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# MANAGEMENT

14E

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# MANAGEMENT

14E

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*To my wife, Laura  
Steve*

*To my husband, Ron  
Mary*

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The book you have before you is one of the world's most popular introductory management textbooks. It's used by several hundred U.S. colleges and universities; it's translated into Spanish, French, Russian, Dutch, Bahasa, Korean, and Chinese; and there are adapted editions for Australia, Canada, India, and the Arab World.

For a textbook first published in 1984—in a crowded market where there are currently several dozen choices, why has Robbins/Coulter *Management* been so popular and enduring? We believe there are three characteristics that set us apart: contemporary topic coverage, readability, and relevance.

## Contemporary Topic Coverage

We have always prided ourselves on bringing the latest management issues and research to this book. In preparing each edition, we carefully comb the academic journals and business periodicals to identify topics that students need to be current on. For instance, prior editions of this book were the first to discuss self-managed teams, emotional intelligence, open-book management, sustainability, social entrepreneurship, stretch goals, the contingent workforce, self-managed careers, wearable technology, big data, and design thinking.

This current edition continues the tradition by including a new section on disruptive innovation. No topic appears to be more current or important to students today than dealing with major structural changes taking place in industries as varied as automobiles, hotels, banking, TV networks, or book publishing. In fact, there are few industries that aren't being threatened by disruptive innovation. In Chapter 7, we define disruptive innovation; explain why it's important; describe who is vulnerable; and discuss implications for entrepreneurs, corporate managers, and your career planning.

## Key Changes to the 14th Edition

- Chapter 7 on managing change has been expanded to include a discussion of disruptive innovation as an important driver of change.
- The Part 2 module on creating and leading entrepreneurial ventures has become a separate chapter (Chapter 10). We've expanded our discussion, added end-of-chapter applications, and acknowledged the importance of entrepreneurship by giving it its own chapter.
- The two chapters on organizational design have been merged into one chapter (Chapter 11) in response to comments by users and reviewers. But we've retained the key concepts that students need to know.
- The addition of “Workplace Confidential” pages throughout the book which address common frustrations and challenges that employees face in the workplace.
- Current and timely topics—including the Internet of things, real-time feedback, and choosing appropriate communication media, among others—have been added.
- Dozens of current examples illustrating management practices and challenges in start-up and established organizations, small and large organizations, and manufacturing, service and technology organizations have been added.

## Readability

Every author claims his or her books are highly readable. The reality is that few actually are. From the first edition of this book, we were determined to make the field of management interesting and engaging for the reader. How did we do it? First, we committed to a

conversational writing style. We wanted the book to read like normal people talk. Second, we relied on an extensive use of examples. As your senior author learned early in his teaching career, students don't remember theories but they do remember stories. So you'll find a wealth of current examples in this book.

A well-written book should be able to be used successfully at all levels of higher education, from community colleges to graduate programs. And over its 30+ years of life, this book has done just that. You'll find this book is used in community colleges, at for-profit colleges, by undergraduate students at both regional and land-grant universities, and in numerous graduate programs.

## Relevance

Students are unlikely to be motivated if they think a course and its textbooks aren't relevant to their career goals. We've responded to this challenge in a number of ways. Our latest inclusion is an important new feature—the *Workplace Confidential* pages—that's designed to make this book more meaningful to non-management majors. We also want to highlight four additional features that have helped build this book's reputation for practicality.

**Providing value to non-management students.** New to this edition are in-chapter pages entitled *Workplace Confidential*. This unique feature marks a distinct break from what typically has been included in the traditional introductory management text.

Your authors have long heard a common complaint about the introductory management course from students in majors such as accounting, finance, and marketing. As summed up by one accounting student: "Why do I need to take a management course? I have no interest in pursuing a career in management!" Even though that accounting student might some day lead an audit team or manage an office of a major CPA firm, we understand those non-management majors who question the relevance of this course to their career goals. We've listened and responded.

We've made the contents of this 14<sup>th</sup> edition relevant to any student who plans to work in an organization. Regardless of whether an organization employs three people or 300,000, there are common challenges that every employee encounters. We've researched those challenges and identified the nearly dozen-and-a-half most frequent. Then we looked at providing students with guidance for dealing with these challenges. The result is the *Workplace Confidential* features that you'll find throughout this book. For instance, you'll find suggestions for dealing with organizational politics, job stress, coping with an uncommunicative or abusive boss, and responding to an unfair performance review.

**Insights from real managers.** One feature that has differentiated Robbins/Coulter for more than 15 years is our "real" managers. Student feedback tells us that they appreciate learning from real managers in their everyday jobs. In *Let's Get Real* boxes, actual managers respond to problem scenarios. In *Leader Making a Difference* boxes, you'll meet a variety of global executives whose knowledge and skills significantly influenced organizational outcomes.

**Focus on skills.** Today's students need both knowledge (knowing) and skills (doing). Students want to leave class knowing what management is all about but also with the skills necessary to help them succeed in today's workplaces. In response, you'll find several features in this book that are designed to build skill expertise. *It's Your Career* chapter openers cover skills ranging from managing time and being self-aware to being a pro at giving feedback and being change ready. These chapter openers include information about the skill and are reinforced with a *MyManagementLab* component that tests students' comprehension of the skill. Also, at the end of each chapter, you'll find more skill exercises, where we provide a thorough discussion of additional skills and give students opportunities to practice these skills.

**Looking ahead.** Students are going to spend most of their future work life in a setting that's likely to look very different from today. To help students prepare for that future, we have included *Future Vision* boxes throughout the book that look at how

management and organizations might change over the next 15 to 20 years. Although no one has a perfectly accurate view into the future, certain trends in place today offer insights into what tomorrow's work world might look like. We draw from recent research and forecasts to consider this future.

### **MyManagementLab Suggested Activities**

Making assessment activities available online for students to complete before coming to class will allow you, the instructor, more discussion time during the class to review areas that students are having difficulty in comprehending. The activities below are available in MyManagementLab and are integrated into the textbook.

#### **Watch It**

Recommends a video clip that can be assigned to students for outside classroom viewing or that can be watched in the classroom. The video corresponds to the chapter material and is accompanied by multiple-choice questions that reinforce students' comprehension of the chapter content.

#### **Try It**

Recommends a mini simulation that can be assigned to students as an outside classroom activity or be done in the classroom. As the students watch the simulation they will be asked to make choices based on the scenario presented in the simulation. At the end of the simulation the student will receive immediate feedback based on the answers they gave. These simulations reinforce the concepts of the chapter and the students' comprehension of those concepts.

#### **Talk About It**

These are discussion-type questions that can be assigned as an activity within the classroom.

#### **Write It**

Students can be assigned these broad-based, critical-thinking discussion questions that will challenge them to assimilate information that they've read in the chapter.

#### **Personal Inventory Assessments (PIA)**

Students learn better when they can connect what they are learning to their personal experience. PIA (Personal Inventory Assessments) is a collection of online exercises designed to promote self-reflection and engagement in students, enhancing their ability to connect with concepts taught in principles of management, organizational behavior, and human resource management classes. Assessments are assignable by instructors who can then track students' completions. Student results include a written explanation along with a graphic display that shows how their results compare to the class as a whole. Instructors will also have access to this graphic representation of results to promote classroom discussion.

#### **Assisted Graded Writing Questions**

These are short essay questions that the students can complete as an assignment and submit to you, the professor, for grading.

### **Chapter-by-Chapter Changes**

#### **Chapter 1**

- New *FYI* features
- New *Workplace Confidential: Dealing with Organizational Politics*
- New *Watch It* MyManagementLab recommended video assignments
- New *Let's Get Real*
- New *Ethics Dilemma*



- New examples
- New *Working Together* and *My Turn to be a Manager* activities
- New Case Application on the ALS Ice Bucket Challenge

### **Chapter 2**

- New *Workplace Confidential: Making Good Decisions*
- New examples
- New *Future Vision: Crowdsourcing Decisions*
- New *FYI* features
- New *Watch It* MyManagementLab recommended video assignments
- New *Ethics Dilemma*
- Updated Skills Exercise, new *Working Together* and *My Turn to be a Manager* activities
- New Case Application on Wendy's use of technology to decide on store locations

### **Chapter 3**

- New *Leader Making a Difference: Indra Nooyi (Pepsi)*
- New *FYI* features
- New *Watch It*, MyManagementLab recommended video assignments
- New *Let's Get Real*
- New *Workplace Confidential: Adjusting to a New Job or Work Team*
- New examples
- Updated Skills Exercise, new *Working Together* and *My Turn to be a Manager* activities
- New Case Application on organizational culture at Netflix

### **Chapter 4**

- Updated *It's Your Career* opener and MyManagementLab component: Developing Your Global Perspective: Jump-start Your Cultural Intelligence
- Updated *Future Vision: Communicating in a Connected World*
- New *Leader Making a Difference: Lucy Peng (Alibaba)*
- New *FYI* features
- New *Watch It* MyManagementLab recommended video assignments
- New examples
- New *Ethics Dilemma*
- Updated Skills Exercise, new *Working Together* and *My Turn to be a Manager* activities
- New Case Application on expanding internationally at Tableau, a technology company

### **Chapter 5**

- New *Future Vision: Diversity of Thought*
- New *FYI* features
- New examples
- New *Watch It* MyManagementLab recommended video assignments
- New *Let's Get Real*
- New *Workplace Confidential: Dealing with Diversity*
- New *Ethics Dilemma*
- Updated Skills Exercise, new *Working Together* and *My Turn to be a Manager* activities
- New Case Application on women in management at toy companies

### **Chapter 6**

- New *FYI* features
- New *Workplace Confidential: Balancing Work and Personal Life*
- New examples
- New *Watch It* MyManagementLab recommended video assignments
- New *Let's Get Real*

- New *Ethics Dilemma*
- Updated Skills Exercise, new *Working Together* and *My Turn to be a Manager* activities
- New Case Application on ethical problems at Volkswagen

### **Chapter 7**

- New *It's Your Career* opener and MyManagementLab component: Be a Change Agent
- New *Future Vision: The Internet of Things*
- New *FYI* features
- New *Workplace Confidential: Coping with Job Stress*
- New Examples
- New *Watch It* MyManagementLab recommended video assignments
- New *Let's Get Real's*
- New *Working Together* and *My Turn to be a Manager* activities
- New Case Application on the iPhone as a technology disruptor

### **Chapter 8**

- New *Future Vision: Using Social Media for Environmental Scanning*
- New *FYI* features
- New *Watch It* MyManagementLab recommended video assignments
- New *Workplace Confidential: When You Face a Lack of Clear Directions*
- New examples
- New *Let's Get Real*
- New *Ethics Dilemma*
- New *Working Together* and updated *My Turn to be a Manager* activities
- New Case Application on holiday shipping challenges at FedEx

### **Chapter 9**

- New *Leader Making a Difference: Mary Barra (GM)*
- New *FYI* features
- New *Watch It* MyManagementLab recommended video assignments
- New *Workplace Confidential: Developing a Career Strategy*
- New examples
- New *Let's Get Real*
- New *Ethics Dilemma*
- New *Working Together* and *My Turn to be a Manager* activities
- New Case Application on Costco's strategy

### **Chapter 10**

- New *It's Your Career* opener and MyManagementLab component: Being Entrepreneurial Even If You Don't Want to be an Entrepreneur
- New *Leader Making a Difference: Mark Zuckerberg (Facebook)*
- New *Future Vision: The Growth of Social Businesses*
- New *FYI* features
- New *Watch It*, MyManagementLab recommended video assignments
- New *Let's Get Real's*
- New *Workplace Confidential: Dealing with Risks*
- New examples
- New *Ethics Dilemma*
- New *Personal Inventory Assessment*
- New *Working Together* and *My Turn to be a Manager* activities
- New Skills Exercise: Developing Grit
- New Case Applications on the fear of failure and a unique social business

### **Chapter 11**

- New *FYI* features
- New *Workplace Confidential: Coping with Multiple Bosses*

- New examples
- New *Working Together* activity

### Chapter 12

- New *It's Your Career* opener and MyManagementLab component: Negotiating Your Salary
- New *Future Vision*: Gamification of HR
- New *FYI* features
- New *Watch It* MyManagementLab recommended video assignments
- New *Let's Get Real*
- New *Workplace Confidential*: Job Search
- New examples
- Updated statistics
- Updated Skills Exercise, new *Working Together* and *My Turn to be a Manager* activities
- New Case Application on hiring practices at the Mayo Clinic

### Chapter 13

- New *Leader Making a Difference*: Dr. Dara Richardson-Heron (YWCA USA)
- New *FYI* features
- New *Watch It* MyManagementLab recommended video assignments
- New *Let's Get Real*
- New *Workplace Confidential*: Handling Difficult Coworkers
- New examples
- Updated *Ethics Dilemma*
- Updated Skills Exercise, new *Working Together* and *My Turn to be a Manager* activities
- New Case Application on self-directed teams at W.L. Gore and Associates

### Chapter 14

- New *It's Your Career* opener and MyManagementLab component: I'm Listening
- New *Future Vision*: No Longer Lost in Translation
- New *Leader Making a Difference*: Angela Ahrendts (Apple)
- New *FYI* features
- New *Workplace Confidential*: An Uncommunicative Boss
- New examples
- New *Let's Get Real*
- New Skills Exercise: Developing Your Presentation Skills
- New *Working Together* and *My Turn to be a Manager* activities
- New Case Application on performance feedback at Amazon

### Chapter 15

- New *Leader Making a Difference*: Carolyn McCall (easyJet)
- New *FYI* features
- New *Watch It* MyManagementLab recommended video assignments
- New *Let's Get Real*
- New *Workplace Confidential*: An Abusive Boss
- New examples
- New *Ethics Dilemma*
- New *Working Together* and *My Turn to be a Manager* activities
- New Case Application on the Virgin Group

### Chapter 16

- New *Leader Making a Difference*: Susan Wojcicki (YouTube)
- New *FYI* features
- New *Workplace Confidential*: Feelings of Unfair Pay
- New examples
- New *Watch It* MyManagementLab recommended video assignments

- New *Let's Get Real*
- Updated Skills Exercise, new *Working Together* and *My Turn to be a Manager* activities

### Chapter 17

- New *Leader Making a Difference*: Dr. Delos “Toby” Cosgrove (Cleveland Clinic)
- New *FYI* features
- New *Watch It* MyManagementLab recommended video assignments
- New *Workplace Confidential: A Micromanaging Boss*
- New examples
- New *Let's Get Real*
- New *Working Together* and *My Turn to be a Manager* activities
- New Case Application on leadership development at L'Oréal

### Chapter 18

- New *Future Vision: Real-time Feedback*
- New *FYI* features
- New *Watch It* MyManagementLab recommended video assignments
- New *Let's Get Real*
- New *Workplace Confidential: Responding to an Unfair Performance Review*
- New examples
- New *Ethics Dilemma*
- Updated Skills Exercise, new *Working Together* and *My Turn to be a Manager* activities
- New Case Applications on Chipotle's food contamination problems and Bring Your Own Device programs

## For Students Taking a Management Course:

### What This Course Is About and Why It's Important

This course and this book are about management and managers. Managers are one thing that all organizations—no matter the size, kind, or location—need. And there's no doubt that the world managers face has changed, is changing, and will continue to change. The dynamic nature of today's organizations means both rewards *and* challenges for the individuals who will be managing those organizations. Management is a dynamic subject, and a textbook on it should reflect those changes to help prepare you to manage under the current conditions. We've written this 14th edition of *Management* to provide you with the best possible understanding of what it means to be a manager confronting change and to best prepare you for that reality.

But not every student aspires to a career in management. And even if you do, you may be five or ten years away from reaching a managerial position. So you might rightly feel that taking a course in management now may be getting ahead of the game. We hear you. In response to these concerns, we've added new material to this book that is important and relevant to everyone working in an organization—manager and non-manager alike. Our “Workplace Confidential” pages identify, analyze, and offer suggestions for dealing with the major challenges that surveys indicate frustrate employees the most. You should find these pages valuable for helping you survive and thrive in your workplace. Surprisingly, this topic has rarely been addressed in business programs. Inclusion in an introductory management course appeared to us to be a logical place to introduce these challenges and to provide guidance in handling them.

### Instructor Resources

At the Pearson's Higher Ed catalog, <https://www.pearsonhighered.com/sign-in.html>, instructors can easily register to gain access to a variety of instructor resources available with this text in downloadable format. If assistance is needed, our dedicated

technical support team is ready to help with the media supplements that accompany this text. Visit <https://support.pearson.com/getsupport> for answers to frequently asked questions and toll-free user support phone numbers.

The following supplements are available with this text:

- Instructor's Resource Manual
- Test Bank
- TestGen<sup>®</sup> Computerized Test Bank
- PowerPoint Presentation

This title is available as an eBook and can be purchased at most eBook retailers.

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## Chapter 1

# Managers and You in the Workplace

## It's Your Career



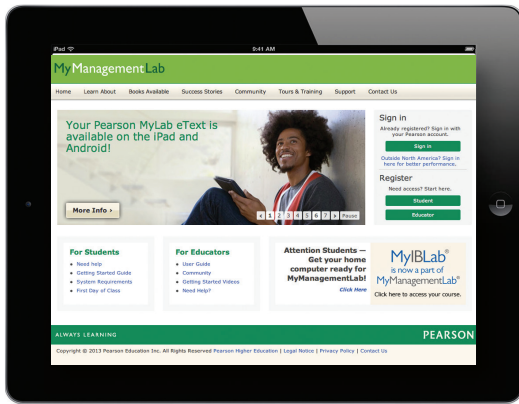
Source: valentint/Fotolia

**A key to success in management and in your career is having good time management skills.**

### *The ABC's of Managing Your Time*

Are you *BUSY*? Do you always seem to have a lot to do and never seem to get it done, or done on time, or are things done at the last minute under a lot of pressure and stress? If you're like most people, the answer to these questions is *YES!* Well, maybe in a management textbook we need to do something about that by focusing on one aspect of management that can be tremendously useful to you . . . *TIME MANAGEMENT!* Time is a unique resource and one of your most valuable resources. Time is also a limited resource. First, if it's wasted, it can never be replaced. People talk about saving time, but time can never actually be saved. Second, unlike resources such as money or talent, which are distributed unequally in the world, time is an equal-opportunity resource. Each one of us gets exactly the same amount of time: 24 hours per day or 168 hours each week. But as you have undoubtedly observed, some people are a lot more efficient in using their allotment. It is not uncommon to hear others say that they need additional hours to get everything done, but that is simply wishful thinking. Commit to improving your ability to manage those 168 hours so you can be more efficient and effective—in your career and in your personal life! Here are some suggestions to help you better use your time:

- 1. Make and keep a list of all your current, upcoming, and routine goals.** Know what needs to be done daily, weekly, and monthly.
- 2. Rank your goals according to importance.** Not all goals are of equal importance. Given the limitations on your time, you want to make sure you give highest priority to the most important goals.
- 3. List the activities/tasks necessary to achieve your goals.** What specific actions do you need to take to achieve your goals?
- 4. Divide these activities/tasks into categories using an A, B, and C classification.** The A's are important and urgent. B's are either important or urgent, but not both. C's are routine—not important nor urgent, but still need to be done.



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## Learning Objectives

### ● SKILL OUTCOMES

- 1.1 *Tell who managers are and where they work.*
  - **Know how to** *manage your time.*
- 1.2 *Explain why managers are important to organizations.*
- 1.3 *Describe the functions, roles, and skills of managers.*
  - **Develop your skill** *at being politically aware.*
- 1.4 *Describe the factors that are reshaping and redefining the manager's job.*
- 1.5 *Explain the value of studying management.*

**5. Schedule your activities/tasks according to the priorities you've set.** Prepare a daily plan. Every morning, or at the end of the previous workday, make a list of the five or so most important things you want to do for the day. Then set priorities for the activities listed on the basis of importance and urgency.

**6. Plan your to-do list each day so that it includes a mixture of A, B, and C activities/tasks.** And it's best to spread the three types of tasks throughout your day so you're not lumping together all your demanding tasks. Also, be realistic about what you can achieve in a given time period.

**7. Recognize that technology makes it too easy to stay connected.** Just think for a moment how many phone calls, e-mails, texts, postings

on social media, and unscheduled visitors you receive on a typical day. Some are essential to the tasks at hand, while others are distractions that do not require immediate attention. Prioritize the importance of this information.

**8. Realize that priorities may change as your day or week proceeds.** New information may change a task's importance or urgency. As you get new information, reassess your list of priorities and respond accordingly.

**9. Remember that your goal is to manage getting your work done as efficiently and effectively as you can.** It's not to become an expert at creating to-do lists. Find what works best for you and use it!

Like many students, you've probably had a job (or two) at some time or another while working on your degree. And your work experiences, regardless of where you've worked, are likely to have been influenced by the skills and abilities of your manager. What are today's successful managers like and what skills do they need in dealing with the problems and challenges of managing in the twenty-first century? This text is about the important work that managers do. The reality facing today's managers—and that might include you in the near future—is that the world is changing. In workplaces of



all types—offices, stores, labs, restaurants, factories, and the like—managers deal with changing expectations and new ways of managing employees and organizing work. In this chapter, we introduce you to managers and management by looking at (1) who managers are and where they work, (2) why managers are important, and (3) what managers do. Finally, we wrap up the chapter by (4) looking at the factors reshaping and redefining the manager’s job and (5) discussing why it’s important to study management.

## WHO are managers and where do they work?

**LO1.1** Managers may not be who or what you might expect! Managers can range in age from 18 to 80+. They run large corporations, medium-sized businesses, and entrepreneurial start-ups. They’re also found in government departments, hospitals, not-for-profit agencies, museums, schools, and even nontraditional organizations such as political campaigns and music tours. Managers can also be found doing managerial work in every country on the globe. In addition, some managers are top-level managers while others are first-line managers. And today, managers are just as likely to be women as they are men; however, the number of women in top-level manager positions remains low—only 24 (4%) women were CEOs of Fortune 500 companies in 2014.<sup>1</sup> Similarly, only 20 (4%) were minorities. Even in government leadership roles, women are far outnumbered by men in the U.S. Senate and House of Representatives, representing approximately 20 percent of these total elected officials.<sup>2</sup> But no matter where managers are found or what gender or race they are, managers have exciting and challenging jobs!



Carnival Corporation’s CEO Arnold Donald is the top manager of the world’s largest cruise line, with over 100,000 employees from different cultures and countries, 10 cruise line brands, and 100 ships. His challenging job involves making decisions and developing plans that help Carnival achieve its goal “to show our guests the kind of fun that memories are made of.”

Source: Jason DeCrow/AP Images for Carnival Corporation

### Who Is a Manager?

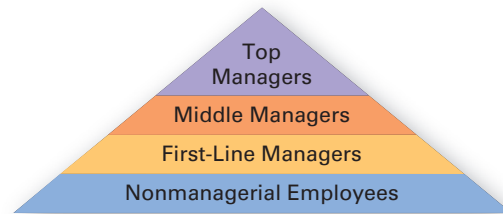
It used to be fairly simple to define who managers were: They were the organizational members who told others what to do and how to do it. It was easy to differentiate *managers* from *nonmanagerial employees*. Now, it isn’t quite that simple. In many organizations, the changing nature of work has blurred the distinction between managers and nonmanagerial employees. Many traditional nonmanagerial jobs now include managerial activities.<sup>3</sup> For example, the gaming company Valve does not award job titles, and there is little formal supervision. Virtually any employee is free to start a project as long as the employee obtains funding and assembles a project team.<sup>4</sup> Or consider an organization like Morning Star Company, the world’s largest tomato processor, where no employees are called managers—just 400 full-time employees who do what needs to be done and who together “manage” issues such as job responsibilities, compensation decisions, and budget decisions.<sup>5</sup> Sounds crazy, doesn’t it? But it works—for this organization. (See Case Application 2 at the end of the chapter to see how another business—Zappos—has gone bossless!)

So, how *do* we define who managers are? A **manager** is someone who coordinates and oversees the work of other people so organizational goals can be accomplished. A manager’s job is not about *personal* achievement—it’s about helping *others* do their work. That may mean coordinating the work of a departmental group, or it might mean supervising a single person. It could involve coordinating the work activities of a team with people from different departments or even people outside the organization such as temporary employees or individuals who work for the organization’s suppliers. Keep in mind that managers may also have work duties not related to coordinating and overseeing others’ work. For example, an insurance claims supervisor might process claims in addition to coordinating the work activities of other claims clerks.

How can managers be classified in organizations? In traditionally structured organizations (often pictured as a pyramid because more employees are at lower

#### manager

Someone who coordinates and oversees the work of other people so organizational goals can be accomplished

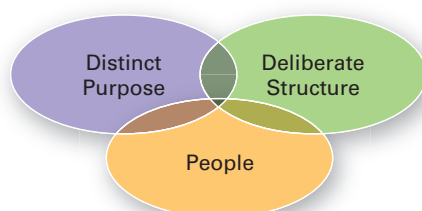


organizational levels than at upper organizational levels), managers can be classified as first-line, middle, or top. (See Exhibit 1-1.) At the lowest level of management, **first-line (or frontline) managers** manage the work of nonmanagerial employees who typically are involved with producing the organization's products or servicing the organization's customers. These managers often have titles such as *supervisors* or even *shift managers*, *district managers*, *department managers*, or *office managers*. **Middle managers** manage the work of first-line managers and can be found between the lowest and top levels of the organization. They may have titles such as *regional manager*, *project leader*, *store manager*, or *division manager*. Middle managers are mainly responsible for turning company strategy into action. At the upper levels of the organization are the **top managers**, who are responsible for making organization-wide decisions and establishing the plans and goals that affect the entire organization. These individuals typically have titles such as *executive vice president*, *president*, *managing director*, *chief operating officer*, or *chief executive officer*.

Not all organizations are structured to get work done using a traditional pyramidal form, however. Some organizations, for example, are more loosely configured, with work done by ever-changing teams of employees who move from one project to another as work demands arise. For instance, at General Cable Corporation's facility in Moose Jaw, Saskatchewan, Canada, managerial responsibilities are shared by managers and team members. Most of the employees at Moose Jaw are cross-trained and multiskilled. Within a single shift, an employee can be a team leader, equipment operator, maintenance technician, quality inspector, or improvement planner.<sup>6</sup> Although it's not as easy to tell who the managers are in these organizations, we do know that someone must fulfill that role—that is, someone must coordinate and oversee the work of others, even if that "someone" changes as work tasks or projects change or that "someone" doesn't necessarily have the title of manager.

## Where Do Managers Work?

It's obvious that managers work in organizations. But what is an **organization**? It's a deliberate arrangement of people to accomplish some specific purpose. Your college or university is an organization; so are fraternities and sororities, government departments, churches, Google, your neighborhood grocery store, the United Way, the St. Louis Cardinals baseball team, and the Mayo Clinic. All are considered organizations and have three common characteristics. (See Exhibit 1-2.)



## Exhibit 1-1 Levels of Management

- first-line (frontline) managers**  
Managers at the lowest level of management who manage the work of nonmanagerial employees
- middle managers**  
Managers between the lowest level and top levels of the organization who manage the work of first-line managers
- top managers**  
Managers at or near the upper levels of the organization structure who are responsible for making organization-wide decisions and establishing the goals and plans that affect the entire organization

- organization**  
A deliberate arrangement of people to accomplish some specific purpose

## Exhibit 1-2 Characteristics of Organizations



- Frontline managers directly supervise some 93 percent of all nonsupervisory employees.
- 9.3 million managers and executives were in the U.S. workforce in 2014.
- 6.9 million middle managers were in the U.S. workforce
- 2.4 million top executives were in the U.S. workforce.<sup>7</sup>

First, an organization has a distinct purpose typically expressed through goals the organization hopes to accomplish. Second, each organization is composed of people. It takes people to perform the work that's necessary for the organization to achieve its goals. Third, all organizations develop a deliberate structure within which members do their work. That structure may be open and flexible, with no specific job duties or strict adherence to explicit job arrangements. For instance, most big projects at Google (at any one time, hundreds of projects are in process simultaneously) are tackled by small, focused employee teams that set up in an instant and complete work just as quickly.<sup>8</sup> Or the structure may be more traditional—like that of Procter & Gamble or General Electric or any large corporation—with clearly defined rules, regulations, job descriptions, and some members identified as “bosses” who have authority over other members. In the military, there is a well-defined hierarchy. In the U.S. Air Force, the General of the Air Force is the highest ranking officer and Second Lieutenant is the lowest ranking officer. Between the two are nine officer ranks.

Many of today's organizations are structured more like Google, with flexible work arrangements, employee work teams, open communication systems, and supplier alliances. In these organizations, work is defined in terms of tasks to be done. And workdays have no time boundaries since work can be—and is—done anywhere, anytime. However, no matter what type of approach an organization uses, some deliberate structure is needed so work can get done, with managers overseeing and coordinating that work.

## FUTURE VISION

### Is It Still Managing When What You're Managing Are Robots?

While this text presents a fairly accurate description of today's workplace, you're going to spend most of your work life in the future. What will that work life look like? How will it be different from today? The workplace of tomorrow is likely to include workers that are faster, smarter, more responsible—and who just happen to be robots.<sup>9</sup> Are you at all surprised by this statement? Although robots have been used in factory and industrial settings for a long time, it's becoming more common to find robots in the office, and it's bringing about new ways of looking at how work is done and at what and how managers manage. So what *would* the manager's job be like managing robots? And even more intriguing is how these “workers” might affect how human coworkers interact with them.

As machines have become smarter, researchers have been looking at human-machine interaction and how people interact with the smart devices that are now such an integral part of our professional and personal lives. One conclusion is that people find it easy to bond with a robot, even one that doesn't look or sound anything like a real person. In a workplace setting, if a robot moves around in a “purposeful way,” people tend to view it, in some ways, as a coworker. People name their robots and can even describe the robot's moods and tendencies. As telepresence robots become more common, the humanness becomes even more evident.

For example, when Erwin Deininger, the electrical engineer at Reimers Electra Steam, a small company in Clear Brook, Virginia, moved to the Dominican Republic when his wife's job transferred her there, he was able to still be “present” at the company via his VGo robot. Now “robot” Deininger moves easily around the office and the shop floor, allowing the “real” Deininger to do his job just as if he were there in person. The company's president, satisfied with how the robot solution has worked out, has been surprised at how he acts around it, feeling at times that he's interacting with Deininger himself.

There's no doubt that robot technology will continue to be incorporated into organizational settings. The manager's job will become even more exciting and challenging as humans and machines work together to accomplish an organization's goals.

*If your professor has chosen to assign this, go to [www.mymanagementlab.com](http://www.mymanagementlab.com) to discuss the following questions.*

★ **TALK ABOUT IT 1:** What's your response to the title of this box: Is it still managing when what you're managing are robots? Discuss.

★ **TALK ABOUT IT 2:** If you had to “manage” people and robots, how do you think your job as manager might be different than what the chapter describes?

## WHY are managers important?

### **L01.2** What can a great boss do?

- Inspire you professionally and personally
- Energize you and your coworkers to accomplish things together that you couldn't get done by yourself
- Provide coaching and guidance with problems
- Provide you feedback on how you're doing
- Help you to improve your performance
- Keep you informed of organizational changes
- Change your life<sup>10</sup>

If you've worked with a manager like this, consider yourself lucky. Such a manager can make going to work a lot more enjoyable and productive. However, even managers who don't live up to such lofty ideals and expectations are important to organizations. Why? Let's look at three reasons.

The first reason why managers are important is because *organizations need their managerial skills and abilities* more than ever in uncertain, complex, and chaotic times. As organizations deal with today's challenges—changing workforce dynamics, the worldwide economic climate, changing technology, ever-increasing globalization, and so forth—managers play an important role in identifying critical issues and crafting responses. For example, BlackBerry Limited introduced software for autonomous cars. The company's vehicle-to-vehicle software will enable cars to communicate with each other to prevent collisions and improve traffic flow.<sup>11</sup> Teams of talented scientists and engineers create the hardware and software to make this possible. But it takes more than that to be successful. There has to be a focus on commercial potential. For example, Virgin Galactic and Xcor Aerospace are working toward creating a new industry—space tourism for civilians. These companies possess the technological and scientific know-how and resources to make this a reality; however, the fare for a suborbital flight around Earth is expected to be about \$100,000 per passenger.<sup>12</sup> Most people will not have the discretionary funds to take these flights. That's why, behind the scenes, you'd also find a team of managers who scrutinize ideas and focus on the question: *Is there a sustainable market?* These managers realize what is critical to success. The opposite “types” have worked together and created a successful business.<sup>13</sup>

Another reason why managers are important to organizations is because *they're critical to getting things done*. For instance, AT&T has some 6,750 general managers who manage the work of thousands of frontline employees.<sup>14</sup> These managers deal with all kinds of issues as the company's myriad tasks are carried out. They create and coordinate the workplace environment and work systems so that others can perform those tasks. Or, if work isn't getting done or isn't getting done as it should be, they're the ones who find out why and get things back on track. And these managers are key players in leading the company into the future.

Finally, *managers do matter* to organizations! How do we know that? The Gallup Organization, which has polled millions of employees and tens of thousands of managers, has found that the single most important variable in employee productivity and loyalty isn't pay or benefits or workplace environment—it's the quality of the relationship between employees and their direct supervisors.<sup>15</sup> In addition, global consulting firm Towers Watson found that the way a company manages and engages its people can significantly affect its financial performance.<sup>16</sup> Companies that hire managers based on talent realize a 48 percent increase in profitability, a 22 percent increase in productivity, a 30 percent increase in employee engagement scores, a 17 percent increase in customer engagement scores, and a 19 percent decrease in turnover.<sup>17</sup> That's scary considering another study by the Gallup Organization found that leadership is the single largest influence on employee engagement.<sup>18</sup> In yet another study by different researchers, 44 percent of the respondents said their supervisors strongly increased engagement.<sup>19</sup> However, in this same study, 41 percent of respondents also said their supervisors strongly decreased engagement. And, a different study of organizational performance found that managerial ability was important in creating organizational value.<sup>20</sup> So, as you can see, managers can and do have an impact—positive and negative. What can we conclude from such reports? Managers are important—and they *do* matter!

## WHAT do managers do?

**L01.3** Simply speaking, management is what managers do. But that simple statement doesn't tell us much, does it? Let's look first at what management is before discussing more specifically what managers do.

**management**

Coordinating and overseeing the work activities of others so their activities are completed efficiently and effectively

**efficiency**

Doing things right, or getting the most output from the least amount of inputs

**effectiveness**

Doing the right things, or doing those work activities that will result in achieving goals

**Management** involves coordinating and overseeing the work activities of others so their activities are completed efficiently and effectively. We already know that coordinating and overseeing the work of others is what distinguishes a managerial position from a nonmanagerial one. However, this doesn't mean that managers or their employees can do what they want anytime, anywhere, or in any way. Instead, management involves ensuring that work activities are completed efficiently and effectively by the people responsible for doing them, or at least that's what managers should be doing.

**Efficiency** refers to getting the most output from the least amount of inputs or resources. Managers deal with scarce resources—including people, money, and equipment—and want to use those resources efficiently. Efficiency is often referred to as “doing things right,” that is, not wasting resources. For instance, Southwest Airlines has achieved operating efficiency through a variety of practices, which include using one aircraft model (Boeing 737) throughout its fleet. Using one model simplifies scheduling, operations, and flight maintenance, and the training costs for pilots, ground crew, and mechanics are lower because there's only a single aircraft to learn.<sup>21</sup> These efficient work practices paid off, as Southwest has made a profit for 42 consecutive years!<sup>22</sup>

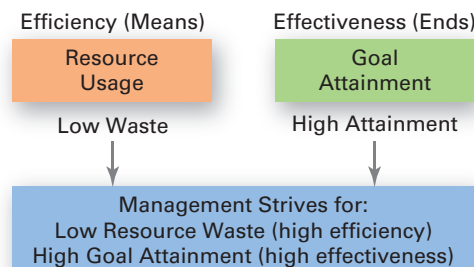
It's not enough, however, just to be efficient. Management is also concerned with employee effectiveness. **Effectiveness** is often described as “doing the right things,” that is, doing those work activities that will result in achieving goals. Besides being efficient, Southwest Airlines' mission is “dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit.”<sup>23</sup> Two of the many reasons cited for the airlines' effectiveness are permitting two checked bags for free and permitting a change in itinerary without incurring a penalty.<sup>24</sup> Whereas efficiency is concerned with the *means* of getting things done, effectiveness is concerned with the *ends*, or attainment of organizational goals (see Exhibit 1-3). In successful organizations, high efficiency and high effectiveness typically go hand in hand. Poor management (which leads to poor performance) usually involves being inefficient and ineffective or being effective but inefficient.

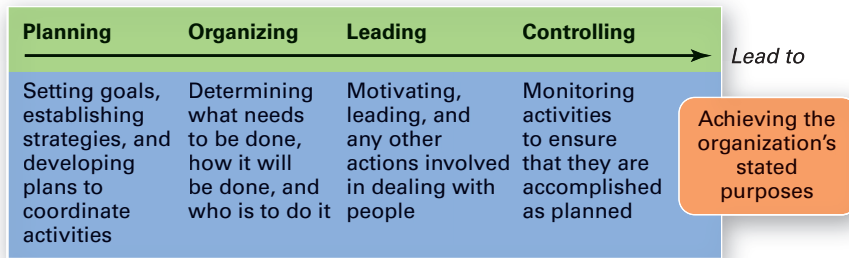


**Time Management**—If your instructor is using MyManagementLab, log onto [www.mymanagementlab.com](http://www.mymanagementlab.com) and test your *time management knowledge*. **Be sure to refer back to the chapter opener!**

Now let's take a more detailed look at what managers do. Describing what managers do isn't easy. Just as no two organizations are alike, no two managers' jobs are alike. In spite of this, management researchers have developed three approaches to describe what managers do: functions, roles, and skills.

**Exhibit 1-3**  
Efficiency and Effectiveness in Management





**Exhibit 1-4**  
Four Functions of Management

## Management Functions

According to the functions approach, managers perform certain activities or functions as they efficiently and effectively coordinate the work of others. What are these functions? Henri Fayol, a French businessman in the early part of the twentieth century, suggested that all managers perform five functions: planning, organizing, commanding, coordinating, and controlling.<sup>25</sup> (See Management History Module for more information.) Today, we use four functions to describe a manager's work: planning, organizing, leading, and controlling (see Exhibit 1-4). Let's briefly look at each.

If you have no particular destination in mind, then any road will do. However, if you have someplace in particular you want to go, you've got to plan the best way to get there. Because organizations exist to achieve some particular purpose, someone must define that purpose and the means for its achievement. Managers are that someone. As managers engage in **planning**, they set goals, establish strategies for achieving those goals, and develop plans to integrate and coordinate activities.

Managers are also responsible for arranging and structuring work that employees do to accomplish the organization's goals. We call this function **organizing**. When managers organize, they determine what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

Every organization has people, and a manager's job is to work with and through people to accomplish goals. This is the **leading** function. When managers motivate subordinates, help resolve work group conflicts, influence individuals or teams as they work, select the most effective communication channel, or deal in any way with employee behavior issues, they're leading.

The final management function is **controlling**. After goals and plans are set (planning), tasks and structural arrangements are put in place (organizing), and people are hired, trained, and motivated (leading), there has to be an evaluation of whether things are going as planned. To ensure goals are met and work is done as it should be, managers monitor and evaluate performance. Actual performance is compared with the set goals. If those goals aren't achieved, it's the manager's job to get work back on track. This process of monitoring, comparing, and correcting is the controlling function.

Just how well does the functions approach describe what managers do? Do managers always plan, organize, lead, and then control? Not necessarily. What a manager does may not always happen in this sequence. However, regardless of the order in which these functions are performed, managers do plan, organize, lead, and control as they manage.



Leading is an important function of The Container Store manager Jaimie Moeller (left). She influences the behavior of employees by leading them in a team huddle before they begin their work day. Coaching employees to succeed in the store's team-selling environment helps Moeller achieve the store's sales performance and customer service goals.

Source: ZUMA Press Inc/Alamy

### planning

Management function that involves setting goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate activities

### organizing

Management function that involves arranging and structuring work to accomplish the organization's goals

### leading

Management function that involves working with and through people to accomplish organizational goals

### controlling

Management function that involves monitoring, comparing, and correcting work performance

If your professor has assigned this, go to [www.mymanagementlab.com](http://www.mymanagementlab.com) to complete the *Simulation: What Is Management?* and see how well you can apply the ideas of planning, organizing, leading, and controlling.



Although the functions approach is a popular way to describe what managers do, some have argued that it isn't relevant.<sup>26</sup> So let's look at another perspective.