

Understanding  
Management's  
Context:  
*Constraints and  
Challenges*

CHAPTER



# LEARNING OUTCOMES

**Contrast** the actions of managers according to the omnipotent and symbolic views.

**Describe** the constraints and challenges facing managers in today's external environment.

**Discuss** the characteristics and importance of organizational culture.

**Describe** current issues in organizational culture.

# The Manager: Omnipotent or Symbolic?

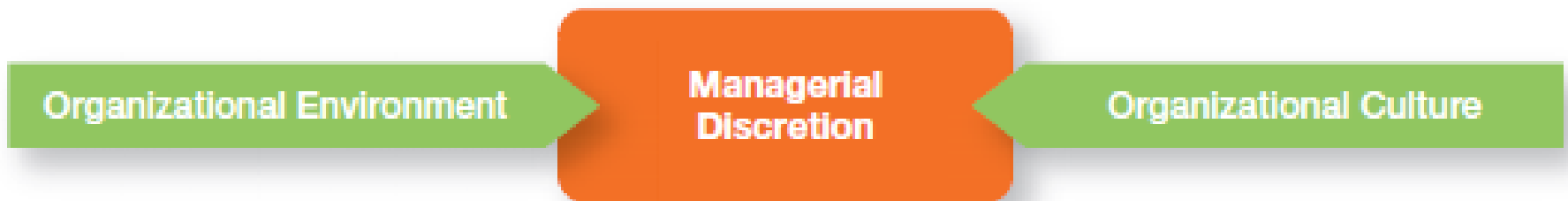
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- to external forces outside managers' control **Omnipotent View of Management** - the view that managers are directly responsible for an organization's success or failure.
- **Symbolic view of Management** - the view that much of an organization's success or failure is due I.

# Exhibit 2-1

## Constraints on Managerial Discretion

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# Exhibit 2-2

## Components of External Environment

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# The Economic Environment

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- **Global economic recession** - began with US home mortgage and soon affected businesses as credit markets collapsed. It didn't take long for these economic troubles to spread worldwide.
- **Economic inequality** - As economic growth has languished and sputtered, social discontent over growing income gaps has increased

# The Demographic Environment

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- Baby Boomers - those individuals born between 1946 and 1964
- Gen Y (or the “Millennials”) - those individuals born between 1978 and 1994.
- Post-Millennials - the youngest identified age group, basically teens and middle-schoolers

# How the External Environment Affects Managers

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- Jobs and employment - As external environmental conditions one of the most powerful constraints managers face is the impact of such changes on jobs and employment



# Environmental Uncertainty and Complexity

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- **Environmental Uncertainty** - the degree of change and complexity in an organization's environment.
- **Environmental Complexity** - the number of components in an organization's environment and the extent of the organization's knowledge about those components.

# Exhibit 2-3

## Environmental Uncertainty Matrix

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

# Managing Stakeholder Relationships

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

# Exhibit 2-4 Organizational Stakeholders

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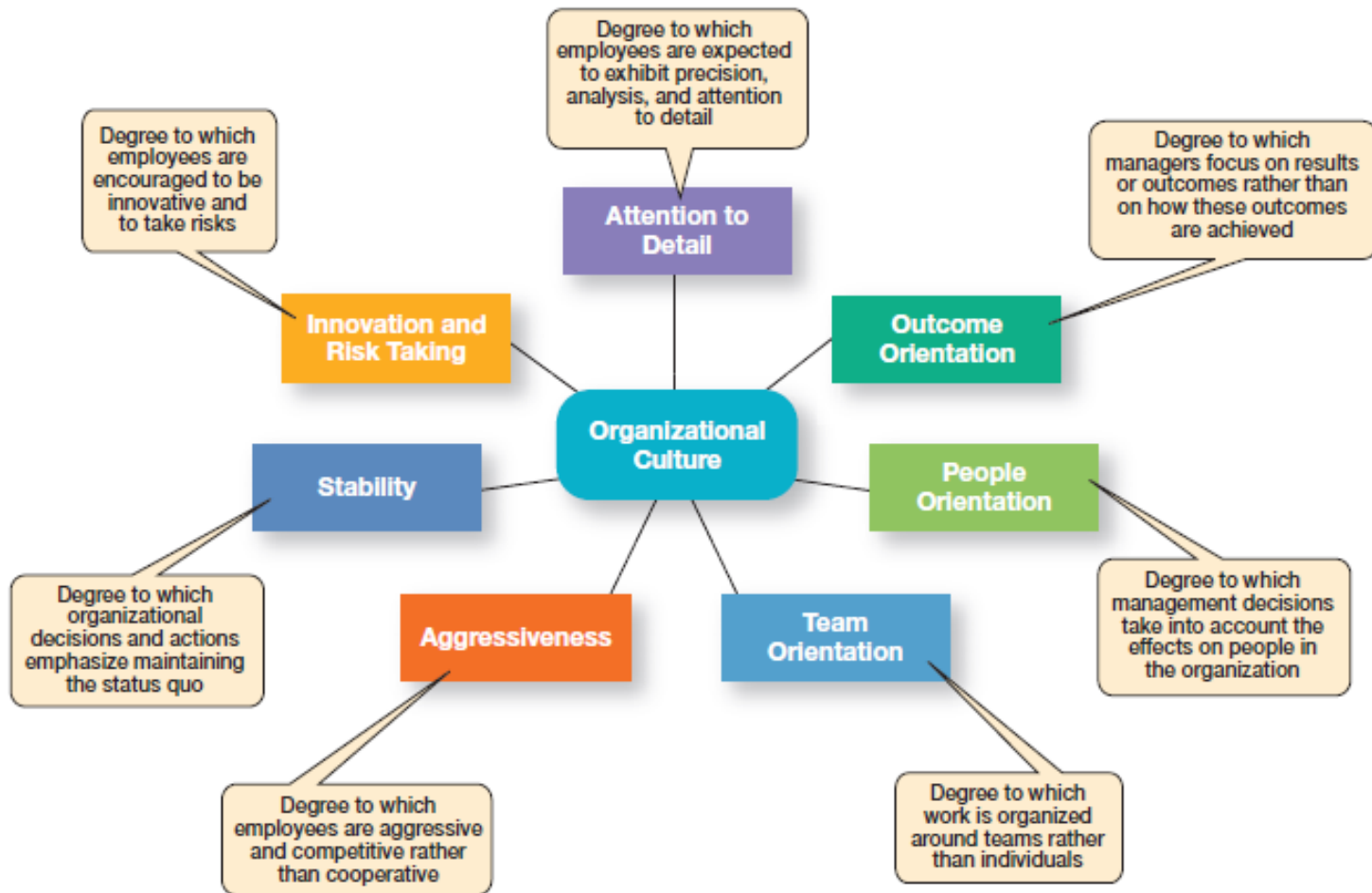
# What Is Organizational Culture?

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- **Organizational Culture** - The shared values, principles, traditions, and ways of doing things that influence the way organizational members act.
- **Strong Cultures** - Organizational cultures in which key values are intensely held and widely shared.

# Exhibit 2-5

## Dimensions of Organizational Culture

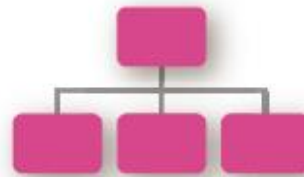


# Exhibit 2-6

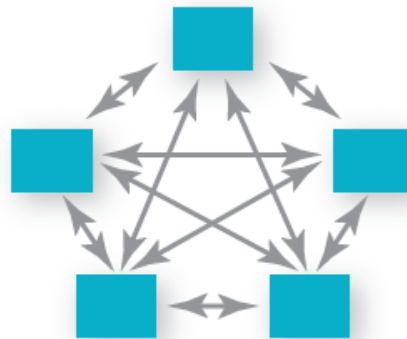
## Contrasting Organizational Cultures

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### Organization A



### Organization B



# Exhibit 2-7

## Strong Versus Weak Cultures

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### Strong Cultures

Values widely shared

Culture conveys consistent messages about what's important

Most employees can tell stories about company history or heroes

Employees strongly identify with culture

Strong connection between shared values and behaviors

### Weak Cultures

Values limited to a few people—usually top management

Culture sends contradictory messages about what's important

Employees have little knowledge of company history or heroes

Employees have little identification with culture

Little connection between shared values and behaviors



# Where Does Culture Come From?

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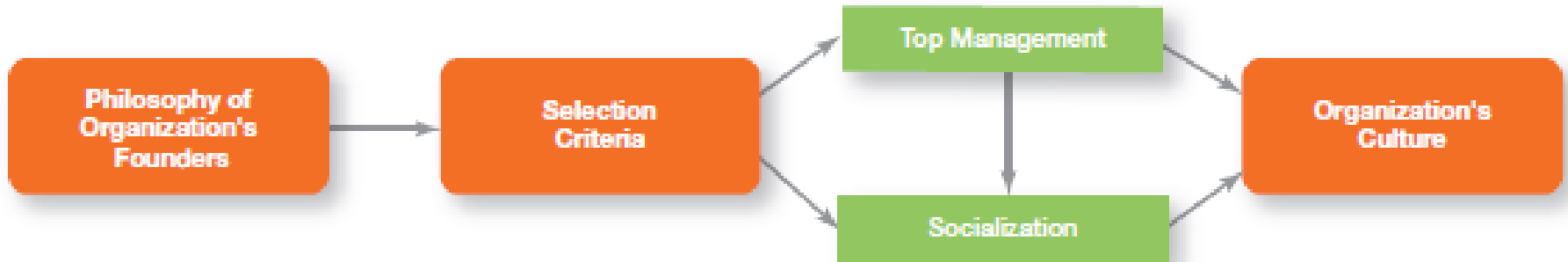
- Organization founder
- Vision and mission
- Past practices
- Top management behavior
- **Socialization** - The process that helps employees adapt to the organization's culture.



# Exhibit 2-8

## Establishing and Maintaining Culture

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# How Do Employees Learn Culture?

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- **Stories** - Narratives of significant events or people, e.g. organization founders, rule breaking, reaction to past mistakes etc.
- **Rituals** - Sequences of activities that express and reinforce the important values and goals of the organization

# How Employees Learn Culture (cont.)

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- **Material Artifacts and Symbols** - Convey the kinds of behavior that are expected, e.g. risk taking, participation, authority, etc.
- **Language** - Acts as a common denominator that bonds members

# How Does Culture Affect Managers?

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- **Cultural Constraints on Managers**
  - Whatever managerial actions the organization recognizes as proper or improper on its behalf
  - Whatever organizational activities the organization values and encourages
  - The overall strength or weakness of the organizational culture

# Exhibit 2-9

## Managerial Decisions Affected by Culture

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### **Planning**

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

### **Organizing**

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

### **Leading**

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

### **Controlling**

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

# Creating an Innovative Culture

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- What does an innovative culture look like?
  - Challenge and involvement
  - Freedom
  - Trust and openness
  - Idea time
  - Playfulness/humor
  - Conflict resolution
  - Debates
  - Risk-taking

## Exhibit 2-10

# Creating a Customer-Responsive Culture

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- How Do You Create a Customer Responsive Culture?
  - Hire the right type of employees (those with a strong interest in serving customers)
  - Have few rigid rules, procedures, and regulations
  - Use widespread empowerment of employees
  - Have good listening skills in relating to customers' messages



# Spirituality and Organizational Culture

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- **Workplace Spirituality** - a culture where organizational values promote a sense of purpose through meaningful work that takes place in the context of community
- Characteristics of a Spiritual Organization
  - Strong sense of purpose
  - Focus on individual development
  - Trust and openness
  - Employee empowerment
  - Toleration of employees' expression

# Review Learning Outcome 2.1

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- Contrast the actions of managers according to the omnipotent and symbolic views.
  - Omnipotent view - managers are directly responsible for an organization's success or failure.
  - Symbolic view - much of an organization's success or failure is due to external forces outside managers' control.

# Review Learning Outcome 2.2

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- Describe the constraints and challenges facing managers in today's external environment.
  - External environment - factors outside the organization that affect its performance including economic, demographic, political/legal, sociocultural, technological, and global.
  - Impacts on jobs and employment, environmental uncertainty, and stakeholder relationships.

# Review Learning Outcome 2.3

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- Discuss the characteristics and importance of organizational culture
  - Seven dimensions of culture: attention to detail, outcome orientation, people orientation, team orientation, aggressiveness, stability, and innovation and risk taking
  - In organizations with strong cultures, employees are more loyal and performance tends to be higher

# Review Learning Outcome 2.4

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- Describe current issues in organizational culture.
  - Innovative culture
  - Customer-responsive culture
  - Workplace spirituality