Fundamentals of Management 10th edition Robbins Solutions Manual

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CHAPTER 2 THE MANAGEMENT ENVIRONMENT

LEARNING OUTCOMES

After reading this chapter, students should be able to:

2-1. Explain what the external environment is and why it's important.

2-2. Discuss how the external environment affects managers.

2-3. Define what organizational culture is and explain why it's important.

2-4. Describe how organizational culture affects managers.

Management Myth

MYTH: It doesn't matter what an organization's culture is like. I can be happy working anywhere.
TRUTH: To be happy, don't just "settle" for a job…find a workplace and a culture that "fits" you!

SUMMARY
An organization's culture can be an important indicator of "fit" – will I like working here and does this seem like a place where I can fit in and contribute? Anyone who thinks they can be happy working in any type of organizational setting might be in for a big surprise! Even working at a company rated as a "Best Company to Work For" isn't for everyone. Organizational cultures differ and so do people.

Teaching Tips:

Have students think about the organizational cultures at several companies that have been identified as "best place to work" organizations. How are the cultures in these companies similar? How are they different? Ask students to think about which company they would be most comfortable in and why. Then, ask students to reflect on what their responses tell them about the type of employee that will be most successful at the organization.

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I. WHAT IS THE EXTERNAL ENVIRONMENT AND WHY IS IT IMPORTANT?

A. Introduction

1. The term **external environment** refers to factors, forces, situations, and events outside the organization that affect its performance.
2. Exhibit 2-1 shows the five components of the external environment.
   a) The economic component encompasses factors such as interest rates, inflation, employment/unemployment rates, exchanges in disposable income, stock market fluctuations, and business cycle stages.
   b) The demographic component is concerned with trends in population characteristics such as age, race, gender, education level, geographic location, income, and family composition.
   c) The technological component is concerned with scientific or industrial innovations.
   d) The sociocultural component is concerned with societal and cultural factors such as values, attitudes, trends, traditions, lifestyles, beliefs, tastes, and patterns of behavior.
   e) The political/legal component looks at federal, state, and local laws, as well as laws of other countries and global laws.
   f) The global component encompasses those issues associated with globalization and a world economy.

B. What is the Economy Like Today?

1. After several years in crisis mode, the U.S. economy and other global economies seem to have turned the corner. However, it's not smooth sailing for managers.

   a) The slowdown in productivity has moderated globally although it continues to lag in the United States. Global trade continues to be sluggish. Some analysts wonder if this is an indicator that the world economy is becoming less connected.

   b) Total U.S. employment is up, but the strongest employment growth has been in low-wage jobs and many U.S. workers are trapped in part-time jobs, unable to find full-time work.

   c) Many businesses in low-wage industries are using part-time workers to soften the impact of health-care law mandates.

   d) A *New York Times* poll found that only 64 percent of Americans state that they still believe in the American dream – work hard and you can achieve success and riches.

   e) The World Economic Forum identified a significant risk facing business leaders and policy makers over the next decade: "severe income disparity."

2. Economic Inequality and the Economic Context

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a) People are becoming more discontented with the income gap between the rich and everyone else.

b) People's belief that anyone can achieve prosperity is waning.

c) Business leaders need to recognize how social attitudes in the economic context affect business decisions.

3. The Sharing Economy

a) Companies including Uber, Zipcar, and SnapGoods are part of a fast-growing phenomenon called the **sharing economy** – an economic environment in which asset owners share with other individuals through a peer-to-peer services, for a set fee, their underutilized physical assets or their knowledge, expertise, skills, or time.

From the Past to the Present
Just how much difference does a manager make in how an organization performs? Management theory proposes two perspectives in answering this question: the omnipotent view and the symbolic view. The **Omnipotent View** maintains that managers are directly responsible for the success or failure of an organization. The **Symbolic View** of management upholds the view that much of an organization's success or failure is due to external forces outside managers' control. Reality suggests a synthesis – managers are neither helpless nor all powerful. Instead, the more logical approach is to see the manager as operating within constraints imposed by the organization's culture and environment.
Teaching Tips: Questions for students to consider: • Why do you think these two perspectives on management are important? • How are these views similar? Different?

C. What Role Do Demographics Play?

1. The size and characteristics of a country's population can have a significant effect on what it's able to achieve.

2. **Demographics**, the characteristics of a population used for purposes of social studies, can and do have a significant impact on how managers manage.

3. Demographic characteristics of concern to organizations include: age, income, sex, race, education level, ethnic makeup, employment status, and geographic location.

4. Age is a particularly important demographic for managers since the workplace often has different age groups all working together.

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a) Baby Boomers are those individuals born between 1946 and 1964. The sheer numbers of people in that cohort means they've had a significant impact on every aspect of the external environment – including the Social Security System.

b) Gen X is used to describe those individuals born between 1965 and 1977. This age group has been called the baby bust generation since it followed the baby boom and is one of the smaller age cohorts.

c) Gen Y (or the "Millennials") is an age group typically considered to encompass those individuals born between 1978 and 1994. As the children of the Baby Boomers, this age group is large in number and making its imprint on external environmental conditions as well.

d) Gen Z describes the group born between 1995 and 2010. Gen Z is huge – those under age 20 represent 25.9 percent of the U.S. population. This is the most diverse and multicultural of any generation in the United States. It's the first group whose only reality revolves around the "Internet, mobile devices, and social networking."

II. HOW DOES THE EXTERNAL ENVIRONMENT AFFECT MANAGERS?

A. One of the important organizational factors affected by changes in the external environment is jobs and employment. For example, economic downturns result in higher unemployment and place constraints on staffing and production quotas for managers. Not only does the external environment affect the number of jobs available, but it also impacts how jobs are managed and created. Changing conditions can create demands for more temporary work and alternative work arrangements.

Technology and the Manager's Job
Can Technology Improve the Way Managers Manage?

Technology includes the equipment, tools, or operating processes to make work more efficient. In some cases, human labor has been replaced by electronic and computer equipment. Technology has also impacted information enabling work to be done anywhere and anytime. In turn, management is impacted by technology while attempting to manage virtual employees in the way they plan, organize, lead and control.

Teaching Tips:
Many students assume that the loss of jobs to technology is a bad thing. What they may not think about are the positives dynamics that technology can create for the average worker.

Questions for students to consider:
- Is management easier or harder with all the available technology?
- What benefits does technology provide and what problems does technology pose for (a) employees and (b) managers?

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B. Environments differ in their amount of **environmental uncertainty**, which relates to (1) the degree of change in an organization's environment and (2) the degree of complexity in that environment (see Exhibit 2-2).

1. Degree of change is characterized as being dynamic or stable.

2. In a dynamic environment, components of the environment change frequently. If change is minimal, the environment is called a stable environment.

3. The degree of **environmental complexity** is the number of components in an organization's environment and the extent of an organization's knowledge about those components.

4. If the number of components and the need for sophisticated knowledge is minimal, the environment is classified as simple. If a number of dissimilar components and a high need for sophisticated knowledge exist, the environment is complex.

5. Because uncertainty is a threat to organizational effectiveness, managers try to minimize environmental uncertainty.

C. The more obvious and secure an organization's relationships are with external stakeholders, the more influence managers have over organizational controls.

1. **Stakeholders** are any constituencies in the organization's external environment that are affected by the organization's decisions and actions. (See Exhibit 2-3 for an identification of some of the most common stakeholders.)

2. Stakeholder relationship management is important for two reasons:

   a) It can lead to improved predictability of environmental changes, more successful innovation, greater degrees of trust among stakeholders, and greater organizational flexibility to reduce the impact of change.

   b) It is the "right" thing to do, because organizations are dependent on external stakeholders as sources of inputs and outlets for outputs and the interest of these stakeholders should be considered when making and implementing decisions.

A Question of Ethics
A popular mobile traffic software app by Google has law enforcement officers across the country worried. The app provides real time traffic guidance and warnings about traffic congestion, construction zones, speed traps, stalled vehicles, unsafe weather conditions, and so on. Law enforcement groups are asking Google to turn off the feature that warns drivers when police are nearby, arguing that it puts their officers at risk for attack. To date, there has been no connection between the use of the app and attacks, and Google has worked with the New York City Police Department and others by sharing information.

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Questions for students to consider:

- Is there are ethical issue here? Why or why not?
- What stakeholders might have a vested interest in this issue and what do you think their position might be? How can identifying stakeholders help a manager decide the most responsible approach?

II. WHAT IS ORGANIZATIONAL CULTURE?

A. Just as individuals have a personality, so too, do organizations. We refer to an organization's personality as its culture.

B. What is Organizational Culture?

1. **Organizational culture** is the shared values, principles, traditions, and ways of doing things that influence the way organizational members act. This definition implies:

   a) Individuals **perceive** organizational culture based on what they see, hear, or experience within the organization.

   b) Organizational culture is a descriptive term. It **describes**, rather than evaluates.

   c) Organizational culture is **shared** by individuals within the organization.

C. How can Culture Be Described?

1. Seven dimensions of an organization's culture have been proposed (see Exhibit 2-4).

   a) Innovation and risk taking (the degree to which employees are encouraged to be innovative and take risks).

   b) Attention to detail (the degree to which employees are expected to exhibit precision, analysis, and attention to detail).

   c) Outcome orientation (the degree to which managers focus on results or outcomes rather than on the techniques and processes used to achieve those outcomes).

   d) People orientation (the degree to which management decisions take into consideration the effect on people within the organization).

   e) Team orientation (the degree to which work activities are organized around teams rather than individuals).

   f) Aggressiveness (the degree to which employees are aggressive and competitive rather than cooperative).

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g) Stability (the degree to which organizational activities emphasize maintaining the status quo in contrast to growth).

D. Where Culture Comes From?

1. The original source of an organization's culture is usually a reflection of the vision or mission of the organization's founders.

2. Founders project an image of what the organization should be and what its values are.

3. Founders "impose" their vision on employees.

4. Organizational members create a shared history or "who we are."

E. How Do Employees Learn the Culture?

A. Culture is transmitted principally through stories, rituals, material symbols, and language. Organizational stories typically involve a narrative of significant events or people.

a) **Corporate rituals** are repetitive sequences of activities that express and reinforce the key values of the organization, which goals are most important, and which people are important or expendable.

b) The use of **material symbols and artifacts** is another way in which employees learn the culture, learn the degree of equality desired by top management, discover which employees are most important, and learn the kinds of behavior that are expected and appropriate.

c) **Language** is often used to identify members of a culture. Learning this language indicates members' willingness to accept and preserve the culture. This special lingo acts as a common denominator to unite members of a particular culture.

IV. HOW DOES ORGANIZATIONAL CULTURE AFFECT MANAGERS?

1. An organization's culture is important because it establishes constraints on what employees and managers can do.

A. How Does Culture Affect What Employees Do?

a. **Strong cultures** are found in organizations where key values are intensely held and widely shared.

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b. Most organizations have moderate-to-strong cultures. In these organizations, high agreement exists about what is important and what defines "good" employee behavior, for example.

c. Strong cultures can create predictability, orderliness, and consistency without the need for written documentation.

B. How Does Culture Affect What Managers Do?

a) Constraints from organizational culture are rarely explicit.

b) The link between corporate values and managerial behavior is fairly straightforward.

c) The culture conveys to managers what is appropriate behavior.

d) An organization's culture, particularly a strong one, constrains a manager's decision making options in all managerial functions (see Exhibit 2-5).

REVIEW AND APPLICATIONS

CHAPTER SUMMARY

2-1 Explain what the external environment is and why it's important. The external environment refers to factors, forces, situations, and events outside the organization that affects its performance. It includes economic, demographic, political/legal, sociocultural, technological, and global components. The external environment is important because it poses constraints and challenges to managers.

2-2 Discuss how the external environment affects managers. There are three ways that the external environment affects managers: its impact on jobs and employment, the amount of environmental uncertainty, and the nature of stakeholder relationships.

2-3 Define what organizational culture is and explain why it's important. Organizational culture is the shared values, principles, traditions, and ways of doing things that influence the way organizational members act. It's important because of the impact it has on decisions, behaviors, and actions of organizational employees.

2-4 Describe how organizational culture affects managers. Organizational culture affects managers in two ways: through its effect on what employees do and how they behave, and through its effect on what managers do as they plan, organize, lead, and control.

DISCUSSION QUESTIONS

2-1 **How much impact do managers actually have on an organization's success or failure?**

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Answer: The omnipotent view supports the idea that a manager is directly responsible for the success and failure of the organization. Top CEOs (and head football coaches) would be more likely to be held accountable for the entire organization's outcomes, while lower level managers would be held responsible for the outcomes in their respective departments. This view adopts the premise that managers set the priorities/goals of the organization and are responsible for making major success oriented decisions. If the goals and decisions that managers choose are correct, then the organization should thrive. The symbolic view is a counterpart to the omnipotent view and asserts that much of an organization's success or failure can be attributed to factors in the external environment, such as competition, economic conditions, or governmental influences. According to this view, management decisions are often flawed and poorly implemented due to factors beyond their direct control. Considering the random and ambiguous situations managers face, they should not be held responsible for organizational performance.

2-2 **What are the six external environment components and why is it important for managers to understand these components?**

Answer: This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-3 **How has the changed economy affected what managers do? Find two or three examples in current business periodicals of activities and practices that organizations are using. Discuss them in light of the changed environment.**

Answer: The recent recession has had an overall negative impact on organizations and has made the manager's job more challenging. Students may find examples of how organizations are dealing with a general level of uncertainty regarding job security and wages. On the bright side, some students may find articles on innovative tactics companies are using to do more with less and how organizations are now leveraging limited resources to provide a more exciting and challenging job for employees.

2-4 **Why is it important for managers to pay attention to demographic trends and shifts?**

Answer: As demographics change, so do the defining characteristics of employees and customers. Managers must adapt to these changes in order to properly motivate their employees and meet the needs of customers. For example, as the Baby Boomers are on the verge of retirement, managers are faced with a younger workforce with different ideas of work and organizational commitment. This change in society will also present opportunities as more seniors will demand a greater emphasis on health care and other services important to an aging population.

2-5 **What is environmental uncertainty? What impact does it have on managers and organizations? Find two examples in current business periodicals that illustrate how environmental uncertainty affects organizations.**

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Answer: Environmental uncertainty relates to (1) the degree of change in an organization's environment and (2) the degree of complexity in that environment. Because uncertainty is a threat to organizational effectiveness, managers try to minimize environmental uncertainty. Students should find articles on organizations that operate in varying degrees of uncertainty. Firms that operate in technology intensive markets, such as computers or cell phones, will typically experience a high degree of uncertainty. Managers in these firms will have to work hard to minimize the impact of behavioral variables such as stress on the workforce. On the other hand, firms that operate in a less dynamic environment have managers that are less stressed by constant change in the environment.

2-6 **"Businesses are built on relationships." What do you think this statement means? What are the implications for managing the external environment?**

Answer: Organizations depend on their environment and their stakeholders as a source of inputs and a recipient of outputs. Good relationships can lead to organizational outcomes such as improved predictability of environmental changes, more successful innovations, greater degrees of trust among stakeholders, and greater flexibility in acting to reduce the impact of change. In addition, relationship management and maintaining good relationships have been proven by many researchers to have an effect on organizational performance. High-performing companies tend to consider the interests of all major stakeholder groups as they make decisions.

2-7 **Is organizational culture an asset to an organization? Explain. Can it ever be a liability? Explain.**

Answer: In some cases, organizational culture can be a competitive advantage for an organization. Having a strong culture would likely emphasize employee outcomes such as quality and productivity and would give significant attention to detail. In other cases where the culture is weak or does not match the demands of the environment, organizational culture could be a liability. For example, a weak culture that does not promote ethical decision making by employees could produce high levels of employee theft or fraud. Because culture is difficult to change, it should be stressed that choosing to build a strong culture can pay dividends in the long run.

2-8 **How is an organization's culture formed and maintained?**

Answer: This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-9 **Discuss the impact of a strong culture on organizations and managers.**

Answer: At one time, researchers supported a direct connection between the strength of an organization's culture and its performance. Today, we know that the strength of an organization's culture is more closely tied to the acceptance of an organization's values. In the end, strong cultures aid a manager in fulfilling their functions: planning, organizing, leading, and controlling.

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2-10 **Pick two organizations that you interact with frequently (as an employee or as a customer) and assess their culture according to the dimensions shown in Exhibit 2-4.**

Answer: Student answers to this question will vary**.** Have students look at the seven dimensions of organizational culture described in the text and rate them from high to low for each company. One point you might want to explore: What role does the founder/CEO of the company play in establishing the culture of the company? Ask students to relate this information to the role a teacher might play in establishing the culture of a classroom.

MyManagementLab

Students can find the following assisted-graded writing questions at mymanagementlab.com. Answers to these questions are graded against rubrics in the MyLab.

2-11 *How can managers best deal with environmental uncertainty?*

2-12 *Explain how an organization's culture can help it be successful AND how it can keep it from being successful.*

MANAGEMENT SKILL BUILDER

Skill Development: Understanding Culture

An organization's culture is a system of shared meaning. When you understand your organization's culture, you know, for example, whether it encourages teamwork, rewards innovation, or stifles initiative. When interviewing for a job, the more accurate you are at assessing the culture, the more likely you are to find a good person-organization fit. And once inside an organization, understanding the culture allows you to know what behaviors are likely to be rewarded and which are likely to be punished.

Personal Inventory Assessment: Company Culture Assessment

Want to know what a company's culture is like? This PIA will show you what's involved with assessing a company's culture.

Skill Basics

Here's a list of things students can do to help learn about an organization's culture:

- Do background work.
- Observe the physical surroundings.
- Make note about those with whom you met.
- How would you characterize the style of the people you met?
- Look at the organization's human resources manual.
- Ask questions of the people with whom you meet.

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Practicing the Skill

After spending your first three years after college graduation as a freelance graphic designer, you're looking at pursuing a job as an account executive at a graphic design firm. You feel that the scope of the assignments and potential for technical training far exceed what you're able to do on your own, and you're looking to expand your skills and meet a brand-new set of challenges. However, you want to make sure you "fit" into the organization where you're going to spending more than eight hours every workday. Write a brief paper describing how you would find a place where you'll be happy and where your style and personality will be appreciated.

EXPERENTIAL EXERCISE
Speedy Car Wash Service, Inc.

To: Michelle Bradley, Employee Care Manager
From: Alex Bilyeu, President
Re: Creating a Fun Workplace

Michelle's boss is interested in the idea that some employers use fun to reduce employee stress at work. He likes the idea and wants you to do some research. You will need to prepare a bulleted list of ideas on how we can create a workplace here at Speedy that's both fun and yet still focused on work.

Teaching Tip:
Doing a quick Internet search, students should find a lot of ideas on how to create a fun working environment. There are several Web sites, some international, which suggest specific programs for employers to follow. Students should find information on National Fun At Work Day and several other quick tips that have been tried at other companies. For a more detailed company example, I suggest NUTS!: Southwest Airlines' Crazy Recipe for Business and Personal Success. As an introduction to this case, you might want to show a clip from the movie *Office Space* during class.

Case Application 1: Getting Back on Target

Discussion Questions

2-14 *What roles does a CEO play in an organization's culture? What role do other leaders/managers play?*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-15 *Describe Target's culture under its previous CEO. Describe Target's culture under its current CEO.*

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This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-16 *What are the benefits and challenges of social media in managing organizational culture?*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-17 *Which view of management do you see played out here? The omnipotent or the symbolic? Explain.*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-18 *What advice about organizational culture would you give the new CEO?*

Student answers will vary.

Case Application 2: Not Sold Out

Discussion Questions

2-19 *Using Exhibit 2-1, what external components might be most important for managers in movie theater chains to know about? Why?*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-20 *According to the case, what external trends do managers at the movie theater chains have to deal with?*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-21 *How do you think these trends might constrain decisions made by managers at the movie theater chains?*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-22 *What stakeholders do you think might be the most important to movie theater chains? What interests might these stakeholders have?*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

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Case Application 3: Going to Extremes

Discussion Questions

2-23 *Find a list of all 10 of Zappos' corporate values. Pick two of the values and explain how you think those values would influence the way employees do their work.*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-24 *Using this list of corporate values and Exhibit 2-4, describe Zappos' organizational culture. In which areas would you say that Zappos' culture is very high (or typical)? Explain.*

Answer: Students should focus on Zappos' innovativeness, their people orientation, and their team orientation. Another factor that could be noted is attention to detail – if the link is made between detail and customer service.

2-25 *How did the Zappos' corporate culture begin? How is Zappos' corporate culture maintained?*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-26 *"The right culture with the right values will always produce the best organizational performance." Do you agree or disagree with this statement? Why?*

This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.

2-27 *What could other companies learn from Tony Hsieh and Zappos' experiences?*

Answer: Tony's passion for creating a fun work environment and pursuing high levels of customer service appears to be a winning combination. Also, Tony's proactive stance with regard to creating a set of company values and checking periodically to determine if they are being followed is something that companies could emulate.

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2

The Management Environment

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Learning Outcomes

- **Explain** what the external environment is and why it's important.
- **Discuss** how the external environment affects managers.
- **Define** what organizational culture is and why it's important.
- **Describe** how organizational culture affects managers.

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2-1

Explain what the external environment is and why it's important.

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External Environment

Factors, forces, situations, and events outside the organization that affect its performance.

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Components of the External Environment

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What Is the Economy Like Today?

- Global productivity still slow
- Global trade is sluggish
- U.S. employment is up
- Is the American dream still a possibility?

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Economic Inequality

Harris Interactive Poll:

Only 10 percent of adults think economic inequality is “not a problem at all.”

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The Sharing Economy

Asset owners share with other individuals through peer-to-peer service, for a set fee, their underutilized physical assets or their knowledge, expertise, skills, or time.

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Demographics

Demography is destiny.

Age Cohorts

- Baby Boomers
- Gen X
- Gen Y
- Gen Z

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2-2

Discuss how the external environment affects managers.

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How Does External Environment Affect Managers?

- Jobs and employment
- Assessing environmental uncertainty
- Managing stakeholder relationships

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Assessing Environmental Uncertainty

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

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Managing Stakeholder Relationships

Stakeholders:

any constituencies in an organization's environment that are affected by that organization's decisions and actions.

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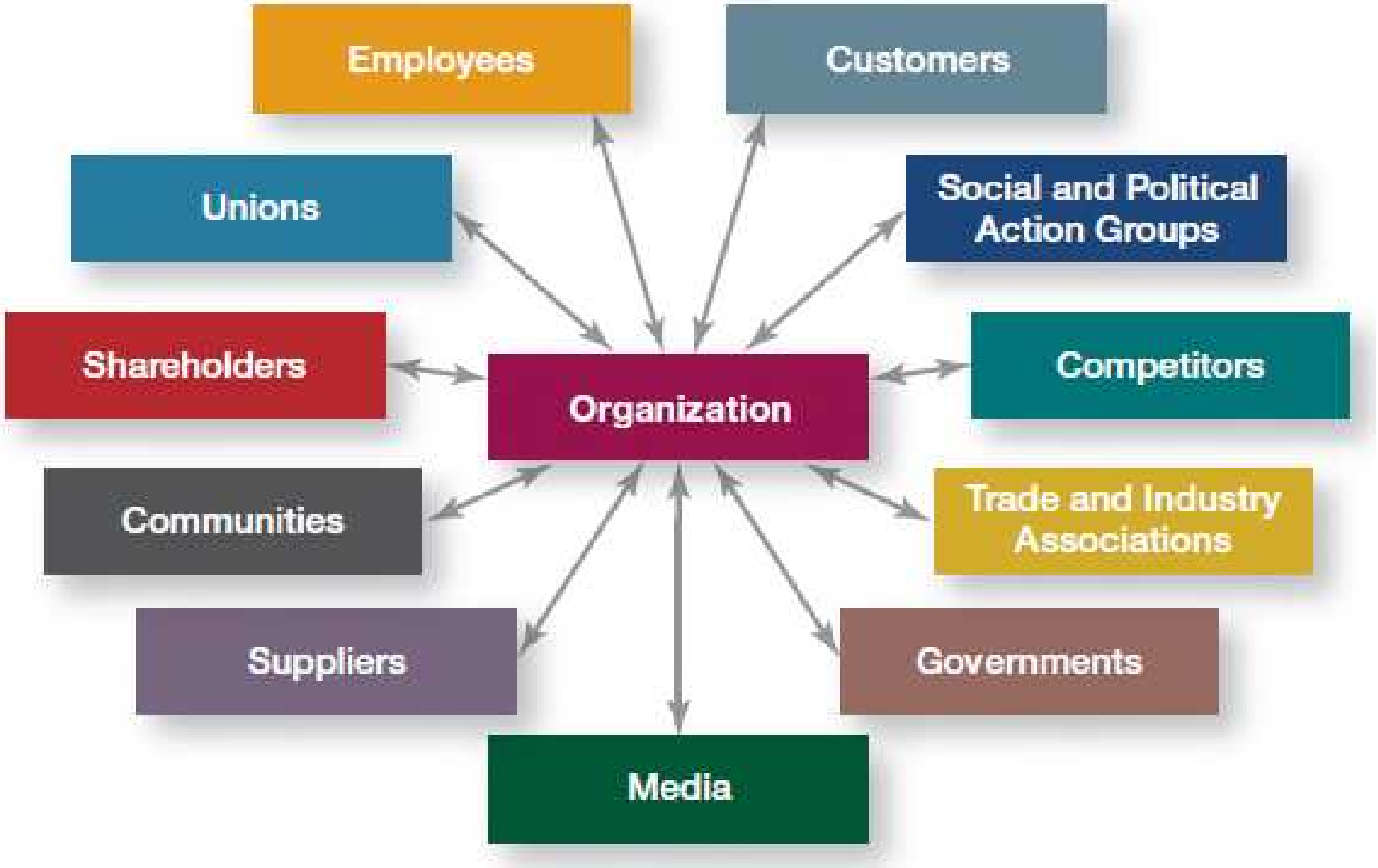
Organizational Stakeholders



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Good Stakeholder Relationships:

- Can lead to desirable organizational outcomes
- Can affect organizational performance
- Demonstrate doing the “right” thing

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2-3 Define what organizational culture is and explain why it's important.

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What is Organizational Culture?

Kristoffer Tripplaar/Alamy

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Organizational Culture

Shared values, principles, traditions, and ways of doing things that influence the way an organization's members act.

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Culture is:

- Perceived
- Descriptive
- Shared

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Dimensions of Culture

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Learning Organizational Culture

Where Does Culture Come From?	How Do Employees Learn the Culture?
Usually reflects the vision or **mission** of founders.	Organizational stories: narrative tales of significant events or people.
Founders project an image of *what the organization should be* and *what its values are*.	**Corporate rituals**: repetitive sequences of activities that express and reinforce important organizational values and goals.
Founders can "impose" their vision on employees because of new organization's small size.	**Material symbols or artifacts**: layout of facilities, how employees dress, size of offices, material perks provided to executives, furnishings, and so forth.
Organizational members *create a shared history* that binds them into a community and reminds them of "who we are."	**Language**: special acronyms; unique terms to describe equipment, key personnel, customers, suppliers, processes, products.

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2-4

Describe how organizational culture affects managers.

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How Does Organizational Culture Affect Managers

- Effect on what employees do and how they behave
- Effect on what managers do

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How Does Culture Affect What Employees Do?

Strong cultures:

cultures in which the key values are deeply held and widely shared.

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Strong Cultures Can:

- Substitute for formal rules and regulations
- Create predictability, orderliness, and consistency

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How Does Culture Affect What Managers Do?

Say What?

Ten percent of executives say they *have not* identified or communicated an organizational culture.

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Company Values Affect Managers' Behavior

"Ready-aim-fire" versus "Ready-fire-aim"

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Managerial Decisions Influenced by Culture

Planning

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

Culture

Organizing

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

Culture

Leading

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

Culture

Controlling

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

Culture

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