Learning Outcomes

Follow this Learning Outline as you read and study this chapter.

3.1 The Manager: Omnipotent Or Symbolic?
- Contrast the actions of managers according to the omnipotent and symbolic views.
- Identify the two constraints on managerial discretion.

3.2 Organizational Culture
- Identify the seven dimensions of organizational culture.
- Discuss the impact of a strong culture on organizations and managers.
- Explain how a culture is formed and maintained.
- Describe how culture affects managers.
Learning Outcomes

3.3 Current Organizational Culture Issues.

- Describe the characteristics of an ethical culture, an innovative culture, and a customer-responsive culture.
- Explain why workplace spirituality seems to be an important concern.
- Describe the characteristics of a spiritual organization.

3.4 The Environment.

- List the components of the specific and general environments.
- Explain the two dimensions of environmental uncertainty.
- Identify the most common organizational stakeholders.
- List the four steps in managing external stakeholder relationships.
• **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 to external forces outside manager’s control

• **Managerial Discretion =**
  Organizational Environment + Organizational Culture
The Organization’s Culture

• Organizational Culture

  ➢ The Shared Values, principles, traditions, and ways of doing things that influence the way organizational member act.

  ➢ “The way we do things around here.”
    ✤ Values, symbols, rituals, myths, and practices

  ➢ Implications:
    ✤ Culture is a perception.
    ✤ Culture is shared.
    ✤ Culture is descriptive.
Exhibit 3–2 Dimensions of Organizational Culture

- **Attention to Detail**: Degree to which employees are expected to exhibit precision, analysis, and attention to detail.
- **Innovation and Risk Taking**: Degree to which employees are encouraged to be innovative and to take risk.
- **Outcome Orientation**: Degree to which managers focus on results or outcomes rather than on how these outcomes are achieved.
- **People Orientation**: Degree to which management decisions take into account the effects on people in the organization.
- **Aggressiveness**: Degree to which employees are aggressive and competitive rather than cooperative.
- **Team Orientation**: Degree to which work is organized around teams rather than individuals.
- **Stability**: Degree to which organizational decisions and actions emphasize maintaining the status quo.
Artifacts — The things that come together to define a culture and reveal what the culture is about to those who pay attention to them, they include product, services and even behavior patterns of the member of an organization.

Values —
Espoused: Reasons given by an organization for the way things are done
Enacted: Reflected in the way individuals actually behave

Assumptions - The Beliefs that are taken for granted by the member of an organization
Strong Versus Weak Cultures

• Strong Cultures
  - Are cultures in which key values are deeply and widely held.
  - Have a strong influence on organizational members.

• Factors Influencing the Strength of Culture
  - Size of the organization
  - Age of the organization
  - Rate of employee turnover
  - Strength of the original culture
  - Clarity of cultural values and beliefs
Benefits of a Strong Culture

• Creates a stronger employee commitment to the organization.

• Aids in the recruitment and socialization of new employees.

• Fosters higher organizational performance by instilling and promoting employee initiative.
## Exhibit 3–4  Strong Versus Weak Organizational Cultures

<table>
<thead>
<tr>
<th>Strong Cultures</th>
<th>Weak Cultures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values widely shared</td>
<td>Values limited to a few people—usually top management</td>
</tr>
<tr>
<td>Culture conveys consistent messages about what’s important</td>
<td>Culture sends contradictory messages about what’s important</td>
</tr>
<tr>
<td>Most employees can tell stories about company history/heroes</td>
<td>Employees have little knowledge of company history or heroes</td>
</tr>
<tr>
<td>Employees strongly identify with culture</td>
<td>Employees have little identification with culture</td>
</tr>
<tr>
<td>Strong connection between shared values and behaviors</td>
<td>Little connection between shared values and behaviors</td>
</tr>
</tbody>
</table>

**Socialization** – The process that helps employees adopt to the organization culture
Adaptive vs. Unadaptive Cultures

Adaptive:
• Managers care about customers, stockholders, and employees.
• They value people and processes that can bring about useful change.

Unadaptive:
• Managers care mainly about themselves, their immediate work group, or some product or technology.
• They value stability and risk-reduction.
How Employees Learn Culture

• Stories
  ➢ Narratives of significant events or actions of people that convey the spirit of the organization

• Rituals
  ➢ Repetitive sequences of activities that express and reinforce the values of the organization

• Material Symbols
  ➢ Physical assets distinguishing the organization

• Language
  ➢ Acronyms and jargon of terms, phrases, and word meanings specific to an organization
How Culture Affects Managers

• 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

Simple rule for getting ahead in an organization:

*Find out what the organization rewards and act accordingly.*
Exhibit 3–6 Managerial Decisions Affected by Culture

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

• 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
Exhibit 3–6 Managerial Decisions Affected by Culture (cont’d)

• **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
Organization Culture Issues

• Creating an Ethical Culture
  ➢ High in risk tolerance
  ➢ Low to moderate aggressiveness
  ➢ Focus on means as well as outcomes

• Creating an Innovative Culture
  ➢ Challenge and involvement
  ➢ Freedom
  ➢ Trust and openness
  ➢ Idea time
  ➢ Playfulness/humor
  ➢ Conflict resolution
  ➢ Debates
  ➢ Risk-taking
Defining the External Environment

- **External Environment**
  
  - Those factors and forces outside the organization that affect the organization’s performance.

- **Components of the External Environment**
  
  - **Specific environment**: external forces that have a direct and immediate impact on the organization.
  
  - **General environment**: broad economic, socio-cultural, political/legal, demographic, technological, and global conditions that *may* affect the organization.
The layer of the external environment that affects the organization performance indirectly.
The layer of the external environment that directly influences the organization’s operations and performance.
Exhibit 3–9  The External Environment

- Economic
- Global
- Political/Legal
- Sociocultural

- Customers
- Suppliers
- Competitors
- Public Pressure Groups

THE ORGANIZATION
How the Environment Affects Managers

• Environmental Uncertainty
  
  ➢ The degree of change and complexity in an organization’s environment
  
  ➢ Organization’s external environment is affected by:
    
    ✤ **Complexity of the environment:** the number of components in an organization’s external environment.
    
    ✤ **Degree of change in environmental components:** how dynamic or stable the external environment is.
• **Dynamic Environment**

  ➢ When the components in an organization’s environment change frequently, it is called dynamic environment

• **Stable Environment**

  ➢ When the components in an organization’s environment change minimally, it is called stable environment

• **Stakeholders**

  ➢ Any Constituencies in an organization’s environment that affected by the organization’s decision and actions.
Exhibit 3–12 Organizational Stakeholders

- Employees
- Customers
- Unions
- Social and Political Action Groups
- Shareholders
- Competitors
- Communities
- Trade and Industry Associations
- Suppliers
- Governments
- Media
Terms to Know

- omnipotent view of management
- symbolic view of management
- organizational culture
- strong cultures
- socialization
- workplace spirituality
- external environment
- specific environment
- general environment
- environmental uncertainty
- environmental complexity
- stakeholders