

## Management

The attainment of organizational goals in an effective and efficient manner through planning, organizing, leading and controlling organizational resources.

## Planning

The management function concerned with defining goals for future organizational performance and deciding on the tasks and resources needed to attain them.

## Organizing

The management function concerned with assigning tasks, grouping tasks into departments, and allocating resources to departments.

## Leading

The management function that involves the use of influence to motivate employees to achieve the organization's goals.

## Controlling

The management function concerned with monitoring employees' activities, keeping the organization on track toward its goals, and making corrections as needed.

## Organization

A social entity that is goal directed and deliberately structured.

## Effectiveness

The degree to which the organization achieves a stated goal.

## Efficiency

The use of minimal resources – raw materials, money and people – to produce a desired volume of output.

## Performance

The organization's ability to attain its goals by using resources in an efficient and effective manner.

## Conceptual skill

The cognitive ability to see the organization as a whole system and the relationships among its parts.

## Human skill

The ability to work with and through other people and to work effectively as a group member.

## Technical skill

The understanding of and proficiency in the performance of specific tasks.

## Top manager

A manager who is at the top of the organizational hierarchy and is responsible for the entire organization.

## Middle manager

A manager who works at the middle levels of the organization and is responsible for business units and major departments.

## Project manager

A manager responsible for a temporary work project that involves the participation of other people from various functions and levels of the organization.

## First-line manager

A manager who is at the first or second management level and is directly responsible for the production of goods and services.

## Functional manager

A manager who is responsible for a department that performs a single functional task and has employees with similar

## General manager

A manager who is responsible for several departments that perform different functions.

## Role

A set of expectations for one's behaviour.

## Interim manager

A manager who is not affiliated with a specific organization but works on a project-by-project basis or provides expertise to organizations in a specific area.

## Social forces

The aspects of a culture that guide and influence relationships among people – their values, needs, and standards of behaviour.

## Political forces

The influence of political and legal institutions on people and organizations.

## Economic forces

Forces that affect the availability, production, and distribution of a society's resources among competing users.

## Classical perspective

A management perspective that emerged during the nineteenth and early twentieth centuries that emphasized a rational, scientific approach to the study of management and sought to make organizations efficient operating machines.

## Scientific management

A subfield of the classical management perspective that emphasized scientifically determined changes in management practices as the solution to improving labour productivity.

## Bureaucratic organizations

A subfield of the classical management perspective that emphasized management on an impersonal, rational basis through such elements as clearly defined authority and responsibility, formal record-keeping, and separation of management and ownership.

## Administrative principles

A subfield of the classical management perspective that focuses on the total organization rather than the individual worker, delineating the management functions of planning, organizing, commanding, coordinating and controlling.

## Humanistic perspective

A management perspective that emerged near the late nineteenth century and emphasized understanding human behaviour, needs, and attitudes in the workplace.

## Hawthorne studies

A series of experiments on worker productivity begun in 1924 at the Hawthorne plant of Western Electric Company in Illinois; attributed employees' increased out-put to managers' better treatment of them during the study.

## Human relations movement

A movement in management thinking and practice that emphasizes satisfaction of employees' basic needs as the key to increased worker productivity.

## Human resources perspective

A management perspective that suggests jobs should be designed to meet higher- level needs by allowing workers to use their full potential.

## Behavioural sciences approach

A subfield of the humanistic management perspective that applies social science in an organizational context, drawing from economics, psychology, sociology and other disciplines.



## Management science perspective

A management perspective that emerged after World War II and applied mathematics, statistics and other quantitative techniques to managerial problems.

## System

A set of interrelated parts that function as a whole to achieve a common purpose.

## Systems theory

An extension of the humanistic perspective that describes organizations as open systems characterized by entropy, synergy and subsystem interdependence.

## Open system

A system that interacts with the external environment.

Closed system

A system that does not  
interact with the external  
environment.

Entropy

The tendency for a system  
to run down and die.

Synergy

The concept that the whole  
is greater than the sum of  
its parts.

Subsystems

Parts of a system that  
depend on one another  
for their functioning.

## Contingency view

An extension of the humanistic perspective in which the successful resolution of organizational problems is thought to depend on managers' identification of key variations in the situation at hand.

## Total Quality Management (TQM)

A concept that focuses on managing the total organization to deliver quality to customers. Four significant elements of TQM are employee involvement, focus on the customer, benchmarking and continuous improvement.

## Learning organization

An organization in which everyone is engaged in identifying and solving problems, enabling the organization to continuously experiment, improve and increase its capability.

## E-business

Work an organization does by using electronic linkage

## E-commerce

Business exchanges or transactions that occur electronically.

## Supply chain management

Managing the sequence of suppliers and purchasers, covering all stages of processing from obtaining raw materials to distributing finished goods to final customers.

## Enterprise resource planning (ERP)

Systems that unite a company's major business functions – order processing, product design, purchasing, inventory and so on.

## Knowledge management

The efforts to systematically find, organize and make available a company's intellectual capital and to foster a culture of continuous learning and knowledge sharing.

## Customer relationship management (CRM)

Systems that help companies track customers' interaction with the firm and allow employees to call up information on past transactions.

## Outsourcing

Contracting out selected functions or activities of an organization to other organizations that can do the work more cost-efficiently.

## 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

Goal

A desired future state  
that the organization  
attempts to realize.

Plan

A blueprint specifying  
the resource allocations,  
schedules, and other  
actions necessary for  
attaining goals.

Planning

The act of determining the  
organization's goals and the  
means for achieving them.

Mission

The organization's reason  
for existence.

## Mission statement

A broadly stated definition of the organization's basic business scope and operations that distinguishes it from similar types of organizations.

## Strategic goals

Broad statements of where the organization wants to be in the future; pertain to the organization as a whole rather than to specific divisions or departments.

## Strategic plans

The action steps by which an organization intends to attain strategic goals.

## Tactical goals

Goals that define the outcomes that major divisions and departments must achieve for the organization to reach its overall goals.

## Tactical plans

Plans designed to help execute major strategic plans and to accomplish a specific part of the company's strategy.

## Operational goals

Specific, measurable results expected from departments, work groups, and individuals within the organization.

## Operational plans

Plans developed at the organization's lower levels that specify action steps toward achieving operational goals and that support tactical planning activities.

## Strategy map

A visual representation of the key drivers of an organization's success, showing the cause-and-effect relationships among goals and plans.



## Management by objectives (MBO)

A method of management whereby managers and employees define goals for every department, project, and person and use them to monitor subsequent performance.

## Single-use plans

Plans that are developed to achieve a set of goals that are unlikely to be repeated in the future.

## Standing plans

Ongoing plans that are used to provide guidance for tasks performed repeatedly within the organization

## Contingency plans

Plans that define company responses to specific situations, such as emergencies, setbacks or unexpected conditions.

## Scenario building

Looking at trends and discontinuities and imagining possible alternative futures to build a framework within which unexpected future events can be managed.

## Central planning department

A group of planning specialists who develop plans for the organization as a whole and its major divisions and departments and typically report directly to the president or CEO.

## Decentralized planning

Managers work with planning experts to develop their own goals and plans.

## Stretch goal

A reasonable yet highly ambitious, compelling goal that energizes people and inspires excellence.

Intelligence team

A cross-functional group of managers and employees who work together to gain a deep understanding of a specific competitive issue and offer insight and recommendations for planning.

Blue ocean strategy

is a creative battle where the players of a particular segment don't compete with each other remaining in the same market space; instead explore, create and acquire new market spaces by dealing with new demand.

Strategic management

The set of decisions and actions used to formulate and implement strategies that will provide a competitively superior fit between the organization and its environment so as to achieve organizational goals.

Strategy

The plan of action that prescribes resource allocation and other activities for dealing with the environment, achieving a competitive advantage and attaining organizational goals.

## Competitive advantage

What sets the organization apart from others and provides it with a distinctive edge in the marketplace.

## Core competence

A business activity that an organization does particularly well in comparison to competitors.

## Corporate-level strategy

The level of strategy concerned with the question 'What business are we in?' Pertains to the organization as a whole and the combination of business units and product lines that make it up.

## Business-level strategy

The level of strategy concerned with the question 'How do we compete?' Pertains to each business unit or product line within the organization.

## Functional-level strategy

The level of strategy concerned with the question 'How do we support the business-level strategy?' Pertains to all of the organization's major departments.

## Strategy formulation

The stage of strategic management that involves the planning and decision making that lead to the establishment of the organization's goals and of a specific strategic plan.

## Strategy execution

The stage of strategic management that involves the use of managerial and organizational tools to direct resources toward achieving strategic outcomes.

## Swot analysis

Analysis of the strengths, weaknesses, opportunities, and threats (SWOT) that affect organizational performance.

## Strategic business unit (SBU)

A division of the organization that has a unique business mission, product line, competitors and markets relative to other SBUs in the same corporation.

## Portfolio strategy

The organization's mix of strategic business units and product lines that fit together in such a way as to provide the corporation with synergy and competitive advantage.

## BCG matrix

A concept developed by the Boston Consulting Group that evaluates strategic business units with respect to the dimensions of business growth rate and market share.

## Diversification

A strategy of moving into new lines of business.

## Related diversification

Moving into a new  
business that is related to  
the company's existing  
business activities.

## Unrelated diversification

Expanding into a totally  
new line of business.

## Vertical integration

Expanding into businesses  
that either produce the  
supplies needed to make  
products or that distribute  
and sell those products.

## Differentiation

A type of competitive  
strategy with which  
the organization seeks  
to distinguish its products  
or services from that  
of competitors.

## Cost leadership

A type of competitive strategy with which the organization aggressively seeks efficient facilities, cuts costs and employs tight cost controls to be more efficient than competitors.

## Focus

A type of competitive strategy that emphasizes concentration on a specific regional market or buyer group.

## Dynamic capabilities

Leveraging and developing more from the firm's existing assets, capabilities, and core competencies in a way that will provide a sustained competitive advantage.

## Globalization

The standardization of product design and advertising strategies throughout the world.



## Multidomestic strategy

The modification of  
product design and  
advertising strategies to  
suit the specific needs of  
individual countries.

## Transnational strategy

A strategy that combines  
global coordination to  
attain efficiency with  
flexibility to meet specific  
needs in various countries.

## Decision

A choice made from  
available alternatives.

## Decision-making

The process of identifying  
problems and opportunities  
and then resolving them.

## Programmed decision

A decision made in response to a situation that has occurred often enough to enable decision rules to be developed and applied in the future.

## Non-programmed decision

A decision made in response to a situation that is unique, is poorly defined and largely unstructured, and has important consequences for the organization.

## Certainty

The situation in which all the information the decision- maker needs is fully available.

## Risk

A situation in which a decision has clear-cut goals and good information is available, but the future outcomes associated with each alternative are subject to chance.

## Uncertainty

The situation that occurs when managers know which goals they wish to achieve, but information about alternatives and future events is incomplete.

## Ambiguity

A condition in which the goals to be achieved or the problem to be solved is unclear, alternatives are difficult to define and information about outcomes is unavailable.

## Classical model

A decision-making model based on the assumption that managers should make logical decisions that will be in the organization's best economic interests

## Normative

An approach that defines how a decision-maker should make decisions and provides guidelines for reaching an ideal outcome for the organization.

## Administrative model

A decision-making model that describes how managers actually make decisions in situations characterized by non-programmed decisions, uncertainty, and ambiguity.

## Descriptive

An approach that describes how managers actually make decisions rather than how they should make decisions according to a theoretical ideal.

## Bounded rationality

The concept that people have the time and cognitive ability to process only a limited amount of information on which to base decisions.

## Satisficing

To choose the first solution alternative that satisfies minimal decision criteria, regardless of whether better solutions are presumed to exist.

## Intuition

The immediate comprehension of a decision situation based on past experience but without conscious thought.

## Coalition

An informal alliance among managers who support a specific goal.

## Problem

A situation in which organizational accomplishments have failed to meet established goals.

## Opportunity

A situation in which managers see potential organizational accomplishments that exceed current goals.

## Diagnosis

The step in the decision-making process in which managers analyze underlying causal factors associated with the decision situation.

## Risk propensity

The willingness to undertake risk with the opportunity of gaining an increased payoff.

## Implementation

The step in the decision-making process that involves using managerial, administrative and persuasive abilities to translate the chosen alternative into action.

## Decision styles

Differences among people with respect to how they perceive problems and make decisions.

## Brainstorming

A technique that uses a face-to-face group to spontaneously suggest a broad range of alternatives for decision-making.

## Electronic brainstorming

Bringing people together in an interactive group over a computer network to suggest alternatives; sometimes called brainwriting.

## Devil's advocate

A decision-making technique in which an individual is assigned the role of challenging the assumptions and assertions made by the group to prevent premature consensus.

## Point-counterpoint

A decision-making technique in which people are assigned to express competing points of view.

## Groupthink

The tendency of people  
in groups to suppress  
contrary opinions.

## Escalating commitment

Continuing to invest  
time and resources in  
a failing decision



## Organizing

The deployment of organizational resources to achieve strategic goals.

## Organization structure

The framework in which the organization defines how tasks are divided, resources are deployed and departments are coordinated.

## Organization chart

The visual representation of an organization's structure.

## Work specialization

The degree to which organizational tasks are subdivided into individual jobs; also called division of labour.

## Chain of command

An unbroken line of authority that links all individuals in the organization and specifies who reports to whom.

## Authority

The formal and legitimate right of a manager to make decisions, issue orders and allocate resources to achieve organizationally desired outcomes.

## Responsibility

The duty to perform the task or activity an employee has been assigned.

## Accountability

The fact that the people with authority and responsibility are subject to reporting and justifying task outcomes to those above them in the chain of command.

## Delegation

The process managers use to transfer authority and responsibility to positions below them in the hierarchy.

## Line authority

A form of authority in which individuals in management positions have the formal power to direct and control immediate subordinates.

## Staff authority

A form of authority granted to staff specialists in their area of expertise.

## Span of management

The number of employees reporting to a supervisor; also called span of control.

Tall structure

A management structure characterized by an overall narrow span of management and a relatively large number of hierarchical levels.

Flat structure

A management structure characterized by an overall broad span of control and relatively few hierarchical levels.

Centralization

The location of decision authority near top organizational levels.

Decentralization

The location of decision authority near lower organizational levels.

## Departmentalization

The basis on which individuals are grouped into departments and departments into the total organization.

## Functional structure

The grouping of positions into departments based on similar skills, expertise and resource use.

## Divisional structure

An organization structure in which departments are grouped based on similar organizational outputs.

## Matrix approach

An organization structure that utilizes functional and divisional chains of command simultaneously in the same part of the organization.

Two-boss  
employees

Employees who report  
to two supervisors  
simultaneously.

Matrix boss

The product or functional  
boss, responsible for one  
side of the matrix.

Top leader

The overseer of both  
the product and functional  
chains of command,  
responsible for the  
entire matrix.

Cross-functional  
teams

A group of employees  
from various functional  
departments that meet  
as a team to resolve  
mutual problems.

## Permanent teams

A group of participants from several functions who are permanently assigned to solve ongoing problems of common interest.

## Team-based structure

Structure in which the entire organization is made up of horizontal teams that coordinate their activities and work directly with customers to accomplish the organization's goals.

## Virtual network structure

An organization structure that disaggregates major functions to separate companies that are brokered by a small headquarters organization.

## Modular approach

The process by which a manufacturing company uses outside suppliers to provide large components of the product, which are then assembled into a final product by a few workers.

## Coordination

The quality of collaboration across departments.

## Task force

A temporary team or committee formed to solve a specific short-term problem involving several departments.

## Project manager

A person responsible for coordinating the activities of several departments on a full-time basis for the completion of a specific project.

## Re-engineering

The radical redesign of business processes to achieve dramatic improvements in cost, quality, service, and speed.



## Process

An organized group of related tasks and activities that work together to transform inputs into outputs and create value.

## Small-batch production

A type of technology that involves the production of goods in batches of one or a few products designed to customer specification.

## Mass production

A type of technology characterized by the production of a large volume of products with the same specifications.

## Continuous process production

A type of technology involving mechanization of the entire work flow and non-stop production.

Technical  
complexity

The degree to which  
complex machinery  
is involved in the  
production process to  
the exclusion of people.

Service  
technology

Technology characterized  
by intangible outputs and  
direct contact between  
employees and customers.

Digital  
technology

Technology characterized  
by use of the internet  
and other digital processes  
to conduct or support  
business operations.

Organizational  
change

The adoption of a  
new idea or behaviour  
by an organization.

## Ambidextrous approach

Incorporating structures  
and processes that are  
appropriate for both the  
creative impulse and for the  
systematic implementation  
of innovations.

## Product change

A change in the  
organization's product  
or service outputs.

## Technology change

A change that pertains  
to the organization's  
production process.

## Creativity

The generation of  
novel ideas that might  
meet perceived needs  
or offer opportunities  
for the organization.

## Idea incubator

An in-house programme that provides a safe harbour where ideas from employees throughout the organization can be developed without interference from company bureaucracy or politics.

## Horizontal linkage model

An approach to product change that emphasizes shared development of innovations among several departments.

## Fast-Cycle team

A multi-functional team that is provided with high levels of resources and empowerment to accomplish an accelerated product development project.

## Open innovation

Extending the search for and commercialization of new ideas beyond the boundaries of the organization.

## Idea champion

A person who sees the need for and champions productive change within the organization.

## New-venture team

A unit separate from the mainstream of the organization that is responsible for developing and initiating innovations.

## Skunkworks

A separate small, informal, highly autonomous and often secretive group that focuses on breakthrough ideas for the business.

## New-venture fund

A fund providing resources from which individuals and groups can draw to develop new ideas, products or businesses.

## People change

A change in the attitudes and behaviours of a few employees in the organization.

## Culture change

A major shift in the norms, values, attitudes and mind- set of the entire organization.

## Organization development (OD)

The application of behavioural science techniques to improve an organization's health and effectiveness through its ability to cope with environmental changes, improve internal relationships, and increase learning and problem-solving capabilities.

## Team building

A type of OD intervention that enhances the cohesiveness of departments by helping members learn to function as a team.

## Survey feedback

A type of OD intervention in which questionnaires on organizational climate and other factors are distributed among employees and their results reported back to them by a change agent.

## Large-group intervention

An approach that brings together participants from all parts of the organization (and may include key outside stakeholders as well) to discuss problems or opportunities and plan for major change.

## Unfreezing

The stage of organization development in which participants are made aware of problems to increase their willingness to change their behaviour.

## Change agent

An OD specialist who contracts with an organization to facilitate change.

Changing

The intervention stage of organization development in which individuals experiment with new workplace behaviour.

Refreezing

The reinforcement stage of organization development in which individuals acquire a desired new skill or attitude and are rewarded for it by the organization.

Performance gap

A disparity between existing and desired performance levels.

Force-field analysis

The process of determining which forces drive and which resist a proposed change.



## Human resource management (HRM)

Activities undertaken  
to attract, develop and  
maintain an effective  
workforce within  
an organization.

## Human capital

The economic value of  
the knowledge, experience,  
skills and capabilities  
of employees.

## International Human Resource Management (IHRM)

A subfield of human  
resource management that  
addresses the complexity  
that results from recruiting,  
selecting, developing  
and maintaining a  
diverse work- force on  
a global scale.

## Human resource information system

An integrated computer  
system designed to provide  
data and information  
used in HR planning and  
decision- making.

## Discrimination

The hiring or promoting of applicants based on criteria that are not job relevant.

## Affirmative action

A policy requiring employers to take positive steps to guarantee equal employment opportunities for people within protected groups.

## Contingent workers

People who work for an organization, but not on a permanent or full-time basis, including temporary placements, contracted professionals or leased employees.

## Virtual team

A team made up of members who are geographically or organizationally dispersed, rarely meet face-to-face and do their work using advanced information technologies.

## Telecommuting

Using computers and telecommunications equipment to perform work from home or another remote location.

## Downsizing

Intentional, planned reduction in the size of a company's workforce.

## Matching model

An employee selection approach in which the organization and the applicant attempt to match each other's needs, interests and values.

## Human resource planning

The forecasting of human resource needs and the projected matching of individuals with expected job vacancies.

## Recruiting

The activities or practices that define the desired characteristics of applicants for specific jobs.

## Job analysis

The systematic process of gathering and interpreting information about the essential duties, tasks and responsibilities of a job.

## Job description

A concise summary of the specific tasks and responsibilities of a particular job

## Job specification

An outline of the knowledge, skills, education and physical abilities needed to adequately perform a job.

## Realistic job preview

A recruiting approach that gives applicants all pertinent and realistic information about the job and the organization.

## Selection

The process of determining the skills, abilities and other attributes a person needs to perform a particular job.

## Employment test

A written or computer-based test designed to measure a particular attribute such as intelligence or aptitude.

## Validity

The relationship between an applicant's score on a selection device and his or her future job performance.

## Application form

A device for collecting information about an applicant's education, previous job experience and other background characteristic.

## Assessment centre

A technique for selecting individuals with high managerial potential based on their performance on a series of simulated managerial tasks.

## On-the-job training (OJT)

A type of training in which an experienced employee 'adopts' a new employee to teach him or her how to perform job duties.

## Corporate university

An in-house training and education facility that offers broad-based learning opportunities for employees.

## Workforce optimization

Implementing strategies to put the right people in the right jobs, make the best use of employee talent and skills, and develop human capital for the future.

## Performance appraisal

The process of observing and evaluating an employee's performance, recording the assessment and providing feedback to the employee.

## 360-degree feedback

A process that uses multiple raters, including self-rating, to appraise employee performance and guide development.

## Stereotyping

Placing an employee into a class or category based on one or a few traits or characteristics.

## Halo effect

A type of rating error that occurs when an employee receives the same rating on all dimensions regardless of his or her performance on individual ones.

## Behaviourally anchored rating scale (BARS)

A rating technique that relates an employee's performance to specific job-related incidents.

## Compensation

Monetary payments (wages, salaries) and nonmonetary goods/commodities (benefits, vacations) used to reward employees.

## Job evaluation

The process of determining the value of jobs within an organization through an examination of job content.



## Wage and salary surveys

Surveys that show what other organizations pay incumbents in jobs that match a sample of 'key' jobs selected by the organization.

## Pay-for-performance

Incentive pay that ties at least part of compensation to employee effort and performance.

## Exit interview

An interview conducted with departing employees to determine the reasons for their termination.

## Diversity

All the ways in which employees differ.

## Managing diversity

Creating a climate in which the potential advantages of diversity for organizational or group performance are maximized while the potential disadvantages are minimized.

## Prejudice

The tendency to view people who are different as being deficient.

## Discrimination

When someone acts out their prejudicial attitudes toward people who are the targets of their prejudice.

## Stereotype

A rigid, exaggerated, irrational belief associated with a particular group of people.

Stereotype threat

A psychological experience of a person who, usually engaged in a task, is aware of a stereotype about his or her identify group suggesting that he or she will not perform well on that task.

Ethnocentrism

The belief that one's own group or subculture is inherently superior to other groups or cultures.

Monoculture

A culture that accepts only one way of doing things and one set of values and beliefs.

Ethno-relativism

The belief that groups and subcultures are inherently equal.

## Biculturalism

The sociocultural skills and attitudes used by racial minorities as they move back and forth between the dominant culture and their own ethnic or racial culture.

## Pluralism

An environment in which the organization accommodates several subcultures, including employees who would otherwise feel isolated and ignored.

## Affirmative action

Government-mandated programmes that focus on providing opportunities to women and members of minority groups who previously faced discrimination.

## Glass ceiling

Invisible barrier that separates women and minorities from top management positions.

Cultural  
competence

The ability to interact  
effectively with people of  
different cultures.

Mentor

A higher-ranking, senior  
organizational member  
who is committed to  
providing upward mobility  
and support to a protégé's  
professional career.

Diversity training

Special training designed  
to educate employees about  
the importance of diversity,  
make people aware of their  
own biases, and teach them  
skills for communicating  
and working in a  
diverse workplace.

Multicultural  
teams

Teams made up of  
members from diverse  
national, racial, ethnic and  
cultural backgrounds.

## Employee network groups

Groups based on social identity, such as gender or race, and organized by employees to focus on concerns of employees from that group.

## Organizational behaviour

An interdisciplinary field  
dedicated to the study of  
how individuals and groups  
tend to act in organizations.

## Organizational citizenship

Work behaviour that  
goes beyond job  
requirements and  
contributes as needed to  
the organization's success.

## Attitude

A cognitive and  
affective evaluation that  
predisposes a person to  
act in a certain way.

## Job satisfaction

A positive attitude  
toward one's job.

Organizational  
commitment

Loyalty to and heavy  
involvement in one's  
organization.

Cognitive  
dissonance

A condition in which two  
attitudes or a behaviour and  
an attitude conflict.

Perception

The cognitive process  
people use to make sense  
out of the environment by  
selecting, organizing and  
interpreting information.

Perceptual  
selectivity

The process by which  
individuals screen and  
select the various stimuli  
that vie for their attention.



## Perceptual distortions

Errors in perceptual judgement that arise from inaccuracies in any part of the perceptual process.

## Stereotyping

The tendency to assign an individual to a group or broad category and then attribute generalizations about the group to the individual.

## Halo effect

An overall impression of a person or situation based on one characteristic, either favourable or unfavourable.

## Projection

The tendency to see one's own personal traits in other people.

## Perceptual defence

The tendency of perceivers to protect themselves by disregarding ideas, objects or people that are threatening to them.

## Attributions

Judgements about what caused a person's behaviour – either characteristics of the person or of the situation.

## Fundamental attribution error

The tendency to underestimate the influence of external factors on another's behaviour and to overestimate the influence of internal factors.

## Self-serving bias

The tendency to overestimate the contribution of internal factors to one's successes and the contribution of external factors to one's failures.

## Personality

The set of characteristics that underlie a relatively stable pattern of behaviour in response to ideas, objects or people in the environment.

## Big Five personality factors

Dimensions that describe an individual's extroversion, agreeableness, conscientiousness, emotional stability and openness to experience.

## Locus of control

The tendency to place the primary responsibility for one's success or failure either within oneself (internally) or on outside forces (externally).

## Authoritarianism

The belief that power and status differences should exist within the organization.

Machiavellianism

The tendency to direct much of one's behaviour toward the acquisition of power and the manipulation of other people for personal gain.

Myers–Briggs  
Type Indicator  
(MBTI)

Personality test that measures a person's preference for introversion vs. extroversion, sensation vs. intuition, thinking vs. feeling, and judging vs. perceiving.

Person–job fit

The extent to which a person's ability and personality match the requirements of a job.

Learning

A change in behaviour or performance that occurs as the result of experience.

Stress

A physiological and emotional response to stimuli that place physical or psychological demands on an individual.

Type A behaviour

Behaviour pattern characterized by extreme competitiveness, impatience, aggressiveness and devotion to work.

Type B behaviour

Behaviour pattern that lacks Type A characteristics and includes a more balanced, relaxed lifestyle.

Role ambiguity

Uncertainty about what behaviours are expected of a person in a particular role.

Role conflict

Incompatible demands of  
different roles.

Leadership

The ability to influence  
people toward  
the attainment of  
organizational goals.

Humility

Being unpretentious and  
modest rather than arrogant  
and prideful.

Interactive  
leadership

A leadership style  
characterized by values  
such as inclusion,  
collaboration, relationship  
building and caring.

## Traits

Distinguishing personal characteristics, such as intelligence, values and appearance.

## Consideration

A type of behaviour that describes the extent to which the leader is sensitive to subordinates, respects their ideas and feelings, and establishes mutual trust.

## Initiating structure

A type of leader behaviour that describes the extent to which the leader is task oriented and directs subordinate work activities toward goal attainment.

## Leadership grid

A two-dimensional leadership theory that measures the leader's concern for people and for production.

## Contingency approach

A model of leadership that describes the relationship between leadership styles and specific organizational situations.

## Situational theory

A contingency approach to leadership that links the leader's behavioural style with the task readiness of subordinates.

## Path-goal theory

A contingency approach to leadership specifying that the leader's responsibility is to increase subordinates' motivation by clarifying the behaviours necessary for task accomplishment and rewards.

## Substitute

A situational variable that makes a leadership style unnecessary or redundant.



Neutralizer

A situational variable that counteracts a leadership style and prevents the leader from displaying certain behaviours.

Transactional leader

A leader who clarifies subordinates' role and task requirements, initiates structure, provides rewards and displays consideration for subordinates.

Charismatic leader

A leader who has the ability to motivate subordinates to transcend their expected performance.

Vision

An attractive, ideal future that is credible yet not readily attainable.

Transformational  
leader

A leader distinguished  
by a special ability to  
bring about innovation  
and change.

Power

The potential ability to  
influence others' behaviour.

Influence

The effect a person's  
actions have on the  
attitudes, values, beliefs, or  
behaviour of others.

Legitimate power

Power that stems from a  
formal management position  
in an organization and the  
authority granted to it.

## Reward power

Power that results from the authority to bestow rewards on other people.

## Coercive power

Power that stems from the authority to punish or recommend punishment.

## Expert power

Power that stems from special knowledge of or skill in the tasks performed by subordinates.

## Referent power

Power that results from characteristics that command subordinates' identification with, respect and admiration for, and desire to emulate the leader.

## Servant leader

A leader who works to fulfil subordinates' needs and goals as well as to achieve the organization's larger mission.

## Moral leadership

Distinguishing right from wrong and choosing to do right in the practice of leadership.

## Courage

The ability to step forward through fear and act on one's values and conscience.

## Motivation

The arousal, direction, and persistence of behaviour.

Intrinsic reward

The satisfaction  
received in the process  
of performing an action.

Extrinsic reward

A reward given  
by another person.

Content theories

A group of theories that  
emphasize the needs that  
motivate people.

Hierarchy of  
needs theory

A content theory that  
proposes that people  
are motivated by five  
categories of needs –  
physiological, safety,  
belongingness, esteem and  
self- actualization – that  
exist in a hierarchical order.

## ERG theory

A modification of the needs hierarchy theory that proposes three categories of needs: existence, relatedness and growth.

## Frustration– regression principle

The idea that failure to meet a high-order need may cause a regression to an already satisfied lower-order need.

## Hygiene factors

Factors that involve the presence or absence of job dissatisfiers, including working conditions, pay, company policies and interpersonal relationships.

## Motivators

Factors that influence job satisfaction based on fulfilment of high-level needs such as achievement, recognition, responsibility and opportunity for growth.

## Process theories

A group of theories that explain how employees select behaviours with which to meet their needs and determine whether their choices were successful.

## Equity theory

A process theory that focuses on individuals' perceptions of how fairly they are treated relative to others.

## Equity

A situation that exists when the ratio of one person's outcomes to inputs equals that of another's.

## Expectancy theory

A process theory that proposes that motivation depends on individuals' expectations about their ability to perform tasks and receive desired rewards.

E→P expectancy

Expectancy that putting effort into a given task will lead to high performance.

P→O expectancy

Expectancy that successful performance of a task will lead to the desired outcome.

Valence

The value or attraction an individual has for an outcome.

Goal-setting theory

A motivation theory in which specific, challenging goals increase motivation and performance when the goals are accepted by subordinates and these subordinates receive feedback to indicate their progress toward goal achievement.



## Reinforcement theory

A motivation theory based on the relationship between a given behaviour and its consequences.

## Behaviour modification

The set of techniques by which reinforcement theory is used to modify human behaviour.

## Law of effect

The assumption that positively reinforced behaviour tends to be repeated, and unreinforced or negatively reinforced behaviour tends to be inhibited.

## Reinforcement

Anything that causes a given behaviour to be repeated or inhibited.

## Schedule of reinforcement

The frequency with which and intervals over which reinforcement occurs.

## Continuous reinforcement schedule

A schedule in which every occurrence of the desired behaviour is reinforced.

## Partial reinforcement schedule

A schedule in which only some occurrences of the desired behaviour are reinforced.

## Job design

The application of motivational theories to the structure of work for improving productivity and satisfaction.

## Job simplification

A job design whose purpose is to improve task efficiency by reducing the number of tasks a single person must do.

## Job rotation

A job design that systematically moves employees from one job to another to provide them with variety and stimulation.

## Job enlargement

A job design that combines a series of tasks into one new, broader job to give employees variety and challenge.

## Job enrichment

A job design that incorporates achievement, recognition and other high-level motivators into the work.

Work redesign

The altering of jobs to increase both the quality of employees' work experience and their productivity.

Job characteristics model

A model of job design that comprises core job dimensions, critical psychological states and employee growth-need strength.

Empowerment

The delegation of power and authority to subordinates.

Strategic conversation

Dialogue across boundaries and hierarchical levels about the team or organization's vision, critical strategic themes and the values that help achieve important goals.

Communication

The process by which information is exchanged and understood by two or more people, usually with the intent to motivate or influence behaviour.

Encode

To select symbols with which to compose a message.

Message

The tangible formulation of an idea to be sent to a receiver.

Channel

The carrier of a communication.

Decode

To translate the symbols used in a message for the purpose of interpreting its meaning.

Feedback

A response by the receiver to the sender's communication.

Channel richness

The amount of information that can be transmitted during a communication episode.

Instant messaging  
(IM)

Electronic communication that allows users to see who is connected to a network and share information instantly.

Communication  
apprehension

An individual's level of fear or anxiety associated with interpersonal communications.

Non-verbal  
communication

A communication transmitted through actions and behaviours rather than through words.

Listening

The skill of receiving messages to accurately grasp facts and feelings to interpret the genuine meaning.

Formal  
communication  
channel

A communication channel that flows within the chain of command or task responsibility defined by the organization.

## Downward communication

Messages sent from  
top management down  
to subordinates.

## Upward communication

Messages transmitted  
from the lower to the  
higher levels in the  
organization's hierarch

## Horizontal communication

The lateral or diagonal  
exchange of messages  
among peers or co-workers.

## Centralized network

A team communication  
structure in which team  
members communicate  
through a single individual  
to solve problems or  
make decisions.



## Decentralized network

A team communication structure in which team members freely communicate with one another and arrive at decisions together.

## Personal communication channels

Communication channels that exist outside the formally authorized channels and do not adhere to the organization's hierarchy of authority.

## Personal networking

The acquisition and cultivation of personal relationships that cross departmental, hierarchical and even organizational boundaries.

## Grapevine

An informal, person-to-person communication network of employees that is not officially sanctioned by the organization.

Managementby  
wandering around  
(MBWA)

A communication  
technique in which  
managers interact directly  
with workers to exchange  
information.

Open  
communication

Sharing all types of  
information throughout the  
company, across functional  
and hierarchical levels.

Dialogue

A group communication  
process aimed at  
creating a culture based  
on collaboration, fluidity,  
trust and commitment  
to shared goals.

Semantics

The meaning of words and  
the way they are used.

## Team

A unit of two or more people who interact and coordinate their work to accomplish a specific goal.

## Formal team

A team created by the organization as part of the formal organization structure.

## Vertical team

A formal team composed of a manager and his or her subordinates in the organization's formal chain of command.

## Horizontal team

A formal team composed of employees from about the same hierarchical level but from different areas of expertise.

## Committee

A long-lasting, sometimes permanent team in the organization structure created to deal with tasks that recur regularly.

## Special-purpose team

A team created outside the formal organization to undertake a project of special importance or creativity.

## Problem-solving team

Typically five to 12 hourly employees from the same department who meet to discuss ways of improving quality, efficiency, and the work environment.

## Self-directed team

A team consisting of five to 20 multi-skilled workers who rotate jobs to produce an entire product or service, often supervised by an elected member.

## Virtual team

A team made up of members who are geographically or organizationally dispersed, rarely meet face to face and do their work using advanced information technologies.

## Global team

A work team made up of members of different nationalities whose activities span multiple countries; may operate as a virtual team or meet face-to-face.

## Free rider

A person who benefits from team membership but does not make a proportionate contribution to the team's work.

## Task specialist role

A role in which the individual devotes personal time and energy to helping the team accomplish its task.

## Socioemotional role

A role in which the individual provides support for team members' emotional needs and social unity.

## Dual role

A role in which the individual both contributes to the team's task and supports members' emotional needs.

## Non-participator role

A role in which the individual contributes little to either the task or members' socioemotional needs.

## Forming

The stage of team development characterized by orientation and acquaintance.

## Storming

The stage of team development in which individual personalities and roles, and resulting conflicts, emerge.

## Norming

The stage of team development in which conflicts developed during the storming stage are resolved and team harmony and unity emerge.

## Performing

The stage of team development in which members focus on problem solving and accomplishing the team's assigned task.

## Adjourning

The stage of team development in which members prepare for the team's disbandment.

## Team cohesiveness

The extent to which team members are attracted to the team and motivated to remain in it.

## Team norm

A standard of conduct that is shared by team members and guides their behaviour.

## Conflict

Antagonistic interaction in which one party attempts to thwart the intentions or goals of another.

## Groupthink

The tendency for people to be so committed to a cohesive team that they are reluctant to express contrary opinions.



Superordinate  
goal

A goal that cannot be  
reached by a single party.

Mediation

The process of using a third  
party to settle a dispute.

Negotiation

A conflict management  
strategy whereby people  
engage in give-and-take  
discussions and consider  
various alternatives to  
reach a joint decision that is  
acceptable to both parties.

Integrative  
negotiation

A collaborative approach  
to negotiation that is based  
on a win-win assumption,  
whereby the parties want  
to come up with a creative  
solution that benefits both  
sides of the conflict.

## Distributive negotiation

A competitive and adversarial negotiation approach in which each party strives to get as much as it can, usually at the expense of the other party.

## Bargaining zone

The range between one party's minimum reservation point (the point beyond which the party is willing to accept a deal) and the other party's maximum reservation point

## BATNA

The 'best alternative to a negotiated agreement'; a previously determined choice of what a party will do if an acceptable agreement cannot be reached through negotiation.

## Social facilitation

The tendency for the presence of others to influence an individual's motivation and performance.

## Organizational control

The systematic process through which managers regulate organizational activities to make them consistent with expectations established in plans, targets and standards of performance.

## Balanced scorecard

A comprehensive management control system that balances traditional financial measures with measures of customer service, internal business processes and the organization's capacity for learning and growth.

## Responsibility centre

An organizational unit under the supervision of a single person who is responsible for its activity.

## Expense budget

A budget that outlines the anticipated and actual expenses for a responsibility centre.

## Revenue budget

A budget that identifies the forecasted and actual revenues of the organization.

## Cash budget

A budget that estimates and reports cash flows on a daily or weekly basis to ensure that the company has sufficient cash to meet its obligations.

## Capital budget

A budget that plans and reports investments in major assets to be depreciated over several years.

## Top-down budgeting

A budgeting process in which middle- and lower- level managers set departmental budget targets in accordance with overall company revenues and expenditures specified by top management.

## Bottom-up budgeting

A budgeting process in which lower-level managers budget their departments' resource needs and pass them up to top management for approval.

## Balance sheet

A financial statement that shows the firm's financial position with respect to assets and liabilities at a specific point in time.

## Income statement

A financial statement that summarizes the firm's financial performance for a given time interval; sometimes called a profit-and-loss statement.

## Liquidity ratio

A financial ratio that indicates the organization's ability to meet its current debt obligations.

## Activity ratio

A financial ratio that measures the organization's internal performance with respect to key activities defined by management.

## Profitability ratio

A financial ratio that describes the firm's profits in terms of a source of profits (e.g. sales or total assets).

## Hierarchical control

The use of rules, policies, hierarchy of authority, reward systems and other formal devices to influence employee behaviour and assess performance.

## Decentralized control

The use of organizational culture, group norms and a focus on goals, rather than rules and procedures, to foster compliance with organizational goals.

## Open-book management

Sharing financial  
information and results  
with all employees in the  
organization.

## Total quality management (TQM)

An organization-wide  
commitment to infusing  
quality into every activity  
through continuous  
improvement.

## Quality circle

A group of six to 12  
volunteer employees who  
meet regularly to discuss and  
solve problems affecting the  
quality of their work.

## Benchmarking

enchmarking  
The continuous process  
of measuring products,  
services and practices  
against major competitors  
or industry leaders.

## Six Sigma

A quality control approach that emphasizes a relentless pursuit of higher quality and lower costs.

## Cycle time

The steps taken to complete a company process.

## Continuous improvement

The implementation of a large number of small, incremental improvements in all areas of the organization on an ongoing basis.

## ISO 9000 standards

A set of standards that represent an international consensus of what constitutes effective quality management, as outlined by the International Organization for Standardization.



## Economic value-added (EVA)

A control system that measures performance in terms of after-tax profits minus the cost of capital invested in tangible assets.

## Market value-added (MVA)

A control system that measures the stock market's estimate of the value of a company's past and expected capital investment projects.

## Activity-based costing (ABC)

A control system that identifies the various activities needed to provide a product and allocates costs accordingly.

## Corporate governance

The system of governing an organization so the interests of corporate owners are protected.

## Internet

A global collection of computer networks linked together for the exchange of data and information.

## Information technology (IT)

The hardware, software, telecommunications, database management, and other technologies used to store, process and distribute information.

## Knowledge management

The process of systematically gathering knowledge, making it widely available throughout the organization and fostering a culture of learning.

## Knowledge management portal

A single point of access for employees to multiple sources of information that provides personalized access on the corporate intranet.

## Wiki

Website that allows anyone with access, inside or outside the organization, to create, share and edit content through a simple, browser-based user interface.

## Data warehousing

The use of a huge database that combines all of a company's data and allows users to access the data directly, create reports and obtain answers to what-if questions.

## Business intelligence (BI)

The high-tech analysis of data from multiple sources to identify patterns and relationships that might be significant.

## Management information system (MIS)

A computer-based system that provides information and support for effective managerial decision-making.

## Decision support system (DSS)

An interactive, computer-based system that uses decision models and specialized databases to support organization decision-makers.

## Information reporting system

A system that organizes information in the form of prespecified reports that managers use in day-to-day decision-making.

## Executive information system (EIS)

A management information system designed to facilitate strategic decision-making at the highest levels of management by providing executives with easy access to timely and relevant information.

## Business performance dashboard

A system that pulls data from a variety of organizational systems and databases; gauges the data against key performance metrics; pulls out the right nuggets of information; and delivers information to managers in a graphical, easy-to-interpret format.

## Groupware

Software that works on a computer network or the internet to facilitate information sharing, collaborative work, and group decision-making.

## Enterprise resource planning (ERP) system

A networked information system that collects, processes, and provides information about an organization's entire enterprise, from identification of customer needs and receipt of orders to distribution of products and receipt of payments.

## Customer relationship management (CRM) systems

Systems that help companies track customers' interactions with the firm and allow employees to call up information on past transactions.

## World Wide Web (WWW)

A collection of central servers for accessing information on the internet.

## Blog

Web log that allows individuals to post opinions and ideas.

## Social networking

Online interaction in a community format where people share personal information and photos, produce and share all sorts of information and opinions, or unify activists and raise funds.

## Peer-to-peer file sharing

File sharing that allows PCs to communicate directly with one another over the internet, bypassing central databases, servers, control points and webpages.

## Operations information system

A computer-based information system that supports a company's day-to-day operations.

Data

Raw, unsummarized  
and unanalyzed facts  
and figures.

Transaction-  
processing system  
(TPS)

A type of operations  
information system that  
records and processes data  
resulting from routine  
business transactions such as  
sales, purchases and payroll.

Information

Data that have been  
converted into a  
meaningful and useful  
context for the receiver.

Process control  
system

A computer system that  
monitors and controls  
ongoing physical processes,  
such as temperature or  
pressure changes.

## Office automation systems

Systems that combine modern hardware and software to handle the tasks of publishing and distributing information.

## E-business

Any business that takes place by digital processes over a computer network rather than in physical space.

## Electronic data interchange (EDI)

A network that links the computer systems of buyers and sellers to allow the transmission of structured data primarily for ordering, distribution, and payables and receivables.

## E-commerce

Business exchanges or transactions that occur electronically.



## Intranet

An internal communications system that uses the technology and standards of the internet but is accessible only to people within the organization.

## Extranet

An external communications system that uses the internet and is shared by two or more organizations.

## B2B marketplace

An electronic marketplace set up by an intermediary where buyers and sellers meet.

## Technical core

The heart of the organization's production of its product or service.

## Operations management

The field of management that focuses on the physical production of goods or services and uses specialized techniques for solving manufacturing problems.

## Manufacturing organization

An organization that produces physical goods.

## Service organization

An organization that produces non-physical outputs that require customer involvement and cannot be stored in inventory.

## Operations strategy

The recognition of the importance of operations to the firm's success and the involvement of operations managers in the organization's strategic planning.

## Supply chain management

Managing the sequence of suppliers and purchasers, covering all stages of processing from obtaining raw materials to distributing finished goods to final consumers.

## Procurement

Purchasing supplies, services and raw materials for use in the production process.

## Process layout

A facilities layout in which machines that perform the same function are grouped together in one location.

## Product layout

A facilities layout in which machines and tasks are arranged according to the sequence of steps in the production of a single product.

## Cellular layout

A facilities layout in which machines dedicated to sequences of production are grouped into cells in accordance with group-technology principles.

## Fixed-position layout

A facilities layout in which the product remains in one location and the required tasks and equipment are brought to it.

## Flexible manufacturing system

A small or medium-sized automated production line that can be adapted to produce more than one product line.

## CAD

A production technology in which computers perform new-product design.

CAM

A production technology in which computers help guide and control the manufacturing system.

Product life-cycle  
management  
(PLM)

Manufacturing software that manages a product from creation through development, manufacturing, testing, and even maintenance in the field.

Capacity planning

The determination and adjustment of the organization's ability to produce products and services to match customer demand.

Inventory

The goods that the organization keeps on hand for use in the production process up to the point of selling the final products to customers.

## Finished-goods inventory

Inventory consisting of items that have passed through the complete production process but have yet to be sold.

## Work-in-process inventory

Inventory composed of the materials that still are moving through the stages of the production process.

## Raw materials inventory

Inventory consisting of the basic inputs to the organization's production process.

## Economic order quantity (EOQ)

An inventory management technique designed to minimize the total of ordering and holding costs for inventory items.

## Reorder point (ROP)

The most economical level at which an inventory item should be reordered.

## Dependent demand inventory

Inventory in which item demand is related to the demand for other inventory items.

## Material requirements planning (MRP)

A dependent demand inventory planning and control system that schedules the precise amount of all materials required to support the production of desired end products.

## Just-in-time (JIT) inventory system

An inventory control system that schedules materials to arrive precisely when they are needed on a production line.

## Logistics

The activities required to physically move materials into the company's operations facility and to move finished products to customers.

## Distribution

Moving finished products to customers; also called order fulfilment.

## Lean manufacturing

Manufacturing process using highly trained employees at every stage of the production process to cut waste and improve quality.

## Productivity

The organization's output of products and services divided by its inputs.



## Total factor productivity

The ratio of total outputs to the inputs from labour, capital, materials, and energy.

## Partial productivity

The ratio of total outputs to the inputs from a single major input category.