

- Prof. Tomasz Stanek

- Introduction to Management

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LEARNING OUTCOMES

After reading this chapter, you will be able to:

- Describe the three waves in modern social history and their implications for organizations.
- Explain the importance of viewing management from a global perspective.
- Identify the ways in which technology is changing the manager's job.
- Describe the difference between an e-business, e-commerce, and an e-organization.
- Define social responsibility and ethics.

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LEARNING OUTCOMES (cont'd)

After reading this chapter, you will be able to:

- Explain what is meant by the term entrepreneurship and identify the components of the entrepreneurial venture.
- Describe the management implications of a diversified workforce.
- Identify the work/life concepts that affect employees.
- Explain why many corporations have downsized.
- Describe the key variables for creating a customer-responsive culture.
- Explain why companies focus on quality and continuous improvement.

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## The Changing Economy

- **Agriculture**
  - Until the late nineteenth century, all economies were agrarian.
- **Industrialization**
  - From the late 1800s until the 1960s, most developed countries moved from agrarian societies to industrial societies.
- **Information**
  - Information technology is transforming society from its manufacturing focus to one of service.
    - ❖ Knowledge workers

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### EXHIBIT 2-1 The Changing Economy

Old Economy	New Economy
National borders limit competition	National borders are nearly meaningless in defining an organization's operating boundaries
Technology reinforces rigid hierarchies and limits access to information	Technology changes in the way information is created, stored, used, and shared have made it more accessible
Job opportunities are for blue-collar industrial workers	Job opportunities are for knowledge workers
Population is relatively homogeneous	Population is characterized by cultural diversity
Business is estranged from its environment	Business accepts its social responsibilities
Economy is driven by large corporations	Economy is driven by small entrepreneurial firms
Customers get what business chooses to give them	Customer needs drive business

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## A Global Marketplace

- **Global Village**
  - The concept of a boundaryless world; the production and marketing of goods and services worldwide.
- **Borderless Organization**
  - A management structure in which internal arrangements that impose artificial geographic barriers are broken down



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EXHIBIT 2-2 X

THE FAMILY CIRCUS By Bil Keane



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www.familycircus.com

"I'm trying to find the country  
where my shirt was made."

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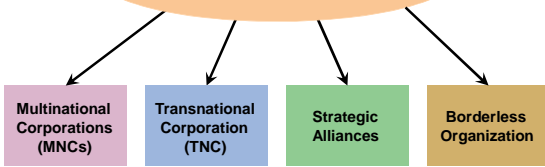
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Global Competition

Types of International Businesses



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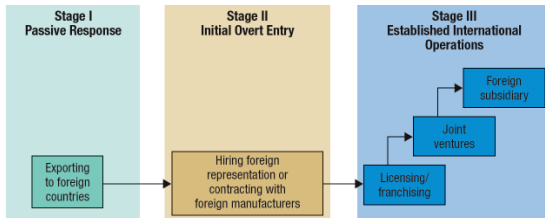
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EXHIBIT 2-3 Stages of Going Global



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## Globalization's Effect On Managers

- **Parochialism**
  - A narrow focus in which one sees things solely through one's own view and from one's own perspective
- **Hofstede's Framework for Assessing Cultures:**
  - Power distance
  - Individualism versus collectivism
  - Quantity of life versus quality of life
  - Uncertainty avoidance
  - Long-term versus short-term orientation

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## Global Leadership and Organizational Behavior Effectiveness (GLOBE)

- **A Cross-cultural Investigation of Leadership and National Culture**
  - Confirms and extends Hofstede's work on national cultural dimensions and leadership.
  - Found that the strength of cultural dimensions appear to be changing.
- **Cultural Dimensions**
  - Assertiveness
  - Future orientation
  - Gender differentiation
  - Uncertainty avoidance
  - Power distance
  - Individualism/collectivism
  - In-group collectivism
  - Performance orientation
  - Humane orientation

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### EXHIBIT 2-4 GLOBE Highlights

DIMENSION	COUNTRIES RATING LOW	COUNTRIES RATING MODERATE	COUNTRIES RATING HIGH
Assertiveness	Sweden New Zealand Switzerland	Egypt Ireland Philippines	Spain United States Greece
Future orientation	Russia Argentina Poland	Slovenia Egypt Ireland	Denmark Canada Netherlands
Gender differentiation	Sweden Denmark Slovenia	Italy Brazil Argentina	South Korea Egypt Morocco
Uncertainty avoidance	Russia Hungary Bolivia	Israel United States Mexico	Austria Denmark Germany

Source: M. Javidan and R. J. House, "Cultural Acumen for the Global Manager: Lessons from Project GLOBE," *Organizational Dynamics* (Spring 2001), pp. 289-305.  
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**EXHIBIT 2-4 GLOBE Highlights (cont'd)**

DIMENSION	COUNTRIES RATING LOW	COUNTRIES RATING MODERATE	COUNTRIES RATING HIGH
Individualism/collectivism*	Denmark Singapore Japan	Hong Kong United States Egypt	Greece Hungary Germany
In-group collectivism	Denmark Sweden New Zealand	Japan Israel Qatar	Egypt China Morocco
Performance orientation	Russia Argentina Greece	Sweden Israel Spain	United States Taiwan New Zealand
Humane orientation	Germany Spain France	Hong Kong Sweden Taiwan	Indonesia Egypt Malaysia

\*A low score is synonymous with collectivism.

Source: M. Javidan and R. J. House, "Cultural Acumen for the Global Manager: Lessons from Project GLOBE," *Organizational Dynamics* (Spring 2001), pp. 289-306. © 2008 Prentice Hall, Inc. All rights reserved.

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**Emphasis on Technology**

- **Technology**
  - Any equipment, tools, or operating methods that are designed to make work more efficient
- **Information Technology (IT)**
  - **Benefits of IT**
    - ❖ Cost savings (e.g., inventory control)
    - ❖ Freedom from fixed locations for operations
  - **Challenges**
    - ❖ Increased worker skill requirements
    - ❖ A leveling of the the competitive playing field that increases competition

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**Internet Business Terms**

- **E-Commerce**
  - Any computer transaction that occurs when data are processed and transmitted over the Internet
- **E-Organization**
  - The applications of e-business concepts offered to stakeholders.
- **E-Business**
  - The full breadth of activities included in a successful Internet-based enterprise

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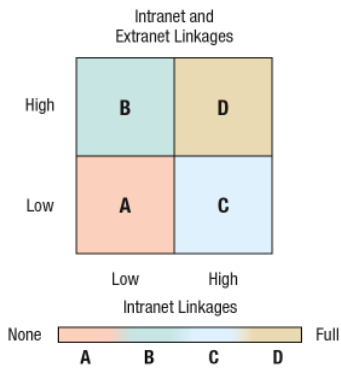
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**EXHIBIT 2-5 What Defines an E-Business?**



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**In What Ways Does Technology Alter A Manager's Job?**

- **Effectiveness and Efficiency**
  - Managers have access to more complete and accurate information than before, enabling them to function as better managers.
- **Place**
  - Telecommuting: the linking of a worker's computer and modem with those of co-workers and management at an office.

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**Society's Expectations of Business**

- **Social Responsibility**
  - A firm's obligation, beyond that required by the law and economics, to pursue long-term goals that are beneficial to society.
- **Social Obligation**
  - The obligation of a business to meet its economic and legal responsibilities and no more.
- **Social Responsiveness**
  - The ability of a firm to adapt to changing societal conditions.

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**EXHIBIT 2-6 Arguments For and Against Social Responsibility**

**Arguments for the social responsibility of business are:**

1. Public expectations
2. Long-run profits
3. Ethical obligation
4. Public image
5. Better environment
6. Discouragement of further government regulation
7. Balance of responsibility and power
8. Stockholder interests
9. Possession of resources
10. Superiority of prevention over cures

**Arguments against the social responsibility of business are:**

1. Violation of profit maximization
2. Dilution of purpose.
3. Costs
4. Too much power
5. Lack of skills
6. Lack of accountability.
7. Lack of broad public support

Source: Adapted from R. J. Morsen, Jr., "The Social Attitudes of Management," in J. M. McGuire, ed., *Contemporary Management: Issues and Views* (Upper Saddle River, NJ: Prentice Hall, 1975), p. 616; and R. Davis and W. Frederick, *Business and Society: Management, Public Policy, Ethics*, 5th ed. (New York: McGraw-Hill, 1984), pp. 28-41. © 2008 Prentice Hall, Inc. All rights reserved.

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**How Do Managers Become More Socially Responsible?**

• **Ethics**

➤ A set of rules or principles that defines right and wrong conduct.

• **Code of Ethics**

➤ A formal document that states an organization's primary values and the ethical rules it expects managers and operatives to follow.

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**EXHIBIT 2-7 Three Views of Ethics**

1. Utilitarian view of ethics
2. Rights view of ethics
3. Theory of justice view of ethics

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## Guidelines for Acting Ethically

1. Know your organization's policy on ethics.
2. Understand the ethics policy.
3. Think before you act.
4. Ask yourself what-if questions.
5. Seek opinions from others.
6. Do what you truly believe is right.

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## What Is Entrepreneurship?

- **Entrepreneurship**
  - The process of initiating a business venture, organizing the necessary resources, and assuming the risks and rewards
- **Steps in the Entrepreneurial Process**
  - Exploring the entrepreneurial context
  - Identifying opportunities and competitive advantages
  - Starting the venture
  - Managing the venture

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## What Do Entrepreneurs Do?

- **No Two Entrepreneurs Are Exactly Alike**
  - They are creating something new, something different.
  - They're searching for change, responding to it, and exploiting it.
- **Intrapreneur**
  - A person within an organization who demonstrates entrepreneurial characteristics—has confidence in his or her abilities, is willing to seize opportunities for change, and expects surprises and capitalizes on them.

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## Diversity and the Workforce of 2010

- **Increasing Workforce Diversity**
  - More variation in the background of organizational members in terms of gender, race, age, sexual orientation, and ethnicity
- **Characteristics of the Future Workforce**
  - More heterogeneous/diverse
  - Increasingly older
  - More multicultural
- *Diversity will require more managerial sensitivity to individual differences.*

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## EXHIBIT 2-8 Mars, Incorporated Diversity Philosophy

"Distinctive voices working together within a common culture" is one of the ways we have described how we do business at Mars. We believe that the success of our business can be enhanced by having a workforce made up of associates from many different backgrounds, much as our society and consumer base consist of a wide variety of individuals. We value the talents and contributions of our diverse workforce in reaching toward our future and in playing responsible leadership roles.

Source: Reprinted with permission of Masterfoods USA, a division of Mars, Incorporated.  
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## Labor Supply and Demand Adjustments

- **Downsizing**
  - An activity in an organization designed to create a more efficient operation through extensive layoffs
- **Rightsizing**
  - Linking staffing levels to organizational goals
- **Outsourcing**
  - An organization's use of outside firms for providing necessary products and services

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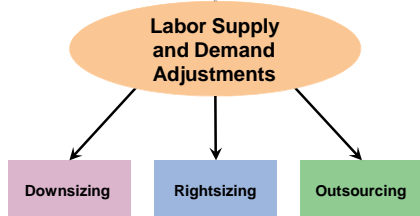
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## Why Do Organizations Lay Off Workers?



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## Flexible Workforces

- **Core employees**
  - The small group of full-time employees of an organization who provide some essential job tasks for the organization
- **Contingent workforce**
  - Part-time, temporary, and contract workers who are available for hire on an as-needed basis



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2-29

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### EXHIBIT 2-9 Contingent Workers

#### Part-time employees

- Work fewer than 40 hours a week
- Are a good source of staffing for peak hours.
- May be involved in job sharing

#### Temporary employees

- Are generally employed during peak periods
- Can fill in for employees for an extended period of time
- Create a fixed labor cost during a specified period

#### Contract workers

- Are hired by organizations to work on specific projects.
- Are paid when the firm receives particular deliverables.
- Are a labor cost that is fixed by contract

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## Is There a Pending Labor Shortage in the United States?

- 2010 U.S. Labor Shortage

- Fewer available workers
- Retiring baby boomers
- Immigration restrictions

- Implication for Managers

- More sophisticated recruitment and retention strategies



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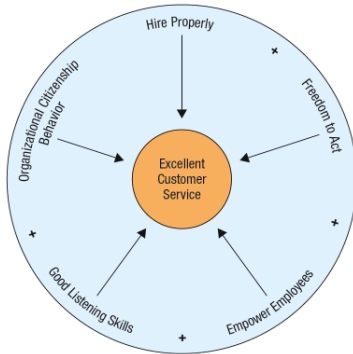
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### EXHIBIT 2-10 Shaping a Customer-Responsive Culture



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## Making a Company's Culture More Customer-responsive



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## Increased Concern for Quality

- **Continuous Improvement**
  - Organizational commitment to constantly improving the quality of a product or service
    - ❖ Joseph Juran
    - ❖ W. Edwards Deming
  - Kaizen: the Japanese term for an organization committed to continuous improvement
- **Work Process Engineering**
  - Radical or quantum change in an organization that becomes imperative if the organization is to address dynamic external competitive challenges

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2-34

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### EXHIBIT 2-11 Components of Continuous Improvement

1. Intense focus on the *customer*
2. Concern for *continuous improvement*
3. Improvement in the *quality of everything* the organization does
4. Accurate *measurement*
5. *Empowerment of employees*

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