
- D. Measure performance

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

16-10

Levels of Control

★ Strategic control

↪ monitoring performance to ensure that **strategic plans** are being implemented and taking corrective action as needed

★ Tactical control

↪ monitoring performance to ensure that **tactical plans** - those at the divisional or departmental level - are being implemented

Levels of Control

★ Operational control

↪ monitoring performance to ensure that **operational plans** - day-to-day goals - are being implemented and taking corrective action as needed



Six Areas of Control

Physical

Human
resources

Informational

Financial

Structural

Cultural

Question

A drug test employed by an organization in its hiring process is an example of a(n) _____ resource control.

- A. Physical
- B. Human
- C. Financial
- D. Informational

Structural Area

✦ Bureaucratic control

↳ an approach to organizational control that is characterized by use of rules, regulations, and formal authority to guide performance

✦ Decentralized control

↳ an approach to organizational control that is characterized by informal and organic structural arrangements

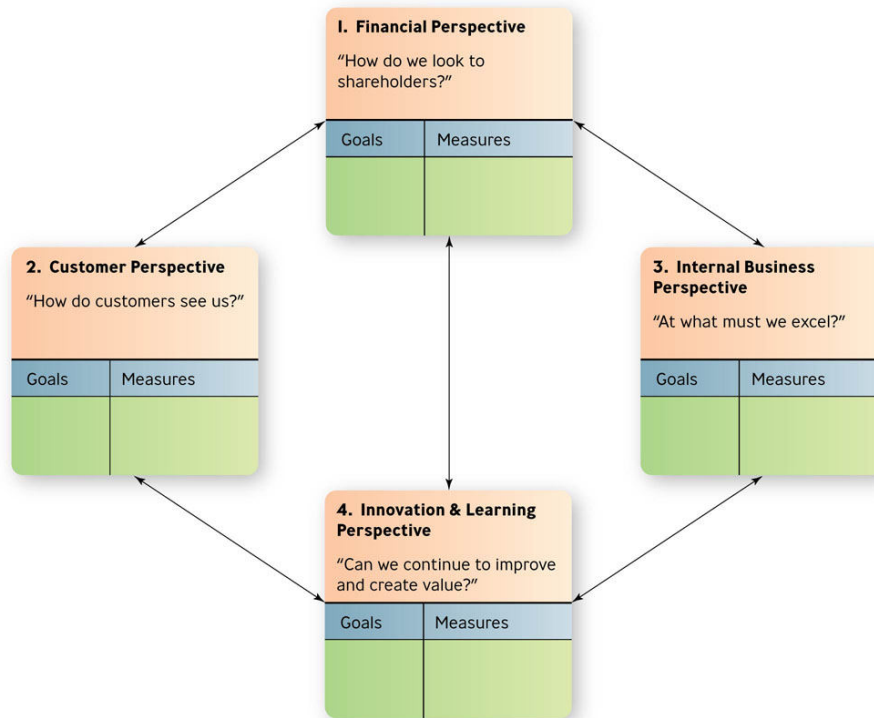
The Balanced Scoreboard

✦ Balanced scoreboard

↳ gives top managers a fast but comprehensive view of the organization via four indicators:
(1) customer satisfaction, (2) internal processes,
(3) innovation and improvement activities and,
(4) financial measures

The Balanced Scorecard: Four Perspectives

Figure 16.5



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

The Balanced Scorecard: Four Perspectives

★ Financial

↪ profitability, growth, shareholder values

★ Customer

↪ priority is taking care of the customer

★ Internal business

↪ quality, employee skills, and productivity

★ Innovation & learning

↪ learning and growth of employees

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

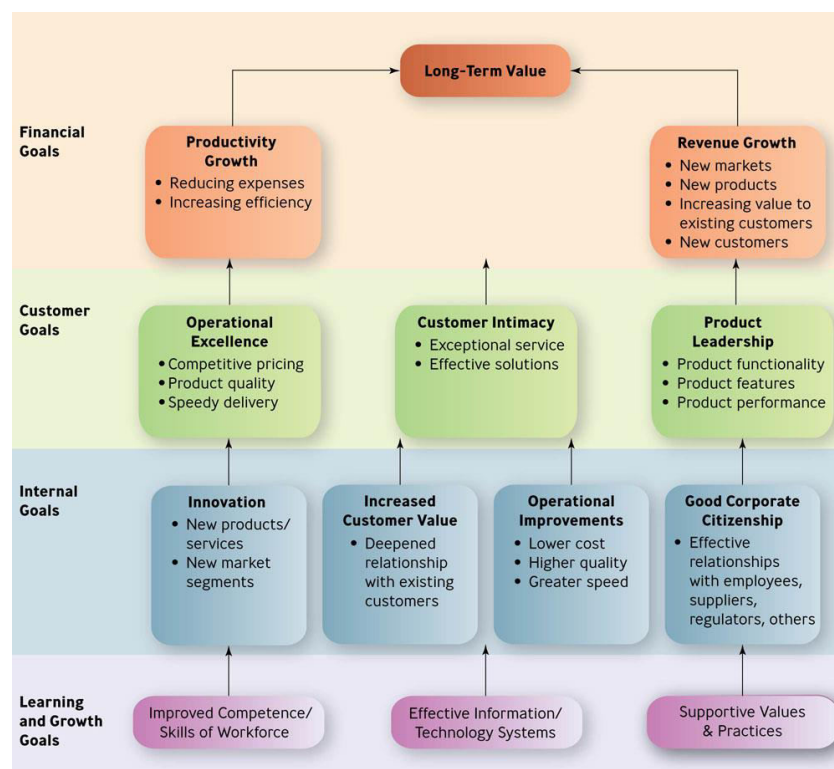
The Visual Representation of a Balanced Scorecard

★ Strategy map

↪ visual representation of the four perspectives of the balanced scorecard that enables managers to communicate their goals so that everyone in the company can understand how their jobs are linked to the overall objectives of the organization

The Strategy Map

Figure 16.6



Why Measure-Managed Firms Succeed

- ★ Top executives **agree** on strategy
- ★ Communication is **clear**
- ★ There is better **focus** and alignment
- ★ The organizational culture emphasizes **teamwork** and allows **risk taking**

Barriers to Effective Measurement

- ★ Objectives are **fuzzy**
- ★ Managers put too much trust in **informal** feedback systems
- ★ Employees **resist** new measurement systems
- ★ Companies focus too much on measuring activities instead of **results**

Question

Jeff's sales goal was to "improve sales". Which barrier to measurement is this?

- A. Objectives are fuzzy
- B. Managers put too much trust in informal feedback systems
- C. Employees resist new measurement systems
- D. Companies focus too much on measuring activities

Budgets: Formal Financial Projections

★ Budget

↪ formal financial projection

★ Incremental budgeting

↪ allocates increased or decreased funds to a department by using the last budget period as a reference point

↪ only incremental changes in the budget request are reviewed

Types of Budgets

Table 16.1

TYPE OF BUDGET	DESCRIPTION
Cash or cashflow budget	Forecasts all sources of cash income and cash expenditures for daily, weekly, or monthly period
Capital expenditures budget	Anticipates investments in major assets such as land, buildings, and major equipment
Sales or revenue budget	Projects future sales, often by month, sales area, or product
Expense budget	Projects expenses (costs) for given activity for given period
Financial budget	Projects organization's source of cash and how it plans to spend it in the forthcoming period
Operating budget	Projects what an organization will create in goods or services, what financial resources are needed, and what income is expected
Nonmonetary budget	Deals with units other than dollars, such as hours of labor or office square footage

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

16-25

Fixed versus Variable Budgets

✦ Fixed budgets

↳ allocates resources on the basis of a single estimate of costs



✦ Variable budgets

↳ allows the allocation of resources to vary in proportion with various levels of activity

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

16-26

Financial Statements

✦ **Balanced sheet**

↳ summarizes an organization's overall financial worth – assets and liabilities - at a specific point in time

✦ **Income statement**

↳ summarizes an organization's financial results – revenues and expenses - over specified period of time

Ratio Analysis

★ **Liquidity ratios**

↳ indicate how easily a firm's assets can be converted to cash

★ **Debt management ratios**

↳ degree to which a firm can meet its long-term financial obligations

★ **Return ratios**

↳ how effective management is generating a return or profit

Audits

★ Audit

↪ formal verification of an organization's financial and operational systems

★ **External** – performed by outside experts

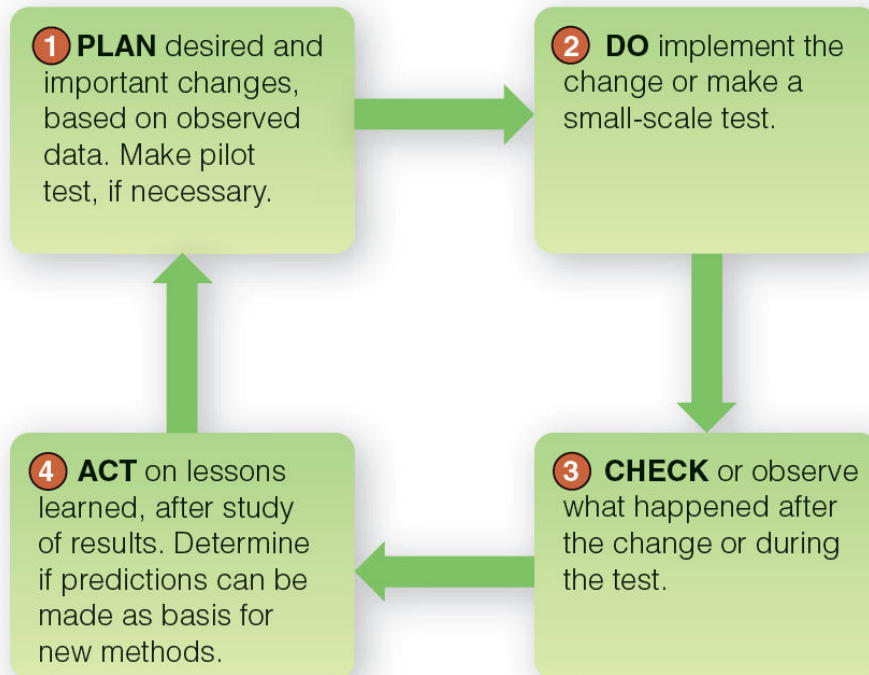
★ **Internal** – performed by organization's own professional staff

Deming Management

1. Quality should be aimed at the **needs** of the consumer
2. Companies should aim at **improving** the system, not blaming workers
3. Improved quality leads to **increased** market share, increased company prospects, & increased employment
4. Quality can be improved on the basis of **hard data**, using the PDCA cycle

The PDCA Cycle

Figure 16.7



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

16-31

Total Quality Management

★ Total Quality Management (TQM)

↪ a comprehensive approach - led by top management and supported throughout the organization - dedicated to continuous quality improvement, training, and customer satisfaction



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

16-32

Two Core Principles of TQM

1. People orientation

↪ everyone involved in the organization should focus on delivering value to customers

2. Improvement orientation

↪ everyone should work on continuously improving work processes

People Orientation

- ★ Delivering customer value is most important
- ★ People will focus on quality if given empowerment
- ★ TQM requires training, teamwork, and cross-functional efforts

Improvement Orientation

- ★ It's less expensive to do it right the first time
- ★ It's better to do small improvements all the time
- ★ Accurate standards must be followed to eliminate small variations
- ★ There must be strong commitment from top management

Applying TQM to Services

★ **RATER scale**

- ↪ enables customers to rate the quality of a service along dimensions – reliability, assurance, tangibles, empathy, and responsiveness

Some TQM Techniques

Outsourcing

Reduced cycle time

ISO 9000 and 14000 Series

Statistical process control

Six Sigma & Lean Six Sigma

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

16-37

Question

In Harvey's job, he takes random samples of production runs to ascertain quality. His job involves:

- A. Benchmarking
- B. Statistical process control
- C. Reduced cycle time
- D. Feedforward control



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

16-38

The Keys to Successful Control Systems

1. They are strategic & results oriented
2. They are timely, accurate, & objective
3. They are realistic, positive, & understandable & encourage self-control
4. They are flexible

Barriers to Control Success

1. Too much **control**
2. Too little employee participation
3. Overemphasis on **means** instead of ends
4. Overemphasis on paperwork
5. Overemphasis on one instead of **multiple** approaches

Managing for Productivity

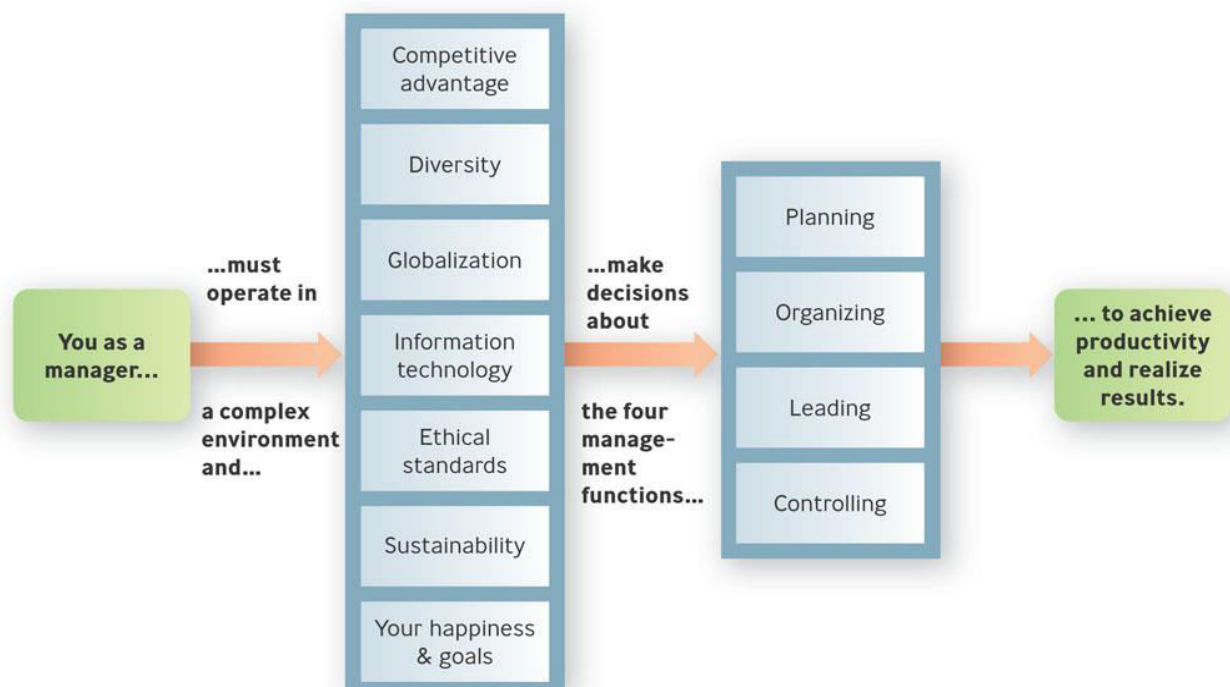
★ Productivity

↪ outputs divided by inputs where: outputs are the goods and services produced, and inputs are labor, capital, materials, and energy

$$\text{Productivity} = \frac{\text{Outputs}}{\text{Inputs}} \quad \text{or} \quad \frac{\text{Goods} + \text{Services}}{\text{Labor} + \text{Capital} + \text{Materials} + \text{Energy}}$$

Managing for Productivity and Results

Figure 16.8



The Role of Information Technology

★ Enterprise resource planning (ERP)

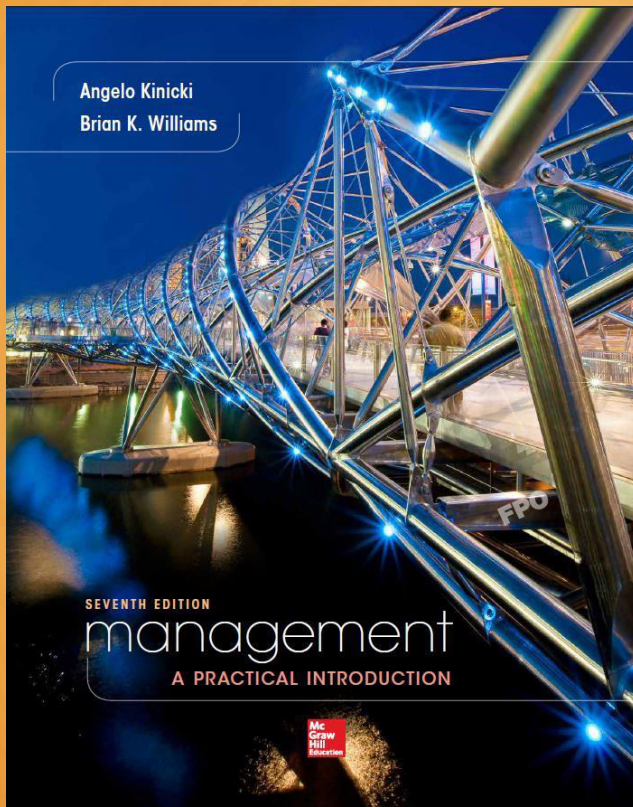
↪ software systems, information systems for integrating virtually all aspects of a business, helping managers stay on top of the latest developments.

Keys to Your Managerial Success

- ★ Find your **passion** and follow it.
- ★ Encourage self-discovery, and **be realistic**.
- ★ Every situation is different, so be flexible
- ★ Fine-tune your **people skills**

Keys to Your Managerial Success

- ★ Learn how to develop **leadership** skills
- ★ Treat people as if they matter, because they do
- ★ Draw employees and peers into your **management process**
- ★ Be flexible, keep your cool, and take yourself lightly



Global Management Managing across Borders

PPT12
Chapter Four

Major Questions You Should Be Able to Answer

- 4.1** What three important developments of globalization will probably affect me?
- 4.2** Why learn about international management, and what characterizes the successful international manager?
- 4.3** Why do companies expand internationally, and how do they do it?

Major Questions You Should Be Able to Answer

- 4.4** What are barriers to free trade, and what major organizations and trading blocs promote trade?
- 4.5** What are the principal areas of cultural differences?

Competition & Globalization: Who Will Be No. 1 Tomorrow?

✦ Globalization

- ↳ the trend of the world economy toward becoming a more interdependent system



The Rise of the “Global Village” & Electronic Commerce

✦ Global village

- ↳ the “shrinking” of time and space as air travel and the electronic media have made it much easier for the people of the globe to communicate with one another

The Rise of the “Global Village” & Electronic Commerce

★ E-commerce

- ↪ the buying and selling of products and services through computer networks
- ★ U.S. retail e-commerce sales were estimated at **\$263.3 billion** for 2013, up 16.9% over the previous year

One Big World Market: The Global Economy

★ Global economy

- ↪ the increasing tendency of the economies of the world to interact with one another as one market instead of many national markets

One Big World Market: The Global Economy

★ Positive effects

- ↪ world will be far more interconnected leading to better and more affordable products, as well as ever better communication among nations

★ Negative effects

- ↪ the movement, or outsourcing, of formerly well-paying jobs overseas as companies seek cheaper labor costs, particularly in manufacturing

One Big World Market: The Global Economy

Minifirms operating worldwide

- ★ Small companies can get started more easily
- ★ Small companies can maneuver faster

Question

Jelene sells her art through her own web site and her etsy store. She receives questions from many different countries. Jelene is engaged in _____.

- A. E-commerce
- B. Global trading
- C. Counter-trading
- D. Embargo



Why Learn About International Management?

✦ Multinational corporation

↳ business firm with operations in several countries

✦ Multinational organization

↳ nonprofit organization with operations in several countries

Why Learn About International Management?

- ★ You may deal with **foreign** customers or partners
- ★ You may deal with foreign employees or **suppliers**
- ★ You may work for a foreign firm in the United States
- ★ You may work for an American firm **outside** the United States – or for a foreign one

The Successful International Manager

- ★ **Ethnocentric managers**
 - ↪ believe that their native country, culture, language, and behavior are superior to all others
- ★ **Parochialism**
 - ↪ narrow view in which people see things solely through their own perspective

The Successful International Manager

★ Polycentric managers

- ↪ take the view that native managers in the foreign offices best understand native personnel and practices, and so the home office should leave them alone

The Successful International Manager

★ Geocentric managers

- ↪ accept that there are differences and similarities between home and foreign personnel and practices and that they should use whatever techniques are most effective



Question

Alvin accepts that differences and similarities exist between home and foreign personnel and practices, and that the company should use whatever techniques are most effective. Alvin can be described as:

- A. Ethnocentric
- B. Polycentric
- C. Geocentric
- D. Expatriate

Being a Star Road Warrior

Lesson 1: Frequent travel may be needed because personal encounters are essential

Lesson 2: Travel may be global, but understanding must be local

Lesson 3: Travel downtime can be used to expand business contacts

Why Companies Expand Internationally

1. Availability of supplies
2. New markets
3. Lower labor costs
4. Access to finance capital
5. Avoidance of tariffs & import quotas

Five Ways of Expanding Internationally

Figure 4.1



How Companies Expand Internationally

✦ Global outsourcing

- ↳ using suppliers outside the United States to provide labor, goods, or services
- ↳ Also called offshoring



How Companies Expand Internationally

✦ Importing

- ↳ a company buys goods outside the country and resells them domestically

✦ Exporting

- ↳ a company produces goods domestically and sells them outside the country

✦ Countertrading

- ↳ bartering goods for goods

Top 10 exporting countries, 1999 and 2013

Table 4.2

RANK IN 1999	RANK IN 2013
1. U.S	China
2. Germany	Germany
3. Japan	U.S.
4. France	Japan
5. Britain	France
6. Canada	South Korea
7. Italy	Netherlands
8. Netherlands	Italy
9. China	Russia
10. Belgium	United Kingdom

How Companies Expand Internationally

★ Licensing

- ↪ a company allows a foreign company to pay it a fee to make or distribute the firm's product or service

★ Franchising

- ↪ a company allows a foreign company to pay it a fee and a share of the profit in return for using the company's brand name and a package of materials and services

How Companies Expand Internationally

★ **Joint ventures**

- ↪ formed with a foreign company to share the risks and rewards of starting a new enterprise together in a foreign country
- ↪ also known as a strategic alliance

How Companies Expand Internationally

★ **Wholly-owned subsidiary**

- ↪ foreign subsidiary that is totally owned and controlled by an organization

★ **Greenfield venture**

- ↪ a foreign subsidiary that the owning organization has built from scratch.

Question

XYZ Corporation builds a **manufacturing plant** in Mexico, employs Mexican citizens and receives favorable tax treatment by the Mexican government. XYZ is:

- A. Using a *maquiladora*
- B. Countertrading
- C. Outsourcing
- D. Franchising

Barriers to International Trade

★ Tariffs

↪ customs duty, or tax, levied mainly on imports

★ Import quotas

↪ limits on the numbers of a product that can be imported

★ Embargoes

↪ complete ban on the import or export of certain products

Organizations Promoting International Trade

★ World Trade Organization (WTO)

- ↪ designed to monitor and enforce trade agreements
- ↪ Agreements are based on the *General Agreement on Tariffs and Trade (GATT)*
- ↪ Consist of 159 countries

Organizations Promoting International Trade

★ World Bank

- ↪ purpose is to provide low-interest loans to developing nations for improving transportation, education, health, and telecommunications

★ International Money Fund (IMF)

- ↪ designed to assist in smoothing the flow of money between nations

Major Trading Blocs

★ Trading bloc

- ↪ group of nations within a geographic region that have agreed to remove trade barriers with one another
- ↪ also known as an economic community



© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

4-30

Major Trading Blocs

- ★ **NAFTA** – U.S., Canada, Mexico
- ★ **European Union** – 28 trading partners in Europe
- ★ **APEC** – group of 21 Pacific Rim countries
- ★ **ASEAN** - trading bloc of 10 countries in Asia
- ★ **Mercosur** – trading bloc in Latin America
- ★ **CAFTA** – Central America

© 2016 by McGraw-Hill Education. This is proprietary material solely for authorized instructor use. Not authorized for sale or distribution in any manner. This document may not be copied, scanned, duplicated, forwarded, distributed, or posted on a website, in whole or part.

4-31


Question

The U.S. does not allow the import of Cuban sugar and cigars. This is an example of a(n):

- A. Embargo
- B. Tariff
- C. Quota
- D. Maquiladora

Most Favored Nation Trading Status

Most favored nation trading status

-  describes a condition in which a country grants other countries favorable trading treatment such as the reduction of import duties.

The Importance of National Culture

✦ Culture

↳ shared set of beliefs, values, knowledge, and patterns of behavior common to a group of people



Cultural Dimensions: The GLOBE Project

✦ Low-context culture

↳ shared meanings are primarily derived from written and spoken words

✦ High-context culture

↳ people rely heavily on situational cues for meaning when communicating with others

The Globe Project's Nine Cultural Dimensions

★ Power distance

↪ how much unequal distribution of power should there be in organizations and society

★ Uncertainty avoidance

↪ how much should people rely on social norms and rules to avoid uncertainty

★ Institutional collectivism

↪ how much should leaders encourage and reward loyalty to the social unit

The Globe Project's Nine Cultural Dimensions

★ In-group collectivism

↪ how much pride and loyalty should people have for their family or organization

★ Gender egalitarianism

↪ how much should society maximize gender role differences

★ Assertiveness

↪ how confrontational and dominant should individuals be in social relationships

The Globe Project's Nine Cultural Dimensions

★ **Future orientation**

↪ how much should people delay gratification by planning and saving for the future

★ **Performance orientation**

↪ how much should individuals be rewarded for improvement and excellence

★ **Humane orientation**

↪ how much should society encourage and reward people for being kind, fair, friendly, and generous

Other Cultural Variations

1. Language
2. Interpersonal space
3. Communication
4. Time orientation
 - Monochronic, Polychronic
5. Religion
6. Law and political stability

U.S. Managers on Foreign Assignments: Why Do They Fail?

★ **Expatriates**

↪ people living or working in a foreign country

★ 10%–20% of all U.S. managers sent abroad returned early because of job dissatisfaction or adjustment difficulties