

Organizational environment

All elements existing outside the organization's boundaries that have the potential to affect the organization.

General environment

The layer of the external environment that affects the organization indirectly.

Task environment

The layer of the external environment that directly influences the organization's operations and performance.

Internal environment

The environment that includes the elements within the organization's boundaries.

International dimension

Portion of the external environment that represents events originating in foreign countries as well as opportunities for US companies in other countries.

Technological dimension

The dimension of the general environment that includes scientific and technological advancements in the industry and society at large.

Sociocultural dimension

The dimension of the general environment representing the demographic characteristics, norms, customs, and values of the population within which the organization operates.

Economic dimension

The dimension of the general environment representing the overall economic health of the country or region in which the organization operates.

Legal-political dimension

The dimension of the general environment that includes federal, state and local government regulations and political activities designed to influence company behaviour.

Pressure group

An interest group that works within the legal-political framework to influence companies to behave in socially responsible ways.

Natural dimension

The dimension of the general environment that includes all elements that occur naturally on earth, including plants, animals, rocks and natural resources such as air, water and climate.

Customers

People and organizations in the environment who acquire goods or services from the organization.

Competitors

Other organizations in the same industry or type of business that provide goods or services to the same set of customers.

Suppliers

People and organizations who provide the raw materials the organization uses to produce its output.

Labour market

The people available for hire by the organization.

Boundary-spanning roles

Roles assumed by people and/or departments that link and coordinate the organization with key elements in the external environment.

Merger

The combining of two or more organizations into one.

Joint venture

A strategic alliance or programme by two or more organizations.

Culture

The set of key values, beliefs, understandings and norms that members of an organization share.

Symbol

An object, act or event that conveys meaning to others.

Story

A narrative based on true events and repeated frequently and shared among organizational employees.

Hero

A figure who exemplifies the deeds, character and attributes of a strong corporate culture.

Slogan

A phrase or sentence that succinctly expresses a key corporate value.

Ceremony

A planned activity at a special event that is conducted for the benefit of an audience.

Adaptability culture

A culture characterized by values that support the company's ability to interpret and translate signals from the environment into new behaviour responses

Achievement culture

A results-oriented culture that values competitiveness, personal initiative and achievement.

Involvement culture

A culture that places high value on meeting the needs of employees and values cooperation and equality.

Consistency culture

A culture that values and rewards a methodical, rational, orderly way of doing things.

High-performance
culture

A culture based on a solid organizational mission or purpose that uses shared adaptive values to guide decisions and business practices and to encourage individual employee ownership of both bottom- line results and the organization's cultural backbone.

Cultural leader

A manager who uses signals and symbols to influence corporate culture.

Market entry
strategy

An organizational strategy for entering a foreign market.

Exporting

An entry strategy in which the organization maintains its production facilities within its home country and transfers its products for sale in foreign countries.

Countertrade

The barter of products for other products rather than their sale for currency.

Global outsourcing

Engaging in the international division of labour so as to obtain the cheapest sources of labour and supplies regardless of country; also called offshoring.

Licensing

An entry strategy in which an organization in one country makes certain resources available to companies in another to participate in the production and sale of its products abroad.

Franchising

A form of licensing in which an organization provides its foreign franchisees with a complete package of materials and services.

Direct investing

An entry strategy in which the organization is involved in managing its production facilities in a foreign country.

Joint venture

A variation of direct investment in which an organization shares costs and risks with another firm to build a manufacturing facility, develop new products or set up a sales and distribution network.

Wholly owned foreign affiliate

A foreign subsidiary over which an organization has complete control.

Greenfield venture

The most risky type of direct investment, whereby a company builds a subsidiary from scratch in a foreign country.

International management

The management of
business operations
conducted in more than
one country.

Infrastructure

A country's physical
facilities that support
economic activities.

Political risk

A company's risk of loss
of assets, earning power
or managerial control
due to politically based
events or actions by host
governments.

Political instability

Events such as riots,
revolutions or government
upheavals that affect
the operations of an
international company.

Power distance

The degree to which people accept inequality in power among institutions, organizations and people.

Uncertainty avoidance

A value characterized by people's intolerance for uncertainty and ambiguity and resulting support for beliefs that promise certainty and conformity.

Individualism

A preference for a loosely knit social framework in which individuals are expected to take care of themselves.

Collectivism

A preference for a tightly knit social framework in which individuals look after one another and organizations protect their members' interests.

Masculinity

Masculinity
A cultural preference
for achievement,
heroism, assertiveness,
work centrality and
material success.

Femininity

A cultural preference for
relationships, cooperation,
group decision-making and
quality of life.

Long-term
orientation

A greater concern for the
future and high value on
thrift and perseverance.

Short-term
orientation

A concern with the past and
present and a high value on
meeting social obligations.

High-context
culture

A culture in which
communication is used
to enhance personal
relationships.

Low-context
culture

A culture in which
communication is used
to exchange facts and
information.

Ethnocentrism

A cultural attitude marked
by the tendency to regard
one's own culture as
superior to others.

Euro

A single European currency
that replaced the currencies
of 15 European nations.

Multinational
corporation
(MNC)

An organization that receives more than 25 per cent of its total sales revenues from operations outside the parent company's home country; also called global corporation or transnational corporation.

Cultural
intelligence (CQ)

A person's ability to use reasoning and observation skills to interpret unfamiliar gestures and situations and devise appropriate behavioural responses.

Culture shock

Feelings of confusion, disorientation, and anxiety that result from being immersed in a foreign culture.

Expatriates

Employees who live and work in a country other than their own.

Ethics

The code of moral principles and values that governs the behaviours of a person or group with respect to what is right or wrong.

Ethical dilemma

A situation that arises when all alternative choices or behaviours are deemed undesirable because of potentially negative consequences, making it difficult to distinguish right from wrong.

Utilitarian approach

The ethical concept that moral behaviours produce the greatest good for the greatest number.

Individualism approach

The ethical concept that acts are moral when they promote the individual's best long-term interests.

Moral-rights approach

The ethical concept that moral decisions are those that best maintain the rights of those people affected by them.

Justice approach

The ethical concept that moral decisions must be based on standards of equity, fairness and impartiality.

Distributive justice

The concept that different treatment of people should not be based on arbitrary characteristics. In the case of substantive differences, people should be treated differently in proportion to the differences among them.

Procedural justice

The concept that rules should be clearly stated and consistently and impartially enforced.

Compensatory justice

The concept that individuals should be compensated for the cost of their injuries by the party responsible and also that individuals should not be held responsible for matters over which they have no control.

Corporate social responsibility

The obligation of an organization's management to make decisions and take actions that will enhance the welfare and interests of society as well as the organization.

Stakeholder

Any group within or outside the organization that has a stake in the organization's performance.

Bottom of the pyramid concept

The idea that large corporations can both alleviate social problems and make a profit by selling goods and services to the world's poorest people.

Sustainability

Economic development that generates wealth and meets the needs of the current population while preserving the environment for the needs of future generations.

Discretionary responsibility

Organizational responsibility that is voluntary and guided by the organization's desire to make social contributions not mandated by economics, law or ethics.

Code of ethics

A formal statement of the organization's values regarding ethics and social issues.

Ethics or corporate responsibility committee

A group of executives assigned to oversee the organization's ethics by ruling on questionable issues and disciplining violators.

Chief ethics
officer

A company executive
who oversees ethics
and legal compliance.

Ethics training

Training programmes
to help employees deal
with ethical questions
and values.

Whistle-blowing

The disclosure by an
employee of illegal,
immoral or illegitimate
practices by the
organization.

Entrepreneurship

The process of initiating
a business venture,
organizing the necessary
resources and assuming
the associated risks
and rewards.

Entrepreneur

Someone who recognizes a viable idea for a business product or service and carries it out.

Internal locus of control

The belief by individuals that their future is within their control and that external forces have little influence.

External locus of control

The belief by individuals that their future is not within their control but rather is influenced by external forces.

Need to achieve

A human quality linked to entrepreneurship in which people are motivated to excel and pick situations in which success is likely.

Tolerance for
ambiguity

The psychological
characteristic that allows a
person to be untroubled by
disorder and uncertainty.

Social
entrepreneur

Entrepreneurial leaders
who are committed
to both good business
and changing the world
for the better.

Business plan

A document specifying the
business details prepared
by an entrepreneur prior to
opening a new business

Sole trader or
proprietorship

An unincorporated
business owned by an
individual for profit.

Partnership

An unincorporated business owned by two or more people.

Corporation

An artificial entity created by the state and existing apart from its owners.

Debt financing

Borrowing money that has to be repaid at a later date in order to start a business.

Angel financing

Financing provided by a wealthy individual who believes in the idea for a start-up and provides personal funds and advice to help the business get started.

Equity financing

Financing that consists of funds that are invested in exchange for ownership in the company.

Venture capital firm

A group of companies or individuals that invests money in new or expanding businesses for ownership and potential profits.

Franchising

An arrangement by which the owner of a product or service allows others to purchase the right to distribute the product or service with help from the owner.

Business incubator

An innovation that provides shared office space, management support services, and management advice to entrepreneurs