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11e

UNDERSTANDING MANAGEMENT

Richard L. Daft & Dorothy Marcic



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Understanding Management, Eleventh Edition
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*To my grandchildren: Nelson, Phoenix, Roman, and Samantha,
Who bring me perfume-colored taffy and rainbow-scented flowers
And fill my world with light-years of happiness.*

—Dorothy Marcic

The World of Innovative Management

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

We revised *Understanding Management*, 11th edition, with a goal of helping current and future managers find innovative solutions to the problems that plague today's organizations—whether they are everyday challenges or once-in-a-lifetime crises. The world in which most students will work as managers is undergoing a tremendous upheaval. Ethical turmoil, the need for crisis management skills, e-business and mobile commerce, economic instability, rapidly changing technologies, globalization, outsourcing, increasing government regulation, social media, global supply chains, cybercrime, and other challenges place demands on managers that go beyond the techniques and ideas traditionally taught in management courses. Managing today requires the full breadth of management skills and capabilities. This text provides comprehensive coverage of both traditional management skills and the new competencies needed in a turbulent environment characterized by economic turmoil, political confusion, and general uncertainty. *Understanding Management* focuses especially on small business and entrepreneurship. The theme of the 11th edition is the food business from farming through grocery, restaurants, and waste management. Since the typical undergraduate student is from a demographic very interested in food and its production, these new examples should be of great interest.

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

Our vision for this edition of *Understanding Management* is to present the newest management ideas for turbulent times in a way that is interesting and valuable to students while retaining the best of traditional management thinking. To achieve this vision, we have included the most recent management concepts and research and have shown the contemporary application of management ideas in organizations. At the end of many major chapter sections, we have added a "Remember This" feature that provides a quick review of the salient concepts and terms students should remember. Within each chapter, a feature called "Green Power" highlights how various organizations are responding to the growing demand for socially and environmentally responsible ways of doing business. Thoughtful or inspiring quotes within each chapter—some



from business leaders, others from novelists, philosophers, and everyday people—help students expand their thinking about management issues. The combination of established scholarship, new ideas, and real-life applications gives students a taste of the energy, challenge, and adventure inherent in the dynamic field of management. We have worked together with the Cengage staff to provide a textbook that is better than any other at capturing the excitement of organizational management.

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

Focus on Innovation: New to the 11th Edition

A primary focus for revising the 11th edition has been to relate management concepts and theories to events in today's turbulent environment by bringing in present-day issues that real-life managers face. Sections that are particularly relevant to fast-shifting current events are marked with a "Hot Topic" icon.

Learning Opportunities

The 11th edition includes several innovative pedagogical features to help students understand their own capabilities and learn what it is like to manage in an organization today. Each chapter in MindTap begins with an interactive self-assessment questionnaire that directly relates to the topic of the chapter and enables students to see how they respond to situations and challenges typically faced by real-life managers. These short questionnaires provide feedback to the students that compares them with their classmates and give students insight into how they would function in the real world of management. "Remember This" bullet-point summaries at the end of many major chapter sections give students a snapshot of the key points and concepts covered in that section. The end-of-chapter questions have been carefully revised to encourage critical thinking and application of chapter concepts, and "Apply Your Skills: Group Learning" exercises give students the opportunity to apply concepts while building teamwork skills. Ethical dilemma scenarios and our "You Make the Decision" branching activities in MindTap help students sharpen their diagnostic skills for management problem solving and thinking like a manager. Finally, the test bank has been expanded with hundreds of all-new questions.

Chapter Content

Within each chapter, many topics have been added or expanded to address the current issues that managers face. Chapter text has been tightened and sharpened to provide greater focus on

the key topics that count most for management today. The essential elements concerning operations and information technology, subject matter that is frequently covered in other courses, have been combined into an appendix for students who want more information about these topics.

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

Chapter 1 also provides solid coverage of the historical development of management and organizations. It begins with an overview of the historical struggle within the field of management to balance the machinery and the humanity of production. The chapter includes sections on managing the technology-driven workplace and managing the people-driven workplace and ends with a consideration of social business as one current answer to the historical struggle. The section on managing the technology-driven workplace includes information on big data analytics and supply chain management. Managing the people-driven workplace includes discussions of the bossless trend and using engagement to manage millennial employees.

Chapter 2 contains an updated view of current issues related to the environment and corporate culture, including a discussion of organizational ecosystems, the growing importance of the international environment, and trends in the sociocultural environment, including changing social views toward issues such as same-sex marriage and the legalization of marijuana. The chapter also describes how managers shape a high-performance culture as an innovative response to a shifting environment.

Chapter 3 takes an updated look at the shifting international landscape, including the growing clout of China and India and the proposed Trans-Pacific Partnership as well as what these changes mean for managers around the world. The chapter includes a new look at the shifting geography of the *Fortune* Global 500 companies, describes the importance of cultural intelligence (CQ) and a global mind-set, and considers communication challenges, incorporating a new discussion of the role of implicit communication. The chapter includes a section on social entrepreneurship, discusses the bottom-of-the-pyramid (BOP) concept, and considers how the global supply chain brings new ethical challenges for managers in companies based in the United States and other Western countries.

Chapter 4 makes the business case for incorporating ethical values in the organization and looks at the role that managers play in creating an ethical organization. The chapter includes an updated discussion of the state of ethical management today, the pressures that can contribute to unethical behavior in organizations, the difference between “giving” and “taking” corporate cultures, and criteria that managers can use to resolve ethical dilemmas. The chapter considers corporate social responsibility issues as well, including new discussions of conscious capitalism, greenwashing, and benefit corporations.

Chapter 5 provides a discussion of the overall planning and goal-setting process. The chapter describes the socially constructed nature of goals and how managers decide which goals to pursue. It also outlines the criteria for effective goals and talks about the value of key performance indicators. The chapter covers some of the benefits and limitations of planning and goal setting and includes a discussion of using management by means (MBM) to lessen the problem of too much pressure to attain goals. The final section describes innovative approaches to planning to help managers plan in a fast-changing environment.

Chapter 5 continues the focus on the basics of formulating and implementing strategy, including the elements of strategy and Michael E. Porter's competitive strategies. In addition, the chapter explains the Boston Consulting Group (BCG) matrix and diversification strategy.

Chapter 6 gives an overview of managerial decision making, including decision-making models, personal decision styles, and a revised and updated discussion of biases that can cloud managers' judgment and lead to bad decisions. The chapter includes a new section on quasirationality and a short discussion of the 5 Whys technique. The final section looks at innovative group decision

making, including the concept of evidence-based decision making, avoiding groupthink and escalating commitment, and using after-action reviews.

Chapter 7 discusses basic principles of organizing and describes both traditional and contemporary organizational structures in detail. The chapter includes a discussion of the strengths and weaknesses associated with each structural approach and looks at new positions such as chief digital officer (CDO) and social media director. It also offers a discussion of how companies are changing their physical space to enhance relational coordination and horizontal collaboration.

Chapter 8 focuses on the critical role of managing change and innovation in today's business environment and includes a revised and expanded discussion of disruptive innovation and the ambidextrous approach. The chapter describes the bottom-up approach to innovation and the use of innovation contests and explains the horizontal linkage model for new product development. In addition, it describes how some companies are using an innovation by acquisition strategy and discusses open innovation and crowdsourcing. The final sections of the chapter examine the reasons why many people resist change and discuss techniques for implementing change effectively.

Chapter 9 reflects the shifting role of human resource management (HRM) in today's turbulent economic environment. The chapter includes new discussions of talent management, the techniques of blind hiring and fast track hiring, and the types of training and development most desired by young professionals. The chapter also discusses pre-hire testing, using big data to make hiring or compensation decisions, acqui-hiring (acquiring start-ups to get the human talent), and using social media and internships for recruiting. The section on training and development has been updated and includes a discussion of social learning.

Chapter 9 also has a revised section that reflects the most recent thinking on organizational diversity issues. This part includes an updated discussion of demographic changes occurring in the domestic and global workforce and how organizations are responding. It also includes a new section on the challenges that minorities face in organizations, including the problem of unconscious bias. The chapter contains an expanded discussion of challenges that women face, including a revised section on the glass ceiling and the "bamboo ceiling" and delves into the importance of mentoring and employee affinity groups for supporting diverse employees.

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

Chapter 11 examines contemporary approaches to leadership, including Level 5 leadership, authentic leadership, and servant leadership. The chapter also discusses charismatic and transformational leadership, task versus relationship leadership behaviors, gender differences in leadership, the importance of leaders discovering and honing their strengths, and the role of followers. The section on leadership power has been enhanced with a discussion of the differences between *hard* versus *soft* power.

Chapter 12 covers the foundations of motivation and incorporates sections on positive versus negative approaches to motivating employees and the use of intrinsic versus extrinsic rewards. The chapter also describes motivational methods such as the making progress principle, employee engagement, and building a thriving workforce.

Chapter 13 explores the basics of good communication and includes discussions of using social media for communication, the importance of radical candor, using redundant communication for important messages, and practicing powerful body positions to enhance nonverbal communication. The chapter also discusses the role of listening and asking questions. It includes a section on creating an open communication climate and an expanded and enriched discussion of communicating to influence and persuade.

Chapter 14 takes a fresh look at the contributions that teams make in organizations. It also acknowledges that work teams are sometimes ineffective and explores the reasons for this, including such problems as free riders and lack of trust. The chapter looks at the difference between putting together a team and building teamwork, covers the types of teams, and includes a look at using technology effectively in virtual teams. It also discusses how factors such as team diversity, member roles, norms, and team cohesiveness influence effectiveness. The section on team norms has been enriched by a discussion of the value of promoting norms of psychological safety and equal participation for effective teamwork. There is also a section on negotiation and managing conflict, including an explanation of task versus relationship conflict and a new look at different ways of expressing conflict.

Chapter 15 provides an overview of financial and quality control, including the feedback control model, Six Sigma, International Organization for Standards (ISO) certification, and use of the balanced scorecard. The chapter includes a discussion of zero-based budgeting, an explanation of quality partnering, and a step-by-step benchmarking process. The chapter also addresses the current issue of electronic monitoring.

You can find an appendix, “Managing Start-Ups and New Ventures” in the eBook.

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

Organization

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

Part 1 introduces the world of management, including the nature of management, issues related to today’s chaotic environment, historical perspectives on management, and the technology-driven workplace.

Part 2 examines the environments of management and organizations. This section includes material on the business environment and corporate culture, the global environment, and ethics and social responsibility.

Part 3 presents two chapters on planning, including organizational goal setting and planning, strategy formulation and execution, and the decision-making process.

Part 4 focuses on organizing processes. These chapters describe dimensions of structural design, the design alternatives that managers can use to achieve strategic objectives, structural designs for promoting innovation and change, the design and use of the human resource function, and how the approach to managing diverse employees is significant to the organizing function.

Part 5 is devoted to leadership and control. The section begins with a chapter on understanding individual behavior, including self-awareness and self-understanding. This foundation paves the way for subsequent discussions of leadership, motivation of employees, communication, and team management.

Part 6 describes the controlling function of management, including basic principles of total quality management (TQM), the design of control systems, and the difference between hierarchical and decentralized control.

Innovative Features

The major goals of this solution are to offer better ways to convey management knowledge to the reader, while providing opportunities for students to “think and act like a manager”. To this end, the book and MindTap® include several innovative features that draw students in and help them contemplate, absorb, and apply management concepts. Cengage has brought together a team of experts to create and coordinate color photographs, video cases, beautiful artwork, and learning activities for the best management textbook and digital learning solution on the market.

Text and Ebook Features

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

Self-Assessments. Available in the book/e-book and MindTap, self-assessments grab students' attention immediately by giving them a chance to participate in the chapter content actively. The students answer personal questions related to the topic and score the assessment based on their answers. These self-assessments provide insight into what to expect and how students might perform in the world of the new manager.

Take Action. At strategic places within the chapter, students are invited to “Take Action” to complete a self-assessment that relates to the concepts being discussed.

Green Power. A “Green Power” box in each chapter highlights how managers in a specific company are innovatively addressing issues of sustainability and environmental responsibility. Examples of companies spotlighted in these boxes include Whole Foods Market, Cargill Foods India, Burt's Bees, Enel, Coca-Cola, Acciona, Procter & Gamble, Nike, Bean and Body, Intel, and PepsiCo.

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

Contemporary Examples. Every chapter of this book contains several examples of management incidents. They are placed at strategic points in the chapter and are designed to illustrate the application of concepts to specific companies, including bossless organizations and other innovative designs. These in-text examples—indicated by the title “Sunny Side Up”—include well-known U.S. and international organizations, including Tesla Motors, the Golden State Warriors, Google, The Container Store, and General Motors (GM), as well as lesser-known companies and not-for-profit organizations, including Yokohama Nursery Company, the Ackerman Institute for the Family, Buurtzorg, and Upper West Side Yoga and Wellness.

Recipe for Success. A “Recipe for Success” box in each chapter addresses a specific topic straight from the food business that is of special interest to students. The new examples include Second Harvest Food Bank, Starbucks, and Kraft Foods as well as start-up organic farms, Vegan donut bakers, a Paleo bakery, two food trucks, craft services for a TV series, and various other small, and often scrappy, food companies. The boxes heighten student interest in the subject matter and provide an auxiliary view of management issues not typically available in textbooks.

Video Cases. Each chapter in MindTap and in the MindTap eReader includes a video case that illustrates the concepts presented in the text. These 15 “On the Job” videos (one per chapter) enhance the classroom experience by giving students the chance to hear from real-world business leaders so they can see the direct application of the management theories they have learned. Companies discussed include Tough Mudder, Bissell Brothers Brewery, Black Diamond Equipment, Camp Bow Wow, Theo Chocolate, and many more innovative organizations. Each video case explores critical managerial issues, allowing students to synthesize material they've just viewed. The video cases sections culminate with several questions that can be used to launch classroom discussion or can be assigned as homework. Suggested answers are provided in the Instructor's Manual.

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

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

Glossaries. Learning the management vocabulary is essential to understanding contemporary management. This process is facilitated in three ways. First, key concepts are boldfaced and completely defined where they first appear in the text. Second, brief definitions are set out at the end of each major section in the “Remember This” list for easy review and follow-up. Third, students can access flashcards and the glossary in the MindTap product.

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

Apply Your Skills Exercises. End-of-chapter exercises called “Apply Your Skills” provide self-tests and exercises for students and opportunities to experience management issues in a personal way. These exercises take the form of questionnaires, scenarios, and activities.

Small Group Breakout Exercises. “Apply Your Skills: Group Learning” exercises at the end of each chapter give students a chance to develop both team and analytical skills. Completing the small-group activities will help students learn to use the resources provided by others in the group, to pool information, and to develop a successful outcome together. The “Small Group Breakouts” provide experiential learning that leads to deeper understanding and application of chapter concepts.

Off-Site Learning. “Apply Your Skills: Action Learning” offers students a chance to apply concepts from the chapter either individually or in groups.

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

MindTap® Management Features

MindTap® for Daft/Marcic’s *Understanding Management*, 11th edition, is the digital learning solution that helps instructors engage and transform today’s students into critical thinkers. Through paths of dynamic assignments and applications that you can personalize, real-time course analytics, and an accessible reader, MindTap helps you turn cookie-cutter into cutting-edge, apathy into engagement, and memorizers into higher-level thinkers. The control to build and personalize your course is all yours, letting you focus on the most relevant material while also lowering costs for your students. Stay connected and informed in your course through real-time student tracking that provides the opportunity to adjust the course as needed based on analytics of interactivity in the course.

Online Self-Assessments. Each chapter starts with short interactive self-assessment questionnaires. Students see how they respond to situations and challenges typically faced by real-life managers and get feedback that compares them with their classmates and provides insight into how they would function in the real world.

Videos. Concept clips help students gain understanding from short, detailed animations that address core concepts with narrated audio. These videos are found in MindTap and the MindTap eReader. On the Job videos give students an inside look into various companies and organizations.

Chapter Assignment. Auto-graded questions powered by *Aplia*, offer detailed feedback and a rotating pool of questions of varying complexity to help students learn to think like managers.

Chapter Quiz. These quizzes test students’ knowledge of chapter concepts.

You Make the Decision. These activities let students make real-world business decisions and experience the results of their decisions to help them think like managers.

Experiential Team Task Exercises. Team Tasks (group projects) are designed to develop collaboration, communication and critical thinking skills. Powered by *YouSeeU*, instructors are provided with options for grading and rubrics, and options for setting up and monitoring groups. Students leverage tools for scheduling meetings, collaborating, setting milestones, and uploading documents or videos.

Study Tools: Practice Tests. Students can select which chapters or sections to include in a practice test that mimick's the test experience.

Affordable and Flexible Options for Students



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Students can also use Cengage.com to select from rent or buy options for the textbook, ebook and MindTap.

Of Special Interest to Instructors

Instructors will find a number of valuable resources available on our online instructor resource center accessed through Cengage.com. These include the following:

Instructor's Manual. Designed to provide support for instructors new to the course as well as innovative materials for experienced professors, the Instructor's Manual includes chapter outlines, annotated learning objectives, lecture notes, and sample lecture outlines. In addition, the Instructor's Manual includes answers and teaching notes to end-of-chapter materials.

Cengage Testing Powered by Cognero. Cognero is a flexible online system that allows you to author, edit, and manage test bank content from multiple Cengage solutions; create multiple test versions in an instant; and deliver tests from your LMS (Learning Management System), your classroom, or wherever you want. The test bank has been expanded with hundreds of new questions.

PowerPoint Lecture Presentation. The PowerPoint Lecture Presentation enables instructors to customize their own multimedia classroom presentation. The material is organized by chapter and can be modified or expanded for individual classroom use.



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Richard L. Daft
Nashville, Tennessee

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Dorothy Marcic
New York, NY



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Courtesy of the Author

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



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PART 1

Chapter 1

The World of Innovative Management



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The Basic Functions of Management

Organizational Performance

Management Skills
When Skills Fail

What Is a Manager's Job Really Like?

- Making the Leap: Becoming a New Manager
- Manager Activities
- Manager Roles

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The Evolution of Management Thinking

The Historical Struggle: The Things of Production Versus the Humanity of Production

Classical Perspective

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- Administrative Principles
- Management Science

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- Early Advocates
- Human Relations Movement
- Human Resources Perspective
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- Systems Thinking
- Contingency View

Innovative Management Thinking into the Future

- Managing the New Technology-Driven Workplace
- Managing the New People-Driven Workplace

The Historical Struggle: Is Social Business the Answer?

Learning Outcomes

After studying this chapter, you should be able to:

- 1.1** Describe five management competencies that are becoming crucial in today's fast-paced and rapidly changing world.
- 1.2** Define the four management functions and the type of management activity associated with each.
- 1.3** Explain the difference between efficiency and effectiveness and their importance for organizational performance.
- 1.4** Describe technical, human, and conceptual skills and their relevance for managers.
- 1.5** Describe management types and the horizontal and vertical differences among them.
- 1.6** Summarize the personal challenges involved in becoming a new manager.
- 1.7** Define 10 roles that managers perform in organizations.
- 1.8** Explain the unique characteristics of the manager's role in small businesses and nonprofit organizations.
- 1.9** Summarize the historical struggle between managing the "things of production" and the "humanity of production."
- 1.10** Describe the major components of the classical and humanistic management perspectives.
- 1.11** Discuss the management science approach and its current use in organizations.
- 1.12** Explain the major concepts of systems thinking and the contingency view.
- 1.13** Provide examples of contemporary management tools and explain why these trends change over time.
- 1.14** Describe the management changes brought about by a technology-focused workplace, including the role of big data analytics and supply chain management.
- 1.15** Explain how organizations are implementing the ideas of bossless workplaces and employee engagement to facilitate a people-focused workplace.
- 1.16** Explain how social business is bridging the historical struggle between managing the "things of production" and the "humanity of production."

Are You Ready To Be a Manager?

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

1 I am good at multitasking.

Mostly True ◀.....▶ Mostly False

[page 16]

2 I'd be a good manager because I enjoy telling people what to do.

Mostly True ◀.....▶ Mostly False

[Page 5]

3 I get easily distracted if I have frequent interruptions in my work.

Mostly True ◀.....▶ Mostly False

[page 17]

4 I like to be systematic when solving problems.

Mostly True ◀.....▶ Mostly False

[page 25]

5 I have a keen awareness of other people's needs.

Mostly True ◀.....▶ Mostly False

[Page 31]



Discover Your Management Approach

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

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

	Mostly True	Mostly False
1. I enjoy the feeling I get from mastering a new skill.	_____	_____
2. Working alone is typically better than working in a group.	_____	_____
3. I like the feeling I get from winning.	_____	_____

To complete and score the entire assessment, visit [MindTap](#).

“In the late 1980s, it seemed inconceivable that Bon Jovi would last five years,” wrote one music historian. Yet more than three decades after the rock group was founded, it is still one of the world’s top-selling bands. In 2014, Jon Bon Jovi was ranked No. 4 on *Forbes*’s list of the year’s highest-paid musicians, and the December 2015 announcement of the band’s 14th album had classic rock fans eagerly anticipating another concert tour.¹ Bon Jovi has been so successful partly because its lead singer and namesake is a consummate manager. For example, as the group prepared for the launch of its most recent tour, Jon Bon Jovi was hidden away in the arena at the Mohegan Sun casino in Uncasville, Connecticut, for days, overseeing nearly 100 people organized into various teams such as lighting, sound, and video. It is an activity that he performs again and again when the band is touring, managing a tightly coordinated operation similar to setting up or readjusting a production line for a manufacturing business. Yet Bon Jovi is also performing other management activities throughout the year—planning and setting goals for the future, organizing tasks and assigning responsibilities, influencing and motivating band members and others, monitoring operations and finances, and networking inside and outside the organization (in perhaps the most prestigious example, he was appointed to President Barack Obama’s White House Council for Community Solutions). *Efficiency* and *effectiveness* are key words in his vocabulary. “Jon is a businessman,” said former comanager David Munns. “He knows how to have a great-quality show, but he also knows how to be efficient with money.”²

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

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

In the past, many managers exercised tight control over employees. But the field of management is undergoing a revolution that asks managers to do more with less, to engage employees' hearts and minds as well as their physical energy, to see change rather than stability as natural, and to inspire vision and cultural values that allow people to create a truly collaborative and productive workplace. This textbook introduces and explains the process of management and the changing ways of thinking about the world that are critical for managers.

Management matters, as substantiated by a McKinsey Global Institute study. In collaboration with the Centre for Economic Performance at the London School of Economics and partners from Stanford and Harvard Universities, McKinsey collected data over a dozen years from roughly 14,000 organizations in more than 30 countries. The data show that well-managed companies have higher productivity, higher market value, and greater growth, as well as a superior ability to survive difficult conditions.⁴ By reviewing the actions of some successful and not-so-successful managers, you will learn the fundamentals of management. By the end of this chapter, you will recognize some of the skills that managers use to keep organizations on track, and you will begin to understand how managers can achieve astonishing results through people. By the end of this book, you will understand the fundamental management skills for planning, organizing, leading, and controlling a department or an entire organization.

1-1 Management Competencies for Today's World

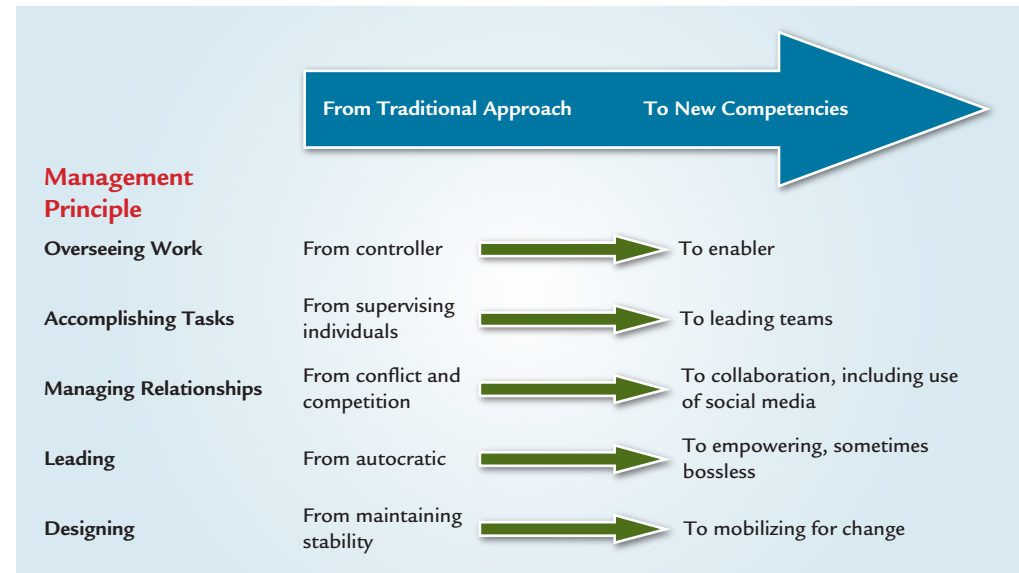
Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources as Jon Bon Jovi does for his rock band and as chairman of the Jon Bon Jovi Soul Foundation, a nonprofit organization that supports community efforts to combat poverty and homelessness. You will learn more about these four basic management functions later in this chapter.

There are certain elements of management that are timeless, but environmental shifts also influence the practice of management. In recent years, rapid environmental changes have caused a fundamental transformation in what is required of effective managers. Technological advances such as social media and mobile apps, the move to a knowledge/information-based economy, the rise of virtual work, global market forces, the growing threat of cyber crime, and shifting employee and customer expectations have led to a decline in organizational hierarchies and more empowered workers, which calls for a new approach to management that may be quite different from managing in the past.⁵ Exhibit 1.1 shows the shift from the traditional management approach to the new management competencies that are essential in today's environment.

Instead of being a *controller*, today's effective manager is an *enabler* who helps people do and be their best. Today's managers learn to "design the rules of the game without specifying the actions of the players."⁶ Managers shape the cultures, systems, and conditions and then give people the freedom to move the organization in the direction it needs to go. Managers help people get what they need, remove obstacles, provide learning opportunities, and offer feedback, coaching, and career guidance. Instead of "management by keeping tabs," they employ an empowering leadership style. Much work is done in teams rather than by individuals, so team leadership skills are crucial. People in many organizations work at scattered locations, so managers can't monitor behavior continually. Some organizations are even experimenting with a bossless design that turns management authority and responsibility over to employees. Managing relationships based on authentic conversation and collaboration is essential for successful outcomes. Social media represent a growing tool for managers to enhance communication and collaboration in support of empowered or bossless work environments. In addition, managers sometimes coordinate the work of people who aren't under their direct control, such as those in partner organizations, and they sometimes even work with competitors. They have to find common ground among people who might have disparate views and agendas and align them to go in the same direction.

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

—JOSEPH J. PLUMERI,
FORMER CHAIRMAN AND CEO
OF WILLIS GROUP HOLDINGS

Exhibit 1.1 State-of-the-Art Management Competencies for Today's World

Also, as shown in Exhibit 1.1, today's best managers are "future facing." That is, they design the organization and culture to anticipate threats and opportunities from the environment, challenge the status quo, and promote creativity, learning, adaptation, and innovation. Industries, technologies, economies, governments, and societies are in constant flux, and managers are responsible for helping their organizations navigate through the unpredictable with flexibility and innovation.⁷ Today's world is constantly changing, but "the more unpredictable the environment, the greater the opportunity—if [managers] have the . . . skills to capitalize on it."⁸

There are managers in all types of organizations who are learning to apply the new management skills and competencies, and you will learn about some of them throughout this textbook. Consider how coaches of the Oregon Ducks football team are applying new management ideas.

Sunny Side Up } Oregon Ducks

"It's awesome," the Oregon Ducks starting center told a reporter. "There's leadership everywhere you go. We call it horizontal leadership." Hroniss Grasu now plays for the Chicago Bears of the National Football League (NFL), but he spent four years as starting center for the University of Oregon Ducks.

The Ducks are known for doing things differently. Instead of a hierarchical organization with the head coach at the top, Ducks coaches, administrators, and players are considered equals and collaborators. When head coach Mark Helfrich was asked about the team's leadership, he quickly mentioned about 10 names of players who had stepped forward as vocal leaders. A freshman can call out a senior just as easily as a senior star can challenge a new player. The lowliest graduate assistant is treated with the same respect and esteem as a high-level staff member. "It's so different here," said player

Bralon Addison. "Everybody's just 'one' and I like that so much about this team."

Another way in which the Ducks are different is that coaches have done away with the traditional approach of yelling at players in favor of a softer, more caring method of correction and motivation. "When you put your arm around a guy and say, 'This is how it could be done better,' they understand you care about them and you just want what's best for the team," said Marcus Mariota, the Ducks Heisman Trophy-winning former quarterback. "Those guys already understand that they did wrong."

Former defensive coordinator Nick Aliotti says things weren't that way when he coached for the Ducks. "I would raise my voice at times," he admits. "But society has changed." By the end of his career with Oregon, Aliotti says he rarely raised his voice because players were no longer responding to that kind of communication.⁹

The approach the Oregon Ducks coaches use to interact with a new generation of football players is also being used more often in other types of organizations. Research has found that the “drill sergeant approach” doesn’t go over well with the “Millennial” generation (those born in the 1980s and 1990s), so managers in all types of organizations are using a softer, more collaborative style of management.¹⁰

The shift to a new way of managing isn’t easy for traditional managers who are accustomed to being “in charge,” making all the decisions, and knowing where their subordinates are and what they’re doing at every moment. Even more changes and challenges are on the horizon for organizations and managers. This is an exciting and challenging time to be entering the field of management. Throughout this book, you will learn much more about the new workplace, about the new and dynamic roles that managers are playing in the twenty-first century, and about how you can be an effective manager in a complex, ever-changing world.

Remember This

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

1-2 The Basic Functions of Management

Every day, managers solve difficult problems, turn organizations around, and achieve astonishing performances. To be successful, every organization needs good managers. The famed management theorist Peter Drucker (1909–2005), often credited with creating the modern study of management, summed up the job of the manager by specifying five tasks, as outlined in Exhibit 1.2.¹¹ In essence, managers set goals, organize activities, motivate and communicate, measure performance, and develop people. These five manager activities apply not only to top executives such as Mark Zuckerberg at Facebook, Ginni Rometty at IBM, and Kenneth Chenault at American Express but also to the manager of a restaurant in your hometown, the leader of an airport security team, a supervisor at a Web hosting service, or the director of sales and marketing for a local business.

The activities outlined in Exhibit 1.2 fall into four fundamental management functions: planning (setting goals and deciding activities), organizing (organizing activities and people), leading (motivating, communicating with, and developing people), and controlling (establishing targets and measuring performance). Depending on their job situation, managers perform numerous and varied tasks, but they all can be categorized within these four primary functions.

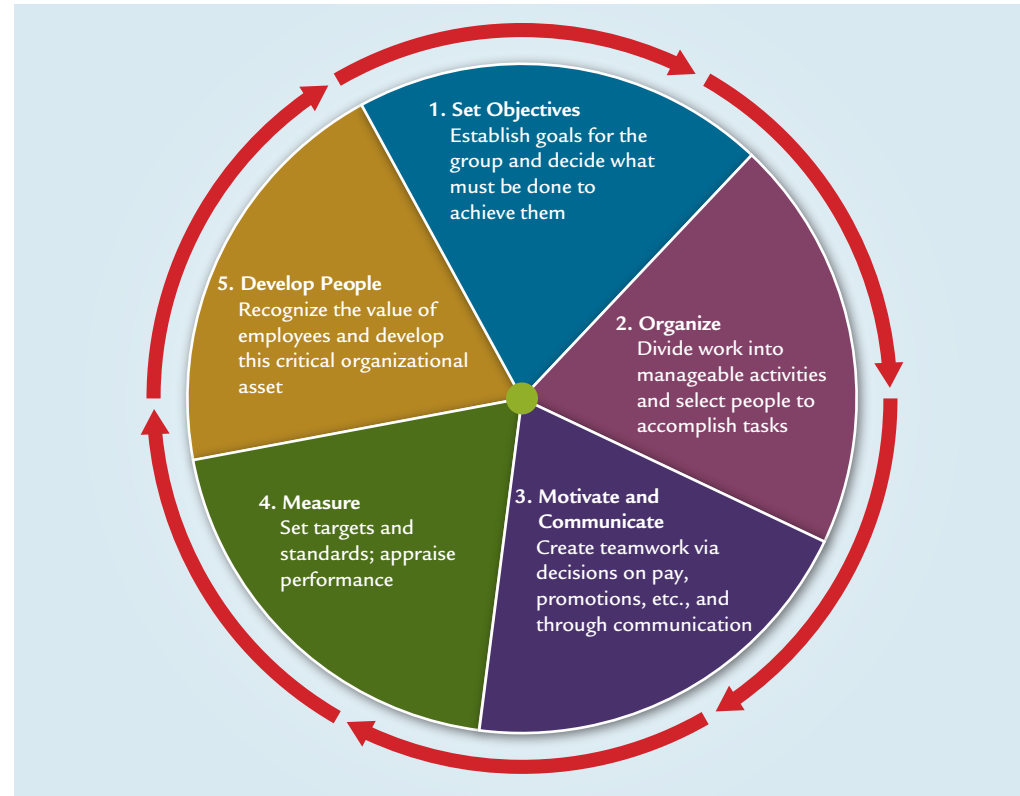
Exhibit 1.2 illustrates the process of how managers use resources to attain organizational goals through the functions of planning, organizing, leading, and controlling. Chapters of this book are devoted to the multiple activities and skills associated with each function, as well as to the environment, global competitiveness, and ethics that influence how managers perform these functions.

Ineffective control can damage an organization. A good example comes from the U.S. Secret Service, which has been embroiled in a public relations nightmare for several years, partly due to a breakdown of managerial control. For example, in March 2015, after a night out drinking,

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

—PAUL HAWKEN,
ENVIRONMENTALIST,
ENTREPRENEUR, AND AUTHOR
OF *NATURAL CAPITALISM*



Exhibit 1.2 What Do Managers Do?

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



Don Bartlett/Getty Images

Concept Connection

John Stonecipher finds that as the president and CEO of Guidance Aviation, a high-altitude flight school in Prescott, Arizona, his job involves all four management functions. Once he's charted the course for the operation (**planning**) and put all the necessary policies, procedures, and structural mechanisms in place (**organizing**), he supports and encourages his 50+ employees (**leading**) and makes sure that nothing falls through the cracks (**controlling**). Thanks to his strengths in all of these areas, the U.S. Small Business Administration named Stonecipher a National Small Business Person of the Year.

two senior agents in a government car hit a security barrier at an active bomb investigation near the White House. Although officers on duty wanted to administer a sobriety test, a supervisor told the officers to let the offending agents go home. This event, combined with numerous other allegations of agent misconduct and "morally repugnant behavior," has put the Secret Service in a harsh spotlight. Two directors have resigned under pressure, and numerous agents and top executives have been fired or demoted. One response from managers has been to create stricter rules of conduct, rules that apply even when agents are off duty.¹²

Remember This

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

1-3 Organizational Performance


The definition of management also encompasses the idea of attaining organizational goals in an efficient and effective manner. Management is so important because organizations are so important. In an industrialized society where complex technologies dominate, organizations bring together knowledge, people, and raw materials to perform tasks that no individual could do alone. Without organizations, how could technology be provided that enables us to share information around the world in an instant; electricity be produced from huge dams and nuclear power plants; and millions of songs, videos, and games be available for our entertainment at any time and place? Organizations pervade our society, and managers are responsible for seeing that resources are used wisely to attain organizational goals.

Our formal definition of an **organization** is a social entity that is goal directed and deliberately structured. *Social entity* means being made up of two or more people. *Goal directed* means designed to achieve some outcome, such as make a profit (Target Stores), win pay increases for members (United Food & Commercial Workers), meet spiritual needs (Lutheran Church), or provide social satisfaction (college sorority Alpha Delta Pi). *Deliberately structured* means that tasks are divided, and responsibility for their performance is assigned to organization members. This definition applies to all organizations, including both for-profit and nonprofit ones. Small, offbeat, and nonprofit organizations are more numerous than large, visible corporations—and just as important to society.

Based on our definition of management, the manager's responsibility is to coordinate resources in an effective and efficient manner to accomplish the organization's goals. Organizational **effectiveness** is the degree to which the organization achieves a *stated goal*, or succeeds in accomplishing what it tries to do. Organizational effectiveness means providing a product or service that customers value. Organizational **efficiency** refers to the amount of resources used to achieve an organizational goal. It is based on how much raw material, money, and people are necessary for producing a given volume of output. *Efficiency* can be defined as the amount of resources used to produce a product or service. Efficiency and effectiveness can both be high in the same organization.

Many managers are using mobile apps to increase efficiency, and in some cases, the apps can enhance effectiveness as well.¹³ For example, Square is revolutionizing small business by enabling any smartphone to become a point-of-sale (POS) terminal that allows the user to accept credit card payments. Millions of small businesses and entrepreneurs in the United States and Canada who once had to turn customers away because they couldn't afford the fees charged by credit card

Green Power



A Local Market in a Box Can a huge corporation that is frequently targeted by environmental activists be a force for social good? Coca-Cola CEO Muhtar Kent believes so. The company has set specific goals to improve the well-being of the communities in which it operates, achieve water neutrality in its products and production, and empower women entrepreneurs. One tangible project is the Ekocenter, an off-the-grid, modular “community market in a box” that is run by a local female entrepreneur. At the Ekocenter, customers can charge their mobile devices, send a fax, access the Internet, pick up educational materials on hygiene and health issues, and buy

basic products. Each Ekocenter has solar panels to provide consistent power and reduce the environmental footprint.

With plans for 150 Ekocenters in Africa, Asia, and Latin America, the purpose is to stimulate the local economies and provide some of the most remote and distressed communities in the world access to things many of us take for granted, such as safe drinking water, electric power, and Internet access. The local markets in a box will ultimately create 600 new jobs, mostly for local women entrepreneurs.

SOURCE: Based on Eric J. McNulty, “Teaching the World to Do More Than Sing,” *Strategy + Business* (September 8, 2015), <http://www.strategy-business.com/article/00358?gko=a9ace> (accessed February 15, 2016).