

Management and the Economy





Management and the Changing Economy





Toffler's Three Waves of Modern Civilization

➤ **First Wave ~ Agriculture**

As late as the 1890s, about 90 percent of the workforce was involved in farming and related work

➤ **Second Wave ~ Industry**

Workers left the fields and went to work in places of mass production, job specialization, and lines of authority producing steel, autos, rubber, and industrial equipment

➤ **Third Wave ~ Information**

Workers moved from the production floor to clerical, technical, and professional jobs



New Jobs in Knowledge Work

Knowledge workers are workers whose jobs involve getting and using information





Knowledge Workers

- **One third of the US workforce**
Professionals such as nurses, accountants, teachers, lawyers, engineers
- **Include *technologists***
Professionals who work with their hands and information ~ computer programmers, software designers, systems analysts



The Rise of Dot-Com Business

- **The most important technological innovation in business over the past decade has been the rise of the dot-com business**
- **The ability of ordinary customers to do business over the Internet has revolutionized many sectors**
- **Think of people at home in front of their computers, renting movies, booking airline tickets, or scoping out houses for sale hundreds of miles away**



The Global Marketplace





The Global Village

- The **global village** *is the world seen as without borders, with goods and services marketed and sold freely between countries*
- To be effective in this world without borders, managers need to be able to adapt to other people's cultures, systems, and techniques



Multinational Corporation

A multinational corporation (MNC) is a corporation with a home base in one country but significant operations in one or more other countries as well





Transnational Corporation

A transnational corporation (TNC) *maintains operations in more than one country at a time and decentralizes decision making in each operation to the local country*



Borderless Organization

- *A management structure that breaks down artificial geographic barriers*
- Organize by product line rather than the map



Three Stages of Globalization

I Respond to orders from international customers

II Decide to sell abroad

- sending its own sales staff to the target country
- hiring foreign agents to represent them

III Launch foreign operations

- building a factory
- designing new products to meet local needs and desires in the target market



Strategic Alliances

Companies that reach the third stage of launching foreign operations are likely to form a **strategic alliance** – *a partnership in which firms based in two different countries share the cost of developing new products or building new plants*





How Globalization Affects Managers

- Cope with suppliers, employees, and customers in different countries and different cultures
- See where there are differences and figure out how to communicate or otherwise interact in spite of those differences
- Avoid **parochialism** – *the narrow frame of mind typical of people who see the world from only their own perspective*



How Globalization Affects Managers

- Learn to appreciate that people in other places have other ways of doing things
- Understand the cultural contexts of different countries' management practices



Management and Technology





What is Technology

Technology is *equipment, tools, or operating methods that are designed to make work more efficient*

Tools that help businesses create and maintain an edge against their competitors





Examples of Technology

- Automated offices
- Manufacturing robots
- Computer-aided design software
- Electronic meetings





Benefits from Information Technology

- Notebook computers, cell phones, fax machines, high-speed modems, organizational intranets, and other forms of IT allow millions of people to work anywhere, anytime
- Levels the playing field in many sectors
 - Small business with a clear focus and a well-designed website can compete against a much bigger company



Technologies Challenge

Write down as many technologies found in the school as you can in two minutes

The group that identifies the most school-based technologies wins



E-Organizations

E-commerce is *any computer transaction that occurs when data are processed and transmitted over the Internet*

About 90 percent of e-commerce sales are actually business-to-business sales: Goodyear tires selling to Ford, for example



E-Organizations

E-business is a term that encompasses the full breadth of activities included in a successful Internet-based enterprise

Business strategy, communication between and among employees, customers, and suppliers, and collaboration with partners on design and production



E-Organizations

Three Underlying Concepts

- *Internet* ~ a network of interconnected computers
- *Intranet* ~ an organization's private Internet
- *Extranet* ~ an extended intranet

Network the organization uses to connect its remote employees, contractors, and other collaborators





How Technology Alters a Manager's Job

- Use e-mail, cell phones, fax machines, and other technology to perform the same four basic functions of a manager's job – planning, organizing, leading, and controlling
- Use **telecommuting** ~ *a system that allows employees to work at home on a computer linked to the office*



Technology Challenges for Managers

- Communicating with employees in remote locations
- Ensuring employees are meeting their work goals when located externally

