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**Solution Manual for Management Fundamentals Concepts Applications and Skill Development 7th Edition Lussier 1506303277 9781506303277**

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## Chapter 2 Lecture Outline

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### The Environment: Culture, Ethics, and Social Responsibility

#### LEGO

**1. Which internal environmental factor is the major reason for Lego's success?**

Management & culture. LEGO has always had a very special and caring management team. The company has been passed from one generation to the next with special care to always help children learn and for LEGO to be profitable.

**2. LEGO's new program using recycled supplies reflects what level of culture?**

Level 3. Level 3 is assumptions—values and beliefs that are deeply ingrained as unquestionably true. Values, beliefs, and assumptions provide the operating principles that guide decision making and behavior. Consequently, when LEGO made a mistake and didn't use suppliers that are part of the Forest Stewardship Council, it accepted the responsibility and made the changes necessary to use suppliers that also believe in sustainability.

**3. Which external environmental factor in this case is least important to LEGO's success?**

The pressure to make a change, in this case, did not come from a particular government. So it could be said that the government influence was the least important environmental factor.

**4. Which external environmental factor, in this case, is most important to LEGO's continuing success?**

Society. The social activist group Greenpeace was the external factor that made LEGO aware its supplier was not using sustainable measures to protect the environment.

**5. Is LEGO engaged in socially responsible behavior?**

It would like to be after making the agreement with Greenpeace. LEGO's Group has a constant commitment and goals to continuously be a more sustainable company.

**6. Would LEGO be considered a "green" company?**

Since 2011, LEGO would be greener than it was before 2011. Being a fully certified FSC company cuts down on packaging material and also 3,000 deliveries. They are also considered "green" based on their carbon positive initiative.

**7. Does LEGO have a strong or weak culture?**

A strong culture based on being an ethical and value-oriented company that likes to help children to learn and play.

**8. Can you think of any other ways LEGO could improve its sustainability practices?**

LEGO could evaluate if it needs to improve the recycled aspects of using plastic in its actual LEGO blocks.

## 9. Which manager's resources have given LEGO a competitive advantage over its competitors?

Organizational resources include human, financial, physical, and informational. Although answers can vary, the management team is known to make great business decisions (human resources). They also possess a very strong financial situation, which allows them to grow globally.

## 10. How does LEGO's new recycling program highlight the four management functions?

Planning, leading, organizing, and controlling. LEGO should have planned better and realized that APP was not a sustainable supplier. However, by working with Greenpeace and FSC, we believe LEGO is being a leader by using sustainable suppliers. LEGO will be able to use its vast resources to organize its supply chain and control the process to make sure the chain is always helping to provide sustainable supplies.

## The Internal Environment

*Slide 3*

The organization's **internal environment** *includes the factors that affect its performance from within its boundaries.*

These internal environmental factors are within the organization's control.

They include:

- Management and culture
- Mission
- Resources
- Systems process
- Structure

## Exhibit 2-1: Internal Environmental Means and Ends

*Slide 4*

See figure on page 34.

## Mission, Management, and Culture

*Slide 5*

The organization's **mission** is its purpose or reason for being.

Example: **Walmart's** mission is to help people save money so they can live better.

Top level **management** is responsible for the organization's performance. They develop the visionary mission, strategies, and plans to achieve them.

An **organizational culture** consists of the values, beliefs, and assumptions about appropriate behavior that members of an organization share.

## Resources and Structure

*Slide 6*

Organizational resources include human, financial, physical, and informational. Human resources are responsible for achieving the organization's mission and objectives through the other three resources.

Structure refers to the way in which an organization groups its resources to accomplish its mission.

## Systems Process

*Slide 7*

The **systems process** is the technology used to transform inputs into outputs to make and deliver products and services. The systems process has four components:

*Inputs*

*Transformation*

*Outputs*

*Feedback*

## Exhibit 2-2: The Systems Process

*Slide 8*

See figure on page 36.

## Total Quality Management

*Slide 9*

**Total quality management (TQM)** is the process that involves everyone in an organization focusing on the customer to continually improve product value. The two primary principles of TQM are:

Focusing on delivering customer value

and continually improving the system and its processes.

## Exhibit 2-3: Components of the Internal Environment

*Slide 10*

See figure on page 36.

## Organizational Culture

*Slide 11*

Learning the organizational culture through artifacts:

*Heroes*  
*Stories*  
*Slogans*  
*Symbols*  
*Rituals*  
*Ceremonies*

## Three Levels of Culture

*Slide 12*

**Behavior** - includes the observable things that people do and say or the actions employees take.

**Values and beliefs** - represent the way people believe they ought to behave.

**Assumptions** - values and beliefs that are so deeply ingrained that they are considered unquestionably true and taken for granted.

## Exhibit 2-4: Three Levels of Organizational Culture

*Slide 13*

See figure on page 38.

## Learning Organizations

*Slide 14*

A **learning organization** has a culture that values sharing knowledge so as to adapt to the changing environment and continuously improve.

## The External Environment

*Slide 15*

The organization's external environment includes the factors outside its boundaries that affect its performance.

External environmental factors: Customers, Labor force, Technology, Competition, Shareholders, The

economy, Supplies, Society, Governments

## Exhibit 2-5: The Organizational Environment

*Slide 16*

See figure on page 43.

## Business Ethics

*Slide 17*

Ethics are the standards of right and wrong that influence behavior.

Right behavior is considered ethical, and wrong behavior is considered unethical.

Ethics go beyond legal requirements to do the right thing even when we don't have to.

## Factors That Influence Behavior to be Ethical or Unethical

*Slide 18*

**Personality traits and attitudes** - some people have a higher level of ethics than others, as integrity is considered a personality trait.

**Moral development** - refers to distinguishing right from wrong and choosing to do the right thing. There are three levels of personal moral development:

- Preconventional
- Conventional
- Postconventional

The situation - in certain situations, it can be tempting to be unethical, e.g., negotiation.

## Exhibit 2-6: Levels of Moral Development

*Slide 19*

See figure on page 47.

## Guides to Ethical Behavior

*Slide 20*

**Golden rule** - "Do unto others as you want them to do unto you," or "Don't do anything to anyone that you would not want someone to do to you."

**Four-way test** - (1) Is it the truth? (2) Is it fair to all concerned? (3) Will it build goodwill and better friendship? (4) Will it be beneficial to all concerned?

**Stakeholders' approach to ethics** - try to create a win-win situation for all relevant stakeholders so that everyone benefits from the decision.

**Discernment and advice** - before you act, use an ethical guide to discern if the behavior is ethical or not.

## Managing Ethics

*Slide 21*

**Top management support and example** - Many large corporations have Ethics Officers responsible for developing their ethics codes and developing and conducting this training.

**Whistle-blowing** occurs when employees expose what they believe to be unethical behavior by their fellow employees.

**The Foreign Corrupt Practices Act (FCPA)** - bars U.S.-based or U.S.-listed companies from bribing foreign officials in exchange for business and requires them to keep accurate books and records.

## Social Responsibility and Sustainability

*Slide 22*

**Social responsibility** is the conscious effort to operate in a manner that creates a win-win situation for all stakeholders.

Major corporations have to be socially accountable because stakeholders, including customers, the media, and the public will increasingly demand it.

## Exhibit 2-7: Levels of Corporate Social Responsibility

*Slide 23*

See figure on page 52.

## Levels of Corporate Social Responsibility

*Slide 24*

**Legal CSR** - focuses on maximizing profits while obeying the law.

**Ethical CSR** - focuses on profitability and doing what is right, just, and fair.

**Benevolent CSR** - focuses on profitability and helping society through philanthropy.

## Sustainability

*Slide 25*

**Sustainability** is meeting the needs of the present world without compromising the ability of future generations to meet their own needs.

**The triple bottom line** - requires managers to simultaneously address widely diverging but interconnected concern for the:

Natural environment

Social welfare

Economic prosperity of the firm

A **green company** acts in a way that minimizes damage to the environment.