

# **Lecture 3**

**Principles of Management**

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# Key Terms:

- Environment بيئة
- External خارجية
- General عام
- Dimension بعد
- Uncertainty حالة عدم الاستقرار
- Techniques طرق
- Symbols رموز
- Boundary حدود
- Forecast التوقع
- Revenues إيرادات
- Expenses نفقات

- Merger دمج

- Shortage نقص

- Surplus فائض

- Wages أجور/رواتب

- Decentralised لامركزية

# Lecture Objectives:

- Describe the general and task environment and the dimensions of each.

وصف البيئة العامة والبيئة المباشرة/الخاصة بجوانبهن المختلفة.

- Explain how organizations adapt to an uncertain environment.

شرح كيفية تأقلم المنظمات ببيئة غير مستقرة.

- Define corporate culture and give organizational examples.

عرف الثقافة التنظيمية واعطي امثلة عملية.

- Explain organizational symbols, stories, heroes, slogans, and ceremonies and how they relate to corporate culture.

اشرح كيف ترتبط الرموز، القصص، الشعارات، والمراسم، بمفهوم الثقافة التنظيمية.

- Define a symbolic leader and explain the tools a symbolic leader uses to change corporate culture.

عرف "القائد الرمزي" و اشرح الأدوات التي يستعملها في تغيير الثقافة التنظيمية.

# First....what is the external environment?

ماهي البيئة الخارجية؟

- Everything outside the organization's borders that can potentially effect the company.

تتضمن أي شيء خارج حدود المنظمة ذو تأثير على المنظمة.

- The external environment has **two layers**.

البيئة الخارجية تتكون من "طبقتان" رئيسية.

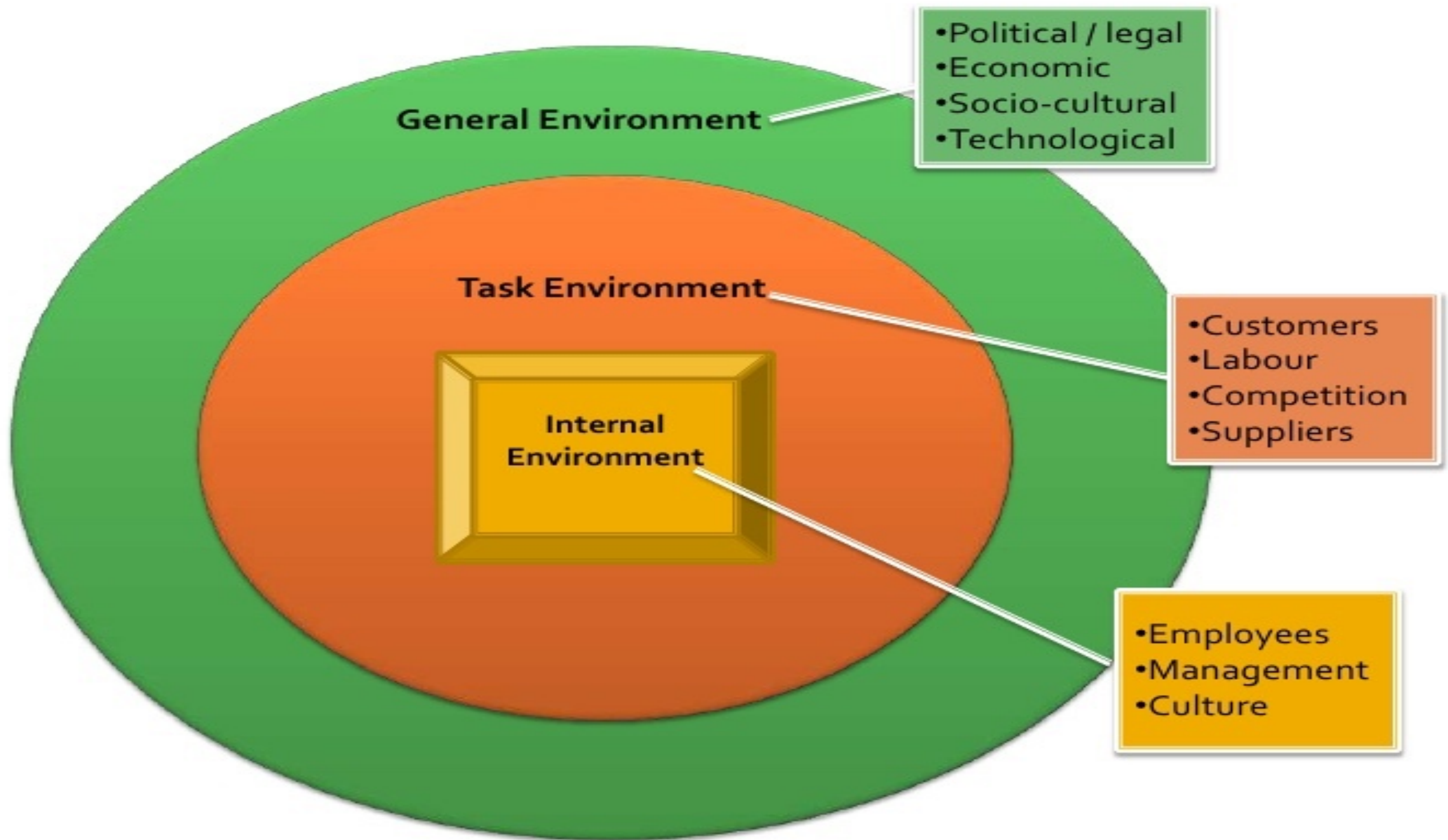
# Two Layers: The General and Task Environment

- **The general environment** (macro-environment): is the layer of the external environment that affects the organization *indirectly*.

البيئة العامة هي الطبقة من البيئة الخارجية التي تؤثر على عمليات واداء المنظمة **بشكل غير مباشر**.

- **The task environment** (micro-environment **البيئة الجزئية**): the layer of the external environment that **directly** influences the organization's operations and performance.

طبقة من البيئة الخارجية تؤثر **بشكل مباشر** على عمليات وأداء الشركة.





# The General Environment

# البيئة العامة

- Changes in the general environment may not instantly change the daily operations of a company, but they will effect it in the *long-term*.

التغيرات التي تحدث في البيئة العامة قد لا تؤثر بشكل فوري على عمليات الشركة اليومية، ولكنها ستؤثر على المدى الاطول.

# Dimensions of the General Environment (PEST)

ابعاد البيئة العامة

- **P**olitical dimension: political system, new regulations, tax laws etc.
- **E**conomic dimension: the condition of the economy (what is the inflation rate? Are there import/export restrictions?)
- **S**ocial dimension: values, norms, customs, demographics.
- **T**echnological dimension: technological innovations in the industry.  
Changing by the minute.

# Task environment

## البيئة الخاصة/المباشرة

- Closer to the organization.

اقرب للمنظمة من البيئة العامة (بمعنى تأثيرها اسرع واغوى).

- Includes all those parties who conduct day-to-day exchanges with the company.

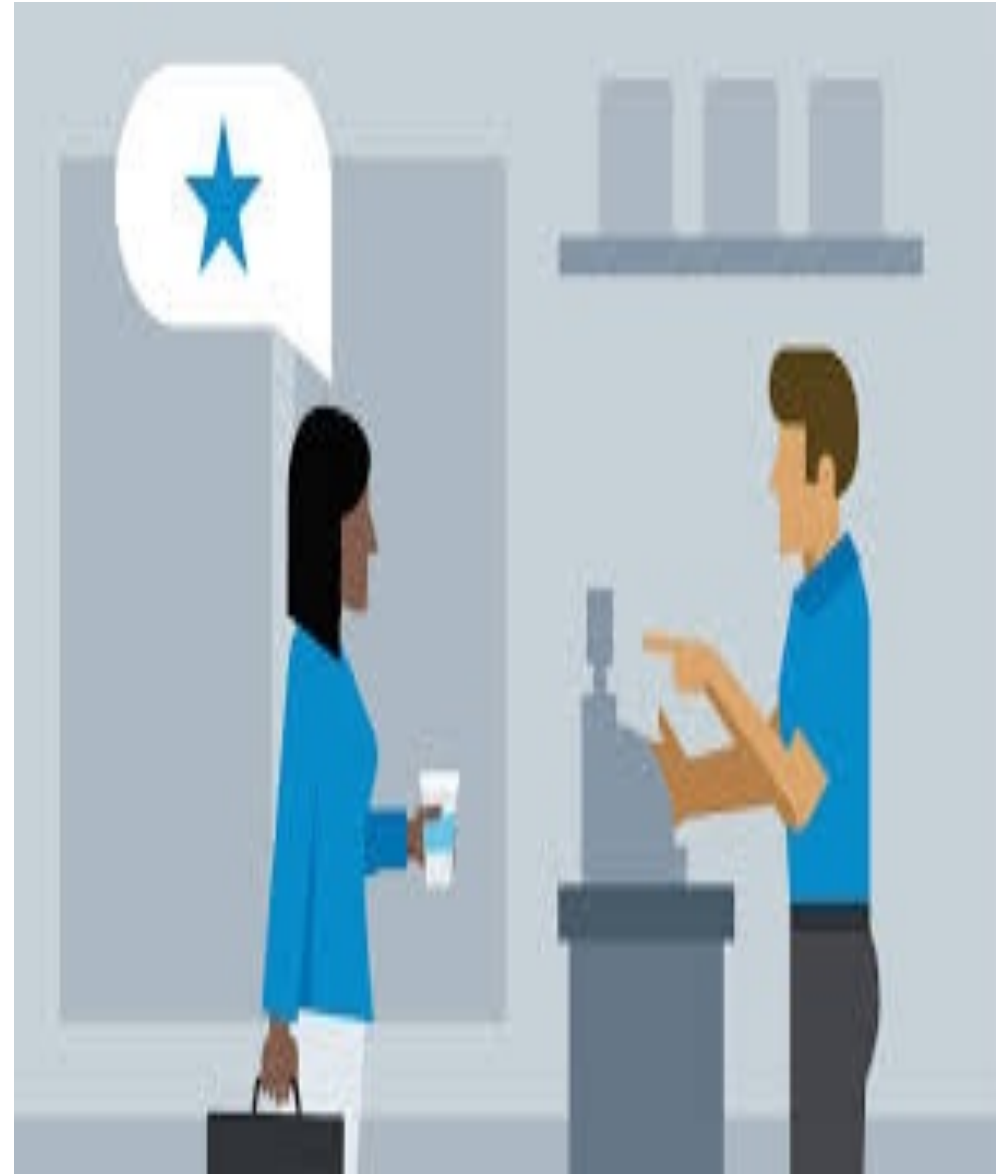
تتضمن جميع الأطراف التي لها تبادلات يومية مع الشركة.

# Task environment البيئة الخاصة /المباشرة

1. Customers الزبائن
2. Competitors المنافسين
3. Suppliers الموردین
4. Labour Market سوق العمل

# A Customer is..

- Person or company that buys goods/services from the organization.
- A patient is a customer.
- A student is a customer.
- A traveler is a customer.



# Customers determine if a company succeeds or fails and so....

Companies must always **think...**

- How will my customer base change? Should I target a different age group?
- What do my customers want now and what will they want in the future? How can I prepare?
- The company works continuously to *know, and satisfy its customers wants*, or risks losing their custom.

تعمل باستمرار على معرفة الزبائن، وإرضائهم والا فهي تخاطر بخسارة معاملتهم التجارية.

1970  
1980  
1990  
2000



**GENERATION X**  
1965 – 1984  
(HARVARD CENTER)



**GENERATION Y**  
(HARVARD CENTER)



**MILLENNIALS**  
1982 – 2004  
(STRAUSS AND HOWE)

# Difference between customer & consumer

## الفرق بين العميل/الزبون والمستهلك

- A customer becomes a consumer when he or she *personally uses* the good/service they buy. When they **consume** it.

الزبون هو مستهلك اذا استعمل/استهلك المنتج شخصيا.

- Not all customers consume....some buy a product to sell it off.

ليس كل زبون مستهلك. البعض يشتري لغرض البيع.

- We call them **B2B customers**.



# A Critique of consumerism

# نقد للاستهلاكية

- We have to consume to live. But what happens when we consume more than we need.
- This is called a culture of consumption.
- This culture is based on waste.
- It causes the degradation of the natural environment.
- And encourages **materialism**.



**WE BUY THINGS WE  
DON'T NEED  
WITH MONEY WE  
DON'T HAVE  
TO IMPRESS PEOPLE WE  
DON'T LIKE**

Dave Ramsey

# Competitors

# المنافسين

- Other companies in the same sector/industry that provide goods and services to the **same customers.**

الشركات الأخرى في نفس القطاع، توفر منتجات أو خدمات مشابهة لنفس الزبائن.

- Apple versus Samsung smartphones.
- Taxis versus Uber.
- Pepsi and Coke a Cola.
- Libyana versus Madar.

**Is Competition Good or Bad for Business?**

- To win over new customers companies compete on **price, quality and customer service.**
- Competition will....
  - Push down **price.**
  - Improve **quality of goods and services.**
  - And improve **customer experience.**
- Companies have to stand out over competitors to stay relevant.

# What happens if there is no competition?

- If a company is protected from competition, for example, if it holds a monopoly?
  - Then it can **keep prices high and product quality low.**
  - It has **no incentive to innovate.**
- **Customers lose!**

# الممورنين / المورددين Suppliers

- Suppliers sell raw materials or finished goods and services to other companies, which use them to produce their own output.

الممون يوفر المواد الخام، او المنتجات والخدمات لشركات أخرى تقوم باستخدامها في عملية الإنتاج لديها.

- **Who supplies this university?**

# **Who Supplies The International Libyan University?**

1. A supplier for food (cafeteria services).
2. A supplier for computers and computer maintenance (local electronics retailer, and IT technicians).
3. A supplier for cleaning services.
4. A supplier for office stationary (paper, pens etc.).



# Labour market سوق العمل

- The labour market includes anyone seeking a job and all companies offering a job.  
يتكون سوق العمل من كل من يبحث عن عمل، وكل من يعرض فرصة عمل.
- Skilled and unskilled workers.
- The university looks to the labour market for:
  - Teaching staff
  - Administrative staff
  - Cleaning staff
  - Security

# Why is it called a Labour *market*?

لماذا يدعى "سوق" عمل ؟

- Because it is influenced by **supply and demand**.

لان قوات العرض و الطلب تحكمه.

- Supply= workforce. العرض = القوى العاملة

- Demand= the company seeking to hire for a job.

الطلب = الشركة التي تسعى لتوظيف الايدي العاملة لوظيفة معينة.

- High supply of work seekers for the job (**surplus**), pushes price of wages down.

زيادة في العرض، مع ثبات او قلة الطلب، سيؤدي الي سقوط سعر الأجور/المرتبات.

- **Shortage** in supply and **excess in demand**, pushes price of wages up.

نقص في العرض، وزيادة في الطلب سيؤدي الي ارتفاع الأسعار.

- **Surplus:** Quantity supplied is greater than quantity demanded.
- **Shortage:** Quantity supplied is less than quantity demanded.

# The Internal Environment

# البيئة الداخلية

- Includes everything inside the organizations boundaries.

تتضمن كل ما بداخل حدود المنظمة.

1. Hired employees الموظفين
2. Management الإدارة
3. Structure الهيكل
4. Facilities مرافق
5. **Corporate culture** الثقافة التنظيمية

سنرجع الى موضوع الثقافة التنظيمية ولاكن أولاً....

# Explain How Organizations Adapt to An Uncertain Environment

اشرح كيف تتأقلم المنظمات مع بيئة غير مستقرة.

- What is **uncertainty**?
- Uncertainty is the state of not knowing what is coming next.
- The business environment is uncertain, because we don't know how it will change.



# Complexity and Uncertainty:

- The more complex an environment (the more economic, legal, political, social and cultural and international factors effecting its operations), the higher the chances of change....the higher uncertainty.
- For example, a multinational company working in oil production, in Libya today operates with high uncertainty. Anything could change (politically and economically) and alter its operations at any time.
- It must prepare for different scenarios.

# Less Complexity, More certainty.

- If the environment is not effected by many changes...it is not complex. Then we call it a certain environment.
- Imagine you own and manage a farm.
  - What will change in your environment?
  - Is it a certain or uncertain environment?



# A Certain Environment.

- You are not expecting a new jump in technology to change the game.
- Economic changes will only effect your operations in the long-term.
- Legal-political factors don't really concern you.
- Same customers, suppliers, and competitors for the last few decades.
- Everything is familiar....**everything is certain.**



# Some Techniques Management can use to Reduce Uncertainty and Adapt to Change:

1. Forecasting and planning. التوقع والتخطيط
2. Flexible Structures. الهيكل المرن
3. Mergers. اندماج الشركات

# Forecasting and Planning

## التوقع والتخطيط

- Forecasting and planning for environmental change is important when uncertainty is high.
- Forecasting is about spotting trends, and using them to predict what will happen in the future.
- Reading the news can help you forecast.
- **Plan** a response to your predictions.
- If you work in finance, plan for rapid change in the economy.
- If you are in the vacation/tourism industry, plan for an environmental disaster.

# Flexible Structure

# التنظيم المرن

A flexible structure or **organic structure** is the most suitable for an uncertain environment.

Why?

1. **Decentralized.** Employees at lower levels have the autonomy to make decisions quickly and respond to changes in the environment.
2. **Information is free-flowing** so more employees are informed of the situation and ready to act.
3. **Little or no boundaries** between functions. Different divisions work together as **teams**, to respond to important changes.
4. **Little rules and regulations** that stifle action.

# Merger

# الاندماج بين شركتين

- When two or more companies **combine to form one.....usually through acquisition.** شركتين تندمج لتكون واحدة
- Period of **complex negotiation** comes first. (lots of advisors, financial and legal). الخطوة الأولى هي التفاوض.

# Why Merge?

- Why might you merge? لماذا الاندماج؟
- Imagine you are a small IT company facing economic uncertainty and poor performance, and have been failing in the last two years to make profit.
- A large, multinational IT firm wants to acquire your company, by agreeing to the merge you gain...
  - **Synergy:** when you merge, you benefit from each others strengths.
  - **Benefits of size.** Sharing of capacities and resources.
  - **Diversification:** Enter a new market with high potential.
  - **Expand revenue.**

## Examples:

- Royal Dutch + Shell Transport and Trading= Royal Dutch Shell (merged in 1907).  
Today 4<sup>th</sup> largest company in world.
- British Petroleum +Amoco= BP. International merger between British and American companies.
- Facebook +Instagram= Facebook Inc.
- Facebook + WhatsApp= Facebook Inc.
- Google+ Youtube= Google Inc.
- eBay+ PayPal= eBay Inc.

# The Internal Environment: Corporate Culture

## البيئة الداخلية: الثقافة التنظيمية

Corporate culture is the set of values, assumptions, beliefs and norms that a company's members share.

تصف المعتقدات، القيم الفردية و الجماعية الظاهرة في منظمة ما والتي يشترك فيها أعضائها.

Corporate culture is important for competitive advantage.

Corporate culture is taught to new members.

# Levels of Corporate Culture: Surface and interior.

## طبقات الثقافة التنظيمية: السطح، والباطن.

- Corporate culture can be analyzed at two levels.

من الممكن تحليل الثقافة التنظيمية على مستويان.

1. **Surface level** or the **visible culture**. It includes **'artifacts'** (dress, office layout). We can see/observe this aspect of culture.

المستوى السطحي/الظاهري ويمثل الثقافة المرئية والتي تتضمن الملابس، تصميم المكتب، الخ.

1. The **interior level** or the **invisible culture**. It includes values, assumptions, beliefs. (e.g. a belief in excellence, in honesty, attention to detail, maximum participation). We cannot see this aspect, but we can feel and experience it.

المستوى الباطني، الغير مرئي ويتضمن القيم، الافتراضات الأساسية، المعتقدات.



# INTERNAL ENVIRONMENT

## Levels of Corporate Culture

Culture that can  
be seen at the  
surface level

### Visible

1. Artifacts, such as dress, office layout, symbols, slogans, ceremonies

### Invisible

2. Expressed values, such as "The Penney Idea," "The HP Way"
3. Underlying assumptions and deep beliefs, such as "people are lazy and can't be trusted"

Deeper values and  
shared understandings  
held by organization  
members

# Cultural Artifact: Work Space Layout





# Visible Culture: Symbols

# الثقافة الظاهرية : الرموز

- ‘An object, act or event that conveys meaning’ (Daft, 1998).  
شيء، فعل معين، أو حدث يحمل معنى.
- Symbols communicate the company’s values.
- Corporate logos, and slogans, artwork, etc. علامة مميزة، شعار، عمل فني، الخ.



# Visible Culture: Slogans

‘a sentence that expresses the key corporate value in brief’ (Daft, 1998)



**HEAR WHAT  
YOU WANT**

THE NEXT CHAPTER BEGINS

studio..beats. by dr. dre

# Stories

- ‘A narrative based on true events that is reported frequently and shared by organizational employees’ (Daft, 1998).
- The story is told to new employees to keep the company’s values alive.

# Heroes

‘A figure who exemplifies the deeds, character and attributes of the corporate culture.’ (Daft, 1998).

شخص يمثل ثقافة الشركة في أفعاله، شخصيته،  
واخلاقياته.

- Heroes are role-models for employees.  
قدوة للموظفين.

Steve Jobs  
1955-2011



# Ceremonies

# الاحتفالات/المراسم

- ‘A planned special event and is conducted for the benefit of an audience.’

حدث منظم من اجل جمهور معين.

- The ceremony will **communicate the company’s values dramatically.**

- They help create bonds between those who share in the event.

تساعد على بناء الروابط بين الحضور.



# L'Oréal Women in Science Awards

- What does this ceremony say about the culture of L'Oréal?



# Doodle 4 Google Youth Awards



# Symbolic Leadership

- Symbolic leaders are managers who used symbols, slogans, stories and ceremonies to shape corporate culture.
- Symbolic leaders communicate values in *words* and *actions*.
- **They articulate a vision for the company that excites employees.**
- **Actions speak louder than words. Symbolic leaders *do*.**

**The End**

Questions?