Management Fundamentals: Concepts, Applications, and Skill Development

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8e

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Concepts, Applications, and Skill Development

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Preface

In his book *Power Tools,* John Nirenberg asks, "Why are so many well-intended students learning so much and yet able to apply so little in their personal and professional lives?" Students want more than just an understanding of the concepts of management. They also want skills they can use in their everyday lives and at work. It's not enough to learn about management; they want to learn how to succeed in today's business environment. This is why I wrote this book.

If you look at the textbooks over time, they keep getting smaller as authors cut out material. When writing this eighth edition, I decided to set a higher standard. I've actually added more material while making the text more concise and completely updated it by adding more than 1,250 new references for a total of more than 2,600. I've also added more than 700 new company examples. Compare the contents to any major competitor, and you will find that, as reviewers consistently say, the real difference is that I offer superior quantity and quality application and skill-development options that engage millennials.

I personally developed the total package to have the following competitive advantages: A unique **"how-to-manage"** approach with a focus on personal advice on how to succeed in today's changing business environment of shared leadership   Eight types of high-quality **application materials** using the concepts to develop critical-thinking skills   Five types of high-quality **skill-building exercises** to develop management skills that can be utilized in students' professional and personal lives   A **flexible** package—with all these features, instructors can design the course by selecting the features that meet their needs   A **lower price** to students than major competitors   Designed to Meet a Variety of Learning Styles

Today's students need to be engaged, as the old primary lecture method is no longer effective. My text is very flexible and can be used with the traditional lecture method. But it also offers a wide range of engaging activities to select from that best meet the professor and student goals and preferred teaching/learning styles. Many of the specific learning preferences of millennials have been addressed in the book's overall approach, organization, and distinctive features.
Active Learning. A design for active learning is addressed with a wide variety of application activities and skill-building tools that can be used immediately in their own lives.   **Practical Approach.** Students are provided with **immediate feedback** and ongoing **self-assessment** opportunities found in the Work Application, Applying the Concept, and Self-Assessment features. Organizational tools such as **checklists**, summaries, and **"how-to"** instructions are integrated throughout.   **Accessible Content.** Text material presents management concepts followed by application material so that students can break up the reading while applying the concepts and getting feedback. The boxed items are not just passively reading an example; they

engage the student to come up with an answer. Content is **chunked** into easily digested segments to help students process new ideas and concepts.   **Online Resources.** The text is accompanied by a password-protected **instructor website** and an open-access **student website** (see the following for more details). Also, while all the elements in the text are designed to be used by individuals, they can also be used in group settings, making *Management Fundamentals* an ideal text for **online courses**.   Integrated Three-Pronged Approach

As the title of this book implies, it involves a balanced, three-pronged approach to the curriculum: A clear understanding of management **concepts**   The **application** of management concepts for critical thinking in the real world   The development of management **skills**

I wrote this text and its supporting ancillary package to support these three distinct but integrated parts. This text follows a management-functions approach covering all the traditional concepts and current topics. The applications develop students' critical-thinking skills as they require them to apply specific concepts to their own work experience (volunteer, part time, summer, or full time), to short situations, and to cases. In addition, this text meets the challenge of the AACSB (Association to Advance Collegiate Schools of Business) call for skills development. Since I wrote almost every exercise and application in the package, the material is completely integrated to create a seamless experience in the classroom or online.

The three key elements of concepts, applications, and skills are integrated throughout the chapters. However, they are identified clearly and are delineated in some detail for your reference in this preface and in [Chapter 1](). Recognizing the diverse needs of students and faculty, they can be used flexibly to fit any course. Instructors can create their course by using only features that fit with their objectives in class or online.

My goal is to make both students and instructors successful in and out of the classroom by providing learning features that not only teach about management but also help students succeed in the changing business environment.   Concepts

This text covers all key management topics and concepts. It is comprehensive in scope, as shown by the detailed **Learning Objectives** at the front of each chapter. Each outcome is reinforced and identified throughout the chapter. Key terms are highlighted in green to emphasize the vocabulary of management for students.   Current Management Issues

This text is not cluttered with extraneous boxes. Instead, current topics as described by the AACSB, such as globalization, diversity, technology, and ethics, are covered throughout the chapters, and each chapter ends with the section "Trends and Issues in Management" to apply each of these four topics as they relate to the chapter contents.   End-of-Chapter Material Reinforcement of Concepts

Each chapter ends with a **Chapter Summary** that reinforces every Learning Objective. A **Key Term Review** section enables the readers to quiz themselves on the definitions, making it an active glossary. In addition, each chapter includes an average of 13 **Review Questions** to support and reinforce the key concepts that appear in the chapters.   Applications

Powerful learning takes place when theory is put within the context of the real world. Using this text, students are challenged to apply the concepts they learn to actual business situations, especially as they have experienced them personally. Students must think critically as they apply specific concepts to their own work experience, short situations, and cases.   Ideas on Management Opening Cases

At the beginning of each chapter, information about an actual manager and organization is

presented. The case is followed by four to eight questions to get students involved. Throughout the chapter, the answers to the questions are given to illustrate how the organization actually uses the text concepts to create opportunities and solve problems through decision making. The students get a real-world example illustrated extensively throughout the chapter, beginning with the opening pages.   Real-World Examples

Company examples illustrate how businesses use the text concepts. There are more than 700 new examples, with an average of 47 per chapter. Text concepts come alive as students see how actual organizations use them to succeed. Companies featured include **Netflix**, **Uber**, **Airbnb**, **Google**, and **Apple**, among many others. The organization names are highlighted throughout the text in bold font.   Work Applications

Open-ended questions called Work Applications require students to explain how the text concepts apply to their own work experience; more than 160 of these are strategically placed throughout the text. Student experience can be present, past, summer, full-time or part-time employment, or volunteer work. The questions help students bridge the gap between theory and their real world.
        Applying the Concept

Every chapter contains a series of three to six Applying the Concept boxes that require the student to determine the management concept being illustrated in a specific short example. There are 19 to 43 objective questions per chapter (and every question is new or revised in the eighth edition) for development of student critical-thinking skills.   Join the Discussion: Ethics and Social Responsibility Dilemmas

There are 40 ethical dilemma boxed items, with at least two to three included per chapter. Many of the dilemmas include information from companies such as **Gap** and **JetBlue Airways**. Each dilemma has two to four questions for critical thinking and possible class or online discussion.
        End-of-Chapter Cases

Following the review and communication questions, students are presented with two cases of an actual manager or organization. **Case questions** require the student to apply management practices and concepts to the actual organization. Chapters 2 through 15 also include **cumulative case questions** that relate case material to concepts from prior chapters. Thus, students continually review and integrate concepts from previous chapters.   Skill Development

The difference between learning about management and learning to be a manager is the acquisition of skills. This text focuses on skill development so students can use what they learn in their personal lives and on the job. The skill material is integrated throughout the text, but instructors can choose how to incorporate the material into their classroom or online experience—individually or as groups, inside the class or as outside group projects.

Students can actually develop a skill that can be used on the job. The features listed in the following paragraphs include true skill building, such as step-by-step models, and skill-building exercises. Other features also support skill building, such as self-assessments and group exercises.
        Step-by-Step Models

The book contains approximately 25 detailed sets of how-to steps for handling day-to-day management functions. They are integrated into the context of the chapter or skill-building exercise being taught. For example, models teach students how to set objectives and priorities, how to handle a complaint, and how to discipline an employee. This feature directly teaches students how to be managers.   Skill Builders

Chapters contain an average of three Skill Builders, all of which have been class tested to be the best found in any text on the market. Full support of more than 45 activities can be found in the Instructor's Manual, including detailed information, timing, answers, and so on. All exercises and their uses are optional in the classroom or online. There are three primary types of exercises:

Individual Focus: Around half are those in which participants are required to make individual decisions prior to or during class. These answers can be shared in class or online for discussion, or the instructor may elect to go over recommended answers.   Group Focus: Around a quarter are those in which participants discuss the material presented and may select group answers.

Role-Play Focus: Around a quarter are those in which participants are presented with a model and given the opportunity to use the model, usually in groups of two or three.

Self-Assessments

Scattered throughout the text are more than 25 Self-Assessments, with at least one per chapter. Students complete these assessments to gain personal knowledge. All information for completing and scoring the assessments is contained within the text. Many of the assessments are tied to exercises within the book, thus enhancing the impact of the activities.   Communication Skills

There are approximately 150 critical-thinking questions (an average of 10 per chapter) that can be used for class discussion and/or written assignments to develop communication skills.

New to the Eighth Edition

Having done a major revision of the seventh edition, in which 97% of the references were new, I thought this would be a quick minor revision. However, in adding more than 1,250 new references, I made several improvements in the text focusing on how to apply the concepts in one's personal and professional lives. Here they are: There is an average of 84 new references with a total of more than 175 per chapter. The theory comes primarily from Academy of Management articles.   There are more than 700 new people's names, brands, and company examples, coming from *BusinessWeek*, *Forbes*, *Fortune*, *The Wall Street Journal*, and others.   New terms or concepts added to this new edition: ACBSP (Accreditation Council for Business Schools and Programs); IACBE (International Assembly for Collegiate Business Education; Go Suit; Mary Parker Follett; operations research, operations management, information management; Three Views of Ethics: utilitarianism, rights, and justice views; Golden Rule: Buddhism, Christianity, Confucianism, Hinduism, Judaism, Islam, Taoism; social enterprises; hybrid organizations; work integration social enterprises (WISEs); BCorp (benefits corporation); not-invented-here; Brexit; Trans-Pacific Partnership (TPP); IMF; Arguments for and Against Free Trade and the Future of Global Trade; Executive Orders; Generation Z characteristics; Glass Cliff; LGBT+; Fortune 50 Best Workplaces for Diversity; Attention Spans and Concentration and Smartphones; frenemies; Our Resistance to Change—Habits; organizational entrepreneurs; opportunity cost; The Funding and Sales Pitch; SBA LINC (Leveraging Information and Networks to access Capital); informal organization chart; multiteam systems; Platform Organization; Fair Labor Standards Act of 1938; microlearning; e-learning companies; gratitude; habit; conflict of ideas; personal conflict; procrastination; perfectionism; time pressure; genomics; brain training; altercasting; bossless organization; self-leadership; followership; chatbots; cyberloafing; retentive listening; the performance success cycle; revenues vs. profits; profit margins; strategic cloud supply chains; third-party logistics providers (3PLS); dashboards.   There is a second shorter end of chapter case for every chapter.   More than half of the "Trends and Issues in Management" section has new updated material.   All Applying the Concept questions have been changed. Four new boxes and 28 new questions have been added. There are more than 425 questions for an average of 29 per chapter.   There is a new self-assessment (28 total) and skill-building exercise (47 total).   Four of the opening cases are new, and all the others have been updated.   Half of the end-of-chapter cases are new, and all the others have been updated. The cases replaced are in the Instructor's Manual for those who want to continue to use them.

The Test Bank continues to measure application and skill development, and the AACSB competencies tested are also identified.

Here are the changes for each chapter.　　　Chapter 1. Management and Its History
There are 44 new current references in Chapter 1 for a total of 126 references.　　There are 12 new people and company/brand examples, including Sheryl Sandberg, COO of Facebook, Booker T. Washington, Starbucks, ACBSP (Accreditation Council for Business Schools and Programs), and IACBE (International Assembly for Collegiate Business Education.　　The opening case has been updated.　　There are two new sections with expanded discussion in the "Why Take Management" section to clearly state the skills that can be developed in one's personal life and professional lives as a manager or employee.　　The section What Does It Take to Be a Successful Manager subsection on AACSB has been expanded to now include ACBSP (Accreditation Council for Business Schools and Programs) and IACBE (International Assembly for Collegiate Business Education).　　All of the Applying the Concept boxes are changed with revised or new questions with a total of 28 application questions.　　There is a new Applying the Concept box 1-5, Matching History of Management People and Theories.　　There is a new Exhibit 1-9, Survey Results Comparing Large and Small Businesses Responses.　　There is a new Work Application question, 1-8.　　The jargon term Go Suit has been added to the Transitions to Management subsection. The Join the Discussion, Executive Compensation, has been updated with new references.　　In the History of Management section, the subsection Scientific Management now expands the discussion of Mary Parker Follett to include *integrative conflict resolution.*　　In the History of Management section, the Management Science subsection has been expanded to include operations research, operations management, and information management.　　The Trends and Issues in Management section now better identifies the trends in globalization, diversity, technology, ethics, and social responsibility.　　There is a new first short case at the end of the chapter.　　The second longer end-of-chapter case has been updated.　　Skill-Building Exercise 1-3, Careers, now includes reflecting on working for a small or large organization.
Chapter 2. The Environment: Culture, Ethics, and Social Responsibility　　　There are 76 new current references in Chapter 2 with a total of 200 references.　　There are 68 new people and company/brand examples, including SpaceX, Mary Kay, Ben & Jerry's, Etsy, and Southwest Airlines.
　The chapter has been reorganized by moving the internal and external environments together in the first section. The discussion includes the same content but has been shortened a bit. Exhibit 2-3 has been deleted, as it is the center part of the new expanded Exhibit 2-3. This also changes some of the Learning Objectives and Work Application, Review Questions, and Communication Skills numbers.　　The opening case has been completely rewritten.　　The Organizational Culture section has been reorganized. The prior first subsection has been split into two level-two heads: Organizational Culture Artifacts and Organizational Culture Levels, Strength, and Health; the discussion of healthy and unhealthy cultures from prior editions has been added. The prior last two sections have been combined in the third level-two head: Managing and Changing Cultures and the Learning Organization. The Learning Organization subsection has been completely rewritten.　　In the Business Ethics section, a new subsection has been added, "Three Views of Ethics," to include a discussion of utilitarianism, rights, and justice views. The subsection "Caution" is now "Caution Against Escalation of Unethical Behavior" with expanded coverage.　　The "Methods to Help Ensure Ethical Behavior" subsection "Golden Rule" is more global in scope by stating that the following religions have a variation of the Golden Rule: Buddhism, Christianity, Confucianism, Hinduism, Judaism, Islam, and Taoism. There is also a new subtitle, "Application of Ethical Guides."　　In the Social Responsibility to Stakeholders section, there is a new subsection, "Social Entrepreneurs and Hybrid Organizations," that presents new terms: *social enterprises*, *hybrid organizations*, and *work integration social enterprises (WISEs)*.　　The new term *BCorp* (benefits corporation) has been added as a new subsection in the Social Responsibility to Stakeholders section.　　2-2 Join the Discussion Ethics & Social Responsibility: Sex, Profanity, and Violence no longer has the word *TV* in the title because the discussion has been expanded to include portraying females as sex objects and violence against women in songs and music videos and in video games.

Thus, questions 4 and 5 have been expanded.   All of the Applying the Concept boxes are changed, 2-2 and 2-3 reversed, and all have revised or new questions with a total of 27 application questions.   The Trends and Issues section has been revised with around 50% new material. The first two paragraphs discussing global issues have been combined and shortened. There is a new paragraph defining and discussing the sharing economy, and examples of new sustainability have been added.   There is a new first short case at the end of the chapter.   The second longer case is new.   Chapter 3. Managing Diversity in a Global Environment   There are 167 new current references in [Chapter 3](#) for a total of 216.   There are 79 new people and company/brand examples including GM, Carrier, Airbnb, and United Nations.   The chapter has been reorganized. The first section remains The Global Environment so that students understand its importance. However, the second section, Managing Global Business, has been moved to the end of the chapter, just before the trends and issues section, so that the flow of content goes to diversity, to global diversity, followed by how to manage a global business, which is often required in an international business class. The overall coverage of discrimination has been expanded, and the global coverage is a bit shorter.   The chapter reorganization results in changes in numbering of the Learning Objectives, Work Applications, Applying the Concept, Review, and Communication Skills Questions.   The opening case SHI is new.   The first section, The Global Environment, has a new introduction covering the chapter topics and has a new paragraph to focus on making sure students understand how globalization does and will continue to affect them personally.   The section "Ethnocentrism . . . " now includes the new topic "not-invented-here syndrome."   In Self-Assessment 3-1, Nokia has been replaced with Pep Boys.   In the section of Managing Foreign Trade, the subsection Trade Barriers now states that the trend is toward protectionism, and the subsection Trade Agreements now discusses Brexit and the possibility that the US will not be part of the Trans-Pacific Partnership (TPP). Also, the Exchange Rates subsection has been expanded to include the effects of Brexit and the strong US dollar in 2015–2016. Following Exchange Rates is a new subsection discussing the IMF.   There is a new [Applying the Concept box 3-1](#), Trade Barriers, in the section of Standard of Living and the Effects of Foreign Trade, the discussion of the effects of foreign trade has been rewritten to include three new subsections: Arguments for and Against Free Trade and the Future of Global Trade. The Big Mac index figures have been updated.   In the section What Are Diversity and Inclusion?, the subsection Differences Between Valuing Diversity and Affirmative Action now states that it came from Executive Orders and provides the website www.us.gov for more information. In the U.S. Diversity subsection, the census population figures have been updated.   In the Age and Generational Diversity and Management section, subsection Age now includes an example of age discrimination and discusses the aging population and shrinking work force. In the subsection Generational Differences, Generation Z characteristics are now presented. [Exhibit 3-8](#) is now 3-6 and has been updated to 2017 information.   The section Gender and Sexual Orientation Diversity and Management has been rewritten with new subheadings. Gender is now Sex, Gender, and Stereotypes and discusses how negative stereotypes about women lead to discrimination in promotions to management positions. There is a new subsection, Gender Discrimination and the Glass Ceiling, that provides updated facts supporting this reality, and the new term *glass cliff* has been added. There is also a new subsection, Promoting Gender Equality, discussing the benefits of gender equality and efforts to achieve it. In the last subsection, the + sign has been added to Sexual Orientation (LGBT+) to include other forms of sexual orientation.   In the section Race and Ethnicity Diversity and Management, the representation of people of color and foreign born on the Fortune 500 list has been updated. The Fortune 50 Best Workplaces for Diversity has also been included.   There is a new [Applying the Concept box 3-2](#), Diversity Stereotypes, at the end of the Types of Diversity and Managing Diversity with six new questions.   All of the Applying the Concept boxes are changed, with revised or new questions with a total of 34 application questions.   The Trends and Issues section has been revised with around 50% new material.   There is a new first short case at the end of the chapter.   The second longer case is new.

Chapter 4. Creative Problem Solving and Decision Making   There are 66 new current references in [Chapter 4](#) for a total of 146.   There are 57 new people and company/brand

examples, including Under Armour, Converse, Jack Ma, Chairman Alibaba, and 3M Post-it Note. The opening case has been updated with more information on current CEO Mark Parker and Nike performance under his leadership through 2016.   Join the Discussion Ethics & Social Responsibility 4-1, Avoiding Taxes, now includes information regarding President Trump's plan to cut corporate taxes with a new question 5.   The section Big Data has been rewritten with new company examples including high- and low-cost big data services providers.   All of the Applying the Concept boxes are changed, with a total of 22 application questions.   The Trends and Issues section has been revised with around 50% new material.   There is a new first short case at the end of the chapter.   The second longer case is updated.   Chapter 5. Strategic and Operational Planning   There are 82 new current references in [Chapter 5](#) for a total of 179.   There are 98 new people and company/brand examples, including Intelligentsia, Airbnb, HP, Anytime Fitness, Sears, Yankee Candle, and Pedigree.   The opening case has been updated to state that Kevin Johnson took over as CEO for Starbucks in April 2017, and Schultz is executive chairman and is focusing on developing high-end coffee shops.   The section Writing Effective Objectives has seven all-new company objective examples.   There is a new Join the Discussion: Ethics and Social Responsibility box focusing on Wells Fargo's incentive system, with five questions for discussion.   The Multitasking section has two new subheadings.   The Trends and Issues section has been revised with around 50% new material.   All of the Applying the Concept boxes are changed, with a total of 25 application questions.   There is a first new short case at the end of the chapter.   The second longer case is new.   Chapter 6. Managing Change, Innovation, and Entrepreneurship   There are 123 new current references for a total of 212 references in [Chapter 6](#).   There are 71 new people and company/brand examples including Blockbuster, Travelocity, eHarmony, Angie's List, and *Shark Tank*.   The opening case Apple, and questions and answers, are new.   The first section, Innovation and Change, has been shortened a bit by dropping some of the older examples and replacing them with shorter and fewer examples.   The subsection The Management Functions and Change is now The Management Skills and Functions and Change to include the management skills and it refers both back to [Chapter 1](#).   The subsection Discontinuous Change has been rewritten.   The introduction to the Managing Innovation section has been rewritten with new references.   The How to Overcome Resistance to Change section has a new subsection, Our Resistance to Change—Habits, with a focus on the need to change our attitude and habits to successfully make changes. The discussion focuses on personal and professional change.   The major section Organizational Development contains the same contents, but more concisely.   Self-Assessment 6-1, Entrepreneurial Qualities, has four new questions to improve this measure, and the 6-point scale is now a 5-point scale.   In the Entrepreneurship subsection Entrepreneurs vs. Intrapreneurs, the new term *organizational entrepreneurs* has been added. The subsection Risk Taking by Entrepreneurs and Intrapreneurs now includes a discussion of opportunity cost and keeping your day job while starting a new venture.   There is a new subsection, The Funding and Sales Pitch, giving entrepreneurs tips on pitching to investors and customers.   The subsection Finance and Control the New Venture now includes the SBA LINC (Leveraging Information and Networks to access Capital) information with the link to view the online matchmaking of small business with SBA-approved lenders. The Trends and Issues section has been revised with more than 50% new material, with a focus on entrepreneurship diversity and statistics. All of the Applying the Concept boxes are changed, with a total of 25 application questions.   There is a new first short case at the end of the chapter.   The second longer case is new.   There is a new skill-building exercise 6-4 Developing a New Habit.   Chapter 7. Organizing and Delegating Work   There are 71 new current references for a total of 133 references in [Chapter 7](#).   There are 59 new people and company/brand examples, including CVS, Best Buy, Jones Counseling Center, Nest, DuPont, Sony, and Countrywide.   The opening case is new.   In the Organizational Design section, a discussion of the informal organization chart has been added.   The subsection Challenges to New Organization has been rewritten with new references.   The subsection Contemporary Organizational Designs—Teams has been rewritten and the new concept networks of teams called *multiteam systems* has been added. *Platform Organizations* connecting buyers and

sellers in the shared economy has also been added as a bullet heading in this subsection.   The Trends and Issues section has been revised with more than 50% new material.   All of the Applying the Concept boxes are changed, with a total of 29 application questions.   There is a new first short case at the end of the chapter.   The second longer case is updated.

Chapter 8. Managing Teamwork   There are 64 new current references for a total of 165 references in Chapter 8.   There are 26 new people and company/brand examples, including Square and Twitter CEO Jack Dorsey, Formula 1, Disney, Bumble, H&M, and Marriott.   The subsection How Cohesiveness Affects Group Performance has been rewritten based on current research.   There is a new Applying the Concept box 8-2, Types of Group Structure, with five new questions.   The Trends and Issues section has been revised.   All of the Applying the Concept boxes are changed, with a total of 29 application questions.   There is a new first short case at the end of the chapter.   The second longer case is new.   Chapter 9. Human Resources Management   There are 85 new current references for a total of 217 references in Chapter 9.   There are 30 new people and company/brand examples, including Bill O'Reilly, Fox News, Lynda.com, Duolingo, King Arthur Flour, Virgin America, and FedEx.   The Costco case has been updated with quantitative data.   Exhibit 9-2, Federal Laws Related to HRM, has been changed to place more focus on the laws that apply to most organizations. The following laws related to specific organizations have been removed: Equal Employment Opportunity Law of 1972 (education and government), Civil Rights Act of 1991 (an amendment to CRA), Vocational Rehabilitation Act 1973 (federal contractors). The Fair Labor Standards Act of 1938 has been added as it applies to all organizations.   Exhibit 9-3 Preemployment Inquiries now includes the new law that an employer can't ask the candidate how much they were paid on their last job.   The section "Orientation" has been expanded to "Orientation Programs, Onboarding and Newcomer Socialization" to include these current terms in the heading.   The ADIE Model is now a level-three heading.   There is a new level-three heading, "Microlearning," under Training and Development to discuss microlearning offered through e-learning companies.   The Trends and Issues section has been revised with more than 50% new material.   All of the Applying the Concept boxes are changed, with a total of 43 application questions.   There is a new first short case at the end of the chapter.   The second longer case is updated.   Chapter 10. Organizational Behavior: Power, Politics, Conflict, and Stress   There are 125 new current references for a total of 276 references in Chapter 10.   There are 23 new people and company/brand examples, including tennis champion Venus Williams, motivational speaker Zig Ziglar, Zappos CEO Tony Hsieh, Steve Jobs of Apple, Nike, Castlight Healthcare, and Walmart. The Michael Jordan case has been updated.   The "Thoughts and Self-Esteem" section now includes a discussion of gratitude and how to make positive thinking a habit.   The "Big Five Personality Dimensions" section now includes research supporting the predictability of job success for each personality style.   There is a new Applying the Concept Box 10.1, Big Five Personality Types, with five new questions.   The Myers-Briggs Type Indicator (MBTI) section now includes a link to HumanMetrics (www.humanmetrics.com/cgi-win/jtypes2.asp) to take a more extensive free personality test.   The "Managing Conflict" section has been reorganized into three sections as level-two headings. (1) Conflict, which now includes conflict of ideas, generally leads to changes that improve performance—functional conflict. Conversely, personal conflict tends to hurt relationships and decrease performance—dysfunctional conflict; (2) Conflict Management Styles; and (3) Initiating Conflict Resolution.   In the "Stress" section, procrastination and perfectionism, time pressure, and smartphones have been added as "Causes of Stress" and "Stress Management" subsections.   The Trends and Issues section has been revised with new material, including genomics and brain training.   All of the Applying the Concept boxes are changed, with a total of 25 application questions.   There is a new first short case at the end of the chapter.   The second longer case is new.   There is a new skill-building exercise 10-2, with five conflict situations requiring an initiating-conflict BCF statement.   Chapter 11. Motivating for High Performance   There are 41 new current references for a total of 107 references in Chapter 11.   There are five new people and company/brand examples: Google, Johnson & Johnson, GE, J&J, and Wells Fargo.   The opening case has been updated.   Applying the

Concept box 11-2, Content Motivation Theories, now has a new fifth question (7–11) so that it is more challenging to select the recommended answer. Applying the Concept box 11-3, Process Motivation Theories, now has a new fourth question (12–15) so that it is more challenging to select the recommended answer.   The "Goal Setting" section now includes a discussion of the importance of team goals.   Applying the Concept box 11-4 and 11-5, Types of (16–20) and Schedules of Reinforcement (21–26), now has a new fifth question so that it is more challenging to select the recommended answer.   The section "Combining the Motivation Process and Motivation Theories" now includes advice on how to be self-motivated.   The "Giving Praise" section now includes the new term *altercasting.*   The Trends and Issues section has been revised by deleting old material and including new ideas.   All of the Applying the Concept boxes are changed, with a total of four new questions for a total of 26 application questions.   There is a new first short case at the end of the chapter.   The second longer case is updated.

Chapter 12. Leading With Influence   There are 64 new current references for a total of 143 references in Chapter 12.   There are 19 new people and company/brand examples, including Bill Gates of Microsoft, Barbara Bradley, Baekgaard co-founder and CEO of Vera Bradley, Martin Luther King Jr., Jeff Bezos of Amazon, and Intel.   The opening case has been shortened and updated.   The "Leaders Versus Managers" section now has two subheadings, "What's the Difference? and "Shared Leadership," to separate the two topics more clearly.   The "Leadership Substitutes Theory" section is now "Leadership Substitutes" and includes three subheadings—"Leadership Substitutes Theory, "The Bossless Organization and Self-Leadership," and "Followership"—to include a discussion of the bossless organization, self-leadership, and followership.   The "Leader-Member Exchange (LMX) Theory" section has been revised with a new subsection "Dyadic Relationships" with a new definition of LMX leaders focusing on developing positive dyadic relationship. The subsection "In-Groups and Out-Groups" still discusses the negative effects of having these two groups.   Transactional leadership now states how it relates to LMX theory.   The Trends and Issues section has been revised with more focus on research regarding diversity and leadership and less focus on ethics.   All of the Applying the Concept boxes are changed with a total of four new questions for a total of 24 application questions.   There is a new first short case at the end of the chapter.   The second longer case is updated.   Chapter 13. Communication and Information Technology   There are 94 new current references for a total of 203 references in Chapter 13.   There are 41 new people and company/brand examples, including YouTube, Southwest Airlines, Clorox Brita, Weather Company, PayPal, and Pinterest.   The opening case has been completely rewritten and now includes chatbots.   The section "Information Technology, Systems, and Networks" has been completely updated with new facts, references, and company examples. The terms *the new night shift* and *cyberloafing* have been added.   The "Receiving Messages" section now has a new level-two heading, "Retentive Listening," to discuss the need to concentrate and remember the message, and it presents how to advise for greater retention.   The subsection "Calming the Emotional Person" has been rewritten and expanded to provide more detail on how to calm people and includes an example.   The subsections "Giving Criticism" and "Getting Criticism" have been expanded to include ideas to keep in mind to help give and accept criticism. Applying the Concept box 13-4, Response Styles, has two new questions.   The Trends and Issues section has been revised, with more focus on research regarding diversity and leadership and less focus on ethics.   All of the Applying the Concept boxes are changed, with a total of four new questions for a total of 26 application questions.   There is a new first short case at the end of the chapter.   The second longer case is updated.   Chapter 14. Managing Control Systems, Finances, and People   There are 85 new current references for a total of 166 references in Chapter 14.   There are 54 new people and company/brand examples, including Kimberly-Clark, GoDaddy, Dunkin Brands, Kraft Heinz, NBA basketball star LeBron James, and Snapchat.   The opening case has been updated.   Applying the Concept box 14-1 has a new question.   In the "Control Systems Process," there is a new subsection, "The Performance Success Cycle," presenting a day-to-day approach to applying the control systems process.   In the "Operating Budgets" section, the "increasing profits" subsection has been rewritten with new

examples and has been moved down after the discussion of revenues and expenses. There is also a new subsection, "Revenues Versus Profit and Profit Margin," to introduce focusing on profits rather than revenues with higher profit margins.   There is a new [Applying the Concept box 14-3](#), Financial Statements, with six questions to assess an understanding of the accounts on the income statement and balance sheet.   [Applying the Concept box 14-3](#) is now 14-4, and a new question has been added.   The Trends and Issues section has been updated with more than 50% new material, revised with more focus on research regarding diversity and leadership and less focus on ethics.   All of the Applying the Concept boxes are changed, with a total of eight new questions for a total of 30 application questions.   There is a new first short case at the end of the chapter.   The second longer case is new.   Chapter 15. Operations, Quality, and Productivity   There are 70 new current references for a total of 142 references in [Chapter 15](#).   There are 63 new people and company/brand examples including Helen's Homemade Ice Cream, Maytag, Teddy Bear Pools, Samsung Galaxy Note 7, Caterpillar, and Anheuser-Bush InBev.   The Frito-Lay case has been updated.   The "Supply Chain Management" section has been updated with new examples and two new subsections, "Supply Chain Management Services" to let readers know that UPS and FedEx are in the supply chain management business and "Strategic Cloud Supply Chains" to include the cloud with third-party logistics providers (3PLS).   "The Balanced Scorecard" section is now "The Balanced Scorecard and Dashboards," including a new subheading "Dashboards" to state what they are and how they are used to monitor and increase productivity and help maintain a balanced scorecard.   [Applying the Concept box 15-3](#), Facility Layout, has a new question.   The details of how to develop a PERT Network are beyond the scope of this book and therefore have been deleted from this edition.   The Trends and Issues section has been revised with more than 90% new material.   All of the Applying the Concept boxes are changed, with a total of 43 application questions.   There is a new first short case at the end of the chapter.   The second longer case is updated.

Digital Resources for the Instructor

Just as businesses must be integrated across functions and departments for success, text and ancillary material must also be integrated to create the optimum student learning experience. Many of our key supplements have been described to you as part of the support for our three-pronged approach to the management curriculum. The following paragraphs describe all elements of the text package, which are designed to create a successful classroom environment. The password-protected Instructor Teaching Site at **edge.sagepub.com/lussier8e** includes the following resources: **The Instructorâ€™s Manual**, written by the author, Robert N. Lussier, was designed to ensure that every faculty member would receive complete, integrated support for teaching. The manual contains the following for each chapter of the book: Work Application student sample answers, Review Questions and Communication Skills answers, Applying the Concept answers, and skill-builder ideas (including setup and timing). The instructor's manual also includes ideas on how to use the special features of the text in the classroom, with emphasis on creating an interactive learning environment.   **A test bank** is available in Microsoft Word format and ExamView format. The test bank is built on Bloom's taxonomy, the book's learning objectives, and AACSB (Association to Advance Collegiate Schools of Business) standards. Each question is tagged with this information, along with answer location and difficulty level. Containing multiple-choice, true/false, and essay questions for each chapter, the test bank provides you with a diverse range of prewritten options as well as the opportunity for editing any question and/or inserting your own personalized questions to effectively assess students' progress and understanding.   Editable, chapter-specific **Microsoft PowerPointÂ¯ slides** offer you complete flexibility in easily creating a multimedia presentation for your course. The slides highlight essential content, features, and artwork from the book.   **Experiential exercises and suggested activities** provide lively and stimulating learning opportunities to be used in or out of the classroom for groups or individuals.   Links to engaging **video and multimedia resources** facilitate further exploration of key concepts.   **Case notes** provide an essential reference for guiding discussion about the case studies in the book.   **Sample syllabi** for semester and

quarter courses provide suggested models for use when creating the syllabi for your courses. In-text **exhibits and models** are provided online to use in teaching aids such as PowerPoints, handouts, and lecture notes.   All instructor materials and tools are easily integrated through **SAGE coursepacks**, which include pretests and posttests for each chapter, as well as video quizzes that make the Interactive eBook's premium videos assignable.   Digital Resources for Students

SAGE edge for Students helps students accomplish their coursework goals in an easy-to-use learning environment. Open-access resources at **edge.sagepub.com/lussier8e** include video and multimedia resources, mobile-friendly eFlashcards, and practice quizzes for students to use as they study each chapter.   Premium Video

Fully searchable, and with study tools such as highlighting, bookmarking, and note taking, the **Interactive eBook** for *Management Fundamentals* offers **embedded premium video**, as well as links to additional media resources, all from the same pages found in the printed text. The premium video includes videos licensed from *Wall Street Journal*, *Bloomberg*, and other sources, as well as **SAGEâ€™s exclusive Management in Action videos**, that help students apply key concepts to workplace scenarios. Each video has associated quiz questions tied to the book's learning objectives, assignable through the SAGE coursepacks. The Interactive eBook can be packaged with the text or purchased separately.
          Acknowledgments

I hope everyone who uses this text enjoys teaching from these materials as much as I do.
Contact Me With Feedback

I wrote this book for you. Let me know what you think of it. More specifically, how can it be improved? I will respond to your feedback. If I use your suggestion for improvement, your name and college will be listed in the acknowledgments section of the next edition.

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About the Author   **Robert N. Lussier**   is a professor of management at Springfield College and has taught management for more than 25 years. He is a prolific writer, with more than 444 publications to his credit. His articles have been published in the *Academy of Entrepreneurship Journal*, *Business Horizons*, *Entrepreneurship Theory and Practice*, *Family Business Review*, *Journal of Business Strategies*, *Journal of Management Education*, *Journal of Small Business Management*, *Journal of Small Business Strategy*, *SAM Advanced Management Journal*, and several others. He also has a human resources management textbook (with John Hendon) published by SAGE.

More than one million people globally have used his textbooks, earning him an unsurpassed national and international reputation as an author and keynote speaker. Dr. Lussier is the founder of Publish Don't Perish (**www.publishdonotperish.com**) and through contact, his   *Publish Don't Perish: The Top Secrets to Get Published* book, and workshops has helped hundreds of institutions and individuals in 80 countries get published. His presentations inspire comments like: *"Bob explains complex business topics in an easy-to-understand language while keeping his audience engaged and spell-bound"* (Dr. Raj V. Mahto, professor, University of New Mexico).

Dr. Lussier also consults to a wide array of commercial and nonprofit organizations. In fact, some of the material in the book was developed for such clients as Baystate Medical Center, Coca-Cola, Friendly's Ice Cream, National Institute of Financial Education, Mead, Monsanto, Smith & Wesson, the Social Security Administration, the Visiting Nurse Association, and YMCAs.

Dr. Lussier holds a bachelor of science in business administration from Salem State College, two master's degrees in business and education from Suffolk University, and a doctorate in management from the University of New Haven.

To my wife, Marie, and our six children:

Part I The Global Management Environment

1 Management and Its History

JONATHAN NACKSTRAND/AFP/Getty Images

Learning Objectives

After studying this chapter, you should be able to:

1-1. Describe a manager's responsibility. **PAGE 4**

1-2. List the three skills of effective managers. **PAGE 6**

1-3. Explain the four management functions and the three management role categories. **PAGE 8**

1-4. Recall the hierarchy of management levels and describe the differences among the levels in terms of skills needed and functions performed. **PAGE 11**

1-5. Summarize the major similarities and differences between the classical and behavioral theorists. **PAGE 17**

IOM Ideas on Management At Netflix

The idea of **Netflix** came to **Reed Hastings** when he was forced to pay $40 in overdue fines after returning a video well past its due date. Netflix was founded in 1997 by Hastings and **Marc Randolph**.

Hastings continues to run the company as founder and chief executive officer (CEO). He is a visionary that started three businesses. He started with DVD by mail and killed that business through streaming and then produced original content, such as the popular *House of Cards*. By 2017, Netflix had more than 39 million subscribers from 190 countries. Hastings was named *Fortune*'s Businessperson of the Year, and Netflix is ranked second among *Fortune*'s World's Most Admired Companies in the entertainment industry after **Disney**. So how did Hastings do it? We will answer the Ideas on Management (**IOM**) questions that follow throughout the chapter to give you a better understanding of how managers run successful companies.   IOM 1. What resources does Netflix use to sell its entertainment?   IOM 2. Which of Hastings's management skills has led to Netflix's success?   IOM 3. What management functions are performed at Netflix?   IOM 4. What level manager is Hastings, and which of his skills and functions are more important to Netflix's success?

You'll find answers to these **IOM** questions throughout the chapter. To learn more about Hastings and Netflix, visit www.netflix.com.

Source: Information for the case was taken from the Netflix website, www.netflix.com, accessed

November 17, 2016; "World's Most Admired Companies," *Fortune* (March 1, 2016); "Businessperson of the Year," *Fortune* (2010).

You will find a box before all of the major sections with Learning Objectives to alert you to the sections that contain the important concepts you should know. The answer to the LO is provided in the section and summarized in the Chapter Summary at the end of the chapter.   Why Study Management?

As you will learn, applying management skills can help you succeed in both your personal life and your professional life. It's natural at this point to be thinking, "What can I get from this book?" or "What's in it for me?" These common questions are seldom asked or answered directly.[1] The short answer is that the better you can work with people—and this is what most of this book is about—the more successful you will be both personally and professionally.[2]   #1 Develop Skills You Can Use in Your Personal Life

Do you want to be happy? Well, happiness comes from our relationships.[3],[4] Throughout this book, you can develop skills that can help you maintain and improve your personal relationships with family, friends, and coworkers. In just about every chapter, you can develop skills that can be used immediately in your personal lives. For example, at the end of this chapter in Skill Builder exercise 1-1, you will learn a technique to help you remember people's names, in the next chapter there are guides to ethical behavior, Chapter 4 presents a model that can help you make better decisions, Chapter 10 can improve your skills of resolving conflicts and managing your stress, and in Chapter 13 you can improve your communication skills. Here is a different tip from **Sheryl Sandberg, COO of Facebook.** If you want to be happier, have gratitude by focusing on the positive things in your life, not the negatives.[5]

American society tends to promote two isms that tend to lead to being unhappy. Individualism—being selfish by just looking out for yourself; take advantage of others for your own personal gain. Only do things that have something in it for me. Hedonism—don't do it if you don't feel like doing it; just do what makes you feel good. **Booker T. Washington** said, "Those who are happiest are those who do the most for others."[6] **B. C. Forbes** said, to be happy, strive to make others happy.[7] According to happiness expert **Sonja Lyubomirsky**, happy people are not as self-centered as unhappy people.[8] Making sacrifices for others brings happiness.[9] Do you know any selfish people? Do you like them? Are they really happy? Will they ever be happy? Are you happy?   #2 Develop Skills You Can Use as a Manager or Employee

Let's extend happiness and success to our professional lives. **LinkedIn** cofounder **Reid Hoffman** says job satisfaction and success come from relationships at work.[10] Former **Land Oâ€™Lakes** CEO **Jack Gherty** said that he became successful and that his company is doing so well because he focuses on helping other people win. CEO of **LinkAmerica AndrÃ©s Ruzo** says the more you give, the more you get back.[11] CEO of **XPRIZE Peter Diamandis** says the best way to become a billionaire is to help a billion people.[12]

As management guru **Henry Mintzberg** said, "No job is more vital to our society than that of a manager."[13] Positive manager–subordinate relationships are invaluable to organizational success.[14] If you are a manager or want to be a manager someday, you need good management skills to be successful,[15] and throughout this book, you will be given opportunities to develop your management skills.

But even if you are not interested in being a manager, you still need management skills to succeed in today's workplace. The old workplace, in which managers simply told employees what to do, is gone.[16] Today, employees want to be involved in management, and organizations are recruiting employees with people skills who can work effectively in teams and share in decision making and

other management tasks.[17] At **Zappos**, they have even eliminated the term "manager" because they want employees to be self-managed.[18] Unfortunately, it has been said that new college grads lack the ability to manage or lead.[19]

manager The individual responsible for achieving organizational objectives through efficient and effective utilization of resources.

manager's resources Human, financial, physical, and informational resources.

This book can help you develop management skills that you can apply in your personal and professional lives. In this chapter, you will learn what management is all about, and we will begin the discussion of how you can develop your management skills.   What Is a Manager's Responsibility?

LO 1-1

Describe a manager's responsibility.   Managers and the Organizational Resources They Manage

A **manager** is responsible for achieving organizational objectives through efficient and effective utilization of resources. *Efficient* means doing things right so as to maximize the utilization of resources. *Effective* means doing the right thing in order to attain an objective. **Facebook** Chief Information Officer (CIO) **Timothy Campos** says his job is to use information technology (IT) to enable the efficiency and effectiveness of the company.[20] The **manager's resources** are human, financial, physical, and informational. The resources are listed in Exhibit 1-1.

Get the edge on your studies. **edge.sagepub.com/lussier8e**   Take a quiz to find out what you've learned.   Review key terms with eFlashcards.   Watch videos that enhance chapter content.   Human Resources.

Human resources are people, often referred to as human capital, and people are organizations' most valuable assets.[21] Managers are responsible for getting the job done through employees, so people are essential to organizational performance, as they are the ones to achieve the organizational objectives.[22] Throughout this book, we will focus on how managers work with employees to accomplish organizational objectives.   Financial Resources.

It takes money to make money, and without proper finances, you don't have a business. Hastings invested $2.5 million in startup cash for **Netflix**.[23] Most managers have a budget stating how much it should cost to operate their department/store for a set period of time. In other words, a budget defines the financial resources available.

Exhibit 1-1 Management Resources   Physical Resources.

Managers are responsible for making the products and services and keeping equipment in working condition and ensuring that necessary products, materials, and supplies are available when needed. **Amazon** has thousands of products in distribution centers around the world to provide fast delivery of its products.[24]   Informational Resources.

We live in an information age,[25] and the new source of power is information.[26] You need information to set objectives and make decisions on how to allocate and use your resources to attain the objectives.[27] Information should be based on knowledge, and information should flow

freely throughout the organization and between organizations.[28]   Resources and Performance.

Managers have a profound impact on the performance of their organizations.[29] So how you acquire and manage the four resources affects organizational performance.[30] The level of organizational **performance** *is based on how effectively and efficiently managers utilize resources to achieve objectives.* Managers are responsible for and evaluated on how well they meet organizational strategies and objectives through utilization and control of resources.[31] Selecting the right resources—being effective—and using them efficiently results in high levels of performance.[32]

Netflix's (**IOM 1**) resource needs have changed over the years. People still remain critical to operating the entertainment, especially its original TV shows and movies. Hastings started Netflix with $2.5 million of his own money, and today membership subscriptions are its source of income. The entertainment content (TV and movies) and the Internet equipment used to stream it are critical physical resources. Getting information from subscribers on what they want to view (such as *House of Cards*) on Netflix is important to entertainment selection.   A Manager Interview

WORK APPLICATION 1-1

Describe the specific resources used by a present or past boss. Give the manager's job title and department.

This interview with **Bonnie Castonguary**, a store manager for **Gap Inc.**, provides an overview of the manager's job and responsibility.

Q: What was your progression to your present job as store manager?

A: I started as a store manager in training. I replaced a woman on maternity leave as acting store manager, and then I had my first store. After a while, I was promoted to larger stores with more sales volume. A few years later, I was promoted to manager of [a] Gap outlet store. . . . My next career advancement is to general manager. . . . I would still be in one store, but I would assist the district manager by overseeing other stores in my district.

Q: Briefly describe your job.

A: **Gap Inc.**'s two-page "Position Overview Store Management" form, which also contains a detailed summary for each level of management, presents this general summary: "The Store Management team manages the sales, operations, and personnel functions of the store to ensure maximum profitability and compliance with company procedures. The Team includes Assistant Managers, Associate Managers, the Store Manager, and/or the General Manager."

Q: What do you like best about being a manager?

A: You don't have time to get bored on the job because you are always doing something different.

Q: What do you like least about being a manager?

A: Dealing with difficult performance problems of employees and customers, and always being on call. When I'm not at work, I'm still on call when there are problems at the store. This could mean going to the store at 2:00 a.m. to shut off the alarm.

Q: What advice would you give to college graduates without any full-time work experience who are interested in a management career after graduation?

A: You need to be dedicated and hardworking. You must take great pride in your work. You have to be willing to take on a lot of responsibility. Remember, your employees are always looking to you to set the example; when you make a mistake (which you will do), it affects your staff. You have to be a self-starter. As a store manager, you have to motivate employees, but your boss is not around much to motivate you.

performance Means of evaluating how effectively and efficiently managers utilize resources to achieve objectives.   What Does It Take to Be a Successful Manager?

LO 1-2

List the three skills of effective managers.

Although managers' jobs vary, researchers generally agree on a set of qualities, skills, and competencies necessary to be a successful manager.   Management Qualities

WORK APPLICATION 1-2

Identify a specific manager, preferably one who is or was your boss, and explain what makes him or her successful or unsuccessful. Give examples.

Over the years, numerous researchers have attempted to answer the question "What does it take to be a successful manager?" In a *Wall Street Journal* Gallup survey, 782 top executives in 282 large corporations were asked, "What are the most important traits for success as a supervisor?"[33] Before you read what these executives replied, complete the Self-Assessment on management traits to find out if you have these qualities. It is said that self-awareness[34] and self-assessment[35] are crucial for improvement in the workplace. So you will have the opportunity to complete self-assessments in every chapter.

The executives in the Gallup survey identified integrity, industriousness, and the ability to get along with people as the three most important traits for successful managers.
Management Skills

WORK APPLICATION 1-3

Select a manager, preferably one who is or was your boss, and state the specific management skills he or she uses on the job.

Skills involve the ability to perform some type of activity or task. **Management skills** *include (1) technical, (2) interpersonal, and (3) decision-making skills.* Technical skills can be referred to as hard skills, whereas interpersonal and decision-making skills are often called soft skills, and the most sought-after skills in the job market are soft skills because organizations seek employees at all levels and positions who can communicate clearly, take initiative, problem solve and get along with coworkers.[36] Because management skills are so important, the focus of this book is on skill building. If you work at it, you can develop your management skills through this course.
Technical Skills.

Technical skills *involve the ability to use methods and techniques to perform a task.* All employees need technical skills to perform their jobs. A manager may develop a budget (managerial job)

using **Microsoft** Excel¯ (technical skill). Technical skills are more important for employees than for managers, and they vary widely from job to job; therefore, this course does not focus on developing these skills. Although technology is advancing, it is people with interpersonal skills working in teams who develop the technology.[37]   Interpersonal Skills.

Interpersonal skills involve the ability to understand, communicate with, and work well with individuals and groups through developing effective relationships. Interpersonal skills are sometimes also referred to as human or people skills, as well as soft skills, and they are increasingly more important than technical skills.[38] If having good human relations is just common sense, then why doesn't everyone at work get along,[39] why do companies seek employees with good people skills,[40] and why are companies spending millions to develop employees' interpersonal skills?[41] The resources you need to get the job done are made available through relationships.[42] Sir **Richard Branson**, of **Virgin Group**, says, "You definitely need to be good with people to help bring out the best in people."[43] Several chapters focus on developing your interpersonal skills, especially the leadership section (Chapters 10–13).

management skills The skills needed to be an effective manager, including technical, interpersonal, and decision-making skills.

technical skills The ability to use methods and techniques to perform a task.

interpersonal skills The ability to understand, communicate with, and work well with individuals and groups through developing effective relationships.   1-1 Self-Assessment: Management Traits

The following 15 questions relate to some of the qualities needed to be a successful manager. Rate yourself on each item by indicating with a number (1–4) how well each statement describes you.
          The statement does not describe me at all.   The statement somewhat describes me.
 The statement describes me most of the time.   The statement describes me very accurately.
               ____ 1. I enjoy working with people. I prefer to work with others rather than working alone.   ____ 2. I can motivate others. I can get people to do things they may not want to do.
     ____ 3. I am well liked. People enjoy working with me.   ____ 4. I am cooperative. I strive to help the team do well rather than to be the star.   ____ 5. I am a leader. I enjoy teaching, coaching, and instructing people.   ____ 6. I want to be successful. I do things to the best of my ability to be successful.   ____ 7. I am a self-starter. I get things done without having to be told to do them.   ____ 8. I am a problem solver. If things aren't going the way I want them to, I take corrective action to meet my objectives.   ____ 9. I am self-reliant. I don't need the help of others.   ____ 10. I am hardworking. I enjoy working and getting the job done.   ____ 11. I am trustworthy. If I say I will do something by a set time, I do it.   ____ 12. I am loyal. I do not do or say things to intentionally hurt my friends, relatives, or coworkers.   ____ 13. I can take criticism. If people tell me negative things about myself, I give them serious thought and change when appropriate.   ____ 14. I am honest. I do not lie, steal, or cheat.   ____ 15. I am fair. I treat people equally. I don't take advantage of others.   ____ TOTAL SCORE (add numbers on lines 1–15; the range of possible scores is 15–60)

In general, the higher your score, the better your chances of being a successful manager. You can work on improving your *integrity* (items 11–15), *industriousness* (items 6–10), and ability to get along with *people* (items 1–5) both in this course and in your personal life. As a start, review the traits listed here. Which ones are your strongest and weakest? Think about how you can improve in the weaker areas—-or, even better, write out a plan.   Decision-Making Skills.

Clearly, the decisions you have made over your lifetime have affected you today. Organizations are seeking employees with conceptual critical thinking skills that can take initiative to solve problems.

[44] Leadership decisions determine the success or failure of organizations,[45] so organizations are also training their people to improve their decision-making skills.[46] **Decision-making skills** *are based on the ability to conceptualize situations and select alternatives to solve problems and take advantage of opportunities.* You will develop your decision-making skills in [Chapter 4].

Netflix (**IOM 2**) CEO Hastings doesn't do much technically, and he has good interpersonal skills to get employees to continually improve the business. However, the major skill leading to Netflix's success is Hastings's decision-making skill, as he conceptually understands how technology is affecting the entertainment industry and continues to create new business opportunities. The first important decision was to start Netflix as a mail-order DVD business to compete with Blockbuster; and Netflix essentially killed Blockbuster. The second key decision was to replace mail-order DVD rentals with streaming. More recently, Hastings decided to produce and stream original TV programs and movies.

decision-making skills The ability to conceptualize situations and select alternatives to solve problems and take advantage of opportunities.

1-1 Applying the Concept   Management Skills

Identify each activity as being one of the following types of management skills: technical   interpersonal   decision making   ____ 1. The manager is working on fixing a broken machine.   ____ 2. The manager is sending an email letting the employees know they exceeded the sales goal.   ____ 3. The manager is scheduling which machines will produce each product next week.   ____ 4. The manager is trying to figure out a way to solve a problem.   ____ 5. The manager is giving an employee praise for a job well done.

To summarize, technical skills are primarily concerned with things, interpersonal skills are primarily concerned with people, and decision-making skills are primarily concerned with ideas and concepts. Review the management skills in [Exhibit 1-2]; then complete [Applying the Concept 1-1].

Exhibit 1-2 Management Skills   AACSB Competencies

In addition to qualities and skills, the AACSB International (Association to Advance Collegiate Schools of Business) has established standards for accreditation of business schools; they were updated in 2016. The standards do not require any specific courses in the curriculum. Normally, the degree program includes learning experiences in such general-knowledge and skill areas as communication abilities, ethical understanding and reasoning abilities, analytic skills, interpersonal relations and teamwork, diverse and multicultural/global work environments, reflective thinking skills, and application of knowledge and skill development.[47] This book includes Applications and Skill Builders at the end of each chapter to foster the development of your management qualities, skills, and competencies. Each exercise identifies the area of development.

Managers need to plan, organize, and monitor work to ensure employees achieve their objectives.

Thomas Imo/Photothek via Getty Images

In addition to AACSB, this book also meets the core professional components of **ACBSP** (Accreditation Council for Business Schools and Programs),[48] and **IACBE** (International Assembly for Collegiate Business Education) standards.[49] AACSB, ACBSP, and IACBE standards can be

classified within the tree management skills areas.[50]   What Do Managers Do?

LO 1-3

Explain the four management functions and the three management role categories.

Years of research have shown that essentially everything a manager does can be classified into one of the four management functions or as nonmanagerial work and by the managerial role being performed. Performing the management functions clearly is difficult real work, and managers may also perform employee tasks.   Management Functions

The four **management functions** include *planning, organizing, leading, and controlling.* Managers perform the management functions through using organizational resources to achieve organizational objectives through others, usually in teams.[51] All of the Skill Builder exercises identify the management function skill being developed through the activity. Exhibit 1-3 lists the four functions of management.

management functions Planning, organizing, leading, and controlling.
 Planning—Based on Objectives

Planning is typically the starting point in the management process, and you should begin with a clear objective.[52] **Planning** *is the process of setting objectives and determining in advance exactly how the objectives will be met.* There is a relationship between planning and performance.[53] So before we do anything, we should have an objective stating the end result and then develop a plan for how to complete it.[54] You should also realize that the other three functions also focus on achieving your objectives. You will learn how to write effective objectives and plans in Part II: Planning (Chapters 4–6).

Management in Action

 Core Management Skills   Organizing

Performance is based on how managers organize their resources.[55] **Organizing** *is the process of delegating and coordinating tasks and allocating resources to achieve objectives.* An important part of coordinating human resources is to assign people to various jobs and tasks. So we design our work to achieve our objectives.[56] An important part of organizing, sometimes listed as a separate function, is staffing. *Staffing* is the process of selecting, training, and evaluating employees.[57] You will learn how to organize in Part III: Organizing (Chapters 7–9).

Exhibit 1-3 Management Functions   Leading

The ability to lead is an important skill for everyone, especially for managers, because leadership contributes to organizational success.[58] A survey found that 63% of companies screen new hires on the basis of leadership ability.[59] **Leading** *is the process of influencing employees to work toward achieving objectives.* Managers must communicate the objectives to employees and motivate them to achieve those objectives by developing positive relationships.[60] You will learn how to lead in Part IV: Leading (Chapters 10–13).

WORK APPLICATION 1-4

 Identify a specific manager, preferably one who is or was your boss, and give examples of how that

person performs each of the four management functions. Controlling

Objectives will not be met without consistent monitoring.<u>61</u> You can't manage what you don't measure,<u>62</u> and sometimes you need to overcome obstacles to accomplish the objective.<u>63</u> **Controlling** *is the process of monitoring and measuring progress and taking corrective action when needed to ensure that objectives are achieved.* You will learn how to control in <u>Part V</u>: Controlling (<u>Chapters 14</u>–<u>15</u>).

planning The process of setting objectives and determining in advance exactly how the objectives will be met.

organizing The process of delegating and coordinating tasks and allocating resources to achieve objectives.

leading The process of influencing employees to work toward achieving objectives.

controlling The process of monitoring progress and taking corrective action when needed to ensure that objectives are achieved. Nonmanagement Functions.

All managers perform the four functions of management as they get work done through employees. However, many managers perform nonmanagement, or employee, functions as well. For example, at **KFC** and **McDonald's** it is common for store managers to be cooking or waiting on customers at mealtimes, which is a nonmanagement function. Many managers are called working managers because they perform both management and employee functions.

Netflix's (**IOM 3**) managers are constantly implementing the four management functions. Managers set objectives and have to continuously plan the entertainment content to stream. When going from mail rental to online streaming, Netflix had to change its organizational structure, as Hastings delegated implementing the change and reallocation of resources. Managers need to consistently influence employees to achieve the objectives, and measuring and monitoring progress is needed to meet the objectives.

1-2 Applying the Concept   Management Functions

Indicate which type of function the manager is performing in each situation: planning organizing leading controlling nonmanagement ____ 6. The manager is encouraging an employee to get a college degree so she can become a manager. ____ 7. The manager is conducting a job interview to select a new employee for a new open position in sales. ____ 8. The manager is emptying his trash. ____ 9. The manager is scheduling employee work hours for next week. ____ 10. The manager is giving the workers a pep talk to motivate them to work hard to meet the production quota today with an absent employee. ____ 11. The manager is conducting an employee's annual performance evaluation. ____ 12. The manager is checking how many new computers have been produced so far today. The Transition to Management—Managing People.

Going from being an employee to being a manager is not an easy transition.<u>64</u> New managers often don't realize just how hard the job really is and how much more work managers do than employees, who constantly interrupt them, putting demands on their time. Because most new managers are used to doing nonmanagement functions, they often do the work for employees when their actual job is to train employees to do their job, help them improve their performance, and solve problems to make their jobs easier and less frustrating.

A current term for the transition is "*go suit*," defined as getting promoted to management—and forgetting your basic job skills once installed in an office.65 This is because as a manager, you get the job done through employees, or your job is to manage people66—using interpersonal skills.67 As a new manager, you will likely need to perform nonmanagement functions, but be sure to focus on planning, organizing, leading, and controlling to get the job done through people.

Management Roles

WORK APPLICATION 1-5

Identify a specific manager, preferably one who is or was your boss, and give examples of how that person performs roles in each of the three management role categories. Be sure to identify at least one of the three or four roles in each category.

Managers have a set of distinct roles. A *role* is a set of expectations of how one will behave in a given situation. Henry Mintzberg identified 10 roles that managers play as they accomplish management functions. Mintzberg grouped these 10 roles into three **management role categories**:68 *interpersonal, informational, and decisional roles* (see Exhibit 1-4).

management role categories The categories of roles—interpersonal, informational, and decisional—managers play as they accomplish management functions
Interpersonal Roles.

When managers play interpersonal roles, they use their interpersonal skills as they perform management functions. Managers play the *figurehead* role when they represent the organization or department in ceremonial and symbolic activities. Managers play the *leader* role when they motivate, train, communicate with, and influence others. Managers play the *liaison* role when they interact with people outside of their unit to gain information and favors.

Exhibit 1-4 Management Roles   Informational Roles.

When managers play informational roles, they use their interpersonal skills. Managers play the *monitor* role when they read and talk to others to receive information. Managers play the *disseminator* role when they send information to others. Managers play the *spokesperson* role when they provide information to people outside the organization.

1-3 Applying the Concept   Management Roles

Identify each of the managerial activities as part of one of the three role categories:
interpersonal role   informational role   decisional role   ____ 13. The manager discusses next year's budget.   ____ 14. The mayor is cutting the ribbon at the groundbreaking for the new town hall.   ____ 15. The manager develops a new app that will be sold as an additional source of income.   ____ 16. The manager is reading the monthly budget.   ____ 17. The manager shows a new employee how to record her working hours.   Decisional Roles.

When managers play decisional roles, they use their conceptual decision-making management skills. Managers play the *entrepreneur* role when they innovate and initiate improvements. Managers play the *disturbance-handler* role when they take corrective action during disputes or crisis situations. Managers play the *resource-allocator* role when they schedule, request authorization, and perform budgeting and programming activities, as when managers perform the *negotiator* role when they represent their department or organization during nonroutine transactions to gain agreement and commitment.   The Systems Relationship Among the Management Skills, Functions, and Roles

It is important to understand system interrelationships.[69] The management skills are interrelated, or have a systems effect.[70] For example, a first-line supervisor's technical skills will affect his or her interpersonal and decision-making skills and vice versa. A manager's skills also affect the implementation of the management functions and roles.

The management functions are not steps in a linear process. Managers do not usually plan, then organize, then lead, and then control. The functions are distinct yet interrelated. Managers often perform them simultaneously. In addition, each function depends on the others. For example, if you start with a poor plan, the objective will not be met even if things are well organized, led, and controlled. Or if you start with a great plan but are poorly organized or lead poorly, the objective may not be met. Plans without controls are rarely implemented effectively. Remember that the management functions are based on setting objectives (planning) and achieving them (through organizing, leading, and controlling).

How well a manager plays the various management roles is also affected by his or her management skills. The 10 management roles are also integrated with the management functions. Certain management roles are played when performing the different management functions.

Exhibit 1-5 *illustrates the interrelationship of management skills, functions, and roles.*
Differences Among Managers

LO 1-4

Recall the hierarchy of management levels and describe the differences among the levels in terms of skills needed and functions performed.

As you will learn in this section, there are different levels of managers, and the importance of the skills and functions needed to perform the job varies by level. We will also discuss some of the differences between business sizes and managing for-profit companies and not-for-profit organizations.

Exhibit 1-5 Management Skills, Functions, and Roles   The Three Levels of Management

Managers differ in the level of management, and there are also nonpermanent managers called team leaders, as well as nonmanager operative employees. There are also different types of managers by level of management. Let's cover these concepts in this sequence.

The three **levels of management** are *top managers, middle managers, and first-line managers*. Job titles are given to help identify the level of management.[71] The three levels relate to each other as described here. See Exhibit 1-6 for an illustration of the three levels of management and operative employees.

levels of management Top managers, middle managers, and first-line managers.
     Top Managers

Top managers—people in executive positions—have titles such as CEO, president, or vice president. Most organizations have relatively few top management positions. Top managers are responsible for managing an entire organization or major parts of it. They develop and define the organization's purpose, objectives, and strategies; for example, the new CEO of **Levis Strauss**, **Chip Bergh**, is charged with bringing the blue jeans pioneer back to its old glory.[72] They report to boards of directors or other executives and supervise the activities of middle managers.
Middle Managers

People in middle-management positions have titles such as sales manager, branch manager, or department head. Middle managers are responsible for implementing top management's strategy by developing short-term operating plans. They generally report to executives and supervise the work of first-line managers.   First-Line Managers

Examples of titles of first-line managers are team or crew leader, supervisor, head nurse, and office manager. These managers are responsible for implementing middle managers' operational plans. They generally report to middle managers. Unlike those at the other two levels of management, first-line managers do not supervise other managers; they supervise operative employees.   Team Leader

This is a newer management position needed in organizations that focus on a team-based structure.[73] They are often called a project or program leader or task force or committee leader. The team leader facilitates team activities to achieve a goal rather than telling people what to do. [74]

Higher-level managers may also be team leaders who supervise a small group of people to achieve a goal. Nonmanagement operative employees may also be team leaders who manage a team until the goal is completed. The team leader is not usually a permanent management position and thus is not a level in the hierarchy of management. You will learn more about teams and how to lead them in Chapter 8.

Large corporations have multiple levels of management that serve different purposes to the organization. **Levi Strauss's CEO Chip Bergh** is a top manager who steered the company back to its position of prominence in American culture.

©iStockphoto.com/Akespyker   Nonmanagement Operative Employees

Operative employees are the workers in an organization who do not hold management positions. They commonly report to first-line managers and possibly to team leaders. They make the products, wait on customers, perform repairs, and so on.   Types of Managers by Level

The three **types of managers** are general managers, functional managers, and project managers. Top-level and some middle managers are general managers because they supervise the activities of several departments that perform different activities. Middle and first-line managers are often business functional managers who supervise the completion of related tasks. Project managers are often team leaders.

types of managers General managers, functional managers, and project managers.

Exhibit 1-6 Management Levels and Functional Areas

1-1 **Join the Discussion** Ethics and Social Responsibility   Executive Compensation

In 2016, CEOs of S&P 500 Index companies received an average of $13.1 million in total compensation. In contrast, production and nonsupervisory workers earned only an average of $37,632—a CEO-to-worker pay ratio of 347 to 1. Some say top executives are being overpaid. Especially because some of the best-performing CEOs aren't the highest paid, and others get large raises even when the companies lose money. However, not everyone agrees. In capitalist countries, talented CEOs, like in pro sports, are entitled to fetch their price, as most compensation is geared toward results. Top executives should be paid multimillion-dollar compensation

packages; after all, if it weren't for effective CEOs, companies would not be making the millions of dollars of profits they make each year. CEOs deserve a piece of the pie they help create.

Do executives deserve to make 335 times more than the average worker? Is it ethical for managers to take large pay increases when laying off employees? Is it ethical for managers to get pay raises when their companies lose money? Are companies being socially responsible when paying executives premium compensation?

Sources: Information taken from the AFL-CIO's website at https://aflcio.org/paywatch, accessed October 18, 2017; J. S. Lublin, "Parsing the Pay and Performance of Top CEOs," *The Wall Street Journal* (June 25, 2015), B1.

The four most common *business functional* areas include marketing (sell the products and services), operations/production (make the product or perform the service), finance/accounting (maintain financial records), and human resources/personnel management (hire and compensate employees), as shown in Exhibit 1-6. We will discuss these functional areas in Chapter 7.

A project manager coordinates employees and other resources across several functional departments to accomplish a specific goal or task, such as developing and producing a new breakfast cereal for **Kellogg's** or a new aircraft at **Boeing**. Differences in Management Skills and Functions

WORK APPLICATION 1-6

 Identify the levels of management in a specific organization by level and title. Be sure to give the organization's name. Differences in Management Skills

All managers need technical, interpersonal, and decision-making skills. However, the relative importance of these types of skills varies with the level of management. At all three levels of management, the need for interpersonal skills remains fairly constant. However, top-level managers have a greater need for decision-making skills, whereas first-line managers have a greater need for technical skills. Middle managers tend to need all three skills, but the mix required differs somewhat from organization to organization. Differences in Management Functions

WORK APPLICATION 1-7

 Identify which type of boss you have now or have had previously. If that person is or was a functional manager, be sure to specify the functional tasks of the department.

All managers perform the four management functions: planning, organizing, leading, and controlling. However, the time spent on each function varies with the level of management. First-line managers spend more time leading and controlling, middle-level managers spend equal time on all four functions, and top managers spend more time planning and organizing.

Exhibit 1-7 summarizes the primary skills needed and functions performed at each of the three management levels.

Exhibit 1-7 Skills Needed and Functions Performed at Different Management Levels

1-4 Applying the Concept Differences Among Management Levels

Identify the level of management in the following five instances: top middle

first-line _____ 18. Managers who report to executives. _____ 19. Managers who need technical skills more than decision-making skills. _____ 20. Managers who tend to spend more time planning and organizing. _____ 21. Managers who have operative employees reporting to them. _____ 22. Managers who take the long-term strategy and develop short-term operating plans.

Hastings is the CEO of **Netflix** (**IOM 4**), so he is a top-level manager. As discussed in **IOM 2**, Hastings has less need for technical skills and a greater need for decision-making skills. Hastings had responsibility for strategically planning how Netflix would change from rentals to streaming and developing original content. He also had to radically reorganize the company as it changed strategies. Differences in Size and Profits Large-Business Versus Small-Business Managers

Managers in large and small firms need the same skills and perform the same functions. However, generally, the larger the company, the more specialized the job. **Bonnie Castonguary** works for a large organization—**Gap Inc.** Her independent store resembles a small business, but it has the support of a large organization. Small businesses are important to economic growth,75 even though they tend to have fewer resources.76 Exhibit 1-8 lists some of the differences between large and small businesses. However, these are general statements; many large and small businesses share certain characteristics. Most large businesses, including **Starbucks**, **Google**, and **Apple**, started as small businesses and grew. Exhibit 1-9 presents survey results comparing small business (fewer than 500 employees) versus all companies (global average 12,000 employees).

Exhibit 1-8 Differences Between Large and Small Businesses

Exhibit 1-9 Survey Results Comparing Large and Small Businesses Responses

*Percentage of employees who agreed with the statements

Source: Adapted from Korn Ferry's Hay Group Survey, Reported in INC. (November 2016), p. 44.

Exhibit 1-10 Differences Between For-Profit and Not-for-Profit Organizations

Source: Dr. Kathryn Carlson Heler, deceased professor, Springfield College, 2010. Used with permission.

WORK APPLICATION 1-8

Would you prefer to work for a small or large business and a for-profit or not-for-profit organization? Managers of For-Profit Versus Not-for-Profit Organizations

Is the manager's job the same in for-profit and not-for-profit organizations? Although some noteworthy differences exist (volunteers and fundraising), the answer is basically yes. All managers need management skills, perform management functions, and play management roles regardless of the organization type. **Bonnie Castonguary** works for a for-profit business, the **Gap**. Employees of the **American Red Cross** and the **YMCA** work for the public (not-for-profit) sector. Is the college you are attending for profit or not?

In the past, it was common to classify both nongovernmental and governmental organizations together into one group called not-for-profits. However, the current trend with globalization is to distinguish not-for-profit organizations into nongovernmental organizations (NGOs, such as **Doctors Without Borders**) and governmental organizations (**IRS**).

[Exhibit 1-10](#) lists some of the differences between for-profit and not-for-profit organizations.
          A Brief History of Management

LO 1-5

Summarize the major similarities and differences between the classical and behavioral theorists.

Organizational theorists say "History Matters."[77] There are two primary reasons you should be concerned about the history of management: to better understand current developments and to avoid repeating mistakes. Also, as you read the history, you will realize that today's organizations still use these management theories, as indicated by the chapters they are covered in. Early literature on management was written by management practitioners who described their experiences and attempted to extrapolate basic principles. More recent literature comes from researchers. There are different classifications of management approaches, or schools of management thought. In this section, you will learn about five management theories: the classical, behavioral, management science, systems, and contingency theories.   Classical Theory

The ***classical theorists*** *focus on the job and management functions to determine the best way to manage in all organizations.* In the early 1900s, managers began an organized approach to increasing performance by focusing on the efficiency of managing jobs. This focus later changed to a concern for managing departments and organizations. Scientific management stressed job efficiency through the development of technical skills, while administrative theory stressed rules and the structure of the organization.

classical theorists Researchers who focus on the job and management functions to determine the best way to manage in all organizations.   Scientific Management

Frederick Winslow Taylor (1856–1915), an engineer known as the Father of Scientific Management, focused on analyzing jobs and redesigning them so that they could be accomplished more efficiently—which today is considered a technology goal.[78] As he searched for the best way to maximize performance, he developed "scientific management" principles, including the following: Develop a procedure for each element of a worker's job.   Promote job specialization.   Select, train, and develop workers scientifically.   Plan and schedule work.   Establish standard methods and times for each task.   Use wage incentives such as piece rates and bonuses.[79]

Frank Gilbreth (1868–1924) and his wife **Lillian Gilbreth** (1878–1972) used time-and-motion studies to develop more efficient work procedures. Their work was popularized in a book titled *Cheaper by the Dozen* (and later two movies and a television comedy of the same name), which described their application of scientific management practices to their family of 12 children. When Frank died, the children ranged in age from 2 to 19 years old. Lillian continued her work as a consultant but changed the focus of her work to become a pioneer in industrial psychology. Lillian became a professor of management at Purdue University and is commonly referred to as the First Lady of Management.

Another person who made important contributions to scientific management was **Henry Gantt**

(1861–1919). He developed a method for scheduling work over a period of time that is still widely used today. You will learn how to develop a Gantt chart in [Chapter 15](). Administrative Theory

Henri Fayol (1841–1925) was a French engineer who is sometimes referred to as the Father of Modern Management. Fayol was a pioneer in the study of the principles and functions of management. He made a clear distinction between operating and managerial activities. Fayol identified five major functions of management: planning, coordinating, organizing, controlling, and commanding. In addition to his five management functions, Fayol developed 14 principles that are still used today.[80] Most principles-of-management textbooks are organized on the basis of the functions of management.

Two other contributors to administrative management are **Max Weber** (1864–1920) and **Chester Barnard** (1886–1961). Weber was a German sociologist who developed the *bureaucracy concept.* The aim of his concept of bureaucracy was to develop a set of rules and procedures to ensure that all employees were treated fairly. Barnard studied authority and power distributions in organizations. He raised awareness of the informal organization—cliques and naturally occurring social groupings within formal organizations.

Mary Parker Follett (1868–1933) stressed the importance of people rather than engineering techniques. Follett contributed to administrative theory by emphasizing the need for worker participation, conflict resolution, and shared goals. She is best known for *integrative conflict resolution*: when all parties agree to a conflict resolution rather than one person dominates and wins and the other loses, and when there is no compromise where one party gives up something to get something because all parties win. The trend today is toward increasingly higher levels of employee participation. Barnard's and Follett's contributions led to the development of behavioral theory.

People are the most important resource that organizations have. **Mary Parker Follett**'s work, which focused on interactions between management and employees, still influences organizations today.

©iStockphoto.com/shironosov

Many companies still use classical management techniques successfully today. **McDonald's** system of fast-food service is one good example of a company that uses these techniques. Managers at **Monsanto** also use classical techniques, such as time-and-motion studies and organization principles that you will learn about in [Chapter 7](). Large organizations that are downsizing to cut costs by laying off employees and becoming more efficient are using a classical management approach. Behavioral Theory

The **behavioral theorists** *focus on people to determine the best way to manage in all organizations.* In the 1920s, management writers began to question the classical approach to management and changed their focus from the job itself to the people who perform the job. Like the classicists, behaviorists were looking for the best way to manage in all organizations. However, the behavioral approach to management stressed the need for human skills rather than technical skills.

behavioral theorists Researchers who focus on people to determine the best way to manage in all organizations.

Elton Mayo (1880–1949) pioneered the *human relations movement*. Mayo headed a group of Harvard researchers in conducting the Hawthorne studies, a landmark series of studies of human

behavior in **Western Electric**'s Hawthorne plant (Cicero, Illinois) from 1927 to 1932. Like Taylor, Mayo wanted to increase performance; however, he viewed determining the best work environment as the means to this end. Mayo's research suggested that a manager's treatment of people had an important impact on their performance. In other words, treating people well and meeting their needs frequently results in increased performance. The *Hawthorne effect* refers to the phenomenon that just studying people affects their performance.[81] Abraham Maslow (1908–1970) developed the *hierarchy of needs theory*.[82] Maslow is one of the earliest researchers to study motivation, and motivation is still a major area of research. You will learn more about Maslow's hierarchy of needs and other motivation theories in [Chapter 11].

Douglas McGregor (1906–1964) developed *Theory X* and *Theory Y*. McGregor contrasted the two theories based on the assumptions that managers make about workers. Theory X managers assume that people dislike work and that only if managers plan, organize, and closely direct and control their work will workers perform at high levels. Theory Y managers assume that people like to work and do not need close supervision. McGregor did not give specific details on how to manage; he suggested a reorientation in managerial thinking.[83] Behaviorists believed that happy employees would be productive. However, later research suggested that a happy worker is not necessarily a productive worker. As you can see, the classical and behavioral theories are very different, yet both kinds of theorists claim that their approach is the best way to manage in all organizations.

The behavioral approach to management is still evolving and being used in organizations. The current term for studying people at work is the *behavioral science approach*, which draws from economics, psychology, sociology, and other disciplines. Most of the material in the chapters in [Parts III] and [IV] is based on behavioral science research. Managers all over the globe use behavioral sciences in dealing with people.   Management Science

The **management science theorists** *focus on the use of mathematics to aid in problem solving and decision making.* During World War II, a research program began to investigate the applicability of quantitative methods to military and logistics problems. After the war, business managers began to use management science (math) in three areas.   **Operations research** emphasizes mathematical model building. Today these models are commonly called algorithms and are used with big data to better understand customers and how to promote products to increase sales. We will be discussing big data in [Chapter 4] and other chapters.   **Operations management** is a form of applied management science that uses quantitative techniques to help managers make decisions that can produce and improve goods and services more efficiently. Operations are covered in [Chapter 15].   **Information management**, or management information systems (MIS) or information systems (IS), provide access to data and information in a timely manner to transact business and make decisions. We discuss information management in [Chapter 13].

The use of computers has led to an increase in the use of quantitative methods by managers all over the globe. Because management science stresses decision-making skills and technical skills, it is more closely aligned with classical management theory than with behavioral theory. You will learn more about management science in the chapters in [Parts II] and [V]. Management science is not commonly used in organizing and leading.   Integrative Perspective

The integrative perspective has three components: systems theory, sociotechnical theory, and contingency theory.   Systems Theory

The **systems theorists** *focus on viewing the organization as a whole and as the interrelationship of its parts.* In the 1950s, management theorists attempted to integrate the classical, behavioral, and management science theories into a holistic view of the management process. Systems theorists began by assuming that an organization is a system that transforms inputs (resources) into

outputs (products and/or services).

According to **Ludwig von Bertalanffy**, **Margaret Mead**, **Harold Koontz**, **Daniel Katz and Robert Kahn**, **Peter Senge**, and others, the systems approach recognizes that an organization is an open system because it interacts with and is affected by the external environment.[84] For example, government laws affect what an organization can and cannot do, the economy affects the organization's sales, and so on. You will learn more about open systems and the organizational environment in [Chapter 2](#).

According to **Russell Ackoff**, the commonly used classical approach to problem solving is a reductionist process. Managers tend to break an organization into its basic parts (departments), understand the behavior and properties of the parts, and add the understanding of the parts together to understand the whole. They focus on making independent departments operate as efficiently as possible. According to systems theorists, the reductionist approach cannot yield an understanding of the organization, only knowledge of how it works. Because the parts of a system are interdependent, even if each part is independently made to perform as efficiently as possible, the organization as a whole may not perform as effectively as possible. For example, all-star athletic teams are made up of exceptional players. But because such players have not played together as a team before, the all-star team may not be able to beat an average team in the league.[85] Systems theory stresses the need for conceptual skills in order to understand how an organization's subsystems (departments) interrelate and contribute to the organization as a whole. For example, the actions of the marketing, operations, and financial departments (subsystems) affect each other; if the quality of the product goes down, sales may decrease, causing a decrease in finances. Before managers in one department make a decision, they should consider the interrelated effects it will have on the other departments. The organization is a system (departments), just as the management process is a system (planning, organizing, leading, and controlling), with subsystems (parts of departments) that affect each other. So, in other words, when you have a problem to solve, do not break it into pieces; focus on the whole.

management science theorists Researchers who focus on the use of mathematics to aid in problem solving and decision making.

systems theorists Researchers who focus on viewing the organization as a whole and as the interrelationship of its parts.

1-5 Applying the Concept   Matching History of Management People and Theories

Identify the person or theory that helped develop the following six theory categories—[Exhibit 1-11](#). _____ Classical theory   Behavioral theory   Management science   Systems theory   Sociotechnical theory   Contingency theory   _____ 23. Focused on the use of math to make decisions in operations management.   _____ 24. Elton Mayo, human relations movement   _____ 25. Eric Trist, focus on integrating people and technology   _____ 26. Henry Fayol, administrative theory   _____ 27. Russell Ackoff, focus on viewing the organization as a whole and as the interrelationship of its parts   _____ 28. Tom Burns and George Stalker, didn't believe there is one best management approach for all situations

Today one of the major trends is toward total quality management (TQM) for continuous improvements, which takes a systems approach to management. You will learn more about TQM in [Chapters 2](#) and [15](#).   Sociotechnical Theory

The **sociotechnical theorists** *focus on integrating people and technology.* Sociotechnical theory was formulated during the 1950s and 1960s by **Eric Trist**, **Ken Bamforth**, **Fred Emery**, and others.[86]

They realized, as today's managers do, that a manager must integrate both people and technology. To focus on one to the exclusion of the other leads to lower levels of performance. Much of current behavioral science work is in agreement with sociotechnical theory.
Contingency Theory

The **contingency theorists** *focus on determining the best management approach for a given situation.* In the 1960s and 1970s, management researchers wanted to determine how the environment and technology affected the organization. **Tom Burns** and **George Stalker** conducted a study to determine how the environment affects a firm's organization and management systems. They identified two different types of environments: stable (where there is little change) and innovative (great changes). The researchers also identified two types of management systems: mechanistic (similar to bureaucratic classical theory) and organic (nonbureaucratic, similar to behavioral theory). They concluded that in a stable environment, the mechanistic approach works well, whereas in an innovative environment, the organic approach works well.[87]

sociotechnical theorists Researchers who focus on integrating people and technology.

contingency theorists Researchers who focus on determining the best management approach for a given situation.

Joan Woodward conducted a study to determine how technology (the means of producing products) affects organizational structure. She found that organizational structure did change with the type of technology. Woodward concluded that the mechanistic or classical approach worked well with mass-production technology (such as that of an automobile assembly line), whereas the organic or behavioral approach worked well with small-batch (custom-made) products and long-run process technology (such as that for refining crude oil).

Exhibit 1-11 Comparing Theories

These contingency theories may be historic, but they still influence present-day organizational structures. We will revise them in Chapter 7, "Organizing and Delegating Work."
Comparing Theories

Exhibit 1-11 reviews the theories covered in this chapter. Throughout this book, you will learn to take an integrative perspective using systems and contingency theories, combined with some management science, to ensure that you maximize development of your management skills. For example, Skill Builder 1-4 at the end of this chapter uses a contingency approach.
Managing the Old Versus New Workplace

In the old workplace, managers used an autocratic leadership style with a local domestic view, jobs were specialized and routinely performed by individuals, employees were homogeneous, and change was slow.[88] In the new workplace, managers use a more participative leadership style with a global view,[89] jobs are more flexible and performed by teams, employees are diverse, and change is rapid.[90] In today's global economy, managers are responsible for resources and lead employees in other countries in a virtual world.[91]   Knowledge Management and Learning Organizations

Today's leaders focus on learning and knowledge management, because the acquisition of knowledge and the ability to learn are important to organizational success.[92] Knowledge workers process information rather than physical goods.[93] **Knowledge management** *involves everyone in an organization in sharing knowledge and applying it to continuously improve products and processes. Learning* is the process whereby knowledge is created through the transformation of experience.

Knowledge sharing provides opportunities for mutual learning.94 *Learning organizations* have everyone engaged in identifying and solving problems, enabling change, and continuous improvement. Learning organizations also share knowledge through alliances with other organizations.95 They share three characteristics: a team-based structure, participative management, and the sharing of information through knowledge management.96
Evidence-Based Management (EBM)

Knowledge management is all about learning new things and applying the knowledge in order to improve.97 It goes hand in hand with *evidence-based management*, which is the systematic use of the best available evidence to improve management practice.98 EBM is about replacing hunches and guesswork with management practices that are supported through research.99 It is sometimes referred to as best practices.100 EBM has been defined as a process of using six As: Asking, Acquiring, Appraising, Aggregating, Applying, and Assessing.101

knowledge management Involving everyone in an organization in sharing knowledge and applying it continuously to improve products and processes.

By ignoring EBM, billions of dollars are spent on ineffective management practices, to the detriment of employees and their families, communities, and the society at large.102 As suggested in EBM,103 throughout this book, as discussed in the next section, you will learn about management and how to apply the knowledge to develop management skills based on EBM that you can use in your personal and professional lives. For more information on EBM, visit the **Center for Evidence-Based Management** (www.cebma.org).   Objectives of the Book

We all can get better,104 or you can develop your management skills105—that is the major objective of this book. This book takes a "how-to" approach to management, as research has shown that knowledge is more likely to be implemented when it is acquired from learning by doing rather than from learning by reading, listening, or thinking.106 As indicated by its subtitle, "Concepts, Applications, and Skill Development," this book uses a three-pronged approach, with these objectives: To teach you the important concepts of management   To develop your ability to apply the management concepts through critical thinking   To develop your management skills in your personal and professional lives

Recall that AACSB advocates learning, application of knowledge, and skill building.107 The book offers some unique features to further each of these three objectives, as summarized in Exhibit 1-12.   Management Concepts

Throughout this book, you will learn management concepts based on EBM and see how they relate to organizational success, as well as to the difficulties and challenges managers face. Your knowledge of EBM concepts is vital to your success,108 as EBM provides you with tools (concepts, theories, and models) to use on the job to improve your performance.109 This book offers the seven features listed in Exhibit 1-12 to help you learn management concepts.
Application of Management Concepts

Understanding theory and concepts is essential before moving to the next level: applying the concepts, which requires critical thinking.110 One of the criticisms of management education is the focus on teaching theory without the application to practice, called the knowing–doing gap and theory–practice gap.111 We need to draw on concepts and theories,112 and actually apply them.113 As shown in Exhibit 1-12, this book offers seven features to help you develop critical-thinking skills. You will be given the opportunity to apply the concepts to your personal and professional lives in every chapter.   Development of Management Skills

Scholars agree that management education needs more emphasis on skills development.114 The third and highest-level objective is to develop the management skills that you can use in your personal and professional lives as both a leader and a follower,115 and thus AACSB wants skill development in the business curriculum.116 Think about the EBM models in this book like proven cooking recipes. If you follow the step-by-step instructions, you will get consistently better results, as opposed to winging it on your own and potentially making mistakes.117 This book offers four features to help you do so.   Practice.

As with just about everything in life, you cannot become skilled by simply reading about or trying something once. Developing management skills takes persistence and practice.118 The great **Green Bay Packers** football coach **Vince Lombardi** said that leaders are made by effort and hard work. If you want to develop your management skills, you must not only learn the concepts in this book but also practice with the applications and skill-building exercises.119 Are you willing to change some of your behavior to develop habits of using the concepts of EBM? Will you commit today?120

Exhibit 1-12 Features of This Book's Three-Pronged Approach and Table of Contents
        Flexibility

This book has so many features that it is unlikely that all of them can be covered in class during a one-semester course. Your instructor will select the features that best meet the course objectives and the amount of time available, but you may want to cover some or all of the other features on your own or with the assistance of others.   Organization of the Book

This book is organized into five parts, with Part I covering the introductory information and Parts II through V covering the four functions of management discussed in this chapter. Part II covers planning, Part III covers organizing, Part IV covers leading, and Part V covers controlling. See Exhibit 1-12 for the table of contents.   Trends and Issues in Management

Sorry, but there are no secrets to success. Research has shown that highly successful companies today can be the failures of tomorrow, such as **BlackBerry**. The only company listed on the original 12-corporation stock market index, the **Dow Jones Industrial Average (DJI)**, today is **GE**. In 2013, **Goldman Sachs**, **Nike**, and **Visa** replaced **Alcoa**, **Bank of America**, and **Hewlett-Packard**; and **Apple** replaced **AT&T** in 2015.121 The highly successful companies are the ones that keep up with the latest trends and issues managers face. So we will end every chapter with a section to discuss some of the challenges managers face today.

So what are some of the current important trends and issues? To answer this question, a survey of CEOs of major corporations listed the top four: *globalization, technology* (which is moving two to three times faster than management and includes *big data*), *cybersecurity* (which is based on tech and also includes *privacy*), and a shift in economic power (again a global issue).122

With globalization, multinational corporations need to adapt to a *diversity* of cultures.123 Even domestic companies have the challenge of diversity as the American workforce becomes increasingly diversified.124 Because having a global mindset is important to career success,125 in Chapter 3 we will discuss globalization and diversity; recall these are AACSB competencies.

Trust in business today is low due to ethical scandals.126 *Ethics* is an AACSB competency. Also, society expects *corporate social responsibility*. Because ethics and social responsibility are so important, we cover these issues in Chapter 2, and in every chapter you will find the boxed item titled "Join the Discussion: Ethics & Social Responsibility."

As we bring this chapter to a close, you should realize the importance of studying management,

what management is and the resources managers manage, the three skills and four functions of management, and some of the differences among managers. You should also understand a brief history of management, the objectives of the book, and some of the most important trends and issues facing managers today.

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Chapter Summary   1-1. **Describe a manager's responsibility.**

A manager is responsible for achieving organizational objectives through efficient and effective use of resources. *Efficient* means doing things right, and *effective* means doing the right thing. The manager's resources include human, financial, physical, and informational resources.   1-2. **List the three skills of effective managers.**

The three management skills are technical, interpersonal, and decision-making skills. Technical skills involve the ability to use methods and techniques to perform a task. Interpersonal skills involve the ability to understand, communicate with, and work well with individuals and groups through developing effective relationships. Decision-making skills are based on the ability to conceptualize situations and select alternatives to solve problems and take advantage of opportunities.   1-3. **Explain the four management functions and the three management role categories.**

The four management functions are planning, organizing, leading, and controlling. Planning is the process of setting objectives and determining in advance exactly how the objectives will be met. Organizing is the process of delegating and coordinating tasks and allocating resources to achieve objectives. Leading is the process of influencing employees to work toward achieving objectives. Controlling is the process of measuring and monitoring progress and taking corrective action when needed to ensure that objectives are achieved.

Managers play the interpersonal role when they act as figurehead, leader, or liaison. Managers play the informational role when they act as monitor, disseminator, or spokesperson. Managers play the decisional role when they act as entrepreneur, disturbance handler, resource allocator, or negotiator.   1-4. **Recall the hierarchy of management levels and describe the differences among the levels in terms of skills needed and functions performed.**

The three hierarchy levels are top managers (e.g., operations executive), middle managers (e.g., marketing manager), and first-line managers (e.g., accounting supervisor). Top managers have a greater need for decision-making skills than do first-line managers. Middle managers have a need for all three skills. First-line managers have a greater need for technical skills than do top managers.   1-5. **Summarize the major similarities and differences between the classical and behavioral theorists.**

Both classical and behavioral theorists wanted to find the best way to manage in all organizations. However, the classicists focused on the job and management functions, whereas the behaviorists focused on people.   Key Terms   behavioral theorists, **18**   classical theorists,

17 contingency theorists, **20** controlling, **9** decision-making skills, **7** interpersonal skills, **6** knowledge management, **21** leading, **9** levels of management, **12** management functions, **8** management role categories, **10** management science theorists, **19** management skills, **6** manager, **4** manager's resources, **4** organizing, **9** performance, **5** planning, **9** sociotechnical theorists, **20** systems theorists, **19** technical skills, **6** types of managers, **13**

Key Term Review

Complete each of the following statements using one of this chapter's key terms: A _____ is responsible for achieving organizational objectives through efficient and effective utilization of resources. The _____ include human, financial, physical, and informational. The level of organizational _____ is based on how effectively and efficiently managers utilize resources to achieve objectives. _____ include technical, interpersonal, and decision-making skills. _____ involve the ability to use methods and techniques to perform a task. _____ involve the ability to understand, communicate, and work well with individuals and groups through developing effective relationships. _____ are based on the ability to conceptualize situations and select alternatives to solve problems and take advantage of opportunities. The four _____ include planning, organizing, leading, and controlling. _____ is the process of setting objectives and determining in advance exactly how the objectives will be met. _____ is the process of delegating and coordinating tasks and allocating resources to achieve objectives. _____ is the process of influencing employees to work toward achieving objectives. _____ is the process of monitoring progress and taking corrective action when needed to ensure that objectives are achieved. The _____ include interpersonal, informational, and decisional. There are three _____: top managers, middle managers, and first-line managers. There are three _____: general, functional, and project. The _____ focus on the job and management functions to determine the best way to manage in all organizations. The _____ focus on people to determine the best way to manage in all organizations. The _____ focus on the use of mathematics to aid in problem solving and decision making. The _____ focus on viewing the organization as a whole and as the interrelationship of its parts. The _____ focus on integrating people and technology. The _____ focus on determining the best management approach for a given situation. _____ involves everyone in an organization in sharing knowledge and applying it to continuously improve products and processes. Review Questions What are a manager's resources? What are the three management skills? What are the four functions of management? What are the three management role categories? What are the three levels of management? What are the three types of managers? What are the objectives of this book?

Communication Skills

The following critical-thinking questions can be used for class discussion and/or as written assignments to develop communication skills. Be sure to give complete explanations for all questions. Are you interested in being a manager? Why is it important to take this course in management? Is it more important for managers to be efficient or effective? Can you improve both at the same time? Is management ability universal? In other words, can a good manager in one environment (e.g., computers) also be effective in another (e.g., banking)? Some people say the hard skills (technical, finance, quantitative analysis) are more important for managers than soft skills (interpersonal), and some say the opposite is true. What is your view? Is your college professor a manager? Why or why not? When a good employee is promoted to management, which management level is the promotion usually to, and how do the management skills and functions change with the job promotion? When an employee is promoted to manager, do most organizations provide some type of training? Should they? Why or why not? Cases: Case 1-1 Joe Maddon, Manager of the Chicago Cubs

Joe Maddon has been the manager of the Chicago Cubs since 2015. In his first year, he exceeded the expectations of most analysts and fans by leading the team to an appearance in the National League Championship Series. In 2016, he broke the alleged "curse" that has hung over the team for more than 100 years and won the World Series against the Cleveland Indians in a thrilling seven-game series.

Although Joe Maddon is a "manager" of a baseball team rather than a traditional corporation, he is an excellent example of the key role that a manager plays in the effectiveness and success of any kind of team. First, he devotes significant time to developing strong relationships with his players through open and honest communication on a regular basis. Second, he focuses not only on the outcome (i.e., to win) but also on the process by doing the things the "right way." Third, he likes to emphasize staying loose and having fun. He is known for creating t-shirts with humorous sayings on them, such as "Try Not to Suck." He also likes to hold "dress-up road trips" during which players wear crazy suits or onesies. By keeping things light and fun, Maddon believes that players will be more relaxed and perform better on the field. Fourth, Maddon believes in the "art of doing nothing." Rather than using a regimented approach to training and game preparation that is put into practice on a weekly basis, he encourages players to "just show up" for games. In fact, the Cubs take less formal batting practice than any other team in the league. Fifth, Maddon is an "outside-the-box" thinker who does not hesitate to make unconventional and risky decisions. For example, he has used pitchers like John Lackey as a pinch hitter in a key extra- innings situation with the game on the line. He has used pitchers to play field positions, and he rotates his position players to other positions. Maddon is willing to go against the grain if he feels that it can help the team win.

Joe Maddon's unconventional but highly effective management style has some key lessons for managers in other types of organizations. These include "instill a positive and upbeat attitude in the culture of the team," "stay loose and productive," "be old and new school" (i.e., be open to new approaches such as data analytics, but balance this with an emphasis on fundamentals), and "don't be the center of attention" (maintain a small ego and focus on the team as the key focus).

Discussion Questions   What types of resources does Joe Maddon control as the manager of the Chicago Cubs?   What types of management skills does Joe Maddon use as the manager of the Chicago Cubs?   How does Joe Maddon carry out the four management functions as the manager of the Chicago Cubs?   How does Joe Maddon apply contingency theory of management in his job as manager of the Chicago Cubs?   Would you like to work for a manager like Joe Maddon? Why or why not?   What is there to learn about how to be a good manager in a business organization based on studying coaches from the sports industry?   References

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A leading provider of oil changes, Jiffy Lube doesn't expect to see its customers every day—but about every three months or 3,000 miles. The company boasts more than 2,100 outlets throughout North America that are mostly franchised. The rest of its locations are company-owned and operated. Besides oil changes, Jiffy Lube facilities provide maintenance services for air conditioning, fuel systems, and transmissions.(1)

Jiffy Lube focuses on its four key areas of preventative maintenance service: change, inspect, check/fill, and clean. "Jiffy Lube strives to provide the highest quality service to each customer, and one of the best ways to accomplish this is by having some of the best technicians in the business. Jiffy Lube technicians are not just your standard technicians. Every Jiffy Lube service center employee is required to complete Jiffy Lube UniversitySM, an award-winning training program so extensive that Jiffy Lube earned the distinction of being an Automotive Service Excellence (ASE) Accredited Training Provider."(2)

Jiffy Lube UniversitySM (JLU) combines state-of-the-art computer-based instruction, supervised on-the-job training and proficiency testing to help Jiffy Lube technicians become skilled in providing comprehensive preventive maintenance. . . . The Jiffy Lube training program is so thorough that it is recognized by the American Council on Education for college credit. And because Jiffy Lube is never satisfied with anything but the best, it won the American Society for Training and Development BEST Award—the training industry's most rigorous and coveted recognition."(3)

Problem: Retaining great employees and nurturing leadership. "Training is the foundation for achieving Jiffy Lube's business goals; it also is the cornerstone for attracting and retaining service center technicians and managers." According to Mauricio Quezada, director of operations, Finding ways to attract, retain, and train new leaders in the Jiffy Lube system is a key to long-term success. . . . "Knowing that most leadership positions are filled from internal promotions and that 45 percent of service center employees have a desire to continue their education, we developed two complementary initiatives."(4)

JLU developed a new Leadership curriculum for store managers. The three-day instructor-led training (ILT) course was developed using principles from top leadership and business books and insight from industry experts. . . . Following the interactive ILT class, students were asked to complete two further development steps: **Leadership Simulation:** The successful completion of an innovative online simulation module, "A Day in the Life of a Store Manager," was required. The participant must resolve 32 real-life scenarios, earning points based on the quality of the response.   **180-day follow-up:** JLU also introduced an electronic online follow-up system to encourage service center employees to apply the learnings from class and to gain support from their supervisor. The system communicates to service center employees and their supervisor the day after class and again at 30, 60, 90, and 180 days following the session to assess their development as a leader as they continue to focus on learnings.

Some 1,549 students completed Leadership Training ILT classes in 2014, and an additional 1,400 completed the class in 2015. Managers who attend Leadership Training and engage in the follow-up system for the full 180 days have significantly higher customer service scores and car counts, plus lower rates of discounts and turnover than the system average.(5)

With this dedication to training, Jiffy Lube "surged to the top spot on the 2016 Training Top 125 and earned an additional victory lap with its fourth consecutive finish in the Top 5, making it eligible for induction into the Training Top 10 Hall of Fame in 2017."(6)   Discussion Questions   Which organizational resources did Jiffy Lube utilize? Explain.   How does Jiffy Lube University develop interpersonal skills?   Explain how the management training program supports the four management functions; *planning, organizing, leading,* and controlling.   Does using a simulator that looks at "situations" help or hurt management? Explain your answer.   What are the benefits to having Jiffy Lube University?   Would you like to attend Jiffy Lube University or a similar program for job training?   References

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Case created by Herbert Sherman, Hannah K. Walter, and Naveed Ahmad, Department of Management Sciences, School of Business Brooklyn Campus, Long Island University.

SKILL BUILDER 1-1: GETTING TO KNOW YOU   Objectives   To get acquainted with some of your classmates   To gain a better understanding of what the course covers   To get to know more about your instructor   Skills

The primary skills developed through this exercise are: Management skill—interpersonal   AACSB competency—communication   Management function—leading   Break into groups of five or six, preferably with people you do not know. Have each member tell his or her name and two or three significant things about himself or herself. Then ask each other questions to get to know each other better.   Can everyone in the group address every other person by name? If not, have each member repeat his or her name. Then each person in the group should repeat the names of all the group members until each person knows everyone's first name.   Discussion

What can you do to improve your ability to remember people's names?   Elect a spokesperson for your group. Look over the following categories and decide on some specific questions you would like your spokesperson to ask the instructor from one or more of the categories. The spokesperson will not identify who asked the questions. You do not have to have questions for each area.   Course expectations. What do you expect to cover or hope to learn from this course?   Doubts or concerns. Is there anything about the course that you don't understand?   Questions about the instructor. List questions to ask the instructor in order to get to know him or her better.   Each spokesperson asks the instructor one question at a time until all questions have been answered. Spokespeople should skip questions already asked by other groups.   Apply It

What did I learn from this experience? How will I use this knowledge in the future?

SKILL BUILDER 1-2: COMPARING MANAGEMENT SKILLS   Objective

To better understand the importance of good management skills and functions   Skills

The primary skills developed through this exercise are: Management skill—decision making   AACSB competency—analytic and application of knowledge   Management function—planning   Compare Your Supervisor's Management Skills

Recall the best supervisor or boss you ever worked for and the worst one you ever worked for. Compare these two people by writing brief notes in the chart below about each person's management skills and ability to perform the four management functions.

 Based on your own experiences with a good boss and a poor one, what do you believe are the key differences between good and poor managers?   Apply It

What did I learn from this exercise? How will I use this knowledge in the future?

SKILL BUILDER 1-3: CAREERS   Objective

To think about your career   Skills

The primary skills developed through this exercise are: Management skill—decision making   AACSB competency—reflective thinking   Management function—planning   Discussion Questions   When you graduate, do you want to work for a small or large business in a for-profit or not-for-profit organization as an employee, manager, or entrepreneur?   Regarding a career plan, do you believe your answer will change with time? If yes, how?   Apply It

What did I learn from this exercise? How will I use this knowledge in the future?

_____

_____

_____

_____

_____

SKILL BUILDER 1-4: MANAGEMENT STYLES

Note that this Skill Builder is based on leadership and can also be used with Chapter 12. Objectives   To learn your preferred management style   To learn how to match a situation to an appropriate management style   Skills

The primary skills developed through this exercise are: Management skill—decision making   AACSB competency—analytic   Management function—leading   Self-Assessment of Your Preferred Management Style

Following are 12 situations. Select the one alternative that most closely describes what you would do in each situation. Don't be concerned with trying to pick the right answer; select the alternative you would really use. Circle a, b, c, or d. (Ignore the C _____ preceding each situation and the S _____ following each answer choice; these will be explained later.) C _____ 1. Your rookie crew members seem to be developing well. Their need for direction and close supervision is diminishing. What do you do? Stop directing and overseeing performance unless there is a problem. S _____ Spend time getting to know them personally, but make sure they maintain performance levels. S _____ Make sure things keep going well; continue to direct and oversee closely. S _____ Begin to discuss new tasks of interest to them. S _____

C _____ 2. You assigned Jill a task, specifying exactly how you wanted it done. Jill deliberately ignored your directions and did it her way. The job will not meet the customer's standards. This is not the first problem you've had with Jill. What do you decide to do? Listen to Jill's side, but be sure the job gets done right. S _____ Tell Jill to do it again the right way and closely supervise the job. S _____ Tell her the customer will not accept the job and let Jill handle it her way. S _____ Discuss the problem and solutions to it. S _____

C _____ 3. Your employees work well together and are a real team; the department is the top performer in the organization. Because of traffic problems, the president has approved staggered hours for departments. As a result, you can change your department's hours. Several of your workers are in favor of changing. What action do you take? Allow the group to decide the hours. S _____ Decide on new hours, explain why you chose them, and invite questions. S _____ Conduct a meeting to get the group members' ideas. Select new hours together, with your approval. S _____ Send out a memo stating the hours you want. S _____

C _____ 4. You hired Rahim, a new employee. He is not performing at the level expected after a month's training. Rahim is trying, but he seems to be a slow learner. What do you decide to do? Clearly explain what needs to be done and oversee his work. Discuss why the procedures are important; support and encourage him. S _____ Tell Rahim that his training is over and it's time to pull his own weight. S _____ Review task procedures and supervise his work closely. S _____ Inform Rahim that his training is over and that he should feel free to come to you if he has any problems. S _____

C _____ 5. Padma has had an excellent performance record for the last five years. Recently you have noticed a drop in the quality and quantity of her work. She has a family problem. What do you do? Tell her to get back on track and closely supervise her. S _____ Discuss the problem with Padma. Help her realize that her personal problem is affecting her work. Discuss ways to improve the situation. Be supportive and encourage her. S _____ Tell Padma you're aware of her productivity slip and that you're sure she'll work it out soon. S _____ Discuss the problem and solution with Padma and supervise her closely. S _____

C _____ 6. Your organization does not allow smoking in certain areas. You just walked by a restricted area and saw Joan smoking. She has been with the organization for 10 years and is a very productive worker. Joan has never been caught smoking before. What action do you take? Ask her to put the cigarette out; then leave. S _____ Discuss why she is smoking and what she intends to do about it. S _____ Give her a lecture about not smoking and check up on her in the future. S _____ Tell her to put the cigarette out, watch her do it, and tell her you will check on her in the future. S _____

C _____ 7. Your employees usually work well together with little direction. Recently a conflict between Sue and Tom has caused problems. What action do you take? Call Sue and Tom together and make them realize how this conflict is affecting the department. Discuss how to resolve it and how you will check to make sure the problem is solved. S _____ Let the group resolve the conflict. S _____ Have Sue and Tom sit down and discuss their conflict and how to resolve it. Support their efforts to implement a solution. S _____ Tell Sue and Tom how to resolve their conflict and closely supervise them. S _____

C _____ 8. Hector usually does his share of the work with some encouragement and direction. However, he has migraine headaches occasionally and doesn't pull his weight when this happens. The others resent doing Hector's work. What do you decide to do? Discuss his problem and help him come up with ideas for maintaining his work; be supportive. S _____ Tell Hector to do his share of the work and closely watch his output. S

_____ Inform Hector that he is creating a hardship for the others and should resolve the problem by himself. S _____ Be supportive but set minimum performance levels and ensure compliance. S _____ C _____ 9. Barbara, your most experienced and productive worker, came to you with a detailed idea that could increase your department's productivity at a very low cost. She can do her present job and this new assignment. You think it's an excellent idea. What do you do? Set some goals together. Encourage and support her efforts. S _____ Set up goals for Barbara. Be sure she agrees with them and sees you as being supportive of her efforts. S _____ Tell Barbara to keep you informed and to come to you if she needs any help. S _____ Have Barbara check in with you frequently so that you can direct and supervise her activities. S _____ C _____ 10. Your boss asked you for a special report. Franco, a very capable worker who usually needs no direction or support, has all the necessary skills to do the job. However, Franco is reluctant because he has never done a report. What do you do? Tell Franco he has to do it. Give him direction and supervise him closely. S _____ Describe the project to Franco and let him do it his own way. S _____ Describe the benefits to Franco. Get his ideas on how to do it and check his progress. S _____ Discuss possible ways of doing the job. Be supportive; encourage Franco. S _____ C _____ 11. Jean is the top producer in your department. However, her monthly reports are constantly late and contain errors. You are puzzled because she does everything else with no direction or support. What do you decide to do? Go over past reports, explaining exactly what is expected of her. Schedule a meeting so that you can review the next report with her. S _____ Discuss the problem with Jean and ask her what can be done about it; be supportive. S _____ Explain the importance of the report. Ask her what the problem is. Tell her that you expect the next report to be on time and error free. S _____ Remind Jean to get the next report in on time without errors. S _____ C _____ 12. Your workers are very effective and like to participate in decision making. A consultant was hired to develop a new method for your department using the latest technology in the field. What do you do? Explain the consultant's method and let the group decide how to implement it. S _____ Teach the workers the new method and supervise them closely as they use it. S _____ Explain to the workers the new method and the reasons it is important. Teach them the method and make sure the procedure is followed. Answer questions. S _____ Explain the new method and get the group's input on ways to improve and implement it. S _____

To determine your preferred management style, circle the letter you selected for each situation.

Now add up the number of circled items per column. The column with the most items circled suggests your preferred management style. Is this the style you tend to use most often?

Your management style flexibility is reflected in the distribution of your answers. The more evenly distributed the numbers, the more flexible your style. A total of 1 or 0 for any column may indicate a reluctance to use that style. Learn More About Management Styles

According to contingency theorists, there is no best management style for all situations. Instead, effective managers adapt their styles to individual capabilities or group situations. Following is a discussion of how to use Model 1-1 (Situational Management); refer to it as you read about it.

Model 1-1 Situational Management Capability Level (C)
Employee Ability and Motivation to Perform the Task
Management Style (S) Directive and Supportive Behavior Manager Needs to Give
Employee to Perform the Task **Manager—Employee Interactions.** Managers' interactions with employees can be classified into two distinct categories: directive and supportive. *Directive behavior.* The manager focuses on directing and controlling behavior to ensure that tasks get done and closely oversees performance.

Supportive behavior. The manager focuses on encouraging and motivating behavior without telling the employee what to do. The manager explains things and listens to employee views, helping employees make their own decisions by building up confidence and self-esteem.

As a manager, you can focus on directing (getting the task done), supporting (developing relationships), or both. **Employee Capability.** There are two distinct aspects of employee capability. *Ability.* Do employees have the knowledge, experience, education, skills, and training to do a particular task without direction? *Motivation.* Do the employees have the confidence to do the task? Do they want to do the task? Are they committed to performing the task? Will they perform the task without encouragement and support?

Employee capability may be measured on a continuum from low to outstanding. As a manager, you assess each employee's capability level and motivation. *Low.* The employees can't do the task without detailed directions and close supervision. Employees in this category are either unable or unwilling to do the task. *Moderate.* The employees have moderate ability and need specific direction and support to get the task done properly. The employees may be highly motivated but still need direction. *High.* The employees have high ability but may lack the confidence to do the job. What they need most is support and encouragement to motivate them to get the task done. *Outstanding.* The employees are capable of doing the task without direction or support.

Most people perform a variety of job tasks. It is important to realize that employee capability may vary depending on the specific task. For example, a bank teller may handle routine transactions easily but falter when opening new or special accounts. Employees tend to start working with low capability, needing close direction. As their ability to do the job increases, their managers can begin to be supportive and probably cease close supervision. As a manager, you must gradually develop your employees from low to outstanding levels over time. **Four Management Styles.** The four situational management styles are autocratic, consultative, participative, and empowering. An *autocratic style* is highly directive and less concerned with building relationships. The autocratic style is appropriate when interacting with low-capability employees. When interacting with such employees, give very detailed instructions describing exactly what the task is and when, where, and how to perform it. Closely oversee performance and give some support. The majority of time with the employees is spent giving directions. Make decisions without input from the employees. A *consultative style* involves highly directive and highly supportive behavior and is appropriate when interacting with moderately capable employees. Give specific instructions and oversee performance at all major stages of a task. At the same time, support the employees by explaining why the task should be performed as requested and answering their questions. Work on relationships as you explain the benefits of completing the task your way. Give fairly equal amounts of time to directing and supporting employees. When making decisions, you may consult employees, but retain the final say. Once you make the decision, which can incorporate employees' ideas, direct and oversee employees' performance. A *participative style* is characterized by less directive but still highly supportive behavior and is appropriate when interacting with employees with high capability. When interacting with such employees, spend a small amount of time giving general directions and a great deal of time giving encouragement. Spend limited time overseeing performance, letting employees do the task their way while focusing on the result. Support the employees by encouraging them and building up their self-confidence. If a task needs to be done, don't tell them how to do it; ask them how they will accomplish it. Make decisions together or allow employees to make decisions subject to your limitations and approval. An *empowering style* requires providing very little direction or support for employees and is appropriate when interacting with outstanding employees. You should let them know what needs to be done and answer their questions, but it is not necessary to oversee their performance. Such employees are highly motivated and need little, if any, support. Allow them to make their own decisions, subject to your

approval. Other terms for empowerment are *laissez-faire* and *hands off.* A manager who uses this style lets employees alone to do their own thing. Apply Management Styles

Return to the portion of the exercise in which you assessed your preferred management style. Identify the employee capability level for each item; indicate the capability level by placing a number from 1 to 4 on the line marked "C" before each item (1 indicates low capability; 2, moderate capability; 3, high capability; and 4, outstanding capability). Next, indicate the management style represented in each answer choice by placing the letter A (autocratic), C (consultative), P (participative), or E (empowering) on the line marked "S" following each answer choice. Will your preferred management style result in the optimum performance of the task?

Let's see how you did by looking back at the first situation.

C _____ 1. Your rookie crew members seem to be developing well. Their need for direction and close supervision is diminishing. What do you do? Stop directing and overseeing performance unless there is a problem. S _____ Spend time getting to know them personally, but make sure they maintain performance levels. S _____ Make sure things keep going well; continue to direct and oversee closely. S _____ Begin to discuss new tasks of interest to them. S _____ As a rookie crew, the employees' capability started at a low level, but they have now developed to the moderate level. If you put the number 2 on the C line, you were correct. Alternative a is E, the empowering style, involving low direction and support. Alternative b is C, the consultative style, involving both high direction and high support. Alternative c is A, the autocratic style, involving high direction but low support. Alternative d is P, the participative style, involving low direction and high support (in discussing employee interests). If you selected b as the management style that best matches the situation, you were correct. However, in the business world, there is seldom only one way to handle a situation successfully. Therefore, in this exercise, you are given points based on how successful your behavior would be in each situation. In situation 1, b is the most successful alternative because it involves developing the employees gradually; answer b is worth 3 points. Alternative c is the next-best alternative, followed by d. It is better to keep things the way they are now than to try to rush employee development, which would probably cause problems. So c is a 2-point answer, and d gets 1 point. Alternative a is the least effective because you are going from one extreme of supervision to the other. This is a 0-point answer because the odds are great that this approach will cause problems that will diminish your management success.

The better you match your management style to employees' capabilities, the greater are your chances of being a successful manager. Apply It

What did I learn from this skill-building experience? How will I use this knowledge in the future?

Your instructor may ask you to do Skill Builder 1-4 in class in a group. If so, the instructor will provide you with any necessary information or additional instructions.
2 The Environment Culture, Ethics, and Social Responsibility

David Ryder/Getty Images Learning Objectives

After studying this chapter, you should be able to: 2-1. Explain the five internal environmental factors and how nine external environmental factors can affect the internal business environment. **PAGE 38** 2-2. Describe the three levels of organizational culture and their relationship to each other. **PAGE 42** 2-3. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be

ethical or unethical. **PAGE 46**   2-4. Identify four guides to ethical behavior and three things organizations should do to manage ethics. **PAGE 50**   2-5. Characterize the three levels of social responsibility and explain its relationship with sustainability. **PAGE 53**   Chapter Outline

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