Course Learning Outcomes for Unit II

Upon completion of this unit, students should be able to:

1. Describe and apply various dimensions of management.
   1.1 Describe four rules that can help companies and managers act in ethical ways.
   1.2 Differentiate between the claims of the different stakeholder groups that are affected by managers and their companies' actions.
   1.3 Discuss the increasing diversity of the workforce and the organizational environment.

3. Compare and contrast the principal challenges managers face in today's increasingly competitive global environment.
   3.1 Discuss the main forces in the global task and general environments, and describe the challenges that each force presents to managers.
   3.2 Explain why the ability to perceive, interpret, and respond appropriately to the global environment is crucial for managerial success.

7. Demonstrate an understanding of the significance and interrelations of individualism, perceptions, motivation, and employee behavior.
   7.1 Explain the relationship between ethics and the law.
   7.2 Explain how perception and the use of schemas can result in unfair treatment.

Unit Lesson

Unit II should prove to be an interesting one since each of the subjects to be covered can be seen almost daily as breaking news items. Managers and organizations continue to be the subject of investigations into ethical and legal issues that range from poor decisions to legal issues that can ruin a promising career or even topple a complete organization. The main topics to be covered in Unit II are as follows:

- Ethics and how ethical behavior affects the organization’s stakeholders, which consist of management, employees, suppliers, customers, investors, and communities where the organization is located
- Multicultural environments and how managers manage diversity within this new world
- The ever-changing global environment and how it has changed the way managers lead their organizations

Jones and George (2014) describe the managerial responsibilities that managers hold to the company they work for and to stakeholders that are affected by the decisions and actions of the manager. Here, the authors define and discuss ethical dilemmas and the ramifications of making a less than optimal decision. Jones and George (2014) define ethical dilemmas as a situation where individuals find themselves in a
position where they have to make a decision that may benefit others, but might not be advantages to their own self-interest. Each person will deal with ethical dilemmas in their own way based upon their own ethical ideas, beliefs, cultural norms, etc. However, a manager is expected to act in accordance with standards established by the organization, the norms of organization’s stakeholders, and within the legal aspects affecting the organization.

No discussion on ethics would be complete without an overview of what is ethical verses what is legal. Laws are based upon the norms of the people that make the laws, and these norms are based upon the cultures and history of the citizens protected by the laws. However, just because an action falls within the law and is deemed to be legal, it does not necessarily mean that the stakeholders will view the action as being ethical. Therefore, we must understand that ethical beliefs drive the laws, and our ethical beliefs change over time, so revisions to the laws will eventually change based upon the changes in the ethical beliefs (Jones & George, 2014).

With an understanding of how society’s norms, ethics, and laws are tied to each other, the manager must view ethical dilemmas from the standpoint of, “what is the best decision?” However, it is important to remember the best decision might not be the ideal decision for the individual making the decision.

Numerous studies have been performed that look at the affect unethical behavior has on a company’s ability to continue to remain viable and raise needed cash. If we look at companies, such as Enron, Martha Stewart Living, Omnimedia, and WorldCom, that have experienced managers making unethical and usually illegal decisions, we see that the bottom line was indeed affected. Public opinion plays a major role in a company’s ability to raise cash. Stock prices can tumble and major stockholders will leave, looking for a better source of income.

Clearly, there is a need for companies to try to ensure that managers make sound ethical decisions. This means that the companies must be willing to compensate the managers for their work. Some companies, both for-profit and non-profit, have elected to compensate their top managers (such as CEOs) so highly for their efforts that now there is a call for reducing the compensation. Norms are hard to break, and the old saying “you get what you pay for” can pertain to the managers the company hires. If the compensation is not what is expected, the knowledgeable managers will simply go somewhere else. Companies must weigh both the stockholder’s demands and the need for seasoned professional managers.

Today’s managers not only face the customary business decisions that are needed to make the company profitable. In today’s global environment, we see the managers dealing more and more with issues of diversity that have not only local but also global connotations. We are continually reminded that the global environment we are living in has shrunk the business world in that professionals and organizations tend to be more mobile than in the past. This mobility brings with it a new set of needed skills for the manager: How to manage the new diversity situation, and how to maneuver in the new global economy?

In the recent past, managers had to manage diversity between a small subset of cultures and races since most of the employees would come from the local economy. This could be challenging in and of itself, but today, with the mobility of the workers, managers are finding themselves having to deal with multiple cultures, races, religions, and sexual orientations. While it is true that some of these challenges existed before today, there is a much larger percentage of each. Today, those that were previously in the majority in some companies are finding themselves in the minority in today’s global organizations. This new challenge also brings new opportunities and, in some cases, a richer knowledge base to the organization due to the extended number of cultures and different ways in which other cultures
conceptualize issues and ideas. The challenge for the manager is to how to capitalize on the positives and manage the issues brought on by the new global and diverse work environment.

In order to proactively manage the new global environment, the manager must understand what it is and what it is not. Jones & George (2014) discuss the global environment as being forces and conditions that are not within the boundaries or purview of the company. However, these forces and conditions can help dictate how a company operates. Just as we discussed with ethics, these forces are not static; instead, they change, and therefore the manager must continue to monitor and deal with both the opportunities and threats that are presented by these changing forces.

Jones and George (2014) continue to break down the global environment into two subsets, which help managers better understand and deal with the global environment. These two subsets are task environment and general environment (Jones & George, 2014). The task environment consists of forces and conditions that help the company meet its goals. It is made up of, first and foremost, its customers and its suppliers, distributors, and even its competitors. These groups create their own sets of forces and have a direct impact on the manager and the company.

The general environment, on the other hand, consists of items in which the manager has little or no control over but must constantly deal with as part of doing business globally. The items that make up the general environment consist of the economic, technological, socio-cultural, demographic, political and legal, as well as global forces (Jones & George, 2014). Each of these items can and do change constantly, and this is part of what managers must deal with when doing business globally. An example of how companies learn to deal with these forces can be seen in the decision-making process of where to open a new plant or warehouse to meet the needs of a new global market. Quite often, we find the managers doing a SWOT (strengths, weaknesses, opportunities, and threats) analysis for each of the possible locations. In the SWOT analysis, the manager would take into account details such as the skill sets of the potential employees in each area, the cost of doing business there, the ethical behavior of the approving officials (do they want brides or kickbacks), any cultural biases to the company’s products or services, as well as the stability of the government. Along with the SWOT, the manager should also do a risk mitigation analysis for each country. As you can see, there are numerous forces the manager must deal with when entering the global environment.

Hopefully, you enjoy the information we cover in this unit. There are non-graded activities that you are encouraged to review and consider. Likewise, the CSU Online Library has numerous databases you can use to research and add to your knowledge on the topics we will cover during the unit.

Reference


Suggested Reading

View the Chapter 4, 5, and 6 PowerPoint Presentations that accompany the course textbook. Follow the steps below to access the presentations:
Learning Activities (Non-Graded)

Activity 1: Supplemental Quizzes

Before completing your graded assignments, consider completing the Chapter Quizzes for Chapters 4, 5, and 6 of your course textbook:

- Go to [http://www.mhhe.com/jonesgeorge8e](http://www.mhhe.com/jonesgeorge8e)
- Select “Student Edition”
- Select the chapter
- Select “PowerPoint Presentation”

Activity 2: Managerial Ethical Behavior in the News

Unit II introduces the concept of managerial ethical behavior and how, as managers, we are expected to conduct our daily decision making activities. However, events in the news indicate that, as human beings, managers continue to make unethical decisions. Consider conducting an Internet search for current articles on events related to managerial ethical issues. Once finished, reflect upon the results.

Below are a couple of items that you may want to consider during your search:


Activity 3: Discussion Questions

Before completing your graded assessment, consider reviewing and answering the following discussion questions. Potential answers are also provided for your consideration.
1. Discuss the idea that ethics may change over time. Give an example of an ethical value that may be changing in the culture in which you presently live. Explain.

   ANSWER: Ethical beliefs change because ethics are relative, that is, no absolute or unvarying standards exist to determine how we should behave. Examples will vary.

2. Discuss five steps managers can take to change attitudes and values and promote the effective management of diversity.

   ANSWER: Managers can take a number of steps to change attitudes and values and promote the effective management of diversity. Some of the steps are as follows:

   1. Pay close attention to how employees are evaluated.
   2. Empower employees to challenge discriminatory behaviors, actions, and remarks.
   3. Reward employees for effectively managing diversity.
   4. Provide training utilizing a multi-pronged, ongoing approach.
   5. Encourage mentoring of diverse employees.

3. Define globalization, and explain why the global market is becoming more open.

   ANSWER: The most important reason why the global environment has become more open and competitive is the increase in globalization. Globalization is the set of specific and general forces that work together to integrate and connect economic, political, and social systems across countries, cultures, or geographic regions. The result of globalization is that nations and peoples become increasingly interdependent because the same forces affect them in similar ways. As a result of falling trade barriers, managers view the global environment as open—that is, as an environment in which companies are free to buy goods and services from, and sell goods and services to, whichever companies and countries they choose. They also are free to compete against each other to attract customers around the world. All large companies must establish an international network of operations and subsidiaries to build global competitive advantage.

Non-graded Learning Activities are provided to aid students in their course of study. You do not have to submit them. If you have questions, contact your instructor for further guidance and information.