MANAGEMENT

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BRIEF CONTENTS

CONTENTS

PART THREE   PLANNING   210

5

Guide to the text

As you read this text you will find a number of features in every chapter to enhance your study of management and help you understand how the theory is applied in the real world.

PART OPENING FEATURES

See the **Chapter list** outlining the chapters contained in each part for easy reference.

Summarise the concepts in the chapters ahead in the **Part opener introductions**.

Understand how key concepts are connected across all chapters in the part with **NEW concept maps**.
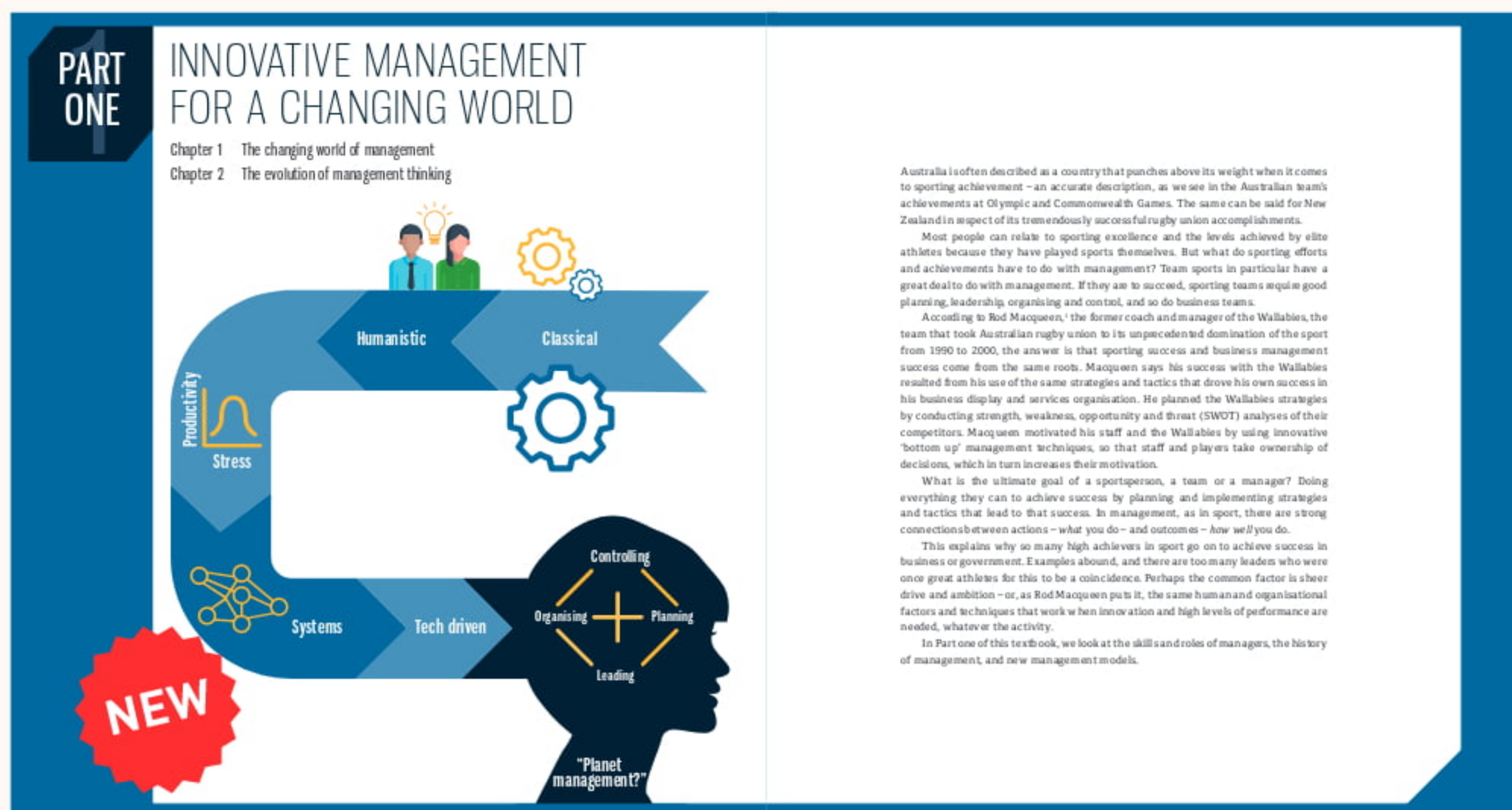
CHAPTER OPENING FEATURES

Identify the key concepts that the chapter will cover with the **Learning objectives** at the start of each chapter.

CHAPTER 03
THE ENVIRONMENT AND CORPORATE CULTURE
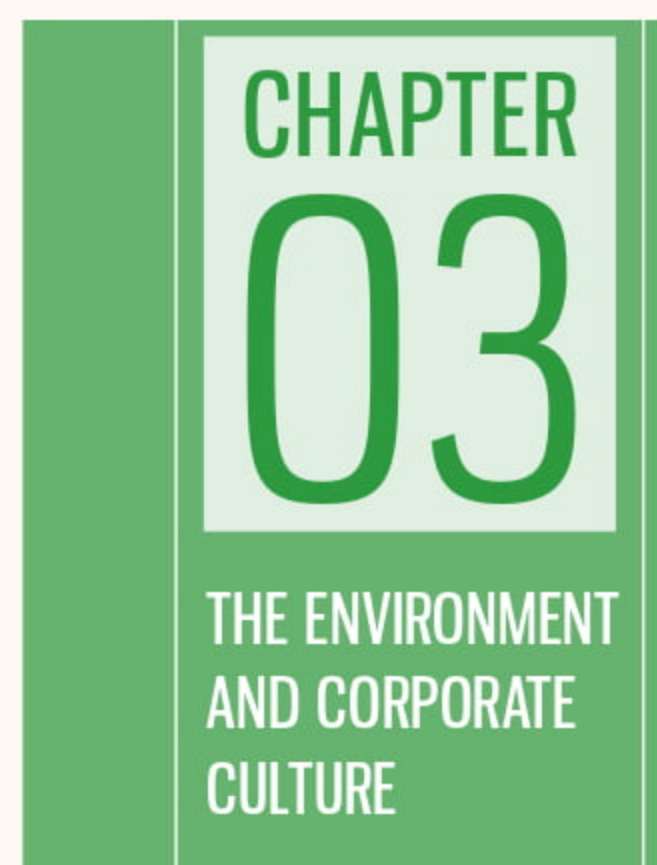
Learning objectives

After studying this chapter, you should be able to:

- LO 3.1 define an organisational ecosystem and how the general and task environments affect an organisation's ability to thrive
- LO 3.2 explain the strategies that managers use to help organisations adapt to an uncertain or turbulent environment
- LO 3.3 define corporate culture and explain organisational symbols, stories, heroes, slogans and ceremonies and their relationship to corporate culture
- LO 3.4 describe the four types of cultures and how corporate culture relates to the environment
- LO 3.5 explain the relationship between organisational culture and business performance, and strategies to shape organisational

CHAPTER OPENING FEATURES

Learn how managers are addressing the future of work in the **NEW Managing in the Future** and consider how this is changing the management industry.

Managing in the future

Technology choices in context

The environment in which we manage and work seems to be changing faster than ever before, and, looking forward, is perhaps accelerating. The threats and opportunities of technological development also appear to be accelerating. For a manager in a business that is importing or exporting products, services or components for these, they will need to take account of political forces, macroeconomic forces and new technologies in order to make their decisions effectively. Yet these factors are very hard to predict. Many managers will need to build flexibility into their plans, in order to cope with these and many other uncertainties.

Will new technologies in fields such as energy and digitalisation impact on the nature of managerial work? An example of such a managerial challenge is in how Australia Post and similar organisations have seen a huge decline in letter volumes in the past few years, which has seen them go from profitable to loss making. Fortunately, the same technologies, related to internet use, that have caused people and business to stop sending 'snail mail' have led to massive increases in online shopping that requires home delivery, where Australia Post finds itself competing with a group of logistics suppliers. This requires culture change, from having a large monopoly over letter delivery and a bureaucracy with few or no competitors, to a speed-based competitive advantage being required, as low-cost

At the end of the chapter, revisit this in the **NEW Managing in the Future: Looking Forward** and apply your understanding of key chapter concepts.

Managing in the future: looking forward

Technology choices in context

In order for managers to cope with the changes in their external and internal environment, the first thing to ensure is to keep closely and keenly aware of changes and trends. For example, which international markets will grow and which will not? Where will our services be competitive? What might be the future of tariffs in those foreign markets? On the technology front, which technologies will mature and which will not, and which developers and suppliers of those will best fit our organisation's needs and strategy? There is much information to be gathered by managers to inform their strategic decisions going forward, so we can correctly balance risk and return in pursuing our organisational goals. The revolution in digital technologies that is upon us will impact pervasively on how people work, by exercising forces from outside and within our organisations. From outside, we can increasingly expect customers, suppliers and regulatory agencies to expect digital communications to be fast and immediate, requiring our organisations to be capable of responding. Customers want to increasingly do all sorts of purchasing and consuming from their mobile phones, so if a bank, travel provider or insurance company is not up with the latest digital capability, it will lose a lot of potential business. It is also an opportunity to innovate, as did ANZ bank when it first introduced mobile banking ahead of its competitors.

Inside the organisation, young and mobile employees expect the modern organisation to be fully digitally capable in terms of how it serves them – for example, with human resources services – but also in how it conducts itself using tools such as Blockchain, Big Data and artificial intelligence. These capabilities will increasingly shape culture and influence Millennials' choices as to which company they believe will be a 'winner', that is tech savvy and

Analyse how you would respond to certain managerial situations in **Manager self-assessments** that provide insight into what to expect and how you might perform as a manager.

NEW MANAGER SELF-ASSESSMENT

Are you fit for managerial uncertainty?

Do you approach uncertainty with an open mind? Think back to how you thought or behaved during a time of uncertainty when you were in a formal or informal leadership position. Please answer whether each of the following items was mostly true or mostly false in that circumstance.

	Mostly true	Mostly false
1 Enjoyed hearing about new ideas even when working towards a deadline.		
2 Welcomed unusual viewpoints of others even if we were working under pressure.		
3 Made it a point to attend industry trade shows and company events.		
4 Specifically encouraged others to express opposing ideas and arguments.		
5 Asked 'dumb' questions.		
6 Always offered comments on the meaning of data or issues.		
7 Expressed a controversial opinion to bosses and peers.		
8 Suggested ways of improving my own and others' ways of doing things.		

Note: The self-assessment questions are based on ideas from Daft, R. L. and Lengel, R. M. (2000). *Fusion Leadership* (San Francisco: Berrett Koehler): Chapter 4; Bass, B. and Avolio, B. (2004). *Multifactor Leadership Questionnaire*, 2nd edn (Menlo Park, CA: Mind Garden, Inc.); and Weick, K. E. and Sutcliffe, K. M. (2001). *Managing the Unexpected: Assuring High Performance in an Age of Complexity* (San Francisco: Jossey-Bass).

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FEATURES WITHIN CHAPTERS

Apply the concepts discussed in the text and experiment with implementing the concept as a practising manager with the **Take a moment** margin boxes.

> **Take a moment**
> Refer to your score in the new manager self-assessment at the start of this chapter to see how well you might adapt as a new manager in an uncertain environment.
>
> **uncertainty**
> Managers know what goal they wish to achieve, but information about alternatives and future events is incomplete.
>
> ### Environmental uncertainty
>
> **Uncertainty** means that managers do not have sufficient information about environmental factors to understand and predict environmental needs and changes.[23] As indicated in **Exhibit 3.4**, environmental characteristics that influence uncertainty depend upon the number of factors that affect the organisation and the extent to which those factors change. A large multinational such as Costco has thousands of factors in the external environment creating uncertainty for managers. When external factors change rapidly, the organisation experiences very high uncertainty. Examples include the electronics and aerospace industries. Firms must make efforts to adapt to these changes.

Discover companies and managers at the forefront of innovation in the field of contemporary management practice in both an Australian and global context from the **Innovative way** boxes.

> **INNOVATIVE WAY**
>
> **Costco's winning formula**
>
> Costco Wholesale Corporation, a no-frills, self-service warehouse club, operates an international chain of membership warehouses offering a limited selection of products at reduced prices. Costco's business model focuses on maintaining its image as a pricing authority, consistently providing the most competitive prices. 'Everything we do is to provide goods and services to the customer at a lower price,' said Jim Sinegal, CEO and founder. Costco warehouses are designed to operate efficiently and to communicate value to members. The warehouse decor – high ceilings, metal roofs, exposed trusses – keeps costs low and contributes to the perception that Costco is for serious shoppers seeking serious bargains. Other strategies for keeping prices low include offering only 3600 unique products at a time and negotiating low prices with suppliers. Only about a quarter of sales come from outside the United States, but store sales in overseas markets – including Australia – have been growing about four times faster than those in the United States. Costco plans to expand

INNOVATIVE WAY

FEATURES WITHIN CHAPTERS

INNOVATIVE WAY

Analyse in-depth **Case studies** of leading practitioners applying management theory from the real-world examples.

A leadership dilemma at Timberland

Case study

In the early 1990s, Jeffrey Swartz, the then chief operating officer of Timberland, and son, nephew and grandson of the founders of the company, began transforming Timberland into a company known as much for philanthropy as for its boots. But Swartz found himself in a quandary when one of the company's bankers implied that the focus on philanthropy was hurting the company and its stakeholders. Swartz's transformation began when City Year, a non-profit agency involved in community projects such as violence prevention and AIDS education, asked for boots for its workers. Swartz convinced other Timberland executives to answer the call. Over time, Timberland provided free boots and uniforms for about 10 000 people. Visiting some of the community projects, Swartz was deeply moved by what volunteers were accomplishing. 'I saw what real power was that day', Swartz recalls. 'I didn't realise how hungry I was for that kind of purpose.'

Timberland began shutting down operations one day each year

Source: Getty Images/Michael Springer

CASE STUDY

FEATURES WITHIN CHAPTERS

CASE STUDY

Meet real Australian managers in the **Australian manager profiles** and gain an insight into some of the organisation challenges that Australian managers have had to overcome in their careers.

Susan Mizrahi, human rights advocate

'The difference between what we do and what we are capable of doing would suffice to solve most of the world's problems', said Mahatma Gandhi, in one of his many statements that has inspired me both professionally and personally.

Unlike many of my peers, I did not have a specific career goal in mind when finishing high school or even my undergraduate degree. My study of Public Relations at university led me to a position in the Victorian public service where I was privileged to work closely with Ministers on communications and high-profile events, but I felt I was capable of doing more. To the surprise of colleagues at the time, I exchanged my promising career

World Vision Australia operates in over 60 countries, striving to improve human outcomes on matters such as:

• *Community development.* World Vision works within communities and across geographical areas to help individuals and groups improve the wellbeing of children and overcome poverty. This is done through long-term projects aimed at

Australian manager profile

Source: Courtesy Susan Mizrahi

AUSTRALIAN MANAGER PROFILE

FEATURES WITHIN CHAPTERS

Analyse practical applications of management concepts in the **Management in practice** boxes which highlight specific aspects of management and offer in-depth, practical advice about how to address them in a work context.

Management in practice

Why start-ups fail

Small businesses face many challenges as they navigate through today's economy and confront issues that jeopardise their success, such as slow job growth and weak consumer confidence. It's no wonder that small business failure rates increased by 40 per cent from 2007 to 2010. To keep a small business running successfully, an entrepreneur should know how to avoid potential land mines that can knock a business off course. While it is impossible to avoid all risks, a savvy entrepreneur will be alert to the most frequent reasons small business ventures fail.

- **Poor management**. Many small business owners lack the necessary business skills to manage all areas of their business, such as finance, purchasing, inventory, sales, production and hiring. When Jay Bean founded sunglassesonly.com, he had no experience managing inventory. 'Having inventory requires you to deal with a different set of complex issues, including theft control', he said. Bean's sales plummeted during the GFC, and he closed the business in November 2010, selling the assets at a loss.
- **Overexpansion**. Some overzealous business owners confuse success with the need to expand. This may include moving into markets that are not as profitable or borrowing too much money in an attempt to keep growth at a particular rate. When the co-founders of Large Format Digital spent over US$1 million to build their own installation facility, they believed it would save them money in the long term. The business had been growing at about 60 per cent each year since 2006. Within a month of building the facility in 2008, sales dropped 50 per cent, and the company closed in March 2011.
- **Sloppy accounting**. Financial statements are the backbone of a small business, and owners need to understand the numbers to control the business. The income statement and balance sheet help diagnose potential problems

MANAGEMENT IN PRACTICE

FEATURES WITHIN CHAPTERS

Study **key terms** marked in bold and their nearby **margin definition** to learn important vocabulary for your profession. See the **Glossary** at the back of the book for a full list of key terms and definitions.

company
A legal entity created and registered by the government and existing apart from its owners.

Company

A **company** is created as a legal entity by the state and exists apart from its owners. As such, the company is liable for its actions and must pay taxes on its income. Unlike other forms of ownership, the company has a legal life of its own. It continues to exist regardless of whether the owners (shareholders) live or die. And the company, not the shareholders, is sued when the company is legally liable. Thus continuity and limits on owners' liability are two principal advantages of forming a company. For example, a doctor can form a company so that liability for malpractice will not affect his or her personal assets. The main disadvantage of the company is that it can be expensive and complex to do the paperwork required to incorporate the business and to keep the records

END-OF-CHAPTER FEATURES

At the end of each chapter you will find several tools to help you to review, practise and extend your knowledge of the key learning objectives.

Review your understanding of the Learning Objectives with the **NEW Chapter summary**.

NEW

STUDY TOOLS

CHAPTER SUMMARY

- **1.1** Becoming a new manager requires a shift in thinking from being an individual performer to playing an interdependent role of coordinating and developing others. New management competencies include the ability to be an enabler rather than a controller, using an empowering leadership style, encouraging collaboration, leading teams and mobilising for change and innovation.
- **1.2** Management is defined as the attainment of organisational goals in an effective and efficient manner through planning, organising, leading and controlling organisational resources. Managers have a very substantial impact on the outcomes of their organisations, meaning their effectiveness and competitiveness in achieving goals, and whether those outcomes are positive or negative for all stakeholders, especially employees, consumers and shareholders.
- **1.3** Managers have complex jobs that require a range of abilities and skills, often classified as conceptual, human and technical.
- **1.4** There are many different types of managerial work, depending on the level of the manager in the organisation and the responsibilities required in that role, up and down, and even across evert organisation.
- **1.5** Managers coordinate other people's activities and motivate them, which requires more skills than just being a high-performer.

Sustainable development boxes describe aspects of sustainability that are relevant to the management concepts described in each chapter.

SUSTAINABLE DEVELOPMENT

Sustainable development – a core issue for managers

For managers today, the world in which they manage is becoming more complex. This will certainly hold true in the future. Although this complexity brings new challenges it also brings new opportunities. It used to be that an acceptable and standard approach to running a business was to simply maximise profitability while not breaking the law, and behaving acceptably in terms of community expectations. There is indeed nothing wrong with this approach; but having said that, it is also true that advanced and progressive managers are doing even more than that. They are balancing the short-term need to be profitable, with the long-term opportunities to invest in initiatives that drive efficiency, stakeholder relationships and marketplace advantages. These **sustainable development** practices can lead to improvements of all kinds, often expressed in terms of the triple bottom line of organisations, that being the financial bottom line that is traditional for all organisations, plus the environmental bottom line (meaning reducing the impact of the organisation's activities on the environment) and the social/community bottom line (meaning the contribution and outcomes that the organisation creates in the communities and societies within which it operates).

sustainable development
Involves making balanced and equitable decisions so that financial, environmental and social outcomes are achieved in both the short and longer terms.

Companies that are progressive in this regard have implemented numerous initiatives aimed at achieving win–win outcomes on these bottom lines. Examples are:
1 using materials that can be effectively recycled, thus saving on the creation of new materials and

END-OF-CHAPTER FEATURES

Explore ethical issues faced by managers and apply critical thinking skills in the **Ethical challenge** boxes.

ETHICAL CHALLENGE

Can management afford to look the other way?

John Graham had been with Shellington Pharmaceuticals for 18 years. After a tour of duty in the various plants, and seven years overseas, John was back at headquarters, looking forward to his new role as director of Asia Pacific marketing.

Two weeks into his new job, John received some unsettling news about one of the managers under his supervision. Over a casual lunch conversation, the director of human resources (HR), Rose Anastasiou, mentioned that John should expect a phone call about Roger Jacobs, manager of new product development. Jacobs had a history of being 'pretty horrible' to his employees, she said, and one disgruntled employee had asked to speak to someone in senior management. After lunch, John did some follow-up work. Jacobs' performance reviews had been stellar, but his personnel file also contained a large number of notes documenting charges of Jacobs' mistreatment of employees. The complaints ranged from 'inappropriate and derogatory remarks' to subsequently dropped charges of sexual harassment. What was more disturbing was that the number as well as the severity of complaints had increased with each of Jacobs' 10 years with Shellington.

When John questioned the company CEO about the issue, he was told: 'Yeah, he's had some problems, but you just can't replace someone like him with such a great eye for new products. You're a bottom-line man; you understand why we let these things slide.' Not sure how to handle the situation, John met briefly with Jacobs and reminded him to 'keep the team's morale up'.

Just after the meeting, Rose called to let John know the problem she'd mentioned over lunch had been sorted out. However, she warned that another employee had now come forward demanding that her complaints be addressed by senior management.

WHAT DO YOU DO?

1 Ignore the problem. Jacobs' contributions to new product development are too valuable to risk losing him, and the problems over the past 10 years have always worked themselves out anyway. There's no sense starting something that could make you look bad.

2 Launch a full-scale investigation of employee complaints about Jacobs, and make Jacobs aware that the documented history over the past 10 years has put him in a precarious position.

3 Meet with Jacobs and the employee to try to resolve the current issue, then start working with Rose Anastasiou from HR and other senior managers to develop stronger policies regarding sexual harassment and treatment of employees, including clear-cut procedures for handling complaints.

Source: Based on Wallace, D. (November–December 1992). 'A Talent for Mismanagement: What Would You Do?' *Business Ethics*, 2, 3–4.

Analyse in-depth real-world management cases with the **Case for critical analysis**. Each case concludes with a set of questions that encourage you to sharpen your diagnostic skills for management problem solving.

CASE FOR CRITICAL ANALYSIS

SharpStyle Salons

Jamie Westbrook takes pride in her position as salon manager for SharpStyle Salon, one of a chain of hairdressing salons under the Gold Group umbrella. She oversees a staff of 15 including hairdressers, a nail technician, receptionists and hairdressing apprentices. Jamie enjoys a reputation as a manager who works very hard and takes care of her people. Hairdressers want to work for her.

Following the salon's new-hire policy, Jamie began as a hairdressing apprentice and quickly became a top hairdresser in the company through a combination of skill, a large and loyal client base and long hours at work. In 2016, retiring manager Carla Weems hand-picked Jamie as her successor, and the board quickly approved.

Initially, the salon, located in a suburban shopping centre, managed a strong, steady increase, holding its position as one

QUESTIONS

1 What positive and negative managerial characteristics does Jamie possess?

2 How do these traits help or hinder her potential to get the top position at the Riverwood Shopping Centre salon?

3 How do you think Jamie should have handled each of the incidents with Marianne? Holly and Carol Jean? Victoria?

4 Is this an organisation that you would like to be a manager within? Why or why not?

END-OF-PART FEATURES

The **Continuing case** at the end of each Part offers a running description of the ongoing management issues faced by Toyota. Each case segment relates to the management topics described in the preceding Part.

PART 1 CONTINUING CASE

INNOVATIVE MANAGEMENT FOR A CHANGING WORLD

By 2014, Toyota had become a very successful global automaker with 53 overseas manufacturing companies in 28 countries and regions, and vehicles sold in more than 170 countries and regions. Toyota was seen by many industries and researchers as a benchmark of 'world's best practice' in operational excellence, which in Toyota was referred to as the Toyota Production System (TPS).

More generally, Toyota built on the core values created by its founders and had implemented its 'Toyota Way' philosophy since 2001, based on two pillars of respect for people and continuous improvement, driving customer value creation and constantly pursuing perfection. These approaches have raised Toyota to a point where its vehicles were viewed by many customers as being high in their 'value proposition', based on reliability and durability, especially at the competitive price points that were offered to customers.

Yet in Australia, Toyota faced some significant challenges. Its Australian business was established in 1963, created a proud history of being the biggest selling brand in the Australian market. It was well ahead of all competitors, based mainly on the locally produced Camry and all its other imported vehicles, such as RAV4, Corolla, Landcruiser, Hilux, Prius and others. Investments had been made in new model development, new technology such as the new hybrid synergy drive for Camry. However, with the changing business environment, the ongoing viability of its Australian manufacturing operations was being questioned. The local market was small, and local costs of manufacturing were high compared with many other countries. Australia was a place that had supplied Camry vehicles to Toyota's Middle East markets for nearly 20 years, with about two thirds of the production volume from the Altona, Melbourne manufacturing facility being exported there. These 60 000 or so exported vehicles could be sourced from other Toyota plants if necessary. Australia was one of the very first plants that Toyota had established outside Japan, and Toyota had a corporate sense of loyalty to its Australian operations, where it had cut its teeth in some ways of managing manufacturing operations outside Japan, in a Western culture, some decades ago. Further, Toyota globally had corporately been expanding overseas year on year, continuously for some 50 years, apart from during the 2008–10 global financial crisis (when all automotive companies experienced economic difficulties), and was completely unused to reducing or shutting down operations or country level plants or business units, but rather was very well versed in growing, upgrading and investing in these.

The challenges facing Toyota of high local costs and a small domestic market also faced the other two companies operating in Australia, Ford and General Motors Holden (GMH). When in 2013/4, first Ford and then GMH announced the closing of their Australian operations as of 2016 and 2017 respectively, Toyota followed, because the whole supply chain and industry could not be sustained in Australia when it was 'feeding' only one assembly plant operation. So in February 2014, Toyota announced their decision to close manufacturing operations at their Altona manufacturing facility. Toyota's global president, Akio Toyoda, visited the Melbourne plant to make the plant closure announcement, which was a solemn, sad and momentous occasion for Toyota's long-serving employees, many of whom had been part of the company for over 30 years and had expected to be there until retirement.

This introduced a new challenge to Toyota executives and managers at all levels in Australia, of how to manage the operations, motivation, quality and continuous improvement in a business unit that was going to close and ultimately make over 2500 people redundant.

Despite Toyota's proud history, this was a new type of challenge for the company and its philosophies.

The company's guiding principles, first published in 1935, were still proudly posted on its corporate website (as translated from Japanese):

- 'Always be faithful to your duties, thereby contributing to the Company and to the overall good.
- 'Always be studious and creative, striving to stay ahead of the times.
- 'Always be practical and avoid frivolousness.
- 'Always strive to build a homelike atmosphere at work that is warm and friendly.
- 'Always have respect for spiritual matters, and remember to be grateful at all times.'[76]

Further, the more recently articulated Toyota Way, from 2001, was expressed as:

> The Toyota Way is supported by two main pillars: 'Continuous Improvement' and 'Respect for People'. We are never satisfied with where we are and always work to improve our business by putting forward new ideas and working to the best of our abilities. We respect all Toyota stakeholders, and

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INSTRUCTOR'S MANUAL

The **Instructor's manual** includes:

- learning objectives
- chapter outlines
- teaching tips
- tutorial activities
- case question and project solutions
- group challenge activities and exercises
- suggested class discussions and projects
- discussion questions and solutions for the video cases in MindTap for Samson's *Management*
- continuing case.

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A bank of questions has been developed in conjunction with the text for creating quizzes, tests and exams for your students. Create multiple test versions in an instant and deliver tests from your LMS, your classroom, or wherever you want using Cognero. Cognero test generator is a flexible online system that allows you to import, edit, and manipulate content from the text's test bank or elsewhere, including your own favourite test questions.

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PREFACE

Taking the lead

The world seems to be changing ever faster, with social, technological, economic and political forces reverberating around the globe every day. Volatility seems to be increasing: commodity prices that are key to the Australian economy move unpredictably and are shaken by global events. Political turbulence increased in democracies such as the United States and United Kingdom in 2017, and Europe's economic future is being partially destabilised by the UK BREXIT, after decades of stability. The unpredicted 2020 COVID-19 virus pandemic has been an economy-shattering event that has touched and shaken every organisation, both in terms of supply and demand, and dramatically changing work habits and management tasks. Globally, managing increasing numbers of refugees is a challenge for many countries. Environmental issues, particularly climate change, present major challenges to society. Unprecedented bushfires in Australia present challenging social, technical, environmental and financial problems. Managers need to know what is going on in their industries and economies on a current and ongoing basis. In Australia, New Zealand and other Asia Pacific countries, the challenges and opportunities facing managers have never been greater. New technology and globalisation mean that managers in these countries must not just be competitive with the organisation 'down the road' or across the country, but must also recognise that the only realistic standard for comparison of performance in the new millennium is 'world's best'. The demise of Australia's automotive assembly industry since 2017, after more than 50 years of operations, demonstrates the intensity of global competitive forces. In every industry, competition is becoming fiercer each month, and there are always winners and losers. Winners grow and prosper, but uncompetitive companies quickly wither away and their shareholders lose their investments, while managers and other staff lose their jobs. Not-for-profit organisations such as government service suppliers, charities and clubs must also excel in their focus and use of resources, since their employees, consumers and suppliers have high expectations of effectiveness and output.

Technological change is accelerating and driving exciting new competitive dynamics in most industries. This includes new process technologies such as manufacturing automation, and in particular the web-based and social networking technologies such as Facebook, Instagram, Google and Twitter that are making information available to people as never before. The internet has a profound effect on all forms of organisation, business and consumer behaviour. Consider how Amazon and eBay have impacted on consumer shopping habits. New business models and innovative ways to combine products and services are made possible by the internet, as well as much richer, faster, cheaper and more detailed information exchange between businesses. The cost of close coordination between organisations is lower as a result of these new technologies, leading to new networks of collaboration within supply networks. In particular, digitalisation-based technologies have arrived quickly, such that artificial intelligence, Blockchain and Big Data are presenting both opportunities and threats that managers must not ignore. As we recognise explicitly in every chapter of this book, in new sections titled 'Managing in the future', the very nature of work and how it is managed is being overhauled in most organisations. Proactive managerial strategies are needed.

Another major trend that will impact on managers and businesses all over the world is the coming of age of the Chinese economy and, behind that, India, Brazil, African nations and others. These low-wage countries, which have over half of the world's people living in them and hence huge internal developing markets, provide both opportunity and threat for all Asia Pacific–based companies and countries. In addition, political instability, terrorism, climate change and other unanticipated events, coupled with the rise of regional trade blocs and free

trade agreements, will impact substantially on the opportunities for companies to export and trade globally. Managers must be capable of planning and leading their organisations under both stable and unstable conditions.

Ethical challenges have come to the fore in recent years: Royal Commissions into key sectors of our economies such as banking and financial services, aged care and policing have found that many managers, including senior leaders, have not always met community and stakeholder standards of behaviour. Indeed, many core pillars of Australia's economy, including its large banks, were found to have been falling far short of legal and ethical standards. New regimes of regulation and corporate governance have been required. A new breed of leaders, who are truly selfless and highly ethical, are called for.

An exciting development within most economies has been the start-up ecosystem and phenomenon. New businesses are being formed in all industries by spirited entrepreneurs, often free of the bureaucracy of larger organisations, and often using new technologies that can give them competitive advantages. Yet the challenges of building new organisations and scaling them up, while simultaneously developing new goods or services and attracting customers, are very substantial, and only a small proportion succeed. Australia and New Zealand have seen many incubators and start-up hubs, with thousands of budding entrepreneurs looking to build new businesses emanating from them. These entrepreneurial people, often quite young and short on business experience, are in need of managerial expertise at least as much as those working in established businesses. When their managerial decisions and actions are poor, then even the most compelling new product ideas will likely fail to take hold, due to business dysfunction. This new generation of entrepreneurially spirited people has also presented challenges for those managing established businesses, who need to recognise how to do business with early stage businesses. A particular example is of 'FinTechs', who aim to capture a share of the financial services market via new, technologically smart services that improve the services and costs that customers can access. These are exciting new worlds for managers.

And through all this, the fundamental management requirements – being highly competent in managing people, processes, customers, products and services; devising and planning strategies; organising resources; and leading and controlling work – have not gone away and never will. Rather, they must now be conducted at higher standards than ever in order to keep customers, employees and shareholders satisfied. A further requirement comes with the challenge of 'sustainable development', of being socially and environmentally responsible, while still maximising profits and behaving with high standards of ethics and integrity.

This book gives the reader a realistic perspective of what management is and what managers really do. Management as a profession is dynamic, challenging and exciting for those who want to excel at it. Each day brings new and often unanticipated challenges despite the plans made by even the best managers and leaders. The relatively new challenges of sustainable development are integrated into every chapter of this book.

Management involves creating and conducting the affairs of organisations so as to achieve valuable outcomes for many different stakeholders, particularly staff, owners, clients and customers. In order to do this well, leaders in organisations must achieve many things at high levels – including motivating staff and themselves, ensuring that their products and services match customer requirements, efficiently managing finances and resources, and, above all else, assembling all this into an overall strategy that makes sense for all participants. Good managers need to understand and apply the fundamentals of fields as diverse as economics and psychology, as well as using various analytical techniques.

We chose a sporting theme and analogy for this book because the challenges facing managers have so much in common with those of competitive sports. In both sports and management, no matter how well you're doing, improvement is always possible. There is no such thing as the perfect tennis game, golf swing or score, and no such thing as the perfect manager or organisation. There is always room for improvement. In both sport and management, planning and strategising usually help. What are our competitors likely to be doing? What are the conditions in the field, economy or marketplace that we participate in? In both sport and management, the best-laid plans often don't come to fruition because things keep changing, so adjustments, sometimes radical, must be made to the planned business or sporting tactics. Decisions must be made under pressure – whether it's

during a tennis match or a business day – because unforeseen events occur, and unanticipated consequences develop in real time. At its extreme, this is referred to as 'crisis management'.

Finally, in both sport and management, there are always new competitors, new technologies, new strategies developing and new products that we must adapt to and find ways to turn into opportunities. Just like sport, management is dynamic and challenging. Just as new technologies, such as graphite tennis racquets and titanium golf clubs, changed those games and allowed for new levels of performance, so, too, has the internet significantly created new opportunities and business strategies. Learning and innovation are the keys. For those who excel, the personal rewards that come from the satisfaction of achievement – as well as the creation of value for many stakeholders in the community – can be immense.

While the challenges of achieving competitiveness and organisational effectiveness through excellent leadership and management have never been greater, the other side of the same coin is that for those who 'get it right', the opportunities have never been greater! Products and services can be developed by small and large companies and sold globally over the internet. Consider Apple's success with its iPhone and iPad, or the achievements of Samsung, Google or Toyota. Entrepreneurs are springing up and starting companies in all industries, challenging market leaders as never before. A small, new software company in Auckland, New Zealand, can now effectively sell and distribute its products in Sydney, Perth, Fiji, Moscow and New York – which would have been far too expensive to contemplate in the 'pre-internet' world. These new international sales or 'extended market reach' will only occur if the products and services offered by the company are competitive and provide superior value for customers.

One vital thing that all successful organisations need, no matter whether their products are very simple or incredibly sophisticated, is solid management. Even the strongest of technological leadership in a product or industry will not lead to commercial success if the enterprise that owns and controls it is not managed well.

The field of management is continually changing, yet some fundamental foundations remain the same. Demands made on today's managers go well beyond the techniques and ideas traditionally taught in management courses. The traditional management paradigm assumes that the purpose of management is to control and limit people, enforce rules and regulations, seek stability and efficiency, design a top-down hierarchy to direct people and achieve bottom-line results. The emerging paradigm recognises that today's managers need different skills to engage workers' hearts and minds, as well as take advantage of their physical labour. The emerging management paradigm focuses on *leadership*, on harnessing people's creativity and enthusiasm, finding shared vision and values, and sharing information and power. Teamwork, collaboration, participation and learning are guiding principles that help managers and employees. One of the key skills of great managers is the ability to achieve a blending and balancing of controls needed within a business with the leadership actions to achieve high levels of human motivation across the organisation. It's all about balance and 'shades of grey', not 'black and white'.

Both the new and the traditional paradigms are guiding management actions in the world today. Our vision for *Management* is to explore the new paradigm in a way that is interesting and valuable to students, while retaining the best of traditional management ideas. To achieve this vision, we have included the most recent management thinking and research, as well as the contemporary application of management ideas in organisations. 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 to provide a textbook better than any other at capturing the excitement of organisational management.

We wrote *Management* to provide a book of the highest quality – one 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 by an engaging, easy-to-understand writing style and many in-text examples and boxed items that bring concepts to life for students.

Organisation

The chapter sequence in *Management* is organised around the management functions of planning, organising, leading and controlling. These four functions effectively encompass both management research and real-life characteristics of the manager's job.

Part one introduces the world of management, including the nature of management, the emerging management paradigm, the learning organisation and historical perspectives on management.

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

Part three presents chapters on planning, including organisational goal setting and planning, strategy formulation and implementation, and the decision-making process.

Part four focuses on organising processes. These chapters describe the dimensions of structural design, the design alternatives managers can use to achieve strategic objectives, structural designs for promoting innovation and change, the design and use of the human resource function, and the ways in which managing diverse employees are significant to the organising function.

Part five is devoted to leadership. This section begins with a chapter on organisational behaviour, providing a grounding in understanding people in organisations. This foundation paves the way for subsequent discussions of leadership, motivating employees, communication and team management.

Part six describes the controlling functions of management, including basic principles of quality improvement, the design of control systems, information technology and techniques for control of operations management.

Finally, the Capstone chapter integrates many of the themes of management and considers 'best practices' in organisations, at the cutting edge of our dynamic field. It provides a practical yet integrative way to think about the 'world of work', and how to succeed in it.

Special features

One major goal of this book is to offer better ways of using the textbook medium to convey management knowledge to the reader. To this end, the book includes several special features.

- *Chapter objectives*. Each chapter begins with a clear statement of its learning objectives. This device provides an overview of what is to come and can also be used by students to see whether they understand and have retained important points.

- *Managing in the future and response*. In this new feature, we wrap each chapter with a futuristic view: first presenting readers with an assessment of where technological and other trends will be taking key aspects of management in the next few years. Each chapter provides an overview or example of how the key topics in that chapter will likely be reshaped going forward, then asks a question about that future, which is addressed at the chapter's end. The aim is to do more than just describe today's elements of management, but to stimulate thinking about the dynamic nature of management and its environment, particularly in the light of new technologies that pervade our organisations.

- *Contemporary examples from all over the Asia Pacific region – and, indeed, the world*. Every chapter contains a number of examples of real-life management incidents. These are placed at strategic points in the chapters and are designed to demonstrate the application of management concepts in specific companies. These in-text examples include well-known companies such as National Australia Bank, BHP Billiton, McDonald's, ANZ, General Electric and Google, as well as less-well-known companies and not-for-profit organisations such as Austel, Dryen Australia and TAC. These examples put students in touch with the real world of organisations so they can appreciate the value of management concepts.

- *Exhibits*. Many aspects of management are research based, and some concepts tend to be abstract and theoretical. To enhance students' awareness and understanding of these concepts, many exhibits have been included throughout the book. These exhibits consolidate key points, indicate relationships among variables and visually illustrate concepts. They also make effective use of colour to enhance their imagery and appeal.
- *Glossary*. Learning the management vocabulary is essential to understanding contemporary management. This process is facilitated in three ways. First, key terms and concepts are coloured and defined where they first appear in the text. Second, brief definitions are set out in the margin for easy review and follow-up. Third, a glossary summarising all key terms and definitions appears at the end of the book for handy reference.
- *Management in practice exercises*. Management in practice, Ethical challenge, Case for critical analysis and New manager self-assessment exercises provide students with an opportunity to experience management issues in a personal way. These exercises take the form of questionnaires, scenarios and activities.
- *Continuing case*. Each part of the book finishes with a contemporary continuing case study, of car company Toyota, which faces many managerial challenges and opportunities.

ABOUT THE AUTHORS

Danny A. Samson, BE, PhD, is Professor of Management and was Head of the Department of Management at the University of Melbourne, where he has also been Associate Dean (Development) of the Faculty of Economics and Commerce and Director of the Foundation for Sustainable Economic Development and the Centre for Manufacturing Management.

Professor Samson has been a member of a number of boards of directors, committees and industry bodies, including appointments as a member of the TAC Board, Australian Manufacturing Council and the Commonwealth Government Industry Task Force on Leadership and Management (Karpin committee). He has written eight books in the fields of decision analysis, manufacturing and production strategy, strategy, e-business and technology management. He has won research and best paper awards from leading journals, as well as teaching excellence awards, and has been Associate Editor of various management journals, such as the *Journal of Operations Management*.

His principal research interests are in the strategic competitiveness of organisations and in the effective use of operations systems towards achieving that competitiveness.

He has won numerous competitive research grants and published in a variety of journals that reflect the breadth of his research interests, including the *Academy of Management Executive, Journal of the Operational Research Society, European Journal of Operational Research, Journal of Risk and Insurance, Journal of Business Research, International Journal of Management Science, ASTIN Bulletin, Journal of Operations Management, Interfaces, Decision Sciences Journal, International Journal of Technology Management, Australian Accounting Review, Decision Support Systems* and *International Journal of Production and Operations Management*.

In addition to teaching many thousands of business and commerce students over the past 25 years, Professor Samson has conducted over 100 public education short courses in engineering management, manufacturing management, strategy, general management and professional practice management, as well as numerous executive seminars in decision analysis, business strategy, total quality and related fields, logistics and statistical analysis.

His work history includes three years as an engineer at ICI Australia, appointment as a lecturer at Australian Graduate School of Management, five years as an Assistant Professor of Business Administration at the University of Illinois, and 10 years as a professor at the Melbourne Business School, University of Melbourne.

During his career he has been a consultant to senior executives in most manufacturing industries and in numerous service sector organisations in Australia, New Zealand, the United States, the United Kingdom and Europe. These include major companies in food, building products, pharmaceuticals, aerospace, paper and printing, chemicals, processing, banking, government and other industries. He is currently a board member of the Australian Institute of Management.

Timothy Donnet, PhD, is a Lecturer in the School of Management at QUT Business School, and Deputy Student Ombudsman for QUT. Dr Donnet delivers a range of units including first-year Management and final-year Risk Management in the Bachelor of Business Management Major, Managing Self and Others in the Australia-wide postgraduate Public Sector Management Program, and Smart Decision Making in QUT Business School's MBA program. His research focuses on managerial decision making and broader policy-making networks, incorporating risk management perspectives to improve the effectiveness of governance frameworks for transport and urban infrastructure.

Having completed his PhD in 2012, Dr Donnet is relatively early in his academic career, yet has already run lectures for over 6000 undergraduate students in the field of management. He has secured commercial research