McWilliams and Williams MGMT3 Instructor manual

Chapter 3 Organisational environments and cultures

Learning objectives

1. **Discuss how changing environments affect organisations.**

   Environmental change, complexity and resource scarcity are the basic components of external environments. Environmental change is the rate at which conditions or events affecting a business change. Environmental complexity is the number of external factors in an external environment. Resource scarcity is the scarcity or abundance of resources available in the external environment. The greater the rates of environmental change, environmental complexity and resource scarcity, the less confident managers are that they can understand, predict and effectively react to the trends affecting their businesses. According to punctuated equilibrium theory, companies experience periods of stability followed by short periods of dynamic, fundamental change, followed by a return to periods of stability.

2. **Describe the four components of the general environment.**

   The general environment consists of events and trends that affect all organisations. Because the economy influences basic business decisions, managers often use economic statistics and business confidence indices to predict future economic activity. Changes in technology, which transforms inputs into outputs, can be a benefit or a threat to a business. Socio-cultural trends, like changing demographic characteristics, affect how companies run their businesses. Similarly, socio-cultural changes in behaviour, attitudes and beliefs affect the demand for a business's products and services. Court decisions and new federal and state laws have imposed much greater political/legal responsibilities on companies. The best way to manage legal responsibilities is to educate managers and employees about laws and regulations and potential lawsuits that could affect a business.

3. **Explain the five components of the specific environment.**

   The specific environment is made up of the five components shown here. Companies can monitor customers' needs by identifying customer problems after they occur or by anticipating problems before they occur. Because they tend to focus on well-known competitors, managers often underestimate their competition or do a poor job of identifying future competitors. Suppliers and buyers are very dependent on each other and that dependence sometimes leads to opportunistic behaviour, in which one benefits at the expense of the other. Regulatory agencies affect businesses by creating rules and then enforcing them.

   Advocacy groups cannot regulate organisations' practices. Nevertheless, through public communications, media advocacy and product boycotts, they try to convince companies to change their practices.

4. **Describe the process that companies use to make sense of their changing environments.**

   Managers use a three-step process to make sense of external environments: environmental scanning, interpreting information and acting on it. Managers scan their environments based on their organisational strategies, their need for up-to-date information and their need to reduce uncertainty.

   When managers identify environmental events as threats, they take steps to protect the company from harm. When managers identify environmental events as opportunities, they formulate alternatives for taking advantage of them to improve company performance. Using cognitive maps can help managers visually summarise the relationships between environmental factors and the actions they might take to deal with them.

5. **Explain how organisational cultures are created and how they can help companies be successful.**

   Organisational culture is the set of key values, beliefs and attitudes shared by organisational members. Organisational cultures are often created by company founders and then sustained through the telling of organisational stories and the celebration of organisational heroes. Adaptable cultures that promote employee involvement, make clear the organisation's strategic purpose and direction, and actively define and teach organisational values and beliefs can help companies achieve higher sales growth, return on assets, profits, quality and employee satisfaction. Organisational cultures exist on three levels: the surface level, where cultural artefacts and behaviours can be observed; just below the surface, where values and beliefs are expressed; and deep below the surface, where unconsciously held assumptions and beliefs exist. Managers can begin to change company cultures by focusing on the top two levels and by using behavioural substitution and behavioural addition, changing visible artefacts, and selecting job applicants with values and beliefs consistent with the desired company culture.

Terms

External environments	Environmental change	Stable environments
Dynamic environments	Punctuated equilibrium theory	Environmental complexity
Simple environments	Complex environments	Resource scarcity
Uncertainty	General environment	Specific environment
Business confidence indices	Technology	Competitors
Competitive analysis	Suppliers	Supplier dependence
Buyer dependence	Opportunistic behaviour	Relationship behaviour
Industry regulation	Advocacy groups	Public communications
Media advocacy	Product boycott	Environmental scanning
Cognitive maps	Internal environment	Organisational culture
Organisational stories	Organisational heroes	Company vision
Consistent organisational cultures	Behavioural addition	Behavioural substitution
Visible artefacts		

Lesson plans

Lesson plan for lectures

Pre-class prep for you:	Pre-class prep for your students:
• Review chapter and determine what points to cover. • Bring PPT slides.	• Bring book.

Warm up	Begin Chapter 3 by asking students: • How would you describe the business environment?' (If you have a board, begin to write their ideas on it so that a composite picture can be derived.) Depending on their responses, you may need to rephrase the question, some examples are: • 'What does a manager need to think about when doing business?' • 'What forces determine how a company conducts its business?'
Content delivery	Lecture slides: Make note of where you stop so you can pick up at the next class meeting. Some slides have teaching notes on them to help you as you lecture.

Topics	PowerPoint slides	Activities
External environments • Changing environments • Environmental change • Environmental complexity • Resource scarcity • Environmental uncertainty	• External environments • Changing environments • Changing environments: CSL and H1N1 vaccine • Changing environments • Environmental complexity • Resource scarcity.	

	General environment • Economy • Technological component • Socio-cultural component • Political/legal component	• External environment • Components of the general environment • Economy • Technological component • Socio-cultural component • Political/legal component	
	Specific environment • Customer component • Competitor component • Supplier component • Industry regulation component • Advocacy groups	• Specific environment • Customer component • Competitor component • Supplier component • Industry regulation component • Advocacy groups	Have students discuss how each component of the specific environment might affect Hungry Jacks. Then select companies in different industries and have students repeat the exercise. This will give them an idea of the variability of specific environments.
	Making sense of changing environments • Environmental scanning • Interpreting environmental factors • Acting on threats and opportunities	• Making sense of the environment	Explain the three-step process of 'making sense of changing environments'.

	Organisational cultures: creation, success and change • Creation and maintenance of organisational cultures • Successful organisational cultures • Changing organisational cultures	• The internal environment. • Creation and maintenance of organisational cultures • Successful organisational cultures • Changing organisational cultures	Define organisational cultures. Ask students to describe the culture of their current workplace (or any place they have worked).
	Adjust lecture to include the activities in the right column. Some activities should be done before introducing the concept, some after.		
Conclusion and Preview	Assignments: **1.** Tell students to be ready at the next class to answer questions regarding the Management Decision 'Environmental Roller Coaster', located on the CourseMate website. **2.** If you have finished covering Chapter 3, assign students to review Chapter 3 and read the next chapter on your syllabus. Remind students about any upcoming events.		

Lesson plan for tutorials

Pre-class prep for you:	Pre-class prep for your students:
• Review material to cover and modify the lesson plan to meet your needs. • Set up the classroom so that small groups of 4–5 students can sit together.	• Bring book.

Warm up	Begin Chapter 3 by asking students: • How would you describe the business environment?' (If you have a board begin to write their ideas on it so that a composite picture can be derived.) Depending on their responses, you may need to rephrase the question, some examples are: • 'What does a manager need to think about when doing business?' • 'What forces determine how a company conducts its business?'
Content delivery	Lecture on 'Changing environments' (LO1) Break for group activity: **Changing environments** • Divide the class into small groups of 4 to 5 students. • Have each group propose one to two industries that operate in each of the following environments: stable, dynamic, simple and complex. Students will need to justify their choices. • Have groups share their ideas with the whole class. Keep in mind that students may be way off base. The important thing is to push them to think about what makes an environment stable, dynamic, simple or complex. They will probably be able to identify numerous examples of 'dynamic' but may struggle with the others. • Before lecturing on the next section, refer to the composite of the business environment that students built at the beginning of the class session. Use it to segue into your lecture on General environment and specific environment (LO2 and LO3) • Break for the following activity:

General and specific environment

- Put the class back into small groups. Ask if any have ever worked at an amusement park. Ask students how uncertain they think the amusement industry is.

- Give students three minutes to read the Management decision 'Environmental roller coaster', located on the CourseMate website.

- Tell students to concentrate on question 2 with an eye toward question 3. They will need to identify the environmental factors that most influence the amusement industry and how.

- Create an overall picture of the amusement park industry by writing groups' results on the board. Then, as a class, answer question 3, or 'How uncertain is the amusement park industry?' When students propose answers, make sure they explain their reasoning.

- Ask students, 'How can managers manage in the face of ever-changing external environments?'

- Lecture on 'Making sense of changing environments' (LO4)

- Break for the following activity:

'Crisis management'

Divide the class into even-numbered groups of students. Further divide each group evenly in to two subgroups: managers and reporters. Give students at most three minutes to review the Develop your career potential exercise 'Dealing with the press', which can be found on the CourseMate website. When the three minutes is up, have the reporters begin quizzing the mangers using the questions in the exercise. When the exercise is over, ask students if they can think of some general guidelines to follow when dealing with the press. Further teaching notes for this exercise are below.

Segue into presenting the content on 'Internal environments' (LO5)

Conclusion and preview	Assignments:
	1. Have students work as individuals or as groups to complete the Management team decision 'Dog day blues' about the effects of change on corporate cultures. You can also ask students to identify ways that the external environment will potentially affect the culture of the company in the case, Computer Co.
	2. If you have finished covering Chapter 3, assign students to review Chapter 3 and read the next chapter on your syllabus.
	Remind students about any upcoming events.

Additional activity

Out-of-class activity: 'Environmental scanning'. Have students research the most recent annual report of a well-known company and list all the factors in the external environment that have affected the company. Students should focus on both the general and specific environments. Inform students that most companies post their annual reports online in the 'investor relations' section of their web pages. Require either a few paragraphs explaining what they found or an oral summary a few-sentences long at the beginning of the next class session.

Workplace management video assignment

Management workplace videos can support several in-class uses. In most cases you can build an entire 50-minute class around them. Alternatively, they can provide a springboard into a group lesson plan. Students can access these videos via their CourseMate access card.

Video: Camp Bow Wow

The environment and corporate culture

Summary

In 10 years, Camp Bow Wow has grown from a single kennel in Denver, Colorado to a $40-million-dollar business, with more than 150 locations. The transition from a small family business to a national chain, however, required a shift from a family-based culture to a business- and performance-based culture. A key element of of Camp Bow Wow's culture is the staff's deep emotional connection with animals. The connection is immediately apparent at corporate headquarters, where offices are bustling with employees and pets alike. According to founder Heidi Ganahal, 'What we do is focus on what's important to us, and that's the animals'.

Discussion questions

1. **What aspects of Camp Bow Wow's corporate culture reflect the surface level of the organisational culture? What aspects reflect the values and beliefs? What aspects reflect the unconsciously held assumptions and beliefs?**

   Visible aspects of Camp Bow Wow's culture include the company logo, the presence of dogs in workspaces, the dress code, the camp imagery and Heidi Ganahl's life story, which is told and retold during franchisee meetings. Founder Heidi Ganahl says that one of the unique things about working at Camp Bow Wow's corporate headquarters is that 'you get to bring your dog to work with you every day'. Employees keep baby gates at offices to hold dogs and the company encourages regular dog-walking breaks. According to Heidi Ganahl, having pets at work keeps everyone focused on the company mission and what's best for the brand.

   Invisible aspects of Camp Bow Wow's culture include values such as overcoming adversity to achieve success – a core value communicated through Heidi Ganahl's life story. Another invisible value embraced at Camp Bow Wow is the idea of providing a humanitarian service to dogs and dog lovers. This invisible value has led to the creation of the Bow Wow Buddies Foundation, a non-profit division of Heidi Ganahl's company

that finds homes for unwanted pets, invests in animal disease-prevention research and promotes humane treatment of animals.

2. Why did Camp Bow Wow have to change its culture when it became a national franchise?

Camp Bow Wow's early family-business culture was useful in the start-up phase of Camp Bow Wow's growth. However, founder Heidi Ganahl says her company required a different culture once it became a national franchise. In particular, Ganahl says the focus had to shift from a family-based culture to a business-and-performance-oriented culture. She states that the big challenge for any franchise is to get hundreds of franchisees on the same page and committed to one vision and one way of achieving goals. Ganahl says this requires a strong culture that 'doesn't allow for people to colour outside of the lines, yet taps into their creativity and innovation'.

3. What impact does Heidi Ganahl's personal story have on employees at Camp Bow Wow?

The story of Heidi Ganahl is famous at all levels of the Camp Bow Wow organisation. Consumers and franchisees that come in contact with Camp Bow Wow learn about the company by hearing the details of her story. Boulder franchisee Sue Ryan says that Ganahl's story is inspiring to her because it deals with perseverance through tough times. Ryan adds that while business owners don't experience Ganahl's specific tragedy, they do understand adversity. Finally, the story offers a personal connection between employees and the founder. According to Ganahl, the takeaway from her story is that people inevitably face challenges in life and business, but our response to adversity determines whether we will be successful or unsuccessful.

Media quiz: questions and solutions

Students can access the media quizzes via the CourseMate premium website.

Video segment 1

Video segment Title: Environment and culture of organisations
Start time (in sec): 0:00
Stop time (in sec): 1:50

1. Heidi Ganahl's personal example of triumph over tragedy can be expected to have a strong influence on Camp Bow Wow's:
    a. organisational control.
    b. organisational culture.
    c. organisational diversity.
    d. organisation chart.

    Correct answer: b
    Feedback: Organisational stories like Heidi Ganahl's help emphasise culturally consistent assumptions, decisions and actions.

2. Which part of Camp Bow Wow's organisational environment is likely to be affected and shaped by the inspirational biography of founder Heidi Ganahl?
    a. General environment
    b. Specific (task) environment
    c. Internal environment
    d. Natural environment

    Correct answer: c
    Feedback: The internal environment consists of the trends and events within an organisation that affect the organisational culture.

3. Heidi Ganahl's account of how she founded Camp Bow Wow through great adversity is a:
    a. slogan.
    b. story.
    c. hero.
    d. ceremony.

    Correct answer: b
    Feedback: Organisational stories like Heidi Ganahl's help emphasise culturally consistent assumptions, decisions and actions.

Video segment 2

Video segment Title: Environment and culture of organisations
Start time (in sec): 1:50
Stop time (in sec): 4:03

1. Logos, shirts, branded signage and websites that help shape people's perceptions of Camp Bow Wow are known as:
   a. ceremonies.
   b. visible artefacts.
   c. stories.
   d. values.

   Correct answer: b
   Feedback: Visible artefacts are visible signs of an organisation's culture.

2. Camp Bow Wow's organisational culture will strongly promote business success if:
   a. franchisees like Sue Ryan are free to establish a culture counter to the one established by Camp Bow Wow corporate headquarters.
   b. it possesses a caring family-like atmosphere.
   c. it has a strategic purpose.
   d. founder Heidi Ganahl is viewed as a hero.

   Correct answer: c
   Feedback: A key factor in a successful organisational culture is that it has a clear mission.

3. According Ganahl, Camp Bow Wow requires a strong and consistent corporate culture to keep all local franchise owners 'on the same page' and following a common template for the business and brand. This culture could become detrimental over time because:
   a. strong consistent cultures are inflexible and incapable of adapting to environmental change.
   b. strong consistent cultures are too flexible and capable of adapting to environmental change.
   c. strong consistent cultures don't perform well in any environment.
   d. the passing of time provides stability and predictability for businesses.

   Correct answer: a
   Feedback: A strong culture doesn't guarantee success because it makes change very difficult.

Video segment 3

Video segment Title: Environment and culture of organisations
Start time (in sec): 4:03
Stop time (in sec): 5:13

1. At Camp Bow Wow, all employees, franchisees and recruits learn the inspirational story of how Heidi Ganahl founded the doggie day care company. This is important because the:

    a. story helps convey Camp Bow Wow's shared values, attitudes, beliefs and mission.
    b. story helps individuals relieve stress.
    c. story reduces absenteeism.
    d. story reduces uncertainty in the external environment.

    Correct answer: a

    Feedback: Organisational stories like Heidi Ganahl's help emphasise culturally consistent assumptions, decisions and actions.

2. Heidi Ganahl says Camp Bow Wow promotes a 'we-can-conquer-all' work attitude that helps individuals overcome challenges. This attitude is especially useful for businesses that exist within:

    a. a task environment.
    b. a general environment.
    c. complex environments.
    d. stable, simple organisational environments.

    Correct answer: c

    Feedback: Complex environments have many environmental factors that make many challenges and complications to an organisation.

3. According to leaders at Camp Bow Wow, Heidi Ganahl's life story helps to _____ individuals throughout the organisation.

    a. promote
    b. reward
    c. coerce
    d. motivate

    Correct answer: d

    Feedback: Organisational stories like Heidi Ganahl's help emphasise culturally consistent assumptions, decisions and actions.

Assignments and activities

Management team decision

Student exercise

Dog day blues

One of the reasons you accepted a management position at Comchip Co several years ago was the company's laid-back culture. A loose organisational structure enables employees to move freely between projects and the open office space encourages informal encounters and generates a feeling of teamwork. Among the very generous corporate perks is a policy allowing employees to bring their pets to work. It is not uncommon to see a small animal sitting in an employee's in-box drinking from a hamster lick. Several employees bring their dogs, large and small, to the office.

As the company has grown, thanks in part to its informal culture, more and more people are taking advantage of the pet policy and problems are arising. Food is swiped from desks, animals are rooting through trash bins and dogs are marking territory on the partitions that surround their owners' desks. Visiting customers often try to mask startled (at best) or disapproving (at worst) looks when they tour your facility for the first time – and even the second and third times. During a recent breakfast meeting, when a board member refused to share her bagel with the CFO's dog, the dog relieved itself on her briefcase. At least one employee has complained of allergic reactions due to the high levels of pet dander in the office air, but rather than change the policy, you installed a high-power air cleaner.

Despite the challenges, you have resisted changing the pet policy because it symbolises both the company's relaxed culture and Comchip's commitment to its employees' work–life balance. This afternoon, however, you were notified by Worksafe that your office does not meet the occupational health and safety (OHS) required standards for indoor air quality. Apparently, the cleaner you installed can't handle all the pet dander. To meet the standards, you'll need an even more powerful air cleaner that costs between $100 000 and $200 000. That would be a significant investment in the pet policy! Is the policy worth the cost given it is unknown if it would solve the allergy problem?

In 2003, only 5000 offices participated in 'bring your pet to work day', but the number doubled the very next year. Companies bigger than Comchip Co have figured out how to make pet policies work: IAMS Pet Food and Netscape, to name two. A quarter of Burton Snowboards' 230 employees bring their dogs to work every day. Anecdotal evidence from those companies indicates that pets can spur creativity and lower occupational stress. You ask yourself, 'How committed am I to the pet policy?' Is the pet policy just trendy (or avant-garde), or does it say something deeper about your company?

For this Management team decision, assemble three or four students to act as the management team for Comchip Co. Include both pet owners and people without pets to avoid any bias. Before you begin the exercise, have each team member privately write down answers to each of the following questions. By sharing your individual responses, you may be able to have a more varied and rounded discussion.

Questions

1. Do you buy the expensive air cleaner or eliminate the pet policy? Why or why not?
2. If you choose to stop allowing animals at the office, what effect, if any, do you think the challenge will have on the company's culture?
3. Can you think of a way to allow people to bring pets to work without upgrading the air cleaner or running afoul of Worksafe (OHS) laws?

Instructor notes

Dog day blues

Purpose

The purpose of this exercise is for students to assess the importance of certain policies to an organisational culture and to weigh the effects of changing policies that account for the unique character of that organisational culture. This exercise also pushes them to consider how external issues (socio-cultural, demographic) affect the internal environment of the firm.

Setting it up

As a warm-up, you may wish to ask how students would feel about working in an office where employees were allowed to bring pets. If you didn't assign the case as homework, give students five minutes to read it over before beginning the exercise. Since it is early in the semester, let the students hammer out a decision on their own. As the semester progresses, however, have them experiment with the different group decision-making techniques presented in Chapter 4.

Depending on the time you can dedicate to the exercise, you may consider the following set-up. First divide the class into teams of four to six members. Assign each group of students a perspective (for pets or against pets) and have them discuss the reasons in support of that perspective. For example, a group of 'for pets' would only discuss reasons to keep the pet policy. Make sure that the groups alternate around the room. That is, try not to put two groups of 'for pets' next to each other. This will be important for the second part of the exercise. Give students roughly 5 minutes to come to some conclusions and develop some moderately sound arguments in support of their perspective. Then, have half the members of each 'for pets' group turn their chairs to make a group with half the members of an 'against pets' group. Since the 'for' and 'against' groups alternate around the room, you should be able to assemble mixed groups by having students adjust the angle of their seats (or simply turning in their seats to face a new set of students). Now have the mixed groups debate the issue of the pet policy and come to agreement on the questions below. Remind students that they need not hold to their assigned perspective even if the arguments from other members are convincing enough to make them change their minds.

Questions and answers

1. **Do you buy the expensive air cleaner or eliminate the pet policy? Why or why not?**

   Reasons to buy the air cleaner (and keep the pet policy) could include: increased employee satisfaction, for employees who use the policy, which often translates to

increases in customer satisfaction; roughly 75 per cent of companies with pet policies think the practice of bringing pets to work leads to a more creative work environment; having pets around leads to a more relaxed work environment.

Reasons to eliminate the pet policy could include: growth of a company will make it extremely difficult to manage everyone's interests; pet policies are okay for dogs and cats, but as the company grows, chances of an employee wanting to bring in a more 'controversial' pet – like a ferret, rat or snake – increase greatly; there are enough challenges with humans getting along in the workplace that it seems foolhardy to complicate matters further by adding pets.

2. **If you choose to stop allowing animals at the office, what effect, if any, do you think the change will have on the company's culture?**

Although individual shop proprietors have long taken their pets to work (think of how many store cats, birds and dogs you've seen around), pet policies are generally a product of the informal business culture characterised by the dot com boom of the late 20th century. In order to distance themselves from rigid hierarchies that defined much of the corporate world, upstart technology companies tended to liberalise everything from work dress codes to executive perks. One pronounced differentiating factor was pet policies. Companies like Amazon, Apple and Netscape all had pet policies that allowed employees to bring their pets to work. At Amazon, success caused it to ultimately scale back its pet policy; when it needed to lease larger, more business-appropriate office space, the landlord had restrictions against pets. Other companies – like Netscape, Burton Snowboards and IAMS pet food – have maintained their pet-friendly policies and feel better for it.

Some students will feel that abandoning the pet policy will signal the death of the fun work culture at the company in the case, but companies like Apple have put an end to pet policies without sacrificing the casual atmosphere and creative work environment that the pet policies exemplified. Other students will argue the opposite: that people are responsible for creating the culture through organisational stories and heroes, and that in the end, the culture is about the people, not their pets.

3. **Can you think of a way to allow people to bring pets to work without upgrading the air cleaner or running afoul of occupational health and safety regulations?**

Most companies with pet policies attempt to satisfy employee constituents on both sides of the debate. Some have animal-free zones to satisfy the needs of employees with pet (and other) allergies. At other companies, employees use baby-gates to cordon off pet areas. An advertising agency in the USA has built a fence around three historic homes that comprise its campus so that employee dogs can play freely outdoors. Another

possibility would be to dedicate a pet-care space to the building, much like corporate childcare centres. That way, employees' animals wouldn't be alone during the day, owners could visit with pets during the day, but the troublesome aspects of having pets wander freely through company office space would be eliminated.

Practice being a manager

Student exercise

Navigating different organisational cultures

Effective managers recognise that organisational culture is an important, often critical element of organisational health and performance. But recognising and understanding culture, especially its less visible aspects, is often quite challenging. This exercise will give you some practice in recognising cultural differences and the challenges and opportunities that managers face as they work with diverse cultures.

Suppose that major music recording company Sony BMG has announced plans to hire several university students to form a team that will invest in the 'next big things in music'. The selected students will be paid $50 000 per year for working part-time. Sony BMG will also allocate up to $10 million for hiring artists, producing records etc. based on the team's recommendations.

The new team has been dubbed the Top Wave Team (TWT). If TWT's recommendations are fruitful, the company will sign each member of the team to $150 000 full-time contracts. The company also plans to keep the team together and to give members bonuses and promotions based on their group performance.

Your class has been chosen as the representative university class. The music company is now asking you to form affinity groups by musical preferences in your class (for example, a Country Music group, an Urban/Hip-Hop group). Each group will nominate one of its members to receive the first $50 000 internship as a TWT team member at Sony BMG. The new TWT group will meet and discuss initial plans and investment recommendations and then your class will discuss the process and outcomes.

Step 1: Choose your musical affinity. In the class session before this exercise, your lecturer/tutor will ask you to submit a survey form or sheet of paper with your name and your preferred musical genre/identity.

Identify yourself with one of the following musical genres based on (a) preference/affinity ('I prefer this music') and (b) knowledge/understanding ('Of all types of music, I know the most about _____ music/musicians'):

1. Rock
2. Country
3. Religious/Spiritual
4. Urban/Hip-Hop
5. Rap
6. Jazz/R&B
7. Pop/Mainstream

8. Classical
9. Folk/Bluegrass

Your lecturer/tutor will review your submitted preferences and organise affinity groups for the next class session.

Step 2: Organise into groups. Your lecturer/tutor will organise you by musical affinity. If your class is heavily concentrated in one or a few of the musical genres, you may be asked to further divide into smaller groups by sub-categories (such as 'Rock – heavy metal' and 'Rock – pop').

Step 3: Prepare your recommendations. In groups, discuss what is important about your type of music and what investments should be made by the TWT team. Keep in mind that the investments made by the TWT team could have a big impact on the future of your favourite music. Recommend a dollar amount or percentage of the $10 million that your representative ought to secure for investment in your genre.

Each group should then select one of its members to receive the internship from Sony BMG and represent the group on the TWT team.

Step 4: Discuss recommendations before the class. Nominees from the musical affinity groups should discuss their recommendations before the class. Those not on the TWT should observe the process and take notes on what happens in this meeting.

Step 5: Hold the team meeting. Your lecturer/tutor will allocate a short time for the initial meeting of the TWT. It may occur before or during the class meeting**.** After the TWT reaches agreement on how it might allocate its investments by genre (or by some alternative approach), reaches impasse or reaches the time limit, your professor will call an end to the TWT meeting.

Step 6: Debrief and discuss. As a class, discuss the process and outcomes of this exercise. Consider the following questions and/or others posed by your lecturer/tutor.

- Did you sense a cultural affinity with others who shared your musical tastes? Why/why not?
- What expectations might be associated with choosing someone to 'represent' a group on a team such as the TWT?
- What tensions and challenges might face each member of the TWT in a real-life setting of serving on a group that represents various cultures?

Instructor notes

Navigating different organisational cultures

Purpose

This exercise gives students some practice in recognising cultural differences through a familiar lens, that of musical genres. Your class has been chosen as a 'representative' university class, and executives at music company Sony BMG are interested in hiring students as interns who work with the company to identify and invest in the most promising up-and-coming talent in various genres. These interns will serve on the 'Top Wave Team (TWT)'. In this exercise students will be grouped by their primary musical affinity. The objective of the exercise is for students to explore the cultures that surround their particular genre, as well as to consider the opportunities and challenges of managing across cultural differences.

Setting it up

You should survey your class at least two sessions prior to the session in which you plan to conduct the exercise. You may use the form below for this survey (see Step 1):

Musical preferences survey

Your name: _____

Class/time: _____

Identify yourself with one of the following musical genres based on:

A preference/affinity (i.e. 'This is my favourite type of music')

B knowledge/understanding (i.e. 'of all types of music, I know the most about this type of music'):

___ (a) Rock   ___ (e) Rap
___ (b) Country   ___ (f) Jazz/R&B
___ (c) Religious/Spiritual   ___ (g) Pop/Mainstream
___ (d) Urban/Hip-Hop   ___ (h) Classical

Other: _____ (please identify)

Examine the results of the survey, sorting student responses by genre. The exercise will work best if you have at least three or four groups with significant representation. If your students are heavily represented in only one or two genres, it will be best to conduct a follow-up survey by 'sub-genres' (i.e. sub categories of preference within Urban/Hip-Hop). To develop a sub-genre survey form, enlist a few student volunteers who seem particularly interested in and savvy about music.

An alternative approach to a follow up survey is to simply ask the largest group(s) to sort themselves into sub-categories prior to running the exercise. Although the aim is to sort into three or four major groups, avoid 'forcing' this result. The key in this exercise is to take advantage of naturally occurring musical cultures/sub-cultures.

In-class use

Encourage students to tackle the exercise as representatives of their favourite musical genre. They are the ones who must argue for the future of the genre. This is also a rare opportunity to speak directly to the 'movers and shakers' in a major music company. The exercise will be more productive, and more fun, to the extent that students 'take up the cause' for their musical 'tribe'.

Debrief by discussing these questions, which also appear in Step 6:

- Did you sense some cultural affinity with others who shared your musical tastes? Why, or why not?
- What expectations might be associated with choosing someone to 'represent' a group on a team such as the TWT?
- What tensions and challenges might face each member of the TWO in a real-life setting of serving on a group that represents various cultures?

You might close the debriefing session with a summation discussion of the opportunities and challenges posed by working across cultural differences. Recognise that students in your class may vary in their commitments to a particular musical culture from 'passionate groupie' to 'casual listener'. But within each of us we find some aspects of our identity that are rooted in cultures and sub-cultures. Drawing upon this diversity, while at the same time coordinating effectively across differences, is a major management challenge.

Additional assignments and activities

Out-of-class project: 'organisational culture'. Divide the class into small groups. Have each group collect stories about the founders of large businesses, such as McDonald's, Starbucks, BHP, Myers or Air Asia. Have these groups write a paper or make a presentation focusing on who these founders are, what 'vision' they created and how they may still influence the current culture of the organisation. Alternately, assign this to individual students.

Out-of-class project: 'competitive analysis'. Divide the class into groups of four to five students. Assign each group to represent one of the following companies: IBM, Coca-Cola, Microsoft, Holden (Proton or Toyota), Procter and Gamble, Nike, McDonald's, Coles, Qantas (Dragon Air or Air Asia) or General Electric. Have each group do a thorough analysis of the company's top three or four competitors, including: the competitors' strengths and weaknesses, key financial information (total sales, gross profit and net income), target markets (both geographic and demographic) and key product lines.

In-class activity: 'environmental scanning'. Divide the class into small groups (no more than two to three students). Give each group a recent annual report of a well-known company and have them list all the factors in the external environment that have affected the company. Students should focus on both the general and specific environments. (If the classroom has computers, have students download or read the annual reports on-line.) Have groups discuss what they've found.

Advocacy groups. Go to the website of PETA (People for the Ethical Treatment of Animals), www.peta.org. Answer the following questions:

1. What are PETA's goals?
2. What types of companies might PETA affect politically?
3. Do you believe in PETA's actions? Why or why not?
4. How far should advocacy groups go in promoting their causes?
5. How should business organisations react to these groups?

Political environment. Go to the website of the Australian Competition and Consumer Commission (ACCC) http://www.accc.gov.au/. What are the goals of the ACCC? How does the ACcc protect consumers? How does it regulate trade? Describe at least one current court case in which the ACCC is involved. How would the ACCC affect you if you ran a telemarketing company? a tobacco company?

Video activities

Title: Leadership and Management | Part 4 of 4:The Iceberg of Organizational Culture.

Location: https://www.youtube.com/watch?v=cjziCs-R2S4

Concept: Organisational culture.

Clip description: This clip provides a detailed explanation organisational culture.

Question for discussion: Provide examples for the seen (surface level), heard (expressed values and beliefs), and believed (unconscious assumptions and beliefs) levels of organisational culture of your university.

Title: External environment: principles of management.

Location: http://www.youtube.com/watch?v=HmEIC0tWqBs

Concept: General and specific environment.

Clip description: An overview of implications of the General and Specific environments for managers.

Question for discussion: As a manager, how would you address a threat in the Specific Environment?

Title: Ability to adapt to a changing environment.

Location: http://www.youtube.com/watch?v=dzJ4eZbhzKk

Concept: Changing environments.

Clip description: A discussion of the necessity for organisations to adapt with their environment.

Question for discussion: Identify and discuss five major examples of environmental change that have occurred recently.

Title: Start with why -- how great leaders inspire action | Simon Sinek | TEDxPugetSound.

Location: https://www.youtube.com/watch?v=u4ZoJKF_VuA

Concept: Organisational heroes.

Clip description: A discussion relating to organisational leaders and heroes.

Question for discussion: Identify three well-known organisational heroes and discuss how these leaders inspired action.

Title: Jay Wilkinson— company culture.

Location: http://www.youtube.com/watch?v=WDFqEGI4QJ4

Concept: Organisational culture.

Clip description: A first-person talk about organisational culture. Most relevant: 6:08–16:18.

Question for discussion: As a manager, how might you address a high-performer with low values?

Review questions

1. **Describe the three basic characteristics of changing external environments.**

   The three basic characteristics of changing external environments are environmental change, complexity and munificence.
   - Environmental change: the rate at which a company's general and specific environments change. If the environment is stable, this means that the rate of change is slow; if the environment is dynamic, this means that the rate of change is fast.
   - Environmental complexity: the number of external factors in the environment that affect organisations. Complex environments have many environmental factors; simple environments have few.
   - Resource scarcity: the degree to which an organisation's external environment has an abundance or scarcity of critical organisational resources.

2. **How do the characteristics of changing environments affect uncertainty?**

   Environmental change, environmental complexity and resource scarcity affect environmental uncertainty, which is how well managers can understand or predict the external changes and trends affecting their businesses. Environmental uncertainty is lowest when environmental change and environmental complexity are at low levels and resource scarcity is small (i.e. resources are plentiful). In these environments, managers feel confident that they can understand, predict and react to the external forces that affect their businesses. By contrast, environmental uncertainty is highest when environmental change and complexity are extensive and resource scarcity is a problem. In these environments, managers may not be at all confident that they can understand, predict and handle the external forces affecting their businesses.

3. **What is the difference between the general and specific business environments?**

   The general environment is the economic, technological, socio-cultural and political trends that indirectly affect all organisations. The specific environment includes the customer, competitor, supplier, industry regulation and public pressure group trends that are unique to an industry and which directly affect how a company does business. All companies participate in the same general environment, but each company's specific environment is distinct, based on its business and industry.

4. **List the components of the general environment.**

   The general environment consists of economic, technological, socio-cultural and political/legal events and trends that affect all organisations. Because the economy

influences basic business decisions, managers often use economic statistics and business confidence indices to predict future economic activity. Changes in technology, which is used to transform inputs into outputs, can be a benefit or a threat to a business. Socio-cultural trends, like changing demographic characteristics, affect how companies run their businesses. Similarly, socio-cultural changes in behaviour, attitudes and beliefs affect the demand for a business's products and services. Court decisions and new laws have imposed much greater political/legal responsibilities on companies.

5. **How do the elements of the specific business environment affect businesses?**

   Each organisation also has a specific environment that is unique to that firm's industry and directly affects the way it conducts day-to-day business. The specific environment of any company can be divided into five sectors:
   - Customers: influence the products and services a company offers, the prices charged for those offerings, the company's reputation and the sales generated by business operations.
   - Competitors: also influence the products and services a company offers and the prices charged for those offerings. Competitors also influence how a company conducts business in a certain market segment, the company's location and the overall strategy a company pursues (attack or avoid competitors).
   - Suppliers: influence the cost of the products and services a company offers and therefore affect the profitability of the firm. Suppliers (who they are and what they can provide) also affect the types of products that a company is able to put on the market.
   - Industry regulation: has the potential to influence nearly every aspect of a company's operations. For example, a caterer would need to comply with all the health codes and liquor laws that govern its industry.
   - Advocacy groups: affect businesses through boycotts (or support). For example, advocacy groups were ultimately responsible for the US company Home Depot changing its policy of buying timber harvested from old-growth forests.

6. **Describe the three-step process that managers use to make sense of their changing environments.**

   - Environmental scanning: managers search the environment for important events or issues that might affect an organisation. This allows managers to stay up-to-date on important industry factors and to reduce uncertainty.
   - Interpreting environmental factors: managers determine what these environmental events and issues mean to the organisation. These events could present either threats to or opportunities for the organisation.

- Acting on threats and opportunities: managers can protect themselves against competition or capture strategic opportunities.

7. How are organisational cultures created and maintained?

An organisational culture is the set of key values, beliefs and attitudes shared by organisational members. Founders of organisations are the primary drivers of organisational culture. However, when they are gone, organisational heroes sustain their values, attitudes and beliefs. Organisational heroes are people admired throughout the organisation for their qualities and achievements. Their activities provide the basis for organisational stories, which help employees make sense of organisational events and changes.

8. What are the characteristics of successful organisational cultures?

Organisational cultures create a successful internal environment by binding all employees together in a 'we're-in-this-together' attitude. When employee attitudes are congruous with the culture, they are happy and motivated to work hard for the organisation because they believe in what they're doing. Preliminary research shows that organisational culture is related to organisational success. Cultures based on adaptability, involvement, a clear vision and consistency can help companies achieve higher sales growth, return on assets, profits, quality and employee satisfaction. Adaptability is the ability to notice and respond to changes in the organisation's environment. Involvement is the degree to which employees participate in decision making. (Higher involvement leads to a greater sense of ownership and responsibility among employees.) A clear vision provides a direction for organisational activities and consistency involves actively defining and teaching organisational values, beliefs and attitudes throughout the company.

9. Identify the three levels of organisational culture and give examples of each.

Three levels of organisational culture are:
1. The surface: where reflections of culture can be heard, seen or otherwise observed (examples of such artefacts include dress codes, office layouts and specific employee behaviours)
2. Just below the surface: where values, beliefs and attitudes are expressed by people (such values and beliefs can be understood by observing what people say and decision-making processes)
3. Far below the surface: where unconsciously held assumptions and beliefs lie. Those are the unwritten views and rules of the organisation that constitute its core principles and values.

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10. How can managers change organisational cultures?

Managers can successfully change the surface levels of culture by motivating different behaviour. The underlying elements (far below the surface) are difficult to identify and change. Managers can change culture through behavioural addition or behavioural substitution. In behavioural addition, employees are motivated to perform a new behaviour in addition to already accepted ones. In behavioural substitution, employees perform a new behaviour in place of another.