Management: Common Body of Knowledge Review

FUNCTIONS OF MANAGEMENT
1) Managers have at least four major functions: planning, organizing, leading, and controlling.
   - Planning is the process of defining goals, establishing strategy, and developing plans to coordinate activities.
   - Organizing determines what tasks are to be done, how tasks are to be grouped, and where decisions are to be made.
   - Leading includes motivating employees, directing others, and resolving conflicts.
   - Controlling is the monitoring of activities to ensure things are going as planned, or that corrective actions are taken.

2) According to Mintzberg, managers also have three roles: interpersonal roles, informational roles, and decisional roles. Managers are the figureheads, leaders, liaisons in interpersonal roles, the monitors and disseminators of information, as well as the spokespeople in the informational role, the entrepreneurs, disturbance handlers, resource allocators, and negotiators in the decisional role.

3) Managers have three skills: Technical, human, and conceptual. As an individual rises through the ranks of managers they become, theoretically, more conceptually aware; at lower levels, they need to be more technically adept.

4) First-line managers are at the lowest level of supervision of an organization, and manage the work of non-managerial workers with at least one direct report. Middle managers are between the first level and top level, and manage the work of at least one first line managers. Top managers are at or near the top of the organization and are responsible for making organization-wide decisions and establishing the goals and plans that impact the total organization.

LEADERSHIP AND MOTIVATION
1) There are several key theories of motivation:
   - Maslow’s hierarchy of needs theory, which says there are 5 basic needs including physiological, safety, social, self-esteem, and self-actualization. As each need is satisfied the next becomes most important.
   - McGregor’s theory x and theory y, which says that managers have a style of management x or y, that then becomes a self-fulfilling prophecy (theory y managers believe workers want to work and are motivated to work, and therefore they tend to get employees who are motivated and want to work).
   - Herzberg’s two factor or hygiene theory, which says internal factors lead to job satisfaction and external factors may lead to dissatisfaction if they are not sufficient.
   - McClelland’s Needs theory, which suggests that we have three acquired needs: achievement, power, and affiliation that help explain motivation.

2) More contemporary theories of motivation include goal-setting theory which says that when difficult yet specific goals are set, performance tends to be higher; self-efficacy theory which says people must believe they are capable of the work; reinforcement theory which says that behavior is a function of consequences; equity theory which says that people compare their inputs and outputs to referents and seek equality in those ratios; Vroom’s expectancy theory which supposes that there must be an effort expectation relationship, a performance reward relationship, and a rewards personal goal relationship in order for motivation to occur (expectancy, instrumentality and valence).

3) Trait theories of leadership look at the personal qualities of an individual that differentiate them from others who are not leaders like charisma, enthusiasm, and courage i.e., leaders are born, not made. The behavioral theories suggest that there are specific behaviors instead that lead to leadership in an individual and that leaders are not simply “born”. The jury is still out on some of these ideas.
4) Contingency theories include the Fiedler Model which says that effective groups are dependent on proper matches between a leader’s style and the subordinates’ styles and the amount of control and influence of the manager. Hersey and Blanchard’s situational theory suggests that follower readiness is important in determining the leader’s success. Path Goal theory says it is a leader’s job to help subordinates attain their goals and point them in the right direction.

5) Leadership and power are different. Formal power is based on one’s position in an organization. There are many types of power including coercive power, based on a perception of fear; reward power, based on the ability to give others rewards; legitimate power, based on position in the hierarchy; expert power based on knowledge and skills, and referent power, based on possession by an individual of special traits or resources.

DECISION MAKING
1) Decisions can be centralized (made by a few) or decentralized (made by many). Decisions tend to be centralized when the environment is stable, lower-level managers are not as experienced, low-level managers do not want to make decisions, decisions are relatively minor, the company is large, and the effective implementation of company strategies depends on managers retaining say over what happens. Decisions tend to be decentralized when the environment is complex and uncertain, lower-level managers are experienced at making decisions and want to make decisions, the corporate culture is open, the company is geographically dispersed, and the company needs to be flexible in order to be competitive.

2) Decision-making occurs any time a manager has a choice between two or more options. The Rational or Classical Decision Model is an 8 step model based on the ideal. It suggests that decision-making follows the following steps: Identification of a problem, identification of decision criteria, allocation of weights or criteria, development of alternatives, selection of an alternative and implementation of the alternative, and an evaluation of the decision effectives. There are several faults with the Rational Model, which include assuming that the problem is clear and unambiguous, a single well-defined goal is to be achieved, all alternatives and consequences are known, all preferences are clear, all preferences are constant and stable, that there are no time or cost constraints involved, and that the final choice will maximize payoffs or be an optimal decision.

3) There can also be two kinds of problems and/or decisions. They are: structured problems which are straightforward and familiar i.e., programmed decisions which follow rules, policies, and procedures; and unstructured problems which are ambiguous, unique, and call for non-programmed decisions.

4) There are several decision-making biases and errors that occur. They include: overconfidence, immediate gratification, the anchoring effect (going with what you know), selective perception (seeing what you want to see), confirmation, framing (putting things into categories), availability (going with what information you have), representation (painting pictures of what you want), randomness (picking anything), sunk costs (considering what you have putting into the situation), self-serving biases, and hindsight (betting on the past).

ORGANIZATIONAL BEHAVIOR
1) Introduction and Overview - Organizations are typically described as consciously coordinated units of two or more people designed to achieve a common goal or set of goals. Organizational Behavior is a field of study that investigates the impact that individuals, groups, and structures have on behavior within organizations - for the purpose of applying such knowledge toward improving an organization’s effectiveness. It is a large field of study that touches upon many management specialties.

Organizations can be mechanistic or organic. Characteristics of mechanistic organizations are high specialization, rigid departmentalization, clear chains of command, narrow spans of control, centralized decision-making, and high formalization. Organic organizations are characterized by cross-functional teams, cross-hierarchical teams, free flow of information, wide spans of control, decentralized decision-making, and a low degree of formalization.
Organizations can also be either open or closed systems. Open systems, like biological systems, impact and are impacted by their environments – they are not closed systems, like a rock, where the environment has little or no impact.

2) Organizational Culture - Organizational culture is a system of shared meaning within the organization that tells an employee how to act, how s/he is to be rewarded, and what is expected of him in terms of behavior in the organization. Culture can be strong or weak, but most organizations want to be somewhere in between so that culture does not overshadow organizational goals, nor too weak so that members do not feel a part of something special. There are several dimensions of organizational culture, or what are sometimes referred to as organizational personalities. These dimensions are based on what the organization deems as important. The dimensions include attention to detail, outcome orientation, people orientation, a team orientation, aggressiveness, stability and innovation or risk taking. Organizational culture comes from several sources including stories, rituals, material symbols (like rank or title), and upper management edicts and language.

3) Scientific Management - Management theory is generally categorized into Scientific Management, General Administrative theories, the Quantitative Approach, Organizational Behavior, the Systems Approach, and the Contingency Approach.

Fredrick Taylor (known as the Father of Scientific Management), Frank Gilbreath, and Lillian Gilbreth are important contributors to Scientific Management. They basically believed that there was “one best way” to make an organization effective and efficient. Taylor believed that time and motion studies were the best way, and the Gilbreths were the first to think about hand and body motions in terms of work efficiency.

Henri Fayol and Max Weber were important contributors to the ideas of General Administrative Theory. Fayol identified the functions of managers, and developed the 14 principles of management. Weber introduced the idea of bureaucracy as the most efficient form of governance. He said bureaucracy was characterized by division of labor, a clearly-defined hierarchy, detailed rules, regulations, and impersonal relationships at all costs.

Chester Barnard, Robert Owen, Hugo Munsterberg, and Mary Parker Follett were contributors to early ideas of organizational behavior. Barnard thought organizations were social systems that required cooperation. He advocated that organizations were open systems. Owen proposed an idealistic workplace and argued that improving labor was a smart investment, while Munsterberg studied people at work and pioneered industrial psychology (formal studies of how organizations can be more productive). Follett was the first to recognize that organizations could be viewed from the perspective of individual and group behavior. She advocated that organizations should be based on the ideas of participative management.

The Systems Approach to organizations is based on the idea that organizations are open systems, and are basically a set of interrelated and interdependent parts arranged in a manner that produces a unified whole or effect. The Contingency Approach to management is based on the idea that if certain factors occur, then there is a best way to manage. The quantitative approach evolved during and after WWII, and involves application of statistical models and computer simulations to managerial activities.

4) Attitudes, Personality, and Perceptions:
- Evaluative statements are made up of three components: cognitive component (the opinion or belief), the affective component (the emotional part), and behavioral component (an intention to act in a certain way).
- Festinger’s (1958) cognitive dissonance theory says that anytime there are incompatibilities between two or more attitudes, two or more behaviors, or between an attitude and a behavior, then people will feel discomfort and be motivated to be brought back into consonance by
developing some sort of rationalization. For instance, if you believe lying is wrong and your boss asks you to lie, then you may rationalize that it is okay to lie -- as you need to keep your job.

- The major job attitudes seen are job satisfaction (whether you like your job), job involvement (the degree to which you identify with your job), and organizational commitment (the degree to which you identify with a particular organization and its goals and desire to maintain your relationship with that organization). Jobs that produce the highest satisfaction are those that are challenging and stimulating, and satisfied employees tend to be more productive, encourage higher customer satisfaction, lower absenteeism, lower turnover, and lower workplace deviance.

- Personality is the total of a person's experiences and how they act and interact with others. The Myers Briggs Type Indicator is a widely used assessment tool that asks people how they feel or they will act in a situation. People are then categorized as extraverted, introverted sensing or intuitive, thinking or feeling. This tool can be useful for helping people understand each other and how they approach work in organizational settings.

- The Big 5 personality model proposes that there are 5 basic dimensions to personality: extraversion, agreeableness, conscientiousness, emotional stability and openness to experience and that where an individual ranks on these dimensions may be a predictor of future job performance. Other personality characteristics that may impact job performance in the future are Machiavellianism (manipulate others for his/her own purpose), narcissism (egotistical centric and self-important), self-monitoring (regulate his/her own behavior for positive image), and risk taking (propensity to take risks).

- John Holland's personality job fit theory sought to establish a linkage between personality and job fit that identifies six personality types and says there is a relationship between personality type and occupational environment that determines satisfaction and turnover - the better the fit, the more satisfied and less turnover occurs.

- Hofstede's (1980) Dimensions of National Culture seeks to look at values as they differ across cultures emphasizing the point that international managers need to be aware of cultural differences. The dimensions include: power distance, individualism v. collectivism, masculinity v. femininity, uncertainty avoidance and long term v. short term orientation. The Global Leadership and Organizational Behavior Effectiveness (GLOBE) research program is an ongoing program seeking to establish the same guidelines.

- Perception is the process by which we give meaning to our sensory environment. These three things impact perception: the perceiver, the target of the perception, and the environment.

- Attribution theory seeks to explain how we judge other people's behavior as either internally or externally caused. The theory suggests we look at three factors including distinctiveness, consensus, and consistency to determine if the behavior was under the person's control or not. Two problems with the theory include self-serving bias, wherein we tend to over attribute our successes to internally controlled behaviors and failures to externalities and fundamental attribution errors where we think internally controlled behaviors are overestimated.

- Classical Conditioning – behavior modification: a type of conditioning in which an individual responds to some stimulus that would not ordinarily produce such a response; for example when hearing Christmas carols one may remember childhood memories associated with that holiday experience

- Operant Conditioning – behavior modification: a type of conditioning in which desired voluntary behavior leads to a reward or prevents a punishment for example, an employee arrives to work on time in order to prevent being financially penalized. These two types of conditioning are commonly seen in organizations -- they influence us and others.

- Social learning theory stresses that people learn through observation and direct experience -- for example on-the-job training

5) Social responsibility:
Social Responsibility is the idea that organizations must be good corporate neighbors. There are two views here: The classical views, espoused by economist Milton Friedman which emphasizes that profit is the only goal organizations can pursue, or they risk the loss of stockholders, and the Socio-Economic view which says that making sure the company survives for the long term comes from responsibility to the larger society.
Consistent with the concept of social responsibility is the idea that managers must act ethically and that there are number of things that impact ethical managerial decision-making-- including the stages of moral development, individual characteristics, structural variables, the organization's culture, and issue intensity as well as employee selection, top management's leadership, codes of ethics and decision rules, job and performance appraisals, ethics training, independent social audits, and formal protective mechanisms.

All of these concepts are important for students to remember - as they help explain how and why people behave the way they do in organizations.

**HUMAN RESOURCE MANAGEMENT**

The management of human resources (HR) deals with the complexities of human interaction. Specific responsibilities include:

1) Selection and Placement – This will require an analysis of workforce availability, then performing the functions of recruiting, testing, placing, and ultimately promoting workers.
   - **Internal Recruiting** - An internal search for required human resources is the first source of recruiting for positions within the organization and is often the preferred method of filling HR needs. Methods to make this happen include: job postings where public bulletin boards at strategic locations list job openings, descriptions and qualifications, referrals where managers and supervisors may be encouraged to submit names of qualified individuals to fill vacated positions, and skills inventories where HR administrators review employee attributes recorded in employee information databases and offer qualified personnel the opportunity to apply for positions.
   - **External searches** – These are accomplished to invite qualified applicants to join the organization. These can occur via electronic public access where HR administrators use email and internet sites to advertise openings to a large employee marketplace that can include global sources, printed advertising where printed media is use to attract candidates for openings in the organization, and placement agencies who can be used to seek out specific candidate openings, usually upper-level and managerial positions.

2) Training and Development – This function will include identifying training required to meet product/service needs of the organization. Training methods may include:
   - **OJT – On-the-job training** – Hands-on training supervised by a qualified trainer
   - **Apprenticeships** – workers providing day-to-day instructions and assistance to trainee in a skills trade, i.e., electrician, plumber, etc.
   - **Formal off-the-job training** – May include short courses, lectures, seminars, and exhibitions away from the primary work location.
   - **E-learning** – Trainees use computer-based programs and Internet locations to receive skills and/or general training.
   - **Formal, higher education** – This includes encouraging employees to seek college degrees, professional certifications, etc. through tuition reimbursement et al.

3) **Wages, Compensation, and Benefits** – This function will review federal guidelines, the development of monetary and non-monetary incentives, support functions, insurance, and employee assistance programs.

4) **Health, Safety and Security** – This function will review OSHA related organizations by function and position, other safety and health related agencies, worker health programs, ethical concerns (as they address safety issues), and increased security concerns from interior and exterior threats. There are a number of state and federal agencies that are concerned about health and safety.
5) Labor Relations – This involves the presence and effect of unions on the workplace, including the functions and parameters of contracts and collective bargaining. The union can have a contract known as a labor agreement that can have the following stipulations:

- Provisions for regulating transfers, demotions, discharges, bidding on job openings, and layoff procedures
- During strikes, the proper shutdown of equipment, protection of plant equipment and property, and using non-striking employees to continue operations
- Bargaining to ensure productivity
- The setting of wages and benefits for union and non-union workers
- A codified grievance protocol
- Agreements regarding working conditions

6) The legal and related ethical concerns, as they are addressed by local, state, and federal regulations. These include:

- The Civil Rights Acts of 1964 and 1991 which prohibits discrimination in employment practices due to race, color, religion, sex, national origin, or disability.
- The Family and Medical Leave Act which allows workers to take as much as twelve weeks of unpaid leave following childbirth, adoption, or to care for a seriously ill child, spouse, or parent.
- The Americans with Disabilities Act which prohibits discrimination in hiring and work practices for disabled persons who are able to perform the essential requirements of a job position.
- Other legislation concerns such as Affirmative Action, the Equal Pay Act, Glass Ceiling Act, the Age Discrimination in Employment Act, and other miscellaneous acts require the Human Resources specialist to review all aspects of applicable legislation to ensure compliance and to reduce the chance of negative litigation.
- The HR Planning Process where HR needs to be actively involved to determine and prepare for the projected needs of the organization is the forecasting element. These are based on required technical and managerial skills, labor market availability, training resources, projected personnel losses, changes in technology, and organizational changes.
- Diversity in the workplace embraces the concept that everyone is unique and can contribute to the success of the organization. This includes ensuring an understanding and mix of gender, age, ethnic background, sexual preference, physical capabilities, religion, race, and socio-economic status. The goal should be the creation of an environment consisting of tolerance, acceptance, and respect.

**STRATEGY AND POLICY**

Planning is the process of defining an organization’s goals, establishing an overall strategy for achieving those goals and developing plans for organizational work activities. Planning provides direction, reduces uncertainty, minimizes waste and redundancy, and establishes the objectives necessary for control.

The Strategic Planning Process describes the route a company intends to take in developing and strengthening its business - it lays out the course the company intends to follow into the future. This should be distinctive and specific and provide an understanding of what management wants its business to look like. It should also provide a starting point for major decision making and a forward leaning basis for the annual plan and budgeting.

The Strategic Management Process begins with the vision and mission statements, progresses to the strategic plan, and culminates with the annual plan.

- The vision statement describes the route a company intends to take in developing and strengthening its business. It lays out the course the company will follow into the future. The vision should be distinctive and specific and provide an understanding of what management wants its business to look like. It should also provide a starting point for major decision-making.
- The mission statement describes the organization’s present situation. It describes “how” an organization will achieve its goals. It is a brief description, written by top management which, at
the very least answers the question “what business are we in?” It helps keep the organization moving in the correct direction.

- The strategic plan (aka the long range plan) is also written by top management, establishes high level goals and objectives, and is usually greater than five years. It receives input from the internal and external evaluations.
- The internal evaluation collects and analyzes information within organization’s control such as inventory, annual sales, in-house talents, etc. It identifies the organization’s strengths and weaknesses and provides input into both the strategic plan and the SWOT analysis.
- The external evaluation collects and analyzes information outside of the organization’s control such as the economy, the customers, the competition, etc. It identifies the external threats and opportunities and also provides input into the strategic plan and the SWOT analysis.
- The annual plan is developed by the operational units of the organization, must be consistent with the strategic plan (i.e., what will be accomplished this year to meet the long term objectives?), is detailed, and the basis for the annual budget.

The SWOT analysis (strengths, weaknesses, opportunities and threats) is an internal and external analysis technique that can be used in strategic planning process. It determines if the company has an attractive set of resource strengths, if it has strong core competencies or distinctive competencies, if the company’s strengths are well-matched to the industry, and if they fit for the future. It determines how serious the weaknesses are and if they can be remedied and when. It determines if the strengths outweigh the weaknesses, if there are opportunities that are well-suited to the strengths, and if the threats are alarming or something the company appears suited to handle.

There are five generic competitive strategies: Low cost provider strategies where the firm strives to achieve lower overall costs and appeals to a broad spectrum of customers; broad differentiation strategies where the firm seeks to show a real or perceived value difference to a broad spectrum of customers; the best cost provider strategy where customers are given more value for their money at a lower cost than the rival firm; and the focused low cost strategy, or focused differentiation strategy.

- The low cost provider works best when price competition is especially strong, the products of rival sellers are essentially identical and suppliers are readily available from sellers. There are a few ways to achieve product differentiation that have value to buyers-- most buyers use the product in the same way, buyers incur low costs in switching their purchases from one seller to another, buyers are large and have significant power to bargain down prices. Industry newcomers use introductory low prices to attract buyers.
- Differentiation strategies work best when the buyer needs and uses of the product are diverse, there are many ways to differentiate the product or service, many buyers perceive these differences as having value, few rival firms are following similar differentiation paths, technological change is fast-paced, and competition revolves around rapidly-evolving product features.
- Best-cost provider strategies work best when a best-cost provider is in a market where buyer diversity makes product differentiation the norm, and where many buyers are also sensitive to price and value.
- Focused strategies work best when the target market niche is big enough to be profitable, and it offers good growth potential. Industry leaders do not see that having a presence in the niche is crucial to their own success, it is costly or difficult for multi-segment competitors to meet the needs of special segments. When the industry has many different niches and segments - thereby allowing a focuser to pick a competitively attractive niche suited to its own capabilities- few rivals are attempting to specialize in the same target market, and the focuser has a wealth of customer good will from having catered to its specialized needs.
- Merger and acquisition strategies are driven by certain strategic objectives including the need to create a more cost-efficient operation out of the combined companies, the need to expand a company’s geographic coverage, the need to extend the company’s business into new product categories, the need to gain quick access to new technologies or other resources and competitive capabilities, and the need to try to invent a new industry and lead the convergence of industries whose boundaries are being blurred by changing technologies and new market opportunities.
There are three levels of strategic planning: Corporate level - the company-wide game plan for managing a set of businesses; Business level - one for each business the company has diversified into and one that tells how to strengthen market position and build competitive advantage and where actions to build competitive advantage; and Functional levels - where strategies for each functional area outline the how's of overall business strategy and a game plan for managing particular activities.

Porter's five forces model (1985) is a tool used to diagnose the principal competitive pressures in a market, and a way to assess the strength and importance of each pressure. The five forces are competitive pressures associated with the strength of rival sellers in the industry, the threat of new entrants into the market, the pressure of substitute products, pressures from supplier’s bargaining power, and pressures from the buyer's bargaining power.

The whole idea behind taking a strategic approach to business is to focus the firm’s attention on where they want to go, how they will get there, and how they will measure whether they made it or not. These are the key issues surrounding strategic initiatives.

COMMUNICATION
Communication skills are necessary for success in the business world. They become increasingly important as you rise in an organization. The basic purposes of communication in a business environment are to inform, to request, to persuade, or to build goodwill. The five basic criteria for good business writing are: clarity, correctness, completeness, efficiency, and building of goodwill.

Writing processes include many activities. Planning means analyzing the problem and audience, defining your purpose, and brainstorming. Writing and revising which means evaluating your work, getting feedback, adding, deleting, and rearranging. Editing means checking for spelling and grammar and proofreading. When editing, you should look at: sentence structure, subject-verb and pronoun-noun agreement, punctuation, word usage, spelling, and numbers.

Prior to composing a message, the six questions which must be answered are: Who is your audience and what relevant characteristics do they have? What is your purpose in communicating? What information do you need to convey? How can you build support for your position? What objections can you predict your audience may have and how can you circumvent these? What aspects of the total situation may affect the audience’s response (economy, time of year, company morale, etc)?

To analyze your audience, the following questions must be addressed: How will the audience initially react to the message? How much information does the audience need? What obstacles must you overcome? What positive aspects can you emphasize? What are the audience’s expectations about the appropriate language, organization and form of the messages? And how will the audience use the document? The “you-attitude” concept phrases things in the audience’s point of view and emphasizes what the audience wants and needs, while respecting the audience’s intelligence and protecting their egos.

Establish the proper tone in your message. For example: Use courtesy titles for people outside your company that you don’t know well, be aware of the power implications of the words you use, be straightforward when the stakes are low, consider hedging your statement when you give bad news, display self-confidence and competency when you deliver bad news to a supervisor. Reducing bias should also be a goal of good business communication. Bias-free language does not discriminate against people in any way and helps to sustain goodwill. Non-sexiest language treats both sexes neutrally and should be used in job titles, courtesy titles, pronouns, and other words and phrases. Non-racist language treats all races equally, and non-ageist language treats people of all ages equally. There is a list of three guidelines to help you avoid bias in your message: Give race/age only when relevant, refer to groups by their preferred term, avoid terms that suggest competent people are unusual. When referring to people with disabilities or diseases use people-first language and avoid negative terms.
To proofread: read once quickly for meaning, read again slowly to catch errors, then reread after errors have been fixed. If you know a document well, then try reading it backwards or out of order. These activities do not have to occur in that order, you do not have to finish one to start another, and most writers do not use every activity every time they write.

Finally, there are four ways to overcome writer’s block: Prepare, practice, speak positively to yourself, and speak to others about writing.

ORGANIZATIONAL STRUCTURE
Organizational structure is the organizational formal arrangement of jobs within the organization. It can be shown graphically via an organizational chart. Departmentalization is the basis by which jobs are grouped. The most common ways to departmentalize are functionally or divisionally by product, geography, process, and customer.

There are also cross-functional teams which are work teams composed of individuals from different functional areas. The advantages of using different functional area teams are efficiencies from putting together similar specialists, coordination within the functional areas, and in-depth specialization. The disadvantages include poor communication (the chimney effect) and a limited view of the organizational goals.

INTERNATIONAL/CROSS CULTURAL MANAGEMENT
Globalization of business has resulted in the restructuring of businesses and organizations. The multinational corporation is playing an increasingly major role in the world economy and globalization. The driving forces are as follows:

- Jobs are being moved from the US to mostly third-world countries to save on production costs.
- Safety and health concerns in non-US work locations can be minimal and in some cases nonexistent.
- US workers moving overseas need to be prepared for culture shock and trained to deal with different value systems.
- Worldwide communications has eased the need for continual travel of multinational corporate executives. Computer Operations Officers have become critical to viable international companies today.

There are basically four ways organizations can view world business: The ethnocentric approach, which is a belief that the best work approaches and practices are those of the home country; polycentric, which is the belief that the work approaches and practices should be those of the host country; region-centric which emphasizes setting up work systems by regions; and the geocentric approach which believes there should be no artificial geographic barriers and that organizations should use the approach that works best for that organization.

There are several regional trading alliances which were created to increase trading among countries, and to get rid of trading barriers like tariffs. Some of those alliances include the European Union or Euro-Zone, which is made of main European countries including the United Kingdom, Ireland, Spain, Portugal, France, Germany, Poland, Switzerland, Hungry, Austria, Slovenia, Italy, and Greece as well as others. There is also the North American Free Trade Agreement (NAFTA) among the United States, Mexico, and Canada; and the Association of Southeast Asian Nations.

There are also multilateral trading organizations like the World Trade Organization (WTO) which was formed in 1995 and evolved from the General Agreement on Tariffs and Trade (GATT). It is the only global organization that deals with the rules of trade among its membership.

ENTREPRENEURSHIP
An entrepreneur is a person who recognizes an opportunity, organizes a business venture to introduce a new product or service, and brings the new venture to completion. Entrepreneurs are bold, creative, and
persistent risk-takers. They frequently fail several times before finding the right combination of factors leading to a successful business.

There are several common types of business ownership. They are:

- Sole Proprietorship – is entirely owned and operated by one individual. It is the simplest form of business where all profits, losses, debts, and liabilities are the responsibility of the owner. The business is dissolved upon the death of the sole proprietor.
- Partnership - is a type of business where there is more than one owner. Each owner/partner will share the profits, losses, debts, and liabilities of the business. The original partnership is dissolved upon the death of one or more of the owners.
- Corporation – is the most common form of a business organization. It is chartered by the state and is considered a legal entity which is separate from the owners. The profits, losses, debts, and liabilities are separate from its owners. A corporation can issue shares of stock and will continue to survive as an independent entity even after the death of one or more of its owners.
- Franchise – is a form of business where a franchisor already has a successful product or service and contractually allows franchises to operate using the franchisor's logo, trade name, product or service, etc. for a fee.

All businesses should have a business plan. Business plans are tailor-made; one size does not fit all. However, most business plans have, as a minimum, the following elements:

- Executive Summary
- Business Description – What are we trying to do?
- Market Research – Who are our competitors, customers, target market, etc.
- Marketing Plan - What are our four P’s (e.g., product, place, price, promotion) and the four C’s (consumer wants/needs, cost to satisfy, convenience to buy, communication)?
- Design and development plan – What will our product or service look like?
- Operation and maintenance plan – What will be our capital and overhead expenses, our organizational structure, and our overhead projections?
- Financial Statements - The most common statements are a cash flow statement, an income statement, and a balance sheet which includes assets, liabilities, equity, and cash flow.
- Sources of Funding - such as debt capital, equity capital, Federal, State & Local Aid – Small Business Administration (SBA)

GROUP AND TEAM DYNAMICS
A group is two or more people interacting and functioning interdependently who come together to achieve a goal (similar to an organization). There are two types of groups – formal and informal. Formal groups are defined by the organization and informal groups are more social in nature.

Group and team development typically follows a five stage model based on the following:

- forming
- storming
- norming
- performing
- adjourning

Typically, all groups go through these phases. Groups are impacted by roles, status, group size, cohesiveness, social loafing, group diversity, and culture.

The greatest benefit of group decision-making is the feature of diverse input where there is an increased acceptance of the solution. The major weaknesses include: conformity pressures to conform (groupthink), minority domination, ambiguous responsibility, and the length of time required.
TOTAL QUALITY MANAGEMENT

The concept of Total Quality Management (TQM) is based on a systematic and disciplined management program which focuses on product/service quality and customer satisfaction. If implemented properly, it becomes an integral part of the organization’s culture and involves each and every employee i.e., quality is everybody’s business; the goal is to ensure ongoing improvement in every aspect of the organization.

Some of the key elements to consider regarding TQM are as follows:

1) **Top Management** – A TQM program begins with the highest levels of management. A sincere commitment must be made to improve quality. TQM must be an integral part of the organization’s strategic plan. Top management must provide adequate resources needed for proper implementation, training, and continuous monitoring. Quality is not cheap.

2) **The Customer** - Due to increased competition, globalization, technology, etc. the customer has become accustomed to and demands quality products and services. An unsatisfied customer will go to the competition. So remember, quality is ultimately determined by the customer.

3) **The Employee** – Employee involvement is essential. Without their support, a TQM program is merely an exercise in futility. Extensive employee training and continual top management support are needed to reinforce the importance of quality over production. More (products or services) is not always better. Employee involvement and “ownership” is the goal.

4) **Employee Involvement** – The most common method to achieve employee involvement is to establish quality circles. In their purest form, quality circles are comprised of workers who are knowledgeable in a given process. With this knowledge comes a hands-on understanding of the process, including its strengths and weakness. To encourage creativity and supervision are not generally included in the quality circle sessions. Recommendations generated from these quality circles are eventually submitted to management for review, approval, funding, and implementation.

5) **Quality Assurance (QA) and Quality Control (QC)** - QA and QC are the organizational groups that are used to implement and maintain an effective quality improvement program. QA ensures that critical processes, products, and services are properly reviewed, approved, and included in controlled documents. QC ensures compliance to these approved documents. Within these parameters, both groups interface with other functional areas such as design, procurement, construction, operations, maintenance, sales, and document control/records management etc.

6) **Critical Processes** – Each critical process is systematically reviewed to identify areas in need of improvement. Care is taken to avoid cost cuts and shortcuts which can reduce quality. Adequate policies and procedures are developed to ensure compliance and consistency in the workplace. The QA and QC groups are intimately involved in monitoring the effectiveness of these processes.

7) **Performance Indicators** - Some important indicators of poor quality are drop in sales, returned items, increase in customer service calls, and complaints. Decisive action must be taken by management when these indicators point to a problem.

**KEY REFERENCES**


