MANAGEMENT

THIRTEENTH EDITION

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Management

THIRTEENTH EDITION

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WILEY

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About the Authors

Ohio University named Dr. Schermerhorn a University Professor, the university's highest campus-wide honor for exellence in undergraduate teaching.

Dr. John R. Schermerhorn, Jr., is the Charles G. O'Bleness Professor of Management Emeritus in the College of Business at Ohio University, where he teaches graduate courses in management and organizational behavior. Dr. Schermerhorn earned a PhD in organizational behavior from Northwestern University, an MBA (with distinction) in management and international business from New York University, and a BS in business administration from the State University of New York at Buffalo. He previously taught at Tulane University, the University of Vermont, and Southern Illinois University at Carbondale, where he also served as head of the Department of Management and associate dean of the College of Business Administration.

International experience adds a unique global dimension to Dr. Schermerhorn's teaching and writing. He holds an honorary doctorate from the University of Pécs in Hungary. He was a visiting professor of management at the Chinese University of Hong Kong, on-site coordinator of the Ohio University MBA and Executive MBA programs in Malaysia, and Kohei Miura visiting professor at Chubu University in Japan. He has served as adjunct professor at the National University of Ireland at Galway and advisor to the Lao-American College in Vientiane, Laos. He presently teaches an MBA course at Università Politecnica Delle Marche in Ancona, Italy, and PhD seminars in the Knowledge and Innovation Management doctoral program at Bangkok University, Thailand. At Ohio University he has twice been Director of the Center for Southeast Asian Studies.

A member of the Academy of Management, Dr. Schermerhorn was chairperson of the Management Education and Development Division. Management educators and students alike know him as author of *Exploring Management* 4e (Wiley, 2014), *Management* 12e (Wiley, 2013), and co-author of *Organizational Behavior* 13e (Wiley, 2014). Dr. Schermerhorn has also published numerous articles, including ones in the *Academy of Management Journal, Academy of Management Review, Academy of Management Executive, Organizational Dynamics, Asia-Pacific Journal of Management,* the *Journal of Management Development,* and the *Journal of Management Education.*

Ohio University named Dr. Schermerhorn a University Professor, the university's highest campus-wide honor for excellence in undergraduate teaching. He is a popular guest speaker at colleges and universities. He is available for student lectures and classroom visits, as well as for faculty workshops on scholarly manuscript development, textbook writing, high engagement teaching, and instructional and curriculum innovations.

Dr. Bachrach serves on the editorial boards of the *Journal of Applied Psychology* and *Organizational Behavior and Human Decision Processes.*

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Preface

From the beautiful cover of this book to the realities of organizations today, great accomplishments are much like inspired works of art. Whether one is talking about arranging objects or bringing together people, technology, and other resources in organizational systems, it is a balancing act. But the results are spectacular when goals and talent combine to create a lasting and positive impact.

Just as artists find inspiration in all the senses that bring our world to life, managers find inspiration in daily experiences, from the insights of scholars, through relationships with other people, and among the goals that guide organizations in an ever more demanding society. And like artists, managers must master many challenges as they strive to create the future from the opportunities of the present.

A well-managed organization—for profit or nonprofit, large or small—can build, mix, and integrate all the beauties of human talent to achieve great things. This capacity for positive impact through people is the goal bound into the pages of *Management 13e*. It is an opportunity to gain knowledge, find inspiration, and learn practices that can help build the organizations we need to forge a better world.
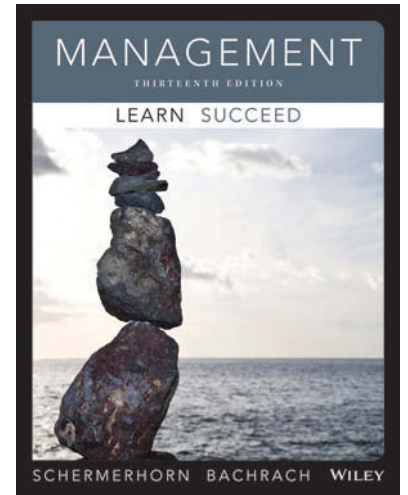
New to *Management 13e*

Management 13e has been revised and updated with a focus on real-world anchors for timely content, student engagement in critical thinking about real-world and personal career issues, and instructor opportunities for enriched classroom activities and assignments.

Timely content—All chapters have been updated. Examples of new and expanded coverage include triple bottom line and shared value view (Chapter 3), disruptive innovation and human sustainability (Chapter 4), reshoring and tax inversions (Chapter 5), social entrepreneurship and crowdfunding (Chapter 6), data mining and analytics (Chapter 7), goal management and goal downsides (Chapter 8 and Chapter 16), employment issues and controversies (Chapter 13), followership and leadership (chapter 14), technology personality and mood contagion (Chapter 15), and team virtuousness (Chapter 17).

Student engagement features—Student engagement is an embedded theme in *Management 13e*. Look for these chapter features that bring life to disciplinary content: *Analysis*—Make Data your Friend, *Choices*—Think Before You Act, *Ethics*—Know Right from Wrong, *Insight*—Learn About Yourself, and *Wisdom*—Learn from Role Models. Each feature is designed and visually presented to attract student attention and engage theme in reflection and critical thinking. These features are introduced in the chapter opening page as part of *What to Look for Inside: Management Is Real*.

Enriched Classroom Opportunities—The active and enriched classroom is also an embedded theme in *Management 13e*. Look for these end-of-chapter opportunities that make it easy to bring text content to life in discussions, activities, and individual and team assignments: Evaluate Career Situations, Reflect on the Self-Assessment, Contribute to the Class Exercise, Manage a Critical Incident, Collaborate on the Team Activity, and Analyze the Case Study. These instructional enrichments are introduced in the chapter opening page as part of *What to Look for Inside: Skills Make You Valuable*.

Management 13e Philosophy

Today's students are tomorrow's leaders and managers. They are our hope for the future during this time of social transformation. New values and management approaches are appearing; organizations are changing forms and practices; jobs are being redefined and relocated; the age of information is a major force in our lives; and, the intricacies of globalization are presenting major organizational and economic challenges.

Management 13e and its rich selection of timely examples and thought provoking features for analysis and reflection is designed for this new world of work. It is crafted to help students understand that management is real and that is an everyday part of their lives. By engaging with *Management 13e,* students explore the essentials of management while also discovering their true potential for developing useful career skills. The content, pedagogy, and features of this edition were carefully blended to support management educators who want their students to:

Management 13e is designed to help students discover their true potential and accept personal responsibilities for developing career skills.

- grow in career readiness,
- become attractive internship and job candidates,
- gain confidence in critical thinking,
- identify timely social and organizational issues,
- embrace lifelong learning for career success.

Management 13e Pedagogy

The pedagogical foundations of *Management 13e* are based on four constructive balances that are essential to higher education for business and management.

Our goal as educators should be to make good content and pedagogical choices that set the best possible foundations for lifelong learning.

- ***The balance of research insights with formative education.*** As educators we must be willing to make choices when bringing the theories and concepts of our discipline to the attention of the introductory student. We cannot do everything in one course. The goal should be to make good content choices that set the best possible foundations for lifelong learning.

- ***The balance of management theory with management practice.*** As educators we must understand the compelling needs of students to learn and appreciate the applications of the material they are reading and thinking about. We must continually bring to their attention interesting and relevant examples.

- ***The balance of present understandings with future possibilities.*** As educators we must continually search for the directions in which the real world of management is heading. We must select and present materials that can both point students in the right directions and help them develop the confidence and self-respect needed to best pursue them.

We are role models . . . we must be willing to take stands on issues such as managerial ethics and social responsibility.

- ***The balance of what "can" be done with what is, purely and simply, the "right" thing to do.*** As educators we are role models; we set the examples. We must be willing to take stands on issues such as managerial ethics and social responsibility. We must be careful not to let the concept of "contingency" betray the need for positive "action" and "accountability" in managerial practice.

Our students have pressing needs for direction as well as suggestion. They have needs for application as well as information. They have needs for integration as well as presentation. And they have needs for confidence that comes from solid understanding. Our goal is to put into your hands and into those of your students a learning resource that can help meet these needs.

Management 13e Highlights

Management 13e introduces the essentials of management as they apply to organizations and careers in a complex global society. The subject matter is carefully chosen to meet AACSB accreditation guidelines, while still allowing extensive flexibility to fit various course designs, class sizes, and delivery formats.

The timely chapter content offers flexibility in meeting a wide variety of course objectives and instructor preferences. The chapters are organized in five logical parts—Management, Environment, Planning and Controlling, Organizing, and Leading. The parts and individual chapters can be used in any order and combination. All chapters have been updated and enriched with new features and examples from the latest current events.

Learning Model

The *Management 13e* learning model makes it easy for students to read, study, reflect, and use critical thinking. Their attention is focused on building management skills and competencies through active learning, and on discovering that management issues and themes permeate current events that affect everyday living.

Each chapter opens with a compelling photo and quote, followed by a learning dashboard that provides a *Quick Start* overview, list of *Key Takeaways*, and a *What to Look for Inside* directory in two parts: *Management Is Real*—with features on Analysis, Choices, Ethics, Insight, and Wisdom; and, *Skills Make You Valuable*—with features on Evaluate, Reflect, Contribute, Manage, Collaborate, and Analyze. Major *Figures* within chapters provide visual support for student comprehension as concepts, theories, and terms are introduced. Where appropriate, *Small Boxed Figures* and *Content Summaries* are embedded in the text to help clarify major points. The *Management Learning Review* section at the end of each chapter helps students prepare for quizzes and exams by completing a *Takeaway Question Summary* and *Chapter Self-Test*.

The Management 13e learning model makes it easy for students to study, reflect, and use critical thinking as they read.

Self-Reflection, Active Learning, and Critical Thinking

The *What to Look for Inside* guide in the chapter-opening learning dashboard points out the many features in *Management 13e* that provide students with important opportunities for self-reflection, active learning, and critical thinking. Within each chapter, *Management Is Real* features present current events, timely issues, and real people and situations to build awareness and stimulate personal reflection. Examples include:

> ## MANAGEMENT IS **REAL**
>
> **analysis** > MAKE DATA YOUR FRIEND
> Multiple Generations Meet and Greet in the Workplace
>
> **choices** > THINK BEFORE YOU ACT
> Want Vacation? No Problem, Take as Much as You Want
>
> **ethics** > KNOW RIGHT FROM WRONG
> Social Media Searches Linked with Discrimination in Hiring
>
> **in**sight > LEARN ABOUT YOURSELF
> Self-Awareness and the Johari Window
>
> **wisdom** > LEARN FROM ROLE MODELS
> Ursula Burns Moves from Student Intern to *Fortune* 500 CEO

Management is Real features present current events, timely issues, and real people and situations to build awareness and stimulate personal reflection.

At the end of each chapter, *Skills Make You Valuable* features provide a variety of opportunities to build management skills through individual and team learning activities. Examples include:

Skills Make You Valuable features provide a variety of opportunities to build management skills through individual and team learning activities.

SKILLS MAKE YOU **VALUABLE**

- **EVALUATE** *Career Situations:*
  What Would You Do?

- **REFLECT** *On the* **Self-Assessment:**
  Career Readiness "Big 20"

- **CONTRIBUTE** *To the* **Class Exercise:**
  My Best Manager

- **MANAGE** *A* **Critical Incident:**
  Team Leader Faces Test

- **COLLABORATE** *On the* **Team Activity:**
  The Amazing Great Job Race

- **ANALYZE** *The* **Case Study:**
  Trader Joe's: Keeping a Cool Edge

Management 13e Teaching and Learning Resources

Instructor's Resource Manual. The Instructor's Resource Manual offers helpful teaching ideas. It has advice on course development, sample assignments, and recommended activities. It also offers chapter-by-chapter text highlights, learning objectives, lecture outlines, class exercises, lecture notes, answers to end-of-chapter material, and tips on using cases.

Test Bank. This comprehensive Test Bank (available on the instructor portion of the *Management 13e* website) has more than 175 questions per chapter. The true/false, multiple-choice, and short-essay questions vary in degree of difficulty. All questions are tagged with learning objectives, Bloom's Taxonomy categories, and AACSB Standards. The *Computerized Test Bank* allows instructors to modify and add questions to the master bank and to customize their exams.

PowerPoint Presentation Slides. This robust set of slides can be accessed on the instructor portion of the *Management 13e* website. Lecture notes accompany each slide.

Pre- and Post-Lecture Quizzes. Included in WileyPLUS Learning Space, the Pre- and Post-Lecture Quizzes focus on the key terms and concepts. They can be used as stand-alone quizzes, or in combination to evaluate students' progress before and after lectures.

Lecture Launcher Videos. Short video clips developed from CBS News source materials provide an excellent starting point for lectures or for general class discussion. Teaching Notes are available and include video summaries and quiz and discussion questions.

Movies and Music. The *Art Imitates Life* supplement, prepared by Robert L. Holbrook of Ohio University, offers tips for those interested in integrating popular culture and the humanities into their courses. It provides innovative teaching ideas and scripts for using movies and music to enrich day-to-day classroom activities. It is widely praised for increasing student involvement and enthusiasm for learning. The *Art Imitates Life* supplement offers tips for those interested in integrating popular culture and the humanities into their courses.

Practice Quizzes. An online study guide with quizzes of varying levels of difficulty helps students evaluate their progress through a chapter. It is available on the student portion of the *Management 13e* website.

Student Portfolio Builder. This special guide to building a student portfolio is complete with professional résumé and competency documentation templates. It is on the student portion of the *Management 13e* website.

Companion Website. The *Management 13e* website at www.wiley.com/college/ schermerhorn contains a myriad of tools and links to aid both teaching and learning, including resources described earlier.

WileyPlus Learning Space

What is *WileyPLUS Learning Space*? It's a place where students can learn, collaborate, and grow. Through a personalized experience, students create their own study guide while they interact with course content and work on learning activities.

WileyPLUS Learning Space combines adaptive learning functionality with a dynamic new e-textbook for your course—giving you tools to quickly organize learning activities, manage student collaboration, and customize your course so that you have full control over content as well as the amount of interactivity between students.

You can:

- Assign activities and add your own materials
- Guide students through what's important in the e-textbook by easily assigning specific content
- Set up and monitor collaborative learning groups
- Assess student engagement
- Benefit from a sophisticated set of reporting and diagnostic tools that give greater insight into class activity

Learn more at www.wileypluslearningspace.com. If you have questions, please contact your Wiley representative.

Acknowledgments

Management 13e was initiated and completed with the support of our dedicated and helpful Project Editor, Jennifer Manias; Executive Editor, Lisé Johnson, who again rallied the expertise of a great Wiley team; and Susan McLaughlin, a talented and dedicated "Jack of all trades." We all have benefitted from the special support of George Hoffman (Publisher), Yana Mermel (Editorial Operations Manager), Tom Nery (designer), Mary Ann Price (photo research), Suzie Chapman (production), and Kelly Simmons and Amy Scholz (marketing). We also thank the numerous colleagues—too many to list here—whose help with this book at various stages of its life added to our understanding of management and management education.

As always, John works with the support and encouragement of his wife Ann. She perseveres even when "the book" overwhelms many of life's opportunities. Dan is grateful for the love, support, and guidance of his wife Julie, and the opportunity to work with John.

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Management Cases for Critical Thinking

Management

THIRTEENTH EDITION

Zappos CEO Tony Hsieh believes in happiness. His goal is "to set up an environment where the personalities, creativities, and individuality of all different employees come out and shine."

Management Today

Everyone needs management skills

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CHAPTER QUICK START

Management is part of our everyday lives. We manage ourselves, we manage relationships, we manage families, and we manage teams and co-workers. Now is a good time to study the fundamentals of management, learn more about your capabilities, and start building skills for career and life success.

what to look for **inside** >

MANAGEMENT IS **REAL**

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  The Amazing Great Job Race

- **ANALYZE** *The **Case Study:***
  Trader Joe's: Keeping a Cool Edge

Key Takeaways

- Recognize the challenges of working in the new economy.

- Describe the nature of organizations as work settings.

- Discuss what it means to be a manager.

- Explain the functions, roles, and activities of managers.

- Identify essential managerial skills and discuss how they are learned.

Welcome to *Management 13/e* and its theme of personal development for career success. We live and work in a very complex world. Unemployment and job scarcities, ethical miscues by business and government leaders, financial turmoil and uncertainties, environmental challenges, and complex global economics and politics are regularly in the news. Today's organizations are fast changing, as is the nature of work itself. Talent and technology reign supreme in the most desired jobs. Learning, performance, and flexibility are in as individual attributes; habit, complacency, and free-riding are out. Employers expect the best from us, and the best employers provide us with inspiring leadership and supportive work environments full of respect, involvement, teamwork, and rewards.[1]

Working Today

TAKEAWAY 1   What are the challenges of working in the new economy?

LEARN MORE ABOUT | Talent • Technology • Globalization • Ethics • Diversity
Careers and Connections

In her book *The Shift: The Future of Work Is Already Here,* scholar Lynda Gratton describes why things are changing so quickly today and how young people can navigate their careers through these changes. "Technology shrinks the world but consumes all of our time," Gratton says; "globalization means we can work anywhere, but must compete with people from everywhere."[2] What does the changing nature of work mean as you plan for career entry and advancement? You can't expect a guarantee of long-term employment in today's workplace. More and more jobs have to be continually earned and re-earned through everyday performance and accomplishments. And in times of continuous change, you have to accept that your career will be defined by "flexibility," "free agency," "skill portfolios," and "entrepreneurship." There is also no escaping the fact that your career success will require a lot of initiative, self-awareness, and continuous learning. The question is: Are you ready?

Talent

A study by management scholars Charles O'Reilly and Jeffrey Pfeffer found that high-performing companies are better than their competitors at getting extraordinary results from employees. "These companies have won the war for talent," they argue, "not just by being great places to work—although they are that—but by figuring out how to get the best out of all of their people, every day."[3]

People and their talents—what they know, what they learn, and what they achieve—are the crucial foundations for organizational performance. They represent what managers call **intellectual capital**, which is the combined brainpower and shared knowledge of an organization's employees.[4] Intellectual capital is a strategic asset that organizations can use to transform human creativity, insight, and decision making into performance. Intellectual capital also is a personal asset, one to be nurtured and continually updated. It is the package of intellect, skills, and capabilities that sets us apart, and that makes us valuable to potential employers.

Think about the personal implications of this *intellectual capital equation*: Intellectual Capital = Competency × Commitment.[5] What does it suggest in terms of developing your talents for career success? **Competency** represents your personal talents or job-related capabilities. Although extremely important, by itself competency won't guarantee success. You have to be committed. **Commitment** represents how hard you work to apply your talents and capabilities to important tasks. Both are essential. Having one without the other won't allow you to achieve important career goals or to meet even basic performance requirements. It takes both competency and commitment to generate intellectual capital.

Intellectual capital is the collective brainpower or shared knowledge of a workforce.

Competency represents your personal talents or job-related capabilities.

Commitment represents how hard you work to apply your talents and capabilities to important tasks.

analysis > MAKE DATA YOUR FRIEND

> *72% of college students want "a job where I can make an impact."*

Multiple Generations Meet and Greet in the New World of Work

© Hero Images/Corbis

Is the notion of a "9 to 5" job about to become a relic? What happens as younger workers advance into management? How can baby boomers and millennials work well with each other? The changing mix of ages and attitudes in the workplace is putting the pressure on traditional employment practices. Here's some survey data to consider.

- 60% of millennials change their first jobs after three years and employers spend $15,000 to $25,000 recruiting replacements.

- The best predictor of job loyalty for millennials is "a good culture fit."
- 45% of millennials rate workplace flexibility higher than pay and 71% hope co-workers will become a "second family."
- 68% of millennials get high scores for being enthusiastic about work, 45% for being team players, and 39% for being hardworking.
- 73% of boomer managers get high scores for being hardworking, 55% for being team players, 21% for flexibility, and 16% for inclusive leadership.
- 72% of college students say they want "a job where I can make an impact."

WHAT ARE THE IMPLICATIONS?

How do these findings compare with your own career preferences or what you hear from people you know? How might this evidence influence your approach to seeking a job? What characteristics and practices define your ideal employer? What can employers do to attract and retain talented millennials while keeping older generations happy? Is what's good for millennials necessarily good for everyone? How can managers effectively integrate people with varying needs and interests so employees from different generations work together with respect and pride?

Workplace talents in today's age of information, technology, and change are dominated by **knowledge workers** whose minds—their creativity and insight—are critical assets.[6] Futurist Daniel Pink says we will soon enter a *conceptual age* where the premium will be on "whole mind" competencies. Those who have them will be both "high concept"—creative and good with ideas—and "high touch"—joyful and good with relationships.[7] Management scholar and consultant Gary Hamel talks about a *creative economy* "where even knowledge itself is becoming a commodity" and "the most important differentiator will be how fast you can create something new."[8] Mastering these intellectual challenges requires ongoing development of multiple skill sets that always keep your personal competencies aligned with—and at the forefront of—emerging job trends.

A **knowledge worker** is someone whose mind is a critical asset to employers.

Technology

Technology continuously tests our talents and intrudes into every aspect of our lives. Think Skype, Twitter, Instagram, Facebook, and more. We are continuously bombarded with advertisements for the latest developments—from smartphones to smart apparel to smart cars to smart homes, and from tablets to mini-tablets to e-readers. We struggle to keep up with our social media involvements, stay connected with messaging, and deal with inboxes full of e-mail and voice mail. It is likely that, right now, you are reading this "book" on your favorite tablet or smartphone rather than in its traditional form. Given what has already happened with how we use technology, what will things look like tomorrow?

Tech IQ is the ability to use technology and to stay updated as technology continues to evolve.

It is critical to build and to maintain a high **Tech IQ**—the ability to use current technologies at work and in your personal life, combined with the commitment to keep yourself updated as technology continues to evolve. Whether you're checking inventory, making a sale, ordering supplies, sourcing customers, prioritizing accounts, handling payrolls, recruiting new hires, or analyzing customer preferences, Tech IQ is indispensable. More and more people spend at least part of their workday "telecommuting" or "working from home" or in "mobile offices." Workplaces are full of "virtual teams" with members who meet, access common databases, share information and files, make plans and decisions, solve problems together, and complete tasks without ever meeting face to face. Tech IQ is a baseline foundation for succeeding in this fast-changing world of technological innovation.

Even finding work and succeeding in the job selection process today involves skilled use of technology. Poor communication, sloppy approaches, and under-researched attempts do not work in the world of electronic job search. Filling in your online profile with the right key words does work. Many employers use sophisticated software to scan online profiles for indicators of real job skills and experiences that fit their needs. Most recruiters today also check social media for negative indicators about applicants.

Globalization

You can't function National boundaries hardly count anymore in the world of business.[9] Over 5 million Americans work in the United States for foreign employers.[10] We buy cars like Toyota, Nissan, BMW, and Mercedes that are assembled in America. We buy appliances from the Chinese firm Haier and Eight O'Clock coffee from India's Tata Group. Top managers at Starbucks, IBM, Sony, Ford, and other global companies have little need for the words "overseas" or "international" in their vocabulary. They operate as global businesses serving customers around the globe. They source materials and talent wherever in the world it can be found at the lowest cost.

Globalization is the worldwide interdependence of resource flows, product markets, and business competition.

These are among the many consequences of **globalization**, which is the worldwide interdependence of resource flows, product markets, and business competition.[11] Under its influence, government leaders worry about the competitiveness of nations, just as corporate leaders worry about business competitiveness.[12] Countries and people are interconnected through labor markets, employment patterns, and financial systems. We are hardly surprised anymore to find that our customer service call is answered in Ghana, CT scans are read by a radiologist in India, and business records maintained by accountants in the Philippines.

Job migration occurs when firms shift jobs from a home country to foreign ones.

One controversial consequence of globalization is **job migration**, which is the shifting of jobs from one country to another. While the United States has been a net loser to job migration, countries like China, India, and the Philippines have been net gainers. Politicians and policymakers regularly debate the costs of job migration as local jobs are lost and communities lose economic vitality. One side looks for new government policies to stop job migration and protect U.S. jobs. The other side calls for patience, arguing that the national economy will grow jobs in the long run as the global economy readjusts.

Reshoring occurs when firms move jobs back home from foreign locations.

The flip side of job migration is **reshoring**, which is the shift of manufacturing and jobs back home from overseas. As global manufacturing and transportation costs rise along with worries about intellectual property protection in countries like China, manufacturing firms including Caterpillar, Ford, and General Electric are doing more reshoring.[13] When Intel announced an expansion of its semiconductor plant in Arizona, an industry analyst said: "The huge advantage of keeping manufacturing in the U.S. is you don't have to worry about your intellectual property walking out the door every evening."[14]

Ethics

It's old news now that Bernard Madoff was sentenced to 150 years in jail for a Ponzi scheme costing investors billions of dollars. But the message is still timely and crystal clear: Commit white-collar crime and you will be punished.[15] Madoff's crime did terrible harm to numerous individuals who lost their life savings, charitable foundations that lost millions in charitable

gifts, and employees who lost their jobs. Our society also paid a large price as investors' faith in the business system was damaged by the scandal. Although very high profile, the Madoff scandal was by no means a unique or isolated case of bad behavior by a lone executive. Fresh scandals regularly make the news.

The issues here move beyond criminal behavior and into the broader notion of **ethics**—a code of moral principles that sets standards for conduct that is "good" and "right" versus "bad" and "wrong."[16] At the end of the day we depend on individuals, working at all organizational levels, to conduct themselves in ethical ways. And even though ethics failures get most of the publicity, you'll find many examples of managers who demonstrate moral leadership and integrity. Believing that most CEOs are overpaid, the former CEO of Dial Corporation, Herb Baum, once gave his annual bonus to the firm's lowest-paid workers.[17] In his book *The Transparent Leader,* he argues that integrity is a key to leadership success and that the responsibility for setting an organization's ethical tone begins at the top.

One indicator of ethics in organizations is the emphasis given to social responsibility and sustainability practices. Patagonia, for example, states its commitment to a *responsible economy* "that allows healthy communities, creates meaningful work, and takes from the earth only what it can replenish."[18] Another ethics indicator is the strength of **corporate governance**. Think of it as the active oversight of top management decisions, corporate strategy, and financial reporting by a company's board of directors.

> **Ethics** set moral standards of what is "good" and "right" in one's behavior.

> **Corporate governance** is the active oversight of management decisions and performance by a company's board of directors.

ethics > KNOW RIGHT FROM WRONG

> *Subtleties in social media postings can contribute to discrimination in the recruitment process.*

Social Media Searches Linked with Discrimination in Hiring

Loic Venance/AFP/Getty Images, Inc.

It's no secret that a growing number of employers (more than a third) browse the Web and follow social media to gather information and impressions about job candidates. It is also well known that inappropriate postings can hurt you. So much so that people are increasingly trying to edit the bad things out of their public profiles. New research reported from Carnegie Mellon University, however, also suggests that subtleties in social media postings can contribute to discrimination in the recruitment process. One of the researchers, Professor Alessandro Acquisti, said: "There is so much information we reveal about ourselves online, sometimes in ways we do not even realize."

Researchers distributed 4,000 résumés to job posting sites and associated the résumés with Facebook profiles offering subtle cues—background photos and quotes, for example, on the candidates' religion (Muslim or Christian) and sexuality (gay or straight). Results showed that Muslims (2%) were less likely to be called for follow-up interviews than Christians (17%). Sexuality cues made no significant difference in callback rates. It's against U.S. employment law to use religion or sexuality as hiring criteria, but the researchers point out that discrimination based on social media investigations can be unconscious rather than intentional, with the employer showing the bias without realizing it. Professor Acquisti says: "By and large, employers avoid asking questions about these traits in interviews. But now technology makes it easier to find that information." Other social media cues at risk of discriminatory behavior are photos of women showing pregnancies or children, and applicants with names often associated with ethnic, racial, or religious communities.

WHAT DO YOU THINK?

Facebook offers privacy settings to shield from public consumption information intended only for friends. But does this go far enough to protect individual privacy? Is it ethical for employers to use social media to "peek" at the personal lives of prospective candidates? Should there be laws preventing them from doing so? What about individual responsibility? Given so much publicity on social media use by recruiters, shouldn't job seekers be informed and aware enough to screen out potentially harmful and discriminatory information? Are these job seekers at fault if negative consequences result when they don't?

wisdom > LEARN FROM ROLE MODELS

> *"I'm in this job because I believe I earned it through hard work and high performance."*

Ursula Burns Moves from Student Intern to *Fortune* 500 CEO

Ramin Talale/Bloomberg/Getty Images

"Frankness," "sharp humor," "willingness to take risks," "deep industry knowledge," "technical prowess." These are all phrases used to describe Ursula Burns, CEO of Xerox Corporation.

She started as a mechanical engineering intern and moved up to become the first African American woman to head a *Fortune* 500 firm. Her experience and leadership skills were well matched to the job's many challenges.

In her prior role as president, Burns made tough decisions to downsize the firm, close manufacturing operations, and change the product mix. She also knew how to work well with the firm's

board. Director Robert A. McDonald of Procter & Gamble says: "She understands the technology and can communicate it in a way that a director can understand it."

A working mother and spouse, Burns was raised in a low-income environment by a single mom in New York City public housing. She says her mom "did everything you could imagine" and was "amazing." The advice she passed along included: "Don't get confused when you are rich and famous." Burns studied hard, earned a master's degree in mechanical engineering from Columbia University, and from there started the internship with Xerox. The rest is corporate history.

Pride in her achievements comes across loud and clear when Burns talks about her work. "I'm in this job because I believe I earned it through hard work and high performance," she says. "Did I get some opportunities early in my career because of my race and gender? Probably . . . I imagine race and gender got the hiring guys' attention. And the rest was really up to me."

FIND INSPIRATION

Ursula Burns's trajectory from student intern to CEO of a *Fortune* 500 firm is impressive. What career lessons are here for others to follow? Which special skills and personal characteristics may have helped Burns grow into her corporate leadership role? She's an African American woman who grew up poor. How can her success in the male-dominated corporate environment serve as a role model for others?

Diversity

Workforce diversity describes workers' differences in terms of gender, race, age, ethnicity, religion, sexual orientation, and able-bodiedness.

The term **workforce diversity** describes the composition of a workforce in terms of gender, age, race, ethnicity, religion, sexual orientation, and able-bodiedness.[19] The changing demographics in society are well recognized. Members of minority groups now constitute more than one-third of the U.S. population, and women may soon outnumber men in the U.S. workforce.[20] By the year 2050, African Americans, Native Americans, Asians, and Hispanics will be the new majority, and by 2050 the U.S. Census Bureau also expects that more than 20% of the population will be at least 65 years old.

Despite these changes, the way we deal with diversity in the workplace remains complicated. Women now lead global companies like IBM, PepsiCo, Xerox, and Kraft, but they hold only just 4% of all top jobs in American firms and 5% in large firms worldwide.[21] The proportion of women at the top is growing, but female CEOs are also getting fired at a higher rate than their male counterparts.[22] People of color hold just 11% of executive jobs in the Fortune 500, and among the CEOs there are six African-Americans, eight Asians, and eight Hispanics.[23]

Why aren't there more women and people of color leading organizations? To what extent does diversity bias still influence recruitment and selection decisions? Researchers have found that résumés with white-sounding first names, such as Brett, receive 50% more responses from employers than equivalent résumés with black-sounding first names, such as Kareem.[24] Researchers also note that white leaders are viewed as more successful than

minority leaders, and that white leaders are expected to succeed because of competence while non-white leaders are expected to succeed despite incompetence.[25]

The stage for diversity bias is set by **prejudice**—which is the display of negative, irrational opinions and attitudes regarding members of diverse populations. An example of bias is lingering prejudice against working mothers. The nonprofit Families and Work Institute reported that in 1977 49% of men and 71% of women believed that mothers can be good employees; by 2008 the figures had risen to 67% and 80%.[26] Don't you wonder why there isn't 100% support for working mothers? And, how do you account for a study that sent faux résumés to recruiters and found that the least desirable candidates were women with children?[27]

Prejudice becomes active **discrimination** when minority members are unfairly treated and denied the full benefits of organizational membership. One example of discrimination is a manager inventing reasons not to interview a minority job candidate. Another example is a supervisor who refuses to promote a working mother for fear that parenting responsibilities will make it hard for her to do a good job. This thinking shows a subtle form of discrimination called the **glass ceiling effect**, an invisible barrier or ceiling that prevents women and minorities from rising to top jobs.

Scholar Judith Rosener warns that discrimination of any sort leads to "undervalued and underutilized human capital."[28] To avoid this problem the position of chief diversity officer, or CDO, is gaining stature in organizations. Its presence recognizes that diversity is not only a moral issue but an opportunity for real performance gains. The job of CDO is to make sure the work environment allows women and minorities to flourish, and fully utilizes their talents.[29]

Prejudice is the display of negative, irrational attitudes toward members of diverse populations.

Discrimination actively denies minority members the full benefits of organizational membership.

The **glass ceiling effect** is an invisible barrier limiting career advancement of women and minorities.

Careers and Connections

When the economy is down and employment markets are tight, the task of finding a career entry point can be daunting. It always pays to remember the importance of online résumés and job searches, and the power of social networking with established professionals. In addition, job seekers should consider internships as pathways to first-job placements. But everything still depends on the mix of skills you can offer a potential employer and how well you communicate those skills. Picture yourself in a job interview. The recruiter asks this question: "What can you do for us?" How do you reply? Your answer can set the stage for your career success . . . or something less.

British scholar and consultant Charles Handy uses the analogy of the **shamrock organization** to highlight the challenges of developing skill portfolios that fit the new workplace.[30] The first leaf in the shamrock is a core group of permanent, full-time employees who follow standard career paths. The number of people in this first leaf is shrinking.[31] They are being replaced by a second leaf of "freelancers" and "independent contractors" who offer specialized skills and talents on a contract basis, then change employers when projects are completed.[32] Full-time employees are also being replaced by a third leaf of temporary part-timers. They often work without benefits and are the first to lose their jobs when an employer runs into economic difficulties.

The fact is that you will have to succeed in a **free-agent economy**, one where people change jobs more often and work on flexible contracts with a shifting mix of employers over time. Skills like those in the nearby box must be kept up-to-date and portable.[33] They can't be gained once and then forgotten. They must be carefully maintained and upgraded all the time. All this places a premium on your capacity for **self-management**—being able to assess yourself realistically, recognize strengths and weaknesses, make constructive changes, and manage your personal development.

A **shamrock organization** operates with a core group of full-time long-term workers supported by others who work on contracts and part-time.

In a **free-agent economy** people change jobs more often, and many work on independent contracts with a shifting mix of employers.

Self-management is the ability to understand oneself, exercise initiative, accept responsibility, and learn from experience.

Early Career Survival Skills

Mastery: You need to be good at something; you need to be able to contribute real value to your employer.

Networking: You need to know people and get connected; networking with others within and outside the organization is essential.

Entrepreneurship: You must act as if you are running your own business, spotting ideas and opportunities and pursuing them.

Technology: You have to embrace technology; you have to stay up-to-date and fully utilize all that is available.

Marketing: You need to communicate your successes and progress—both yours personally and those of your work team.

Renewal: You need to learn and change continuously, always improving yourself for the future.