Principles of Management

Mason Carpenter, Talya Bauer, and Berrin Erdogan
Chapter 3  History, Globalization, and Value-Based Leadership

Learning Objectives

- Learn about the history of principles of management
- Know the context for contemporary principles of management
- Understand key global trends
- See how globalization is affecting management principles and practices
- Appreciate the importance of value-based leadership (ethics) in management
The P-O-L-C Framework must be adapted to meet global challenges

<table>
<thead>
<tr>
<th>Planning</th>
<th>Organizing</th>
<th>Leading</th>
<th>Controlling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>4. Groups/Teams</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Motivation</td>
<td></td>
</tr>
</tbody>
</table>
Early Management Principles

- **Henri Fayol**
  - Fayol’s 14 Principles

- **Frederick Taylor**
  - Scientific Management
  - Taylorism

- **Frank and Lillian Gilbreth**
  - Motion Studies
Fayol’s Principles of Management (1-7)

Specialization/Division of Labor

Authority/Responsibility

D__________

Unity of Command

Unity of _____________

Subordination of Individual Interest

Remuneration
Principles of Management (8-14)

Centralization
Line of Authority
Order
Equity
Stability of Tenure
Initiative
Esprit de Corps
During Taylor’s time, coal was moved by shovel to rail cars or trucks.
Limitations of Early Theorists

- Dehumanized Workers
- Manual Labor Force
- Shift to Knowledge Workers
MANAGEMENT IDEAS OF THE 1990s

Peter Drucker

Tom Peters and Robert Waterman

Warren Bennis
Peter’s Management Recommendations

Empower people by involving _________ in decision-making

Eliminate bureaucratic rules and ______________ conditions

Celebrate and recognize employees for their contributions

Develop an inspiring ____________

Lead by ____________
Views of Leadership through the Ages

What leaders really do: set direction, align people, motivate people. – John Kotter

A leader is a dealer in hope. – Napoleon

I suppose that leadership at one time meant muscle; but today it means getting along with people. – Indira Gandhi
Discussion

• What goals seem to dominate early management principles?
• Do you see any commonalities between Fayol’s principles of management from 1911 and those of Tom Peters in the 1990s?
• Are there any jobs today for which time and motion studies would make sense to do? Would any other skills need to be taught as well?
• What do early management principles leave out?
• How would you put some of the ideas of the 1990s into practice?
• What aspects of POLC would be most likely to change based on what you have learned in this section?
CORPORATIONS AS SOCIAL MOVEMENTS

We are connected “virtually”

Dynamic and shifting authority structures

Fluid boundaries

Reduction of formal procedures

© 2010 Jupiterimages Corporation
Assists in identifying experts

Efficient sharing of information

Showcases skills, talents, and knowledge

SOCIAL NETWORKING
LEARNING ORGANIZATIONS

- Systematic problem solving
- Experimentation
- Learning from past experience
- Learning from others
- Transferring knowledge
Virtual Organizations

The Value of Wikis

❖ Wikis pool the talent of experts as well as everyone from across the company and beyond it – in all time zones and geographic locations.
❖ Input from unanticipated people brings fresh ideas and unexpected connections.
❖ Wikis let people contribute to a project any time, giving them flexibility in managing their time.
❖ It’s easy to see the evolution of an idea, and new people can get up to speed quickly by seeing the history of the project.
❖ Co-creation of solutions eliminates the need to “sell” those solutions to get buy-in.
❖ Wikis cut the need for email by 75% and the need for meetings by 50%.
As the pace of change continues …

…transferring knowledge and experimenting with new ideas requires continuous learning and adaptation to dynamic work environments.
Discussion

• What commonalities do you see between organizations and social movements?
• How would you use a social network to solve a work-related task?
• Why do social networks inspire employees?
• How do social networks help managers plan, organize, lead, and control?
• What steps would you take to help your organization become a learning organization?
• What are the advantages of a virtual organization?
• What aspects of POLC would be most likely to change based on what you have learned in this section?
The Triple Bottom Line = Profits, Employees, Environment

Harnessing wind power takes advantage of increasing interest in sustainable energy sources
Accelerated Global Change

- Demand increases for “expert” and “creative” talent
- Technological connectivity creates fluid borders
- Collaborative opportunities to share information and solve problems
- Results in greater demand for personalization and customization
Discussion

- How do you manage innovation if ideas can come from anywhere, including people who aren’t your direct employees – or aren’t even part of the company?
- If, according to some trends, you can work anytime and anywhere, how do you decide when to work? When do you stop working?
- What advantages do you see from a global workforce?
- Which of the trends depend on technology?
- What aspects of POLC would be most likely to change based on what you have learned in this section?
GLOBALIZATION AND CROSS-CULTURAL LESSONS

Work environments are more diverse than ever before

Cultural and language differences require diverse management approaches

© 2010 Jupiterimages Corporation
Eight Dimensions of Culture

- Participation Orientation
- Uncertainty Avoidance
- A_________

- Power Distance
- __________ Egalitarianism
- Institutional Collectivism

- Humane Orientation
- __________ Orientation
Discussion

• You’ve just been made a manager in Sweden, known for its collective institutionalism. What incentives and reward structures would you use to motivate your employees?
• How would you prepare workers for an overseas assignment?
• Your company has twelve branches in the US and will be opening its first branch in Brazil. Your company prides itself on its self-managed teams. Will you keep this policy in the new country? Why or why not?
• You’re a manager in Japan and you’ve just discovered that a team leader under your supervision has made a mistake that will result in a quality problem. How will you handle this mistake?
• You work in Hong Kong for a Swiss-owned firm. The Swiss are known for their high uncertainty avoidance. What differences might you expect to see from your Swiss bosses compared to your Hong Kong employees?
• What aspects of POLC would be most likely to change based on what you have learned in this section?
Values-Based Leadership

Managers face many ethical challenges

Managers must model ethical behavior and uphold values and standards
Ethical Lapse

Pressure to meet business objectives/deadlines

A desire to _______ one’s career

A desire to _______ one’s livelihood
2002 Sarbanes-Oxley Act

Requires companies to define a code of ethics as a codification of standards that is reasonably necessary to deter wrongdoing and to promote honest and ethical conduct.

Corporate Examples of Ethical Misdeeds

Arthur Anderson

Enron
Integrating Ethics Into Managerial Decision Making

1. Assess the situation
2. Consider the stakeholder’s point of view
3. Consider all possible alternatives
4. Make a decision
5. Pay attention to how it makes you feel
6. Monitor outcomes
Discussion

• What are the consequences of unethical behavior?
• If you were writing a code of ethics for your company, what would you include?
• In times of economic downturn, is ethical behavior a luxury?
• How would you handle an ethical violation committed by one of your employees?
• Nobel laureate economist Milton Friedman said that companies should focus on maximizing profits, not social responsibilities or purposes. Do you agree with this view? Why or why not?
• What aspects of POLC would be most likely to change based on what you have learned in this section?