

The background of the cover is a photograph of two people ice skating on a large, frozen body of water. The person in the foreground is a woman with brown hair in a ponytail, wearing a black jacket, blue pants, and orange skates. The person behind her is a man wearing a blue jacket, black pants, and a white beanie. They are both in a skating pose, leaning forward. In the background, there are snow-capped mountains under a blue sky with some clouds.

ROBERT N. LUSSIER

9e

CONCEPTS
APPLICATIONS
SKILL DEVELOPMENT

MANAGEMENT FUNDAMENTALS



Instructors:

Your time is valuable.
We're here for you!

SAGE COURSEPACKS: OUR CONTENT TAILORED TO YOUR LMS

We make it easy to import our quality instructor and student content into *your* school's learning management system (LMS).

- **NO NEW SYSTEM** to learn
- **INTUITIVE AND SIMPLE** to use
- Allows you to **CUSTOMIZE COURSE CONTENT** to meet your students' needs
- A variety of high-quality assessment questions and multimedia **ASSIGNMENTS TO SELECT FROM**
- **NO REQUIRED ACCESS CODES**

CONTACT YOUR SAGE SALES REPRESENTATIVE TO LEARN MORE:
sagepub.com/findmyrep

 **SAGE** coursepacks



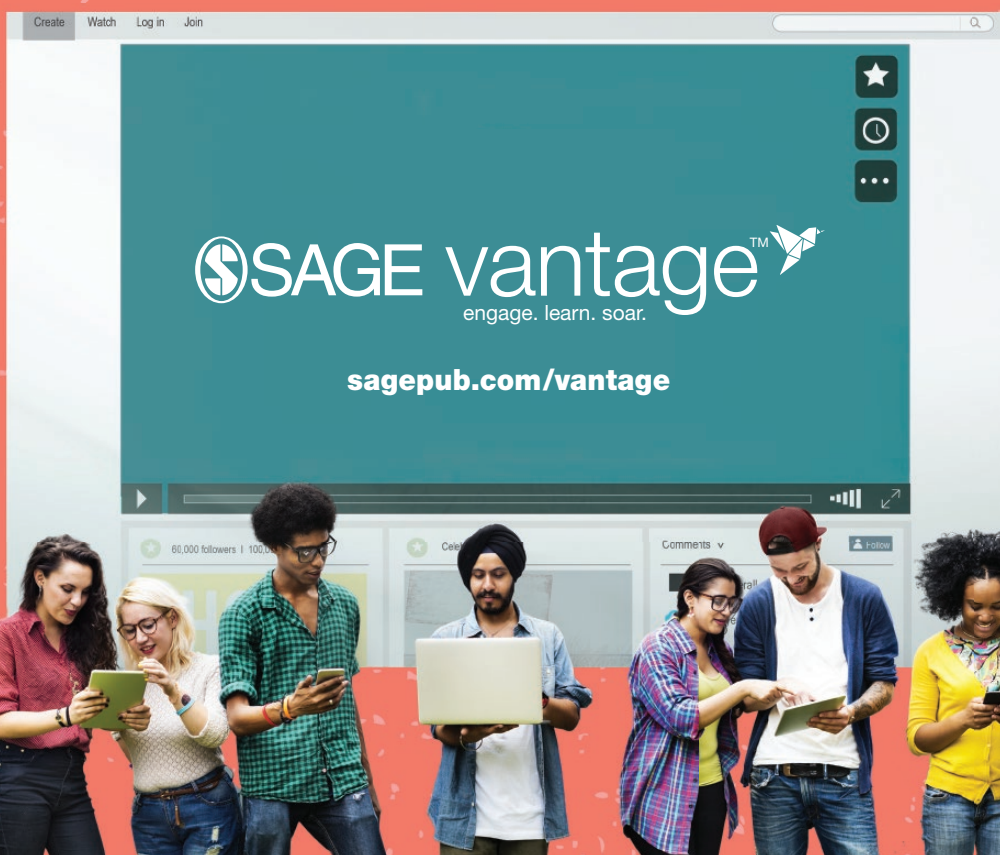
For use in: Blackboard, Canvas, Brightspace by Desire2Learn (D2L), and Moodle

SAGE vantage

Course tools done right. Built to support your teaching. Designed to ignite learning.

SAGE vantage is an intuitive digital platform that blends trusted SAGE content with auto-graded assignments, all carefully designed to ignite student engagement and drive critical thinking. With evidence-based instructional design at the core, **SAGE vantage** creates more time for engaged learning and empowered teaching, keeping the classroom where it belongs—in your hands.

- **3-STEP COURSE SETUP** is so fast, you can complete it in minutes!
- Control over assignments, content selection, due dates, and grading **EMPOWERS** you to **TEACH YOUR WAY**.
- Dynamic content featuring applied-learning multimedia tools with built-in assessments, including video, knowledge checks, and chapter tests, helps **BUILD STUDENT CONFIDENCE**.
- eReading experience makes it easy to learn by presenting content in **EASY-TO-DIGEST** segments featuring note-taking, highlighting, definition look-up, and more.
- Quality content authored by the **EXPERTS YOU TRUST**.

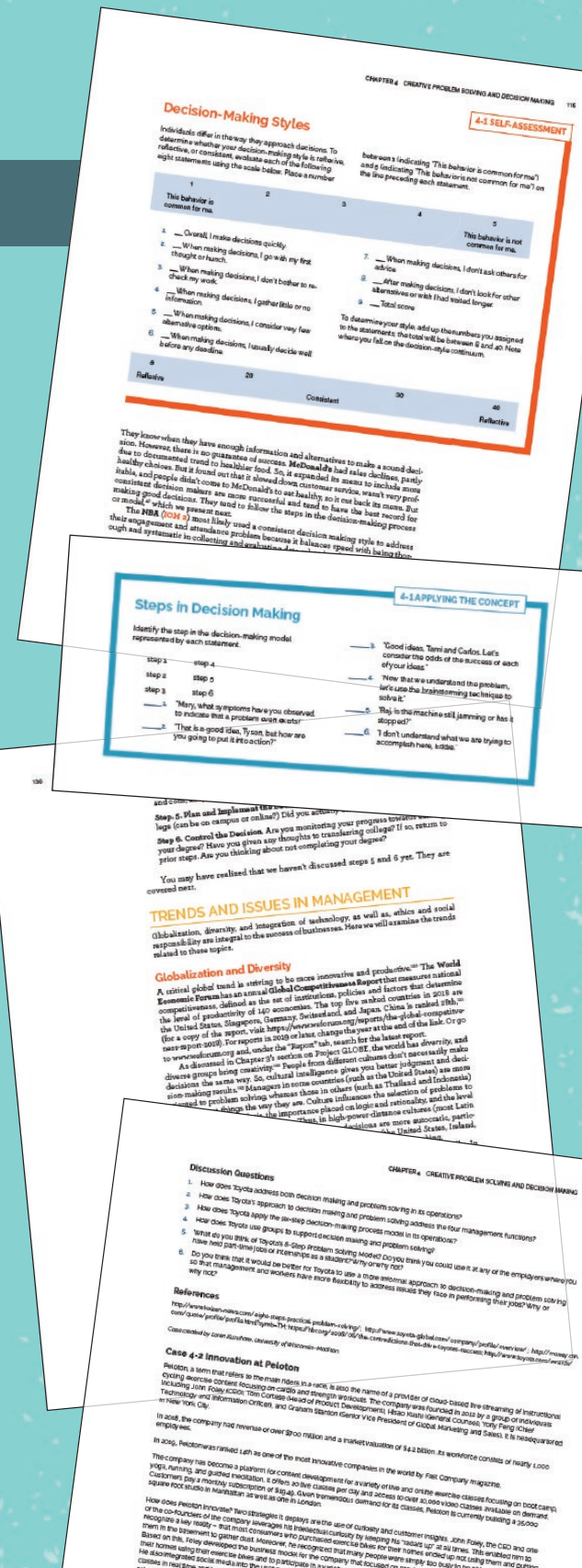


The Hallmark Features

A COMPLETE LEARNING PACKAGE

Packed with experiential exercises, self-assessments, and group activities, **Management Fundamentals, Ninth Edition** develops essential management skills students can use in their personal and professional lives.

- **A THREE-PRONGED APPROACH** focuses on students understanding core content, applying concepts, and developing essential management skills.
- **TRENDS AND ISSUES IN MANAGEMENT** sections explore important topics like generational differences, sexual harassment, AI, and cybersecurity.
- **EIGHTEEN NEW CASES** on real-world organizations and people, including NBA, H&M, Peloton, Netflix, Fox News, Mary Barra and GM, and Oprah, ask readers to put themselves in the role of a manager to apply chapter concepts and consider issues facing real organizations.





SAGE Publishing: **Our Story**

At SAGE, we mean business. We believe in creating evidence-based, cutting-edge content that helps you prepare your students to succeed in today's ever-changing business world. We strive to provide you with the tools you need to develop the next generation of leaders, managers, and entrepreneurs.

- We invest in the right **AUTHORS** who distill research findings and industry ideas into practical applications.
- We keep our prices **AFFORDABLE** and provide multiple **FORMAT OPTIONS** for students.
- We remain permanently independent and fiercely committed to **QUALITY CONTENT** and **INNOVATIVE RESOURCES**.

MANAGEMENT FUNDAMENTALS

9e

To my wife, Marie, and our six children:

Jesse, Justin, Danielle, Nicole, Brian, and Renee

*Special thanks to Patricia Quinlin, my initial acquisitions editor, for bringing this book to
SAGE and for her valuable input to the contents*

Sara Miller McCune founded SAGE Publishing in 1965 to support the dissemination of usable knowledge and educate a global community. SAGE publishes more than 1000 journals and over 600 new books each year, spanning a wide range of subject areas. Our growing selection of library products includes archives, data, case studies and video. SAGE remains majority owned by our founder and after her lifetime will become owned by a charitable trust that secures the company's continued independence.

Los Angeles | London | New Delhi | Singapore | Washington DC | Melbourne

MANAGEMENT FUNDAMENTALS

CONCEPTS • APPLICATIONS • SKILL DEVELOPMENT

9e

ROBERT N. LUSSIER

Springfield College



Los Angeles | London | New Delhi
Singapore | Washington DC | Melbourne



FOR INFORMATION:

SAGE Publications, Inc.
2455 Teller Road
Thousand Oaks, California 91320
E-mail: order@sagepub.com

SAGE Publications Ltd.
1 Oliver's Yard
55 City Road
London EC1Y 1SP
United Kingdom

SAGE Publications India Pvt. Ltd.
B 1/1 Mohan Cooperative Industrial Area
Mathura Road, New Delhi 110 044
India

SAGE Publications Asia-Pacific Pte. Ltd.
18 Cross Street #10-10/11/12
China Square Central
Singapore 048423

Acquisitions Editor: Maggie Stanley
Content Development Editor: Darcy Scelsi
Editorial Assistant: Janeane Calderon
Production Editor: Tracy Buyan
Copy Editor: Paula Bonilla
Typesetter: C&M Digital (P) Ltd.
Proofreader: Eleni-Maria Georgiou
Indexer: Will Ragsdale
Cover Designer: Janet Kiesel
Marketing Manager: Sarah Panella

Copyright © 2021 by SAGE Publications, Inc.

All rights reserved. Except as permitted by U.S. copyright law, no part of this work may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without permission in writing from the publisher.

All third party trademarks referenced or depicted herein are included solely for the purpose of illustration and are the property of their respective owners. Reference to these trademarks in no way indicates any relationship with, or endorsement by, the trademark owner.

Printed in Canada

ISBN (pbk): 978-1-5443-8419-1
ISBN (loose-leaf): 978-1-5443-8416-0

This book is printed on acid-free paper.

20 21 22 23 24 10 9 8 7 6 5 4 3 2 1

BRIEF CONTENTS

Preface xviii
Acknowledgments xxx
About the Author xxxii

Part I: The Global Management Environment

CHAPTER 1. Management and Its History	1
CHAPTER 2. The Environment: Culture, Ethics, and Social Responsibility	39
CHAPTER 3. Managing Diversity in a Global Environment	73

Part II: Planning

CHAPTER 4. Creative Problem Solving and Decision Making	111
CHAPTER 5. Strategic and Operational Planning	147
CHAPTER 6. Managing Change, Innovation, and Entrepreneurship	187

Part III: Organizing

CHAPTER 7. Organizing and Delegating Work	225
---	-----

CHAPTER 8. Managing Teamwork	268
CHAPTER 9. Human Resources Management	307
APPENDIX. Career Management and Networking	349

Part IV: Leading

CHAPTER 10. Organizational Behavior: Power, Politics, Negotiation, Conflict, and Stress	364
CHAPTER 11. Motivating for High Performance	413
CHAPTER 12. Leading With Influence	443
CHAPTER 13. Communication, Information Technology, and Emotional Intelligence	473

Part V: Controlling

CHAPTER 14. Managing Control Systems, Finances, and People	519
CHAPTER 15. Operations, Quality, and Productivity	559

Glossary	599
Notes	606
Name Index	648
Company Index	650
Subject Index	655
List of Features	672

DETAILED CONTENTS

Preface	xviii
Acknowledgments	xxx
About the Author	xxxii

Part I: The Global Management Environment

CHAPTER 1. Management and Its History 1

Why Study Management?	2
<i>Develop Skills You Can Use in Your Personal Life</i>	2
<i>Develop Skills You Can Use as a Manager or Employee</i>	3
What Is a Manager's Responsibility?	3
<i>Human Resources</i>	4
<i>Financial Resources</i>	4
<i>Physical Resources</i>	4
<i>Informational Resources</i>	4
<i>Resources and Performance</i>	4
<i>A Manager Interview</i>	5
What Does It Take to Be a Successful Manager?	5
<i>Management Qualities</i>	5
<i>Management Skills</i>	6
<i>AACSB Competencies</i>	7
Management Functions	8
<i>Planning—Based on Objectives</i>	8
<i>Organizing</i>	8
<i>Leading</i>	9
<i>Controlling</i>	9
<i>Nonmanagement Functions</i>	9
<i>The Transition to Management—Managing People</i>	9
Management Roles	10
<i>Interpersonal Roles</i>	10
<i>Informational Roles</i>	10
<i>Decisional Roles</i>	10
<i>The Systems Relationship Among the Management Skills, Functions, and Roles</i>	11

Differences Among Managers	12
<i>The Three Levels of Management</i>	12
<i>Differences in Management Skills</i>	14
<i>Differences in Management Functions</i>	14
<i>Differences in Size</i>	16
<i>Differences in Profits</i>	16
A Brief History of Management	17
<i>Classical Theory</i>	17
<i>Behavioral Theory</i>	19
<i>Management Science</i>	19
<i>Integrative Perspective—Systems, Sociotechnical, Contingency Theories</i>	20
<i>Comparing Theories</i>	21
<i>Managing the Old Versus New Workplace</i>	21
Objectives of the Book	23
<i>Management Concepts</i>	23
<i>Application of Management Concepts</i>	24
<i>Development of Management Skills</i>	24
<i>Organization of the Book</i>	25
Trends and Issues in Management	25
<i>Globalization</i>	25
<i>Diversity</i>	25
<i>Technology</i>	25
<i>Ethics, CSR, and Sustainability</i>	26
● Chapter Summary	26
● Review	27
● Cases	28
● Skill Builders	31

CHAPTER 2. The Environment: Culture, Ethics, and Social Responsibility 39

The Environment	41
<i>The Internal Environment</i>	41
<i>The External Environment</i>	46
<i>Dynamic Environments and Interactive Management</i>	46
Organizational Culture	48
<i>Organizational Culture Artifacts</i>	48
<i>Levels of Organizational Culture</i>	49
<i>Strong and Weak Cultures</i>	49
<i>Healthy and Unhealthy Cultures</i>	50
<i>Managing Organizational Culture</i>	50
<i>Changing Organizational Culture</i>	51
<i>Learning Organizations</i>	51
Business Ethics	51
<i>What Are Ethics?</i>	51
<i>Views on Ethics</i>	53
Unethical Behavior	53
<i>How Do People Justify Their Unethical Behavior?</i>	54
<i>Caution Against Escalation of Unethical Behavior</i>	54

[illegible]

<i>Creativity and Innovation</i>	124
<i>Creativity and Innovation Killers</i>	124
<i>The Creative Process</i>	125
<i>Using Information to Generate Alternatives</i>	125
<i>Using Technology to Generate Alternatives</i>	126
<i>Using Groups to Generate Creative Alternatives</i>	126
<i>Decision Trees</i>	128
Analyze Alternatives and Select the Most Feasible	129
<i>Quantitative Techniques</i>	130
<i>Big Data</i>	131
<i>Cost-Benefit, Pros and Cons, and Intuition</i>	133
Plan, Implement the Decision, and Control Using the Decision-Making Model	134
Trends and Issues in Management	136
<i>Globalization and Diversity</i>	136
<i>Technology and Cybersecurity</i>	136
<i>Ethics, CSR, and Sustainability</i>	137
● Chapter Summary	137
● Review	138
● Cases	140
● Skill Builders	142

CHAPTER 5. Strategic and Operational Planning 147

Strategic and Operational Planning	148
<i>Planning Dimensions</i>	149
<i>Strategic Versus Operational Planning</i>	150
<i>Strategic and Operational Strategies</i>	150
<i>The Strategic Planning Process</i>	151
Developing the Mission and Analyzing the Environment	151
<i>Developing the Mission</i>	152
<i>Analyzing the Environment</i>	152
<i>Competitive Advantage</i>	155
<i>Changing Strategies</i>	155
Setting Objectives	156
<i>Writing Effective Objectives</i>	156
<i>Criteria for Objectives</i>	156
<i>Management by Objectives (MBO)</i>	158
Corporate-Level Strategies	159
<i>Grand Strategy</i>	160
<i>Growth Strategies</i>	161
<i>Portfolio Analysis</i>	162
Business-Level Strategies	164
<i>Adaptive Strategies</i>	164
<i>Competitive Strategies</i>	165
Operational-Level Planning	166
<i>Functional Strategies</i>	167
<i>Standing Plans Versus Single-Use Plans</i>	167
<i>Contingency Plans and Crises</i>	169

Time Management	170
<i>Analyzing Time Use With a Time Log</i>	170
<i>A Time Management System</i>	172
<i>To-Do Lists</i>	172
<i>Time Management Techniques</i>	173
Implementing and Controlling Strategies	175
Trends and Issues in Management	176
<i>Globalization and Diversity</i>	176
<i>Technology</i>	177
<i>Ethics, CSR, and Sustainability</i>	177
● Chapter Summary	178
● Review	179
● Cases	181
● Skill Builders	184

CHAPTER 6. Managing Change, Innovation, and Entrepreneurship 187

Innovation and Change	189
<i>The Innovation and Change Interrelationship</i>	189
<i>Taking Risk</i>	189
<i>Forces for Change</i>	190
<i>Types of Change</i>	191
<i>Changes in Strategy</i>	191
<i>Forms of Change</i>	192
Managing Innovation	194
<i>Innovative Structures</i>	194
<i>Innovative Cultures</i>	194
<i>Managing Innovation During Incremental and Discontinuous Change</i>	196
Managing Change	197
<i>Stages in the Change Process</i>	197
<i>Resistance to Change</i>	197
<i>How to Overcome Resistance to Change</i>	199
<i>A Model for Identifying and Overcoming Resistance to Change</i>	201
Organizational Development	203
<i>Change Models</i>	203
<i>Organizational Development Interventions</i>	203
Entrepreneurship	207
<i>Entrepreneurial Characteristics</i>	207
<i>New Venture Entrepreneurs and Intrapreneurs</i>	209
<i>The Entrepreneurial Process</i>	211
<i>The Sales Pitch</i>	214
Trends and Issues in Management	215
<i>Globalization and Diversity</i>	215
<i>Technology and Artificial Intelligence</i>	216
<i>Ethics, CSR, and Sustainability</i>	216
● Chapter Summary	217
● Review	217
● Cases	219
● Skill Builders	221

Part III: Organizing

CHAPTER 7. Organizing and Delegating Work 225

Organizational Considerations and Principles	227
<i>Organizational Considerations</i>	228
<i>Principles of Organization</i>	229
<i>Flexibility</i>	231
Authority	231
<i>Formal and Informal Authority and Scope of Authority</i>	231
<i>Levels of Authority</i>	234
<i>Centralized and Decentralized Authority</i>	234
<i>Line and Staff Authority</i>	235
Organizational Design	236
<i>Organization Chart</i>	236
<i>Divisional Structure</i>	238
<i>Traditional Departmentalization</i>	238
Contemporary Organizational Design	240
<i>Matrix Structure</i>	240
<i>Common Contemporary Organizational Designs</i>	240
<i>Challenges to Contemporary Organizational Designs</i>	243
Job Design	244
<i>Job Simplification</i>	245
<i>Job Expansion</i>	245
<i>Job Characteristics Model</i>	246
<i>Work Teams</i>	246
Setting Priorities	249
<i>Priority-Determination Questions</i>	249
<i>Assigning Priorities</i>	249
<i>The Prioritized To-Do List</i>	250
Multitasking	251
<i>Multitasking, the Brain, and Decreased Productivity</i>	252
<i>Attention Spans and Concentration</i>	252
<i>Smartphones</i>	252
<i>Effective Multitasking</i>	253
Delegating	253
<i>Benefits of and Obstacles to Delegating</i>	253
<i>Delegation Decisions</i>	254
<i>The Delegation Process</i>	254
Trends and Issues in Management	256
<i>Globalization and Diversity</i>	256
<i>Technology</i>	257
<i>Ethics, CSR, and Sustainability</i>	257
● Chapter Summary	258
● Review	259
● Cases	260
● Skill Builders	263

CHAPTER 8. Managing Teamwork 268

Group and Team Performance	269
<i>Groups and Teams</i>	270
The Group Performance Model	272
Group Structure	272
<i>Group Types</i>	272
<i>Group Size</i>	275
<i>Group Composition</i>	276
Group Process	277
<i>Group Roles</i>	277
<i>Group Norms</i>	278
<i>Group Cohesiveness</i>	279
<i>Status Within the Group</i>	280
<i>Decision Making and Conflict Resolution</i>	281
Stages of Group Development and Management Styles	282
<i>Stage 1. Forming—Autocratic Management Style</i>	283
<i>Stage 2. Storming—Consultative Management Style</i>	283
<i>Stage 3. Norming—Participative Management Style</i>	284
<i>Stage 4. Performing—Empowerment Management Style</i>	284
<i>Stage 5. Termination</i>	285
<i>Changes in Group Development and Management Style</i>	285
Developing Groups Into Teams	285
<i>Training and Team Leadership</i>	285
<i>Team Rewards and Recognition</i>	287
Managing Meetings	287
<i>Planning Meetings</i>	287
<i>Conducting Meetings</i>	289
<i>Handling Problem Members</i>	290
<i>Working With Group Members</i>	293
Trends and Issues in Management	294
<i>Globalization and Diversity</i>	294
<i>Technology</i>	294
<i>Ethics, CSR, and Sustainability</i>	295
● Chapter Summary	295
● Review	296
● Cases	298
● Skill Builders	301

CHAPTER 9. Human Resources Management 307

The Human Resources Management Process	309
<i>The Human Resources Department</i>	310
The Legal Environment	311
<i>Federal Laws Related to HRM</i>	312

State and Local Government Employment Laws	312
Preemployment Inquiries	312
Harassment, Sexual Harassment, and Workplace Romance	315
Harassment	315
Sexual Harassment	315
HRM Sexual Harassment and Romance Policies	315
Verbal Warning and Reporting Violations	316
Human Resources Planning	318
Strategic Human Resources Planning	318
Job Analysis	318
Attracting Employees	319
Recruiting	319
The Selection Process	321
Selection Interviewing	323
Developing Employees	325
Orientation Programs, Onboarding, and Newcomer Socialization	326
Training and Development	326
Performance Appraisal	328
Retaining Employees	332
Compensation	333
Health and Safety	337
Unions and Labor Relations	337
Separating Employees	339
Turnover and Reasons for Separation	339
Attrition	339
Firing	340
Layoffs/Downsizing	340
Trends and Issues in Management	340
Globalization and Diversity	340
Technology	341
Ethics, CSR, and Sustainability	341
Chapter Summary	342
Review	343
Cases	344
Skill Builders	346
Appendix: Career Management and Networking	349
Career Management	349
Career Planning and Development	349
Getting a Job	351
Networking	355
The Importance of Networking	356
Personality Characteristics and Networking	356
The Networking Process	357
Appendix Summary	359
Review	360
Skill Builders	360

Part IV: Leading

CHAPTER 10. Organizational Behavior: Power, Politics, Negotiation, Conflict, and Stress 364

Organizational Behavior (OB)	366
Goals of OB	366
The Foundations of Individual Behavior	367
Thoughts, Self-Confidence, and Self-Esteem	367
Self-Esteem	367
Self-Confidence	367
Thoughts	368
Improving Self-Confidence and Self-Esteem With Self-Talk	368
Personality	369
Personality Development and Careers	369
Single Traits of Personality	369
The Big Five Personality Dimensions	370
The Myers-Briggs Type Indicator (MBTI)	372
Perception	373
The Perception Process	373
The Attribution Process	374
Bias in Perception	375
Perception Congruence	376
Attitudes	378
Attitude Formation	378
Attitudes and Behavior	378
Attitudes and Job Satisfaction	378
How Employee and Managerial Attitudes Affect Employee Performance	379
Shaping OB Foundations	381
Shaping Your OB Foundations	381
Shaping Your Management OB Foundations	381
Managing Diverse Employee OB Foundations	381
Organizational Power and Politics	382
The Relationship Between Organizational Power and Politics	382
Power	383
Organizational Politics	385
Political Behavior	386
Negotiation	389
Plan the Negotiation	390
Negotiate	391
Postpone	391
Agreement or No Agreement	392
Conflict	392
The Psychological Contract—Reasons for Conflict	392
Functional and Dysfunctional Conflict	393
Conflict Management Styles	393

<i>Initiating Conflict Resolution</i>	395
<i>Responding to Conflict Resolution</i>	397
<i>Mediating Conflict Resolution</i>	397
Stress	397
<i>Functional and Dysfunctional Stress</i>	397
<i>Causes of Job Stress</i>	398
<i>Stress Management</i>	398
<i>The Stress Tug-of-War</i>	401
Trends and Issues in Management	401
<i>Globalization and Diversity</i>	402
<i>Technology</i>	402
<i>Ethics, CSR, and Sustainability</i>	402
● Chapter Summary	403
● Review	404
● Cases	406
● Skill Builders	408

CHAPTER 11. Motivating for High Performance 413

Motivation and Performance	415
<i>What Is Motivation, and How Does It Affect Performance?</i>	415
<i>An Overview of Three Major Classifications of Motivation Theories</i>	416
Content Motivation Theories	418
<i>Hierarchy of Needs Theory</i>	418
<i>ERG Theory</i>	418
<i>Two-Factor and Self-Determination Theory</i>	419
<i>Acquired Needs Theory</i>	421
Process Motivation Theories	424
<i>Equity Theory</i>	424
<i>Goal-Setting Theory</i>	425
<i>Expectancy Theory</i>	426
Reinforcement Theory	428
<i>Types of Reinforcement</i>	428
<i>Schedules of Reinforcement</i>	429
Combining the Motivation Process and Motivation Theories	431
Motivating Employees With Rewards and Recognition	432
<i>How Each of the Motivation Theories Uses Rewards and Recognition</i>	433
<i>Reward and Recognition Programs</i>	433
<i>Giving Praise to Show Gratitude</i>	434
Trends and Issues in Management	435
<i>Globalization and Diversity</i>	435
<i>Technology</i>	436
<i>Ethics, CSR, and Sustainability</i>	436
● Chapter Summary	437
● Review	437
● Cases	439
● Skill Builders	442

CHAPTER 12. Leading With Influence 443

Leadership and Trust	445
<i>The Importance of Leadership</i>	445
<i>Leadership Development</i>	445
<i>Leaders Versus Managers</i>	446
<i>The Importance of Trust in Leadership</i>	446
<i>An Overview of Four Major Classifications of Leadership Theories</i>	446
Leadership Trait Theory	449
<i>Traits and Personality</i>	449
<i>Inconclusive Findings and Current Thinking</i>	449
Behavioral Leadership Theories	451
<i>Basic Leadership Styles</i>	451
<i>Two-Dimensional Leadership Styles</i>	452
<i>The Leadership Grid®</i>	453
Situational Leadership Theories	454
<i>Contingency Leadership Model</i>	455
<i>Leadership Continuum Model</i>	457
<i>Path-Goal Model</i>	458
<i>Normative Leadership Model</i>	459
<i>Situational Leadership® Model</i>	459
<i>Comparing Leadership Models</i>	460
<i>Leadership Substitutes Theory</i>	460
Contemporary Leadership Theories	462
<i>Leader-Member Exchange (LMX) Theory</i>	462
<i>Strategic, Visionary, and Charismatic Leaders</i>	463
<i>Transformational and Transactional Leaders</i>	464
<i>Servant and Authentic Leaders</i>	464
Trends and Issues in Management	466
<i>Globalization and Diversity</i>	466
<i>Technology and Sustainability</i>	467
<i>Ethics and CSR</i>	467
● Chapter Summary	468
● Review	468
● Cases	470
● Skill Builders	472

CHAPTER 13. Communication, Information Technology, and Emotional Intelligence 473

Organizational Communication	475
<i>Vertical Communication</i>	476
<i>Horizontal Communication</i>	477
<i>Grapevine Communication</i>	477
Information Technology and Big Data	478
<i>Data Versus Information and Big Data</i>	478
<i>Digitalization of Information</i>	479
<i>Information Technology (IT) Defined</i>	479
<i>Using IT</i>	479

<i>The Dark Side of the Internet and Cell Phones</i>	480
<i>Privacy and Cybersecurity</i>	481
Types of Information Systems	481
<i>Transaction Processing Systems (TPS)</i>	481
<i>Management Information Systems (MIS)</i>	481
<i>Decision Support Systems (DSS)</i>	482
Information Networks	482
The Interpersonal Communication Process and Mindfulness	482
<i>The Interpersonal Communication Process</i>	483
<i>Mindfulness</i>	484
Communication Barriers	484
<i>Perception</i>	484
<i>Information Overload</i>	485
<i>Channel Selection</i>	485
<i>Noise</i>	485
<i>Trust and Credibility</i>	485
<i>Poor Listening</i>	485
<i>Emotions</i>	486
<i>Filtering</i>	486
<i>Language/Culture</i>	486
Message Transmission Channels	487
<i>Media Richness and Selecting the Message Transmission Channel</i>	487
<i>Oral Communication</i>	488
<i>Nonverbal Communication</i>	488
<i>Written Communication</i>	489
<i>Combining Channels</i>	490
Sending Messages	491
<i>Planning the Message</i>	491
<i>The Message-Sending Process</i>	491
<i>Checking Understanding: Feedback</i>	492
Receiving Messages	493
<i>The Message-Receiving Process</i>	493
<i>Retentive Listening</i>	495
<i>Active Listening</i>	495
Responding to Messages	496
<i>Response Styles</i>	497
Dealing With Emotions and Emotional Intelligence	500
<i>Today's View of Emotions</i>	500
<i>Using Emotional Intelligence (EQ)</i>	500
<i>Acknowledge Feelings: Control Behavior</i>	500
<i>Your Emotions and Behavior</i>	501
<i>Calming the Emotional Person</i>	501
<i>Compassion and Reflective Empathic Responding</i>	502
Criticism	503
<i>Giving Criticism</i>	503
Trends and Issues in Management	504
<i>Globalization and Diversity</i>	504
<i>Technology</i>	505
<i>Ethics and CSR</i>	505

● Chapter Summary	506
● Review	507
● Cases	508
● Skill Builders	511

Part V: Controlling

CHAPTER 14. Managing Control Systems, Finances, and People 519

Organizational and Functional Area Control Systems	520
<i>Organizational Systems Control</i>	521
<i>Functional Area/Department Control Systems</i>	522
Establishing Control Systems	524
<i>The Control Systems Process</i>	524
<i>Resistance to Control</i>	527
<i>The Performance Success Cycle</i>	527
Control Frequency and Methods	527
<i>Constant Controls</i>	528
<i>Periodic Controls</i>	528
<i>Occasional Controls</i>	528
Financial Controls: The Master Budgeting Process	530
<i>Steps in the Master Budgeting Process</i>	531
<i>Operating Budgets</i>	531
<i>Capital Expenditures Budget</i>	533
<i>Financial Budgets and Statements</i>	533
<i>Personal Finance</i>	535
Managing People	536
<i>Coaching</i>	536
<i>Management by Walking Around</i>	539
<i>Counseling</i>	540
<i>Disciplining</i>	541
<i>Handling Complaints</i>	544
Trends and Issues in Management	545
<i>Globalization and Diversity</i>	545
<i>Technology</i>	546
<i>Ethics, CSR, and Sustainability</i>	546
● Chapter Summary	547
● Review	547
● Cases	549
● Skill Builders	552

CHAPTER 15. Operations, Quality, and Productivity 559

Operations	560
<i>Operations and Products</i>	561
<i>Manufacturing and Service Operations</i>	562

Classifying Operations Systems	563	<i>Productivity Creates Jobs</i>	583
<i>Tangibility of Products</i>	563	<i>Measuring and Increasing Productivity</i>	583
<i>Level of Customer Involvement</i>	564	<i>The Balanced Scorecard and Dashboards</i>	585
<i>Operations Flexibility</i>	565	Trends and Issues in Management	587
<i>Resources and Technology Management</i>	566	<i>Globalization and Diversity</i>	587
<i>Multiple Classifications</i>	567	<i>Technology</i>	587
Designing Operations Systems	568	<i>Ethics, CSR, and Sustainability</i>	588
<i>Product Mix and Design</i>	568	● Chapter Summary	590
<i>Facility Layout</i>	569	● Review	591
<i>Facility Location and Capacity Planning</i>	570	● Cases	593
Managing Operations Systems and the Supply Chain	571	● Skill Builders	595
<i>Planning Schedules and Project Management</i>	571	Glossary	599
<i>Inventory Control</i>	574	Notes	606
<i>Materials Requirement Planning (MRP)</i>	576	Name Index	648
<i>Supply Chain Management</i>	577	Company Index	650
<i>Quality Control</i>	578	Subject Index	655
Productivity and the Balanced Scorecard	582	List of Features	672
<i>How Productivity Affects Wages and the Standard of Living</i>	582		

PREFACE

I wrote the first edition of this book years before professors and the Association to Advance Collegiate Schools of Business (AACSB) called for material that engaged students in applying the concepts and developing skills both in and out of the classroom and online. Students back then and now want more than just an understanding of the concepts of management. They also want skills they can use in their everyday lives and at work. Students want to learn how to succeed in today's business environment. This is why I wrote the first edition of this book back in 1997. I believe I wrote the first full-color, hardcover management book that included applications and skills material in the textbook. Today it's the norm, but almost all authors have others add the application and skills material along with answers in the instructor guide. Whereas, from the start, I developed all the material to ensure a seamless integration ensuring the highest quality and quantity of application and skills material, as well as the answers in the instructor resource manual.

If you look at the textbooks over time, they keep getting smaller as authors cut out material. When writing this ninth edition, I decided to set a higher standard. I've actually added more material while making the text more concise and completely updated it with even more focus on succeeding as a non-manager by adding more than 1,750 new references for a total of more than 2,300 references. I've also added more than 782 new company examples, and approximately 80% of the references are new. Compare the contents to any major competitor, and you will find that, as reviewers consistently say, the real difference is that I offer the most updated referenced content with superior quantity and quality application and skill-development options that engage millennials and Generation Z.

I personally developed the total package to have the following competitive advantages:

- A unique **“how-to-manage”** approach with a focus on personal advice for how to succeed in today's changing business environment of shared leadership
- Eight types of high-quality **application materials** using the concepts to develop critical-thinking skills
- Five types of high-quality **skill-building exercises** to develop management skills that can be used in students' professional and personal lives
- A **flexible** package—with all these features, instructors can design the course by selecting the features that meet their needs
- A **lower price** to students than major competitors

DESIGNED TO MEET A VARIETY OF LEARNING STYLES

Today's students need to be engaged. My text is very flexible and can be used with the traditional lecture method. But it also offers a wide range of engaging activities to select

from that best meet professors' and students' goals and preferred teaching/learning styles. Many of the specific learning preferences of millennials and Generation Z have been addressed in the book's overall approach, organization, and distinctive features.

- **Active Learning.** A design for active learning is addressed with a wide variety of application activities and skill-building tools that can be used immediately in their own lives.
- **Practical Approach.** Students are provided with **immediate feedback** and ongoing **self-assessment** opportunities found in the Work Application, Applying the Concept, and Self-Assessment features. Organizational tools such as **checklists**, summaries, and **"how-to"** instructions are integrated throughout.
- **Accessible Content.** Text material presents management concepts followed by application material so that students can break up the reading while applying the concepts and getting feedback. The boxed items do not merely ask students to passively read an example—they engage the student to come up with an answer. Content is **chunked** into easily digested segments to help students process new ideas and concepts.
- **Online Resources.** The text is accompanied by a password-protected **instructor website** and an open-access **student website** (see the following for more details). Also, while all the elements in the text are designed to be used by individuals, they can also be used in group settings, making *Management Fundamentals* an ideal text for **online courses**.

INTEGRATED THREE-PRONGED APPROACH

As the title of this book implies, it involves a balanced, three-pronged approach to the curriculum:

1. A clear understanding of management **concepts**
2. The **application** of management concepts for critical thinking in the real world
3. The development of management **skills**

I wrote this text and its supporting ancillary package to support these three distinct but integrated parts. This text follows a management-functions approach, covering all the traditional concepts and current topics. The applications develop students' critical thinking skills, requiring students to apply specific concepts to their own work experience (volunteer, part time, summer, or full time), to short situations, and to cases. In addition, this text meets the challenge of the AACSB call for skills development. Because I wrote almost every exercise and application in the package, the material is completely integrated to create a seamless experience in the classroom or online.

The three key elements of concepts, applications, and skills are integrated throughout the chapters. However, they are identified clearly and are delineated in some detail for your reference in this preface and in Chapter 1. Recognizing the diverse needs of students and faculty, they can be used flexibly to fit any course. Instructors can create their course by using only features that fit with their objectives in class or online.

My goal is to successfully engage students and instructors in and out of the classroom by providing learning features that not only teach about management but also help students succeed in the changing business environment.

CONCEPTS

This text covers all key management topics and concepts. It is comprehensive in scope, as shown by the detailed **Learning Objectives** at the front of each chapter.

Each outcome is reinforced and identified throughout the chapter. Key terms are **bolded** to emphasize the vocabulary of management for students.

Trends and Issues in Management

This text is not cluttered with extraneous boxes. Instead, current topics as described by the AACSB, including globalization, diversity, technology, ethics, social responsibility, and sustainability, are covered throughout the chapters. Further, each chapter ends with the section “Trends and Issues in Management” to apply each of these topics as they relate to the chapter contents.

End-of-Chapter Material Reinforcement of Concepts

Each chapter ends with a **Chapter Summary** that reinforces every Learning Objective. A **Key Term Review** section enables the readers to quiz themselves on the definitions, making it an active glossary. In addition, each chapter includes an average of 13 **Review Questions** to support and reinforce the key concepts that appear in the chapters.

APPLICATIONS

Powerful learning takes place when theory is put within the context of the real world. Using this text, students are challenged to apply the concepts they learn to actual business situations, especially as they have experienced them personally. Students must think critically as they apply specific concepts to their own work experience, short situations, and cases.

Ideas on Management Opening Cases

At the beginning of each chapter, information about an actual manager and organization is presented. The case is followed by four to eight questions to get students involved. Throughout the chapter, the answers to the questions are given to illustrate how the organization actually uses the text concepts to create opportunities and solve problems through decision making. The students get a real-world example illustrated extensively throughout the chapter, beginning with the opening pages.

Real-World Examples

People, company, and brand examples illustrate how organizations use the text concepts. There are more than 750 new examples, with an average of 52 per chapter. Text concepts come alive as students see how actual organizations use them to succeed. Companies featured include **Netflix**, **Airbnb**, **Google**, and **Apple**, among many others. The organization names are highlighted throughout the text in bold font. A company index is also provided.

Work Applications

Open-ended questions called Work Applications require students to explain how the text concepts apply to their own work experience; these are strategically placed throughout the text with additional questions presented online. Student experience can be present, past, summer, full-time or part-time employment, or volunteer work. The questions help students bridge the gap between theory and their real world.

Applying the Concept

Every chapter contains a series of an average of five Applying the Concept boxes that require the student to determine the management concept being illustrated in a specific short example. There are more than 500 objective questions, 29 to 50 per chapter with an average of 38 per chapter. There are six new boxes and 98 new questions. All the prior boxes are revised in the ninth edition for development of student critical-thinking skills.

Join the Discussion: Ethics and Social Responsibility Dilemmas

There are 40 ethical dilemma boxed items, with at least two to three included per chapter. Many of the dilemmas include information from companies such as **Gap** and **JetBlue Airways**. Each dilemma has two to four questions for critical thinking and possible class or online discussion.

End-of-Chapter Cases

Following the review and communication questions, students are presented with two cases of an actual manager or organization. **Case questions** require the student to apply management practices and concepts to the actual organization. Chapters 2 through 15 also include **cumulative case questions** that relate case material to concepts from prior chapters. Thus, students continually review and integrate concepts from previous chapters.

SKILL DEVELOPMENT

The difference between learning about management and learning to be a manager is the acquisition of skills. This text focuses on skill development so students can use what they learn in their personal lives and on the job. The skill material is integrated throughout the text, but instructors can choose how to incorporate the material into their classroom or online experience—individually or as groups, inside the class or as outside group projects.

Students can actually develop a skill that can be used on the job. The features listed in the following paragraphs include true skill building, such as step-by-step models and skill-building exercises. Other features also support skill building, such as self-assessments and group exercises.

Step-by-Step Models

The book contains approximately 25 detailed sets of how-to steps for handling day-to-day management functions. They are integrated into the context of the chapter or skill-building exercise being taught. For example, models teach students how to set objectives and priorities; how to select a management style; how to deal with power and organizational politics; how to handle a conflict and complaint; how to motivate, lead, and communicate; and how to coach and discipline employees. This feature directly teaches students how to be managers.

Skill Builders

Chapters contain an average of three Skill Builders, all of which have been class tested to be the best found in any text on the market. Full support of more than 45 experiential exercises can be found in the Instructor's Manual, including detailed information, timing, answers, and so on. All exercises and their uses are optional in the classroom or online. There are three primary types of exercises:

1. **Individual Focus:** Around half are those in which participants are required to make individual decisions prior to or during class. These answers can be shared in class or online for discussion, or the instructor may elect to go over recommended answers.
2. **Group Focus:** Around a quarter are those in which participants discuss the material presented and may select group answers.
3. **Role-Play Focus:** Around a quarter are those in which participants are presented with a model and given the opportunity to use the model, usually in groups of two or three.

Self-Assessments

Scattered throughout the text are more than 25 Self-Assessments, at least one per chapter, with four new ones added to this edition. Students complete these assessments to gain personal knowledge. All information for completing and scoring the assessments is contained within the text. Many of the assessments are tied to exercises within the book, thus enhancing the impact of the activities.

Communication Skills

There are approximately 150 critical-thinking questions (an average of 10 per chapter) that can be used for class discussion and/or written assignments to develop communication skills.

NEW TO THE NINTH EDITION

I started this revision, like prior editions, thinking that since the last edition was a substantial update, this one would go quickly. Some 400-plus hours later, I'm surprised that I made so many updates that really improve each new edition. A major reason is that I read multiple publications searching for current reference-based improvements. Here are the major changes:

- There are more than 1,750 **new references**, with an average of 119 new references with a total of more than 150 per chapter. The theory comes primarily from *Academy of Management* articles.
- There are more than 750 new people's names, brands, and company **examples**, coming from *BusinessWeek*, *Forbes*, *Fortune*, *The Wall Street Journal*, *Entrepreneur*, *INC.*, and others.
- The **AACSB** competencies have been updated to the 2019 standards.
- Every **"Trends and Issues in Management"** section has at least 50% new updated material on Globalization and Diversity; Technology; and Ethics, CSR, and Sustainability.
- There are six new boxes and 98 new **Applying the Concept** questions for a total of more than 500 with an average of 34 questions per chapter. There are four new **self-assessments** (32 total) and one **skill-building exercise** (48 total).
- Ten (66%) of the **opening cases** are new, and all the others have been updated.
- Eight (60%) of the longer **end-of-chapter cases** are new, and all the others have been updated. The cases that have been replaced are still in the Instructor's Manual for those who want to continue to use them.
- Some of the **Work Applications** have been removed from the print book. These will remain in the Instructor Manual for your continued use in your course.
- The **Learning Objectives** in all chapters have been revised to be more properly stated pedagogically and to better align with the topic headings within the chapters.
- The **headings** in some chapters have been revised to reflect a better organization and to better align with Learning Objectives.

The Test Bank continues to measure application and skill development, and the AACSB competencies tested are also identified.

Here are the changes for each chapter.

Chapter 1. Management and Its History

- New chapter-opening case on Jamie Dimon of JPMorgan Chase.
- New end-of-chapter case on Indra Nooyi of PepsiCo.

- There is a new introduction to the chapter to help students realize the relevance of the course in developing skills they can use in their personal and professional lives.
- There is a new Self-Assessment 1-2 to help student understand their career readiness in eight skills that employers are looking for in new hires.
- The Trends and Issues in Management section has been rewritten with all new references, and it now better identifies the trends in globalization, diversity, technology, ethics, and social responsibility.

Chapter 2. The Environment: Culture, Ethics, and Social Responsibility

- Chapter-opening case has been updated.
- The longer end-of-chapter case has been updated.
- The external environment has been expanded from simply listing and defining the nine factors to include a company example of each factor.
- There is a new Exhibit 2-5 to define the three levels of moral development.
- The Trends and Issues in Management section has more than 50% new material with all new references. Trends include the sharing economy and the UN Global Compact.

Chapter 3. Managing Diversity in a Global Environment

- The chapter-opening case has been updated.
- The longer end-of-chapter case has been updated.
- The diversity (U.S. and global) data changes fast and has been updated throughout.
- The Age and Generational Diversity section has been completely rewritten and now includes a focus on stereotypes about all age groups, not just older workers. Exhibit 3-6 has been revised and updated to include Generation Z.
- The section Diversity of Gender now has three new headings: job gender stereotype, gender leadership stereotype and discrimination, and women helping women advance.
- The Managing Diversity Through Inclusion section has been updated and includes new terms: sponsor, shadow program, and inclusion council.
- There is a new Self-Assessment 3-2, How Do Your Views on Gender Compare With Those of Other Americans? There is a new Self-Assessment 3-4, a U.S. Religious Knowledge Quiz.
- The Trends and Issues in Management section has more than 80% new material with all new references. Trends include AI, privacy, and security.

Chapter 4. Creative Problem Solving and Decision Making

- New chapter-opening case discusses the NBA.
- New end-of-chapter case on Peloton.
- New coverage of algorithms and big data and how cognitive bias affects rational decision making.

- There is a new Self-Assessment 4-2, Algorithm Attitudes, to identify student attitudes about the use of algorithms.
- The Trends and Issues in Management section has more than 50% new material with all new references. Trends include cybersecurity.

Chapter 5. Strategic and Operational Planning

- New Ideas on Management discusses Ultimate Fighting Championship (UFC).
- New brief case on Netflix.
- This chapter has been reorganized by moving the multitasking section to Chapter 7.
- In the Standing Plans section, there is a new discussion of organizational governance.
- Contingency Plans and Crisis is a new heading that includes crises with increased discussion of crisis prevention.
- The Trends and Issues in Management section has more than 75% new material with all new references. Trends include Blue Ocean Strategy, global crisis, and safety.

Chapter 6. Managing Change, Innovation, and Entrepreneurship

- The opening case has been updated.
- New end-of-chapter case on Walmart.
- The Forms of Change section has been expanded to better differentiate incremental and disruptive change with new examples.
- The Entrepreneurship section has new coverage on The Entrepreneurial Mind-Set, Entrepreneurial Orientation, Opportunity Recognition and Exploitation, Entrepreneurial Activity, feasibility studies, and crowdfunding.
- The Trends and Issues in Management section has more than 75% new material with all new references. Trends include AI and Blue Ocean Strategy.

Chapter 7. Organizing and Delegating Work

- The opening case has been updated.
- This chapter has a reorganization and now includes coverage of multitasking.
- The smartphones section has been updated and now discusses how they lead to brain drain.
- The Trends and Issues in Management section has more than 75% new material with all new references.

Chapter 8. Managing Teamwork

- The opening case has been replaced and now covers the Mayo Clinic.
- The Group Roles section self-interest roles now includes entitlement.
- The Performing stage of group development now includes a discussion of good citizen identity—using organizational citizenship behavior (OCB).
- The Globalization and Diversity section now includes the term *multicultural teams* (MCTs). The Technology section now includes definitions and examples for Trello boards and chatbots.
- The Trends and Issues in Management section has more than 50% new material with all new references.

Chapter 9. Human Resources Management

- The opening case has been replaced and covers sexual harassment at Fox News.
- The longer end-of-chapter case has been replaced with a new case on Wegmans.
- New discussion of incivility and bullying, Harvey Weinstein and the #MeToo movement, and sexual harassment in the workplace.
- New and expanded discussions on culture fit, turnover, and reasons for separating.
- The entire technology section in Trends and Issues in Management has been rewritten, and more than 70% of the material is new, including all-new references.

Appendix

- Expands the discussion of career planning and development by adding to the discussion of preferences, planning, and control.
- Updated section on pre-job search considerations.
- Revamped résumé and cover letter section.
- Expanded discussion of interview tips.
- Expanded discussion of networking, including a discussion of personality characteristics and networking.

Chapter 10. Organizational Behavior: Power, Politics, Negotiation, Conflict, and Stress

- The opening case has been replaced and covers Nissan.
- The longer end-of-chapter case has been replaced with College Politics.
- The Goals of OB section has been expanded to provide more detail of the importance of OB and to briefly discuss culture and OB.
- The Attitude section now includes the negative effects of abusive supervision.
- The entire technology section in Trends and Issues in Management has been rewritten, and more than 50% of the material is new, with all-new references.

Chapter 11. Motivating for High Performance

- The opening case has been updated.
- New end-of-chapter case on Coca-Cola.
- New section, Motivating Takes More Than Money.
- The Two-Factor theory heading now includes self-determination theory.
- There is a new Exhibit 11-5 Expectancy Theory to illustrate the motivation formula.
- In the Trends and Issues in Management section, a technology section has been added and the ethics discussion has been greatly expanded.

Chapter 12. Leading With Influence

- New chapter-opening case on Mary Barra's leadership at GM.
- New end-of-chapter case on Virgin Group.

- The first section is now Leadership and Trust. The subsection, The Importance of Leadership, has been rewritten with all new updated references.
- New coverage of introverts as leaders, employee voice, team-member exchange (TMX), strategic leadership, the 4I components of transformational leadership, and the façade of conformity.
- In the Trends and Issues in Management Globalization and Diversity section, Generation Z has been added. The entire Technology and Ethics and CSR sections have been rewritten, and more than 50% of the material is new, with all-new references.

Chapter 13. Communication, Information Technology, and Emotional Intelligence

- New opening case on Oprah Winfrey.
- New end-of-chapter case on 3M.
- New coverage of digitalization of information, privacy and cybersecurity, types of information systems, mindfulness, and emotional competence.
- There is a new introduction to the Criticism section discussing the relationship among communication, feedback, emotions, and criticism.
- There is a new Self-Assessment Exercise 13-2, Your Preferred Response Style.
- The Trends and Issues in Management section has been updated with more than 50% new material, including a discussion of lying and how to identify when people are lying to you.

Chapter 14. Managing Control Systems, Finances, and People

- The opening case has been updated
- New end-of-chapter case on Sears Holdings Corporation.
- The introduction to the chapter has been rewritten to explain the interrelationship between planning and controlling.

Chapter 15. Operations, Quality, and Productivity

- New opening case on H&M.
- New end-of-chapter case on Sony.
- New coverage and expanded coverage of Design Thinking, Value Chain Management, and Kaizen.

DIGITAL RESOURCES: A COMPLETE TEACHING AND LEARNING PACKAGE



Engage, Learn, Soar with **SAGE vantage**, an intuitive digital platform that delivers **Management Fundamentals, Ninth Edition** textbook content in a learning experience carefully designed to ignite student engagement and drive critical thinking. With evidence-based instructional design at the core, SAGE vantage creates more time for engaged learning and empowered teaching, keeping the classroom where it belongs—in your hands.

Easy to access across mobile, desktop, and tablet devices, SAGE vantage enables students to engage with the material you choose, learn by applying knowledge, and soar with confidence by performing better in your course.

Highlights include:

- **eReading Experience.** Makes it easy for students to study wherever they are—students can take notes, highlight content, look up definitions, and more!
- **Pedagogical Scaffolding.** Builds on core concepts, moving students from basic understanding to mastery.
- **Confidence Builder.** Offers frequent knowledge checks, applied-learning multimedia tools, and chapter tests with focused feedback to assure students know key concepts.
- **Time-Saving Flexibility.** Feeds auto-graded assignments to your gradebook, with real-time insight into student and class performance.
- **Quality Content.** Written by expert authors and teachers, content is not sacrificed for technical features.
- **Honest Value.** Affordable access to easy-to-use, quality learning tools students will appreciate.

Favorite SAGE vantage features:

- **3-step course setup** is so fast you can complete it in minutes!
- **Control over assignments**, content selection, due dates, and grading empowers you to teach your way.
- **Quality content** authored by the experts you trust.
- **eReading experience** makes it easy to learn and study by presenting content in easy-to-digest segments featuring note-taking, highlighting, definition look-up, and more.
- **LMS integration provides single sign-on** with streamlined grading capabilities and course management tools.
- **Auto-graded assignments** include:
 - formative **knowledge checks** for each major section of the text that quickly reinforce what students have read and ensure they stay on track;
 - dynamic, hands-on **multimedia activities** that tie real world examples and motivate students to read, prepare for class;
 - summative **chapter tests** that reinforce important themes
 - reflective **self-assessments** allowing students to determine their individual behaviors and values; and
 - **helpful hints and feedback** (provided with all assignments) that offer context and explain why an answer is correct or incorrect, allowing students to study more effectively.
- **Compelling polling questions** bring concepts to life and drive meaningful comprehension and classroom discussion.
- **Critical thinking checks** consist of **short-answer questions** providing application and reflection opportunities connected to key concepts.
- **Instructor reports** track student activity and provide analytics so you can adapt instruction as needed.
- **A student dashboard** offers easy access to grades, so students know exactly where they stand in your course and where they might improve.
- **Honest value** gives students access to quality content and learning tools at a price they will appreciate.

SAGE coursepacks

SAGE coursepacks for Instructors

The **SAGE coursepack** for *Management Fundamentals, Ninth Edition* makes it easy to import our quality instructor materials and student resources into your school's learning management system (LMS), such as Blackboard, Canvas, Brightspace by D2L, or Moodle. Intuitive and simple to use, **SAGE coursepack** allows you to integrate only the content you need, with minimal effort, and requires no access code. Don't use an LMS platform? You can still access many of the online resources for *Management Fundamentals, Ninth Edition* via the **SAGE edge** site.

Available SAGE content through the coursepack includes:

- Pedagogically robust **assessment tools** that foster review, practice, and critical thinking and offer a more complete way to measure student engagement, including:
 - Diagnostic **coursepack chapter quizzes** that identify opportunities for improvement, track student progress, and ensure mastery of key learning objectives.
 - **Test banks** built on Bloom's taxonomy that provide a diverse range of test items. Test bank questions are also correlated to the AACSB standards.
 - **Activity and quiz options** that allow you to choose only the assignments and tests you want.
- Editable, chapter-specific **PowerPoint®** slides that offer flexibility when creating multimedia lectures so you don't have to start from scratch but can customize to your exact needs.
- **Instructions** on how to use and integrate the comprehensive assessments and resources provided.

SAGE edge™

SAGE edge is a robust online environment featuring an impressive array of tools and resources for review, study, and further exploration, keeping both instructors and students on the cutting edge of teaching and learning. SAGE edge content is open access and available on demand. Learning and teaching has never been easier!

SAGE edge for Students at <http://edge.sagepub.com/lussier9e> provides a personalized approach to help students accomplish their coursework goals in an easy-to-use learning environment.

- **Learning objectives** reinforce the most important material
- Mobile-friendly **eFlashcards** strengthen understanding of key terms and concepts, and make it easy to maximize your study time, anywhere, anytime.
- Mobile-friendly practice **quizzes** allow you to assess how much you've learned and where you need to focus your attention.
- Carefully selected **video resources and articles** bring concepts to life, are tied to learning objectives, and make learning easier.

SAGE edge for Instructors at <http://edge.sagepub.com/lussier9e> supports teaching by making it easy to integrate quality content and create a rich learning environment for students.

- The **test bank**, is built on Bloom's taxonomy, the book's learning objectives, and AACSB (Association to Advance Collegiate Schools of Business) standards. Each question is tagged with this information, along with answer location and difficulty level. Containing multiple-choice, true/false, and

essay questions for each chapter, the test bank provides you with a diverse range of prewritten options as well as the opportunity for editing any question and/or inserting your own personalized questions to effectively assess students' progress and understanding.

- **Sample course syllabi** provide suggested models for structuring your course.
- Editable, chapter-specific **PowerPoint® slides** offer complete flexibility for creating a multimedia presentation for the course, so you don't have to start from scratch but can customize to your exact needs.
- An **instructor's manual** written by the author, Robert N. Lussier, was designed to ensure that every faculty member would receive complete, integrated support for teaching. The manual contains the following for each chapter of the book: Work Application student sample answers, Review Questions and Communication Skills answers, Applying the Concept answers, and Join the Discussion support materials.
- **Case Notes, Class Activities, Skill Builder Answers** (including setup and timing), and **Lecture Notes** are available as separate documents and for downloading.
- A set of all the **graphics from the text**, including all the tables and figures in PowerPoint formats are provided for class presentations.

SAGE Premium Video

Management Fundamentals, Ninth Edition offers premium video, available exclusively in the **SAGE vantage** digital option, produced and curated specifically for this text, to boost comprehension and bolster analysis.

ACKNOWLEDGMENTS

The authorship of a publishing project of this magnitude is only one aspect of a complex process. Many hardworking individuals gave great effort to create this text and package. I wish to express my special gratitude to the fine people at SAGE Publications. Specifically, I would also like to thank my initial acquisitions editor, Patricia Quinlin, who truly believed in the value of my management text and knew it would be a valuable addition to the SAGE business list. Pat paved the way for my text to be published by SAGE, and I am forever grateful to her for that.

I would like to thank my current editor, Maggie Stanley; senior content development editor Darcy Scelsi, especially for all her help with the chapter headings and Learning Objectives; editorial assistant Janeane Calderon; marketing manager Sarah Panella; production editor Tracy Buyan; copy editor Paula Bonilla; and designer Janet Kiesel.

I would like to acknowledge Loren Kuzuhara of the University of Wisconsin for writing the new Ideas on Management and the new and revised cases for this edition. I would also like to thank Erica Berte for her revisions of the Chapter 9 appendix in this edition.

I would also like to acknowledge the instructors who have developed digital resources for this edition and previous editions:

Jeffrey Anderson, Ohio University

Frank Armstrong, Ferris
State University

Andreas Bechrakis,
Miami Dade College

Eric S. Ecklund, Saint
Francis University

Kristina Findley, George
Fox University

Simona Ileana Giura,
SUNY Oneonta

Joni A. Koegel, Cazenovia College

Vance Lewis, University
of Texas, Dallas

Charles J. Mambula,
Langston University

Michael Provitera, Barry
University Miami

Lisa Sticca-Conrod, Johnson
& Wales University

In addition, the reviewers of the project provided me with great ideas and inspiration for writing. The reviewers overwhelmingly confirmed the basic philosophical premise behind the book—teaching students how to be successful in today's business environment—and I am very grateful for their valuable input.

Jake Aguas, Biola University

Sonia B. Aguilar, Fort
Hays State University

Verl A. Anderson, Dixie
State University

Jeffrey Anderson, Ohio University

Schuyler A. Banks, Erie
Community College

Brian A. Bartel, Mid-State
Technical College

Erica Berte, Metropolitan
State University

David Biemer, Texas
State University

Carl Blencke, University
of Central Florida

Jeff W. Bruns, Piedmont College

Callie Burnley, California State
Polytechnic University, Pomona

Anthoy Cafarelli, Ursuline College

Nancy M. Carr, Community
College of Philadelphia

Yi-Yu Chen, New Jersey
City University

Violet C. Christopher, Antelope
Valley College; California State
University, Bakersfield

Michael E. Cox, Ohio
Christian University

Eric S. Ecklund, Saint
Francis University

Diane D. Galbraith, Slippery
Rock University

Simona Ileana Giura,
SUNY Oneonta

Sheri Grotrian-Ryan,
Peru State College

HelenMarie Harmon, Indiana
University Northwest

Qazi Shaheen Kabir, State
University of New York at Oneonta

Gary F. Keller, Eastern
Oregon University

Lynn Klein, Chabot College

Joni A. Koegel, Cazenovia College

Kathy M. Littlefield, Peirce College

Charles J. Mambula,
Langston University

Linda Martinak, University of
Maryland University College

Douglas L. Micklich, Illinois
State University

Fereshteh Mofidi, Merritt College

Jeffrey B. Paul, Oral
Roberts University

Alicia J. Revely, Miami
University, Oxford, Ohio

Robert Robertson,
Independence University

Jennifer Scott, Northcentral
University

Joanna Shaw, Tarleton
State University

Kristin Lee Sotak, SUNY Oswego

Kevin Suber, Los Angeles
Valley College

Lauren Talia, Independence
University

Candice Vander Weerd,
Cleveland State University

Robert Waris, University of
Missouri-Kansas City

Paula A. White, Independence
University

Violet Zlatar-Christopher, California
State University, Northridge

I hope everyone who uses this text enjoys teaching from these materials as much as I do.

CONTACT ME WITH FEEDBACK

I wrote this book for you. Let me know what you think of it. More specifically, how can it be improved? I will respond to your feedback. If I use your suggestion for improvement, your name and college will be listed in the acknowledgments section of the next edition.

Robert N. Lussier
Springfield College
rlussier@springfieldcollege.edu

ABOUT THE AUTHOR



Robert N. Lussier is a professor of management at Springfield College and taught management for more than 35 years. He is a prolific writer, with more than 444 publications to his credit. His articles have been published in the *Academy of Entrepreneurship Journal*, *Business Horizons*, *Entrepreneurship Theory and Practice*, *Family Business Review*, *Journal of Business Strategies*, *Journal of Management Education*, *Journal of Small Business Management*, *Journal of Small Business Strategy*, *SAM Advanced Management Journal*, and several others. He

also has a human resources management textbook (with John Hendon) published by SAGE and other textbooks.

More than one million people globally have used his textbooks, earning him an unsurpassed national and international reputation as an author and keynote speaker. Dr. Lussier is the founder of **Publish Don't Perish** (www.publishdonotperish.com) and through contact, his *Publish Don't Perish: The Top Secrets to Get Published* book, and workshops has helped hundreds of institutions and individuals in 80-plus countries get published. His presentations inspire comments like: "*Bob explains complex business topics in an easy-to-understand language while keeping his audience engaged and spellbound*" (Dr. Raj V. Mahto, professor, University of New Mexico).

Dr. Lussier also consults to a wide array of commercial and nonprofit organizations. In fact, some of the material in the book was developed for such clients as Baystate Medical Center, Coca-Cola, Friendly's Ice Cream, National Institute of Financial Education, Mead, Monsanto, Smith & Wesson, the Social Security Administration, the Visiting Nurse Association, and YMCAs.

Dr. Lussier holds a bachelor of science in business administration from Salem State College, master's degrees in business and education from Suffolk University (AACSB accredited), and a doctorate in management from the University of New Haven (AACSB accredited).

1

Management and Its History

Learning Objectives

- 1-1.** State how the study of management helps develop personal and professional skills. **PAGE 2**
- 1-2.** Describe a manager's responsibility. **PAGE 3**
- 1-3.** List the three skills of effective managers. **PAGE 5**
- 1-4.** State the four management functions. **PAGE 8**
- 1-5.** Explain the three management role categories. **PAGE 10**
- 1-6.** Describe the differences among the hierarchy of management levels in terms of skills needed and functions performed. **PAGE 12**
- 1-7.** Summarize the major similarities and differences between the classical and behavioral theorists. **PAGE 17**

Ideas on Management at JPMorgan Chase

Jamie Dimon is the CEO of **JPMorgan Chase**, a multinational investment bank and financial services firm based in New York City. It is the largest bank in the United States. The company operates under the guiding principles of client service, operational excellence, integrity, fairness and responsibility, and a winning culture.

Dimon is respected as a tough but fair leader who maintains high expectations for his followers but believes in supporting them by fostering a great corporate culture where associates can thrive. He also believes rewards and discipline should be linked to performance and that everyone needs to be held accountable for their actions.



Getty Images North America/Mark Wilson/Staff

SAGE edge™

Get the edge on your studies: edge.sagepub.com/lussier9e

- Take a quiz to find out what you've learned.
- Review key terms with eFlashcards.
- Watch videos that enhance chapter content.

In recognition of his leadership ability, Dimon was listed as one of The World's 50 Greatest Leaders of 2019 by *Fortune* magazine.

IOM 1. What resources does Jamie Dimon use in performing his job as CEO at JPMorgan Chase?

IOM 2. Which qualities, skills, or competencies does Jamie Dimon use to be successful in his leadership role at JPMorgan Chase?

IOM 3. How does Jamie Dimon execute management functions in his leadership role at JPMorgan Chase?

IOM 4. Which management roles does Jamie Dimon play in performing his job as CEO at JPMorgan Chase?

IOM 5. Which theories of management are reflected in Jamie Dimon's approach to leading JPMorgan Chase?

You'll find answers to these **IOM** questions throughout the chapter. To learn more about Dimon and JPMorgan Chase, visit jpmorganchase.com.

Sources: <https://www.jpmorganchase.com/corporate/About-JPMC/ab-business-principles.htm>; <https://www.businessstudent.com/topics/12-things-all-business-students-can-learn-from-jamie-dimon/>; <http://fortune.com/worlds-greatest-leaders/>. Accessed April 20, 2019.

Poll: Qualities of a Manager

In your opinion, which of the following is the most important quality of a successful manager?

- Enjoys working with people
- Motivates others
- Is a problem solver
- Is trustworthy
- Treats people fairly

Feedback: All of these qualities play a role in successful management. You can work on improving your skills in these areas throughout this course.

WHY STUDY MANAGEMENT?

>> LO 1-1: State how the study of management helps develop personal and professional skills.

It's natural at this point to think, "What can I get from this book?" or "What's in it for me?" Colleges are often criticized for a "relevance gap."¹ Do you want your college studies to prepare you for the workplace but question the relevance of your courses?² Do you want to develop skills you can use in your personal and professional life? The connection between the study of business management and its application in the workplace is the focus of this book. In this chapter, you will learn about the research-supported management skills and functions³ that employers look for in all job recruits, and throughout the book you will be provided with opportunities to develop those skills. After you learn more about these skills and functions, we'll provide details for developing your skills in the "Objectives of the Book" section of this chapter.

Develop Skills You Can Use in Your Personal Life

Do you want to be happy? Well, true happiness comes from our relationships, not things.⁴ Throughout this book, you can develop skills that can help you maintain and

improve your personal relationships with family, friends, and coworkers. In just about every chapter, you can develop skills that can be used immediately in your personal lives. For example, in Skill Builder exercise 1-1 at the end of this chapter, you will learn a technique to help you remember people's names; in the next chapter you will find guides to ethical behavior; Chapter 4 presents a model that can help you make better decisions; Chapter 10 can improve your skills of resolving conflicts and managing your stress; and in Chapter 13 you can improve your communication skills.

Here is a tip for developing skills you can use in your personal life from **Sheryl Sandberg, Facebook COO**. If you want to be happier, have gratitude by focusing on the positive things in your life, not the negatives.⁵ Gratitude is good for business.⁶ Also, being happy is simple. Happiness arises from choosing to be happy, from not complaining and not dwelling on the negative things, and from being grateful for what you have and focusing on the positive things in your life.⁷ This advice is based on research supporting the ideas that “If you can’t be happy with what you have, then you can never be happy,”⁸ and that gratitude improves life satisfaction.⁹

American society tends to promote two *isms* that tend to lead to personal unhappiness. The first is individualism—be selfish; look out for yourself; take advantage of others for your own personal gain, only do things that have something in them for you. The second is hedonism—don’t do it if you don’t feel like doing it; just do whatever makes you feel good.¹⁰ Booker T. Washington said, “Those who are happiest are those who do the most for others.”¹¹ Making sacrifices for others brings happiness.¹² Do you know any selfish people? Do you like them? Are they really happy? Will they ever be happy? Do you feel a sense of selfish entitlement¹³ with a lack of gratitude?¹⁴ Are you happy? Are you content with the person you see in the mirror?¹⁵ Through this book, you can develop your people skills and be happier.

Develop Skills You Can Use as a Manager or Employee

Let’s extend happiness and success to our professional lives. **LinkedIn** cofounder **Reid Hoffman** says job satisfaction and success come from positive relationships at work.¹⁶ Relationships formed at work are the core of our lives¹⁷ and are reliable indicators of happiness for all ages.¹⁸ Do workplace relationships bring you happiness?¹⁹ Business success is based on developing and maintaining good relationships.²⁰ Former **Land O’Lakes** CEO **Jack Gherty** said he became successful and his company is doing so well because he focuses on helping other people win. **LinkAmerica** CEO **Andrés Ruzo** says the more you give, the more you get back.²¹

As management guru **Henry Mintzberg** said, “No job is more vital to our society than that of a manager.”²² Positive manager-subordinate relationships are invaluable to organizational success. If you are a manager or want to be a manager someday, you need good management skills to be successful,²³ and throughout this book, you will be given opportunities to develop your management skills.

But even if you are not interested in being a manager, you still need management skills to succeed in today’s workplace. The old workplace, in which managers simply told employees what to do, is gone. Today, employees want to be involved in management, and organizations are recruiting employees with people skills who can work effectively in teams and share in decision-making and other management tasks.²⁴ At **Zappos**, they have even eliminated the term *manager* because they want employees to be self-managed.²⁵ Unfortunately, it has been said that new college graduates lack the ability to manage or lead.²⁶

This book can help you develop management skills you can apply in your personal and professional life. In this chapter, you will learn what management is all about, and we will begin the discussion of how you can develop your management skills.

WHAT IS A MANAGER'S RESPONSIBILITY?

>> LO 1-2: Describe a manager's responsibility.

A **manager** is responsible for achieving organizational objectives through efficient and effective utilization of resources. *Efficient* means doing things right so as to maximize the utilization of resources. *Effective* means doing the right thing in order to

manager The individual responsible for achieving organizational objectives through efficient and effective utilization of resources.

manager's resources Human, financial, physical, and informational resources.

attain an objective. The **manager's resources** are human, financial, physical, and informational. How managers accumulate and allocate these resources affects both efficient and effective performance.²⁷ The resources are listed in Exhibit 1-1.

EXHIBIT 1-1

Management Resources

Human
Financial
Physical
Informational

Human Resources

Human resources are people, often referred to as human capital.²⁸ **Wegmans** VP **Jack Depeters** says the success of any company depends on its employees.²⁹ In this way, people are an organization's most valuable assets, and this is especially true of its managers.³⁰ Throughout this book, we will focus on how managers work with employees to accomplish organizational objectives.

Financial Resources

It takes money to make money, and without proper finances, you don't have a business. Most managers have a budget stating the allocation of finances to operate their department or their store for a set period of time.³¹ A major factor in the **Toys "R" Us** bankruptcy was financial mismanagement.³²

Physical Resources

Managers are responsible for making the products and delivering services; keeping equipment in working condition; and ensuring that necessary products, materials, and supplies are available when needed. For example, **Amazon** stocks thousands of products in fulfillment centers around the world to provide fast delivery of its products.³³

Informational Resources

You need information (including communication of information) to set objectives and make decisions on how to allocate and use your scarce resources to attain your objectives.³⁴ CEO **Richard Branson** of **Virgin Group** says information should flow freely throughout the organization to be used as a continuous learning process.³⁵ **Facebook** Chief Information Officer (CIO) **Timothy Campos** says his job is to use information technology (IT) to enable the efficiency and effectiveness of the company.³⁶

Resources and Performance

Managers have a profound impact on the performance of their organizations.³⁷ So how you acquire and manage the four resources affects organizational performance.³⁸ The level of organizational **performance** is based on how effectively and efficiently managers utilize resources to achieve objectives. Managers are responsible for setting and evaluating how well they meet organizational strategies and objectives through utilization and control of resources.³⁹ Selecting the right resources—being effective—and using them efficiently results in creativity and high levels of performance.⁴⁰

Jamie Dimon (**IOM 1**) believes strongly in the importance of human resources which involves the acquisition and development of the very best talent in terms of intelligence, analytical skills, and work ethic. He maintains high standards for his employees, but believes in rewarding them for good performance as well. Dimon also uses informational resources effectively. He believes in maintaining a strong emphasis on getting the most critical information and analyzing and processing it in the most efficient manner possible.

performance Means of evaluating how effectively and efficiently managers utilize resources to achieve objectives.

WORK APPLICATION 1-1

Describe specific examples of the four resources used by a present or past boss. Give the manager's job title and department.

A Manager Interview

This interview with **Bonnie Castonguary**, a store manager for **Gap Inc.**, provides an overview of the manager's job and responsibility.

Q: What was your progression to your present job as store manager?

A: I started as a store manager in training. I replaced a woman on maternity leave as acting store manager, and then I had my first store. After a while, I was promoted to larger stores with more sales volume. A few years later, I was promoted to manager of [a] Gap outlet store. . . . My next career advancement is to general manager. . . . I would still be in one store, but I would assist the district manager by overseeing other stores in my district.

Q: Briefly describe your job.

A: Gap Inc.'s two-page "Position Overview Store Management" form, which also contains a detailed summary for each level of management, presents this general summary: "The Store Management team manages the sales, operations, and personnel functions of the store to ensure maximum profitability and compliance with company procedures. The Team includes Assistant Managers, Associate Managers, the Store Manager, and/or the General Manager."

Q: What do you like best about being a manager?

A: You don't have time to get bored on the job because you are always doing something different.

Q: What do you like least about being a manager?

A: Dealing with difficult performance problems of employees and customers, and always being on call. When I'm not at work, I'm still on call when there are problems at the store. This could mean going to the store at 2:00 a.m. to shut off the alarm.

Q: What advice would you give to college graduates without any full-time work experience who are interested in a management career after graduation?

A: You need to be dedicated and hardworking. You must take great pride in your work. You have to be willing to take on a lot of responsibility. Remember, your employees are always looking to you to set the example; when you make a mistake (which you will do), it affects your staff. You have to be a self-starter. As a store manager, you have to motivate employees, but your boss is not around much to motivate you.

WHAT DOES IT TAKE TO BE A SUCCESSFUL MANAGER?

>> LO 1-3: List the three skills of effective managers.

Although managers' jobs vary, researchers generally agree on a set of qualities, skills, and competencies necessary to be a successful manager.

Management Qualities

"What does it take to be a successful manager?" "What are the most important traits for success as a supervisor?" Before you read about these traits. Complete Self-Assessment 1-1 on management traits to find out if you have these qualities. Self-awareness⁴¹ and self-assessment⁴² are the crucial first step for improvement. You will have the opportunity to complete self-assessments in every chapter to help you identify skills to improve in your personal and professional lives.

Integrity, industriousness, and the ability to get along with people have been identified as the three most important traits for successful managers.⁴³

WORK APPLICATION 1-2

Identify a specific manager, preferably one who is or was your boss, and explain what makes him or her successful or unsuccessful. Give examples.

1-1 SELF-ASSESSMENT

Management Traits

The following 15 questions relate to some of the qualities needed to be a successful manager. Rate yourself on each item by indicating with a number (1–4) how well each statement describes you.

1. The statement does not describe me at all.
 2. The statement somewhat describes me.
 3. The statement describes me most of the time.
 4. The statement describes me very accurately.
-
- _____ 1. I enjoy working with people. I prefer to work with others rather than working alone.
 - _____ 2. I can motivate others. I can get people to do things they may not want to do.
 - _____ 3. I am well liked. People enjoy working with me.
 - _____ 4. I am cooperative. I strive to help the team do well rather than to be the star.
 - _____ 5. I am a leader. I enjoy teaching, coaching, and instructing people.
 - _____ 6. I want to be successful. I do things to the best of my ability to be successful.
 - _____ 7. I am a self-starter. I get things done without having to be told to do them.
 - _____ 8. I am a problem solver. If things aren't going the way I want them to, I take corrective action to meet my objectives.

- _____ 9. I am self-reliant. I don't need the help of others.
- _____ 10. I am hardworking. I enjoy working and getting the job done.
- _____ 11. I am trustworthy. If I say I will do something by a set time, I do it.
- _____ 12. I am loyal. I do not do or say things to intentionally hurt my friends, relatives, or coworkers.
- _____ 13. I can take criticism. If people tell me negative things about myself, I give them serious thought and change when appropriate.
- _____ 14. I am honest. I do not lie, steal, or cheat.
- _____ 15. I am fair. I treat people equally. I don't take advantage of others.
- _____ TOTAL SCORE (add numbers on lines 1–15; the range of possible scores is 15–60)

In general, the higher your score, the better your chances of being a successful manager. You can work on improving your *integrity* (items 11–15), *industriousness* (items 6–10), and ability to get along with *people* (items 1–5) both in this course and in your personal life. As a start, review the traits listed here. Which ones are your strongest and weakest? Think about how you can improve in the weaker areas—or, even better, write out a plan.

management skills The skills needed to be an effective manager, including technical, interpersonal, and decision-making skills.

Management Skills

Skills involve the ability to perform some type of activity or task. **Management skills** include (1) *technical*, (2) *interpersonal*, and (3) *decision-making skills*. Technical skills can be referred to as hard skills, whereas interpersonal and decision-making skills are often called soft skills, and the most sought-after skills in the job market are soft skills because organizations seek employees at all levels and positions (including technology jobs) who can communicate clearly, problem solve and get along with coworkers.⁴⁴ Because management skills are so important, the focus of this book is on skill building. If you work at it, you can develop your management skills through this course.

Technical Skills

technical skills The ability to use methods and techniques to perform a task.

Technical skills involve the ability to use methods and techniques to perform a task. All employees need technical skills to perform their jobs. A manager may develop a budget (managerial job) using **Microsoft Excel** (technical skill). Technical skills are

more important for employees than for managers, and they vary widely from job to job; therefore, this course does not focus on developing these skills. Although technology is advancing, it is people with interpersonal skills working effectively in teams who develop the technology.⁴⁵

Interpersonal Skills

Interpersonal skills involve the ability to understand, communicate with, and work well with individuals and groups through developing effective relationships. Interpersonal skills are sometimes also referred to as human or people skills, as well as soft skills. Our relationships and happiness are based on our interpersonal skills.⁴⁶ They include the ability to communicate, motivate, and lead.⁴⁷

If having good human relations are not very important, then why doesn't everyone at work get along, why do companies seek employees with good people skills,⁴⁸ and why are companies spending millions to develop employees' interpersonal skills? The resources you need to get the job done are made available through relationships.⁴⁹ Sir **Richard Branson** says, "You definitely need to be good with people to help bring out the best in people."⁵⁰ Several chapters focus on developing your interpersonal skills, especially the leadership section (Chapters 10–13).

interpersonal skills The ability to understand, communicate with, and work well with individuals and groups through developing effective relationships.

Decision-Making Skills

Clearly, the decisions you have made over your lifetime have affected you today. Organizations are seeking employees with conceptual critical thinking skills that can take initiative to solve problems.⁵¹ Leadership decisions determine the success or failure of organizations,⁵² so organizations are also training their people to improve their decision-making skills. **Decision-making skills** are based on the ability to conceptualize situations and select alternatives to solve problems and take advantage of opportunities. You will develop your decision-making skills in Chapter 4.

Jamie Dimon (IOM 2) clearly possesses the three type of management skills: technical, interpersonal, and decision making. He is known in the financial services industry as a leading thinker. He possesses superior analytical and strategic skills that support the achievement of his business objectives at **JPMorgan Chase**. Dimon is known as a demanding leader, but he demonstrates interpersonal skills in his belief in encouraging his executives to balance work and play and his practice of rewarding loyalty from his followers. Dimon uses his decision-making skills to literally make hundreds of strategic and operational decisions on a daily basis associated with running a leading financial services company. His decisions shape the direction and future success of his company.

To summarize, technical skills are primarily concerned with things, interpersonal skills are primarily concerned with people, and decision-making skills are primarily concerned with ideas and concepts. Review the management skills in Exhibit 1-2; then complete Applying the Concept 1-1.

decision-making skills The ability to conceptualize situations and select alternatives to solve problems and take advantage of opportunities.

EXHIBIT 1-2

Management Skills

Technical Skills
Interpersonal Skills
Decision-Making Skills

AACSB Competencies

In addition to qualities and skills, the **AACSB International (Association to Advance Collegiate Schools of Business)** has established standards for accreditation of business schools; they were updated effective January 1, 2019. The standards curricula address general content areas—skills and knowledge and encourage active student engagement.

General Skill Areas to be developed include (identifies chapters developing this knowledge and skill): Written and oral communication (Ch 13), Ethical understanding and reasoning (Ch 2), Analytical thinking (all), Information technology (Ch 13), Interpersonal relations and teamwork (Ch 8), Diverse and multicultural work environments (Ch 3), Reflective thinking (all), Application of knowledge (all), Integration of real-world business experiences (your personal use of the skills).⁵³

This book includes Applications and Skill Builders at the end of each chapter to foster the development of your management qualities, skills, and competencies. Each exercise identifies the AACSB General Skill area of development.

1-1 APPLYING THE CONCEPT

Management Skills

Identify each activity as being one of the following types of management skills:

- A. technical
- B. interpersonal
- C. decision making

- _____ 1. The manager is in a meeting making a presentation.
- _____ 2. The manager is working on fixing a broken machine.
- _____ 3. The manager is sending an email letting the employees know they exceeded the sales goal.
- _____ 4. The manager is scheduling which machines will produce each product next week.
- _____ 5. The manager is trying to figure out a way to solve a problem.
- _____ 6. The manager is giving an employee praise for a job well done.

EXHIBIT 1-3

Management Functions

Planning
Organizing
Leading
Controlling

management functions

Planning, organizing, leading, and controlling.

planning The process of setting objectives and determining in advance exactly how the objectives will be met.

organizing The process of delegating and coordinating tasks and allocating resources to achieve objectives.

In addition to AACSB, this book also meets the core professional components of **ACBSP (Accreditation Council for Business Schools and Programs)**,⁵⁴ and **IACBE (International Assembly for Collegiate Business Education)** standards.⁵⁵ AACSB, ACBSP, and IACBE standards can be classified within the three management skills areas.⁵⁶

MANAGEMENT FUNCTIONS

>> LO 1-4: State the four management functions.

Years of research have shown that essentially everything a manager does can be classified into one of the four management functions or as nonmanagerial work. Performing the management functions clearly is difficult real work, and managers may also perform employee tasks.

The four **management functions** are *planning*, *organizing*, *leading*, and *controlling*. Managers perform the management functions through using organizational resources to achieve organizational objectives through others,⁵⁷ often in teams.⁵⁸ All of the Skill Builder exercises identify the management function skill being developed through the activity. Exhibit 1-3 lists the four functions of management.

Planning—Based on Objectives

Planning is typically the starting point in the management process, and you should begin with a clear objective.⁵⁹ **Planning** is the process of setting objectives and determining in advance exactly how the objectives will be met. There is a relationship between planning and performance.⁶⁰ So before we do anything, we should have an objective stating the end result and then develop a plan for how to complete it. You should also realize the other three functions also focus on achieving your objectives. You will learn how to write effective objectives and plans in Part II: Planning (Chapters 4–6).

Organizing

Performance is based on how managers organize their resources within the strategic process.⁶¹ **Organizing** is the process of delegating and coordinating tasks and allocating resources to achieve objectives. An important part of coordinating human resources is to assign people to various jobs and tasks. So we design our work to achieve our objectives. An important part of organizing, sometimes listed as a separate function, is

staffing. *Staffing* is the process of selecting, training, and evaluating employees.⁶² You will learn how to organize in Part III: Organizing (Chapters 7–9).

Leading

The ability to lead is an important skill for everyone, especially for managers, because leadership contributes to organizational success.⁶³ A survey found that 63% of companies screen new hires on the basis of leadership ability.⁶⁴ **Leading** is the process of influencing employees to work toward achieving objectives. Managers must communicate the objectives to employees and motivate them to achieve those objectives by developing positive relationships.⁶⁵ You will learn how to lead in Part IV: Leading (Chapters 10–13).

leading The process of influencing employees to work toward achieving objectives.

Controlling

Objectives to achieve anything will not be met without consistent monitoring and measuring of your progress towards meeting the objectives, as well as overcoming obstacles to accomplish the objective. **Controlling** is the process of monitoring and measuring progress and taking corrective action when needed to ensure that objectives are achieved. You will learn how to control in Part V: Controlling (Chapters 14–15).

controlling The process of monitoring progress and taking corrective action when needed to ensure that objectives are achieved.

WORK APPLICATION 1-3

Identify a specific manager, preferably one who is or was your manager, and give examples of how that person performs each of the four management functions.

Nonmanagement Functions

All managers perform the four functions of management as they get work done through employees. However, many managers perform nonmanagement, or employee, functions as well. For example, at **Taco Bell** and **Chick-fil-A** it is common for store managers to cook or wait on customers at mealtimes, which is a nonmanagement function. Many managers are called working managers because they perform both management and employee functions.

Jamie Dimon (IOM 3) needs to address all of the management functions to be an effective leader. His long-term vision for **JPMorgan Chase** and the initiatives he helps to create require a superior planning process. He also needs to create an organizational structure that will, as he says, “institutionalize” best practices for getting things done and achieving desired business results. Dimon effectively leads JPMorgan Chase by fostering a corporate culture that supports the firm’s strategy and maintaining high performance standards for his followers. Finally, he uses controlling to ensure the successful achievement of the firm’s goals and strategies by rewarding exceptional performance and disciplining poor performance.

The Transition to Management—Managing People

Going from being an employee to being a manager is not an easy transition.⁶⁶ New managers often don’t realize just how hard the job really is and how much more work managers do than employees, who constantly interrupt them, putting demands on their time. Because most new managers are used to doing nonmanagement functions, they often do the work for employees when their actual job is to train employees to do their job, help them improve their performance, and solve problems to make their jobs easier and less frustrating.

A current term for the transition is “*go suit*,” defined as getting promoted to management—and forgetting your basic job skills once installed in an office.⁶⁷ This is because as a manager, you get the job done through employees, or your job is to manage people—using interpersonal skills.⁶⁸ As a new manager, you will likely need to perform nonmanagement functions, but be sure to focus on planning, organizing, leading, and controlling to get the job done through people.

1-2 APPLYING THE CONCEPT

Management Functions

Indicate which type of function the manager is performing in each situation:

- A. planning
- B. organizing
- C. leading
- D. controlling
- E. nonmanagement

- _____ 7. The manager is encouraging an employee to get a college degree so she can become a manager.
- _____ 8. The manager is conducting a job interview to select a new employee for a new open position in sales.
- _____ 9. The manager is emptying his trash.
- _____ 10. The manager is scheduling employee work hours for next week.
- _____ 11. The manager is giving the workers a pep talk to motivate them to work hard to meet the production quota today with an absent employee.
- _____ 12. The manager is conducting an employee's annual performance evaluation.
- _____ 13. The manager is checking how many new computers have been produced so far today.
- _____ 14. The manager is greeting customers as they enter the retail store asking if she can be of assistance finding anything.

MANAGEMENT ROLES

>> LO 1.5: Explain the three management role categories.

Managers have a set of distinct roles. A *role* is a set of expectations of how one will behave in a given situation. **Henry Mintzberg** identified 10 roles that managers play as they accomplish management functions. Mintzberg grouped these 10 roles into three **management role categories**:⁶⁹ *interpersonal, informational, and decisional roles* (see Exhibit 1-4).

management role categories

The categories of roles—interpersonal, informational, and decisional—managers play as they accomplish management functions.

Interpersonal Roles

When managers play interpersonal roles, they use their interpersonal skills as they perform management functions. Managers play the *figurehead* role when they represent the organization or department in ceremonial and symbolic activities. Managers play the *leader* role when they motivate, train, communicate with, and influence others. Managers play the *liaison* role when they interact with people outside of their unit to gain information and favors.

Informational Roles

When managers play informational roles, they use their interpersonal skills. Managers play the *monitor* role when they read and talk to others to receive information. Managers play the *disseminator* role when they send information to others. Managers play the *spokesperson* role when they provide information to people outside the organization.

EXHIBIT 1-4

Management Roles

MANAGEMENT ROLE CATEGORIES	MANAGEMENT ROLES WITHIN THE CATEGORY
Interpersonal	Figurehead, Leader, Liaison
Informational	Monitor, Disseminator, Spokesperson
Decisional	Entrepreneur, Disturbance handler, Resource allocator, Negotiator

Decisional Roles

When managers play decisional roles, they use their conceptual decision-making management skills. Managers play the *entrepreneur* role when they innovate and initiate improvements. Managers play the *disturbance-handler* role when they take corrective

action during disputes or crisis situations. Managers play the *resource-allocator* role when they schedule, request authorization, and perform budgeting and programming activities, as when managers perform the *negotiator* role when they represent their department or organization during nonroutine transactions to gain agreement and commitment.

Jamie Dimon (IOM 4) needs to wear many “hats” or take on many roles in performing his job. For example, he plays the liaison interpersonal role as he is the face of **JPMorgan Chase** and is responsible for managing relationships with external stakeholders such as customers, investors, government and industry leaders, etc. This is related to the spokesperson informational role as Dimon represents the company when making major announcements to the public and other stakeholder groups. In terms of decisional roles, Dimon is a resource allocator as he decides how the firm’s financial and human resources will be directed to reflect the strategic priorities and business objectives of the overall company.

WORK APPLICATION 1-4

Identify a specific manager, preferably one who is or was your boss, and give examples of how that person performs roles in each of the three management role categories. Be sure to identify at least one of the three or four roles in each category.

The Systems Relationship Among the Management Skills, Functions, and Roles

It is important to understand system interrelationships.⁷⁰ The management skills are interrelated, or have a systems effect.⁷¹ For example, a first-line supervisor’s technical skills will affect his or her interpersonal and decision-making skills and vice versa. A manager’s skills also affect the implementation of the management functions and roles.

The management functions are not steps in a linear process. Managers do not usually plan, then organize, then lead, and then control. The functions are distinct yet interrelated. Managers often perform them simultaneously. In addition, each function depends on the others. For example, if you start with a poor plan, the objective will not be met even if things are well organized, led, and controlled. Or if you start with a

1-3 APPLYING THE CONCEPT

Management Roles

Identify each of the managerial activities as part of one of the three role categories and its role within each category:

A. interpersonal role (1 Figurehead, 2 Leader, 3 Liaison)

B. informational role (1 Monitor, 2 Disseminator, 3 Spokesperson)

C. decisional role (1 Entrepreneur, 2 Disturbance handler, 3 Resource allocator, 4 Negotiator)

_____ 15. The manager is meeting with two employees to resolve a conflict between them.

_____ 16. The sales manager is meeting with the production manager about a customer order.

_____ 17. The manager is sending an email with the new work schedule to employees for next week.

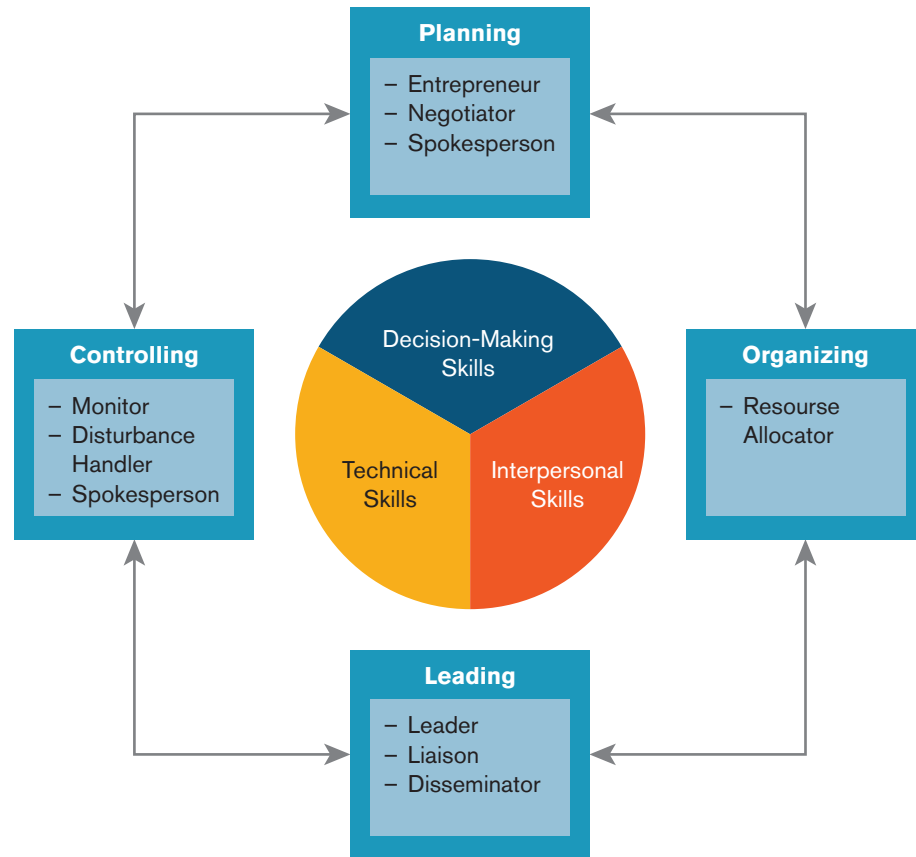
_____ 18. The manager discusses next year’s budget.

_____ 19. The mayor is cutting the ribbon at the groundbreaking for the new town hall.

_____ 20. The manager develops a new app that will be sold as an additional source of income.

_____ 21. The manager is reading the monthly budget report.

_____ 22. The manager shows a new employee how to record her working hours.

EXHIBIT 1-5**Management Skills, Functions, and Roles**

great plan but are poorly organized or lead poorly, the objective may not be met. Plans without controls are rarely implemented effectively. Remember that the management functions are based on setting objectives (planning) and achieving them (through organizing, leading, and controlling).

How well a manager plays the various management roles is also affected by his or her management skills. The 10 management roles are also integrated with the management functions. Certain management roles are played when performing the different management functions.

Exhibit 1-5 illustrates the interrelationship of *management skills, functions, and roles*.

DIFFERENCES AMONG MANAGERS

>> LO 1-6: Describe the differences among the hierarchy of management levels in terms of skills needed and functions performed.

As you will learn in this section, there are different levels of managers, and the importance of the skills and functions needed to perform the job varies by level. We will also discuss some of the differences between business sizes and managing for-profit companies and not-for-profit organizations.

The Three Levels of Management

Managers differ in the level of management, and there are also nonpermanent managers called team leaders, as well as nonmanager operative employees. There are

also different types of managers by level of management. Let's cover these concepts in this sequence.

The three **levels of management** are *top managers*, *middle managers*, and *first-line managers*. Job titles are given to help identify the level of management.⁷² The three levels relate to each other as described here. See Exhibit 1-6 for an illustration of the three levels of management and operative employees.

Levels of management Top managers, middle managers, and first-line managers.

Top Management

Top managers—people in executive positions—have titles such as CEO, president, or vice president. Most organizations have relatively few top management positions. Top managers are responsible for managing an entire organization or major parts of it. They develop and define the organization's purpose, objectives, and strategies. They report to boards of directors or other executives and supervise the activities of middle managers.



Middle Management

People in middle-manager positions have titles such as marketing and operations manager, and department head. Middle managers are responsible for implementing top management's strategy by developing short-term operating plans. They generally report to executives and supervise the work of first-line managers.

First-Line Management

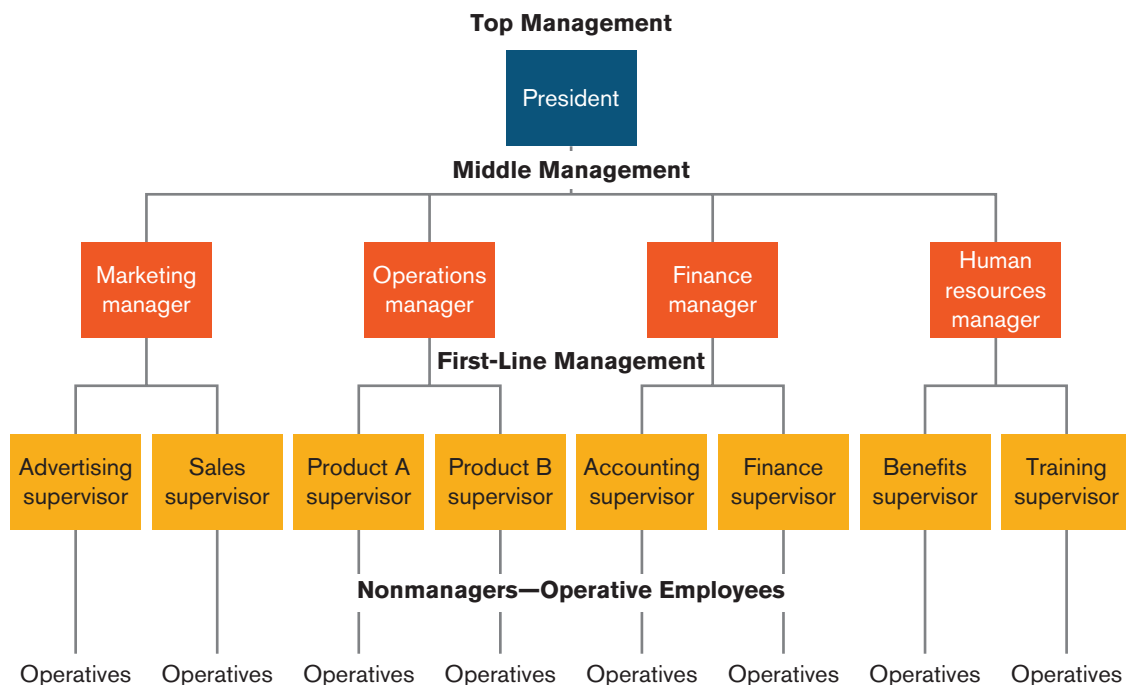
Examples of titles of first-line managers are sales and accounting supervisor, and office manager. These managers are responsible for implementing middle managers' plans.

Large corporations have multiple levels of management that serve different purposes to the organization. Levi Strauss's CEO Chip Bergh is a top manager who steered the company back to its position of prominence in American culture.

©iStockphoto.com/Akespyker

EXHIBIT 1-6

Management Levels and Functional Areas



operational plans. They generally report to middle managers. Unlike those at the other two levels of management, first-line managers do not supervise other managers; they supervise operative employees (nonmanagers).

WORK APPLICATION 1-5

Identify the levels of management in a specific organization by level and title. Be sure to give the organization's name.

Team Leader

This is a newer management position needed in organizations that focus on a team-based structure. They can have a significant impact on performance.⁷³ They are often called a project or program leader or task force or committee leader. The team leader facilitates team activities to achieve a goal rather than telling people what to do.

Higher-level managers may also be team leaders who supervise a small group of people to achieve a goal. Nonmanagement operative employees may also be team leaders who manage a team until the goal is completed. The team leader is not usually a permanent management position and thus is not a level in the hierarchy of management. You will learn more about teams and how to lead them in Chapter 8.

Nonmanagement Operative Employees

Operative employees are the workers in an organization who do not hold management positions. They commonly report to first-line managers and possibly to team leaders. They make the products, wait on customers, perform repairs, and so on.

Types of Managers by Level

types of managers General managers, functional managers, and project managers.

The three **types of managers** are general managers, functional managers, and project managers. Top-level and some middle managers are general managers because they supervise the activities of several departments that perform different activities. Middle and first-line managers are often business functional managers who supervise the completion of related tasks. Project managers are often team leaders.

The four most common *business functional* areas include marketing (sell the products and services), operations/production (make the product or perform the service), finance/accounting (maintain financial records), and human resources/personnel management (hire and compensate employees), as shown in Exhibit 1-6. We will discuss these functional areas in Chapter 7.

A project manager coordinates employees and other resources across several functional departments to accomplish a specific goal or task, such as developing a new aircraft at **Boeing**.

Differences in Management Skills

All managers need technical, interpersonal, and decision-making skills. However, the relative importance of these types of skills varies with the level of management. At all three levels of management, the need for interpersonal skills remains fairly constant. However, top-level managers have a greater need for decision-making skills, whereas first-line managers have a greater need for technical skills. Middle managers tend to need all three skills, but the mix required differs somewhat from organization to organization.

Differences in Management Functions

All managers perform the four management functions: planning, organizing, leading, and controlling. However, the time spent on each function varies with the level of management. First-line managers spend more time leading and controlling, middle-level managers spend equal time on all four functions, and top managers spend more time planning and organizing.

1-1 JOIN THE DISCUSSION • ETHICS & SOCIAL RESPONSIBILITY



Executive Compensation

In 2018, the AFL-CIO Paywatch reported CEOs of S&P 500 Index companies received an average of \$13.94 million in total compensation. **Broadcom** CEO **Hock Tan** was the highest paid with \$103.2 million, while **Alphabet (Google** cofounder) CEO **Larry Page** paid himself just \$1. In contrast, production and nonsupervisory workers earned only an average of \$38,613—a CEO-to-worker pay ratio of 361 to 1.

Some say top executives are being overpaid. In one of the largest corporate paydays in history, Chinese smartphone maker **Xiaomi** gave its CEO **Lei Jun** \$1.5 billion in stock with no strings attached. Especially because some of the best-performing CEOs aren't the highest paid, including the best returns by **Nektar** CEO **Howard Robin**. Other CEOs get large raises even when the companies lose money. **Under Armour** CEO **Kevin Plank** had the worst results as the company return dropped by just over 50%.

However, not everyone agrees that top executives are overpaid. In capitalist countries, talented CEOs, like athletes in pro sports, are entitled to fetch their price, as most compensation is geared toward results. Top executives should be paid multimillion-dollar compensation packages; after all, if it weren't for effective CEOs, companies would not be making the millions of dollars of profits they make each year. CEOs deserve a piece of the pie they helped bake.

1. Do executives deserve to make 361 times more than the average worker?
2. Is it ethical for managers to take large pay increases when laying off employees?
3. Is it ethical for managers to get pay raises when their companies lose money?
4. Are companies being socially responsible when paying executives premium compensation?

Sources: Information taken from the AFL-CIO's website at <https://aflcio.org/paywatch>, accessed February 26, 2019; MyLogIQ information reported in *The Wall Street Journal* (May 10, 2018): B1; J. Steinberg, "Xiaomi Gives Its CEO \$1.5 Billion Thank You," *The Wall Street Journal* (June 23–24, 2018): A1, A7.

1-4 APPLYING THE CONCEPT

Differences Among Management Levels

Identify the level of management in the following five instances:

- A. top
- B. middle
- C. first-line

- ____ 23. Managers who report to executives.
- ____ 24. Managers who need technical skills more than decision-making skills.

- ____ 25. Managers who tend to spend more time planning and organizing.
- ____ 26. Managers who have operative employees reporting to them.
- ____ 27. Managers who take the long-term strategy and develop short-term operating plans.

EXHIBIT 1-7

Skills Needed and Functions Performed at Different Management Levels

MANAGEMENT LEVEL	PRIMARY MANAGEMENT SKILLS NEEDED	PRIMARY MANAGEMENT FUNCTIONS PERFORMED
Top	Decision-Making and Interpersonal Skills	Planning and Organizing
Middle	Balance of All Three	Balance of All Four
First-Line	Technical and Interpersonal Skills	Leading and Controlling

EXHIBIT 1-8

Differences Between Large and Small Businesses

FUNCTIONS AND ROLES	LARGE BUSINESS	SMALL BUSINESS
Planning	Commonly have formal written objectives and plans with a global business focus.	Commonly have informal objectives and plans that are not written with a global focus.
Organizing	Tend to have formal organization structures with clear policies and procedures, with three levels of management. Jobs tend to be specialized.	Tend to have informal structures without clear policies and procedures, with fewer than three levels of management. Jobs tend to be more general.
Leading	Managers tend to be more participative, giving employees more say in how they do their work and allowing them to make more decisions.	Entrepreneurs tend to be more autocratic and want things done their way, often wanting to make the decisions.
Controlling	Tend to have more sophisticated computerized control systems.	Tend to use less sophisticated control systems and to rely more on direct observation.
Important management roles	Resource allocator	Entrepreneur and spokesperson

Exhibit 1-7 (previous page) summarizes the primary skills needed and functions performed at each of the three management levels.

Differences in Size

Managers in large and small firms need the same skills and perform the same functions. However, generally, the larger the company, the more specialized the job. **Bonnie Castonguary** works for a large organization—**Gap Inc.** Her independent store resembles a small business, but it has the support of a large organization. More than 90 percent of all companies globally are small businesses, so they are important to economic growth,⁷⁴ even though they tend to have fewer resources. Exhibit 1-8 lists some of the differences between large and small businesses. However, these are general statements; many large and small businesses share certain characteristics. Most large businesses, including **Amazon**, **Apple**, and **Twitter**, started as small businesses and grew.

WORK APPLICATION 1-6

Would you prefer to work for a small or large business and a for-profit or not-for-profit organization?

Differences in Profits

Is the manager's job the same in for-profit and not-for-profit organizations? Although some noteworthy differences exist (volunteers and fundraising), the answer is basically yes. All managers need management skills, perform management functions, and play management roles regardless of the organization type. **Bonnie Castonguary** works for a for-profit business, **Gap Inc.** Employees of the **American Red Cross**, **Caffe Lena**, and the **YMCA** work for the public (not-for-profit) sector. Is the college you are attending for profit or not?

In the past, it was common to classify both nongovernmental and governmental organizations together into one group called not-for-profits. However, the current trend with globalization is to distinguish not-for-profit organizations into nongovernmental organizations (NGOs), such as **Doctors Without Borders** and governmental organizations, such as the Internal Revenue Service.

Exhibit 1-9 lists some of the differences between for-profit and not-for-profit organizations. You may not realize it, but there are more than 140 million volunteers across

EXHIBIT 1-9

Survey Results Comparing Large and Small Businesses' Responses

STATEMENT	SMALL BUSINESS RESPONSE PERCENTAGE*	LARGE BUSINESS RESPONSE PERCENTAGE*
<i>My immediate manager is flexible when I need to take care of a personal or family matter.</i>	91%	81%
<i>The company supports me in achieving a reasonable balance between work and my personal life.</i>	65%	60%
<i>I believe the company will be successful over the next two to three years.</i>	63%	72%
<i>I have trust and confidence in the company's senior leadership team.</i>	56%	63%
<i>I believe my salary is fair, considering the pay of people doing similar work in other companies.</i>	35%	49%
<i>I plan to continue working for the company for more than five years.</i>	36%	59%

* Percentage of employees who agreed with the statements

Source: Adapted from Korn Ferry's Hay Group Survey, Reported in *INC.* (November 2016), p. 44.

37 countries that play a critical role in a functioning society, as they contribute around \$400 billion to the global economy annually.⁷⁵

A BRIEF HISTORY OF MANAGEMENT

>> LO 1-7: Summarize the major similarities and differences between the classical and behavioral theorists.

Organizational theorists say history matters.⁷⁶ There are two primary reasons you should be concerned about the history of management: to better understand current developments and to avoid repeating mistakes. Also, as you read the history, you will realize that today's organizations still use these management theories, as indicated by the chapters they are covered in. Early literature on management was written by management practitioners who described their experiences and attempted to extrapolate basic principles. More recent literature comes from researchers. There are different classifications of management approaches, or schools of management thought. In this section, you will learn about five management theories: the classical, behavioral, management science, systems, and current integrative perspective theories.

Classical Theory

The **classical theorists** focus on the job and management functions to determine the best way to manage in all organizations. In the early 1900s, managers began an organized approach to increasing performance by focusing on the efficiency of managing jobs. This focus later changed to a concern for managing departments and organizations. Scientific management stressed job efficiency through the development of technical skills, while administrative theory stressed rules and the structure of the organization.

classical theorists Researchers who focus on the job and management functions to determine the best way to manage in all organizations.

Scientific Management

Frederick Winslow Taylor (1856–1915), an engineer known as the Father of Scientific Management, focused on analyzing jobs and redesigning them so they could be accomplished more efficiently—which today is considered a technology goal.⁷⁷ As he searched for the best way to maximize performance, he developed “scientific management” principles, including the following:

1. Develop a procedure for each element of a worker's job.
2. Promote job specialization.
3. Select, train, and develop workers scientifically.
4. Plan and schedule work.
5. Establish standard methods and times for each task.
6. Use wage incentives such as piece rates and bonuses.⁷⁸

Frank Gilbreth (1868–1924) and his wife **Lillian Gilbreth** (1878–1972) used time-and-motion studies to develop more efficient work procedures. Their work was popularized in a book titled *Cheaper by the Dozen* (and, later, in two movies and a television comedy of the same name), which described their application of scientific management practices to their family of 12 children. When Frank died, the children ranged in age from 2 to 19 years old. Lillian continued her work as a consultant but changed the focus of her work to become a pioneer in industrial psychology. Lillian became a professor of management at Purdue University and is commonly referred to as the First Lady of Management.

Another person who made important contributions to scientific management was **Henry Gantt** (1861–1919). He developed a method for scheduling work over a period of time that is still widely used today. You will learn how to develop a Gantt chart in Chapter 15.

Administrative Theory

Henri Fayol (1841–1925) was a French engineer who is sometimes referred to as the Father of Modern Management. Fayol was a pioneer in the study of the principles and functions of management. He made a clear distinction between operating and managerial activities. Fayol identified five major functions of management: planning, coordinating, organizing, controlling, and commanding. In addition to his five management functions, Fayol developed 14 principles that are still used today.⁷⁹ Most principles-of-management textbooks are organized on the basis of the functions of management.

Two other contributors to administrative management are **Max Weber** (1864–1920) and **Chester Barnard** (1886–1961). Weber was a German sociologist who developed the *bureaucracy concept*. The aim of his concept of bureaucracy was to develop a set of rules and procedures to ensure faster, consistent management practices. Ever hear anyone today complain about the government being a slow bureaucracy with too many rules and regulations? Barnard studied authority and power distributions in organizations. He raised awareness of the informal organization—cliques and naturally occurring social groupings within formal organizations.

Mary Parker Follett (1868–1933) stressed the importance of people rather than engineering techniques. Follett contributed to administrative theory by emphasizing the need for worker participation, conflict resolution, and shared goals. She is best known for *integrative conflict resolution*: when all parties agree to a conflict resolution

rather than one person dominates and wins and the other loses, and when there is no compromise where one party gives up something to get something because all parties win. The trend today is toward increasingly higher levels of employee participation. Barnard's and Follett's contributions led to the development of behavioral theory.

Many companies still use classical management techniques successfully today. **McDonald's** system of fast-food service is one good example of a company that uses



People are the most important resource that organizations have. Mary Parker Follett's work, which focused on interactions between management and employees, still influences organizations today.

©iStockphoto.com/shironosov

these techniques. Managers at **GM** and **Toyota** also use classical techniques, such as time-and-motion studies and organization principles that you will learn about in Chapter 7. Large organizations that are downsizing to cut costs by laying off employees and becoming more efficient are using a classical management approach.

Behavioral Theory

The **behavioral theorists** focus on people to determine the best way to manage in all organizations. In the 1920s, management writers began to question the classical approach to management and changed their focus from the job itself to the people who perform the job. Like the classicists, behaviorists were looking for the best way to manage in all organizations. However, the behavioral approach to management stressed the need for human skills rather than technical skills.

Elton Mayo (1880–1949) pioneered the *human relations movement*. Mayo headed a group of Harvard researchers in conducting the Hawthorne studies, a landmark series of studies of human behavior in **Western Electric's** Hawthorne plant (Cicero, Illinois) from 1927 to 1932. Like Taylor, Mayo wanted to increase performance; however, he viewed determining the best work environment as the means to this end. Mayo's research suggested that a manager's treatment of people had an important impact on their performance. In other words, treating people well and meeting their needs frequently results in increased performance. The *Hawthorne effect* refers to the phenomenon that just studying people affects their performance.⁸⁰ **Abraham Maslow** (1908–1970) developed the *hierarchy of needs theory*.⁸¹ Maslow is one of the earliest researchers to study motivation, and motivation is still a major area of research. You will learn more about Maslow's hierarchy of needs and other motivation theories in Chapter 11.

Douglas McGregor (1906–1964) developed *Theory X* and *Theory Y*. McGregor contrasted the two theories based on the assumptions that managers make about workers. Theory X managers assume people dislike work and that only if managers plan, organize, and closely direct and control their work will workers perform at high levels. Theory Y managers assume people like to work and do not need close supervision. McGregor did not give specific details on how to manage; he suggested a reorientation in managerial thinking.⁸² Behaviorists believed happy employees would be productive. However, later research suggested that a happy worker is not necessarily a productive worker. As you can see, the classical and behavioral theories are very different, yet both kinds of theorists claim their approach is the best way to manage in all organizations.

The behavioral approach to management is still evolving and being used in organizations. The current term for studying people at work is the *behavioral science approach*, which draws from economics, psychology, sociology, and other disciplines. Most of the material in the chapters in Parts III and IV is based on behavioral science research. Managers all over the globe use behavioral sciences in dealing with people.

behavioral theorists

Researchers who focus on people to determine the best way to manage in all organizations.

Management Science

The **management science theorists** focus on the use of mathematics to aid in problem solving and decision making. During World War II, a research program began to investigate the applicability of quantitative methods to military and logistics problems. After the war, business managers began to use management science (math) in three areas.

management science theorists

Researchers who focus on the use of mathematics to aid in problem solving and decision making.

- **Operations research** emphasizes mathematical model building. Today these models are commonly called algorithms and are used with big data to better understand customers and how to promote products to increase sales. We will be discussing big data in Chapter 4 and other chapters.
- **Operations management** is a form of applied management science that uses quantitative techniques to help managers make decisions that can produce and improve goods and services more efficiently. Operations are covered in Chapter 15.
- **Information management**, or management information systems (MIS) or information systems (IS), provide access to data and information in a timely manner to transact business and make decisions. We discuss information management in Chapter 13.

The use of computers has led to an increase in the use of quantitative methods by managers all over the globe. Because management science stresses decision-making skills and technical skills, it is more closely aligned with classical management theory than with behavioral theory. You will learn more about management science in the chapters in Parts II and V. Management science is not commonly used in organizing and leading.

Integrative Perspective—Systems, Sociotechnical, Contingency Theories

The integrative perspective has three components: systems theory, sociotechnical theory, and contingency theory.

Systems Theory

systems theorists Researchers who focus on viewing the organization as a whole and as the interrelationship of its parts.

The **systems theorists** focus on viewing the organization as a whole and as the interrelationship of its parts. In the 1950s, management theorists attempted to integrate the classical, behavioral, and management science theories into a holistic view of the management process. Systems theorists began by assuming that an organization is a system that transforms inputs (resources) into outputs (products and/or services).

According to **Ludwig von Bertalanffy, Margaret Mead, Harold Koontz, Daniel Katz** and **Robert Kahn, Peter Senge**, and others, the systems approach recognizes that an organization is an open system because it interacts with and is affected by the external environment.⁸³ For example, government laws affect what an organization can and cannot do, the economy affects the organization's sales, and so on. You will learn more about open systems and the organizational environment in Chapter 2.

According to **Russell Ackoff**, the commonly used classical approach to problem solving is a reductionist process. Managers tend to break an organization into its basic parts (departments), understand the behavior and properties of the parts, and add the understanding of the parts together to understand the whole. They focus on making independent departments operate as efficiently as possible. According to systems theorists, the reductionist approach cannot yield an understanding of the organization, only knowledge of how it works. Because the parts of a system are interdependent, even if each part is independently made to perform as efficiently as possible, the organization as a whole may not perform as effectively as possible. For example, all-star athletic teams are made up of exceptional players. But because such players have not played together as a team before, the all-star team may not be able to beat an average team in the league.⁸⁴ Systems theory stresses the need for conceptual skills in order to understand how an organization's subsystems (departments) interrelate and contribute to the organization as a whole. For example, the actions of the marketing, operations, and financial departments (subsystems) affect each other; if the quality of the product goes down, sales may decrease, causing a decrease in finances. Before managers in one department make a decision, they should consider the interrelated effects it will have on the other departments. The organization is a system (departments), just as the management process is a system (planning, organizing, leading, and controlling), with subsystems (parts of departments) that affect each other. So, in other words, when you have a problem to solve, do not break it into pieces; focus on the whole.

Today one of the major trends is toward total quality management (TQM) for continuous improvements, which takes a systems approach to management. You will learn more about TQM in Chapters 2 and 15.

Sociotechnical Theory

sociotechnical theorists Researchers who focus on integrating people and technology.

The **sociotechnical theorists** focus on integrating people and technology. Sociotechnical theory was formulated during the 1950s and 1960s by **Eric Trist, Ken Bamforth, Fred Emery**, and others.⁸⁵ They realized, as today's managers do, that a manager must integrate both people and technology. To focus on one to the exclusion of the other leads to lower levels of performance. Much of current behavioral science work is in agreement with sociotechnical theory.

Jamie Dimon's (IOM 5) leadership style reflects a variety of management theories. In particular, his approach is consistent with sociotechnical theory in that he emphasizes the importance of creating an effective strategy and structure as well as addressing “soft” issues like corporate culture and a top-notch workforce. In addition, Dimon’s approach reflects systems thinking in that he demonstrates an understanding of not only getting the technical and social aspects of the company right, but the importance of managing them together as part of an integrated whole that adapts to its external environment (e.g., industry, customer preferences, laws and regulations).

Contingency Theory

The **contingency theorists** focus on determining the best management approach for a given situation. In the 1960s and 1970s, management researchers wanted to determine how the environment and technology affected the organization. **Tom Burns** and **George Stalker** conducted a study to determine how the environment affects a firm’s organization and management systems. They identified two different types of environments: stable (where there is little change) and innovative (great changes). The researchers also identified two types of management systems: mechanistic (similar to bureaucratic classical theory) and organic (nonbureaucratic, similar to behavioral theory). They concluded that in a stable environment, the mechanistic approach works well, whereas in an innovative environment, the organic approach works well.⁸⁶

Joan Woodward conducted a study to determine how technology (the means of producing products) affects organizational structure. She found that organizational structure did change with the type of technology. Woodward concluded that the mechanistic or classical approach worked well with mass-production technology (such as that of an automobile assembly line), whereas the organic or behavioral approach worked well with small-batch (custom-made) products and long-run process technology (such as that for refining crude oil).

These contingency theories may be historic, but they still influence present-day organizational structures and leadership.⁸⁷ We will revise them in Chapter 7, “Organizing and Delegating Work,” and as a current leadership theory in Chapter 12.

contingency theorists
Researchers who focus on determining the best management approach for a given situation.

Comparing Theories

Exhibit 1-10 reviews the theories covered in this chapter. Throughout this book, you will learn to take an integrative perspective using systems and contingency theories, combined with some management science, to ensure that you maximize development of your management skills. For example, Skill Builder 1-4 at the end of this chapter uses a contingency approach.

Managing the Old Versus New Workplace

The dated management versus labor mentality has changed to a more cooperative approach; sharing the pie versus fighting over it. Managers are creating positive work cultures.⁸⁸ There is a shift to better and more personal relationships between bosses and

EXHIBIT 1-10

Comparing Theories

CLASSICAL	BEHAVIORAL	MANAGEMENT SCIENCE	SYSTEMS THEORY	SOCIOTECHNICAL THEORY	CONTINGENCY THEORY
Attempts to develop the best way to manage in all organizations by focusing on the jobs and structure of the firm.	Attempts to develop a single best way to manage in all organizations by focusing on people and making them productive.	Recommends using math (computers) to aid in problem solving and decision making.	Manages by focusing on the organization as a whole and the interrelationship of its departments rather than on individual parts.	Recommends focusing on the integration of people and technology.	Recommends using the theory or the combination of theories that meets the given situation.

1-5 APPLYING THE CONCEPT

Matching History of Management People and Theories

Identify the person or theory that helped develop the following six theory categories—Exhibit 1-10.

- A. Classical theory
- B. Behavioral theory
- C. Management science
- D. Systems theory
- E. Sociotechnical theory
- F. Contingency theory

- ____ 28. Douglas McGregor developed Theory X and Theory Y.
- ____ 29. Frederick Taylor, focus on analyzing jobs and redesigning them to be more efficient.
- ____ 30. Focused on the use of math to make decisions in operations management.
- ____ 31. Elton Mayo, human relations movement.
- ____ 32. Eric Trist, focus on integrating people and technology.
- ____ 33. Henry Fayol, administrative theory.
- ____ 34. Russell Ackoff, focus on viewing the organization as a whole and as the interrelationship of its parts.
- ____ 35. Tom Burns and George Stalker didn't believe there is one best management approach for all situations.

workers.⁸⁹ In the old workplace, managers used an autocratic leadership style with a local domestic view, jobs were specialized and routinely performed by individuals, employees were homogeneous, and change was slow.⁹⁰ In the new workplace, managers use a more participative leadership style with a global view,⁹¹ jobs are more flexible and performed by teams, employees are diverse, and change is rapid. In today's global economy, managers are responsible for resources and lead employees in other countries in a virtual world.⁹²

Knowledge Management and Learning Organizations

Today's leaders focus on learning and knowledge management because the acquisition of knowledge and the ability to learn are important to organizational success. Knowledge workers process information rather than physical goods. **Knowledge management** involves everyone in an organization in sharing knowledge and applying it to continuously improve products and processes. Learning is the process whereby knowledge is created through the transformation of experience. Knowledge sharing provides opportunities for mutual learning.⁹³ Learning organizations have everyone engaged in identifying and solving problems, enabling change, and continuous improvement. Learning organizations also share knowledge through alliances with other organizations. They share three characteristics: a team-based structure, participative management, and the sharing of information through knowledge management.⁹⁴

Evidence-Based Management (EBMgt)

Knowledge management is all about learning new things and applying the knowledge in order to improve. It goes hand in hand with *evidence-based management (EBMgt)*. It bridges the gap between science/theory and practice,⁹⁵ as it proves practical relevance.⁹⁶ EBMgt is about replacing hunches and guesswork with management practices that are supported through research.⁹⁷ It is sometimes referred to as best practices that organizations want to replicate.⁹⁸ The starting point says that management decisions should be based on a combination of critical thinking and the best available evidence. 'Evidence' includes information, facts, or data supporting (or contradicting) a claim, assumption or hypothesis.⁹⁹ For more information on EBMgt, visit the **Center for Evidence-Based Management** (www.cebma.org).

As suggested in EBMgt, throughout this book, as discussed in the next section, you will learn about management and how to apply the knowledge to develop management skills based on EBMgt that you can use in your personal and professional lives.

knowledge management

Involving everyone in an organization in sharing knowledge and applying it continuously to improve products and processes.