Chapter 1: Introduction to Management

What is Organization?

- A deliberate arrangement of people to accomplish some specific purpose
- Example of organization: Institutes, schools, religious organization
- 3 characteristics of an organization:
  - An organization has a distinct purpose
  - Composed of people
  - Develop some deliberate structures

Introduction to management and organization

Who are managers?

Old definition:

They are organizational members who told others what to do and how to do it

New definition:

Someone who work with and through other people by coordinating their work activities in order to accomplish organizational goal.

- Coordinating work of a departmental group
- Supervising a single person
- Coordinating people from several different departments
Classification of Managers

(a) First-line managers
- At the lowest level of the organization
- Who manage work of non-managerial employees

(b) Middle managers
- Managers between first-line level and the top level of the organization
- Manage work of first-line managers

(c) Top managers
- Managers at or near the top level of the organization
- Responsible for making organization wide decisions
- Responsible for establishing the goals and plans that effect the entire organization

What is Management?

Management is the process of coordinating work activities so that they are completed **efficiently** and **effectively** with and through other people

Efficiency: Getting the most output from the least amount of inputs (doing things right)

Effectiveness: Completing activities so that organizational goals are attained (doing the right things)

What do managers do?
The Management Functions

Management Process:
The set of ongoing decisions and work activities in which managers engage as they plan, organize, lead and control

Planning ➔ Organizing ➔ Leading ➔ Controlling
(a) Planning

- Involve the process of defining goals
- Establishing strategies for achieving those goals
- Developing plans to integrate and coordinate activities

(b) Organizing

- Involves the process of determining what tasks are to be done
- Who is to do them
- How tasks are to be group
- Who reports to whom and where decision are to be made

(c) Leading

- Involves motivating subordinates, influencing individuals or team as they work

(d) Controlling

- Involves monitoring actual performance
- Comparing actual to standard
- Taking necessary action

Management roles by Henry Mintzberg

Specific categories of managerial behavior

Interpersonal roles

- Involve people and other duties that are ceremonial and symbolic in nature

Informational roles

- Involve receiving, collecting and disseminating information

Decisional roles

- Involve around making decisions
**MANAGEMENT SKILLS by Robert L. Katz**

What type of skills does a manager need?

Managers need 3 essential skills

1) Technical skills
   - Knowledge of and proficiency in a specialized field
   - Needed more in lower level management

2) Human skills
   - Ability to work well with other people individually and in a group
   - Important at all level of management

3) Conceptual skills
   - Ability to think and conceptualize about abstract and complex situation
   - Most important at top management level

**MANAGING A SYSTEMS**

Another way to look at manager’s job

System: A set of interrelated and interdependent parts arranged in a manner that produces a unified whole

Closed System: Systems that are not influenced by or not interact with their environment

Open System: Dynamically interact with their environment

**ORGANIZATION IS AN OPEN SYSTEM**

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**CONTINGENCY PERSPECTIVE**

An approach that says that organizations are different, face different situations, and require different ways of managing
Chapter 2: Management Yesterday and Today

Two pre-twentieth century events played a particularly significant role in promoting study of management

1. Adam Smith
   - Publish a classical economics doctrine “The Wealth of Nations”
   - Argued the economic of advantages that organization and society would gain from division of labor (breakdown of jobs into narrow and repetitive task)

2. The Industrial Revolution
   - The advent of machine power, mass production and efficient transportation
   - These required managerial skills. Why?
   - The need to assign tasks, direct daily activities, coordinates tasks, forecast demand, etc.

MANAGEMENT THEORIES

(A) Scientific Management
   - Define as the use of scientific method to determine the “one best way” for a job to be done
   - Contribution to this theory were made by Federick W. Taylor, Frank and Lillian Gilbreth
   - Federick W. Taylor
     - Known as the “Father of scientific management”.
     - Take it easy on the job.
     - Put the right person on the job with correct tool and equipment, had the worker follow his instructions exactly, and motivated the worker with an economic incentive of a significantly higher daily wage.
   - Frank and Lillian Gilbreth
     - Work arrangements to eliminate wasteful hand and body motions
     - Also experimented with the design and use of the proper tools and equipment for optimizing work performance
(B) General Administrative Theorists

- Two most prominent theorists behind the general administrative approach were Henri Fayol and Max Weber

- Henri Fayol stated the 14 principles of management – the fundamental rules of management could be taught in schools and applied in all organizational situation (division of work, authority, discipline, unity of command, etc)

- Max Weber described an ideal type of organization called a “bureaucracy” – a form or organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulation and interpersonal relationships.

(C) Quantitative Approach

- Define as the use of quantitative techniques to improve decision making

- Evolved out of the development mathematical and statistical solution to military problem during World War II

- This approach to management involves application of statistics, optimization models, information models and computer simulation method

- For instance, when managers make budgeting, scheduling, quality control and similar decisions, they typically rely on quantitative method

(D) Organizational Behavior

- Defines as the field of study concerned with actions (behavior) of people at work

- This research as contributed to human resource management, motivation, leadership, trust, teamwork and conflict management

- The early advocates: Robert Owen, Hugo Munsterberg, Mary Parker Follet, and Chester Barnard

- Hawthorne Studies:
  - Most important contribution to the developing organizational behavior
  - A series of studies during the 20’s and 30’s that provided new insights in individual and group behavior
CURRENT TRENDS AND ISSUES

1. Globalization
   - Managers around the world faced with the opportunities and challenges of operating on a global market

2. Workforce Diversity
   - A workforce that’s more heterogeneous in terms of gender, race ethnicity, age and other characteristics that reflect differences.

3. Entrepreneurship
   - Effort to pursue opportunities
   - Through Innovation – transforming, changing, revolutionizing, introducing new products
   - Growth

4. Managing e-Business World
   - E-business (Electronic Business) – the way organization does its work by using electronic linkages
   - E-commerce – any form of business exchange or transaction in which the parties interact electronically

5. Quality management
   - Total Quality Management: philosophy of management driven by customer needs and expectations and focuses on continual improvement in work processes
   - TQM is a departure from earlier management theories that were based on the belief that low costs were the only road to increase productivity
Chapter 3: Organization Culture and Environment

The Management View (2 views)

Omnipotent View of Management
- View that managers are directly responsible for organizational success or failure
- Organizations effectiveness and efficiency is due to managers
- Good managers anticipate change, exploit opportunities, leads organization’s towards its objective

Symbolic View of Management
- Managers have only limited effect on substantive organizational outcomes
- Manager’s ability to affect outcomes is influenced and constraint by external factors
- Minimal impact on success or failure of organization

REALITY SUGGESTS A SYNTHESIS – MANAGERS ARE NEITHER HELPLESS NOR ALL-POWERFUL

What is organizational culture?
- It’s a system of shared meaning within an organization that determines, in large degree how employees acts
- Common perception held by the organization’s members
- Culture implies 3 things
  • Culture is a perception
  • Shared aspect of culture (individual different background but describe the organization’s culture in similar terms)
• Descriptive terms

Strong VS Weak Culture

Strong Cultures

- Value are intensely held and widely shared
- Greater influence on employees

Weak Cultures

- Value are not intensely held and not shared
- Less influence on employees

Whether organization culture is strong or weak depends on:

(a) Size of organization
(b) How long is the establishment
(c) How much is the turnover of employees and profit for the organization
(d) The intensity of which culture was originated

The source of culture

- Founders
  - Original mission or objectives

How employees learn culture

- Stories
  - People including such things as the organization founders, rule breaking, reduction in the work force, relocation of employee, organizational coping

- Rituals
  - Repetitive sequences of activities that express and reinforce the key values of the organization, what goals are most important, which people are important and which are expendable

- Material Symbols
  - Get a car and air transportation paid by the company. Others include the size of offices, the elegance of furnishings, reserve parking space for certain employees.

- Language
  - Use language as a way to identify members of a culture
How Culture Affects Managers
- Culture constraint what manager do and cannot do, so culture is important
- Constraints are not written down
- Example: Look busy even if you are not
  - If you take the risk and fail, you pay for it
  - Before you make a decision run it by your boss
- The management process (POLC) is influenced by organization culture
- Example cultures: Asian, European/Americans, Japanese
- Example organization cultures: Jaya Jusco, Hewitt, Northern Telecom, KFC, FIM

Two Types of organizational environment

(a) Specific environment
- The part of environment that is directly relevant to the achievement of an organization’s goals
- Customers, suppliers, competitors, public pressure group

(b) General environment
- Broad external conditions that may affect the organization
- Economic, political, demographic, technological, global, socio-cultural

How Environment Affects Managers
- Affects managers through the degree of uncertainty
- What is uncertainty? The degree of change and complexity
- The degree of change: Changes of components in this organization’s environment
- The degree of complexity: Number of components in the organization’s environment
Stakeholder Relationship Management

- Stakeholders are any constituencies in the organization’s external environment that are affected by the organization’s decisions and actions

- Why is stakeholder relationship management important?
  - It can lead to other organizational outcomes such as improved predictability of environmental changes, more successful innovations, greater degrees of trust among stakeholders, and greater organizational flexibility to reduce the impact of change.
  - Another reason given for managing external stakeholder relationships is that it’s the “right” thing to do.

- Organizational Stakeholders
  (a) Employees, customers
  (b) Social and political action group
  (c) Competitors, Trade and Industry Associations
  (d) Government
  (e) Media
  (f) Suppliers
  (g) Communities
  (h) Shareholders
  (i) Unions
  (j) Employees
Chapter 4: Managing In the Global Environment

What’s your global perspective?

Parochialism
- A narrow view of the world
- An inability to recognize differences between people

Managers have 3 attitudes towards international business:
1. Ethnocentric attitude
   - Best practices and approaches are from home country
2. Polycentric attitude
   - Best practices and approaches are from host country
3. Geocentric attitude
   - A world oriented view
   - Focuses on using the best approaches and people from around the world

Understanding the Global Environment
Regional Trading Alliances
1. The European Union
   - Union of 15 European nations
   - Created as a unified economic and trade entity
   - No national barriers to travel, invest, trade
   - To promote economic and social progress and a high level of employment and to achieve balanced and sustainable development
   - Countries include: Austria, Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Italy & others
   - Purpose of European Union as stated:
   - An agreement among the Mexican, Canadian and US government
   - Eliminated barriers to free trade
   - Reduced or eliminated tariff rates, depending on products.

3. Association of Southeast Asian Nations (ASEAN)
   - A trading alliances of Southeast Asian Nations
   - Acceleration of economic growth, social progress, cultural development among its members, the protection of the peace and stability of region.
   - Countries involved: Brunei, Malaysia, Indonesia, Cambodia, Thailand, Vietnam & etc

Different Types Global Organizations
1. Multinational Corporation
   - Maintain operations in multiple countries
   - Manages from home country
   - Example: McDonald

2. Transnational Corporation
   - Maintain significant operations in multiple countries
   - Decentralized management by local country
   - Example: KFC
3. Borderless organization  
   - Global type of organization  
   - Artificially geographical barriers are eliminated  

How does organization go global?  

Stage I: Passive Response  
   1) Export  
      - Making products at home and selling them overseas  
   2) Importing  
      - Selling products at home that are made overseas  

Stage II: Initial Overt Entry  
   - Sending local representative (on regular trips) to hire local broker or agent to sell or manufacture the products  

Stage III: Establish International Operation  
   1) Licensing and franchising  
      - Giving other organization the right to use brand name, technology or brand specification  
   2) Strategic alliances  
      - Involve partnership between an organization and foreign company  
      - Share resources and knowledge  
      - Joint venture – separate independent organization
Chapter 5: Social Responsibility and Managerial Ethics

What is social responsibility?
The classical view:
The view that management responsibility is to maximize profit

The socioeconomic view:
The view that management’s social responsibility goes beyond making profits to include protecting and improving society’s welfare

SOCIAL RESPONSIBILITY:
A business firm’s obligation, beyond that required by law and economics, to pursue long-term goals that are good for society

Social Responsiveness:
The capacity of the firm to adapt the changing social conditions

Managerial Ethics: Ethics refer to rules and principles that define right & wrong conduct

Four views of Ethics:
1) Utilitarian view of ethics
   • Ethical decisions are made base on their outcomes and consequences
   • Uses quantitative method

2) Rights view of ethics
   • Concern with respecting and protecting individual liberties and privileges
   • Free speech, employees right, rights to privacy and etc

3) Theory of justice view of ethics
   • Impose and enforce rules fairly and impartially
   • Base on legal rules and regulation

4) Integrative social contracts theory
   • Based on empirical (what is) and normative (what should be) factors
   • Look at existing ethical norms in industries and companies
Chapter 6: Decision-Making

The Decision Making Process

What’s a decision?
- A choice from 2 or more alternatives

What’s a decision making process?
- A set of 8 steps that begins with identifying problem and decision criteria and allocating weights to those criteria.

Steps in decision-making process

Step 1: Identifying problem
- What’s a problem?
  - Discrepancy between an existing and a desired state of affairs
  - Problem identification include:
    (a) Make sure it’s a problem and not just a symptom of problem
    (b) Problem identification is subjective
    (c) Before a problem can be determined, a manager must be aware of any discrepancies
    (d) Discrepancies can be found by comparing current result with some standard
    (e) Pressure must be exerted on the manager to correct the discrepancy
    (f) Managers aren’t likely to characterize some discrepancy as a problem if they perceive that they don’t have the authority, information, or other resources needed to act on it

Step 2: Identifying decision criteria
- What’s a decision criteria?
  - Criteria define what’s relevant in a decision.
  - Include criteria such as price, product model and manufacturer, standard features, optional equipment, service warranties, repair record, and service support after purchase

Step 3: Allocating weights to criteria
- How do you weight criteria?
  - A simple approach is to give the most important criteria a weight of 10 and then assign weights to the rest against the standard. (Exhibit 6.2)
Step 4: Developing alternatives
- Needs to identify viable alternatives for resolving the problems

Step 5: Analyzing alternatives (Personal Judgments)
- Compare the advantages and the disadvantages in order to get the strength and weaknesses of each alternative.
- The weighting of the criteria significantly changes the ranking of alternatives in our example

Step 6: Selecting an alternative
- The act of selecting the best alternatives from among those identified and assessed is critical
- If criteria weights have been used, the decision maker simply selects the alternatives with the highest score from step 5

Step 7: Implementing the alternatives
- Implementation involves conveying the decision to those that affected by it and getting their commitment to do it.
- The chosen alternative must be implemented

Step 8: Evaluating decision effectiveness
- The last step involves appraising the outcome of the decision to see if the problem has been resolved.

The manager as a decision maker

(a) Rational decision making
- Describes choices that are consistent and value maximizing within specified constraints.
- A decision-maker that was perfectly rational would be fully objective and logical.

(b) Bounded rationality
- Behavior that is rational within the parameter of a simplified decision-making process, which is limited (or bounded) by an individual’s ability to process info.
- The reason is that, they can’t possibly analyze all info. On all alternatives, manager are satisfies rather than maximize.
(c) Role of intuition
   - A subconscious process of making decisions on the basis of experience and accumulated judgement.

Types of Problems and Decisions
1) Well-structured problems
   - Straightforward, familiar and easily defined problem.
   - Easy to solve, so managers use
     - Programmed decision
       (a) Procedures
       - A series of interrelated sequential steps that a manager can use.
       - Once the problem is clear, it’s the procedure
       (b) Rules
       - Statement that tells a manager what he/she can or cannot do.
       - Rules are frequently used by managers when they confront a well-structured problem because they are simple to follow and ensure consistency.
     (c) Policy
     - Guidelines to follow.
     - Policies typically contain an ambiguous term that leaves interpretation up to the decision maker.
     - Policy statement:
       (a) Customer always comes first and should always be satisfied.
       (b) We promote from within whenever possible.
       (c) Employee wages shall be competitive within community standards

2) Poorly-structured problems
   - Problems that are new or unusual and for which is ambiguous and incomplete.
   - Difficult to use, so managers use
     (a) Non-programmed decisions (unique and non-recurring)
     - It requires a custom-made response through non-programmed decision making.
3) The relationship among problems, decision and organizational level.
   (a) At the higher levels of the organization, managers are dealing with poorly structured problems and using non-programmed decisions.
   (b) At lower levels, managers are dealing with well-structured problems by using by programmed decisions.

Decision-Making conditions:

1) Certainty
   - A situation where manager can make accurate decisions because all outcomes are known.
   - It’s more idealistic than realistic.

2) Risk
   - Those conditions in which the decision maker is able to estimate the likelihood of certain outcomes.
   - Based on personal experience/ secondary info./ historical data.

3) Uncertainty
   - A situation in which a decision-maker has neither certainty nor reasonable probability estimates available. (Limited amount of info. Available to the decision maker)

Decision-Making styles
(a) Directive style
   - Low tolerance for ambiguity and a rational way of thinking
   - Make decision fast and focus in short run
   - Minimal use of info.
   - Assessing few alternatives

(b) Analytical style
   - High tolerance of ambiguity and a rational way of thinking
   - Need more information
- Considered more alternatives
- Careful decision maker

(c) Conceptual style
- High tolerance of ambiguity and an intuitive way of thinking
- Look at many alternatives
- Focus on long run
- Good at finding creative solutions

(d) Behavioral style
- Low tolerance for ambiguity and an intuitive way of thinking
- Work well with others / look after subordinates
- Receptive of suggestions from others

Overview of Managerial Decision Making
Chapter 7: Foundations of Planning

What is planning?
- A process that involves
  (a) Defining organization’s goals
  (b) Establishing and overall strategy for achieving those goals
  (c) Developing plans to integrate and coordinate organizational work

Why do managers plan?
- Purpose of planning
  (a) Give directions
  (b) Reduces the impact of change
  (c) Minimizes waste and redundancy
  (d) Set the standards used in controlling
  (e) Reduces uncertainty
  (f) Establishes a coordinate effort
- Is planning worthwhile?

Planning And Performance
- Research has shown we cannot assume organizations with formal planning processes always outperform those organizations that don't have formal planning processes.
  1) Generally speaking, however, formal planning is associated with positive financial results
- The quality of the planning process and appropriate implementation probably contribute more to high performance than does the extent of planning.
- When formal planning has been shown not to lead to higher performance, the environment is usually the reason.

How do managers plan?
- Planning is the basis for all the other functions that managers perform.
- Planning involves 2 main elements:
  (a) Goals
  - Desired outcomes for individuals, groups or entire organization.
  - Goals are objectives
  - Provide direction for all management decisions and form the criterion against which actual work accomplishments can be measured
  
  (b) Plans
  - Documents that outline how goals are going to be met including resource allocations, schedules and other necessary actions to accomplish the goals.
- As a conclusion, Planning = Goals + Plans

Types of goals
- In every organization, they have multiple goals/objectives
  (a) Stated goals
    • Official statements of what an organization says, and what it wants its various stakeholders to believe its goals are.
  (b) Real goals
    • Goals that an organization actually pursues, as defined by the actions of its members.

Types of plans
(a) Strategic plans
  • Plans that apply to the entire organization, establish the organization’s overall goals, and seek to position the organization.
  • Long-term plans
    - Plans with a time frame beyond 3 years
  • Directional plans
    - Plans that are flexible and that set out general guidelines
  • Single-use plan
    - A one-time plan specifically designed to meet the needs of a unique situation

(b) Operational plans
  • Plans that specify the details of how the overall goals are to be achieved.
  • Short term plans
    - Plans covering one year or less
  • Specific plans
    - Plans that are clearly defined and easy to understand
  • Standing plans
    - Ongoing plans that provide guidance for activities performed repeatedly
### Financial Objectives
- Faster revenue growth
- Faster earnings growth
- Higher dividends
- Wider profit margins
- Higher returns on invested capital
- Stronger bond and credit ratings
- Bigger cash flows
- A rising stock price
- Recognition as a "blue chip" company
- A more diversified revenue base
- Stable earnings during recessionary periods

### Strategic Objectives
- A bigger market share
- A higher, more secure industry rank
- Higher product quality
- Lower costs relative to key competitors
- Broader or more attractive product line
- A stronger reputation with customers
- Superior customer service
- Recognition as a leader in technology and/or product innovation
- Increased ability to compete in international markets
- Expanded growth opportunities

### Types of Plans

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<th>Frequency of Use</th>
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<td>Long term</td>
<td>Directional</td>
<td>Single use</td>
</tr>
<tr>
<td>Operational</td>
<td>Short term</td>
<td>Specific</td>
<td>Standing</td>
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### Specific Versus Directional Plans

- Directional Plans
- Specific Plans
**Approaches to establishing goals**

1) **Traditional goal setting**
   - An approach to setting goals in which goals are set at the top level of the organization and then broken down into sub-goals for each level of the organization.
   - Problem: The goals are not defined specifically and the definition is broad.
   - Top managers are assumed to know what’s best because they see the “big picture”
   - These goals are also often largely non-operational.
   - Specifically is achieved as each manager applies his or her own set of interpretations and biases.

2) **MBO (Management By Objective)**
   - Specific performance goals are determined by employees and their manager.
   - Progress toward accomplishing goals is reviewed.
   - Rewards are given.
   - 4 essential steps in MBO.
     (i) Goals specificity
     (ii) Participate decision making
     (iii) An explicit time period
     (iv) Performance feedback
   - MBO makes objectives operational through the process by which they cascade down through the organization.
   - Does MBO work? Studies of actual MBO programs confirm that MBO can increase employee performance and organizational productivity. However, top management commitment and involvement are important contributions to the success of an MBO program.
• One problem of MBO programs is that they can be useless in times of dynamic environmental change. An MBO program needs some stability for employees to work toward accomplishing the set goals.

• Another problem of MBO programs is that an overemphasis by an employee on accomplishing his or her goals without regard to other in the work unit can be counterproductive.

• Whether an organization uses a more traditional (top to bottom) approach to establishing objectives, uses some form of MBO, or has its own approach, managers must define objectives before they can effectively and efficiently complete other planning activities.

Characteristics of Well-Designed Goals

• Written in terms of outcomes rather than actions
  - The desired end result is the most important element of any goal and therefore, the goal should be written to reflect this.

• Measurable and quantifiable

• Clear as to a time frame
  - Goals without a time frame make an organization less flexible.

• Challenging yet attainable
  - Goals that are easy to accomplish are not motivating and neither are goals that are not attainable even with exceptional effort.

• Written down
- Written down goals may seem to time consuming, the process of writing the goals forces people to think them through.
- Become visible and tangible evidence of the importance of working toward something.

• Communicated to all necessary organizations
  - Making people aware of the goals ensures that they're all “on the same page” and working in ways to ensure the accomplishment of the organizational goals.

Steps in goal setting
1) Review the organization’s mission, which is the purpose of an organization.
2) Evaluate available resources.
3) Determine the goals individually or with the inputs from others (measurable, specific and time frame for accomplishment)
4) Write down the goals.
5) Review the results to see whether goals are being met.

Criticisms of planning
1) Planning may create rigidity.
2) Plans cannot be developed for a dynamic environment.
3) Formal plans can’t replace intuition and creativity.
4) Planning focuses manager’s attention on today’s competition not on tomorrow’s survival.
5) Formal planning reinforces success, which may lead to failure.

Developing plans
- The process of developing plans is influenced by three contingency factors and by the planning approach followed.
- 3 contingency factors affect planning.
  (a) Level in the organization
  • Operational plans at the lowest level whereas the strategic plans at the highest Level.
(b) Degree of environmental uncertainty
  - When environmental uncertainty is high, plans should be specific but flexible.

(c) Length of future commitments
  - Time frame of the plans.
  - Planning for too long or too short at a time period is inefficient or ineffective.
Chapter 8: Strategic Management

Strategic Management
- The set of managerial decisions and actions that determine the long-run performance of an organization.

The Strategic Management Process:
- An eight steps encompasses strategic planning, implementation and evaluating

Step 1:
Identifying the organization’s current missions, objectives and strategy.

Step 2:
Analyzing the environment

Step 3:
Identifying opportunities and threats
Opportunities – Positive trends in external environment factors.
Threats – Negative trends in an external environment factors.

Step 4:
Analyzing the organization’s resources and capabilities.
Core competencies: An organization’s major values creating skills, capabilities and resources that determine it’s competitive weapon.

Step 5:
Identifying strength and weaknesses.
Strength: Any activities the organization does well or any unique resources that it has.
Weaknesses: Activities the organization does not do well or resources it needs but does not posses.
SWOT analysis:
An analysis of organization’s strength, weaknesses, opportunities and threats.

Step 6:
Formulating strategies

Step 7:
Implementing strategies

Step 8:
Evaluating results
3 types of organization strategies

1. Corporate level strategy
   - An organizational strategy that seeks to determine what business a company should be in or wants to be in.

   (a) Stability strategy
   - A corporate-level strategy characterized by an absence of significant change.
   - Ex: Continue serving the same clients with the same products.

   (b) Growth strategy
   - A corporate-level strategy that seeks to increase the level of the organization’s operations.
   - Ex: Increasing the sales revenue, number of employees and so on.

   (c) Retrenchment strategy
   - A corporate-level strategy designed to address organizational weaknesses that are leading to the performance decline.

- Corporate Portfolio Analysis

  BCG Matrix (developed by the Boston Consulting Group)
  - Introduced the idea that an organization’s business could be evaluated and plotted using a 2 x 2 matrix to identify which were a drain on organizational resources.
  - Based on this evaluation, the business was placed in 4 categories.

  (a) Cash cow (generate large amounts of cash but prospects for future growth are limited)

  (b) Stars (In a fast-growing market and hold a dominant share of the market)

  (c) Question marks (In an attractive industry but hold a small market share percentage)

  (d) Dogs (Do not produce or consume much cash)
2) Business level strategy: An organization strategy that seeks to determine how an organization should compete in each of its business.

(a) Competitive advantage
   * What set an organization apart: It’s distinct edge

(b) Cost leadership strategy
   * A business level strategy in which the organization is the lowest-cost producer in its industry

(c) Differentiation strategy
   * A business level strategy in which a company offers unique products that is widely valued by customers.

(d) Focus strategy
   * A business level strategy in which a company pursue a cost or differentiation advantage in a narrow industry segments.

3) Functional level strategy: An organizational strategy that seeks to determine how to support business-level strategy.
Chapter 9: Planning Tools and Techniques

**Techniques for assessing the environment**

1) Environmental Scanning
   - The screening of large amounts of information to anticipate and interpret changes in the environment
     (a) Competitive intelligence
        - Environmental scanning activity that seeks to identify who competitors are, what they are doing and how their actions will affect the organizations.

2) Forecasting
   - Predictions of outcomes
     (a) Quantitative forecasting
        - Forecasting that applies a set of mathematical rules to a series of past data to predict outcomes.
     (b) Qualitative forecasting
        - Forecasting that uses the judgement and opinions of knowledgeable individuals to predict outcomes.

3) Benchmarking
   - The search for the best practices among competitors or non-competitors that lead to their superior performance.

**Techniques for allocating resources**

Resources
- The assets of the organization including financial, physical, human, intangible, and Structural / cultural

1) Budgeting
   - A numerical plan for allocating resources to specific activities
   - Types of budget
     (a) Cash budget (Forecasts cash on hand and how much it will be needed)
     (b) Revenue budget (Projects future sales)
     (c) Expense budget (Lists primary activities and allocates dollar amount to each)
     (d) Profit budget (Combines revenue and expense budgets of a various units to determine each unit’s profit contribution)

2) Scheduling
   - Detailing what activities have to be done, the order in which they are to be completed, who is to do each and when they are to be completed.
(a) Gantt chart
- A scheduling chart developed by Henry Gantt that shows actual and planned output over period of time.
- Useful as long as the activities being scheduled are fewer in number and independent of each other.

(b) Load chart
- A modified Gantt chart that schedules capacity by entire departments or specific resources.
- Useful as long as the activities being scheduled are fewer in number and independent of each other.
(c) PERT Network Analysis
- A flowchart like diagram showing the sequence of activities needed to complete a project and the time or costs associated with each.
- Useful for large project such as departmental reorganization.
- Allows managers to monitor a project's progress, identify bottleneck and shift resources.
- 4 terms to understand how to construct a PERT network
  (i) Events are end point that represent the completion of major activities
  (ii) Activities represent the time or resources required to progress from one event to another
  (iii) Slack time is the amount of time and individual activity can delay without delaying the whole project
  (iv) Critical path is the longest or most time consuming sequence of events and activities in a PERT network. Any delay in completing events on this path would delay completion of entire project. Activities on the critical path have zero slack time

- A → B → C → D → I → J → K (44 weeks)
- A → B → C → D → G → H → J → K (50 weeks) – critical path
- A → B → C → E → G → H → J → K (47 weeks)
- A → B → C → F → G → H → J → K (47 weeks)
3) Breakeven analysis

- A technique for identifying the point at which total revenue is just sufficient to cover total cost
- The formula:
  \[
  \text{BE} = \frac{\text{TFC}}{\text{P} - \text{VC}}
  \]
  \(\text{BE}\) = Breakeven Point
  \(\text{TFC}\) = Total fixed costs
  \(\text{P}\) = Unit Price of the product being sold
  \(\text{VC}\) = Variable cost per unit
- Total cost
  - (a) Fixed (Expenses that do not change regardless of volume, example: insurance premiums, rent, property taxes)
  - (b) Variable (Change in proportion to output and include raw materials, labor and energy costs)

  - An Example:
    Louise’s Photocopying services charges RM0.10 per photocopy. If the fixed costs are RM27,000 a year and the variable costs are RM0.04 per copy.
    The breakeven point will be
    \[
    \text{RM27,000} \div (\text{RM0.10} - \text{RM0.04})
    \]
    = 450,000 copies
    - The annual revenue will be = (450,000 copies \(\times\) RM0.10) = RM45,000
4) Linear programming

- A mathematical technique that solves resources allocation problems.

- What kind of problem can be solved with linear programming? Some applications include selecting transportation routes that minimize shipping costs, allocating a limited advertising budget among various product brands, making the optimal assignment of people among projects and determining how much of each product to make with a limited number of resources.
pourri and $18 for a scented candle. These numbers establish the basis for Kamie to be able to express her objective function as maximum profit = $10P + $18S, where $P$ is the number of bags of potpourri produced and $S$ is the number of scented candles produced. The objective function is simply a mathematical equation that can predict the outcome of all proposed alternatives. In addition, Kamie knows how much time each fragrance product must spend in each department and the monthly production capacity (1,200 hours in manufacturing and 900 hours in assembly) for the two departments. (See Exhibit 9.12.) The production capacity numbers act as constraints on her overall capacity. Now Kamie can establish her constraint equations:

\[2P + 4S \leq 1,200\]
\[2P + 2S \leq 900\]

Of course, Kamie can also state that $P \geq 0$ and $S \geq 0$, because neither fragrance product can be produced in a volume less than zero.

Kamie has graphed her solution in Exhibit 9.13. The shaded area represents the options that don’t exceed the capacity of either department. What does this mean? Well, let’s look first at the manufacturing constraint line BE. We know that total manufacturing capacity is 1,200 hours, so if Kamie decides to produce all potpourri bags, the maximum she can produce is 600 (1,200 hours / 2 hours required to produce a bag of potpourri). If she decides to produce all scented candles.
Contemporary planning techniques

1) Project Management
   - A project is a one-time-only set of activities that has a definite beginning and ending point in time
   - Project Management is the risk of getting a project’s activities done on time, within budget and according to specifications.
   - Project Management Process
     - The work is done by a project team whose members are assigned from their respective work area to the project.
     - These team members have to report to the project manager regarding the activities that had been done.

2) Scenario Planning
   - Scenario is a consistent view of what the future is likely to be.
   - Can be described as contingency planning
     - That is, if this is what happens, then these are the actions need to take.

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Chapter 10: Managerial Communication

What is communication?
- The transfer and understanding of meaning

(A) The process of interpersonal communication

Message – A purpose to convey
Encoding – Converting a message into symbols
Channel – The medium that a message travels along
Decoding – Retranslating a sender’s message
Noise – Any disturbance that interferes with the transmission, receive or feedback of a message

Methods of communicating interpersonally
1) Nonverbal communication
   • Communication transmitted without words.

2) Body language
   • Gestures, facial expression, and other movements of the body that convey meaning.

3) Verbal Intonation
   • An emphasis given to words or phrases that convey meaning.

(B) Organizational communication
1) Formal communication
   • Communication that take place within prescribed organizational work arrangements

2) Informal communication
   • Communication that is not defined by the organization’s structural hierarchy
• An example: grapevine
• The grapevine:
  - Def: The informal organizational communication network. Example: gossip
  - Is it important? Yes
  - Why? Employees listen to gossip.

Direction of communication
1) Downward communication
   • Communication flows downward from manager to employees

2) Upward communication
   • Communication that flow upward from employees to manager

3) Lateral communication
   • Communication between any employees on the same level of organization

4) Diagonal communication
   • Cut across all work areas and organization level

Communication Network
Def: The variety of patterns of vertical and horizontal flows of organization communication

Types of communication network
1. Chain: formal chain of command
2. Wheel: represent communication flowing between a clearly identifiable and strong leader and other in a work group or team
3. All channel: Communication flow freely among all member
Chapter 11: Human Resource Management

Human resource management is important for organization
- Encourage high performance practices
  Define as: Work practices that lead to both high individual and high organizational performance
- Help establish an organization’s sustainable competitive advantage

Human Resource Management Process (HRM)
- Def: Activities necessary for staffing the organization and sustaining high employee performance.

Consists of eight activities
- Human Resource Planning
- Recruitment
- Selection
- Orientation
- Training
- Performance Management
- Compensation and Benefits
- Career Development

Environment factors that influence the HRM Process
- Labor Union
  - Def: an organization that represents worker and seeks to protect their through collective bargaining
- Government

Human Resource Planning
- Def: The process by which managers ensure that they have the right number and kinds of people in the right place and the right times, who are capable of effectively and efficiently performing assigned tasks.

HR Planning can be grouped into 2 steps
1) Assessing current human resources
   - Manager review the current HR status
   - Conduct Job Analysis: an assessment that defines jobs and the behaviors necessary to perform them
• Then the manager establish revise job description (written statement of what a job holder does) & job specification (a statement of minimum qualifications that a person must posses to perform a given job)

2) Assessing future human resource needs and developing a program to meet those future needs
• Determine by organization goals and strategies

**HRM Process**

*Recruitment:* the process of locating, identifying and attracting capable applicants
- Sources: internet, newspaper, employees referrals, etc
- Influence by labor market, type of position and the size of organization

*Decruitment:* techniques for reducing the labor supply within an organization
– not a pleasant task

*Selection Process:* The process of screening job applicants to ensure that the most appropriate candidates are hired

*Orientation:* Introduction of a new employees to his or her job and the organization

*Employee Training:* Training provided in 3 areas: technical, interpersonal and problem solving

*Employees Performance Management:*
Def: A process of establishing performance standards and evaluating performance in order to arrive at objective human resource decisions as well as to provide documentation to support those decisions.
Type: written essay, critical incidents, graphic rating scale and etc

*Compensation and benefits*
Manager must develop a compensation system that reflects the changing nature of work and the workplace in order to keep people motivated.
*Skill-based pay:* A pay system that rewards employees for the job skills they can demonstrate

*Career development*
Def: A sequence of positions held by a person during his or her lifetime.
Career development programs designed to help employees advance their work lives.
Chapter 12: Managing Change and Innovation

*What is Change?*
Organizational change:
- Any alterations in people, structure or technology

Forces for change
(a) External forces
  - Competitors, adapt to changing consumer desires, marketing strategy and etc

(b) Internal forces
  - Employee attitude, introduction of new equipment and etc

The manager as a change agent
- People who should be motivated to initiate change because they are committed to improving their organization’s performance.

*Managing change*

Types / categories of change
(i) Changing structure
  - Work specialization, departmentalization, chain of command, spans of control, centralization, formalization, job redesign and etc
  - Departmental responsibilities could be combined, organizational levels eliminated, or spans of control widened to make the organization flatter and less bureaucratic
  - More rules and procedures could be implemented to increase standardization
  - Increase in decentralization can be used to make decision making faster

(ii) Changing technology
  - Work processes methods and equipment
  - Competitive factors or new innovations within an industry often require managers to introduce new equipment, tools or work methods
  - Automation is a technological change that replaces certain tasks done by people with machines

(iii) Changing people
  - Attitudes, expectations, perceptions and behavior
  - The term organizational development (OD), through occasionally referring to all types of change, essentially focuses on techniques or programs to change people and the nature and quality of interpersonal work relationship
Why people resist change?
(a) Uncertainty
(b) Concern over personal loss
(c) Belief that change is not in the organization’s best interest

Techniques for reducing resistance
1) Education and communication
   • Communicate with employee to help them see the logic of change
   • Educate employees through one-on-one discussion, memos, group meetings, or reports
   • Appropriate if source of resistance is either poor communication or misinformation
   • Must be mutual trust and creditability between managers and employees

2) Participation
   • Allows those who oppose a change to participate in the decision
   • Assumes that they have expertise to make meaningful contributions
   • Involvement can reduce resistance, obtain commitment to seeing change succeed and increase quality of change decision

3) Facilitate and support
   • Provide supportive effort such as short paid leave of absence, new skills training, counseling
   • Can be time consuming and expensive

4) Negotiation
   • Exchange something of value to reduce resistance
   • May be necessary when resistance comes from a powerful source
   • Potentially high costs and likelihood of having to negotiate with other resisters

5) Manipulation and cooptation
   • Manipulation is convert attempts to influence such as twisting, distorting facts, or creating false rumors
   • Cooptation is a form of manipulation and participation
   • Inexpensive and easy ways to gain support of resisters

6) Coercion
   • Using direct threats or force
   • Inexpensive and easy ways to gain support
Handling Employees Stress

What is stress?
- Stress is a dynamic condition a person faces when confronted with an opportunity, constraint, or demand related to what she or he desires and for which the outcome is perceived to be both uncertain and important.

Cause of stress
(a) Personal factors
(b) Job-related factors

Reducing stress
- Counseling
- Break time
- Makesure that an employees's abilities match the job requirement & etc

Stimulating Innovation

Creativity VS Innovation
Creativity
- The ability to combines ideas in a unique way or to make unusual associations between ideas

Innovation
- The process of taking a creative idea and turning it into a useful product, service or work method
Chapter 13: Understanding Groups and teams

What is a group?
- It’s defined as two or more interacting and interdependent individuals who come together to achieve particular goals
- There are two types of group:
  (a) Formal Group
    • Work group that established by organization that have designated work assignments and specific tasks
  (b) Informal Group
    • Social group that occur naturally in the work place in response to need of social contact

Stages of Group Development
(a) Forming
  • The first stage where people join the group and then define the group’s purpose, structure and leadership

(b) Storming
  • The second stage of group development which is characterized by intragroup conflict

(c) Norming
  • Stage is complete when the group structure solidifies and the group has assimilated to a common set of expectations of what defines correct member behavior

(d) Performing
  • The forth stage of group development when the group is fully functional

(e) Adjourning
  • The final stages of group development for temporary group members are concerned with wrapping activities rather than task performance

Basic Concepts of group
Role
- Refers to a set of expected behavior patterns attribute to someone who occupies a given position in a social unit
Norm / Conformity
- Acceptable standards or expectation shared by a group’s member

Status
- A prestige grading positions or rank within a group

Group size

Group cohesiveness
- The degree to which group members are attracted to one another and share the group’s goals

Conflict management
- As a group performs its assigned tasks, disagreements or conflicts inevitably will arise
- What is conflict?
  - Perceived incompatible differences that result in interference or opposition
  - Not all conflicts are bad and there are different types of conflict
  - For example:
    (a) Functional conflict
      - Conflicts that support a group’s goals and improve it’s performance
    (b) Dysfunctional conflict
      - Conflicts that prevent a group from achieving its goals
    (c) Task conflict
      - Conflicts over the content and goals of the work
    (d) Relationship conflict
      - Conflicts based on interpersonal relationship
    (e) Process conflict
      - Conflicts over how work gets done

Group Decision Making
- In organization, many decisions are made by group. Individuals usually conduct group meetings before deciding
**Advantage and Disadvantage**

**Advantages**
- Provide more complete information
- Generate more alternatives
- Increase acceptance of a solution
- Increase legitimacy

**Disadvantages**
- Time consuming
- Minority domination
- Pressure to conform
- Ambiguous responsibility

External conditions imposed on the group, such as: organization’s structures, organizational resources, organization’s culture, employees selection criteria, the organization’s performance management system.

**What is TEAM?**

**Work Team:**
Formal groups made up of interdependent individuals who are responsible for the attainment of goal

**Example of team:**
(a) Functional teams
   - Composed of manager and his/her subordinates from a particular area

(b) Self-managed team
   - A type of work team that operates without a manager and its responsible

(c) Virtual team
   - Team that uses computer technology to link physically dispersed members in order to achieve a common goal

(d) Cross-functional team
   - A type of work team that’s hybrid grouping of individuals who are experts in various specialties and who work together on various tasks
Managing Effective Teams

Characteristics of an effective team
- Clear goal
- Relevant skills
- Mutual trust
- Unified commitment
- Good communication
- Negotiation skills
- Appropriate leadership
- Internal and external support
Chapter 14: Motivating Employees

What is motivation?
- The willingness to exert high levels of effort to reach organizational goals conditioned by the effort’s ability to satisfy some individual need.

What is need?
- An internal state that makes certain outcomes appears attractive.

Classical theories of motivation
(A) Maslow’s Hierarchy of Need theory
   1. Physiological needs
   2. Safety needs
   3. Social needs
   4. Esteem needs
   5. Self-actualization needs

- In term of motivation Maslow argues that each level in the hierarchy must be substantially satisfied before the next is activated and that once a need is substantially satisfied it’ll no longer motivates behavior.

(B) McGregor’s theory X and theory Y
   (i) Theory X
      - Present an essentially negative view of people. Assumed that lower needs dominant.

   (ii) Theory Y
      - Offers a positive view. Assumed higher order needs dominated.

- McGregor believe that theory Y were more valid that those of theory X, therefore he proposed that participation in decision making, responsible and challenging jobs, and good group relations would maximize employee motivation.

(C) Herzberg’s motivation-hygiene theory
   (i) Intrinsic factors: Related to job satisfaction and motivation
   (ii) Extrinsic factors: Associated with job dissatisfaction

- Herzberg suggested to concentrate on intrinsic factors that can motivate people.
Contemporary Theories of Motivation

THREE-NEEDS OF THEORY
- Need for achievement
- Need for power
- Need for affiliation

GOAL SETTING THEORY
- A person directs his or her behavior.

REINFORCEMENT THEORY
- According to this theory, it says that behavior is a function of consequences
- Argues that behavior is external cause
- What control behavior are reinforces
- Reinforces: Consequences that when given immediately following a behavior, increases the probability that the behavior will be repeated
Chapter 15: Leadership

Leader
- Someone who can influence others and who has managerial authority

Leadership
- The process of influencing a group toward the achievement of goals

Difference between managers and leaders
Manager
- Appointed, their ability to influence is based on the formal authority inherent in their positions.

Leaders
- Can be either appointed or emerge within a group
- Can influence others to perform beyond the actions dictated by formal authority

The trait theory of leadership
- Focus on identifying those characteristics (traits) that might be used to differentiate leaders from nonleaders

Behavioral leadership theories
- Focused on the preferred behavioral styles that leaders demonstrated

Fiedler’s contingency model
Two leadership styles
(a) Relationship oriented
(b) Task oriented

Three situational variables
(a) Leader member relations
- Degree of confidence, trust, and respect employees had for their leader

(b) Task structure
- The degree to which job assignments were formalized and procedurized

(c) Position power
- The degree of influence a leader had over power-based activities such as hiring, firing, discipline, promotions, and salary increases
There are five sources of power a leader might possess:

(a) Legitimate
   - Power of position in the organization

(b) Coercive
   - Power based on ability to punish or control

(c) Reward
   - Power to give positive benefits or rewards.

(d) Expert
   - Power based on expertise, special skills or knowledge

(e) Referent
   - Power that arises because of a person’s desirable resources or personal traits

How does a leader create trust?

1) By practicing openness
2) Being fair
3) Sharing feelings
4) Telling the truth
5) Showing consistency
6) Fulfilling promises
7) Maintaining confidence
8) Demonstrating competence