

Mgc1 study guide

[Business](#), [Entrepreneurship](#)



Strategic Management (Chapters 4 & 9) 1. Identify elements of the external environment and internal resources of the firm to analyze before formulating a strategy. a. External Environment: Industry and market analysis (industry profile, growth, and forces), Competitor analysis, Political and Regulatory analysis, Social analysis, Human Resources analysis, Macroeconomics analysis, and Technological analysis. Also forecasting future trends b.

Internal Resources: Financial analysis, marketing audit, operations analysis, other internal resources analysis (such as research and development, management information systems, engineering and purchasing.), human resources assessment. 2. Define core competencies and explain how they provide the foundation for business strategy. a. Core Competencies: A unique skill and/ or knowledge an organization possesses that gives it an edge over competitors. A core competence is something a company does especially well relative to its competitors. b.

Think of core competencies as the roots of competitiveness and products as the fruits. c. It can provide a sustainable advantage if it is valuable, rare, difficult to imitate, and well organized. 3. Summarize the types of choices available for corporate strategy. a. Concentric i. focuses on a single business competing in a single industry. b. Vertical Integration i. involves expanding the domain of the organization into supply channels or to distributors. Vertical integration generally is used to eliminate uncertainties and reduce costs associated with suppliers or distributors. . Concentric Diversification i. involves moving into new businesses that are related to the company's original core business. ii. Often companies such as Marriott pursue a strategy

of concentric diversification to take advantage of their strengths in one business to gain advantage in another. Because the businesses are related, the products, markets, technologies, or capabilities used in one business can be transferred to another. Success in a concentric diversification strategy requires adequate management and other resources for operating more than one business. d.

Conglomerate Diversification i. a corporate strategy that involves expansion into unrelated businesses. For example, General Electric Corporation has diversified from its original base in electrical and home appliance products to such wide- ranging industries as health, finance, insurance, truck and air transportation, and even media, with its ownership of NBC. Typically, companies pursue a conglomerate diversification strategy to minimize risks due to market fluctuations in one industry. 4. Discuss how companies can achieve competitive advantage through business strategy. . Two different business strategies generally lead to gaining a competitive advantage: Low Cost Strategies and Differentiation Strategies b. Low Cost Strategy: Businesses using a low- cost strategy attempt to be efficient and offer a standard, no- frills product. (i. e. Walmart and Southwest Airlines). To succeed, an organization using this strategy generally must be the cost leader in its industry or market segment. However, even a cost leader must offer a product that is acceptable to customers compared with competitors' products. c.

Differentiation Strategy: With a differentiation strategy, a company attempts to be unique in its industry or market segment along some dimensions that

customers value. This unique or differentiated position within the industry often is based on high product quality, excellent marketing and distribution, or superior service. (i. e. Nordstrom's commitment to quality and customer service). The most competitive strategy is one that competitors are unwilling or unable to imitate. 5. Describe the keys to effective strategy implementation. a. Step 1: Define strategic tasks.

Articulate in simple language what a particular business must do to create or sustain a competitive advantage. Define strategic tasks to help employees understand how they contribute to the organization, including redefining relationships among the parts of the organization. b. Step 2: Assess organization capabilities. Evaluate the organization's ability to implement the strategic tasks. A task force typically interviews employees and managers to identify specific issues that help or hinder effective implementation. Then the results are summarized for top management.

In the course of your career, you will likely be asked to participate in a task force. c. Step 3: Develop an implementation agenda. Management decides how it will change its own activities and procedures; how critical interdependencies will be managed; what skills and individuals are needed in key roles; and what structures, measures, information, and rewards might ultimately support the needed behavior. A philosophy statement, communicated in terms of value, is the outcome of this process. d. Step 4: Create an implementation plan. The top management team, the employee task force, and others develop the implementation plan.

The top management team then monitors progress. The employee task force continues its work by providing feedback about how others in the organization are responding to the changes. e. *Strategy must be supported by structure, technology, human resources, rewards, information systems, culture, leadership, and so on. Ultimately, the success of a plan depends on how well employees at low levels are able and willing to implement it.

Participative management is one of the more popular approaches executives use to gain employees' input and ensure their commitment to strategy implementation. . The 6 Barriers to Strategy Implementation (or Silent Killers) a. Top- down or laissez-faire senior management style: With the top team and lower levels, the CEO/ general manager creates a partnership built around the development of a compelling business direction, the creation of an enabling organizational context, and the delegation of authority to clearly accountable individuals and teams. b. Unclear strategy and conflicting priorities: The top team, as a group, develops a statement of strategy, and priorities that members are willing to stand behind are developed. c.

An ineffective senior management team: The top team, as a group, is involved in all steps in the change process so that its effectiveness is tested and developed. d. Poor vertical communication: An honest, fact- based dialogue is established with lower levels about the new strategy and the barriers to implementing it. e. Poor coordination across functions, businesses, or borders: A set of businesswide initiatives and new organizational roles and responsibilities are defined that require “ the right people to work together on the right things in the right way” to implement the strategy. f.

Inadequate down- the-line leadership skills and development: Lower- level managers develop skills through newly created opportunities to lead change and drive key business initiatives. They are supported with just- in-time coaching, training, and targeted recruitment. Those who still are not able to make the grade must be replaced. 7. What are the steps in the strategic planning process? Why should companies engage in strategic planning? a. Step 1: Establishment of mission, vision, and goals b. Step 2: Analysis of external opportunities and threats c. Step 3: Analysis of internal strengths and weaknesses d.

Step 4: SWOT Analysis and Strategy Formulation e. Step 5: Strategy Implementation f. Step 6: Strategic Control 8. What are the components of a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis? a. SWOT analysis: A comparison of strengths, weaknesses, opportunities, and threats that helps executives formulate strategy. b. Strengths and weaknesses refer to internal resources. i. For example, an organization's strengths might include skilled management, positive cash flow, and well-known and highly regarded brands. Weaknesses might be lack of spare production capacity and the absence of reliable suppliers. . Opportunities and threats arise in the macroenvironment and competitive environment. i. Examples of opportunities are a new technology that could make the supply chain more efficient and a market niche that is currently underserved. Threats might include the possibility that competitors will enter the underserved niche once it has been shown to be profitable. 9. What is the difference between strategic vision, strategic intent, strategic objectives, and strategic mission? a. Strategic vision: The long- term direction and strategic

intent of a company. b. Strategic Intent: The direction a company intends to go c.

Strategic Objectives: d. Strategic Mission: The mission is a clear and concise expression of the basic purpose of the organization. It describes what the organization does, who it does it for, its basic good or service, and its values.

10. What is the value chain concept? a. A value chain is the sequence of activities that flow from raw materials to the delivery of a good or service, with additional value created at each step. b. A value chain describes the way in which value is added to various areas of an organization. Porter's value chain model categorizes an organization into five primary and four support activities.

Primary activities include inbound logistics, operations, outbound logistics, sales and marketing, and service. Support activities are company infrastructure, technology development, human resource management, and procurement. c. According to Porter's model, you can achieve competitive advantage by reducing costs or restructuring one or all primary activities to gain a cost advantage. 11. What is the purpose of the value chain analysis?

a. Managers can add customer value and build competitive advantage by paying close attention to their organization's value chain— not only each step in it, but the way each step interacts with the others. 2. Describe

Porter's Five Forces model. a. Michael Porter provided a framework that models an industry as being influenced by five forces. The strategic business manager seeking to develop an edge over rival firms can use this model to better understand the industry context in which the firm operates. i. Force 1:

Rivalry 1. DEGREE OF RIVALRY a. -Exit barriers b. -Industry concentration c. - Fixed costs/Value added d. -Industry growth e. -Intermittent overcapacity f. - Product differences g. -Switching costs h. -Brand identity i. -Diversity of rivals j. -Corporate stakes ii.

Force 2: Threats of New Entrants & Barriers to Entry: It is not only incumbent rivals that pose a threat to firms in an industry; the possibility that new firms may enter the industry also affects competition. In theory, any firm should be able to enter and exit a market, and if free entry and exit exists, then profits always should be nominal. In reality, however, industries possess characteristics that protect the high profit levels of firms in the market and inhibit additional rivals from entering the market. These are barriers to entry.

1. Absolute cost advantages 2. Proprietary learning curve 3. Access to inputs 4.

Government policy 5. Economies of scale 6. Capital requirements 7. Brand identity 8. Switching costs 9. Access to distribution 10. Expected retaliation 11. Proprietary products iii. Force 3: Buyer Power: The power of buyers is the impact that customers have on a producing industry. In general, when buyer power is strong, the relationship to the producing industry is near to what an economist terms a monopsony - a market in which there are many suppliers and one buyer. 1. Bargaining leverage 2. Buyer volume 3. Buyer information 4. Brand identity 5. Price sensitivity 6. Threat of backward integration 7. Product differentiation 8.

Buyer concentration vs. industry 9. Substitutes available 10. Buyers' incentives iv. Force 4: Threat of Substitutes: The competition engendered by

a Threat of Substitute comes from products outside the industry. The price of aluminum beverage cans is constrained by the price of glass bottles, steel cans, and plastic containers. These containers are substitutes, yet they are not rivals in the aluminum can industry. 1. -Switching costs 2. -Buyer inclination to 3. substitute 4. -Price-performance 5. trade-off of substitutes v. Force 5: Supplier Power 1. Supplier concentration 2. Importance of volume to supplier 3. Differentiation of inputs . Impact of inputs on cost or differentiation 5. Switching costs of firms in the industry 6. Presence of substitute inputs 7. Threat of forward integration 8. Cost relative to total purchases in industry 13. How does Porter's Five Forces model influence strategic planning? 14. Discuss why it is critical for organizations to be responsive. a. Responsiveness is the quickness, agility, and ability to adapt to changing demands. b. Businesses today must be responsive because of the fast-changing business environment. 15. Describe the qualities of an organic organization structure. . The organic structure stands in stark contrast to the mechanistic organization. It is much less rigid and, in fact, emphasizes flexibility. The organic structure can be described as follows: 1. Jobholders have broader responsibilities that change as the need arises. 2. Communication occurs through advice and information rather than through orders and instructions. 3. Decision making and influence are more decentralized and informal. 4. Expertise is highly valued. 5. Jobholders rely more heavily on judgment than on rules. 6. Obedience to authority is less important than commitment to the organization's goals. 7.

Employees depend more on one another and relate more informally and personally. b. People in organic organizations work more as teammates than

as subordinates who take orders from the boss, thus breaking away from the traditional bureaucratic form. The more responsive a firm is, the more responsive it will be to changing competitive demands and market realities.

16. Identify strategies and dynamic organizational concepts that can improve an organization's responsiveness. a. New and emerging organizational concepts and forms include core competencies, strategic alliances, learning organizations, and high-involvement organizations. b.

Participative management is becoming increasingly popular as a way to create a competitive advantage. c. High-involvement organization: high-involvement organization, top management ensures that there is a consensus about the direction in which the business is heading. The leader seeks input from his or her top management team and from lower levels of the company. Task forces, study groups, and other techniques are used to foster participation in decisions that affect the entire organization. 17.

Explain how a firm can be both big and small. a. Historically, large organizations have had important advantages over small organizations.

Today, small size has advantages, including the ability to act quickly, respond to customer demands, and serve small niches. The ideal firm today combines the advantages of both. It creates many small, flexible units, while the corporate levels add value by taking advantage of its size and power. 18.

Summarize how firms organize to meet customer requirements. a. By using Customer Relationship Management (A multifaceted process focusing on creating two- way exchanges with customers to foster intimate knowledge of their needs, wants, and buying patterns.) b.

By continually changing in order to connect with customers, even without waiting for customers to make the first move. c. Research and development focus on innovation and new products. Inbound logistics receive and store raw materials and distribute them to operations. Operations transform the raw materials into final product. Outbound logistics warehouse the product and handle its distribution. Marketing and sales identify customer requirements and get customers to purchase the product. Service offers customer support, such as repair, after the item has been bought. d. Utilizing Total Quality Management e.

Firms have embraced principles of continuous improvement and total quality management to respond to customer needs. Baldrige criteria and ISO 9001 standards help firms organize to meet better quality specifications.

Extending these, reengineering efforts are directed at completely overhauling processes to provide world-class customer service. Total Quality Management (Chapters 5 & 9) 1. Define total quality management. a. An integrative approach to management that supports the attainment of customer satisfaction through a wide variety of tools and techniques that result in high- quality goods and services. 2.

Discuss Deming's 14 points of quality. a. Deming's " 14 points" of quality emphasized a holistic approach to management that demands intimate understanding of the process— the delicate interaction of materials, machines, and people that deter-mines productivity, quality, and competitive advantage: 1. Create constancy of purpose— strive for long- term improvement rather than short- term profit. 2. Adopt the new philosophy—

don't tolerate delays and mistakes. 3. Cease dependence on mass inspection — build quality into the process on the front end. 4. End the practice of awarding business on price tag alone— build long- term relationships. . Improve constantly and forever the system of production and service— at each stage. 6. Institute training and retraining— continually update methods and thinking. 7. Institute leadership— provide the resources needed for effectiveness. 8. Drive out fear— people must believe it is safe to report problems or ask for help. 9. Break down barriers among departments— promote teamwork. 10. Eliminate slogans, exhortations, and arbitrary targets— supply methods, not buzzwords. 11. Eliminate numerical quotas— they are contrary to the idea of continuous improvement. 12. Remove barriers to pride in workmanship— allow autonomy and spontaneity. 3. Institute a vigorous program of education and retraining— people are assets, not commodities. 14. Take action to accomplish the transformation— provide a structure that enables quality. 3. Discuss Six Sigma. a. One of the most important contributors to total quality management has been the introduction of statistical tools to analyze the causes of product defects, in an approach called Six Sigma Quality. b. The product defects analyzed may include anything that results in customer dissatisfaction— for example, late delivery, wrong shipment, or poor customer service, as well as problems with the product itself.

When the defect has been identified, managers then engage the organization in a determined, comprehensive effort to eliminate its causes and reduce it to the lowest practicable level. At Six Sigma, a product or process is defect- free 99. 99966 percent of the time— less than 3. 4 defects

or mistakes per million. Reaching that goal almost always requires managers to restructure their internal processes and relationships with suppliers and customers in fundamental ways.

4. Identify ways that firms organize around different types of technology.

- . Small batch: Technologies that produce goods and services in low volume.
- b. Large Batch: Technologies that produce goods and services in high volume.
- c. Continuous Process: A process that is highly automated and has a continuous production flow.

5. Define reengineering. How is reengineering important to an organization's success?

a. The principal idea of reengineering is to revolutionize key organizational systems and processes to answer the question: “ If you were the customer, how would you like us to operate? The answer to this question forms a vision for how the organization should run, and then decisions are made and actions are taken to make the organization operate like the vision.

b. Reengineering is not about making minor organizational changes here and there. It is about completely overhauling the operation, in revolutionary ways, to achieve the greatest possible benefits to the customer and to the organization.

6. What are the benefits of implementing a total quality management system?

a.

Total quality management (TQM) is different from the old concept of quality because its focus is on serving customers, identifying the causes of quality problems, and building quality into the production process.

b. When it is properly implemented, this style of management can lead to decreased costs related to corrective or preventative maintenance, better overall performance, and an increased number of happy and loyal customers

7.

What is continuous improvement?

a. Continuous improvement, called kaizen

by the Japanese, requires that the company continually strive to be better through learning and problem solving.

Because we can never achieve perfection, we must always evaluate our performance and take measures to improve it. 8. What are the steps for building a quality management system? a. 1. Customer focus — learning and addressing customer needs and expectations. 2. Leadership — establishing a vision and goals, establishing trust, and providing employees with the resources and inspiration to meet goals. 3. Involvement of people — establishing an environment in which employees understand their contribution, engage in problem solving, and acquire and share knowledge. 4.

Process approach — defining the tasks needed to successfully carry out each process and assigning responsibility for them. 5. System approach to management — putting processes together into efficient systems that work together effectively. 6. Continual improvement — teaching people how to identify areas for improvement and rewarding them for making improvements. 7. Factual approach to decision making — gathering accurate performance data, sharing the data with employees, and using the data to make decisions. 8. Mutually beneficial supplier relationships — working in a cooperative way with suppliers. . What is the difference between quality assurance and quality control? a. Quality control is the set of activities performed to ensure that the products or services meet the requirements as defined during the earlier process for assurance of quality. These activities are done during the manufacturing process and once the product is

manufactured. b. Quality guarantee or assurance is the set of procedures developed and activities done before the product or service is manufactured or delivered to assure of good quality to the customers.

This is a proactive approach. 10. What is a quality audit? When is it used?

Entrepreneurial Perspective (Chapter 7) 1. Summarize how to assess opportunities to start new companies. a. You should always be on the lookout for new ideas, monitoring the current business environment and other indicators of opportunity. Franchising offers an interesting opportunity, and the potential of the Internet is being tapped (after entrepreneurs learned some tough lessons from the dot- bomb era). Trial and error and preparation play important roles.

Assessing the business concept on the basis of how innovative and risky it is, combined with your personal interests and tendencies, will also help you make good choices. Ideas should be carefully assessed via opportunity analysis and a thorough business plan. 2. Identify common causes of success and failure. a. New ventures are inherently risky. The economic environment plays an important role in the success or failure of the business, and the entrepreneur should anticipate and be prepared to adapt in the face of changing economic conditions.

How you handle a variety of common management challenges also can mean the difference between success and failure, as can the effectiveness of your planning and your ability to mobilize nonfinancial resources, including other people who can help. 3. Discuss common management challenges. a. When new businesses fail, the causes often can be traced to some common

challenges that entrepreneurs face and must manage well. You might not enjoy the entrepreneurial process. Survival— including getting started and fending off competitors— is difficult.

Growth creates new challenges, including reluctance to delegate work to others. Funds are put to improper use, and financial controls may be inadequate. Many entrepreneurs fail to plan well for succession. When needing or wanting new funds, initial public offerings provide an option, but they represent an important and difficult decision that must be considered carefully. 4. Explain how to increase your chances of success, including good business planning. a. The business plan helps you think through your idea thoroughly and determine its viability.

It also convinces (or fails to con-vince) others to participate. The plan describes the venture and its future, provides financial projections, and includes plans for marketing, manufacturing, and other business functions. The plan should describe the people involved in the venture, a full assessment of the opportunity (including customers and competitors), the environmental context (including regulatory and economic issues), and the risk (including future risks and how you intend to deal with them). Successful entrepreneurs also understand how to develop social apital, which enhances legitimacy and helps develop a network of others including customers, talented people, partners, and boards. 5. How does an organization cultivate entrepreneurship within the organization (intrapreneurship)? a. Intrapreneurs work within established companies to develop new goods or services that allow the corporation to reap the benefits of innovation. To facilitate

intrapreneurship, organizations use skunkworks— special project teams designated to develop a new product— and allow bootlegging— informal efforts beyond formal job assignments in which employees pursue their own pet projects.

Organizations should select projects carefully, have an ongoing portfolio of projects, and fund them appropriately. Ultimately, a true entrepreneurial orientation in a company comes from encouraging independent action, innovativeness, risk taking, proactive behavior, and competitive aggressiveness.

6. What role does entrepreneurship play within an organization?

7. Should organizations encourage an entrepreneurial spirit within their organization? Why or why not?

8. What is the relationship between innovation and entrepreneurship?

a. Entrepreneurship is the pursuit of lucrative opportunities by enterprising individuals. . Entrepreneurship is inherently about innovation— creating a new venture where one didn't exist before.

9. What are the common characteristics of an entrepreneur?

a. 1. Commitment and determination: Successful entrepreneurs are decisive, tenacious, disciplined, willing to sacrifice, and able to immerse themselves in their enterprises.

2. Leadership: They are self- starters, team builders, superior learners, and teachers. Communicating a vision for the future of the company— an essential component of leadership that you'll learn more about in Chapter 12— has a direct impact on venture growth.

7 3. Opportunity obsession: They have an intimate knowledge of customers' needs, are market driven, and are obsessed with value creation and enhancement.

4. Tolerance of risk, ambiguity, and uncertainty: They are calculated risk takers and risk managers, tolerant of stress, and able to

resolve problems. 5. Creativity, self- reliance, and ability to adapt: They are open- minded, restless with the status quo, able to learn quickly, highly adaptable, creative, skilled at conceptualizing, and attentive to details. .

Motivation to excel: They have a clear results orientation, set high but realistic goals, have a strong drive to achieve, know their own weaknesses and strengths, and focus on what can be done rather than on the reasons things can't be done. 10. Do the financing issues that new businesses face differ from those faced by a well-established business? How? Conflict and Change (Chapters 14, 16, 7 18) 1. Identify ways to manage conflict. a. Managing lateral relationships well can prevent some conflict.

But conflict arises because of the sheer number of contacts, ambiguities, goal differences, competition for scarce resources, and different perspectives and time horizons. Depending on the situation, five basic interpersonal approaches to managing conflict can be used: avoidance, accommodation, compromise, competition, and collaboration. Superordinate goals offer a focus on higher- level organizational goals that can help generate a collaborative relationship. Techniques for managing conflict between other parties include acting as a mediator and managing virtual conflict. 2. Identify different conflict styles. a.

Avoidance, accommodation, compromise, competing, collaboration 3.

Discuss the role of a mediator. a. A Mediator is a “ third party” intervening to help settle a conflict between other people. Third- party intervention, done well, can improve working relationships and help the parties improve their own conflict- management, communication, and problem- solving skills. 4.

Explain the difference between avoidance, accommodation, compromise, competing, and collaboration as conflict styles. a. Avoidance: A reaction to conflict that involves ignoring the problem by doing nothing at all, or deemphasizing the disagreement. . Accommodation: A style of dealing with conflict involving cooperation on behalf of the other party but not being assertive about one's own interests. c. Compromise: A style of dealing with conflict involving moderate attention to both parties' concerns. d. Competing: A style of dealing with conflict involving strong focus on one's own goals and little or no concern for the other person's goals. e. Collaboration: A style of dealing with conflict emphasizing both cooperation and assertiveness to maximize both parties' satisfaction. 5. Describe four types of control systems. a.

Bureaucratic Control: Bureaucratic control is the use of rules, regulations, and formal authority to guide performance. It includes such items as budgets, statistical reports, and performance appraisals to regulate behavior and results. b. Market Control: Market control involves the use of pricing mechanisms to regulate activities in organizations as though they were economic transactions. Business units may be treated as profit centers and trade resources (services or goods) with one another via such mechanisms. Managers who run these units may be evaluated on the basis of profit and loss. . Clan Control: Clan control, unlike the first two types, does not assume that the interests of the organization and individuals naturally diverge. Instead, clan control is based on the idea that employees may share the values, expectations, and goals of the organization and act in accordance with them. When members of an organization have common values and

goals— and trust one another— formal controls may be less necessary. d.

Dynamic Control: 6. What types of control systems have you seen in operation in your organization (or one you know well)? 7. What is functional conflict?

Describe the conflict process. 8. What are some conflict-resolution techniques that can be employed in an organization? 9. What is the controlling function within an organization? 10. What are the steps in the control process? 1. Setting performance standards. 2. Measuring performance. 3. Comparing performance against the standards and determining deviations. 4. Taking action to correct problems and reinforce successes. 11. What are the stages of change within an organization? a.

Unfreezing: breaking from the old ways of doing things b. Moving: instituting the change c.

Refreezing: reinforcing and supporting the new ways 12. What strategies can managers use to overcome resistance to their change initiatives? a.

Understand why people often resist change (inertia, timing, surprise, peer pressure/ self interest, misunderstanding, different assessments, management tactics) b. Force- field analysis: involves identifying the specific forces that prevent people from changing and the specific forces that will drive people toward change. c. Education and Communication: Management should educate people about upcoming changes before they occur.

It should communicate not only the nature of the change but its logic. d.

Participation and Involvement: change requires reflection and dialogue. It is important to listen to the people who are affected by the change. They

should be involved in the change's design and implementation. e. Facilitation and Support: Facilitation involves training and other resources people need to carry out the change and perform their jobs under the new circumstances. This step often includes decentralizing authority and empowering people, that is, giving them the power to make the decisions and changes needed to improve their performance. . Negotiation and Rewards: When necessary and appropriate, management can offer concrete incentives for cooperation with the change. Perhaps job enrichment is acceptable only with a higher wage rate, or a work rule change is resisted until management agrees to a concession on some other rule (say, regarding taking breaks). g. Manipulation and cooptation: One form of manipulation is cooptation, which involves giving a resisting individual a desirable role in the change process. The leader of a resisting group often is coopted.

For example, management might invite a union leader to be a member of an executive committee or ask a key member of an outside organization to join the company's board of directors. As a person becomes involved in the change, he or she may become less resistant to the actions of the coopting group or organization. h. Explicit and implicit coercion: Some managers apply punishment or the threat of punishment to those who resist change. With this approach, managers use force to make people comply with their wishes. Human Resource Mgmt & Diversity (Chapters 10 & 11) 1.

How do companies use human resource management to gain a competitive advantage? a. To succeed, companies must align their human resources to their strategies. Effective planning is necessary to make certain that the

right number and type of employees are available to implement a company's strategic plan. It is clear that hiring the most competent people is a very involved process. Companies that compete on cost, quality, service, and so on also should use their staffing, training, appraisal, and reward systems to elicit and reinforce the kinds of behaviors that underlie their strategies. 2.

Give reasons companies recruit both internally and externally for new hires.

a. Some companies prefer to recruit internally to make certain that employees are familiar with organizational policies and values. In other instances, companies prefer to recruit externally, such as through employee referrals, job boards, newspaper advertising, and campus visits, to find individuals with new ideas and fresh perspectives. External recruiting is also necessary to fill positions when the organization is growing or needs skills that do not exist among its current employees. 3. Identify various methods for selecting new employees. . There are myriad selection techniques from which to choose. Interviews and reference checks are the most common. Per-sonality tests and cognitive ability tests measure an individual's aptitude and potential to do well on the job. Other selection techniques include assessment centers and integrity tests. Background and reference checks verify that the information supplied by employees is accurate. Regardless of the approach used, any test should be able to demonstrate reliability (consistency across time and differentinterviewsituations) and validity (accuracy in predicting job performance).

In addition, selection methods must comply with equal opportunity laws, which are intended to ensure that companies do not discriminate in any

employment practices. 4. Evaluate the importance of spending money and time on training and development. a. People cannot depend on a set of skills for all of their working lives. In today's changing, competitive world, old skills quickly become obsolete, and new ones become essential for success. Refreshing or updating an individual's skills requires a great deal of continuous training, designed with measurable goals and methods that will achieve those goals. Companies understand that gaining a competitive edge in quality of service depends on having the most talented, flexible workers in the industry. 5. Explain alternative selections for those who appraise an employee's performance. a. Many companies are using multiple sources of appraisal because different people see different sides of an employee's performance. Typically, a superior is expected to evaluate an employee, but peers and team members are often well positioned to see aspects of performance that a superior misses.

Even an employee's subordinates are being asked more often today to give their input to get yet another perspective on the evaluation. Particularly in companies concerned about quality, internal and external customers also are surveyed. Finally, employees should evaluate their own performance, if only to get them thinking about their own performance, as well as to engage them in the appraisal process. 6. Describe the fundamental aspects of a reward system a. Reward systems include pay and benefits. Pay systems have three basic components: pay level, pay structure, and individual pay determination.

To achieve an advantage over competitors, executives may want to pay a generally higher wage to their company's employees, but this decision must be weighed against the need to control costs (pay- level decisions often are tied to strategic concerns such as these). To achieve internal equity (paying people what they are worth relative to their peers within the company), managers must look at the pay structure, making certain that pay differentials are based on knowledge, effort, responsibility, working conditions, seniority, and so on.

Individual pay determination is often based on merit or the different contributions of individuals. In these cases, it is important to make certain that men and women receive equal pay for equal work, and managers may wish to base pay decisions on the idea of comparable worth (equal pay for an equal contribution). Also, the Occupational Safety and Health Act requires that employees have a safe and healthy work environment. 7. Summarize how unions and labor laws influence human resources management. a. Labor relations involve the interactions between workers and management.

One mechanism by which this relationship is conducted is unions. Unions seek to present a collective voice for workers, to make their needs and wishes known to management. Unions negotiate agreements with management regarding a range of issues such as wages, hours, working conditions, job security, and health care. One important tool that unions can use is the grievance procedure established through collective bargaining. This mechanism gives employees a way to seek redress for wrongful action

on the part of management. In this way, unions make certain that the rights of all employees are protected.

Labor laws seek to protect the rights of both employees and managers so that their relationship can be productive and agreeable. 8. Describe how changes in the U. S. workforce make diversity a critical organizational and managerial issue. a. The labor force is getting older and more racially and ethnically diverse, with a higher proportion of women. And while the absolute number of workers is increasing, the growth in jobs is outpacing the numerical growth of workers. In addition, the jobs that are being created frequently require higher skills than the typical worker can provide; thus, we are seeing a growing skills gap.

To be competitive, organizations can no longer take the traditional approach of depending on white males to form the core of the workforce. Today, managers must look broadly to make use of talent wherever it can be found. As the labor market changes, organizations that can recruit, develop, motivate, and retain a diverse workforce will have a competitive advantage.

9. Distinguish between affirmative action and managing diversity. a. Affirmative action is designed to correct past exclusion of women and minorities from U. S. organizations.

But despite the accomplishments of affirmative action, it has not eliminated barriers that prevent individuals from reaching their full potential. Managing diversity goes beyond hiring people who are different from the norm and seeks to support, nurture, and use employee differences to the organization's advantage. 10. Identify challenges associated with managing

a diverse workforce. a. The challenges for managers created by a diverse workforce include decreased group cohesiveness, communication problems, mistrust and tension, and stereotyping.

These challenges can be turned into advantages by means of training and effective management. 11. Define monolithic, pluralistic, and multicultural organizations. a. Monolithic: An organization that has a low degree of structural integration— employing few women, minorities, or other groups that differ from the majority— and thus has a highly homogeneous employee population.. b. Pluralistic: Pluralistic organizations have a relatively diverse employee population and try to involve various types of employees (e. g. , engaging in affirmative action and avoiding discrimination).

Conflict is greatest in a pluralistic organization. c. Multicultural: Multicultural organizations not only have diversity but value it, and they fully integrate men and women of various racial and ethnic groups, as well as people with different types of expertise. 12. List steps managers and their organizations can take to cultivate diversity. a. To be successful, organizational efforts to manage diversity must have top management support and commitment. Organizations should first undertake a thorough assessment of their cultures, policies, and practices, as well as the demographics of their labor pools and customer bases.

Only after this diagnosis has been completed is a company in position to initiate programs designed to attract, develop, motivate, and retain a diverse workforce. 13. What is strategic human resource planning, and how does it benefit an organization? 14. What legal considerations must organizations

consider when hiring employees? 15. What is the job characteristics model (JCM)? a. Hackman & Oldham proposed the Job Characteristics Model, which is widely used as a framework to study how particular job characteristics impact on job outcomes, including job satisfaction.

The model states that there are five core job characteristics (skill variety, task identity, task significance, autonomy, and feedback) which impact three critical psychological states (experienced meaningfulness, experienced responsibility for outcomes, and knowledge of the actual results), in turn influencing work outcomes (job satisfaction, absenteeism, work motivation, etc.). 16. Why are certain types of diversity protected by law? What are they? a. Female, minorities, immigrants, disabled people. 17. What are some barriers to cross-cultural communication in an organization? a. misunderstandings, inaccuracies, inefficiencies, and slowness. Speed is lost when not all group members are fluent in the same language or when additional time is required to explain things. Sometimes diversity may decrease communication, as when white male managers feel less comfortable giving feedback to women or minorities, for fear of how criticism may be received. The result may be employees who do not have a clear idea of what they need to do to improve their performance. 18. When are organizations required to modify their workplace in order to accommodate the needs of an individual employee? a.

When the employee is unable to accomplish his job without reasonable accommodation. 19. What is an effective diversity training program? a. A program that has 1. Position training in your broad diversity strategy. 2. Do a

thorough needs analysis. 3. Distinguish between education and training. 4. Use a participative design process. 5. Test the program thoroughly before rollout. 6. Incorporate training programs into the core training curriculum.

CHAPTER 10 QUIZ QUESTIONS

20. Conducting demand forecasts is the most difficult part of HR planning. 21. Job analysis provides job descriptions and job specifications. 2. Which of these is the most popular selection tool? – Interviews 23. The behavioral description interview explores what candidates have actually done in the past. 24. Which of these is a managerial performance test in which candidates participate in a variety of exercises and situations? –Assessment center 25. The degree to which a selection test predicts or correlates with job performance is called validity. 26. While laying off 160 employees in a cost cutting move, Peel and Seal, Inc. is also helping these laid-off employees regain employment elsewhere. This is referred to as outplacement. 27.

Development involves teaching managers and professional employees broader skills needed for their present and future jobs. 28. The law that prohibits gender based pay discrimination between two jobs substantially similar in skill, effort, responsibility, and working conditions is Equal Pay Act. 29. MBO is one approach to results appraisals. 30. The decision that prices different jobs within the organization is pay structure 31. Internal factors affecting the wage mix include compensation policy of organization. 32. Individual incentive plans are the most common type of incentive plan. 33. The use of a neutral third party to resolve labor dispute is called arbitration.

CHAPTER 11 QUIZ QUESTIONS

1. What percent of women currently make up the workforce? -46% 2. Rosalie reached the level of regional manager at Bike

Tools Etc. nine years ago. Three of her counterparts have been promoted to vice president level. Although Rosalie has more experience and better performance numbers, she has not been promoted. As a matter of fact, white males occupy all senior positions at Bike Tools Etc. Rosalie appears to have hit the glass ceiling. 3. William was denied promotion because he rejected the sexual advances from his boss, Reba. This appears to be a case of ____ harassment. Quid Pro Quo 4. Minorities and immigrants hold approximately ____ jobs in the United States. -1 out of every 4 5. All of the following statements are true except: African American workforce is growing the fastest in the United States followed by Asian and Hispanic workforces / by 2020, most of California's entry-level workers will be Hispanic / the younger Americans are, the more likely they are to be persons of color / three in ten college enrollees are people of color / foreign-born workers make up more than 15 percent of the U. S. civilian labor force 6. ____ are the largest unemployed minority in the United States. People with disabilities 7. The most common negative effect of diversity is communication problems. 8. A(n) ____ is an organization that has a relatively diverse employee population and makes an effort to involve employees from different gender, racial, or cultural backgrounds. -pluralistic organization Organizational Structure (Chapters 8, 9 , 15, & 17) 1. Explain how differentiation and integration influence an organization's structure. a. Differentiation means that organizations have many parts. Specialization means that various individuals and units throughout the organization perform different tasks.

The assignment of tasks to different people or groups often is referred to as the division of labor. But the specialized tasks in an organization cannot all

be performed independently of one another. Coordination links the various tasks in order to achieve the organization's overall mission. An organization with many different specialized tasks and work units is highly differentiated; the more differentiated the organization is, the more integration or coordination is required. 2. Summarize how authority operates. a. Authority is the legitimate right to make decisions and tell other people what to do.

Authority is exercised throughout the hierarchy, as bosses have the authority to give orders to subordinates. Through the day- to- day operation of authority, the organization proceeds toward achieving its goals. Owners or stockholders have ultimate authority. 3. Define the roles of the board of directors and the chief executive officer. a. Boards of directors report to stockholders. The board of directors controls or advises management, considers the firm's legal and other interests, and protects stockholders' rights. The chief executive officer reports to the board and is accountable for the organization's performance. 4.

Discuss how p of control affects structure and managerial effectiveness. a. Span of control is the number of people who report directly to a manager. Narrow ps create tall organizations, and wide ps create flat ones. No single p of control is always appropriate; the optimal p is determined by characteristics of the work, the subordinates, the manager, and the organization. 5. Explain how to delegate effectively. a. Delegation— the assignment of tasks and responsibilities— has many potential advantages for the manager, the subordinate, and the organization. But to be effective, the process must be managed carefully.

The manager should define the goal, select the person, solicit opinions, provide resources, schedule checkpoints, and discuss progress periodically.

6. Distinguish between centralized and decentralized organizations. a. In centralized organizations, most important decisions are made by top managers. In decentralized organizations, many decisions are delegated to lower levels. 7. Summarize ways organizations can be structured. a. Organizations can be structured on the basis of function, division (product, customers, or geographic), matrix, and network. Each form has advantages and disadvantages. 8.

Identify the unique challenges of the matrix organization. a. The matrix is a complex structure with a dual authority structure. A well- managed matrix enables organizations to adapt to change. But it can also create confusion and interpersonal difficulties. People in all positions in the matrix— top executives, product and function managers, and two- boss managers— must acquire unique survival skills. 9. Describe important integrative mechanisms. a. Managers can coordinate interdependent units through standardization, plans, and mutual adjustment. Standardization occurs when routines and standard operating procedures are put in place.

They typically are accompanied by formalized rules. Coordination by plan is more flexible and allows more freedom in how tasks are carried out but keeps interdependent units focused on schedules and joint goals. Mutual adjustment involves feedback and discussions among related parties to accommodate each other's needs. It is at once the most flexible and simple to administer, but it is time- consuming. 10. What is the difference between

forward vertical integration and backward vertical integration? a. Forward Vertical Integration b. Backward Vertical Integration: 11. What are the benefits and challenges of a matrix organization structure? . Benefits: i. Decision-making is decentralized to a level where information is processed properly and relevant knowledge is applied. • Extensive communications networks help process large amounts of information. • With decisions delegated to appropriate levels, higher management levels are not overloaded with operational decisions. • Resource utilization is efficient because key resources are shared across several important programs or products at the same time. • Employees learn the collaborative skills needed to function in an environment characterized by frequent meetings and more informal interactions. Dual career ladders are elaborated as more career options become available on both sides of the organization. b. Challenges: i. Confusion can arise because people do not have a single superior to whom they feel primary responsibility. • The design encourages managers who share subordinates to jockey for power. • The mistaken belief can arise that matrix management is the same thing as group decision-making— in other words, everyone must be consulted for every decision. • Too much democracy can lead to not enough action.