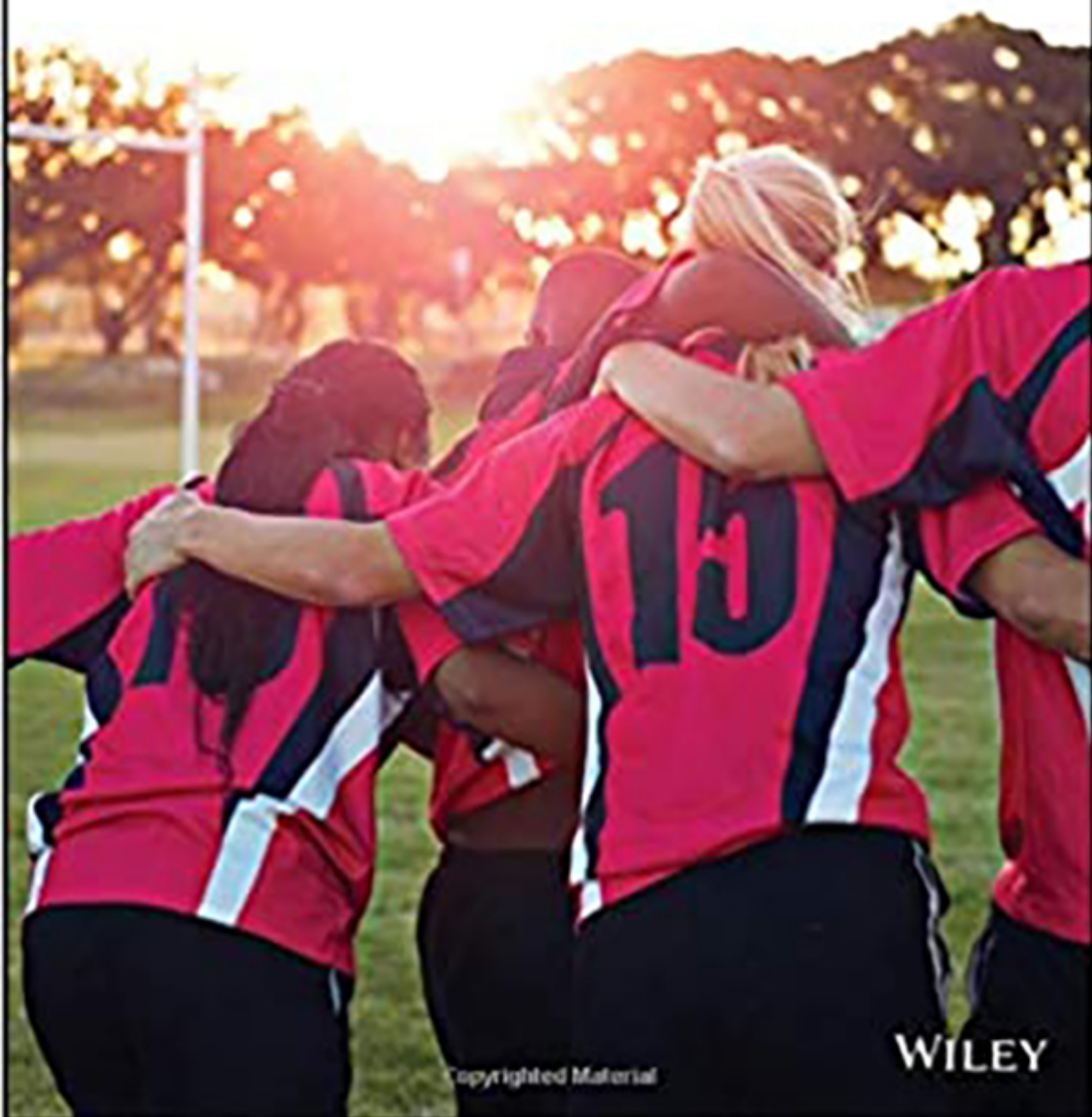


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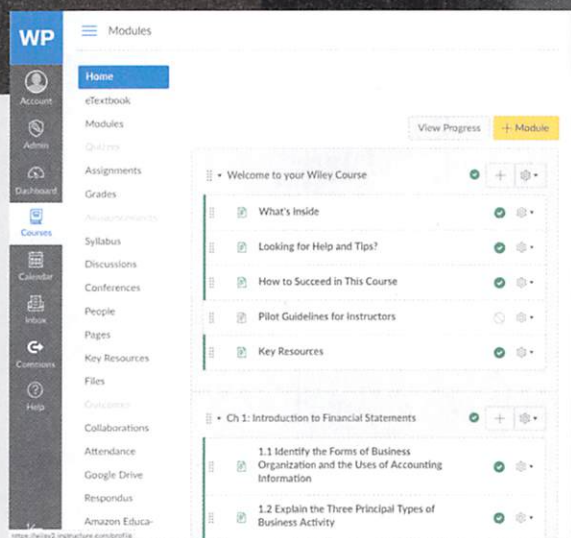
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Management

Fourteenth Edition

Management

Fourteenth Edition

JOHN R. SCHERMERHORN, JR.

Ohio University

DANIEL G. BACHRACH

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FROM JOHN TO MY SONS, JOHN CHRISTIAN AND CHARLES PORTER

*While you played
I wrote.
But always,
I was listening
and loving
you.*

1984

*It's later now.
Don't worry.
Time
means love shared,
by you
and me.*

1986

*Think
of all the fun
we have.
Here, there, everywhere,
doing things
together.*

1989

*Home,
now and forever,
will always be
wherever
I can be
with you.*

1992

*Time
has its ways,
doesn't it?
Not enough,
not enough,
I often say.*

1996

*Hurry home
when you can.
Come laughing, sons.
Tell us
your
wonderful stories.*

1999

*Songs riding winds.
Mimi,
Uncle George,
Uncle Nelson.
Whispers and choirs.
Silence speaks.*

2002

*On the mountain,
by Irish lakes,
find beauty and
peace.
Fairies dance
there.*

2004

*Mom loves
us, cats
and rainy days.
Nana and Poppy
loved us
too.*

2007

*Bookstores, museums,
stories, paintings.
And dreams.
We travel,
we laugh,
joined in life.*

2009

*While you work,
I'm starting to play
again.
Still listening,
and loving
you.*

2011

*When I
was young
I never knew
you would make
dreams
come true.*

2013

*No matter
the time
or day.
With a thought,
a memory,
I smile.*

2015

*Life's pleasures
are
twinkling stars.
Each blink is
a memory
reaching for companions.*

2019

FROM DAN

FOR JULIE, SAMMY, ELIANA, JAKEY, JESSICA, CALEB, AND LILAH—I LOVE YOU!

About the Authors



Dr. John R. Schermerhorn

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

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

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

A member of the Academy of Management, Dr. Schermerhorn was chairperson of the Management Education and Development Division. Management educators and students alike know him as author of *Exploring Management* 6e (Wiley, 2018), *Management* 13e (Wiley, 2015), and co-author of *Organizational Behavior* 13e (Wiley, 2014). Dr. Schermerhorn has also published numerous articles, including ones in the *Academy of Management Journal*, *Academy of Management Review*, *Academy of Management Executive*, *Organizational Dynamics*, *Asia-Pacific Journal of Management*, the *Journal of Management Development*, and the *Journal of Management Education*.



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Great accomplishments are much like inspired works of art. Whether one is talking about mastering technique and colors, or bringing together people, technology, and other resources in organizational systems, it is a balancing act that requires lots of skill. But the results are spectacular when goals and talent combine to create a lasting and positive impact.

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

A well-managed organization—for profit or nonprofit, large or small—can build, mix, and integrate all the beauties of human talent to achieve great things. This capacity for positive impact through people is the goal bound into the pages of *Management 14e*. It is an opportunity to gain knowledge, find inspiration, and learn practices that can help build the organizations we need to forge a better world.

Engaging with *Management 14e*

Management 14e has been revised and updated with a focus on timely content, student engagement through to real-world challenges and personal career issues, as well as instructor opportunities for enriched classroom activities and assignments.

Timely content—All chapters have been updated. Among them look for new and expanded coverage on social issues and sustainability (Chapter 4), global trade agreements and controversies (Chapter 5), data mining and analytics (Chapter 7), goal setting and goal downsides (Chapter 8 and Chapter 16), unconscious bias and microaggressions (Chapter 12), employment trends and opportunities (Chapter 13), followership and leadership (Chapter 14), personality and mood contagion (Chapter 15), and team virtuousness (Chapter 17).

Student engagement features—Student engagement is an embedded theme in *Management 14e*. Look for these chapter features that bring life to disciplinary content: *Analysis*—Make Data your Friend, *Choices*—Think Before You Act, *Ethics*—Know Right from Wrong, and *Insight*—Learn About Yourself. Each feature is designed and visually presented to attract student attention and engage them in reflection and critical thinking. Templates for turning each feature into a class activity and

individual or team take-home assignments are provided in the instructor's supporting materials.

Enriched Classroom Opportunities—The active and enriched classroom is also an embedded theme in *Management 14e*. In addition to the engagement templates offered for each chapter feature, the following end-of-chapter opportunities make it easy to bring text content to life during in-class discussions and activities, and through various individual and team assignments. The options include Evaluate Career Situations, Reflect on the Self-Assessment, Contribute to the Class Exercise, Manage a Critical Incident, Collaborate on the Team Project, and Analyze the Case Study. All of these enriching opportunities are fully supported in the instructor's materials.

Management 14e Philosophy

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

Management 14e with its rich selection of timely examples and thought-provoking features for analysis and reflection is designed for this new world of work. It is crafted to help students understand that management is real and that is an everyday part of their lives. By engaging with *Management 14e*, students explore the essentials of management while also discovering their personal potential for developing useful career skills. The content, pedagogy, and features of this edition were carefully blended to support management educators who want their students to:

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

Management 14e Pedagogy

The pedagogical foundations of *Management 14e* are based on four constructive balances that are essential to higher education for business and management.

- **The balance of research insights with formative education.** As educators we must be willing to make choices when bringing the theories and concepts of our discipline to the attention of the introductory student. We cannot do everything in one course. The goal should be to make good content choices that set the best possible foundations for lifelong learning.
- **The balance of theory with practice.** As educators we must understand the compelling needs of students to learn and appreciate the applications of the material they are reading and thinking about. We must continually bring to their attention interesting and relevant examples.
- **The balance of present understandings with future possibilities.** As educators we must continually search for the directions in which the real world of management is heading. We must select and present materials that can both point students in the right directions and help them develop the confidence and self-respect needed to best pursue them.
- **The balance of what “can” be done with what is, purely and simply, the “right” thing to do.** As educators we are role models; we set the examples. We must be willing to take stands on issues such as managerial ethics and social responsibility. We must be careful not to let the concept of “contingency” betray the need for positive “action” and “accountability” in managerial practice.

Today’s students have pressing needs for direction as well as suggestion. They have needs for application as well as information. They have needs for integration as well as presentation. And they have needs for confidence that comes from solid understanding. Our goal is to put into your hands and into those of your students a learning resource, *Management 14e*, that can help meet these needs.

Management 14e Highlights

Management 14e introduces the essentials of management as they apply to organizations and careers in a complex global society. The subject matter is carefully chosen to meet AACSB accreditation guidelines, while still allowing extensive flexibility to fit various course designs, class sizes, and delivery formats.

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

Learning Model

The *Management 14e* learning model makes it easy for students to read, study, reflect, and use critical thinking. Their attention is focused on building management skills and competencies through active learning, and on discovering that

management issues and themes permeate current events that affect everyday living.

Each chapter opens with a compelling photo and quote, followed by a learning dashboard that provides a *Quick Start* overview, list of *Key Learning Objectives*, and a *What to Look for Inside* directory. Major *Figures* within chapters provide visual support for student comprehension as concepts, theories, and terms are introduced. *Learning Checks* at the end of each major chapter segment provide students a “stop and assess” point for each learning objective. The *Management Learning Review* section at the end of each chapter helps students prepare for quizzes and exams by completing a *Takeaway Question Summary* and *Chapter Self-Test*.

Self-Reflection, Active Learning, and Critical Thinking

Within each chapter, *Thought Leadership* features present current events, timely issues, and real people and situations to build awareness and stimulate personal reflection. Examples include:

Thought Leadership

Analysis > *Make Data Your Friend*

When #MeToo Becomes Catch 22

Choices > *Think Before You Act*

Teammates Know You, But Should They Pay You?

Ethics > *Know Right from Wrong*

Social Media Searches Linked with Discrimination in Hiring

Insight > *Learn About Yourself*

Risk Taking Has Its Ups and Downs

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

Skills Make You Valuable

- **Evaluate Career Situations:**

Cross-Cultural Teamwork

- **Reflect On the Self-Assessment:**

Empowering Others

- **Contribute To the Class Exercise:**

My Best Manager

- **Manage A Critical Incident:**

Team Leader Faces Test

- **Collaborate On the Team Project:**

Globalization Pros and Cons

- **Analyze The Case Study:**

Warby Parker: Disruption with a Conscience

Management 14e Teaching and Learning Resources

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

Test Bank This comprehensive Test Bank (available on the instructor portion of the *Management 14e* website) has more than 175 questions per chapter. The true/false, multiple-choice, and short-essay questions vary in degree of difficulty. All questions are tagged with learning objectives, Bloom's Taxonomy categories, and AACSB Standards. The *Computerized Test Bank* allows instructors to modify and add questions to the master bank and to customize their exams.

PowerPoint Presentation Slides This robust set of slides can be accessed on the instructor portion of the *Management 14e* website. Lecture notes accompany each slide.

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

Video Lectures The authors are featured in these video lectures, which provide explanations of key concepts throughout the book. (*Note:* This feature is only available in WileyPLUS.)

Real-World Video Activities An exclusive new feature in WileyPLUS offers chapter-level graded

analysis activities on cutting-edge business video content from Bloomberg.

Self Tests Each chapter contains quizzes of varying levels of difficulty helps students evaluate their progress. Answers are provided at the back of the print book and in WileyPLUS.

Companion Website The *Management 14e* website at www.wiley.com/college/schermerhorn contains a myriad of tools and links to aid both teaching and learning, including resources described earlier.

WileyPlus

WileyPLUS with adaptive practice improves outcomes with robust practice problems and feedback, fosters engagement with course content and educational videos, and gives students the flexibility to increase confidence as they learn and prepare outside of class. With adaptive practice, instructors can see how their students learn best and then adjust material appropriately. For students, adaptive practice allows them to focus on their weakest areas to make study time more efficient.

WileyPLUS helps instructors:

- Save time by automating grading of practice, homework, quizzes, and exams
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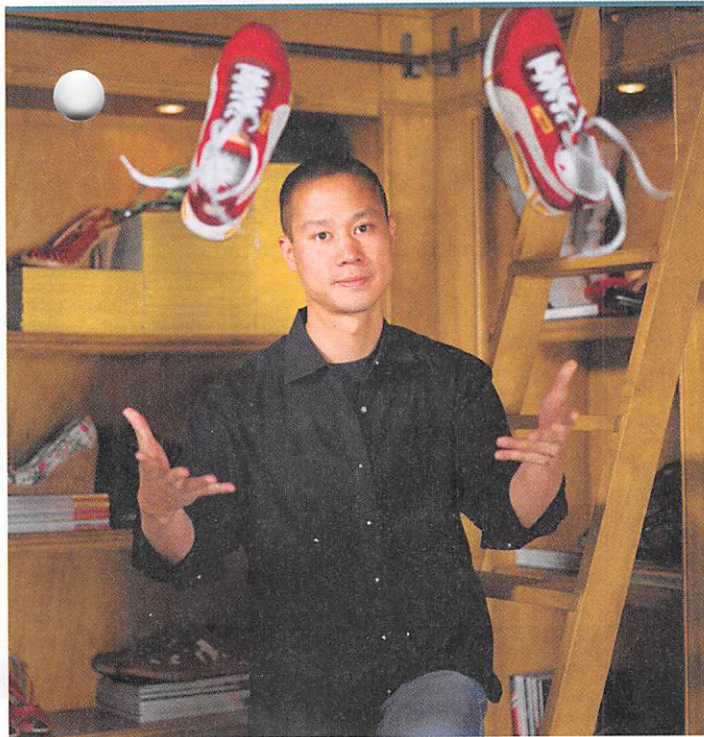
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Management, Managers, and Careers

Everyone Needs Management Skills



Brad Swonetz/Redux

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

Career Readiness – What to Look for **Inside**

Thought Leadership

Analysis > *Make Data Your Friend*
Multiple Generations Meet and Greet in the Workplace

Choices > *Think before You Act*
Want Vacation? No Problem, Take as much as You Want

Ethics > *Know Right from Wrong*
Social Media Searches Linked with Discrimination in Hiring

Insight > *Gain Self-Awareness*
Self-Awareness and the Johari Window

Skills Make You Valuable

- **Evaluate Career Situations:**
What Would You Do?
- **Reflect On the Self-Assessment:**
Career Readiness “Big 20”
- **Contribute To the Class**
Exercise:
My Best Manager
- **Manage A Critical Incident:**
Team Leader Faces Test
- **Collaborate On the Team**
Project:
The Amazing Great Job Race
- **Analyze The Case Study:**
Trader Joe’s: Keeping a Cool Edge

Chapter Quick Start

Management is part of our everyday lives. We manage ourselves, relationships, teams, and co-workers. And as the world grows more and more complex, it has never been more important to study the fundamentals of management, understand your capabilities, and build critical skills for long-term career success.

LEARNING OBJECTIVES

- 1.1 Summarize the challenges of developing and maintaining career readiness in the new economy.
- 1.2 Describe what organizations are like as work settings.
- 1.3 Discuss what it means to be a manager.
- 1.4 Explain the functions, roles, and activities of managers.
- 1.5 Summarize how we learn and use essential skills for career success.

Welcome to *Management Fourteenth edition*. The focus is on personal development for career success. We live and work in complex and changing times. Unemployment and job scarcities, financial turmoil and uncertainties, environmental challenges, and complex global economics and politics are regularly in the news. Today's organizations are rapidly changing, as are the economy and the nature of work itself. Talent and technology are core requirements for the most desired jobs. Learning, performance, and flexibility are key individual attributes, while habit, complacency, and free-riding are out. The best employers provide inspiring leadership and supportive work settings full of respect, involvement, teamwork, and rewards.¹ In return, they expect nothing but the best from those who work for them.

1.1 Career Readiness Today

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LEARNING OBJECTIVE 1.1

Summarize the challenges of developing and maintaining career readiness in the new economy.

Learn More About

Talent • Technology • Globalization • Ethics • Diversity • Careers and connections

Career readiness is a set of skills, competencies, aspirations, and goals that will advance your career, even in a rapidly changing environment.

In her book *The Shift: The Future of Work Is Already Here*, scholar Lynda Gratton challenges us to navigate many dramatic and continuing changes in the world of work. “Technology shrinks the world but consumes all of our time,” she says, “globalization means we can work anywhere, but must compete with people from everywhere.”² What does this environment of change and challenge mean for you and your career? Do you realize there’s no guarantee of long-term employment? Do you accept that the best jobs have to be earned and continually re-earned everyday through high performance? Do you understand that careers today are more and more defined by “flexibility,” “free agency,” “skill portfolios,” and “entrepreneurship?”

There’s no doubt that your success - in a career and in life - will require lots of initiative, self-awareness, resilience, and continuous learning. The question is: Are you ready? Whether your answer is strong “Yes” or a tentative “Maybe,” this book and management course can help strengthen your **career readiness**. Think of this as a set of skills, competencies, aspirations, and goals that will advance your career success, even in a rapidly changing environment.

Talent

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

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

Consider the personal implications of this **intellectual capital equation**: Intellectual Capital = Competency × Commitment.⁵ What are its insights for career success? **Competency** represents your personal talents or job-related capabilities. Although important, by itself competency won’t guarantee success. You have to be committed. **Commitment** represents how hard you work to apply your talents and capabilities to important tasks. Both are essential. It takes competency and commitment to generate intellectual capital.

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

Intellectual capital equation

Intellectual Capital = Competency × Commitment.

Competency represents your personal talents or job-related capabilities.

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

Analysis: Make Data Your Friend | 72% of college students want “a job where I can make an impact.”

Multiple Generations Meet and Greet in the New World of Work



Hero/Media Bakery

The changing and diverse mix of ages and attitudes in the workplace is putting pressure on traditional employment practices. Not only is the “9 to 5” job fast becoming a relic, job choices and expectations are bringing new dynamics to the workplace as well. Consider this set of data.

- 60% of new hires change their first jobs after three years and employers spend up to \$25,000 and more recruiting replacements.
- The best predictor of job loyalty for millennials is “a good culture fit.”

- 45% of millennials rate workplace flexibility higher than pay and 71% hope co-workers will become a “second family.”
- 68% of millennials get high scores for being enthusiastic about work, 45% for being team players, and 39% for being hardworking.
- 73% of boomer managers get high scores for being hardworking, 55% for being team players, 21% for flexibility, and 16% for inclusive leadership.
- 72% of college students say they want “a job where I can make an impact.”
- Gen Zers are entering the workforce as a new wave: 72% express desires to start their own businesses, 75% would like to make jobs out of hobbies, and 61% would like to be their own bosses.
- Gen Zers grew up with “native” tech skills but 53% express preferences for face-to-face communication versus e-mail or instant messaging.

What are the Implications?

How do these findings compare with your own career preferences or what you hear from people you know? What characteristics and practices define your ideal employer? What can employers do to attract and retain talented while keeping older generations happy? Is what’s good for today’s college graduates necessarily good for everyone? How can managers effectively integrate people with varying needs and interests so employees from different generations work together with respect and pride?

The information age—defined by technology and change—has been dominated by **knowledge workers** whose minds—their creativity and insight—are critical assets.⁶ Futurist Daniel Pink says we are advancing to where the premium is focused on “whole mind” competencies. Those who have them will be both “high concept”—creative and good with ideas—and “high touch”—joyful and good with relationships.⁷ Test yourself. Do you have the abilities to do well in a **smart workforce** whose members have both technical and human skills, and are good at working together in “communities of action” to solve ever changing problems?⁸ Mastering these challenges requires ongoing development of multiple skill sets that will always keep your personal competencies aligned with emerging job trends.

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

Members of a **smart workforce** have both technical and human skills, and work in “communities of action” to share tasks and solve problems.

Technology

Technology continuously tests our talents and enters into every aspect of our lives. And it’s much more than Skype, Twitter, Instagram, Facebook, Whatsapp, Tumblr and the like. Sure we struggle to keep up with our social media, stay connected with messaging, and deal with inboxes full of e-mail. And sure, it is likely that you are reading this “book” in digital rather than in its traditional form. But the most important issue isn’t what has already happened with how we use technology, it’s what things will look like tomorrow. We are entering the **fourth industrial age**, one where the cloud, mobile Internet, automation and robotics, and artificial intelligence are driving forces of change.⁹ Are you ready? Do you understand what all this means for your career readiness and future success?”

It is critical to build and to maintain a high **Tech IQ**—the ability to use current technologies at work and in your personal life, combined with the commitment to keep yourself updated as technology evolves. Whether you’re checking inventory, making a sale, ordering supplies,

The **fourth industrial age** is unlocking the cloud, mobile Internet, automation and robotics, and artificial intelligence as driving forces of change.

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

sourcing customers, prioritizing accounts, handling payrolls, recruiting new hires, or analyzing customer preferences, Tech IQ is essential. More and more people spend at least part of their workday “telecommuting” or “working from home” or in “mobile offices.” Workplaces are full of “virtual teams” with members who meet, access common databases, share information and files, make plans and decisions, solve problems together, and complete tasks without ever meeting face to face.

Tech IQ is a baseline foundation for succeeding in today’s smart workforce and it should be center stage in your career readiness. Even finding work and succeeding in the job selection process involves skilled use of technology. Poor communication, sloppy approaches, and under-researched attempts do not work in the world of electronic job search. Filling in your online profile with the right key words does work. Many employers use sophisticated software to scan online profiles for indicators of real job skills and experiences that fit their needs. Most recruiters today also check social media for negative indicators about applicants.

Globalization

National boundaries hardly count anymore in the world of business.¹⁰ Over 6 million Americans work in the United States for foreign employers.¹¹ We buy cars from Toyota, Nissan, BMW, and Mercedes that are assembled in America. We buy appliances from the Chinese firm Haier and Eight O’Clock coffee from India’s Tata Group. Top managers at Starbucks, IBM, Sony, Ford, and other global companies really don’t use the words “overseas” or “international” in their vocabulary. They operate as global businesses serving customers around the globe. They source materials and talent wherever in the world it can be found at the lowest cost.

These are some of the consequences of **globalization**, which is the worldwide interdependence of resource flows, product markets, and business competition.¹² Under its influence, government leaders worry about national identities and the competitiveness of nations, just as corporate leaders worry about branding and competitiveness.¹³ Today’s global economy connects countries and people in labor markets, trade networks, and financial systems. We increasingly take it for granted that customer service calls may be answered in Ghana, CT scans read by a radiologist in India, and business records maintained by accountants in the Philippines.

Of course, not everyone is happy about globalization. Take the issue of **job migration**, which is the shifting of jobs from one country to another. While the United States has been a net loser to job migration, countries like China, India, and the Philippines have been net gainers. Politicians and policymakers regularly debate the costs of globalization as local jobs disappear and communities lose economic vitality. One side pushes for protectionist government policies to stop job migration and strengthen local employers. The other side calls for patience, arguing that jobs will grow in the long run as the national economy readjusts to global realities.

The flip side of job migration is **reshoring**, which is the shift of manufacturing and jobs back home from overseas. As global manufacturing and transportation costs rise along with worries about intellectual property protection in countries like China, manufacturing firms are doing more reshoring.¹⁴ When Intel announced an expansion of its semiconductor plant in Arizona, an industry analyst said: “The huge advantage of keeping manufacturing in the U.S. is you don’t have to worry about your intellectual property walking out the door every evening.”¹⁵

Ethics

It’s old news now that Bernard Madoff was sentenced to 150 years in jail for a Ponzi scheme costing investors billions of dollars. But the message is still timely and crystal clear: Commit white-collar crime and you will be punished.¹⁶ Madoff’s crime did terrible harm to numerous individuals who lost their life savings, charitable foundations that lost millions in gifts, and employees who lost their jobs. Society also paid a large price as investors’ faith in the business system was damaged.

Although high profile, the Madoff scandal was neither a unique nor isolated case of bad behavior. Fresh scandals continue to make the news. And the issues extend beyond criminal

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

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

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

behavior and into the broader realm of **ethics**—a code of moral principles that sets standards for conduct that is “good” and “right” versus “bad” and “wrong.”¹⁷ At the end of the day we depend on individuals, working at all organizational levels, to behave in ethical ways. Even though ethics failures get most of the publicity, you’ll find many examples of managers who show good moral leadership and integrity. Believing that most CEOs are overpaid, the former CEO of Dial Corporation, Herb Baum, once gave his annual bonus to the firm’s lowest-paid workers.¹⁸ In his book *The Transparent Leader*, he argues that integrity is a key to leadership success and that an organization’s ethical tone starts at the top.

A good indicator of ethics in organizations is the emphasis given to social responsibility and sustainability practices. Patagonia, for example, states its commitment to a *responsible economy* “that allows healthy communities, creates meaningful work, and takes from the earth only what it can replenish.”¹⁹ Another ethics indicator is the strength of **corporate governance**. Think of it as the oversight of top management decisions, corporate strategy, and financial reporting by a company’s board of directors.

Ethics set moral standards of what is “good” and “right” in one’s behavior.

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

Diversity

The term **workforce diversity** describes the composition of a workforce in terms of gender, age, race, ethnicity, religion, sexual orientation, and able-bodiedness.²⁰ Members of minority groups now constitute more than one-third of the U.S. population, and women may soon outnumber men in the U.S. workforce.²¹ By the year 2050, African Americans, Native Americans, Asians, and Hispanics will be the new majority, and by 2050 the U.S. Census Bureau expects that more than 20% of the population will be at least 65 years old.

Despite these changes, the way we deal with diversity in the workplace remains complicated. Women now lead at least a dozen S&P 500 companies, but they still hold just a small

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

Ethics: Know Right from Wrong

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

Social Media Searches Linked with Discrimination in Hiring



Jakob Helbig/Cultura/Getty Images

It’s no secret that many employers gather information and impressions about job candidates from their social media feeds. It is also well known that inappropriate postings can hurt you. So much so that it’s always wise to double-check and to edit the bad things out of public profiles. But research also suggests that subtleties in social media postings can contribute to discrimination in the recruitment process.

Researchers in one study distributed 4,000 résumés to job posting sites and associated the résumés with Facebook profiles offering subtle cues—background photos and quotes, for example, on the candidates’ religion (Muslim or Christian) and sexuality (gay or straight). Results showed that Muslims (2%) were less likely to be called for follow-up interviews than Christians (17%). Sexuality cues made no significant difference in call-back rates.

It’s against U.S. employment law to use religion or sexuality as hiring criteria, but discrimination based on social media investigations can be unconscious rather than intentional, with the employer showing the bias without realizing it. Other social media cues at risk of discriminatory behavior are photos of women showing pregnancies or children, and applicants with names often associated with ethnic, racial, or religious communities.

Where Do You Stand?

Privacy settings are intended to shield from public consumption information intended only for friends. But does this go far enough to protect individual privacy? Is it ethical for employers to use social media to “peek” at the personal lives of prospective candidates? Should there be strict laws preventing them from doing so? What about individual responsibility? Shouldn’t job seekers already be informed enough to rigorously screen out potentially harmful and discriminatory information? Are job seekers at fault if negative consequences result when they don’t? How about it, is it time for you to conduct a personal social media review and edit?

The **leaking pipeline problem** occurs when women face obstacles that cause them to drop out of upward career paths.

Prejudice is the display of negative, irrational attitudes toward people who are different from us.

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

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

Implicit bias or **unconscious bias** is an embedded prejudice that is largely unconscious and that results in the discriminatory treatment of others.

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

In a **free-agent and on-demand economy** people change jobs often and take “gigs” on flexible contracts with a shifting mix of employers.

percentage of top jobs in large firms in the United States and worldwide.²² People of color hold just 11% of executive jobs and African American women hold just 2% of middle management jobs in the Fortune 500.²³ Furthermore, a McKinsey & Co. survey shows that the proportion of management jobs held by women decreases with each step up the corporate hierarchy. This **leaking pipeline problem** occurs when otherwise qualified and high-performing women face obstacles that cause them to drop out of upward career paths.²⁴

Why aren't there more women and people of color leading and moving up in organizations? To what extent does diversity bias influence recruitment, selection, and promotion decisions? Even though U.S. laws prevent such practices, the reality is that they still exist. Researchers, for example, have found that résumés with white-sounding first names like Brett receive 50% more responses from employers than equivalent résumés with black-sounding first names such as Kareem.²⁵ Researchers also note that white leaders are viewed as more successful than minority leaders, and that white leaders are perceived to succeed because of competence while non-white leaders are perceived to succeed despite incompetence.²⁶

The stage for diversity bias is set by **prejudice**—which is the display of negative, irrational opinions and attitudes toward people who are different from us. An example is lingering prejudice against working mothers. The nonprofit Families and Work Institute reported that in 2008 67% of men and 80% of women believed that mothers can be good employees.²⁷ Would there be 100% support for working mothers today? If not, why?

Prejudice becomes active **discrimination** when minorities are unfairly treated and denied the full benefits of organizational membership. How, for example, do you account for a study that sent faux résumés to recruiters and found that the least desirable candidates were women with children?²⁸ What about a supervisor who refuses to promote a working mother for fear that parenting responsibilities will make it hard for her to do a good job? Such acts of discrimination give rise to the leaking pipeline problem and create the **glass ceiling effect**, an invisible barrier or ceiling that prevents the career advancement of women and minorities.

A troublesome source of workplace discrimination is **implicit bias**, also called **unconscious bias**. It is an embedded prejudice that is largely unconscious but still results in the discriminatory treatment of others. The Kirwan Institute for the Study of Race and Ethnicity says these biases “are activated involuntarily and without an individual's awareness or intentional control.”²⁹ In other words, unconscious bias is something we aren't aware of and that affects our decisions and behaviors in ways that we don't realize. According to the Kirwan Institute, implicit biases “develop over the course of a lifetime beginning at a very early age through exposure to direct and indirect messages.”³⁰

Careers and Connections

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

British scholar and consultant Charles Handy uses the analogy of the **shamrock organization** to highlight the challenges of developing skill portfolios that fit the new workplace.³¹ The first leaf in the shamrock is a core group of permanent, full-time employees who follow standard career paths. The number of people in this first leaf is shrinking—and it's shrinking fast.³² They are being replaced by a second leaf of “freelancers” and “independent contractors” who offer specialized skills and talents on a contract basis, then change employers when projects are completed.³³ Full-time employees are also being replaced by a third leaf of temporary part-timers. They often work without benefits and are the first to lose their jobs when an employer runs into economic difficulties.

The fact is that you will have to succeed in a **free-agent and on-demand economy**, where people change jobs often and take “gigs” on flexible contracts with a shifting mix of

employers over time. They must be carefully maintained and upgraded continuously. All this places a premium on your capacity for **self-management**—being able to assess yourself realistically, recognize strengths and weaknesses, make constructive changes, and manage your personal development. Take a moment to consider the early career survival skills listed here.³⁴

- **Mastery:** You need to be good at something; you need to be able to contribute real value to your employer.
- **Networking:** You need to know people and get connected; networking with others within and outside the organization is essential.
- **Entrepreneurship:** You must act as if you are running your own business, spotting ideas and opportunities and pursuing them.
- **Technology:** You have to embrace technology; you have to stay up-to-date and fully utilize all that is available.
- **Marketing:** You need to communicate your successes and progress—both yours personally and those of your work team.
- **Renewal:** You need to learn and change continuously, always improving yourself for the future.

Connections really count in the free-agent economy. They open doors to opportunities and resources that otherwise wouldn't be available. People with connections have access to valuable information about jobs and often get more interviews and better jobs than those without connections. While in the past the best connections may have been limited to people who had gone to the "right" kinds of schools or came from the "right" kinds of families, this is no longer the case. **Social networking** tools—such as LinkedIn, Facebook, and Reddit—that bring together users with similar interests have become a great equalizer. They make connecting much easier and more democratic than ever before. Importantly, they can help you make connections for job searches and career advancement.

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

Social networking is the use of dedicated websites and applications to connect people having similar interests.

Learning Check

LEARNING OBJECTIVE 1.1

Summarize the challenges of working in the new economy.

Be Sure You Can • describe how intellectual capital, ethics, diversity, globalization, technology, and the changing nature of careers influence working in the new economy • define *intellectual capital*, *workforce diversity*, and *globalization* • explain how prejudice, discrimination, and the glass ceiling can hurt people at work

1.2 Organizations

LEARNING OBJECTIVE 1.2

Describe what organizations are like as work settings.

Learn More About

Organizational purpose • Organizations as systems • Organizational performance • Changing nature of organizations

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As pointed out earlier, what happens from this point forward in your career is largely up to you. So, let's start with organizations. In order to make good employment choices and perform well in a career, you need to understand the nature of organizations and recognize how they work as complex systems.

Organizational Purpose

An **organization** is a collection of people working together to achieve a common purpose.

An **organization** is a collection of people working together to achieve a common purpose. It enables its members to perform tasks far beyond any single individual. This description applies to organizations of all sizes and types from large corporations to small businesses, as well as nonprofit organizations such as schools, government agencies, and community hospitals.

The broad purpose of any organization is to provide goods or services valued to customers and clients. A clear sense of purpose tied to “quality products and services,” “customer satisfaction,” and “social responsibility” can be an important source of organizational strength and performance advantage. IBM’s former CEO, Samuel Palmisano, once said: “One simple way to assess the impact of any organization is to ask the question: How is the world different because it existed?”³⁵ Whole Foods founder John Mackey answers by saying: “I think that business has a noble purpose. It means that businesses serve society. They produce goods and services that make people’s lives better.” On the Whole Foods website this is stated as a commitment to “Whole Foods—Whole People—Whole Planet.”³⁶

Organizations as Systems

An **open system** transforms resource inputs from the environment into product outputs.

All organizations are **open systems** that interact with their environments. They do so in a continual process of obtaining resource inputs—people, information, resources, and capital—and transforming them into outputs in the form of finished goods and services for customers.³⁷

As shown in **Figure 1.1**, feedback from the environment indicates how well an organization is doing and influences future actions. When Starbucks started a customer blog, for example, requests for speedier service popped up. The company quickly made changes that eliminated required signatures on credit card charges less than \$25. Salesforce.com is another company that thrives on feedback. It set up a website called Idea Exchange to get customer suggestions, even asking them at one point to vote on a possible name change—the response was “No!”³⁸ Gathering and listening to customer feedback is important; without loyal customers, a business can’t survive. When you hear or read about bankruptcies, they are stark testimonies to this fact of the marketplace.

Organizational Performance

Organizations create value when they use resources to produce good products and take care of their customers. When operations add value to the original cost of resource inputs, then a

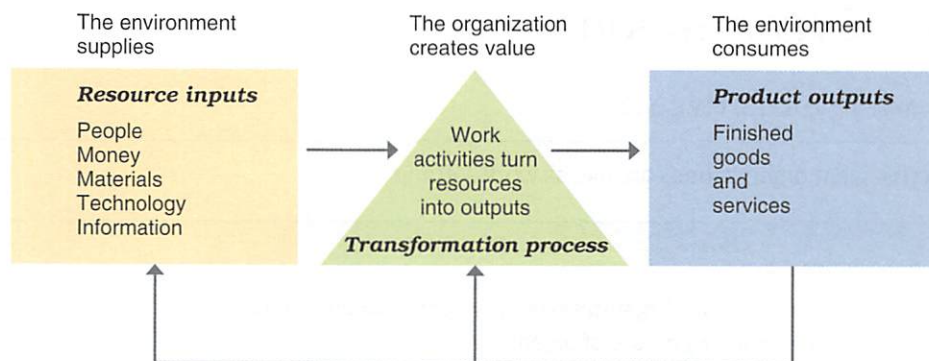


FIGURE 1.1 Organizations as open systems interacting with their environments.

business can earn a profit—selling a product for more than the costs of making it, and a non-profit organization can add wealth to society—providing a public service like fire protection that is worth more than its cost.

One of the most common ways to assess performance is **productivity**. It measures the quantity and quality of outputs relative to the cost of inputs. And as **Figure 1.2** shows, productivity involves both performance effectiveness and performance efficiency.

Performance effectiveness is an output measure of task or goal accomplishment. If you are working as a software engineer for a computer game developer, performance effectiveness may mean that you meet a daily production target in terms of the quantity and quality of lines of code written. This productivity helps the company meet customer demands for timely delivery of high-quality gaming products.

Performance efficiency is an input measure of the resource costs associated with goal accomplishment. Returning to the gaming example, the most efficient software production is accomplished at a minimum cost in materials and labor. If you produce fewer lines of code in a day than you are capable of, this amounts to inefficiency; if you make lots of mistakes that require extensive rewrites, this is also inefficient work. Inefficiencies drive up costs and reduce productivity.

Productivity is the quantity and quality of work performance, with resource utilization considered.

Performance effectiveness is an output measure of task or goal accomplishment.

Performance efficiency is an input measure of resource cost associated with goal accomplishment.

Changing Nature of Organizations

Change is a continuing theme in our society, and organizations are no exception. The following list shows some organizational trends and transitions relevant to the study of management.³⁹

- *Focus on valuing human capital:* The premium is on high-involvement work settings that rally the knowledge, experience, and commitment of all members.
- *Demise of “command-and-control”:* Traditional top-down “do as I say” bosses are giving way to participatory bosses who treat people with respect.
- *Emphasis on teamwork:* Organizations are becoming less hierarchical and more driven by teamwork that pools talents for creative problem solving.
- *Preeminence of technology:* Developments in computer and information technology keep changing the way organizations operate and how people work.
- *Importance of networking:* Organizations and their members are networked for intense, real-time communication and coordination.
- *New workforce expectations:* A new generation of workers is less tolerant of hierarchy, attentive to performance merit, more informal, and concerned for work–life balance.
- *Concern for sustainability:* Social values call for more attention on the preservation of natural resources for future generations and understanding how work affects human well-being.



FIGURE 1.2 Productivity and the dimensions of organizational performance.

Learning Check

LEARNING OBJECTIVE 1.2

Describe what organizations are like as work settings.

Be Sure You Can • describe how organizations operate as open systems • explain productivity as a measure of organizational performance • distinguish between performance effectiveness and performance efficiency • list several ways in which organizations are changing today

1.3 Managers

LEARNING OBJECTIVE 1.3

Discuss what it means to be a manager.

Learn More About

What is a manager? • Levels of managers • Types of managers • Managerial performance • Changing nature of managerial work

In an article titled “Putting People First for Organizational Success,” Jeffrey Pfeffer and John F. Veiga argue forcefully that organizations perform better when they treat their members better.⁴⁰ Managers in these high-performing organizations don’t treat people as costs to be controlled; they treat them as valuable strategic assets to be carefully nurtured and developed. So, who are today’s managers and just what do they do?

What Is a Manager?

You find them in all organizations and with a wide variety of job titles—team leader, department head, supervisor, project manager, president, administrator, and more. We call them **managers**, people who directly support, supervise, and help activate the work efforts and performance accomplishments of others. Whether they are called direct reports, team members, work associates, or subordinates, these “other people” are the essential human resources whose contributions represent the real work of the organization. And as pointed out by management scholar Henry Mintzberg, being a manager remains an important and socially responsible job. “No job is more vital to our society than that of the manager,” he says. “It is the manager who determines whether our social institutions serve us well or whether they squander our talents and resources.”⁴¹

Levels of Managers

At the highest levels of organizations we find a **board of directors** whose members are elected by stockholders to represent their ownership interests. In nonprofit organizations such as a hospital or university, this is often called a *board of trustees*, and may be elected by local citizens, appointed by government bodies, or invited by existing members. The basic responsibilities of board members are the same in both business and the public sector—to make sure the organization is well run and managed in a lawful and ethical manner.⁴²

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A **manager** is a person who supports, activates, and is responsible for the work of others.

Members of a **board of directors** or board of trustees are supposed to make sure an organization is well run and managed in a lawful and ethical manner.

Choices: Think before You Act

“We want responsible people who are self-motivating and self-disciplined, and we reward them with freedom.”

Want Vacation? No Problem, Take as Much as You Want



Gareth Cattermole/Getty Images Entertainment/Getty Images

How about a job with “unlimited” vacation? Sounds unreal, doesn’t it? But don’t be too fast to dismiss the idea. Some fashion-forward employers are already doing it. Netflix is one. The firm prizes what CEO Reed Hastings calls its “freedom and responsibility culture.” One of the things that brings this culture to life is how vacation time is handled. Hastings says this about the Netflix

culture and vacation policy: “We want responsible people who are self-motivating and self-disciplined, and we reward them with freedom. The best example is our vacation policy. It’s simple and understandable: We don’t have one. We focus on what people get done, not on how many days they worked.”

Netflix used to follow what Hastings calls a “standard vacation model,” but finally realized it was just “an industrial era habit.” He wonders why employers should track vacation days when people don’t keep track of the number of hours they work? And he sets the example. “I make sure to take lots of vacation . . .,” says Hastings, “and I do some of my creative thinking on vacation.”

While not common yet, the employer review website Glassdoor identifies a number of “cool companies” that offer unlimited vacation days. The policies vary, but Hubspot, Dropbox, Github, Workday, and KeepTruckin are among the current examples where flexible vacation time is a valued job perk.

Your Take?

So, is this approach to vacation time something that more employers should be planning? Is it the next hot thing you’re going to add to your employment “wish list”? What are the risks and limits for employers, if any? How about the “motivation” issues? Would this be a turn-on for you, something that would keep you productive and loyal? If unlimited vacation time is such a good idea, why aren’t more employers doing it?

Common job titles just below the board level are chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), chief information officer (CIO), chief diversity officer (CDO), president, and vice president. These **top managers** constitute an executive team that reports to the board and is responsible for the performance of an organization as a whole or for one of its larger parts. They are supposed to set strategy and lead the organization consistent with its purpose and mission. They must pay special attention to the external environment and stay alert to potential long-run problems and opportunities. The best top managers are strategic thinkers who make good decisions under highly competitive and uncertain conditions. A CEO at Procter & Gamble once said the job of top managers is to “link the external world with the internal organization . . . make sure the voice of the consumer is heard . . . shape values and standards.”⁴³

Reporting to top managers are **middle managers**, who are in charge of relatively large departments or divisions consisting of several smaller work units. Examples include clinic directors in hospitals; deans in universities; and division managers, plant managers, and regional sales managers in businesses. Job descriptions for middle managers may include working with top managers, coordinating with peers, and supporting lower-level team members to develop and pursue action plans that implement organizational strategies.

A first job in management typically involves serving as a **team leader** or supervisor—someone in charge of a small work group composed of non managerial workers.⁴⁴ Typical job titles for first-line managers include department head, team leader, and supervisor. The leader of an auditing team, for example, is a first-line manager, as is the head of an academic department in a university. Even though most people enter the workforce as technical specialists such as engineer, market researcher, or systems analyst, at some point they probably advance to positions of initial managerial responsibility.

Top managers guide the performance of the organization as a whole or of one of its major parts.

Middle managers oversee the work of large departments or divisions.

Team leaders report to middle managers and supervise groups of non-managerial workers.

Line managers directly contribute to producing the organization's goods or services.

Staff managers use special technical expertise to advise and support line workers.

Functional managers are responsible for one area, such as finance, marketing, production, personnel, accounting, or sales.

General managers are responsible for complex, multifunctional units.

An **administrator** is a manager in a public or nonprofit organization.

Accountability is the requirement to show performance results to a supervisor.

An **effective manager** helps others achieve high performance and satisfaction at work.

Quality of work life is the overall quality of human experiences in the workplace.

Types of Managers

Many types of managers comprise an organization. **Line managers** are responsible for work that directly contributes to the organization's outputs. For example, the president, retail manager, and department supervisors of a local department store all have line responsibilities. Their jobs in one way or another are directly related to the sales operations of the store. **Staff managers**, by contrast, use technical expertise to advise and support the efforts of line workers. In a department store chain like Nordstrom or Macy's, the corporate director of human resources and chief financial officer have staff responsibilities.

Functional managers have responsibility for a single area of activity such as finance, marketing, production, human resources, accounting, or sales. **General managers** cover many functional areas. An example is a retail store manager who oversees everything from purchasing to sales to human resources to finance and accounting. In public or nonprofit organizations managers may be called **administrators**. Examples include hospital administrators, public administrators, and city administrators.

Managerial Performance

All managers help people, working individually and in teams, to perform. They do this while being personally accountable for achieving results. Look at **Figure 1.3**. **Accountability** is the requirement of one person to answer to a higher authority for performance in their area of responsibility. As shown in the figure, accountability flows upward. The manager's or team leader's challenge is to fulfill this performance accountability while being dependent on others to do most of the work.

So, what defines excellence in managerial performance? When is a manager "effective"? A good answer is that **effective managers** help others achieve high performance and satisfaction in their work. This dual concern for performance and satisfaction introduces **quality of work life** (QWL) as an indicator of the overall quality of human experiences at work.

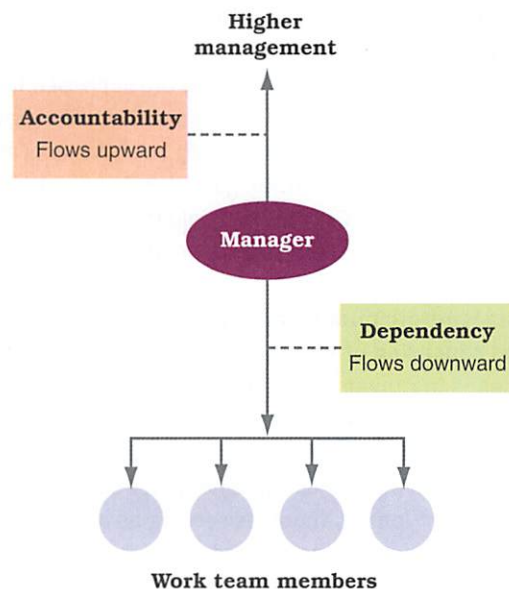


FIGURE 1.3 The Manager's Challenge – Fulfilling Performance Accountability while Dependent on Others to do the Work.

A “high-QWL” workplace offers respect, fair pay, safe conditions, opportunities to learn and use new skills, room to grow and progress in a career, and protection of individual rights and wellness.

Scholar Jeffrey Pfeffer considers QWL a high-priority issue of human sustainability. Why, he asks, don’t we give more attention to human sustainability and “organizational effects on employee health and mortality”?⁴⁵ What do you think? Should managers be accountable for performance accomplishments and human sustainability? Shouldn’t productivity and quality of working life go hand in hand?

Changing Nature of Managerial Work

When Cindy Zollinger was president and CEO of Cornerstone Research, she directly supervised and more than 20 people. But at the time she said: “I don’t really manage them in a typical way; they largely run themselves. I help them deal with obstacles and making the most of opportunities.”⁴⁶ These comments describe a workplace where the best managers are known more for “helping” and “supporting” than for “directing” and “order giving.” The words *coordinator*, *coach*, and *team leader* are heard as often as *supervisor* or *boss*.

The concept of the **upside-down pyramid** shown in **Figure 1.4** fits well with the changing mind-set of managerial work today. Notice that the operating and frontline workers are at the top of the upside-down pyramid, just below the customers and clients they serve. They are supported in their work efforts by managers below them. These managers aren’t just order-givers; they mobilize and deliver the support others need to do their jobs best and serve customer needs. Sitting at the bottom are top managers and C-suite executives; their jobs are to support everyone and everything above them. The upside-down pyramid view leaves no doubt that the entire organization is devoted to serving customers and that the job of managers is to support the workers who make this possible.

The **upside-down pyramid** view of organizations shows customers at the top being served by workers who are supported by managers.

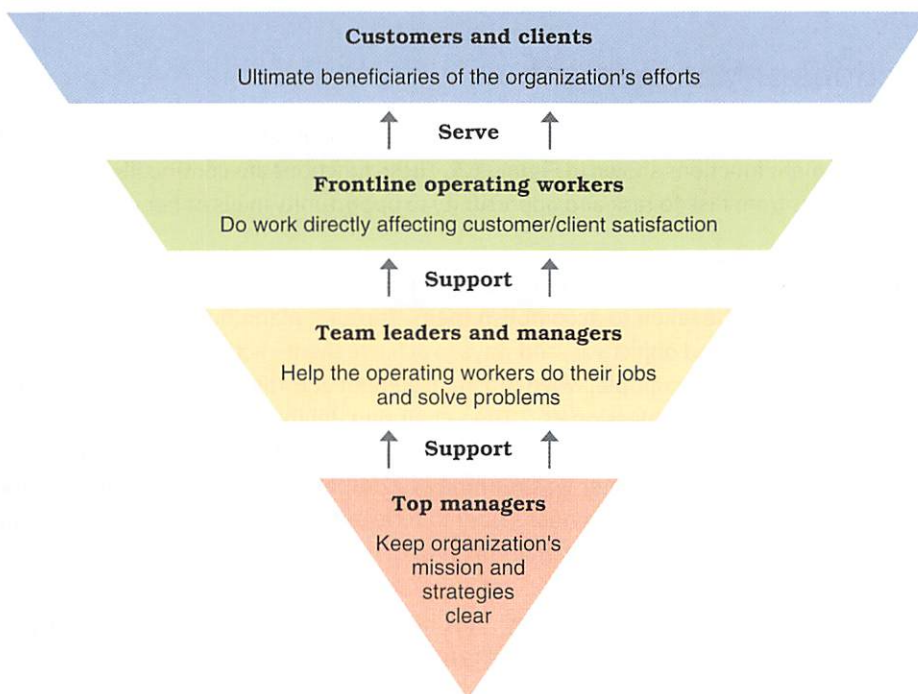


FIGURE 1.4 The organization viewed as an upside-down pyramid.

Learning Check

LEARNING OBJECTIVE 1.3

Discuss what it means to be a manager.

Be Sure You Can • describe the various types and levels of managers • define *accountability* and *quality of work life*, and explain their importance to managerial performance • discuss how managerial work is changing today • explain the role of managers in the upside-down pyramid view of organizations

1.4

The Management Process

LEARNING OBJECTIVE 1.4

Explain the functions, roles, and activities of managers.

Learn More About

Functions of management • Managerial roles and activities • Managerial agendas, networks, and social capital

The ultimate “bottom line” in every manager’s job is to help an organization achieve high performance by best utilizing its human and material resources. This is accomplished through the four functions of management in what is called the **management process** of planning, organizing, leading, and controlling.

Functions of Management

All managers, regardless of title, level, type, and organizational setting, are responsible for the four management functions shown in **Figure 1.5**. These functions are continually engaged as a manager moves from task to task and opportunity to opportunity in his or her work.

Planning **Planning** is the process of setting performance objectives and determining what actions should be taken to accomplish them. Through planning, a manager identifies desired results—goals and objectives, and ways to achieve them—action plans.

There was a time, for example, when top management at EY became concerned about the firm’s retention of female professionals.⁴⁷ Then-chairman Philip A. Laskawy launched a Diversity Task Force with the planning objective to reduce turnover rates for women. When the task force began its work, this turnover was running at 22% per year, and it cost the firm about 150% of a departing employee’s annual salary to hire and train each replacement. Laskawy considered this unacceptable and put plans in place to improve it.

Organizing Once plans are set, they must be implemented. This begins with **organizing**, the process of assigning tasks, allocating resources, and coordinating the activities of individuals and groups to accomplish plans. Organizing is how managers put plans into action by defining jobs and tasks, assigning them to responsible persons, and then providing support such as technology, time, and other resources.

At EY, Laskawy organized and chaired a Diversity Task Force to meet his planning objective. He also established a new Office of Retention and hired Deborah K. Holmes, as global director of corporate responsibility. Holmes’s office was responsible for identifying retention

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The **management process** is planning, organizing, leading, and controlling the use of resources to accomplish performance goals.

Planning is the process of setting goals and objectives and making plans to accomplish them.

Organizing is the process of defining and assigning tasks, allocating resources, and providing resource support.

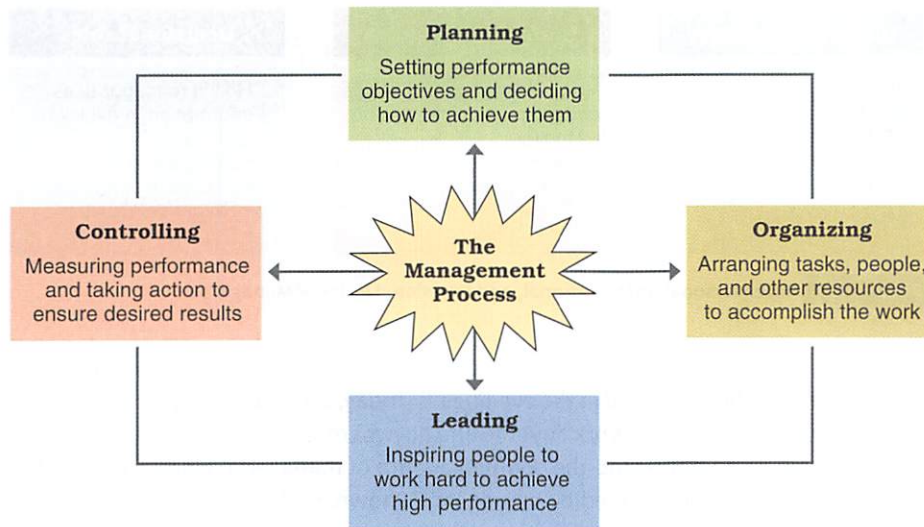


FIGURE 1.5 Four functions of management—planning, organizing, leading, and controlling.

problems, creating special task forces to tackle them, and recommend location-specific solutions to the Diversity Task Force.

Leading **Leading** is the process of raising enthusiasm and inspiring people to work hard to fulfill plans and accomplish objectives. Managers lead by building commitments to a common vision, encouraging activities that support goals, and influencing others to do their best work on the organization's behalf.

Deborah K. Holmes actively pursued her leadership responsibilities at EY. She noticed that, in addition to stress caused by intense work at the firm, women often faced more stress because their spouses also worked. She became a champion for improved work-life balance and pursued it vigorously. She started “call-free holidays” where professionals did not check voice mail or e-mail on weekends and holidays (see the Choices feature for a new approach to vacation benefits adopted by some companies.) She started a “travel sanity” program that limited staffers’ travel to four days a week so they could be home for weekends. And, she started a Woman’s Access Program to provide mentoring and career development.

Controlling The management function of **controlling** is the process of measuring work performance, comparing results to objectives, and taking corrective action as needed. Managers exercise control by staying in contact with people as they work, gathering and interpreting performance data and using this information to make positive changes. Control is critical to the management process. Things don’t always go as anticipated, and plans must often be modified and redefined to fit new circumstances.

At EY, Laskawy and Holmes documented the firm’s retention rates for women and this gave them a clear baseline so they could track progress. They regularly measured retention rates for women and compared them to the baseline. They were able to identify successes and pinpoint where they needed to further improve their programs. Their data showed that turnover rates for women were reduced at all levels.

Leading is the process of raising enthusiasm and inspiring efforts to achieve goals.

Controlling is the process of measuring performance and taking action to ensure desired results.

Managerial Roles and Activities

The management process and its responsibilities for planning, organizing, leading, and controlling are more complicated than they appear at first glance. They must be successfully accomplished during a workday that can be very challenging. In a classic book, *The Nature of Managerial Work*, Henry Mintzberg describes the daily work of CEOs as follows: “There was no break in the pace of activity during office hours. The mail . . . telephone calls . . . and meetings

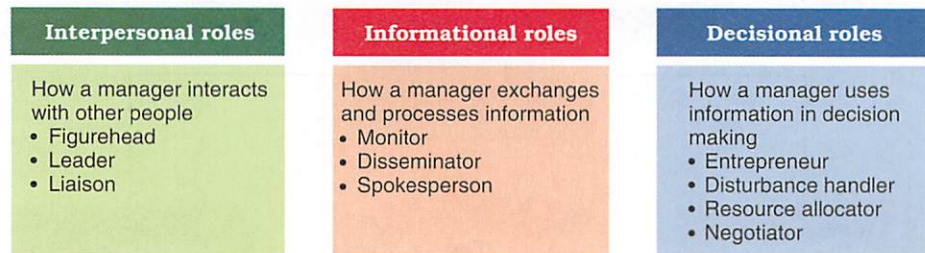


FIGURE 1.6 Interpersonal, Informational, and Decisional Roles of Managers

... accounted for almost every minute from the moment these executives entered their offices in the morning until they departed in the evenings.”⁴⁸ Today, with our smartphones in hand, we should add always available to “work anytime and anywhere.”

In trying to better understand the complex nature of managerial work, Mintzberg identified a set of roles commonly filled by managers.⁴⁹ Shown in **Figure 1.6**, they describe how managers must be prepared to succeed in a variety of interpersonal, informational, and decisional responsibilities.

A manager’s interpersonal roles involve interactions with people inside and outside the work unit. A manager fulfilling these roles will be a *figurehead*, modeling and setting key principles and policies; a *leader*, providing direction and instilling enthusiasm; and a *liaison*, coordinating with others. A manager’s informational roles involve the giving, receiving, and analyzing of information. A manager fulfilling these roles will be a *monitor*, scanning for information; a *disseminator*, sharing information; and a *spokesperson*, acting as official communicator. The decisional roles involve using information to make decisions to solve problems or address opportunities. A manager fulfilling these roles will be a *disturbance handler*, dealing with problems and conflicts; a *resource allocator*, handling budgets and distributing resources; a *negotiator*, making deals and forging agreements; and an *entrepreneur*, developing new initiatives.

Managers must not only master key roles, they must implement them in intense and complex work settings. Their work is busy, demanding, and stressful at all levels of responsibility. The managers Mintzberg studied had little free time to themselves. In fact, unexpected problems and continuing requests for meetings consumed almost all available time. Their workdays were hectic; the pressure for continuously improving performance was all-encompassing.⁵⁰ Mintzberg summarized his observations this way: “The manager can never be free to forget the job, and never has the pleasure of knowing, even temporarily, that there is nothing else to do. ... Managers always carry the nagging suspicion that they might be able to contribute just a little bit more. Hence they assume an unrelenting pace in their work.”⁵¹

Managerial Agendas, Networks, and Social Capital

Scene: On the way to a meeting, a general manager ran into a colleague from another department. In a two-minute conversation she used this opportunity to (a) ask two questions and receive the information she had been needing; (b) reinforce their good relationship by sincerely complimenting her colleague on something he had recently done; and (c) get a commitment for the colleague to do something else that the general manager needed done. *Analysis:* This incident provides a glimpse of an effective general manager in action. It also portrays two activities that consultant and scholar John Kotter considers critical to a manager’s success—agenda setting and networking.⁵²

Through **agenda setting**, good managers develop action priorities that include goals and plans spanning long and short time frames. These agendas are usually incomplete and loosely connected in the beginning, but they become more specific as the manager utilizes information from many different sources. The agendas are always present in the manager’s mind and are played out or pushed ahead whenever an opportunity arises.

Agenda setting develops action priorities for accomplishing goals and plans.