Principles of Management Version 3 0 3rd edition Bauer Solutions Manual

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Instructor's Manual
Principles of Management 3.0

Talya Bauer, Berrin Erdogan, Jeremy Short, and Mason Carpenter

Chapter 2
History, Trends, Globalization, and Ethics

MANAGEMENT HISTORY: QUESTIONS TO CONSIDER

1. What goals seem to dominate early management principles? Why do you think this is the case?
2. Do you see any commonalities between Fayol's principles of management from 1911 and those of Tom Peters in the 1990s? What do you think accounts for this?
3. Are there any jobs today for which time and motion studies would make sense to do? Would any other skills need to be taught as well?
4. How would you put some of the ideas of the 1990s into practice?
5. What aspects of P-O-L-C would be most likely to change based on what you have learned in this section?

I. Discussion Questions

A. CONTEMPORARY PRINCIPLES OF MANAGEMENT

1. What commonalities do you see between organizations and social movements?
Contemporary management theory is showing that the lines between the two are blurring: corporations are becoming more like social movements, and social movements are taking on more permanence. Just as companies are outsourcing specific jobs, so social movements can contract out tasks like lobbying and fundraising.

2. How could you use a social network to help with a specific task such as helping new employees to adjust to the organization?
Answers will vary.

3. Do intraorganizational social networks inspire employees or do they create more problems than they are worth? Please explain your position.
Answers will vary.

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4. How can social networks help managers plan, organize, lead, and control?
Companies are applying the online social networking model of open and closed groups to their corporate intranets, creating secure sites for employees in different locations to collaborate on projects based on common interests, management directives, and incentives. For example, IBM's virtual world lets employees use chat, instant messaging, and voice communication programs while also connecting to user-generated content in the public spaces of Second Life, another large social networking site. IBM also opened a virtual sales center in Second Life and, separately from the Second Life partnership, is building an internal virtual world where work groups can have meetings.

5. What are the potential advantages and potential disadvantages of a virtual organization?
Virtual organizations allow individuals who would otherwise not be able to work together due to physical distance, to do so. However, they also pose management challenges. In practical terms, if everyone is empowered to be a decision maker but various people disagree, how can decisions be made? If all workers can work at the times they choose, how can management be sure that workers are doing their work—as opposed to reading Web sites for fun, shopping, or networking with friends—and that they are taking appropriate breaks from work to avoid burnout? There are also challenges related to the virtual environment's dependence on computers and Web security.

6. What aspects of P-O-L-C would be most likely to change based on what you have learned in this section?
Answers will vary.

B. Globalization and Principles of Management

1. You've just been made a manager in Sweden, known for its institutional collectivism. What incentives and reward structures would you use to motivate your employees?
Answers will vary.

2. How might you prepare workers for an overseas assignment, helping them adjust to their new location and culture effectively?
Answers will vary.

3. Your company has 12 branches in the United States and will be opening its first branch in Brazil. Your company prides itself on its self-managed teams. Will you keep this policy in the new country? Why or why not?
Answers will vary.

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4. You're a manager in Japan, and you've just discovered that a team leader under your supervision has made a mistake that will result in a quality problem. How will you handle this mistake?
Answers will vary.

5. You work in Hong Kong for a Swiss-owned firm. The Swiss are known for their high uncertainty avoidance. What differences might you expect to see from your Swiss bosses compared with your Hong Kong employees?
Answers will vary.

C. Developing Your Values-Based Leadership Skills

1. What are the consequences of unethical behavior?
Without integrity and ethical behavior, there can be no trust among managers and their subordinates, because leadership is based on trust. Ethics drive effectiveness because employees know they can do the right thing decisively and with confidence. Ethical behavior earns the trust of customers and suppliers as well. It earns the public's good will. Ethical managers and ethical businesses tend to be more trusted and better treated. They suffer less resentment, inefficiency, litigation, and government interference.

2. If you were writing a code of ethics for your company, what would you include?
Answers will vary.

3. In times of economic downturn, is ethical behavior a luxury or a mandate?
Answers will vary.

4. Imagine you just found out that one of your employees has lied on an expense report. He is a great employee and one of your best salespeople. How would you handle this ethical violation?
Answers will vary.

5. Nobel laureate economist Milton Friedman said that, "The social responsibility of business is to increase its profits." Do you agree with this view? Why or why not?
Answers will vary.

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D. Case in Point: Hanna Andersson Corporation Changes for Good

1. How has Hanna Andersoon applied values-based leadership in terms of the company's choices related to P-O-L-C?
Over the years, Hanna Andersson has shown that it deeply values its employees. The company provides supplemental child-care reimbursement to all employees—even part-time sales associates. Additional employee benefits include part-time and flexible work hours, considerable paid time off, and eight hours per year of paid time for employees to volunteer in the community. More important, though, employees feel like they are part of the Hanna Andersson family. In fact, in the beginning many of the employees were friends and family members of the Denharts.

2. How did company leaders like Iosca, Petersen, and Stone help facilitate change within the company? Did they remain consistent with the values of the founders?
The leaders promoted employees from within the company, and sat it on various meetings in order to make employees feel heard and understood by their leaders. In this way, they did remain consistent with the values.

3. What were the reasons for organizational change within Hanna Andersson, both internally and externally?
The opening of several retail stores throughout the country and the establishment of online commerce inspired change for the organization. Internal technical systems, inventory planning, buying, distribution processes, and HR processes (recruitment, compensation, etc.) all need to change as a result.

4. What trends are likely to impact Hanna Andersson as they evolve over time?
Answers will vary.

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PRINCIPLES OF MANAGEMENT 3.0

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Chapter 2

History, Trends, Globalization, and Ethics

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Learning Objectives

- Learn about the history of management
- Know the context for contemporary principles of management
- Understand key global trends
- See how globalization is affecting management principles and practices
- Appreciate the importance of value-based leadership (ethics) in management

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PLANNING	ORGANIZING	LEADING	CONTROLLING
1. Vision & Mission	1. Organization Design	1. Leadership	1. Systems/Processes
2. Strategizing	2. Culture	2. Decision Making	2. Strategic Human Resources
3. Goals & Objectives	3. Social Networks	3. Communications	
		4. Groups/Teams	
		5. Motivation	

The P-O-L-C framework must be adapted to meet global challenges.

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HENRI FAYOL

- Fayol's 14 Principles

FREDERICK TAYLOR

- Scientific Management (Taylorism)

FRANK AND LILLIAN GILBRETH

- Time and Motion Studies

Fayol's Principles of Management

- Henri Fayol was a French mining engineer.
- During the early 1900s, Fayol developed a series of 14 principles of management
- These principles still influence management practices today.

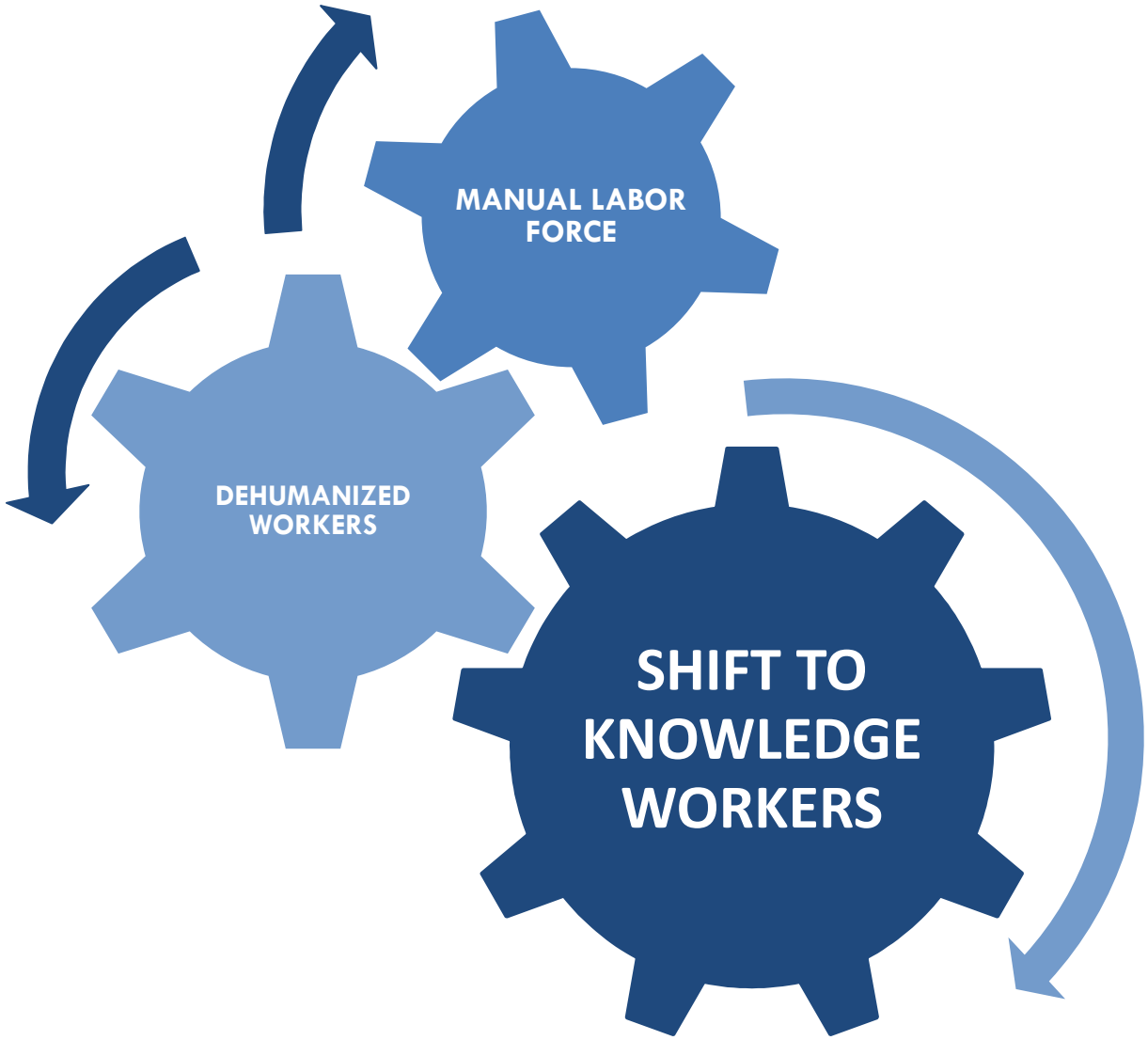
Fayol's Principles of Management (1-7)

1. Specialization allows workers to become more productive.
2. Managers must have the authority to issue commands, with the responsibility to ensure that work gets done.
3. Workers must obey orders if business is to run smoothly, and good discipline is a direct result of effective leadership.
4. An employee should receive orders from only one boss to avoid conflict.
5. Each group should follow one coordinated strategy.
6. One's individual interests should never trump the good of the group.
7. Workers must be compensated fairly.

Fayol's Principles of Management (8-14)

8. The decision to centralize or decentralize decision-making should depend on the competency of the workers.
9. The line of authority extends from top management to lowest-ranked labor, but communication can also occur laterally if bosses are aware.
10. Orderliness is necessary for an efficient workplace.
11. The workspace must be fair and respectful, and bosses must treat employees with a "combination of kindliness and justice".
12. Tenure and stability promote the development of skills and loyalty, while high employee turnover incurs inefficiency.
13. Allowing any member of the organization to create plans promotes worker enthusiasm and generates new ideas.
14. Harmony within the team promotes morale and productivity.

Limitations of Early Theorists



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PETER DRUCKER

TOM PETERS AND ROBERT WATERMAN

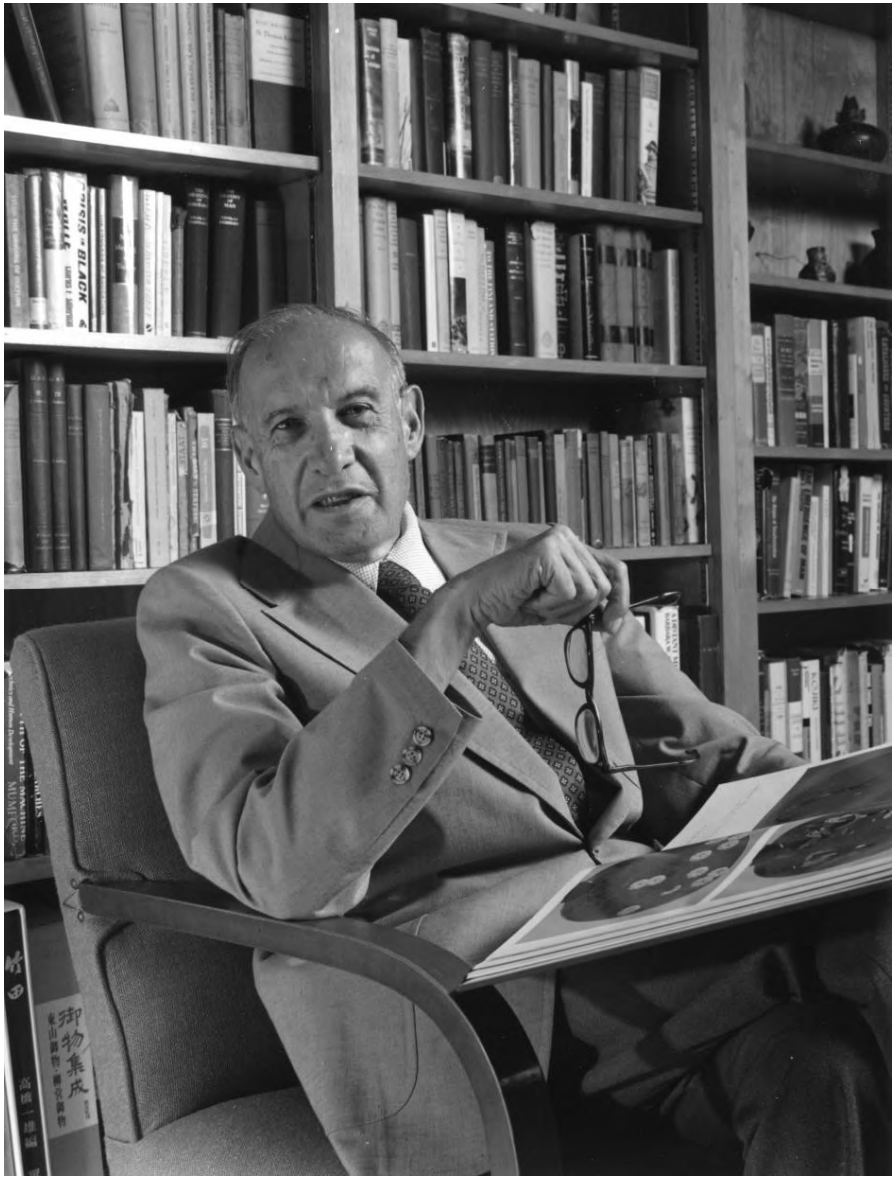
WARREN BENNIS

In Search Of Excellence

- MANAGING AMBIGUITY AND PARADOX
- A BIAS FOR ACTION
- CLOSE TO THE CUSTOMER
- AUTONOMY AND ENTREPRENEURSHIP
- PRODUCTIVITY THROUGH PEOPLE
- HANDS-ON, VALUE-DRIVEN
- STICK TO THE KNITTING
- SIMPLE FORM, LEAN STAFF
- SIMULTANEOUS LOOSE-TIGHT PROPERTIES

Peter Drucker's Management Recommendations

- Empower people by involving everyone in decision-making.
- Eliminate bureaucratic rules and humiliating conditions.
- Celebrate and recognize employees for their contributions.
- Develop an inspiring vision.
- Lead by example.



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- 2250 BC: King Hammurabi issues a code of 282 laws to govern business and wages, along with a host of other issues related to managing Babylon.
- 1330 BC: Moses employs organizational structure to the Israelites by choosing individuals to govern "thousands, hundreds, fifties, and tens".
- 600 BC: Chinese General Sun Tzu applies ideas of planning and organizing to military strategy.
- 370 BC: Greek scholar Xenophon describes the division of labor to create shoes.

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- 1881 AD: The University of Pennsylvania becomes the first US business school thanks to a donation by Joseph Wharton.
- 1911: Frederick Taylor publishes *The Principles of Scientific Management*, which popularizes time study to improve human efficiency.
- 1927: Hawthorne's studies, originially conducted in 1924 to examine how light impacts work, led to the study of how worker interactions with coworkers and management impact work outcomes in complex ways.
- 1959: Psychologist Frederick Herzberg argues that a critical difference exists between factors that motivate work (recognition and personal growth) and factors that keep individuals from being unhappy with work (salary and benefits).

Discussion

- What goals seem to dominate early management principles? Why do you think this is the case?
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- Are there any jobs today for which time and motion studies would make sense to do? Would any other skills need to be taught as well?
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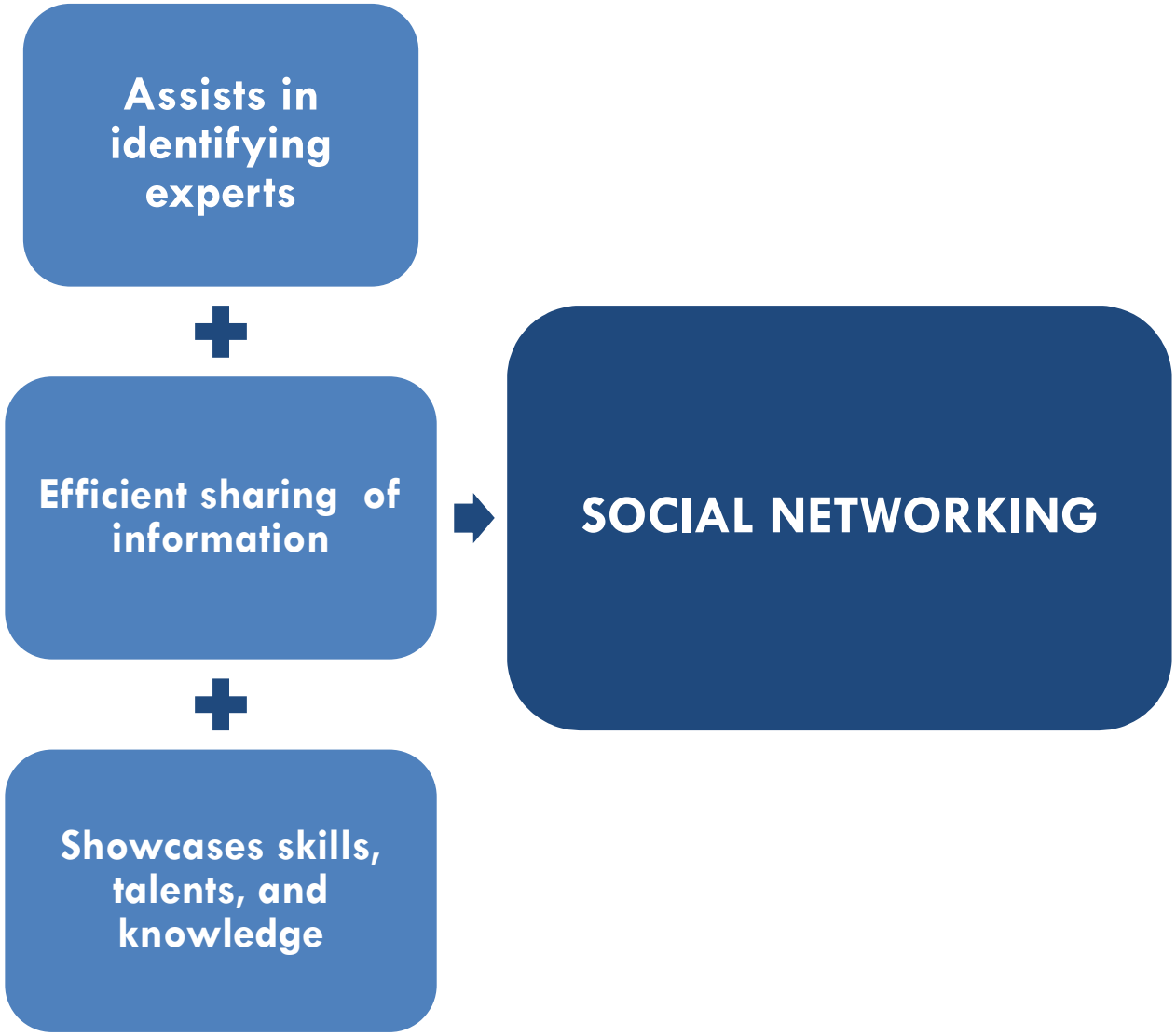
We are connected "virtually"

Fluid boundaries

Reduction of formal procedures

Dynamic and shifting authority structures

Social Networking



Learning Organizations

- SYSTEMATIC PROBLEM SOLVING
- EXPERIMENTATION
- LEARNING FROM PAST EXPERIENCE
- LEARNING FROM OTHERS
- TRANSFERRING KNOWLEDGE

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- Wikis pool the talent of experts as well as everyone from across the company and beyond it – in all time zones and geographic locations.
- Input from all brings fresh ideas and unexpected connections.
- Wikis let people contribute to a project any time, giving them flexibility in managing their time.
- The evolution of ideas is clear and easy to follow, and new people can get up to speed quickly by seeing the history of the project.
- Co-creation of solutions eliminates the need to "sell" those solutions to get buy-in.
- Wikis cut the need for email by 75 percent and the need for meetings by 50 percent.

AS THE PACE OF CHANGE CONTINUES, TRANSFERRING KNOWLEDGE AND EXPERIMENTING WITH NEW IDEAS REQUIRES CONTINUOUS LEARNING AND ADAPTATION TO DYNAMIC WORK ENVIRONMENTS.

- Keeping up with the rapid changes in the social and technological landscapes is essential to workplace performance.

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Top 5 ChallengeTrends

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RISE OF MILLENNIALS AND MILLENNIAL VALUES

INCREASING CONCERN FOR THE ENVIRONMENT

GREATER PERSONALIZATION AND CUSTOMIZATION

FASTER PACE OF INNOVATION

INCREASING DISPARITY BETWEEN INCOME CLASSES

- Work environments are more diverse than ever before.
- Cultural and language differences require diverse management approaches.

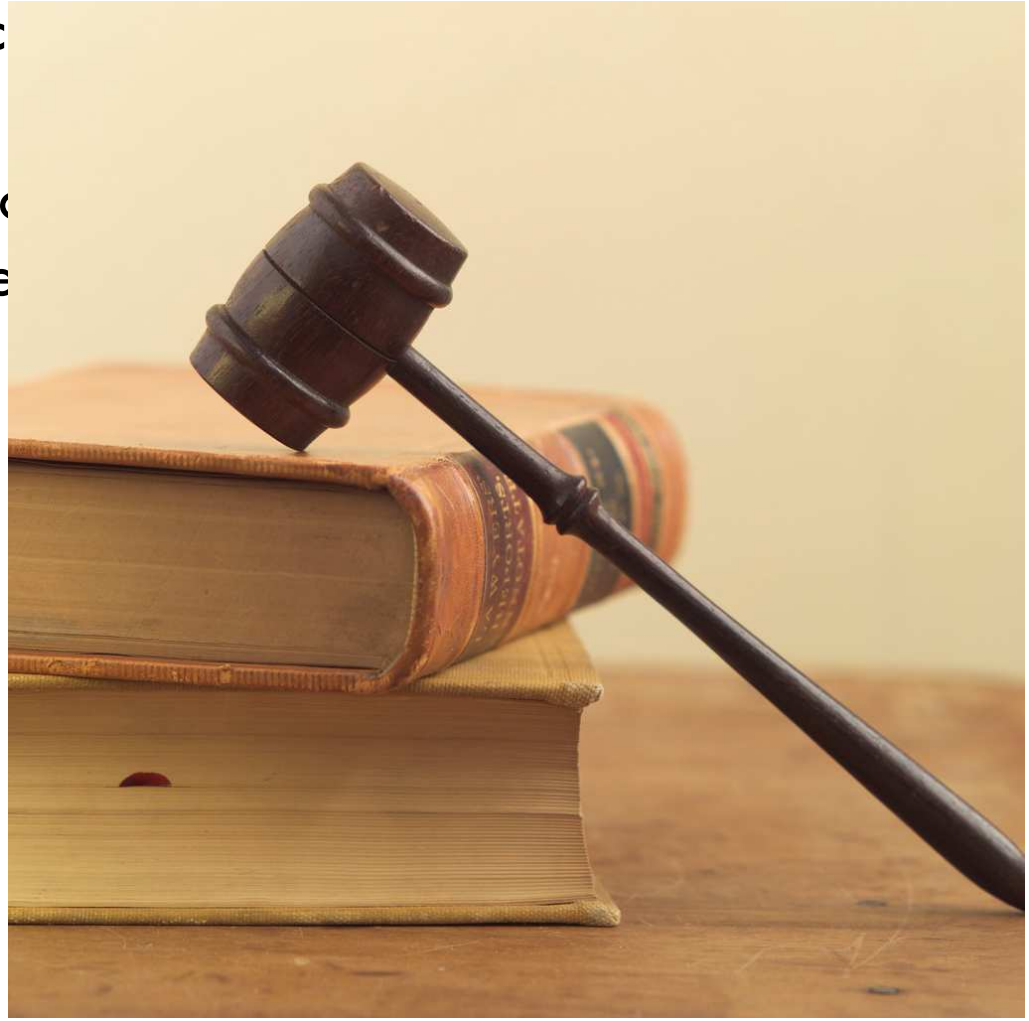
Nine Dimensions of Culture

PERFORMANCE ORIENTATION	UNCERTINTY AVOIDANCE	ASSERTIVENESS
POWER DISTANCE	GENDER EGLITARIANISM	INSTITUTIONAL COLLECTIVISM
HUMANE ORIENTATION	FUTURE ORIENTATION	GLOBAL VENTURES GONE AWRY

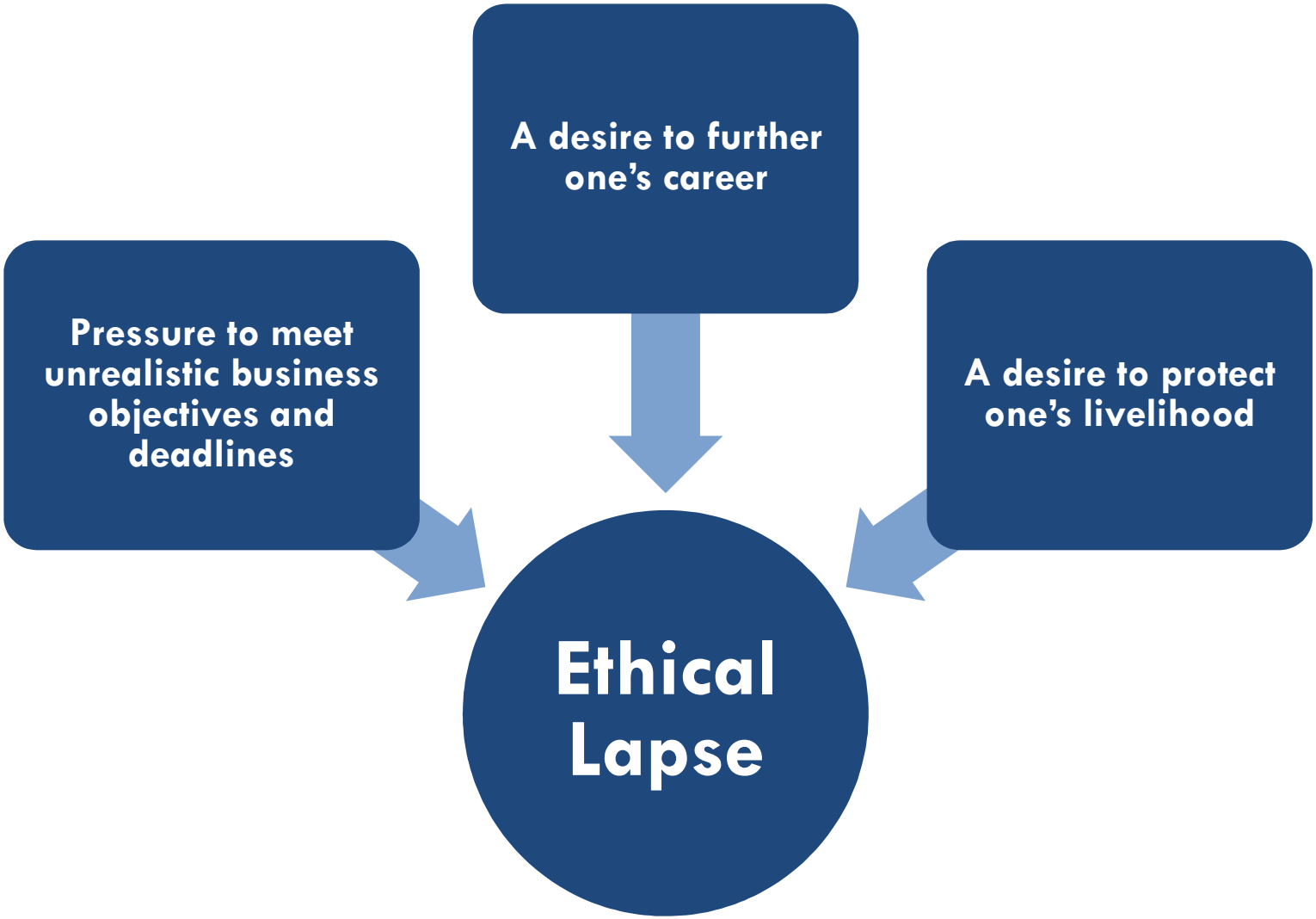
Discussion

- You've just been made a manager in Sweden, known for its institutional collectivism. What incentives and reward structures would you use to motivate your employees?
- How might you prepare workers for an overseas assignment, helping them adjust to their new location and culture effectively?
- Your company has 12 branches in the United States and will be opening its first branch in Brazil. Your company prides itself on its self-managed teams. Will you keep this policy in the new country? Why or why not?
- You're a manager in Japan, and you've just discovered that a team leader under your supervision has made a mistake that will result in a quality problem. How will you handle this mistake?
- You work in Hong Kong for a Swiss-owned firm. The Swiss are known for their high uncertainty avoidance. What differences might you expect to see from your Swiss bosses compared with your Hong Kong employees?

- Managers face many ethic
challenges.
- Managers must model ethi
behavior and uphold value
and standards.



Understanding Ethical Transgressions



2002 Sarbanes-Oxley Act

- In the early 2000s, highly-publicized fraud at prominent firms such as Enron, WorldCom, and Tyco revealed significant ethical issues.
  - Conflicts of interest by auditors and analysts
  - Boardroom failures
  - Inadequate funding of the Security and Exchanges Commission
- Senator Paul Sarbanes and Representative Michael Oxley sponsored legislation that contained, in the words of former President George W. Bush, "the most far-reaching reforms of American business practices since the time of Franklin D. Roosevelt. On the next few slides we elaborate on 11 of the key aspects of the law.

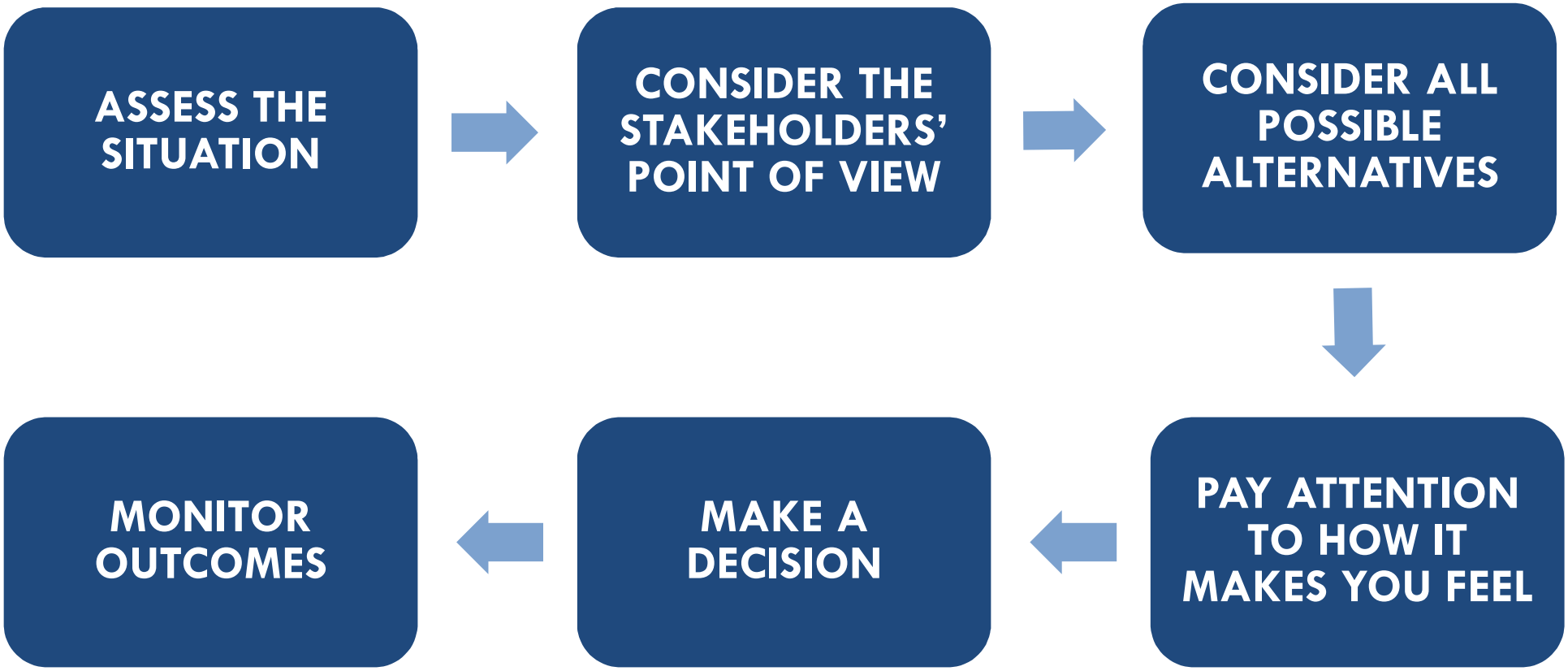
2002 Sarbanes-Oxley Act (aspects 1-6)

1. Created a board to oversee auditing activities within accounting firms.
2. Established standards to determine conflict of interest and assure auditors' true independence.
3. Held senior executives responsible for the accuracy of their firms' financial reports and made them forfeit any benefits arising from non-compliance.
4. Enhanced reporting standards for off-the-book transactions and required timely reporting of material changes in a firm's financial condition.
5. Required securities analysts to disclose any conflicts of interest.
6. Required CEOs to sign their firm's tax return to prevent CEOs from claiming that they were unaware of fraud within their firms.

2002 Sarbanes-Oxley Act (aspects 7-11)

7. Expanded the SEC's authority to censure or bar securities analysts from acting as brokers, advisors, or dealers.
8. Required that the SEC carefully monitor any consolidation among public accounting firms, the role of credit agencies in securities market operations, securities violations, and enforcement actions.
9. Created criminal penalties for altering or destroying financial records.
10. Increased penalties associated with white-collar crime and conspiracy.
11. Enabled the SEC to temporarily freeze unnaturally large transactions.

Integrating Ethics Into Managerial Decision Making



Discussion

- What are the consequences of unethical behavior?
- If you were writing a code of ethics for your company, what would you include?
- In times of economic downturn, is ethical behavior a luxury or a mandate?
- Imagine you just found out that one of your employees has lied on an expense report. He is a great employee and one of your best salespeople. How would you handle this ethical violation?
- Nobel laureate economist Milton Friedman said that companies should focus on maximizing profits, not social responsibilities or purposes. Do you agree with this view? Why or why not?