Management & Organizational Behavior

Environment and Diversity

Study Tips

- Follow along in text during lectures

- Review the PowerPoint slides

- Regularly view lectures and complete homework assignments

Environment

- External
  - General
  - Specific
- Internal
  - Organizational culture
  - Organizational subcultures

Environment

- External - Competitive advantage involves utilization of a core competency that clearly sets an organization apart from competitors and gives it an advantage over them in the marketplace.

Competitive Advantage

- Products
- Pricing
- Customer service
- Cost efficiency
- Quality

General Environment

- Economic
- Social-cultural
- Legal-political
- Technological
- Natural environment

Specific Environment

- Task environment – actual organizations, groups, and persons with whom an organization must interact in order to survive and prosper.

Stakeholders

- Customers
- Stockholders
- Public-interest groups
- Labor unions
- Fed, state, local govt
- Educational institutions
- Employees
- Suppliers
- Competitors
- Regulators
- Financial institutions
- Court & legal institutions

Environmental Uncertainty

- Turbulence

- 2 Dimensions
  - Complexity
  - Rate of change

Customer-driven Organization

- External customers - purchase the organization's goods or utilize its services

- Internal customers - persons and groups within an organization who depend on the results of others' work to do their own jobs.

Customer-driven Organization

- Customer service lessons
  - Protect reputation for quality products
  - Treat customers right
- Assessing customer needs - what, where, and when
- Adding value - high quality, low cost, and on-time delivery

Customer-driven Organization

- Customer relationship management involves taking a strategic customer-centered focus in building relationships and adding value
- Supply chain management involves strategic management of all operations relating to suppliers of resources

Quality-driven Organization

- ISO
- TQM
- Quality Circles
- Manufacturing Technology
- Product Design

Quality-driven Organization

- International Standards Organizations (ISO) certification - indicates that a company meets a rigorous set of quality standards
- ISO 9000 - indicates that a company has met rigorous quality standards in all operations

Quality-driven Organization

- Total Quality Management (TQM) - quality principles are an integral part of organization's strategic objectives
  - Applying them to all aspects of operations
  - Committing to continuous improvement
  - Striving to meet customers' needs correctly the first time

Total Quality Management

- Intense customer focus
- Continual improvement
- Quality
- Measurement
- Empowerment

Deming's 14 Points

1. Plan for the long-term future, not next month or next year.
2. Never be complacent concerning the quality of your product.
3. Establish statistical control over your production processes and require your suppliers to do so as well.
4. Deal with the fewest number of suppliers - the best ones, of course.
5. Find our whether your problems are confined to particular parts of the production process or stem from the overall process itself.
6. Train workers for the job that you are asking them to perform.
7. Raise the quality of your line supervisors.
8. Drive out fear.

Deming's 14 Points (con't)

9. Encourage departments to work closely together rather than to concentrate on departmental or divisional distinctions.
10. Do not be sucked into adopting strictly numerical goals, including the widely popular formula of "zero defect."
11. Require your workers to do quality work, not just to be at their stations from 9 to 5.
12. Train your employees to understand statistical methods.
13. Train your employees in new skills as the need arises.
14. Make top managers responsible for implementing these principles.

Quality-driven Organization

- Crosby's "four absolutes" of quality management for total quality control
  - Quality means conformance to standards.
  - Quality comes from defect prevention, not defect correction.
  - Quality as a performance standard must mean defect-free work.
  - Quality saves money.

Quality-driven Organization

- Quality circles
  - groups of workers who meet regularly to discuss ways of improving quality of their products or services.
  - can result in cost savings from improved quality and increased customer satisfaction.

Quality-driven Organization and Manufacturing Technology

- Lean production
  - Uses new technologies to streamline systems
- Agile manufacturing/mass customization
  - Permits quick production of individualized products
- Flexible manufacturing
  - Processes can be changed quickly to produce different products

Quality-driven Organization and Product Design

- A good design has eye appeal and is easy to manufacture with productivity.
- A robust design can withstand manufacturing fluctuations.
- Design for manufacturing emphasizes lower production costs and high-quality products.
- Design for disassembly involves taking into account how components will be recycled.

Internal Environment Organizational Culture

- Organizational culture - system of shared beliefs and values that develops within an organization and guides the behavior of its members.

- Strong cultures - commit members to do things that are in the best interests of the organization

Organizational Culture

- High performing organizations with strong cultures
  - Are performance-oriented
  - Emphasize teamwork
  - Allow for risk taking
  - Encourage innovation
  - Value the well being of people

Organizational Culture

- Observable culture - what one sees and hears when walking around an organization.

  - Stories   - Heroes
  - Rites and rituals - Symbols

Organizational Culture

- Core culture - core values that influence behavior and give rise to observable culture.

Core Values

- The Herman Miller Way
  - Making a meaningful contribution to our customers
  - Cultivating community, participation, and people development
  - Creating economic value for shareholders and employee-owners
  - Responding to change through design and innovation
  - Living with integrity and respecting the environment

Organizational Culture and Leadership

- Leaders should establish and maintain appropriate core values.
- Criteria for evaluating core values:
  - Relevance
  - Pervasiveness
  - Strength
- Symbolic leaders use symbols to establish and maintain a desired culture.

Organizational Culture and Diversity

➢ Multicultural organizations:
  - Pluralism
  - Structural integration
  - Informal network integration
  - Absence of prejudice and discrimination
  - Minimum intergroup conflict

Organizational Culture and Diversity

- Organizational Subcultures - cultures based on shared work responsibilities and/or personal characteristics
- Common subcultures
  - Occupational
  - Functional
  - Ethnic
  - Racial
  - Generational
  - Gender

Multicultural Organization

- Personal challenge of managing diversity - accepting the goal of diversity maturity
- Organizational challenge of managing diversity
  - Changing organizational culture
  - Changing organizational mission and practices