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Understanding Management

Richard L. Daft • Dorothy Marcic

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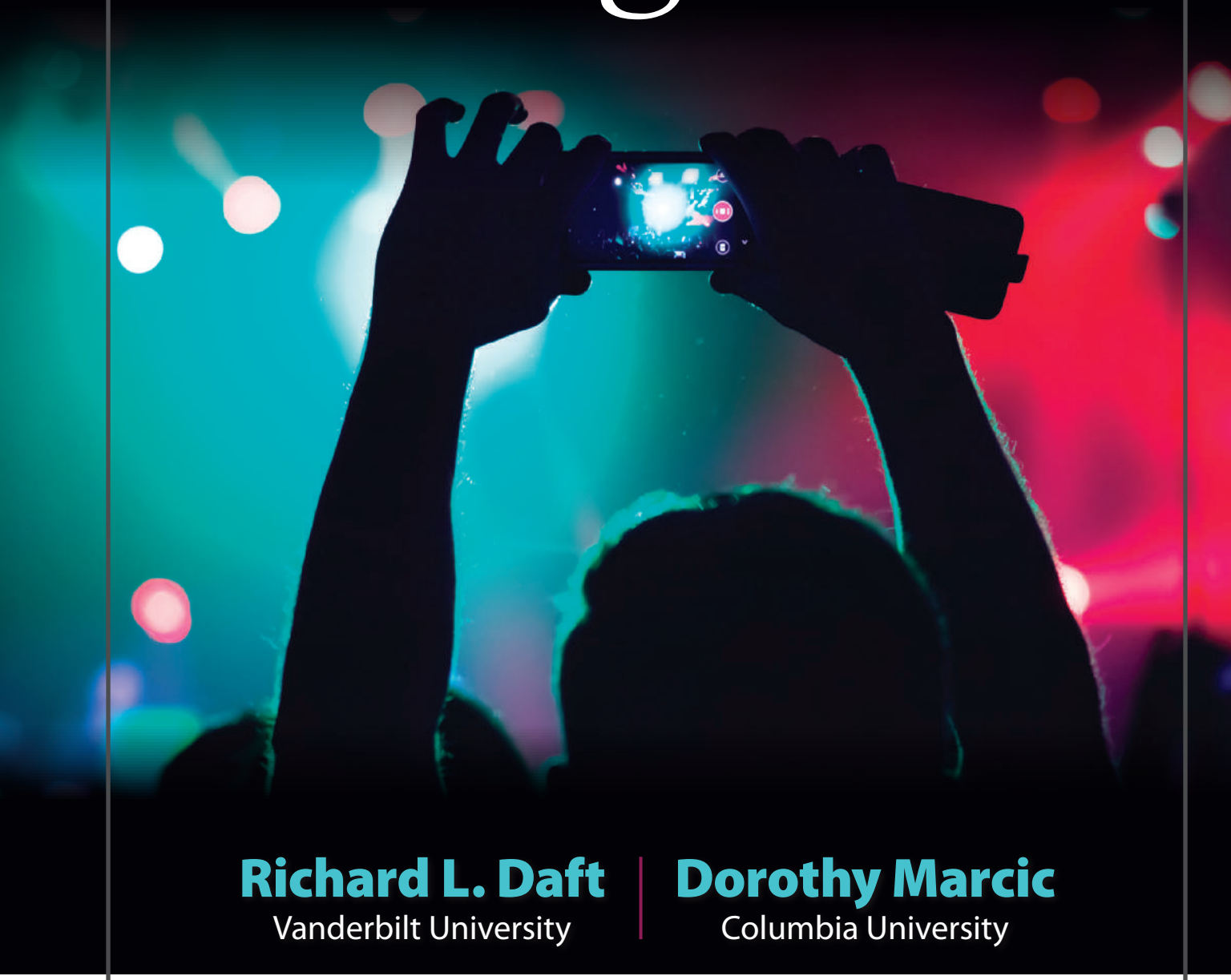

Richard L. Daft
Vanderbilt University

Dorothy Marcic
Columbia University

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***Understanding Management*, 10th Edition**

Richard L. Daft and Dorothy Marcic

Vice President, General Manager, Social Science & Qualitative Business: Erin Joyner

Product Director: Jason Fremder

Senior Product Manager: Scott Person

Content Developer: Katherine Caudill

Product Assistant: Brian Pierce

Marketing Director: Kristen Hurd

Marketing Manager: Emily Horowitz

Marketing Coordinator: Chris Walz

Art and Cover Direction, Production Management, and Composition: Lumina Datamatics, Inc

Intellectual Property
Analyst: Diane Garrity
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Cengage Learning
20 Channel Center Street
Boston, MA 02210
USA

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The old and the new. In memory of my wonderful Aunt Jenylle, who weathered unbelievable struggles with quiet strength, resilience, and radiance. And to my grandson, Nelson Williams, who helps me see the world, and management, through new eyes.

—DM

Preface

The World of Innovative Management

Today's managers and organizations are being buffeted by massive and far-reaching social, technological, and economic changes. Any manager who believed in the myth of stability was rocked out of complacency when, one after another, large financial institutions in the United States began to fail, automakers filed for bankruptcy, the housing market collapsed, European economies faced financial challenges, and a global economic recession took hold and wouldn't let go. Business schools, as well as managers and businesses, are still scrambling to cope with the aftermath, keep up with fast-changing events and evaluate the impact that this volatile period of history will have on organizations in the future. This edition of *Understanding Management* addresses themes and issues that are directly relevant to the current, fast-shifting business environment.

We revised *Understanding Management*, 10th edition, with the goal of helping current and future managers find innovative solutions to the problems that plague today's organizations—whether they are everyday challenges or once-in-a-lifetime crises. The world in which most students will work as managers is undergoing a tremendous upheaval. Ethical turmoil, the need for crisis management skills, e-business, economic recession and rampant unemployment, rapidly changing technologies, globalization, outsourcing, increasing government regulation, social media, global supply chains, the Wall Street meltdown, and other challenges place demands on managers that go beyond the techniques and ideas traditionally taught in management courses. Managing today requires the full breadth of management skills and capabilities. This text provides comprehensive coverage of both traditional management skills and the new competencies needed in a turbulent environment characterized by economic turmoil, political confusion, and general uncertainty.

In the traditional world of work, management's job was to control and limit people, enforce rules and regulations, seek stability and efficiency, design a top-down hierarchy, and achieve bottom-line results. To spur innovation and achieve high performance, however, managers need different skills, particularly in today's tough economy that has caused suffering for many employees. Managers have to find ways to engage workers' hearts and minds, as well as take advantage of their physical labor. The new workplace asks that managers focus on building trust, inspiring commitment, leading change, harnessing people's creativity and enthusiasm, finding shared visions and values, and sharing information and power. Teamwork, collaboration, participation, and learning are guiding principles that help managers and employees maneuver the difficult terrain of today's turbulent business environment. Rather than controlling their employees, managers focus on training them to adapt to new technologies and extraordinary environmental shifts, and thus achieve high performance and total corporate effectiveness.

Our vision for this edition of *Understanding Management* is to present the newest management ideas for turbulent times in a way that is interesting and valuable to students, while retaining the best of traditional management thinking. To achieve this vision, we have included the most recent management concepts and research and have shown the contemporary application of management ideas in organizations. A questionnaire at the beginning of each chapter draws students personally into the topic and gives them some insight

into their own management skills. A chapter feature for new managers, called the New Manager Self-Test, gives students personal feedback about what will be expected when they become managers. At the end of each major chapter section, we have added a Remember This feature that provides a quick review of the salient concepts and terms students should remember. Within each chapter, a new feature called Green Power highlights how various organizations are responding to the growing demand for socially and environmentally responsible ways of doing business. Thoughtful or inspiring quotes within each chapter—some from business leaders, others from novelists, philosophers, and everyday people—help students expand their thinking about management issues. The combination of established scholarship, new ideas, and real-life applications gives students a taste of the energy, challenge, and adventure inherent in the dynamic field of management. We have worked with the Cengage Learning staff to provide a textbook that is better than any other at capturing the excitement of organizational management.

We revised *Understanding Management* to provide a book of utmost quality that will create in students both respect for the changing field of management and confidence that they can understand and master it. The textual portion of this book has been enhanced through the engaging, easy-to-understand writing style and the many new in-text examples, boxed items, and short exercises that make the concepts come alive for students. The graphic component has been enhanced with several new and revised exhibits and updated photo essays that illustrate specific management concepts. The photographs provide vivid illustrations and intimate glimpses of management scenes, events, and people. Combined with brief essays that explain how a specific management concept looks and feels, the textual and graphic portions of the textbook help students grasp the often abstract and distant world of management.

Focus on Innovation: New to the 10th Edition

A primary focus for revising the 10th edition has been to relate management concepts and theories to events in today's turbulent environment by bringing in present-day issues that real-life managers face. Sections that are particularly relevant to fast-shifting current events are marked with a "Hot Topic" icon.

Learning Opportunities

The 10th edition includes several innovative pedagogical features to help students understand their own management capabilities and learn what it is like to manage in an organization today. Each chapter begins with an opening questionnaire that directly relates to the topic of the chapter and enables students to see how they respond to situations and challenges typically faced by real-life managers. A New Manager Self-Test in each chapter provides further opportunity for students to understand their management abilities. These short feedback questionnaires, which are all new for this edition, give students insight into how they would function in the real world of management. The Remember This bullet-point summaries at the end of each major chapter section give students a snapshot of the key points and concepts covered in that section. The end-of-chapter questions have been carefully revised to encourage critical thinking and application of chapter concepts. Self-Learning instruments give students a chance to assess their strengths, while Group Learning exercises give students the opportunity to apply concepts while building teamwork skills, and Action Learning activities give students a chance to practice the chapter concepts in an action-research methodology. Ethical dilemmas and all-new end-of-chapter cases help students sharpen their diagnostic skills for management problem solving.

Chapter Content

Within each chapter, many topics have been added or expanded to address the current issues that managers face. Chapter text has been tightened and sharpened to provide greater focus on the key topics that count for management today. The essential elements concerning operations and information technology, subject matter that is frequently covered in other courses, have been combined into an appendix for students who want more information about these topics.

Chapter 1 includes a discussion of some of the high-impact events and changes that have made innovative management so critical to the success of organizations today and into the future. This introductory chapter also talks about making the leap from being an individual contributor in the organization to becoming a new manager and getting work done primarily through the efforts of others. It introduces the skills and competencies needed to manage organizations effectively, including issues such as managing one's time, maintaining appropriate control, and building trust and credibility.

It includes an expanded discussion of the positive and negative aspects of bureaucracy and an updated discussion of the use of the management science approach in recent years. The chapter also examines contemporary management tools for turbulent times. The final part of the chapter looks at managing the technology-driven workplace, including social media programs, customer relationship management, and supply chain management.

Chapter 2 contains an updated view of current issues related to the environment and corporate culture, including a new discussion of organizational ecosystems, the growing importance of the international environment, and trends in the sociocultural environment, including a growing minority population and today's technologically connected consumer. The chapter includes a new discussion of the concept of strategic issues and also describes how managers shape a high-performance culture as an innovative response to a shifting environment.

Chapter 3 takes a thoroughly updated look at the shifting international landscape, including the Arab Spring and the growing clout of China, India, and Brazil, as well as what these changes mean for managers around the world. The chapter includes a new discussion of the importance of a global mind-set and an updated review of the globalization backlash. The chapter also discusses the bottom-of-the-pyramid concept, economic interdependence, and recent challenges brought about by economic difficulties in European Union countries.

Chapter 4 makes the business case for incorporating ethical values in the organization and looks at the role that managers play in creating an ethical organization. The chapter includes an updated discussion of the state of ethical management today, the pressures that can contribute to unethical behavior in organizations, and criteria that managers can use for resolving ethical dilemmas. The chapter considers corporate social responsibility issues as well, including new discussions of challenges in the global supply chain, the concept of a triple bottom line, and stakeholder mapping.

Chapter 5 provides a discussion of the overall planning and goal-setting process, including the use of strategy maps for aligning goals. A new section describes the socially constructed nature of goals and how managers decide which goals to pursue. The chapter also outlines the benefits and limitations of planning and goal setting, includes a new discussion of management by means (MBM), and takes a close look at crisis planning and how to use scenarios. The final section describes innovative approaches to planning, including the use of intelligence teams and business performance dashboards to help managers plan in a fast-changing environment.

It continues its focus on the basics of formulating and implementing strategy, including the elements of strategy and Porter's competitive strategies. It includes a new section on identifying the target customer as one of the components of competitive advantage. In addition, the chapter explains global strategies and the Boston Consulting Group (BCG) matrix. The final section of the chapter provides an updated discussion of how managers effectively execute strategy.

Chapter 6 gives an overview of managerial decision making, including decision-making models, personal decision styles, and an updated discussion of biases that can cloud managers' judgment and lead to bad decisions. The final section looks at innovative group decision making and includes new discussions of evidence-based decision making and the use of after-action reviews.

Chapter 7 discusses basic principles of organizing and describes both traditional and contemporary organizational structures in detail. The chapter includes a discussion of the strengths and weaknesses associated with each structural approach. It also offers a new discussion of relational coordination as a way to enhance horizontal collaboration and coordination and describes contingency factors that shape structure, including strategy and technology.

Chapter 8 focuses on the critical role of managing change and innovation. The chapter includes new discussions of the bottom-up approach to innovation and the use of innovation contests, as well as an expanded discussion of the horizontal linkage model for new product development. It also describes disruptive innovation and reverse (trickle-up) innovation, open innovation, and crowdsourcing. This chapter provides information about product and technology changes, as well as about changing people and culture, and it discusses techniques for implementing change effectively.

Chapter 9 has been revised thoroughly to reflect the shifting role of human resource management (HRM) in today's turbulent economic environment. The chapter includes an updated discussion of the strategic role of HRM in building human capital, a new discussion of employer branding, and expanded sections on the trends toward contingent employment and flexible scheduling. There are also new sections on using social media and internships for recruiting, online checking of job candidates, and a brief discussion of extreme interviewing. The section on training and development has been updated and includes a new discussion of social learning.

It also includes the most recent thinking on organizational diversity issues. The chapter includes a thoroughly updated discussion of demographic changes occurring in the domestic and global workforce and how organizations are responding. It also includes a new section on the importance of a diversity of perspective within organizations, a revised section on the glass ceiling and the "bamboo ceiling," and a new section offering tips for aspiring female and minority managers.

Chapter 10 continues its solid coverage of the basics of understanding individual behavior, including personality, attitudes, perception, and emotions. In addition, the chapter includes a new section on the value and difficulty of self-awareness, techniques for enhancing self-awareness, a new discussion of self-management, and a step-by-step guide to time management. The section on stress management has been enhanced by a new discussion of challenge stress versus threat stress and new sections describing ways both individuals and organizations can combat the harmful effects of too much stress.

Chapter 11 examines contemporary approaches to leadership, including Level 5 leadership, authentic leadership, and servant leadership. The chapter also discusses charismatic and transformational leadership, task versus relationship leadership behaviors, gender differences in leadership, the importance of leaders discovering and honing their strengths,

and the role of followers. The section on leadership power has been revised to include the concept of *hard* versus *soft* power.

Chapter 12 covers the foundations of motivation and incorporates a new section on positive versus negative approaches to motivating employees. The chapter also includes new sections on building a thriving workforce and the importance of making progress as a factor contributing to high employee motivation. The sections on empowerment and employee engagement have been updated as well.

Chapter 13 explores the basics of good communication and includes new discussions of asking questions and communicating with candor, a revised section on creating an open communication climate, and an expanded and enriched discussion of communicating to influence and persuade. A new section discusses using social media to enhance communication within the organization and with stakeholders.

Chapter 14 takes a fresh look at the contributions that teams make in organizations. It also acknowledges that work teams are sometimes ineffective and explores the reasons for this, including such problems as free riders and lack of trust. The chapter covers the types of teams and includes a look at using technology effectively in virtual teams. It also discusses how factors such as team diversity, member roles, norms, and team cohesiveness influence effectiveness. There is a revised section on negotiation and managing conflict, including an explanation of task versus relationship conflict.

Chapter 15 provides an overview of financial and quality control, including the feedback control model, Six Sigma, International Organization for Standards (ISO) certification, and use of the balanced scorecard. The chapter includes a new section on zero-based budgeting, a new discussion of quality partnering, and a new step-by-step benchmarking process. The chapter also addresses current concerns about corporate governance, including new government regulations and requirements.

In addition to the topics listed previously, this text integrates coverage of the Internet, social media, and new technology into the various topics covered in each and every chapter.

Organization

The chapter sequence in *Understanding Management* is organized around the management functions of planning, organizing, leading, and controlling. These four functions effectively encompass both management research and the characteristics of the manager's job.

Part One introduces the world of management, including the nature of management, issues related to today's chaotic environment, historical perspectives on management, and the technology-driven workplace.

Part Two examines the environments of management and organizations. This section includes material on the business environment and corporate culture, the global environment, ethics and social responsibility, and the environment of small business and entrepreneurship.

Part Three presents three chapters on planning, including organizational goal setting and planning, strategy formulation and execution, and the decision-making process.

Part Four focuses on organizing processes. These chapters describe dimensions of structural design, the design alternatives that managers can use to achieve strategic objectives, structural designs for promoting innovation and change, the design and use of the human resource function, and how the approach to managing diverse employees is significant to the organizing function.

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Part Five is devoted to leadership. The section begins with a chapter on understanding individual behavior, including self-awareness and self-understanding. This foundation paves the way for subsequent discussions of leadership, motivation of employees, communication, and team management.

Part Six describes the controlling function of management, including basic principles of total quality management (TQM), the design of control systems, and the difference between hierarchical and decentralized control.

Innovative Features

A major goal of this book is to offer better ways of using the textbook medium to convey management knowledge to the reader. To this end, the book includes several innovative features that draw students in and help them contemplate, absorb, and comprehend management concepts. South-Western has brought together a team of experts to create and coordinate color photographs, video cases, beautiful artwork, and supplemental materials for the best management textbook and package on the market.

Chapter Outline and Objectives. Each chapter begins with a clear statement of its learning objectives and an outline of its contents. These devices provide an overview of what is to come and also can be used by students to guide their study and test their understanding and retention of important points.

Opening Questionnaire. The text grabs student attention immediately by giving the student a chance to participate in the chapter content actively by completing a short questionnaire related to the topic.

Take Action. At strategic places within the chapter, students are invited to Take a Moment to complete a New Manager Self-Test or end of chapter activity that relates to the concepts being discussed.

New Manager Self-Tests. New Manager Self-Tests in each chapter provides opportunities for self-assessment as a way for students to experience management issues in a personal way. The change from individual performer to new manager is dramatic, and these self-tests, which are all new for the 10th edition, provide insight into what to expect and how students might perform in the world of the new manager.

Green Power. A new feature for this edition is a Green Power box in each chapter that highlights how managers in a specific company are innovatively addressing issues of sustainability and environmental responsibility. Examples of companies spotlighted in the Green Power boxes include Deutsche Post DHL Group, Nike, Acciona, BMW, Waste Management, Inc., Bean and Body, PepsiCo, Fujitsu, The Honest Company, SAP, and Royal DSM.

Concept Connection Photos. A key feature of the book is the use of photographs accompanied by detailed photo essay captions that enhance learning. Each caption highlights and illustrates one or more specific concepts from the text to reinforce student understanding of the concepts. Although the photos are beautiful to look at, they also convey the vividness, immediacy, and concreteness of management events in today's business world.

Contemporary Examples. Every chapter of this book contains several written examples of management incidents. They are placed at strategic points in the chapter and are designed to illustrate the application of concepts to specific companies. These in-text examples—indicated by the title "Innovative Way"—include well-known U.S. and international

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organizations, including Apple, Four Seasons, Lenovo, Amazon, Nokia, the Central Intelligence Agency (CIA), and Semco, as well as lesser-known companies and not-for-profit organizations including Godrej & Boyce, Strand Brewing Company, Trader Joe's, Hilcorp Energy, Johnson Storage and Moving, and IGN. The 10th edition includes new and updated examples that put students in touch with the real world of organizations so that they can appreciate the value of management concepts.

Benchmarking. A featured box in each chapter addresses a specific topic straight from the field of management that is of special interest to students. These boxes, most of which are new for the 10th edition, may describe a contemporary topic or problem that is relevant to chapter content, or they may contain a diagnostic questionnaire or a special example of how managers handle a problem. The boxes heighten student interest in the subject matter and provide an auxiliary view of management issues not typically available in textbooks.

Video Cases. At the end of each chapter, there is a video case that illustrates the concepts presented in the text. These "On the Job" videos (one per chapter) enhance the classroom experience by giving students the chance to hear from real-world business leaders so they can see the direct application of the management theories they have learned. Companies discussed include Holden Outerware, Living Social Escapes, Camp Bow Wow, and Theo Chocolate. Each video case explores the issues covered in the video, allowing students to synthesize material they've just viewed. The video cases culminate with several questions that can be used to launch classroom discussion or can be assigned as homework. Suggested answers are provided in the Instructor's Manual.

Exhibits. Several exhibits have been added or revised in this edition to enhance student understanding. Many aspects of management are research based, and some concepts tend to be abstract and theoretical. The many exhibits throughout this book enhance students' awareness and understanding of these concepts. These exhibits consolidate key points, indicate relationships among concepts, and visually illustrate concepts. They also make effective use of color to enhance their imagery and appeal.

Remember This. At the end of each major section of a chapter is a Remember This bullet-point summary of the key concepts, ideas, and terms discussed in that section. The Remember This feature gives students an easy way to review the salient points covered in the chapter.

Glossaries. Learning the management vocabulary is essential to understanding contemporary management. This process is facilitated in three ways. First, key concepts are boldfaced and completely defined where they first appear in the text. Second, brief definitions are set out at the end of each major section in the Remember This bullet points for easy review and follow-up. Third, a glossary summarizing all key terms and definitions appears at the end of the book for handy reference.

Discussion Questions. Each chapter closes with discussion questions that will enable students to check their understanding of key issues, to think beyond basic concepts, and to determine areas that require further study.

Learning Exercises. End-of-chapter exercises called "Self-Learning" and "Ethical Dilemma" provide a self-test for students and an opportunity to experience management issues in a personal way. These exercises take the form of questionnaires, scenarios, and activities. The exercises are tied into the chapter through the Take a Moment feature that refers students to the end-of-chapter exercises at the appropriate point in the chapter content.

Group Learning. Group learning exercises at the end of each chapter give students a chance to develop both team and analytical skills. Completing the small-group activities will help

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students learn to use the resources provided by others in the group, to pool information, and to develop a successful outcome together. The Small Group Breakouts provide experiential learning that leads to deeper understanding and application of chapter concepts.

Action Learning. These exercises are designed to help the students not only apply the chapter concepts, but to include a action-research component to enhance maximum learning capacity.

Case for Critical Analysis. Also appearing at the end of each chapter is a brief but substantive case that offers an opportunity for student analysis and class discussion. These cases are based on real management problems and dilemmas, but the identities of companies and managers have been disguised. These cases, which are all new for the 10th edition, allow students to sharpen their diagnostic skills for management problem solving.

MindTap's Innovative Digital Features

MindTap®

Students who purchase the MindTap product for Understanding Management, 10th edition, will enjoy a number of innovative features designed to enhance their learning experience. The e-book has been enriched with interactive figures and animated videos that increase comprehension of the most challenging topics, and the insightful video cases are embedded directly into the end-of-chapter materials. At the beginning of each chapter, students will be asked to take a self-assessment questionnaire that introduces an important topic and shows how it relates to students' current experience. Students will also have ready access to the assignments chosen by the instructor, which may include test-prep quizzes, homework questions, Write Experience essay-writing practice and experiential exercises (online role-play activities and group projects).

New to this edition, the role-play exercises give students opportunities to practice their managerial and communication skills, while group projects encourage them to take a collaborative and fun approach to applying key concepts. All of these learning activities are designed to enable students to Engage, Connect, Perform, and Lead—in short, to learn to "think like managers," with demonstrable skills in critical thinking, analysis, and much more.

Augmenting the entire MindTap experience, robust diagnostic tools powered by Knewton provide students with feedback and personalized study activities based on actual assigned coursework rather than a separate set of quizzes. Using recommendations provided by Knewton, students can focus their efforts on the most important concepts they need to learn at that moment in time, as well as more effectively prepare for exams. Using the MindTap Progress App, instructors can track student proficiency, which will allow them to quickly react to where students are in their learning and make the best use of class time. This creates even more opportunities to train students to "Think and Act Like Managers."

Of Special Interest to Instructors

Instructor's Companion Site. Key instructor ancillaries (Instructor's Manual, Test Bank, and PowerPoint slides) are provided online, giving instructors the ultimate tool for customizing lectures and presentations and assessing students' progress.

- ***Instructor's Manual.*** Designed to provide support for instructors new to the course, as well as innovative materials for experienced professors, the Instructor's Manual includes Chapter Outlines, annotated learning objectives, Lecture Notes, and sample Lecture Outlines. In addition, the Instructor's Manual includes answers and teaching notes to end-of-chapter materials, including the video cases and the integrative cases.

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- ***Test Bank.*** Scrutinized for accuracy, the Test Bank includes more than 3,000 multiple-choice, true/false, completion, short-answer, and essay questions. Each question is identified by difficulty level, Bloom's taxonomy level, and other useful reference points and outcomes.
- ***PowerPoint Lecture Presentation.*** These resources enable instructors to customize their own multimedia classroom presentation. Containing an average of 27 slides per chapter, the package includes figures and tables from the text, as well as outside materials to supplement chapter concepts. The material is organized by chapter and can be modified or expanded for individual classroom use.
- ***Test Bank.*** This edition's Test Bank has been dramatically upgraded to include a wider range of questions across Bloom's taxonomy. True/false, multiple-choice, completion, and short-answer questions test students' knowledge and comprehension; additional multiple-choice questions explore their ability to analyze and apply key concepts; and finally, essay questions challenge their ability to synthesize and evaluate, or to think like managers. All questions are given metadata tags to assist instructors in locating questions by difficulty level, Bloom's level, learning objective, or topic. Instructors can access the Test Bank through our new Cognero system, which allows for electronic editing and creation of tests, or via Microsoft Word documents available at the Instructor Resource Center. Test Banks can also be ingested into all major learning management systems.

To access the additional course materials and companion resources, please visit www.cengagebrain.com. At the CengageBrain.com home page, search for the ISBN of your title (from the back cover of your book) using the search box at the top of the page. This will take you to the product page, where free companion resources can be found. Students can purchase access to these resources for additional fees; please contact your Cengage sales representative for more information.

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Richard L. Daft
Nashville, Tennessee

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Dorothy Marcic
New York, NY

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About the Authors

Courtesy of the Author

Richard L. Daft, Ph.D., is the Brownlee O. Currey, Jr., Professor of Management in the Owen Graduate School of Management at Vanderbilt University. Professor Daft specializes in the study of organization theory and leadership. Dr. Daft is a fellow of the Academy of Management and has served on the editorial boards of the *Academy of Management Journal, Administrative Science Quarterly,* and *Journal of Management Education.* He was the associate editor-in-chief of *Organization Science* and served for three years as associate editor of *Administrative Science Quarterly.*

Professor Daft has authored or co-authored more than a dozen books, including *Building Management Skills: An Action-First Approach* (with Dorothy Marcic, South-Western, 2014), *The Executive and the Elephant: A Leader's Guide for Building Inner Excellence* (Jossey-Bass, 2010), *Organization Theory and Design* (South-Western, 2013), *The Leadership Experience* (South-Western, 2011), and *Fusion Leadership: Unlocking the Subtle Forces That Change People and Organizations* (Berrett-Koehler, 2000, with Robert Lengel). He has also written dozens of scholarly articles, papers, and chapters in other books. His work has been published in *Administrative Science Quarterly, Academy of Management Journal, Academy of Management Review, Strategic Management Journal, Journal of Management, Accounting Organizations and Society, Management Science, MIS Quarterly, California Management Review,* and *Organizational Behavior Teaching Review*. In addition, Professor Daft is an active teacher and consultant. He has taught management, leadership, organizational change, organizational theory, and organizational behavior.

Professor Daft has served as associate dean, produced for-profit theatrical productions, and helped manage a start-up enterprise. He has been involved in management development and consulting for many companies and government organizations, including the American Banking Association, Bridgestone, Bell Canada, the National Transportation Research Board, Nortel, the Tennessee Valley Authority (TVA), Pratt & Whitney, State Farm Insurance, Tenneco, the U.S. Air Force, the U.S. Army, J. C. Bradford & Co., Central Parking System, Entergy Sales and Service, Bristol-Myers Squibb, First American National Bank, and the Vanderbilt University Medical Center.

Francois Bonneau

Dorothy Marcic, EdD, MPH, is a professor at Columbia University and former faculty member at Vanderbilt University. Dr. Marcic is also a former Fulbright Scholar at the University of Economics in Prague and the Czech Management Center, where she taught courses and did research in leadership, organizational behavior, and cross-cultural management. She has taught courses at the Monterrey Institute of International Studies and has taught courses or given presentations at the Helsinki School of Economics, Slovenia Management Center, College of Trade in Bulgaria, City University of Slovakia, Landegg Institute in Switzerland, the Swedish Management Association, Technion University in Israel, and the London School of Economics. Other international work includes projects at the Autonomous University in Guadalajara, Mexico, and a training program for the World Health Organization in Guatemala. She has served on the boards of the Organizational Teaching Society, the Health Administration Section of the American Public Health Association, and the Journal of Applied Business Research.

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Dr. Marcic has authored 15 books, including *Organizational Behavior: Experiences and Cases* (South-Western Publishing, 6th edition, 2001), *Management International* (West Publishing, 1984), *Women and Men in Organizations* (George Washington University, 1984), and *Managing with the Wisdom of Love: Uncovering Virtue in People and Organizations* (Jossey-Bass, 1997), which was rated one of the top 10 business books of 1997 by *Management General*. Her most recent book is *Love Lift Me Higher (George Ronald, 2011*). In addition, she has had dozens of articles printed in such publications as *Journal of Management Development, International Quarterly of Community Health Education, Psychological Reports,* and *Executive Development*. She has recently been exploring how to use the arts in the teaching of leadership and has a book, *RESPECT: Women and Popular Music,* which serves as the basis for the musical theater production *Respect: A Musical Journey of Women.* Her newest artistic endeavor is the Off-Broadway *SISTAS: The Musical.*

Professor Marcic has conducted thousands of seminars on various business topics and consulted for executives at AT&T Bell Labs; the governor and cabinet of North Dakota; the U.S. Air Force; Slovak Management Association; Eurotel; Hallmark Corp, Viacom, Czech Ministry of Finance; the Cattaraugus Center; USAA Insurance; State Farm Insurance; and the Salt River–Pima Indian Tribe in Arizona.

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Brief Contents

Part 1 Introduction to Management 02

1 The World of Innovative Management 02

Part 2 The Environment of Management 60

2 The Environment and Corporate Culture 60
3 Managing in a Global Environment 100
4 Managing Ethics and Social Responsibility 144

Part 3 Planning 182

5 Planning and Goal Setting 182
6 Managerial Decision Making 226

Part 4 Organizing 268

7 Designing Organization Structure 268
8 Managing Change and Innovation 316
9 Managing Human Resources and Diversity 358

Part 5 Leading 422

10 Understanding Individual Behavior 422
11 Leadership 468
12 Motivating Employees 514
13 Managing Communication 554
14 Leading Teams 594

Part 6 Controlling 636

15 Managing Quality and Performance 636
Glossary 678
Name Index 692
Company Index 696
Subject Index 699

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Contents

Part 1 Introduction to Management 2

Chapter 1 The World of Innovative Management 2

1.1 Management Competencies for Today's World 5
1.2 The Basic Functions of Management 8
1.3 Organizational Performance 10
1.4 Management Skills 12
1.4a When Skills Fail 12
1.5 What Is a Manager's Job Really Like? 15
1.5a Making the Leap: Becoming a New Manager 15 • 1.5b Manager Activities 17 • 1.5c Manager Roles 20
1.6 Managing in Small Businesses and Nonprofit Organizations 23
1.7 Innovative Management Thinking for a Changing World 25
1.8 Management and Organization 26
1.9 Classical Perspective 28
1.9a Scientific Management 28 • 1.9b Bureaucratic Organizations 30 • 1.9c Administrative Principles 32
1.10 Humanistic Perspective 33
1.10a Early Advocates 33 • 1.10b Human Relations Movement 34 • 1.10c Human Resources Perspective 35 • 1.10d Behavioral Sciences Approach 37
1.11 Management Science 39
1.12 Recent Historical Trends 40
1.12a Systems Thinking 40 • 1.12b Contingency View 42 • 1.12c Total Quality Management 42
1.13 Innovative Management Thinking for a Changing World 44
1.13a Contemporary Management Tools 44
1.14 Managing the Technology-Driven Workplace 45
1.14a Social Media Programs 45 • 1.14b Customer Relationship Management 45
Discussion Questions 48
Self-learning 48
Group Learning 50
Action Learning 50
Ethical Dilemma 50
Case for Critical Analysis 51
On the Job Video Cases 52
The Clean-Energy Future Is Now 53
Endnotes 55

Spotlight on Skills
Vineet Nayar, HCL Technologies LLC 7
Green Power
Local Impact 10
The Executive Edge
Illumination Entertainment 11
Director's Toolkit
Time Management Tips for New Managers 20
Spotlight on Skills
New York City Police Department 22
Green Power
Drop Back and Punt 27
Spotlight on Skills
UPS 32
Spotlight on Skills
Semco 38
Spotlight on Skills
Management Tools and Trends 46
Business Blooper
Goldman Sachs 46

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Part 2 The Environment of Management 60

Chapter 2 The Environment and Corporate Culture 60

2.1 The External Environment 63
2.1a Task Environment 64 • 2.1b General Environment 68
2.2 The Organization–Environment Relationship 73
2.2a Environmental Uncertainty 73 • 2.2b Adapting to the Environment 74
2.3 The Internal Environment: Corporate Culture 77
2.3a Symbols 79 • 2.3b Stories 80 • 2.3c Heroes 81 • 2.3d Slogans 82 • 2.3e Ceremonies 82
2.4 Types of Culture 83
2.4a Adaptability Culture 83 • 2.4b Achievement Culture 85 • 2.4c Involvement Culture 85 • 2.4d Consistency Culture 85
2.5 Shaping Corporate Culture for Innovative Response 87
2.5a Managing the High-Performance Culture 87 • 2.5b Cultural Leadership 89
Discussion Questions 90
Self-Learning 91
Group Learning 92
Action Learning 93
Ethical Dilemma 94
Case for Critical Analysis 94
Endnotes 96

Spotlight on Skills
Costco Wholesale Corporation 66
Green Power
Reaching Mythical Proportions 70
Business Blooper
NBC's Today Show 74
Spotlight on Skills
Menlo Innovations 79
Director's Toolkit
The Bossless Workplace 80
The Executive Edge
Chris Rock 81
Spotlight on Skills
Box 84

Chapter 3 Managing in a Global Environment 100

3.1 A Borderless World 102
3.1a Globalization 104 • 3.1b Developing a Global Mind-Set 106
3.2 The Changing International Landscape 107
3.2a China, Inc. 107 • 3.2b India, the Service Giant 109 • 3.2c Brazil's Growing Clout 110
3.3 Multinational Corporations 111
3.3a A Globalization Backlash 112 • 3.3b Serving the Bottom of the Pyramid 113
3.4 Getting Started Internationally 115
3.4a Exporting 115 • 3.4b Outsourcing 117 • 3.4c Licensing 117 • 3.4d Direct Investing 117
3.5 The International Business Environment 119
3.6 The Economic Environment 120
3.6a Economic Development 121 • 3.6b Economic Interdependence 122
3.7 The Legal-Political Environment 123

Director's Toolkit
Bosslessness Emerges around the Globe 104
Green Power
When Bentonville Met Beijing 108
Spotlight on Skills
Lenovo 109
Spotlight on Skills
Godrej & Boyce 113
The Executive Edge
Social Entrepreneurship 114
Spotlight on Skills
Hollywood Studios 116

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3.8 The Sociocultural Environment 125
3.8a Social Values 125 • 3.8b Communication Differences 128
3.9 International Trade Alliances 131
3.9a GATT and the WTO 131 • 3.9b European Union 131 • 3.9c North American Free Trade Agreement (NAFTA) 133
Discussion Questions 134
Self-Learning 134
Group Learning 135
Action Learning 136
Ethical Dilemma 136
Case for Critical Analysis 137
Endnotes 140

Chapter 4 Managing Ethics and Social Responsibility 144

Business Blooper
Lance Armstrong 152
Spotlight on Skills
Unequal Technologies 156
Spotlight on Skills
Gap Inc. 160
Green Power
Ecomagination 162
Director's Toolkit
Cultivating a Service Mind-Set 167
Spotlight on Skills
Google 168
Spotlight on Skills
Michael Woodford, Olympus 169

4.1 What Is Managerial Ethics? 146
4.1a Ethical Management Today 148 • 4.1b The Business Case for Ethics and Social Responsibility 150
4.2 Ethical Dilemmas: What Would You Do? 151
4.3 Frameworks for Ethical Decision Making 152
4.4 The Individual Manager and Ethical Choices 155
4.4a The Stages of Moral Development 155 • 4.4b Givers versus Takers 157
4.5 What Is Corporate Social Responsibility? 159
4.5a Organizational Stakeholders 159 • 4.5b The Green Movement 162 • 4.5c Sustainability and the Triple Bottom Line 162
4.6 Evaluating Corporate Social Responsibility 163
4.7 Managing Company Ethics and Social Responsibility 166
4.7a Code of Ethics 167 • 4.7b Ethical Structures 169 • 4.7c Whistle-Blowing 169
Discussion Questions 171
Self-Learning Instrument 171
Group Learning 172
Action Learning 174
Ethical Dilemma 175
Case for Critical Analysis 175
Endnotes 177

Part 3 Planning 182

Chapter 5 Planning and Goal Setting 182

5.1 Goal Setting and Planning Overview 185
5.1a Levels of Goals and Plans 186 • 5.1b The Organizational Planning Process 187

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Director's Toolkit
Who Sets the Goals? Manager versus Coalition 190
Spotlight on Skills
Unilever 191
Green Power
The Bees Buzz 195
Spotlight on Skills
Western Digital Thailand 200
Spotlight on Skills
Amazon 203
Spotlight on Skills
What Is Your Strategy Strength? 205
Spotlight on Skills
Amazon 209
Spotlight on Skills
Should You Crowdsource Your Strategy? 210
Spotlight on Skills
FedEx Corporation 213
Spotlight on Skills
IBM 215

5.2 Goal Setting in Organizations 188
5.2a Organizational Mission 188 • 5.2b Goals and Plans 191
5.3 Operational Planning 193
5.3a Criteria for Effective Goals 194 • 5.3b Management-by-Objectives (MBO) 195
5.4 Benefits and Limitations of Planning 197
5.5 Planning for a Turbulent Environment 198
5.5a Contingency Planning 198 • 5.5b Building Scenarios 198 • 5.5c Crisis Planning 199
5.6 Innovative Approaches to Planning 202
5.6a Set Stretch Goals for Excellence 203
5.7 Strategy 204
5.8 Thinking Strategically 204
5.9 What Is Strategic Management? 206
5.9a Purpose of Strategy 207 • 5.9b Swot Analysis 210
5.10 Formulating Corporate-Level Strategy 214
5.11 Formulating Business-Level Strategy 215
5.11a The Competitive Environment 215 • 5.11b Porter's Competitive Strategies 216
Discussion Questions 217
Self-Learning 218
Group Learning 219
Action Learning 220
Ethical Dilemma 220
Case for Critical Analysis 221
Endnotes 223

Chapter 6 Managerial Decision Making 226

Green Power
Revitalizing Small Farms 230
Spotlight on Skills
Priceline 231
Business Blooper
Chevron Ecuador 233
Spotlight on Skills
J. Hilburn Direct Sales 236
Spotlight on Skills
U.S. Postal Service 240
Director's Toolkit
Do Biases Influence Your Decision Making? 251
Director's Toolkit
Eileen Fisher Inc. 253

6.1 Types of Decisions and Problems 228
6.1a Programmed and Nonprogrammed Decisions 230 • 6.1b Facing Uncertainty and Ambiguity 231
6.2 Decision-Making Models 235
6.2a The Ideal, Rational Model 235 • 6.2b How Managers Actually Make Decisions 236 • 6.2c The Political Model 238
6.3 Decision-Making Steps 242
6.3a Recognition of Decision Requirement 243 • 6.3b Diagnosis and Analysis of Causes 243 • 6.3c Development of Alternatives 244 • 6.3d Selection of the Desired Alternative 244 • 6.3e Implementation of the Chosen Alternative 245 • 6.3f Evaluation and Feedback 246
6.4 Personal Decision Framework 246
6.5 Why Do Managers Make Bad Decisions? 248
6.6 Innovative Decision Making 252
6.6a Start with Brainstorming 252 • 6.6b Use Hard Evidence 252 • 6.6c Engage in Rigorous Debate 253 • 6.6d Avoid Groupthink 254 • 6.6e Know When to Bail 254 • 6.6f Do a Postmortem 255

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Discussion Questions 256
Self Learning 256
Group Learning 257
Action Learning 258
Ethical Dilemma 259
Case for Critical Analysis 260
Answers to Questions in "Director's Toolkit" 261
Endnotes 262
Part 3 Integrative Case 266

Part 4 Organizing 268

Chapter 7 Designing Organization Structure 268

Spotlight on Skills
Meetup.com 276
Green Power
A New Department 277
Spotlight on Skills
Toyota 280
Spotlight on Skills
Ben Stiller/Red Hour Digital 281
Business Blooper
Carnival Triumph 282
Director's Toolkit
The Bossless Upside-Down Structure 291
Spotlight on Skills
Smart Balance 293
Spotlight on Skills
Microsoft 296
Spotlight on Skills
Southwest Airlines 299
Director's Toolkit
Nasty Gal 303

7.1 Organizing the Vertical Structure 272
7.1a Work Specialization 273 • 7.1b Chain of Command 274 • 7.1c Span of Management 278 • 7.1d Centralization and Decentralization 279
7.2 Departmentalization 282
7.2a Vertical Functional Approach 284 • 7.2b Divisional Approach 285 • 7.2c Matrix Approach 287 • 7.2d Team Approach 289 • 7.2e Virtual Network Approach 292
7.3 Organizing for Horizontal Coordination 295
7.3a The Need for Coordination 296 • 7.3b Task Forces, Teams, and Project Management 298 • 7.3c Relational Coordination 298
7.4 Factors Shaping Structure 301
7.4a Structure Follows Strategy 301 • 7.4b Structure Fits the Technology 304
Discussion Questions 306
Self-Learning 307
Group Learning 308
Action Learning 309
Ethical Dilemma 309
Case for Critical Analysis 310
Endnotes 312

Chapter 8 Managing Change and Innovation 316

8.1 Innovation and the Changing Workplace 318
8.1a Why Do People Resist Change? 320 • 8.1b Disruptive Innovation 321 • 8.1c The Ambidextrous Approach 322

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Director's Toolkit
Rubicon Global 323
Spotlight on Skills
Elkay Manufacturing 324
Green Power
Building a Better Mouse … 325
Spotlight on Skills
PricewaterhouseCoopers 329
Director's Toolkit
Use Six Thinking Hats for Better Ideas 329
Spotlight on Skills
Corning, Inc. 332
Spotlight on Skills
Jash/YouTube 333
Spotlight on Skills
GM 337
Spotlight on Skills
ENSR 342

8.2 Changing Things: New Products and Technologies 323
8.2a Exploration 326 • 8.2b Cooperation 330 • 8.2c Innovation Roles 335
8.3 Changing People and Culture 337
8.3a Training and Development 338 • 8.3b Organization Development (OD) 338
8.4 Implementing Change 342
8.4a Create a Sense of Urgency 343 • 8.4b Apply Force-Field Analysis 343 • 8.4c Use Implementation Tactics 344
Discussion Questions 346
Self-Learning 347
Group Learning 347
Action Learning 350
Ethical Dilemma 351
Case for Critical Analysis 352
Endnotes 354

Chapter 9 Managing Human Resources and Diversity 358

Spotlight on Skills
Anglo American PLC 363
Green Power
The "You" in Sustainability 364
Spotlight on Skills
IGN's Code Foo 374
Director's Toolkit
Ace the Interview 377
Spotlight on Skills
Taj Mahal Palace Mumbai 381
Business Blooper
Rutgers University Basketball 388
Green Power
Diversity and Biodiversity 395
Spotlight on Skills
Central Intelligence Agency (CIA) 399
Spotlight on Skills
Google 403
Spotlight on Skills
How Women Hold Themselves Back 405

9.1 The Strategic Role of HRM Is to Drive Organizational Performance 361
9.1a The Strategic Approach 362 • 9.1b Building Human Capital to Drive Performance 364
9.2 The Impact of Federal Legislation on HRM 366
9.3 The Changing Nature of Careers 368
9.3a The Changing Social Contract 368 • 9.3b Innovations in HRM 369
9.4 Finding the Right People 371
9.4a Human Resource Planning 372 • 9.4b Recruiting 372 • 9.4c Selecting 375
9.5 Developing Talent 380
9.5a Training and Development 380 • 9.5b Performance Appraisal 383
9.6 Maintaining an Effective Workforce 385
9.6a Compensation 385 • 9.6b Benefits 386 • 9.6c Rightsizing the Organization 387 • 9.6d Termination 387 • 9.6e Managing Diversity 388
9.7 Diversity in the Workplace 391
9.7a Diversity in Corporate America 391 • 9.7b Diversity on a Global Scale 394
9.8 Managing Diversity 395
9.8a Diversity and Inclusion 395 • 9.8b Diversity of Perspective 397 • 9.8c Dividends of Workplace Diversity 397
9.9 Factors Shaping Personal Bias 399
9.9a Workplace Prejudice, Discrimination, and Stereotypes 401 • 9.9b Ethnocentrism 402
9.10 Factors Affecting Women's Careers 404
9.10a The Glass Ceiling 404 • 9.10b Opt-Out Trend 406 • 9.10c The Female Advantage 407 • 9.10d Increasing Awareness of Sexual Harassment 407

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Discussion Questions 408
Self-Learning 409
Group Learning 411
Action Learning 412
Ethical Dilemma 412
Case for Critical Analysis 413
Endnotes 415

Part 5 Leading 422

Chapter 10 Understanding Individual Behavior 422

Spotlight on Skills
Landon Donovan, U.S. Soccer Player 427
Green Power
Make it Meaningful 429
Spotlight on Skills
Marissa Mayer, Yahoo, and Richard Branson, Virgin Group 435
Spotlight on Skills
The Rise of the Introverted Manager 437
Spotlight on Skills
Hallmark Cards 442
Business Blooper
Zynga 452
Director's Toolkit
Freelancers Union 454

10.1 Understanding Yourself and Others 425
10.1a The Value and Difficulty of Knowing Yourself 425 • 10.1b Enhancing Your Self-Awareness 426
10.2 Job Satisfaction and Trust 428
10.2a Job Satisfaction 428 • 10.2b Trust 430
10.3 Perception and Attributions 431
10.3a Perception and Perceptual Distortions 431 • 10.3b Attributions: A Special Case of Perception 433
10.4 Personality and Behavior 434
10.4a Personality Traits 434 • 10.4b Attitudes and Behaviors Influenced by Personality 436 • 10.4c Problem-Solving Styles and the Myers Briggs Type Indicator 440
10.5 Emotions 443
10.5a Positive and Negative Emotions 443 • 10.5b Emotional Intelligence 444
10.6 Managing Yourself 447
10.6a Basic Principles for Self-Management 447 • 10.6b A Step-by-Step Guide for Managing Your Time 447
10.7 Stress and Stress Management 449
10.7a Challenge Stress and Threat Stress 450 • 10.7b Type A and Type B Behavior 451 • 10.7c Causes of Work Stress 451 • 10.7d Innovative Responses to Stress 453
Discussion Questions 456
Skills Self-learning 457
Group Learning 460
Action Learning 461
Ethical Dilemma 462
Case for Critical Analysis 462
Endnotes 465

Chapter 11 Leadership 468

11.1 The Nature of Leadership 470
11.2 Contemporary Leadership 473

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Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

Director's Toolkit
Bossless Does Not Mean Leaderless 472
Spotlight on Skills
Admiral Vernon E. Clark, U.S. Chief of Naval Operations, 2000–2005 476
Director's Toolkit
Louis C.K. 483
Spotlight on Skills
Sergio Marchionne, Chrysler Group LLC 489
Green Power
In the Hands of a Matador 492
Spotlight on Skills
Michelle Rhee, StudentsFirst 493
Spotlight on Skills
Detroit Lions 500

11.2a Level 5 Leadership 473 • 11.2b Servant Leadership 474 • 11.2c Authentic Leadership 475 • 11.2d Gender Differences 477
11.3 From Management to Leadership 479
11.4 Leadership Traits 481
11.5 Behavioral Approaches 482
11.5a Task versus People 482 • 11.5b The Leadership Grid 484
11.6 Contingency Approaches 484
11.6a The Situational Model of Leadership 485 • 11.6b Fiedler's Contingency Theory 487 • 11.6c Situational Substitutes for Leadership 489
11.7 Charismatic and Transformational Leadership 491
11.7a Charismatic Leadership 491 • 11.7b Transformational versus Transactional Leadership 492
11.8 Followership 494
11.9 Power and Influence 498
11.9a Hard Position Power 499 • 11.9b Personal Soft Power 499 • 11.9c Other Sources of Power 500 • 11.9d Interpersonal Influence Tactics 501
Discussion Questions 503
Self-Learning 504
Group Learning 505
Action Learning 505
Ethical Dilemma 506
Case for Critical Analysis 507
Endnotes 509

Chapter 12 Motivating Employees 514

Director's Toolkit
Motivating in a Bossless Environment 520
Spotlight on Skills
Johnson Storage & Moving 524
Spotlight on Skills
Advanced Circuits 530
Business Blooper
Twinkies 531
Spotlight on Skills
SumAll 532
Spotlight on Skills
Hilcorp Energy 542
Director's Toolkit
James Cameron 544
Spotlight on Skills
Prudential UK and Europe 544

12.1 Individual Needs and Motivation 517
12.2 Intrinsic and Extrinsic Rewards 518
12.3 Content Perspectives on Motivation 521
12.3a The Hierarchy of Needs 521 • 12.3b ERG Theory 523 • 12.3c A Two-Factor Approach to Motivation 524 • 12.3d Acquired Needs 526
12.4 Process Perspectives on Motivation 528
12.4a Goal Setting 528 • 12.4b Equity Theory 530 • 12.4c Expectancy Theory 532
12.5 Reinforcement Perspective on Motivation 534
12.5a Direct Reinforcement 535 • 12.5b Social Learning Theory 536
12.6 Job Design for Motivation 537
12.6a Job Enrichment 537 • 12.6b Job Characteristics Model 538
12.7 Innovative Ideas for Motivating 540
12.7a Empowering People to Meet Higher Needs 541 • 12.7b Giving Meaning to Work Through Engagement 543 • 12.7c The Making Progress Principle 545

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Discussion Questions 546
Self-Learning 546
Group Learning 547
Action Learning 548
Ethical Dilemma 548
Case for Critical Analysis 549
Endnotes 551

Chapter 13 Managing Communication 554

Director's Toolkit
Gender Differences in Communication 562
Spotlight on Skills
Amgen Inc. 568
Business Blooper
Target Canada 573
Spotlight on Skills
Tupperware Nordic 573
Spotlight on Skills
Theater Resources Unlimited 574
Executive Edge
Alex and Ani 582

13.1 Communication Is the Manager's Job 557
13.1a What Is Communication? 559 • 13.1b A Model of Communication 559
13.2 Communicating among People 561
13.2a Open Communication Climate 561 • 13.2c Communication Channels 563 • 13.3d Communicating to Persuade and Influence Others 565 • 13.3e Communicating with Candor 566 • 13.3f Asking Questions 567 • 13.3g Listening 568 • 13.3h Nonverbal Communication 570
13.4 Workplace Communication 571
13.4a Social Media 571 • 13.4b Personal Communication Channels 573 • 13.4c Formal Communication Channels 579 • 13.4d Crisis Communication 581
Discussion Questions 583
Self-Learning 583
Group Learning 585
Action Learning 586
Ethical Dilemma 586
Case for Critical Analysis 587
Endnotes 590

Chapter 14 Leading Teams 594

Green Power
The Team's the Thing 598
Business Blooper
Toys R Us and Breaking Bad Dolls 600
Spotlight on Skills
Southwestern Aerospace Inc. 602
Director's Toolkit
How to Run a Great Meeting 609
Spotlight on Skills
Spring Company 610
The Executive Edge
Bedlam Theatre Company 616
Spotlight on Skills
McDevitt Street Bovis 617
Director's Toolkit
TEDxPfizerMumbai 618

14.1 The Value of Teams 597
14.1a What Is a Team? 598 • 14.1b Contributions of Teams 599 • 14.1c Types of Teams 601
14.2 The Personal Dilemma of Teamwork 604
14.3 Model of Team Effectiveness 606
14.4 Virtual Teams 607
14.5 Team Characteristics 611
14.5a Size 611 • 14.5b Diversity 611 • 14.5c Member Roles 612
14.6 Team Processes 614
14.6a Stages of Team Development 614 • 14.6b Building a Cohesive Team 617 • 14.6c Establishing Team Norms 619
14.7 Managing Team Conflict 620
14.7a Types of Conflict 620 • 14.7b Balancing Conflict and Cooperation 621 • 14.7c Causes of Conflict 622 • 14.7d Styles to Handle Conflict 622 • 14.7e Negotiation 623

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Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

Discussion Questions 625
Self-Learning 626
Group Learning 626
Action Learning 626
Ethical Dilemma 627
Case for Critical Analysis 628
Endnotes 630
Part 5: Integrative Case 634

Part 6 Controlling 636

Chapter 15 Managing Quality and Performance 636

Director's Toolkit
Quantify Yourself 642
Spotlight on Skills
FreshDirect 643
Executive Edge
Pharrell Williams Inc. 647
Spotlight on Skills
Campbell Soup Company 650
Green Power
The Honeybee Style 655
Spotlight on Skills
La-Z-Boy Tennessee 656
Business Blooper
American Apparel 661
Spotlight on Skills
7-Eleven 663

15.1 The Meaning of Control 639
15.2 Feedback Control Model 640
15.2a Four Steps of Feedback Control 641 • *15.2b The Balanced Scorecard 644*
15.3 The Changing Philosophy of Control 646
15.3a Hierarchical versus Decentralized Approaches 646 • *15.3b Open-Book Management 650*
15.4 Total Quality Management 652
15.4a TQM Techniques 653 • *15.4b TQM Success Factors 656*
15.5 Budgetary Control 657
15.5b Expense Budget 658 • *15.5c Revenue Budget 658* • *15.5d Zero-Based Budget 659*
15.6 Financial Control 660
15.6a Financial Statements 661 • *15.6b Financial Analysis: Interpreting the Numbers 662*
15.7 Trends in Quality and Financial Control 665
15.7a International Quality Standards 665 • *15.7b Corporate Governance 666*
Discussion Questions 667
Self-Learning 667
Group Learning 668
Action Learning 669
Ethical Dilemma 669
Case for Critical Analysis 670
EndNotes 673
Part 6: Integrative Case 676

Glossary 678
Name Index 692
Company Index 696
Subject Index 699

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PART 1

CHAPTER 1

The World of Innovative Management

CHAPTER OUTLINE

Management Competencies
Management Basic Functions
Organizational Performance
Management Skills
What's a Manager's Job Like?
Managing in Small Business
Innovative Management Thinking
Evolution of Management Thinking
Management and Organization Classical Perspective
Humanistic Perspective
What's Your Mach?
Management Science
Recent Historical Trends
Contemporary Management Tools
Managing the Technology-Driven Workplace
- Social Media Programs
- Customer Relationship

Supply Chain Management

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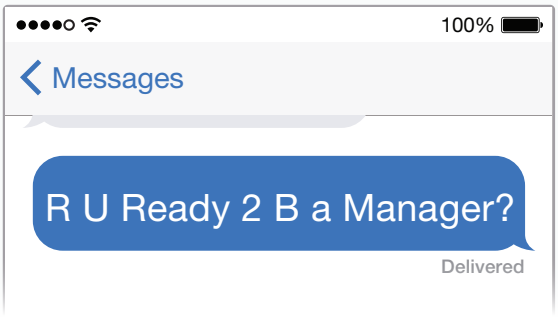
LEARNING OUTCOMES

After studying this chapter, you should be able to:

- **1.1** Describe five management competencies that are becoming crucial in today's fast-paced and rapidly changing world.
- **1.2** Explain the difference between efficiency and effectiveness and their importance for organizational performance.
- **1.3** Describe technical, human, and conceptual skills and their relevance for managers.
- **1.4** Summarize the personal challenges involved in becoming a new manager.
- **1.5** Define 10 roles that managers perform in organizations.
- **1.6** Explain the unique characteristics of the manager's role in small businesses and nonprofit organizations.
- **1.7** Identify and explain major developments in the history of management thought.
- **1.8** Describe the major components of the classical, humanistic-management perspectives, as well as management science and its current uses.
- **1.9** Explain the major concepts of systems thinking, the contingency view, and total quality management.
- **1.10** Name contemporary management tools and some reasons that management trends change over time.
- **1.11** Describe the management changes brought about by a technology-driven workplace, including the role of social media programs, customer relationship management (CRM), and supply chain management.



Before reading this chapter, please circle either "Mostly True" or "Mostly False" for each of the five questions below.

1. I am good at multitasking.
   Mostly True *Mostly False*
   [page 17]

2. I'd be a good manager, because I enjoy telling people what to do.
   Mostly True *Mostly False*
   [page 20]

3. I get easily distracted if I have frequent interruptions in my work.
   Mostly True *Mostly False*
   [page 18]

4. I like to be systematic when solving problems.
   Mostly True *Mostly False*
   [page 28]

5. I have a keen awareness of other people's needs.
   Mostly True *Mostly False*
   [page 34]

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Are You Ready to Be a Manager?

Manager Achievement

Welcome to the world of management. Are you ready for it? This questionnaire will help you see whether your priorities align with the demands placed on today's managers.

Instructions: Rate each of the following items based on your orientation toward personal achievement. Read each item and, based on how you feel right now, check either Mostly True or Mostly False.

	Mostly True	*Mostly False*
1. I enjoy the feeling I get from mastering a new skill.	_____	_____
2. Working alone is typically better than working in a group.	_____	_____
3. I like the feeling I get from winning.	_____	_____
4. I like to develop my skills to a high level.	_____	_____
5. I rarely depend on anyone else to get things done.	_____	_____
6. I am frequently the most valuable contributor to a team.	_____	_____
7. I like competitive situations.	_____	_____
8. To get ahead, it is important to be viewed as a winner.	_____	_____

Scoring and Interpretation: Give yourself one point for each Mostly True answer. In this case, a *low score* is better. A high score means a focus on personal achievement separate from others, which is ideal for a specialist or individual contributor. However, a manager is a generalist who gets things done through other people. Spending time building relationships is key. A desire to be an individual winner may cause you to compete with your people rather than develop their skills. You would not succeed as a lone achiever who does not facilitate and coordinate others, which is the primary job of a manager. If you checked 3 or fewer as Mostly True, your basic orientation is good. If you scored 6 or higher, your focus may be on being an individual winner. You will want to shift your perspective to become an excellent manager.

Most people think of Jon Bon Jovi as an aging rock star. What many don't realize is that Bon Jovi is still one of the world's top-selling bands (in terms of both record sales and concert touring) because their lead singer is also a consummate manager. "In the late 1980s," one music historian wrote, "it seemed inconceivable that [the group] would last five years." In 2011, Jon Bon Jovi was ranked No. 2 on *Forbes*'s list of the year's highest-paid musicians.[1] As the group prepared for the launch of its most recent tour in February 2013, Jon Bon Jovi was hidden away in the arena at the Mohegan Sun casino in Uncasville, Connecticut, for days, overseeing nearly 100 people organized into various teams such as lighting, sound,

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and video. It is an activity that he performs again and again when the band is touring, managing a tightly coordinated operation similar to setting up or readjusting a production line for a manufacturing business. Yet Bon Jovi is also performing other management activities throughout the year—planning and setting goals for the future, organizing tasks and assigning responsibilities, influencing and motivating band members and others, monitoring operations and finances, and networking inside and outside the organization (in perhaps the most prestigious example, he was appointed to President Barack Obama's White House Council for Community Solutions in 2010). *Efficiency* and *effectiveness* are key words in his vocabulary. "Jon is a businessman," said former co-manager David Munns. "He knows how to have a great-quality show, but he also knows how to be efficient with money."[2]

Jon Bon Jovi was smart enough to hire good people who could handle both production activities and the day-to-day minutia that go along with a global music business. However, it took several years to develop and hone his management skills. He assumed top management responsibilities for the band in 1992, about 10 years after founding it, because he had a vision that his professional managers weren't supporting. "Most of my peers wanted to be on the cover of *Circus* [a magazine devoted to rock music that was published from 1966 to 2006]," he said. "I wanted to be on the cover of *Time*."[3]

One particular surprise for many people when they first step into a management role is that they are much less in control of things than they expected to be. The nature of management is to motivate and coordinate others to cope with diverse and far-reaching challenges. Many new managers expect to have power, to be in control, and to be personally responsible for departmental outcomes. However, managers depend on subordinates more than the reverse, and they are evaluated on the work of other people rather than on their own achievements. Managers set up the systems and conditions that help other people perform well.

In the past, many managers exercised tight control over employees. But the field of management is undergoing a revolution that asks managers to do more with less, to engage employees' hearts and minds as well as their physical energy, to see change rather than stability as natural, and to inspire vision and cultural values that allow people to create a truly collaborative and productive workplace. This textbook introduces and explains the process of management and the changing ways of thinking about the world that are critical for managers. By reviewing the actions of some successful and not-so-successful managers, you will learn the fundamentals of management. By the end of this chapter, you will recognize some of the skills that managers use to keep organizations on track, and you will begin to understand how managers can achieve astonishing results through people. By the end of this book, you will understand the fundamental management skills for planning, organizing, leading, and controlling a department or an entire organization.

1.1 Management Competencies for Today's World

"I was once a command-and-control guy, but the environment's different today. I think now it's a question of making people feel they're making a contribution."

—Joseph J. Plumeri, Chairman and CEO of Willis Group Holdings

Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources, as Jon Bon Jovi does for his rock band, and as he did as co-owner of the Philadelphia Soul indoor football team in the Arena Football League. You will learn more about these four basic management functions later in this chapter.

There are certain elements of management that are timeless, but environmental shifts also influence the practice of management. In recent years, rapid environmental changes have caused a fundamental transformation in what is required of effective managers.

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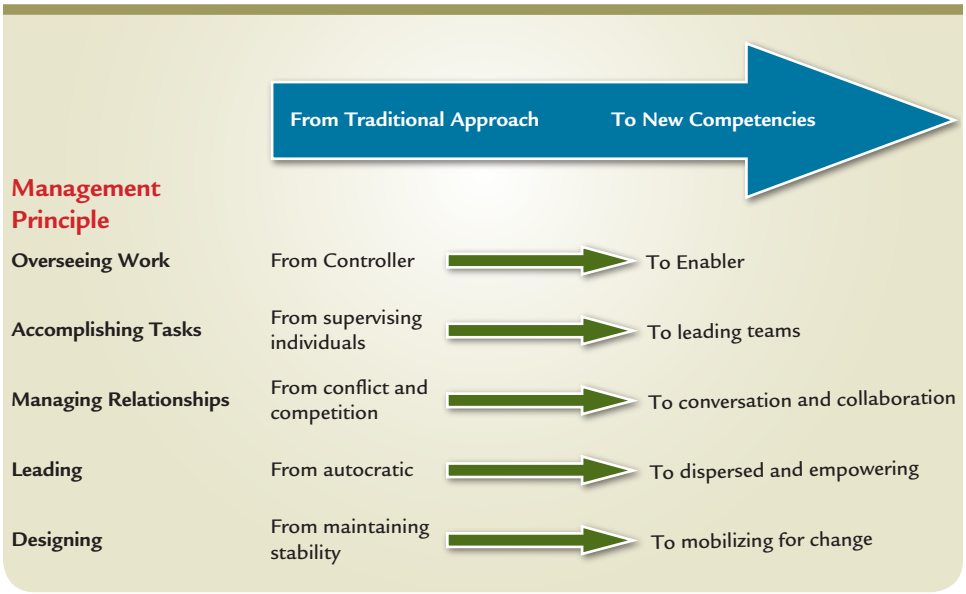
EXHIBIT 1.1 State-of-the-art Management Competencies for Today's World



Technological advances such as social media and mobile apps, the rise of virtual work, global market forces, the growing threat of cyber crime, and shifting employee and customer expectations have led to a decline in organizational hierarchies and more empowered workers, which calls for a new approach to management that may be quite different from managing in the past.[4] Exhibit 1.1 shows the shift from the traditional management approach to the new management competencies that are essential in today's environment.

Instead of being a *controller*, today's effective manager is an *enabler* who helps people do and be their best. Managers help people get what they need, remove obstacles, provide learning opportunities, and offer feedback, coaching, and career guidance. Instead of "management by keeping tabs," they employ an empowering leadership style. Much work is done in teams rather than by individuals, so team leadership skills are crucial. People in many organizations work at scattered locations, so managers can't monitor employee behavior continually. Some organizations are even experimenting with a bossless design that turns management authority and responsibility completely over to employees. Managing relationships based on authentic conversation and collaboration is essential for successful outcomes. Social media is a growing tool for managers to enhance communication and collaboration in support of empowered or bossless work environments. In addition, managers sometimes coordinate the work of people who aren't under their direct control, such as those in partner organizations, and they sometimes even work with competitors. They have to find common ground among people who might have disparate views and agendas and align them to go in the same direction.

Also, as shown in Exhibit 1.1, today's best managers are "future-facing." That is, they design the organization and culture to anticipate threats and opportunities from the environment, challenge the status quo, and promote creativity, learning, adaptation, and innovation. Industries, technologies, economies, governments, and societies are in a constant flux, and managers are responsible for helping their organizations navigate through the unpredictable with flexibility and innovation.[5] Today's world is constantly changing, but "the more unpredictable the environment, the greater the opportunity—if [managers] have the … skills to capitalize on it."[6]

One manager who exemplifies the new management skills and competencies is Vineet Nayar of India's HCL Technologies (HCL), with 80,000 employees and operations in more than 25 countries.

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Spotlight on Skills

Vineet Nayar, HCL Technologies LLC

HCL Technologies is a leading global information technology (IT) services and software development company and India's fourth-largest IT services exporter. When Vineet Nayar (currently vice chairman and joint managing director) took over as CEO in 2005, HCL was a traditional, hierarchical, command-and-control workplace, but Nayar shifted the company's mind-set to treat its employees like customers. He is always on the lookout to upgrade management competencies to serve employees and help them do their jobs better. When HCL needed to cut expenses by $100 million due to the global recession, managers asked the employees to come up with ideas for cutting costs without issuing massive layoffs.

Nayar reorganized the whole company on the principle of "employees first, customers second (EFCS)". He had to start by building trust, so he decided to share financial information with everyone in the company. Then he took a bold step: He created an open online forum where employees could post questions and leaders would answer them. This could expose weaknesses and problems that anyone—including outside customers and competitors—could see. Indeed, it did. "It was clogged with complaints," Nayar says. "It hurt." But interesting things began to happen, too. People were overjoyed that leaders were willing to acknowledge the problems. Some employees took this a step further and felt empowered to offer solutions. The site ultimately was the beginning of a transfer of the power and responsibility for solving problems from top executives to employees themselves. In the new HCL, the job of managers became to serve the employees.[7]

As Nayar learned, applying new management competencies can really pay off. Guided by the EFCS philosophy, HCL's revenues have grown by over 3.6 times, and net income has increased by 91 percent since 2005. But the shift to a new way of managing isn't easy for traditional managers who are accustomed to being "in charge," making all the decisions, and knowing where their subordinates are and what they're doing at every moment. Even more changes and challenges are on the horizon for organizations and managers. This is an exciting and challenging time to be entering the field of management. Throughout this book, you will learn much more about the new workplace, about the new and dynamic roles that managers are playing in the twenty-first century, and about how you can be an effective manager in a complex, ever-changing world.

REMEMBER THIS

- Managers get things done by coordinating and motivating other people.
- Management is often a different experience from what people expect.
- **Management** is defined as the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources.
- Turbulent environmental forces have caused a significant shift in the competencies required for effective managers.
- Traditional management competencies could include a command-and-control leadership style, a focus on individual tasks, and standardizing procedures to maintain stability.
- New management competencies include the ability to be an enabler rather than a controller, using an empowering leadership style, encouraging collaboration, leading teams, and mobilizing for change and innovation.
- Vineet Nayar, former CEO of India's HCL, illustrates many of the new management competencies.

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1.2 The Basic Functions of Management

"Good management is the art of making problems so interesting and their solutions so constructive that everyone wants to get to work and deal with them."

—Paul Hawken, environmentalist, entrepreneur, and author of *Natural Capitalism*

Every day, managers solve difficult problems, turn organizations around, and achieve astonishing performances. To be successful, every organization needs good managers. The famed management theorist Peter Drucker (1909–2005), often credited with creating the modern study of management, summed up the job of the manager by specifying five tasks, as outlined in Exhibit 1.2.[8] In essence, managers set goals, organize activities, motivate and communicate, measure performance, and develop people. These five manager activities apply not only to top executives such as Mark Zuckerberg at Facebook, Alan Mulally at Ford Motor Company, and Ursula Burns at Xerox, but also to the manager of a restaurant in your hometown, the leader of an airport security team, a supervisor at a Web hosting service, or the director of sales and marketing for a local business.

The activities outlined in Exhibit 1.3 fall into four fundamental management functions: planning (setting goals and deciding activities), organizing (organizing activities and people), leading (motivating, communicating with, and developing people), and controlling

EXHIBIT 1.2 What Do Managers Do?

SOURCE: Based on "What Do Managers Do?" *The Wall Street Journal Online*, http://guides.wsj.com/management/developing-a-leadership-style/what-do-managers-do/ (accessed August 11, 2010), article adapted from Alan Murray, *The Wall Street Journal Essential Guide to Management* (New York: Harper Business, 2010).

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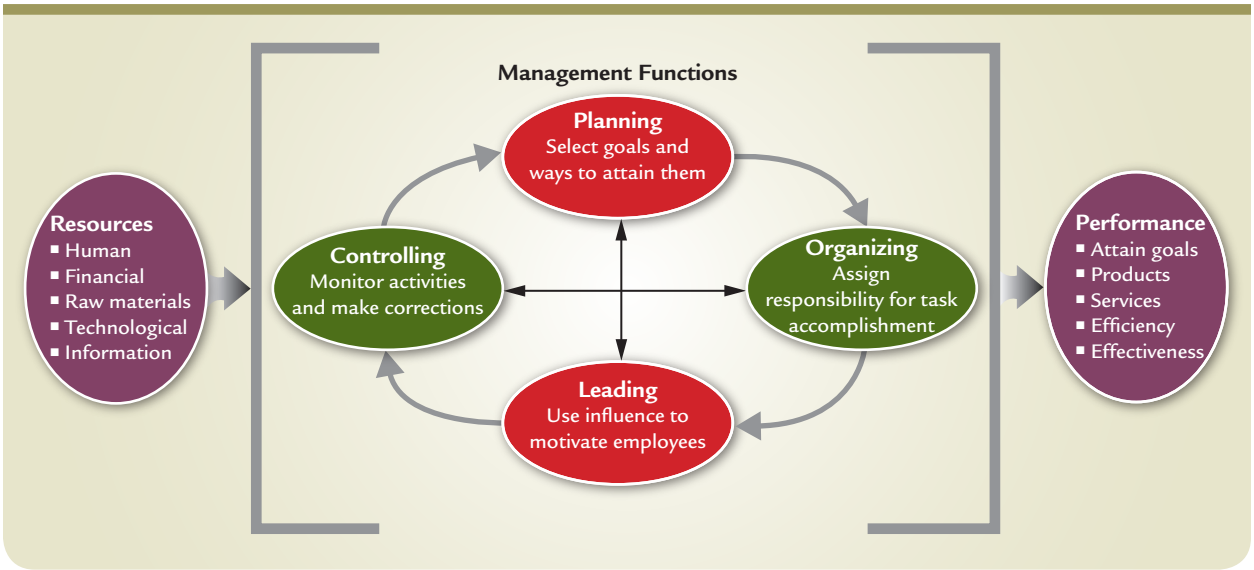
EXHIBIT 1.3 The Process of Management



(establishing targets and measuring performance). Depending on their job situation, managers perform numerous and varied tasks, but they all can be categorized within these four primary functions.

Exhibit 1.3 illustrates the process of how managers use resources to attain organizational goals through the functions of planning, organizing, leading, and controlling. Chapters of this book are devoted to the multiple activities and skills associated with each function, as well as to the environment, global competitiveness, and ethics that influence how managers perform these functions.

HOT TOPIC

The U.S. Secret Service recently became embroiled in a public relations nightmare, partly due to a breakdown of managerial control. When news broke that members of the security team sent to prepare for President Obama's visit to Cartagena, Colombia, engaged in a night of heavy drinking, visited strip clubs, and brought prostitutes to their hotel rooms, there was a public and legislative uproar. Several agents were fired, and director Mark Sullivan and other managers were called before a Senate subcommittee to explain the breakdown in control. The widespread investigation also brought other allegations of agent misconduct and "morally repugnant behavior" to light. One response from managers has been to create stricter rules of conduct, rules that apply even when agents are off duty.[9]

REMEMBER THIS

- Managers perform a wide variety of activities that fall within four primary management functions.
- The U.S. Secret Service agency prostitution scandal can be traced partly to a breakdown of management control.

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