

GLOBAL
EDITION



MANAGEMENT

FIFTEENTH EDITION

Stephen P. Robbins • Mary Coulter



MANAGEMENT | 15E

Global Edition

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Authorized adaptation from the United States edition, entitled *Management*, 15th Edition, ISBN 978-0-13-558185-8 by Stephen P. Robbins and Mary Coulter, published by Pearson Education © 2021.

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Print ISBN 10: 1-292-34088-6

Print ISBN 13: 978-1-292-34088-3

eBook ISBN 13: 978-1-292-34089-0

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library

*To my wife, Laura
Steve*

*To my husband, Ron
Mary*

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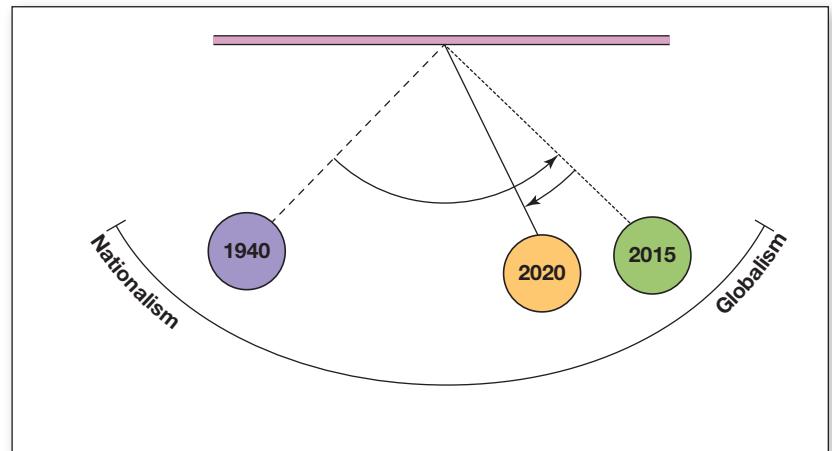
Welcome to the 15th edition of *Management*. First published in 1984, this book has become one of the world's most popular introductory management textbooks. It's used by hundreds of US colleges and universities; it's translated into Spanish, French, Russian, Dutch, Bahasa, Korean, and Chinese; and there are adapted editions for Australia, Canada, India, and the Arab World.

New to This Edition

We've added a number of new topics to this 15th edition of *Management*. The following overview highlights some of those topics.

Rethinking Globalization

Globalization has long been promoted by economists and the media as a win-win proposition for all countries. However, recent developments have challenged this belief and indicate signs of growing anti-globalization attitudes. Chapter 4 provides a history of globalization and the growth of a nationalism movement.



The recent “me-too” movement has drawn global attention to gender inequities in the workplace.⁴⁰ It essentially began in 2017, when more than a dozen women accused film producer Harvey Weinstein of sexual harassment, assault, or rape. What began as a trickle, soon became a flood of accusations. The movement ended Weinstein’s reign at his film studio, but also brought to light abuses of power by dozens of prominent men, including *Today* co-host Matt Lauer, TV journalists Bill O'Reilly and Charlie Rose, Pixar head John Lasseter, and casino magnate Stephen Wynn.

The “Me-Too” Movement

The recent “me-too” movement has drawn global attention to gender inequities in the workplace and revealed organizational cultures that are hostile to women. In Chapter 5, gender inequities in the workplace are reviewed.

The Widespread Impact of Social Media

This edition provides insights into how social media is reshaping management practices—including ethical behavior, communication, motivation, and control.

Focus on Social Media

You probably can't imagine a time when employees did their work without smart devices, email, apps, or internet access. Yet, some twenty-five years ago, as these tools were becoming more common in workplaces, managers struggled with the challenges of providing guidelines for using the internet and email in their organizations. Today, a tool that nearly all organizations use is **social media**, forms of electronic communication through which users create online communities to share ideas, information, personal messages, and other content. And employees don't just use these on their personal time, but also for work purposes. That's why managers need to understand and manage the power and peril of social media.

There is also a downside to social media. As noted by Berkshire Hathaway CEO Warren Buffet, "It takes twenty years to build a reputation and five minutes to ruin it."²³ Internally, social media also becomes problematic when it becomes a way for boastful employees to brag about their accomplishments, for managers to publish one-way messages to employees, or for employees to argue or gripe about something or someone.

In the remainder of the book, we'll look at how social media is impacting how managers manage, especially in the areas of ethics, communication, motivation, and strategy.

Big Data and Artificial Intelligence

As the Cleveland Clinic found, IBM's supercomputer, Watson, can do things faster and more accurately than many professionals. For instance, it can diagnose cancers four times more accurately than doctors and can provide legal advice in seconds with 90 percent accuracy, compared to 70 percent accuracy by lawyers.³² The secret to Watson's talents? Big data and artificial intelligence.

Big data is a term that refers to huge and complex sets of data.³³ These data sets are composed of so much information that traditional data-processing application software is unable to deal with them. For instance, cloud-computing capacity now can allow a room full of legal opinions to be put online. What used to take a lawyer several days or even weeks to find relevant cases to support a client's case can now be done in seconds. Similarly, even football and basketball coaches and managers are using big data to guide drafting decisions and even play calling.

Big data has opened the door to widespread use of **artificial intelligence (AI)**. As noted in Chapter 1, AI is using the power of computers to replicate the reasoning functions of humans.³⁴ It goes well beyond the simple "if-then" processing of computer software. AI has the ability to learn and solve complex problems.

You already know how big data and AI are changing the lives of consumers with products like Siri, Google Maps, Uber, and the rapid advancements being made toward self-driving cars. But big data and AI, along with machine learning, deep learning, and analytics are rapidly changing how managers make decisions.

How Big Data, Analytics, and AI Are Changing the Manager's Job

Big data, analytics, and artificial intelligence are changing how managers make decisions and design their organizations. The topic is addressed in several chapters of this edition.

Additional Chapter-by-Chapter Changes in This Edition

Chapter 1

- Rewrote Why Are Managers Important?
- New Managerial Challenge: Focus on Disruptive Innovation
- New Managerial Challenge: Focus on Ethics
- New Managerial Challenge: Focus on Political Uncertainty
- New: Employability Skills
- Added Learning from Failure box: Successful Managers Learn from Their Failures

History Module

- Updated to Include Technology/Computerization Era

Chapter 2

- New: Decision Styles
- New: Big Data, AI, Analytics
- New: Machine Learning, Deep Learning
- Added Learning from Failure box: James Dyson: A Man of a Thousand Failures

Chapter 3

- Expanded Discussion of Environmental Uncertainty
- Expanded Discussion of Elements in the Specific Environment
- Added Learning from Failure box: A Corrupt Culture at Wells Fargo

Chapter 4

- Total Rewrite to Reflect Growing Anti-Globalization Movement
- Added Learning from Failure box: Disney Learns That France Isn't Florida

Chapter 5

- New: "Me-Too" Movement and Gender Diversity
- New: Critical Questions About Diversity
- Added Learning from Failure box: Denny's Answer to Its Diversity Problem

Chapter 6

- New: Social Responsibility and Economic Performance
- New Current Issues: Protecting Whistle-Blowers
- New Current Issues: Social Media and Social Responsibility

Chapter 8

- New: Virtual Reality as a Planning Tool
- Added Contingency Factors in Planning
- Added Learning from Failure box: US Army Corps of Engineers and Hurricane Katrina

Chapter 9

- New Competitive Advantage: Mass Customization
- New Competitive Advantage: Social Media
- Added Learning from Failure box: Coke Panics After the Pepsi Challenge

Chapter 10

- New: A Hybrid Path to Entrepreneurship
- Added Learning from Failure box: The Third Time Is a Charm for Vera Wang

Chapter 11

- Added Learning from Failure box: Working at Home Doesn't Work at IBM

Chapter 12

- New: Bullying in the Workplace
- New: Material on Socialization
- New: Career Development
- Rewrote Compensation and Benefits section
- Added Learning from Failure box: Forced Rankings Bomb at Microsoft

Chapter 14

- New: Cybersecurity
- Added Learning from Failure box: GM's Catastrophic Communication Breakdown

Chapter 15

- New: Dark Triad Personality

Chapter 16

- Added Learning from Failure box: NSPS: Pay-for-Performance Gone Bad

Chapter 17

- New: Servant Leadership
- New: Followership
- New: Comparing Leadership Theories for Their Validity
- Added Learning from Failure box: The Firing of Steve Jobs at Apple

Chapter 18

- New: Social Media as a Control Tool
- New: Compliance Offices and Positions

POM Module

- New: Robotics

Our Three Guiding Principles

What has allowed this book to flourish for thirty-five years? We think the answer is in our three guiding principles: (1) offer cutting-edge topic coverage, (2) ensure that the writing is readable and conversational, and (3) make certain the presentation is relevant to students.

Cutting-Edge Topic Coverage

This book has always sought to provide the *latest topic coverage*. It was, for instance, the first introductory management book to discuss organizational culture, the symbolic view of management, behavioral decision making, sustainability, and value-chain management. This edition continues in that tradition, with cutting-edge topics like the changing attitudes toward globalization, the “me-too” movement, disruptive innovation, decision analytics, and the effects of social media. And, of course, the entire research base for this edition has been fully updated.

High Readability

Every textbook author claims his or her books are *highly readable*. The reality is that few actually are. Most appear to be written more for professors than for students. From the first edition of this book, we were determined to make the field of management interesting and engaging for students. How did we do this? First, we committed to a conversational writing style. We wanted the book to read like normal people talk. And second, we relied on an extensive use of examples. As your senior author learned early in his teaching career, students often forget theories but they remember stories. So you’ll find a wealth of current examples in this book.

Relevance

Since this book’s inception, we have subjected every theory and concept to our “So What?” test. We ask ourselves: Why is a specific concept relevant? Why should a student need to know this? This test has guided us in deciding what to include and exclude over these many editions, as well as reminding us to explain the importance and relevance of concepts when it might not be obvious.

Solving Learning and Teaching Challenges

Speaking of relevance, if there is one component of this book that instructors will find important, it’s our focus on providing job-relevant skills for students.

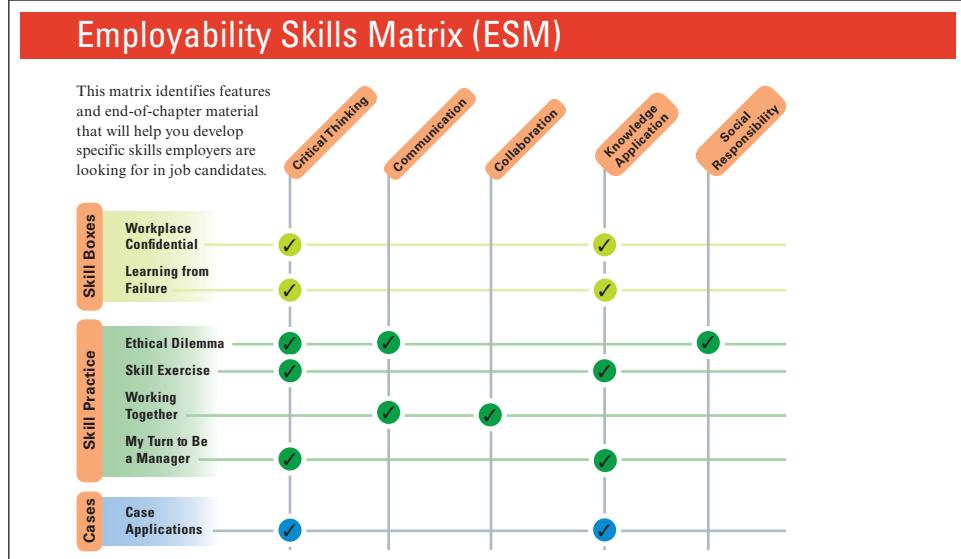
In the typical introductory management class, only about 20 percent of students are management majors. The rest are majoring in accounting, finance, marketing, information systems, or some other business discipline. As a result, instructors tell us that one of their most challenging obstacles in teaching the introductory management class is convincing these non-management majors of the course’s importance. These non-management majors often question the course’s relevance to their career goals. As one accounting student put it, “Why do I have to take this class? I have no interest in being a manager. My time would be better spent taking another course in tax or auditing.”

We have an answer for those students: This book and your management class are relevant to anyone who plans to work in an organization. How? In addition to describing what effective managers do and offering insights into how organizations work, we include features that will help students develop the specific skills employers

are looking for in job candidates and provide guidance to help students survive and thrive in the workplace. Let's highlight what those features are.

Specific Employability Skills

Research studies have identified five specific skills that employers are looking for in job candidates. These are critical thinking, communication, collaboration, knowledge application, and ethics/social responsibility. So in this edition, chapters 2 through 18 each begin with an Employability Skills Matrix. The matrix identifies how components in the chapter build on one or more of the five employability skills.



WORKPLACE CONFIDENTIAL Adjusting to a New Job or Work Team

Almost all of us have made transitions in our lives. Maybe your parents moved and you had to make new friends and adjust to a new school. Or you joined a new church, social club, or sports team. As a result, you'd think that most of us would be pretty confident and successful in making the transition into a new job. This is often not the case, especially for younger employees.

For our discussion, we'll focus on the outsider-to-insider transition and both external (between organizations) and internal (between horizontal departments or vertical promotions) adjustments.

The importance of this issue is underlined by research that tells us that the typical individual changes jobs 10.2 times over 20 years—so you need to be prepared to do a lot of adjusting to new work situations.

One of your goals in any new job situation should be to make the adjustment successful. What does that entail? You've made a successful transition if, after six months in your new position, you can say that you feel comfortable, confident, and accepted by your peers. And the evidence tells us that this is most likely to occur where you know what is required to function in your job, you have confidence that you have the knowledge and skills to perform it, and you know what the job demands are in terms of relationships with others. Moreover, successful adjustment should result in satisfaction with your job and a minimal degree of anxiety and stress.

Successful adjustment should begin by assessing the new situation. Assuming you have concluded that the job is a good fit for you, you need to determine the following: What's the history of the organization or work unit? Which individuals are held in high esteem, and what factors have led to their influence? And what does the culture value? Learning to read the organization's culture (see the earlier "It's Your Career" box) can provide you with answers to many of these questions.

Organizations have a variety of socialization options that they use to shape employees and help them adjust to the organization. Let's briefly review some options and consider their impact on you:

Formal vs. Informal. Specific orientation and training programs are examples of formal socialization. The informal variety puts new employees directly into the job.

Individual vs. Collective. When you're grouped with others and processed through an identical set of experiences, it's collective. Most small organizations socialize new members individually.

Fixed vs. Variable. A fixed schedule establishes standardized time targets for transition, such as a six-month probationary period or a rotational training program. Variable schedules have no advance notice of transitions; for instance, you'll be promoted when you're "ready."

Serial vs. Random. In serial socialization, you'll have a role model who will train and encourage you.

Apprenticeship and mentoring programs are examples. In random socialization, you're left on your own to figure things out.

Investiture vs. Divestiture. When the organization wants to affirm and support your qualities and qualifications, they basically leave you alone. But in divestiture, the organization will attempt to strip away certain characteristics. For instance, fraternities and sororities use divestiture rites when they put "pledges" through rituals to shape new members into the proper role.

As you move into your new job, be aware that the socialization programs, or lack of such programs, you'll be exposed to will have a significant influence on your adjustment. For instance, if you see yourself as a conformist and want a job that fits you, choose a job that relies on institutional socialization—one that is formal, collective, fixed, serial, and shapes you through divestiture rites. In contrast, if you see yourself as a "wave-maker" who likes to develop your own approaches to problems, choose a job that focuses on individualized socialization—one that is informal, individual, variable, and random and affirms your uniqueness through investiture.

The evidence indicates most people end up more satisfied with, and committed to, their job when they go through institutional socialization. This is largely because its structured learning helps reduce the uncertainty inherent in a new situation and smooths the transition into the new job.

An additional insight on new-job adjustment is the value of organizational insiders as a valuable resource for information. Colleagues, supervisors, and mentors are more useful as sources for accurate information about your job and the organization than formal orientation programs or organizational literature. People give you a better and more accurate reading of "the ropes to skip and the ropes to know."

Finally, don't forget the power of first impressions. A positive first impression on your transition. Think about can both speed up and smooth your transition. Think about the image you want to convey and make sure your clothes, posture, attitude, and speech fit that image.

So what are the specific implications of all this? How can you use this information to increase the probability that you'll have a successful adjustment in a new job? The answer is to focus on those things you can control. First, to summarize, choose a job where the socialization process matches up well with your personality. And, based on the evidence, choosing a job with institutionalized socialization will reduce uncertainty, lessen stress, and facilitate adjustment. Second, use insiders to provide background information and to reduce surprises. Lastly, start off on the right foot by making a good first impression. If colleagues like and respect you, they are more likely to share with you key insights into the organization's values and culture.²²

Advice for Surviving and Thriving in the Workplace

Regardless of whether one is working in an organization employing three people or 300,000, there are common challenges that employees will encounter. We provide students with guidance for dealing with these challenges in our "Workplace Confidential" features.

IT'S YOUR CAREER

Learning Your Strengths and Weaknesses

Do you know your personal strengths and weaknesses? You need to for at least two reasons. The first is that job interviewers commonly ask what you consider your strengths and weaknesses, and you want to be prepared to answer those questions. Second, by knowing your strengths and weaknesses you can size up where you stand in your career and make good decisions about what you need to do to keep advancing.

Here are some suggestions to help you learn your strengths and weaknesses:

1. *Identify your strengths.* Your strengths are your individual personal positive attributes and characteristics. As you look at your strengths, assess the following: skills (what you are good at), interests (what you enjoy doing), educational background (what qualifications you have), your values (what things are important to you), and your personality (what characteristics you have). As you evaluate these, think in terms of what sets you apart. What things do you like to do? What things do you do well? What things do you do better than others? It's also helpful to ask others you trust what they see as your strengths.

2. *Take a look at your weaknesses.*

It's sometimes hard to admit, but we all have weaknesses. What things could you improve about

yourself? What are your negative personal/work habits? What things do you not like to do? What skills, training, or qualifications are you lacking, the possession of which would make you a more valuable employee? Are you lacking career direction or focus? What things do others do better than you do? Again, it's helpful to ask others you trust what they see as your weaknesses.

3. *As discussed later in this chapter's "Workplace Confidential," develop a strategy to do something about your strengths and weaknesses.* What actions can you take to get the job you want or to best meet the requirements of your current job or a promotion you're seeking? Accentuate your positives! You want to leverage, emphasize, and capitalize on your strengths.

Here's an insight that many young people don't realize: You can go a long way on just a few strengths. In school, to be an outstanding student, you have to be a generalist. You have to be good at everything: math, science, history, geography, languages, the arts, and so forth. But "the real world" pays off for specialization. You only have to excel in one or two areas to have an amazing career. So find your niche and exploit that strength.

4. *Update your list of strengths and weaknesses periodically.* As you gain new experiences and as your life circumstances change, you'll want to revise your list of strengths and weaknesses. Sharpen your self-awareness so you can craft the kind of life—professionally and personally—you want to live.

Career Guidance

We've found that students appreciate career guidance. Toward that end, we included "It's Your Career" boxes that address skills that will enhance career progress. These include identifying your strengths and weaknesses, managing your time, developing your negotiation skills, and learning to read an organization's culture.

Developing Resilience

In this edition of *Management*, we added "Learning From Failure" boxes to illustrate how people like Steven Spielberg, J. K. Rowling, and Vera Wang, as well as companies like Apple, Disney, and GM, have encountered setbacks, assessed what went wrong, gained new insights from their experience, and bounced back.

Resilience is a valuable quality for students and employees. These boxes can help students see the positive side of failures and how individuals and organizations have learned from their mistakes.

Learning from FAILURE

Disney Learns That France Isn't Florida

The Walt Disney Company had a proven record of creating and operating highly successful theme parks in southern California and Orlando, Florida. So how difficult would it be to transfer that success to Paris? What worked in Florida should work in France, right? Unfortunately, Disney found out that success doesn't necessarily transfer when they opened Euro Disney Resort (now called Disneyland Paris) in 1992.

The French aren't like Americans in a number of ways. For instance, Americans typically travel to theme parks in their cars. The French tend to use buses. The result was large, empty parking lots while facilities for bus drivers to park their buses and rest were inadequate.

Disney parks in the US don't serve alcohol. But the French consider wine a part of their daily life and a glass of wine for lunch a necessity. Visitors were astonished that no wine was available at the park and complained en masse.

Not only was the lack of wine a problem at lunch, so was the time when the French want their midday meal. There is no fixed time for Americans to eat lunch. And Americans are comfortable grabbing something on the go and eating while they wander around the park. In contrast,

the majority of European visitors would converge on restaurants at 12:30 p.m., expect to be seated, and treat the meal as a leisurely event. Disneyland Paris's managers failed to properly staff their restaurants for the one- or two-hour "rush hours."

Disney executives also failed to understand that, while American park visitors' average stay was four days, the French typically arrived early in the morning, spent the day at the park, checked into their hotel late at night, then checked out early the next morning. The difference was largely due to the multiple theme parks—SeaWorld, Knott's Berry Farm, Universal Studios—near the Florida and California parks. There were no such options in Paris. The result was long lines in the hotel lobbies with people all checking-in and checking-out at the same time.

In response to these mistakes, Disney executives initiated a number of changes in Paris. Bus areas were expanded, corporate policy was modified to make wine and beer available, restaurant staffing was adjusted, and additional computer stations were installed at park hotels to reduce waiting lines.

What did Disney learn from their failures at Euro Disneyland? Culture matters!²⁴

Continued Focus on Practical Applications

This edition of *Management* continues our commitment to provide instructors with a comprehensive set of in-text exercises that allow students to translate what they've learned into practical applications. These include, for example, end-of-chapter cases, ethical dilemmas, and team-building exercises, plus a part-ending integrative case. Here's a brief summary of these applications.

CASE APPLICATION 1

Tesco: Time to Refocus

Founded in 1919, Tesco has grown from a market-stall in the East End of London into the largest supermarket in the UK by market share, and one of the largest globally in just under a century. In 2018–19, Tesco boasted group sales of £56.9 billion.

At the end 2014, three weeks into his role as the CEO, Dave Lewis sent an email to Tesco's employees saying that the organization's culture had to change, focusing more on its customers and on being open, honest, and transparent. Most other CEOs might have waited more than three weeks before recommending such sweeping changes, especially for something as significant as the organizational culture. So why did Lewis make such a dramatic announcement? At the end of September 2014, with significant issues, related to the drive for growth and positive market results, being brought to light by a whistle-blower, Tesco announced that it had overstated its mid-year profits by £250 million, later revising this to £263 million.

The issues surrounding this financial scandal were twofold: To improve its financial position, Tesco delayed payments to some of its suppliers and included payments

Case Applications

There are two new case applications at the end of each chapter.

Starbucks Integrative Case

Each of the six parts of this book concludes with the Starbucks integrative case. This case helps students see how concepts can be applied in an organization with which most are familiar as well as see the integrative nature of management. The case has been totally updated from the previous edition.

Continuing Case

Starbucks—Introduction

Community. Connection. Caring. Committed. Coffee. Five Cs that describe the essence of Starbucks Corporation—what it stands for and what it wants to be as a business. With nearly 30,000 stores in 77 countries, Starbucks is the world's number one specialty coffee retailer. The company also owns Seattle's Best Coffee, Teavana, Starbucks VIA, Starbucks Refreshers, Evolution Fresh, La Boulange, Verismo, and Torrefazione Italia brands. It's a company that truly epitomizes the challenges facing managers in today's globally competitive environment. To help you better understand these challenges, we're going to take an in-depth look at Starbucks through these continuing cases, which you'll find at the end of every part in the textbook. Each of these six part-ending continuing cases will look at Starbucks from the perspective of the material presented in that part. Although each case "stands alone," you'll be able to see the progression of the management process as you work through each one.

Skill Exercises

It's not enough to "know" something. Students need to be able to apply that knowledge. Skill Exercises at the end of each chapter are designed to help achieve that goal. Some of these exercises include developing your skills at politicking, creativity, collaboration, building trust, interviewing, motivating others, and acquiring power.

SKILLS EXERCISE Developing Your Collaboration Skill

About the Skill

Collaboration is the teamwork, synergy, and cooperation used by individuals when they seek a common goal. In many cross-cultural settings, the ability to collaborate is crucial. When all partners must work together to achieve goals, collaboration is critically important to the process. However, cultural differences can often make collaboration a challenge.

Steps in Practicing the Skill

- **Look for common points of interest.** The best way to start working together in a collaborative fashion is to seek commonalities that exist among the parties. Common points of interest enable communications to be more effective.
- **Listen to others.** Collaboration is a team effort. Everyone has valid points to offer, and each individual should have an opportunity to express his or her ideas.
- **Check for understanding.** Make sure you understand what the other person is saying. Use feedback when necessary.
- **Accept diversity.** Not everything in a collaborative effort will "go your way." Be willing to accept different ideas and different ways of doing things. Be open to these ideas and the creativity that surrounds them.

- **Seek additional information.** Ask individuals to provide additional information. Encourage others to talk and more fully explain suggestions. This brainstorming opportunity can assist in finding creative solutions.

- **Don't become defensive.** Collaboration requires open communications. Discussions may focus on things you and others may not be doing or need to do better. Don't take the constructive feedback as personal criticism. Focus on the topic being discussed, not on the person delivering the message. Recognize that you cannot always be right!

Practicing the Skill

Interview individuals from three different nationalities about the challenges of collaborating with individuals from different cultures. What challenges do different cultures create? How have they dealt with these challenges? What advice do they have for improving collaboration across cultural differences? Based on your interviews, what are some general ideas you learned to improve your ability to collaborate?

ETHICS DILEMMA

In many ways, technology has made all of us more productive. However, ethical issues do arise in how and when technology is used. Take the sports arena. All kinds of technologically advanced sports equipment (swimsuits, golf clubs, ski suits, etc.) have been developed that can sometimes give competitors/players an edge over their opponents. We saw it in swim meets at the Summer Olympics and on the ski slopes and ice rinks at the Winter Olympics.

- 3-8. What do you think? Is this an ethical use of technology?
- 3-9. What if your school (or country) were competing for a championship and couldn't afford to outfit athletes in such equipment and it affected your ability to compete? Would that make a difference?
- 3-10. What ethical guidelines might you suggest for such situations?

Ethics Dilemmas

Each chapter presents students with an ethical dilemma and encourages them to practice their skills in ethical decision making and critical decision making.

Team Exercises

Work in today's organizations is increasingly being done in groups and teams. And being a "team player" has become an important quality in the hiring process. To help students build their collaboration skills, we have included team exercises at the end of each chapter.

WORKING TOGETHER Team Exercise

Almost a third of employees who leave their companies within the first ninety days say they left because they didn't fit into the company's culture.²⁴ This suggests that learning about a company's culture before you accept a job could save you a considerable amount of grief. To increase the chances that you'll fit with the culture of the company you next work for, form groups of three or four and share the characteristics of an organizational culture each wants

(and don't want) in an employer. Compare your lists for common factors. Now choose one of the group member's lists and discuss: What could you do when visiting a company for an interview to find out whether it has the characteristics on the list? What questions could be asked during the interview? What clues could be looked for when walking around the company to understand what the culture is like? Be ready to share your analysis with the class.

"My Turn to Be a Manager" Exercises

Additional opportunities for students to apply management concepts introduced in each chapter are the "My Turn to Be a Manager" exercises.

MY TURN TO BE A MANAGER

- Find current examples in any popular business periodical of both the omnipotent and symbolic views of management. Write a paper describing what you found and how the examples you found represent these views of management.
- Consider a business that you frequent (for example, a restaurant or coffee shop) and review the six aspects of the external environment discussed in the text. Create a list of factors in the external environment that could affect the management of the business you selected.
- Choose an organization with which you're familiar or one you would like to know more about. Create a table identifying potential stakeholders of this organization. Then indicate what particular interests or concerns these stakeholders might have.
- If you belong to a student organization, evaluate its culture by answering the following: How would you describe the culture? How do new members learn the culture? How is the culture maintained? If you don't belong to a student organization, talk to another student who does and evaluate it using the same questions.

For more information and resources, visit www.pearson.com.

Acknowledgments

Writing and publishing a textbook is a team effort. While there are only two names on the cover, there are dozens of people who helped to create the book you have before you.

In addition to your two authors, this edition was greatly aided by Prof. Amy Randel at San Diego State University. She was instrumental in providing research suggestions, examples, and developing the end-of-chapter materials.

Our team at Pearson continues to provide your authors with amazing support and help in turning our files into a finished textbook. We want to specifically thank Stephanie Wall, Kris Ellis-Levy, Yasmita Hota, Lynn Huddon, Beth Kaufman, Lacey Vitteta, Adrienne D'Ambrosio, Erin Kelly, and Nayke Heine. We also want to thank our project manager, Denise Forlow at Integra-Chicago, and photo editor, Melissa Pellerano. We would be remiss not to also acknowledge and thank the phenomenal sales and marketing people at Pearson who have been supporting the Robbins brand around the globe for more than forty-five years.

Finally, we want to thank our reviewers—past and present—for the insights they have provided us:

Reviewers of 15th Edition

Kennedy Amofa, *Columbia College, MO*

Jessie Bellflowers, *Fayetteville Technical Community College, NC*

Margaret Deck, *Virginia Polytechnic Institute, VA*

Tom Deckelman, *Owens Community College, OH*

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Jennifer Muryn, *Robert Morris University, IL*

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Tiffany Woodward, *East Carolina University, NC*

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Reviewers of 14th Edition

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 Matthias Bollmus, *Carroll University, WI*
 Brione Burrows, *Central Georgia Tech, GA*
 Suzanne Clinton, *University of Central Oklahoma, OK*
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 Karl Giulian, *Atlantic Cape Community College, NJ*

Dan Morrell, *Middle Tennessee State University, TN*
 L. Renee Rogers, *Forsyth Technical Community College, NC*

Stephen P. Robbins
 Mary Coulter

Global Edition Acknowledgments

We would like to thank the following people for their contributions:

John Bancroft, *Oxford Brookes University*
 Hussein Ismail, *Lebanese American University*
 Yong Wooi Keong, *Sunway University*
 John Opute, *London South Bank University*
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We would also like to thank the following people for reviewing the Global Edition and sharing their insightful comments and suggestions:

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Dr. Robbins's research interests have focused on conflict, power, and politics in organizations, behavioral decision making, and the development of effective interpersonal skills. His articles on these and other topics have appeared in such journals as *Business Horizons*, the *California Management Review*, *Business and Economic Perspectives*, *International Management*, *Management Review*, *Canadian Personnel and Industrial Relations*, and *The Journal of Management Education*.

Dr. Robbins is the world's best-selling textbook author in the areas of management and organizational behavior. His books have sold more than 12 million copies and have been translated into 20 languages. His books are currently used at more than 1,500 U.S. colleges and universities, as well as hundreds of schools throughout Canada, Latin America, Australia, New Zealand, Asia, Europe, and the Arab World.

Dr. Robbins also participates in masters' track competition. Since turning 50 in 1993, he's won 23 national sprint championships and 14 world sprint titles. He was inducted into the U.S. Masters Track & Field Hall of Fame in 2005.



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When she's not busy writing, Dr. Coulter enjoys puttingter around in her flower gardens, trying new recipes, reading all different types of books, and enjoying many different activities with husband Ron, daughter Sarah and her husband, James, and son-in-law Matt, and most especially with her two grandkids, Brooklynn and Blake, who are the delights of her life!

Chapter 1

Managers and You in the Workplace

Learning Objectives

- 1.1 **Tell** who managers are and where they work.
- 1.2 **Explain** why managers are important to organizations.
- 1.3 **Describe** the functions, roles, and skills of managers.
- 1.4 **Describe** the factors that are reshaping and redefining the manager's job.
- 1.5 **Explain** the value of studying management.
- 1.6 **Describe** the benefits of the Employability Skills Matrix (ESM).

Like many students, you've probably had a job (or two) while working on your degree. And your work experiences are likely to have been significantly influenced by the skills and abilities of your managers. What makes successful managers and what skills do they possess? A good manager can make your job at worst tolerable and, at best, a joy. A poor manager can make your life miserable. In this chapter, we introduce you to managers and management by looking at (1) who managers are, (2) where they work, (3) why they're important, and (4) what tasks they perform. We wrap up the chapter by looking at the factors reshaping and redefining the manager's job and discussing why the field of management is important to you.

TELL who managers are and where they work

L01.1 You'll find managers in a variety of settings. They run large corporations, medium-sized businesses, and entrepreneurial start-ups. They're found in government departments, hospitals, not-for-profit agencies, museums, schools, and even nontraditional organizations such as political campaigns and music tours. Managers can also be found doing managerial work in every country on the globe. And managers today are just as likely to be women as they are men.

Who Is a Manager?

It used to be fairly simple to define who managers were: They were the organizational members who told others what to do and how to do it. It was easy to differentiate *managers* from *nonmanagerial employees*. Now, it isn't quite that simple. In many organizations, the changing nature of work has blurred the distinction between managers and nonmanagerial employees. Many traditional nonmanagerial jobs now include managerial activities and many organizations have done away with having formal managers. For example, the gaming company Valve Corporation doesn't have

job titles, and there is little formal supervision. All projects are started by an individual employee or a group pitching an idea, then they put together a team. If projects have a “leader,” he or she just keeps track of information and organizes tasks—but doesn’t give orders.

So, how *do* we define who managers are? A **manager** is someone who coordinates and oversees the work of other people so organizational goals can be accomplished. A manager’s job is not about *personal* achievement—it’s about helping *others* do their work. That may mean coordinating the work of a departmental group, or it might mean supervising a single person. It could involve coordinating the work activities of a team with people from different departments or even people outside the organization such as temporary employees or individuals who work for the organization’s suppliers. Keep in mind that managers may also have work duties not related to coordinating and overseeing others’ work. For example, an insurance claims supervisor might process claims in addition to coordinating the work activities of other claims clerks.

How can managers be classified in organizations? In traditionally structured organizations (often pictured as a pyramid because more employees are at lower organizational levels than at upper organizational levels), managers can be classified as first-line, middle, or top. (See Exhibit 1-1.) At the lowest level of management, **first-line (or frontline) managers** manage the work of nonmanagerial employees who typically are involved with producing the organization’s products or servicing the organization’s customers. These managers typically have titles such as *supervisor*, *shift manager*, *district manager*, *department head*, or *office administrator*. **Middle managers** are those between first-line managers and the top level of the organization. They may have titles such as *regional manager*, *store manager*, or *division manager*. Middle managers are mainly responsible for turning the organization’s strategy into action. At the upper levels of the organization are the **top managers**, who are responsible for making organization-wide decisions and establishing the strategy and goals that affect the entire organization. These individuals typically have titles such as *executive vice president*, *president*, *managing director*, *chief operating officer*, or *chief executive officer*.

Not all organizations are structured to get work done using a traditional pyramidal form. Some organizations—for example, W. L. Gore, Zappos, and GitHub—are more loosely configured, with work done by ever-changing teams of employees who move from one project to another as work demands arise. Although it’s not as easy to tell who the managers are in these organizations, we do know that someone must fulfill that role—that is, someone must coordinate and oversee the work of others, even if that “someone” changes as work tasks or projects change or that “someone” doesn’t necessarily have the title of manager.

Where Do Managers Work?

Managers work in organizations, but what *is* an **organization**? It’s a deliberate arrangement of people to accomplish some specific purpose. Your college or university is an organization; so are fraternities and sororities, government departments, churches, Amazon.com, your neighborhood grocery store, the United Way, the St. Louis Cardinals baseball team, and the Mayo Clinic. All these entities have three common characteristics. (See Exhibit 1-2.)



Carnival Corporation CEO Arnold Donald is the top manager of the world’s largest cruise line, with over 100,000 employees from different cultures and countries, 10 cruise line brands, and 100 ships. His challenging job involves making decisions and developing plans that help Carnival achieve its goal: “To show our guests the kind of fun that memories are made of.”
Source: Rick Wilking/Reuters/Newscom

manager

Someone who coordinates and oversees the work of other people so organizational goals can be accomplished

first-line (frontline) managers

Managers at the lowest level of management who manage the work of nonmanagerial employees

middle managers

Managers between first-line managers and the top level of the organization

top managers

Managers at or near the upper levels of the organization structure who are responsible for making organization-wide decisions and establishing the strategy and goals that affect the entire organization

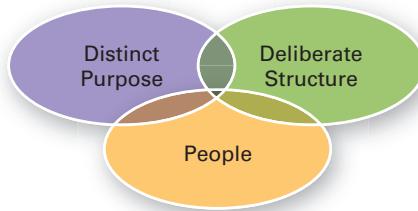
organization

A deliberate arrangement of people to accomplish some specific purpose

Exhibit 1-1
Levels of Management

Exhibit 1-2

Characteristics of Organizations

**fyi**

- 9.5 million managers and executives were in the US workforce in 2016.
- 2.6 million top executives were in the US workforce.
- The number of managers in the US is projected to grow 8 percent from 2016 to 2026, resulting in about 807,300 new jobs.¹

First, an organization has a distinct purpose that is typically expressed through goals the organization seeks to accomplish. Second, each organization is composed of people. It takes people to perform the work that's necessary for the organization to achieve its goals. Third, all organizations develop a deliberate structure within which members do their work. That structure may be open and flexible, with no specific job duties or strict adherence to explicit job arrangements. For instance, most big projects at Alphabet (the parent of Google) are tackled by small, focused employee teams that set up in an instant and complete work just as quickly. Or the structure may be more traditional—like that of Procter & Gamble—with clearly defined rules, regulations, job descriptions, and some members identified as “bosses” who have authority over other members. In the military, there is a well-defined hierarchy. In the US Air Force, the General of the Air Force is the highest ranking officer and Second Lieutenant is the lowest ranking officer. Between the two are nine officer ranks.

Many of today's organizations are structured more like Alphabet, with flexible work arrangements, employee work teams, open communication systems, and supplier alliances. In these organizations, work is defined in terms of tasks to be done. And workdays have no time boundaries since work can be—and is—done anywhere, anytime. However, no matter what type of approach an organization uses, some deliberate structure is needed so work can get done, with managers overseeing and coordinating that work.

WHY are managers important?**L01.2**

Managers are important to organizations. Why? Let's look at three reasons.

The first is that *organizations need their managerial skills and abilities* more than ever in uncertain, complex, and chaotic times. As organizations deal with today's challenges—changing workforce dynamics, the worldwide economic uncertainty, changing technology—managers play an important role in identifying critical issues and crafting responses.

A second is that *they're critical to getting things done*. They create and coordinate the workplace environment and work systems so that others can perform their tasks. Or, if work isn't getting done or isn't getting done as it should be, managers are the ones who find out why and get things back on track.

Third, *managers make a difference in an organization's performance*. How do we know that? The Gallup Organization, which has polled millions of employees and tens of thousands of managers, has found that the single most important variable in employee productivity and loyalty isn't pay or benefits or workplace environment—it's the quality of the relationship between employees and their direct supervisors.² (See Exhibit 1-3.) In addition, global consulting firm Towers Watson found that the way a company manages and engages its people can significantly affect its financial performance.³ Companies that hire managers based on talent realize a 48 percent increase in profitability, a 22 percent increase in productivity, a 30 percent increase in employee engagement scores, a 17 percent increase in customer engagement scores, and a 19 percent decrease in turnover.⁴ And another study by the Gallup Organization found leadership to be the single largest influence on employee engagement.⁵

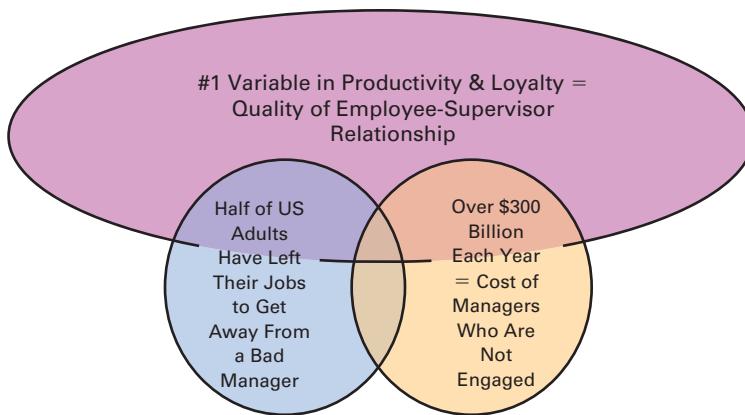


Exhibit 1-3
Managers Make a Difference

MANAGEMENT vs. managers

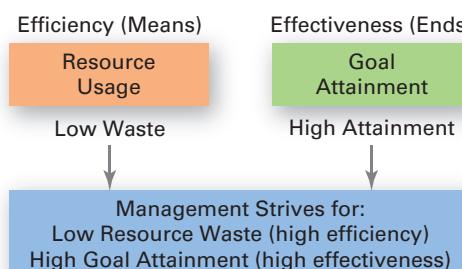
What Is Management?

LO1.3 **Management** involves coordinating and overseeing the work activities of others so their activities are completed efficiently and effectively. We already know that coordinating and overseeing the work of others is what distinguishes a managerial position from a nonmanagerial one. However, this doesn't mean that managers or their employees can do what they want anytime, anywhere, or in any way. Instead, management involves ensuring that work activities are completed efficiently and effectively by the people responsible for doing them, or at least that's what managers should be doing.

Efficiency refers to getting the most output from the least amount of inputs or resources. Managers deal with scarce resources—including people, money, and equipment—and want to use those resources efficiently. Efficiency is often referred to as “doing things right,” that is, not wasting resources. For instance, Southwest Airlines has achieved operating efficiency through a variety of practices, which include using one aircraft model (Boeing 737) throughout its fleet. Using one model simplifies scheduling, operations, and flight maintenance, and the training costs for pilots, ground crew, and mechanics are lower because there’s only a single aircraft to learn.⁶ These efficient work practices have paid off, as Southwest has made a profit for forty-two consecutive years!⁷

It’s not enough, however, just to be efficient. Management is also concerned with employee effectiveness. **Effectiveness** is often described as “doing the right things,” that is, doing those work activities that will result in achieving goals. Besides being efficient, Southwest Airlines’ mission is “dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit.”⁸ Two of the many reasons cited for the airlines’ effectiveness are permitting two checked bags for free and permitting a change in itinerary without incurring a penalty.⁹

Whereas efficiency is concerned with the *means* of getting things done, effectiveness is concerned with the *ends*, or attainment of organizational goals (see Exhibit 1-4). In successful organizations, high efficiency and high effectiveness typically go hand in hand.



management
Coordinating and overseeing the work activities of others so their activities are completed efficiently and effectively

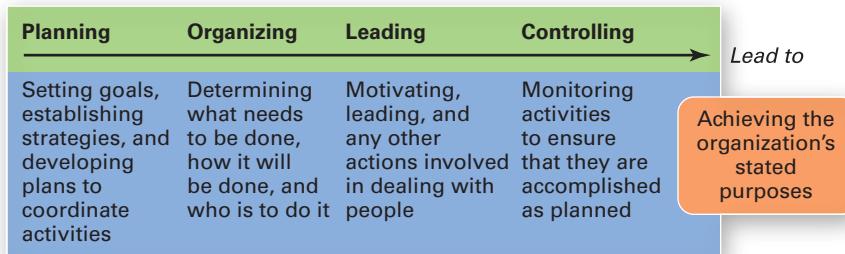
efficiency
Getting the most output from the least amount of inputs or resources

effectiveness
Doing those work activities that will result in achieving goals

Exhibit 1-4
Efficiency and Effectiveness in Management

Exhibit 1-5

Four Functions of Management



Leading is an important function of The Container Store manager Jaimie Moeller (left). She influences the behavior of employees by leading them in a team huddle before they begin their work day. Coaching employees to succeed in the store's team-selling environment helps Moeller achieve the store's sales performance and customer service goals. *Source: James Borchuck/Tampa Bay Times/Zumapress.com/Alamy Stock Photo*



planning

Management function that involves setting goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate activities

organizing

Management function that involves arranging and structuring work to accomplish the organization's goals

leading

Management function that involves working with and through people to accomplish organizational goals

controlling

Management function that involves monitoring, comparing, and correcting work performance

What Do Managers Do?

Now let's take a more detailed look at what managers do. Describing what managers do isn't easy. Just as no two organizations are alike, no two managers' jobs are alike. In spite of this, management researchers have developed three approaches to describe what managers do: functions, roles, and skills.

MANAGEMENT FUNCTIONS According to the functions approach, managers perform certain activities or functions as they efficiently and effectively coordinate the work of others. What are these functions? Henri Fayol, a French businessman in the early part of the twentieth century, suggested that all managers perform five functions: planning, organizing, commanding, coordinating, and controlling.¹⁰ (See Management History Module for more information.) Today, we use four functions to describe a manager's work: planning, organizing, leading, and controlling (see Exhibit 1-5). Let's briefly look at each.

If you have no particular destination in mind, then any road will do. However, if you have someplace in particular you want to go, you've got to plan the best way to get there. Because organizations exist to achieve some particular purpose, someone must define that purpose and the means for its achievement. Managers are that someone. As managers engage in **planning**, they set goals, establish strategies for achieving those goals, and develop plans to integrate and coordinate activities.

Managers are also responsible for arranging and structuring the work that employees do to accomplish the organization's goals. We call this function **organizing**. When managers organize, they determine what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

Every organization has people, and a manager's job is to work with and through people to accomplish goals. This is the **leading** function. When managers motivate subordinates, help resolve work group conflicts, influence individuals or teams as they work, select the most effective communication channel, or deal in any way with employee behavior issues, they're leading.

The final management function is **controlling**. After goals and plans are set (planning), tasks and structural arrangements are put in place (organizing), and people are hired, trained, and motivated (leading), there has to be an evaluation of whether things are going as planned. To ensure goals are met and work is done as it should be, managers monitor and evaluate performance. Actual performance is compared with the set goals. If those goals aren't achieved, it's the manager's job to get work back on track. This process of monitoring, comparing, and correcting is the controlling function.

Just how well does the functions approach describe what managers do? Do managers always plan, organize, lead, and then control? Not necessarily. What a manager does may not always happen in this sequence. However, regardless of the order in which these functions are performed, managers do plan, organize, lead, and control as they manage.



Exhibit 1-6

Mintzberg's Managerial Roles
Source: Based on H. Mintzberg, *The Nature of Managerial Work* (New York: Prentice Hall, 1983).

MANAGEMENT ROLES Another perspective has been offered by Henry Mintzberg, a well-known management researcher who studied actual managers at work. In his first comprehensive study, Mintzberg concluded that what managers do can best be described by looking at the managerial roles they engage in at work.¹¹ The term **managerial roles** refers to specific actions or behaviors expected of and exhibited by a manager. As shown in Exhibit 1-6, Mintzberg found ten roles, grouped around interpersonal relationships, the transfer of information, and decision making.

The **interpersonal roles** involve people (subordinates and persons outside the organization) and other ceremonial and symbolic duties. The three interpersonal roles include figurehead, leader, and liaison. The **informational roles** involve collecting, receiving, and disseminating information. The three informational roles include monitor, disseminator, and spokesperson. Finally, the **decisional roles** entail making decisions or choices and include entrepreneur, disturbance handler, resource allocator, and negotiator. As managers perform these roles, Mintzberg proposed that their activities included both reflection (thinking) and action (doing).¹²

A number of follow-up studies have tested the validity of Mintzberg's role categories, and the evidence generally supports the idea that managers—regardless of the type of organization or level in the organization—perform similar roles.¹³ However, the emphasis that managers give to the various roles seems to change with organizational level.¹⁴ At higher levels of the organization, the roles of disseminator, figurehead, negotiator, liaison, and spokesperson are more important, while the leader role (as Mintzberg defined it) is more important for lower-level managers than it is for either middle or top-level managers.

So which approach is better, managerial functions or Mintzberg's propositions? Although each does a good job of depicting what managers do, the functions approach still seems to be the generally accepted way of describing the manager's job. "The classical functions provide clear and discrete methods of classifying the thousands of activities managers carry out and the techniques they use in terms of the functions they perform for the achievement of goals."¹⁵ Still, managerial roles provide insights into what managers do while planning, leading, organizing, and controlling.

MANAGEMENT SKILLS UPS is a company that understands the importance of management skills.¹⁶ The company's new on-road supervisors are immersed in a new manager orientation where they learn people and time management skills. The company started an intensive eight-day offsite skills training program for first-line managers as a way to improve its operations. What have supervisors learned from the skills training?

managerial roles

Specific actions or behaviors expected of and exhibited by a manager

interpersonal roles

Managerial roles that involve people and other duties that are ceremonial and symbolic in nature

informational roles

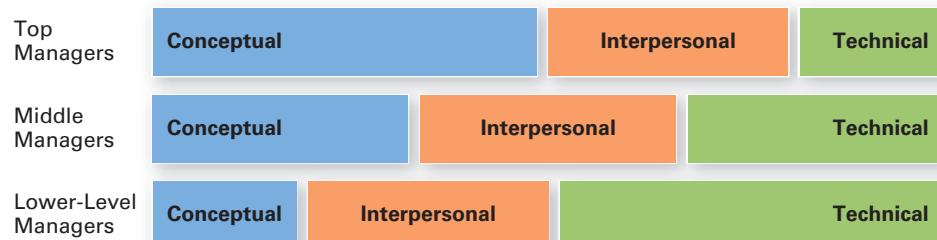
Managerial roles that involve collecting, receiving, and disseminating information

decisional roles

Managerial roles that revolve around making choices

Exhibit 1-7

Skills Needed at Different Managerial Levels

**technical skills**

Job-specific knowledge and techniques needed to proficiently perform work tasks

interpersonal skills

The ability to work well with other people individually and in a group

conceptual skills

The ability to think and to conceptualize about abstract and complex situations

Some things they mentioned learning were how to communicate more effectively and how to comply with safety laws and labor practices.

What types of skills do managers need? Robert L. Katz proposed that managers need three critical skills in managing: technical, human, and conceptual.¹⁷ (Exhibit 1-7 shows the relationships of these skills to managerial levels.) **Technical skills** are the job-specific knowledge and techniques needed to proficiently perform work tasks. These skills tend to be more important for first-line managers because they typically manage employees who use tools and techniques to produce the organization's products or service the organization's customers. Often, employees with excellent technical skills get promoted to first-line manager. For example, Dean White, a production supervisor at Springfield ReManufacturing, started as a parts cleaner. Now, Dean manages twenty-five people in six departments. He noted that at first it was difficult to get people to listen, especially his former peers. "I learned I had to gain respect before I could lead," White said. He credits mentors—other supervisors whose examples he followed—with helping him become the type of manager he is today.¹⁸ Dean is a manager who has technical skills, but also recognizes the importance of **interpersonal skills**, which involve the ability to work well with other people both individually and in a group. Because all managers deal with people, these skills are equally important to all levels of management. Managers with good human skills get the best out of their people. They know how to communicate, motivate, lead, and inspire enthusiasm and trust. Finally, **conceptual skills** are the skills managers use to think and to conceptualize about abstract and complex situations. Using these skills, managers see the organization as a whole, understand the relationships among various subunits, and visualize how the organization fits into its broader environment. Managers then can effectively direct employees' work. For example, Ian McAllister, general manager at Amazon, indicates that a successful general manager understands the whole business. With this understanding, managers can get everyone on the same page. In turn, employees will make a substantial number of decisions in support of the company's vision.¹⁹ These skills are most important to top managers.

MANAGERIAL challenges today and into the future

LO1.4

In today's world, managers are dealing with a host of challenges. We want to briefly focus on six of these: technology, disruptive innovation, social media, ethics, political uncertainty, and the customer.

Focus on Technology

Managers increasingly face challenges in their work because technology has been changing how things get done.²⁰ Cloud computing, artificial intelligence, and robotics are examples of technology. Keeping employees updated on new technologies presents a challenge to many managers. Managers need to work with employees to help them understand why new technology is an improvement over present ways of conducting business. According to Didier Bonnet, coauthor of *Leading Digital*, "The job

IT'S YOUR CAREER

The ABC's of Managing Your Time

Do you feel constantly busy? Do you always seem to have a lot to do and never enough time to do it? If you're like most people, the answer to these questions is YES! Well, maybe in a management textbook we need to do something about that by focusing on one aspect of management that can be tremendously useful to you ... TIME MANAGEMENT!

Time is a unique resource. If it's wasted, it can never be replaced. People talk about saving time, but time can never actually be saved. And unlike resources such as money or talent, which are distributed unequally in this world, time is an equal-opportunity resource. Each one of us gets exactly the same amount: twenty-four hours per day and 168 hours each week. Some people are just a lot more efficient in using their allotment. Here are some suggestions to help you better use your time:

1. *List your current and upcoming goals.* Know what needs to be done daily, weekly, and monthly.
 2. *Rank your goals according to importance.*
- Not all goals are of equal importance. Make sure you give highest priority to the most important goals.

3. *List the activities/tasks necessary to achieve your goals.* What specific actions do you need to take to achieve your goals?

4. *Divide these activities/tasks into categories using an A, B, and C classification.* The As are important and urgent. Bs are either important or urgent, but not both. Cs are routine—not important nor urgent, but still need to be done.

5. *Schedule your activities/tasks according to the priorities you've set.* Prepare a daily plan. Every morning, or at the end of the previous workday, make a list of the five or so most important things you want to accomplish for the day. Then set priorities for the activities listed on the basis of importance and urgency.

6. *Recognize that technology can be a time waster.* Think for a moment how many phone calls, e-mails, texts, and postings on social media you receive on a typical day. Some are essential, while others are distractions that don't require immediate attention. Prioritize the importance of this information.

7. *Realize that priorities may change as your day or week proceeds.* New information may change a task's importance or urgency. As you get new information, reassess your list of priorities.

of a manager is to help people cross the bridge—to get them comfortable with the technology, to get them using it, and to help them understand how it makes their lives better.”²¹

Focus on Disruptive Innovation

There are few managerial challenges today more critical than coping with disruptive innovations. Regardless of what business an organization is in, there's a very good chance that they're either a disruptive innovator or competing against a disruptive innovator.

Technology has provided opportunities for small, upstart companies to take on long-standing and well-established businesses. For instance, Uber and Lyft have made it difficult for taxi companies to compete. Expedia, TripAdvisor and the like have basically eliminated storefront travel agents. Hulu and Sling have stolen a good portion of the network and cable TV audience. And LegalZoom has become a major competitor to law firms.

In Chapter 7, we more fully explore disruptive innovation, the opportunities it creates, and what the management of established businesses can do in response.

Focus on Social Media

You probably can't imagine a time when employees did their work without smart devices, email, apps, or internet access. Yet, some twenty-five years ago, as these tools

Learning from FAILURE

Successful Managers Learn from Their Failures

Microsoft cofounder Bill Gates says, "It's fine to celebrate success, but it is more important to heed the lessons of failure." And Jeff Bezos, founder and CEO of Amazon, actually prides himself on his failures. He says, "I've made billions of dollars of failures." Bezos embraces risk, and Amazon has created a culture that has an extreme tolerance for failure. For instance, Amazon Destinations tried to sell hotel rooms and bombed. So did Amazon's effort to create a mobile wallet, offer songs, and allowing customers to test out apps before buying. One of its biggest failures was Fire Phone, which lost \$170 million, but led to Echo—its popular voice-activated speaker.

Behind thousands of success stories are paths strewn with setbacks and often failures. Remember: No one goes undefeated all the time. But out of those setbacks, for those individuals and organizations with persistence and the willingness to evaluate, change, and adapt—success frequently prevails. And what applies to managers and companies also applies to you. You're going to make mistakes, have setbacks, and sometimes fail in your endeavors. You need to learn from these and move on. For instance:

J. K. Rowling was a single mother, living on welfare, who had her manuscripts rejected by more than a dozen publishers before she found one to publish *Harry Potter*. Ms. Rowling, now a billionaire, is one of the richest women in Britain.

After being fired early in her TV career, Oprah went on to find great success in her field, where she is now known by her first name.



Source: JStone/Shutterstock

Early in her career, Oprah Winfrey was fired from her Baltimore TV news reporter job and told by her producer that she was "unfit for television news." But that reporter job and television experience prepared her for her incredibly successful TV talk show.

While classmates in high school, Bill Gates and Paul Allen started Traf-O-Data. They designed a computerized microprocessor that would analyze traffic data and create reports for Washington state highway department's traffic engineers. The goal was to optimize traffic and end road congestion. Unfortunately, their first demo didn't work and the idea later became obsolete when the state of Washington offered to tabulate the tapes for cities for free. While the concept failed, it provided Gates and Allen with the software skills that would lead to their creating a new start-up called "Micro-Soft."

Heart surgeon Toby Cosgrove, the former president and CEO of the Cleveland Clinic, made an excellent case for the value of failure in his graduation address to Case Western University's Class of 2018: "Failure is a great teacher ... In my more than 20,000 heart operations, it is difficult to remember the successful outcomes. It is the one percent of patients who do not survive that are remembered ... From this one percent, most of my lessons were learned. You learn vastly more from your mistakes ... Failure is an opportunity to learn. We may learn that our present strategy won't work; we may learn that our goal was not worthy; we may learn that we quit too soon ... Our instinct is to hide our failures [but] failure is temporary. It is a source of experience and most importantly, failure is an event in each person's life, but it is not the person."

We think there's a lot for you to learn through reading about others' failures. So throughout this book we include examples that illustrate major failures, what individuals and organizations learned, and the changes they made in response.²²

social media

Forms of electronic communication through which users create online communities to share ideas, information, personal messages, and other content

were becoming more common in workplaces, managers struggled with the challenges of providing guidelines for using the internet and email in their organizations. Today, a tool that nearly all organizations use is **social media**, forms of electronic communication through which users create online communities to share ideas, information, personal messages, and other content. And employees don't just use these on their personal time, but also for work purposes. That's why managers need to understand and manage the power and peril of social media.

There is also a downside to social media. As noted by Berkshire Hathaway CEO Warren Buffet, "It takes twenty years to build a reputation and five minutes to ruin it."²³ Internally, social media also becomes problematic when it becomes a way for boastful employees to brag about their accomplishments, for managers to publish one-way messages to employees, or for employees to argue or gripe about something or someone.

In the remainder of the book, we'll look at how social media is impacting how managers manage, especially in the areas of ethics, communication, motivation, and strategy.

Focus on Ethics

It's the unusual week that the business press doesn't report a story about unethical practices by a firm, an executive, or a group of employees. A major bank is found to be creating fake accounts in the name of real customers. A car dealer is caught rolling back the odometers on used vehicles. A pharmaceutical company raises the price 500 percent on a drug that has been around for twenty years. An employee is found to have turned in fake receipts on his expense account.

The long-term success of an organization depends on building trust with customers, clients, suppliers, and employees. Leaders need to take responsibility for setting high ethical standards and creating ethical workplaces. In Chapter 6, we address the ethical challenge. And the end of each chapter includes an ethical dilemma to help you focus on the importance of ethical behavior and for coping with ethical challenges.

Focus on Political Uncertainty

Democratic societies like the US, Canada, Australia, and the UK historically faced stable and relatively predictable political environments. The last decade has seen a significant shift toward uncertainty. With this arise new challenges for management. A few examples of changes in the US include major business tax reform that significantly cut corporate tax rates but also limited the deduction for interest expense; renegotiation of the US, Canada, and Mexico trade agreement (NAFTA); imposition of trade tariffs on certain industrial products that resulted in retaliatory tariffs from foreign countries on US products; continual reinterpretations of immigration policies; and changes in federal laws affecting corporate healthcare plans.

In Europe, UK voters surprisingly chose in 2016 to exit the European Union. Among other things, for many European firms that had head offices in London, this meant reorganizing so as to better serve European customers.

And political uncertainty hasn't been limited to the federal level. States have been imposing new laws and regulations that affect business. California, for instance, has continually imposed new regulations on business in the areas of the environment, labor laws, minimum wage, land use, and consumer protection. Cities, too, have added to political uncertainty. As an example, in 2018, the city of Seattle imposed an annual tax of \$275 for every Seattle employee of businesses with \$20 million or more in yearly revenue. Under pressure from business firms, a month later, the city repealed the tax. For a company like Amazon, that has 45,000 employees in Seattle, the tax would have added more than \$12 million to its cost of doing business.

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- 18 percent of top executives identify global political uncertainty as one of the top 10 challenges they face.
- The challenge mentioned by the most executives (64 percent) is developing leaders in their organizations.²⁴

Focus on the Customer

John Legere, CEO of T-Mobile, likes to listen to customers. "My business philosophy is listen to your employees, listen to your customers. Shut up and do what they tell you. And each of our Un-carrier moves and the way I run my company is completely aligned with that."²⁵ This manager understands the importance of customers and clearly believes that focusing on customers is essential to success. Without them, most organizations would cease to exist. Yet, focusing on the customer has long been thought to be the responsibility of marketing types. "Let the marketers worry about the customers" is how many managers felt. That sentiment is out of date. Companies like Costco, Nordstrom, Dunkin' Donuts, Tesla, and Zappos stand out for their outstanding customer service and loyal customers.

Today, the majority of employees in developed countries work in service jobs as teachers, nurses, technical support reps, food servers, housekeepers, consultants, financial planners, and the like. For instance, 77.2 percent of the US labor force is employed in service industries.²⁶ In Australia and Canada, similarly, 78 percent work in service industries.²⁷ And as service economies have become dominant, managers realize that delivering consistent, high-quality customer service is essential for their organization's survival and success.



With the growing popularity of tourism in the Dominican Republic, a large percentage of the labor force works in service jobs for resorts, attractions, and tourist-related activities such as the food service workers shown here presenting fruit in an artistic fashion for tourists. To succeed in the service industry, managers must create a customer-responsive organization.

Source: Lucas Vallecillos/Alamy Stock Photo

universality of management

The reality that management is needed in all types and sizes of organizations, at all organizational levels, in all organizational areas, and in organizations, no matter where located

Importantly, the evidence indicates that good customer care pays off. A recent study found that nearly all customers (92 percent) whose issue was resolved during first contact with customer service would likely continue using the company.²⁸ That number drops to about half (51 percent) for customers whose issue was not resolved during first contact. Employees are an important part of that equation.²⁹ The implication is clear: managers must create a customer-responsive organization where employees are friendly and courteous, accessible, knowledgeable, prompt in responding to customer needs, and willing to do what's necessary to please the customer.³⁰ We'll look at customer service management in other chapters.

WHY study management?

L01.5

If you're not a management major nor planning on a career in management, you might rightly ask: Why should I study management? We can give you four reasons: the universality of management, the reality of work, the rewards from being a manager, and the insights it can provide you into life at work.

The Universality of Management

We can say with absolute certainty that management is needed in all types and sizes of organizations, at all organizational levels, in all organizational work areas, and in all organizations, regardless of where they're located. This is known as the **universality of management**. (See Exhibit 1-8.) In all these organizations, managers must plan, organize, lead, and control. However, that's not to say that management is done the same way. What a supervisor in an applications testing group at Twitter does versus what the CEO of Twitter does is a matter of degree and emphasis, not function. Because both are managers, both will plan, organize, lead, and control. How much and how they do so will differ.

Management is universally needed in all organizations. And organizations that are well managed—and we'll share many examples of these throughout the text—develop a loyal customer base, grow, and prosper, even during challenging times. Those that are poorly managed find themselves losing customers and revenues. By studying management, you'll be able to recognize poor management and work to get it corrected.

The Reality of Work

Another reason for studying management is the reality that for most of you, once you graduate from college and begin your career, you will either manage or be managed. For those who plan to be managers, an understanding of management forms the foundation

Exhibit 1-8

Universal Need for Management



- Create a work environment in which organizational members can work to the best of their ability
- Have opportunities to think creatively and use imagination
- Help others find meaning and fulfillment in work
- Support, coach, and nurture others
- Work with a variety of people
- Receive recognition and status in organization and community
- Play a role in influencing organizational outcomes
- Receive appropriate compensation in the form of salaries, bonuses, and stock options

Exhibit 1-9

Rewards from Being a Manager

upon which to build your management knowledge and skills. For those of you who don't see yourself managing, you're still likely to have to work with managers. Our experience tells us that you can gain a great deal of insight into the way your boss (and fellow employees) behave and how organizations function by studying management.

Rewards from Being a Manager

There are real rewards from holding a managerial position. (See Exhibit 1-9.) There's the satisfaction of creating a work environment in which organizational members can do their work to the best of their ability and thus help the organization achieve its goals. You help others find meaning and fulfillment in their work. You get to support, coach, and nurture others and help them make good decisions. In addition, as a manager, you often have the opportunity to think creatively and use your imagination. You'll get to meet and work with a variety of people—both inside and outside the organization. Other rewards may include receiving recognition and status in your organization and in the community, playing a significant role in influencing organizational outcomes, and receiving attractive compensation in the form of salaries, bonuses, and stock options.

Gaining Insights into Life at Work

A good number of students regularly remind your authors that they're not planning a career in management. These students' career goals are to be accountants or financial analysts or marketing researchers or computer programmers. They ask us: Why do I need to take a management course? Our answer is: Because understanding management concepts and how managers think will help you get better results at work and enhance your career. And who knows, you may become a manager someday. Oftentimes, successful employees are promoted to managerial roles. For example, you may begin your career as an auditor with a major accounting firm and find, a few years later, you're overseeing an audit team or you're a partner thrust into managing a regional office.

Throughout this book you'll encounter pages that we call "Workplace Confidential." This feature will introduce you to challenges you're likely to face at work—like organizational politics, an uncommunicative boss, or an unfair performance review—and offer you specific suggestions on how to deal with these challenges.

If you expect to work with others—whether it's in a Fortune 100 corporation or in a three-person start-up—studying management can pay demonstrable dividends.

EMPLOYABILITY SKILLS

LO1.6 It's one thing to *know* something and another to be able to *apply* that knowledge. We want to prepare you for your career in the working world by helping you learn and practice key skills that hiring managers identify as important to success in a variety of organizational settings—small and large businesses, profit and nonprofit organizations, and entrepreneurial endeavors. Here are the skills we'll be focusing on and a brief definition:

WORKPLACE CONFIDENTIAL Dealing with Organizational Politics

In an ideal world, the good guys always win, everyone tells the truth, and job promotions and generous pay raises go to the most deserving candidate. Unfortunately, we don't live in such an ideal world. The world we live in is a political one.

Politics is a fact of life in organizations. People who ignore this fact do so at their own peril. But why, you may wonder, must politics exist? Isn't it possible for an organization to be politics free? It's possible, but most unlikely.

Organizations are made up of individuals and groups with different values, goals, and interests. This sets up the potential for conflict over resources. Departmental budgets, office allocations, project responsibilities, promotion choices, and salary adjustments are just a few examples of the resources about whose allocation organizational members will disagree.

Resources in organizations are also limited, which turns potential conflict into real conflict. If resources were abundant, then all the various constituencies within the organization could satisfy their goals. But because they're limited, not everyone's interests can be provided for. Furthermore, whether true or not, gains by one individual or group are often perceived as being at the expense of others within the organization. These forces create a competition among members for the organization's limited resources.

Maybe the most important factor leading to politics within organizations is the realization that most of the facts that are used to allocate the limited resources are open to interpretation. What, for instance, is good performance? What's an adequate improvement? What constitutes an unsatisfactory job? One person's team player is another's "yes man." So it is in the large and ambiguous middle ground of organizational life—where the facts don't speak for themselves—that politics flourish.

The above explains why some people in the workplace lie, misrepresent, conceal, backstab, play favorites, scheme, pass the buck, deny responsibility, form alliances, or engage in similar political actions.

If you want to improve your political skills at work, we offer the following suggestions:

- **Frame arguments in terms of organizational goals.** People whose actions appear to blatantly further their own interests at the expense of the organization are almost universally denounced, are likely to lose influence, and often suffer the ultimate penalty of being expelled from the organization. Make sure your actions appear to be in the best interests of the organization.
- **Develop the right image.** Make sure you understand what your organization wants and values from its employees—in terms of dress, associates to cultivate and those to avoid, whether to appear to be a risk-taker or risk averse, the importance of getting along with others, and

so forth. Because the assessment of your performance is rarely a fully objective process, you need to pay attention to style as well as substance.

- **Gain control of organizational resources.** The control of organizational resources that are scarce and important is a source of influence. Knowledge and expertise are particularly effective resources to control. These resources make you more valuable to the organization and, therefore, more likely to gain security, advancement, and a receptive audience for your ideas.
- **Make yourself appear indispensable.** You don't have to be indispensable as long as key people in your organization think that you are. If the organization's prime decision makers believe there is no ready substitute for what you bring to the organization, your job is likely safe and you're likely to be treated well.
- **Be visible.** If you have a job that brings your accomplishments to the attention of others, that's great. However, if not—without creating the image of a braggart—you'll want to let others know what you're doing by giving progress reports to your boss and others, having satisfied customers relay their appreciation to higher-ups, being seen at social functions, and being active in your professional associations.
- **Develop powerful allies.** It is often beneficial to have friends in high places. Network by cultivating contacts with potentially influential people above you, at your own level, and in the lower ranks. These allies often can provide you with information that's otherwise not readily available and provide you with support if and when you need it. Having a mentor in the organization who is well respected is often a valuable asset.
- **Avoid "tainted" members.** In almost every organization, there are fringe members whose status is questionable. Their performance and/or loyalty are suspect. Or they have strange personalities. Keep your distance from such individuals. Given the reality that effectiveness has a large subjective component, your own effectiveness might be called into question if you're perceived as being too closely associated with tainted members.
- **Support your boss.** Your immediate future is in the hands of your current boss. Because that person evaluates your performance, you'll typically want to have your boss on your side. You should make every effort to help your boss succeed, make her look good, support her if she is under siege, and spend the time to find out the criteria she will use to assess your effectiveness. Don't undermine your boss. And don't speak negatively of her to others.³¹

Critical thinking involves purposeful and goal-directed thinking used to define and solve problems, make decisions, or form judgments across a variety of situations.

Communication is defined as effective use of oral, written, and nonverbal skills; effective listening; and use of technology to convey both information and understanding.

Collaboration is a skill in which individuals can actively work together on a task, negotiate differences, and produce final outcomes reflective of their joint and interdependent actions.

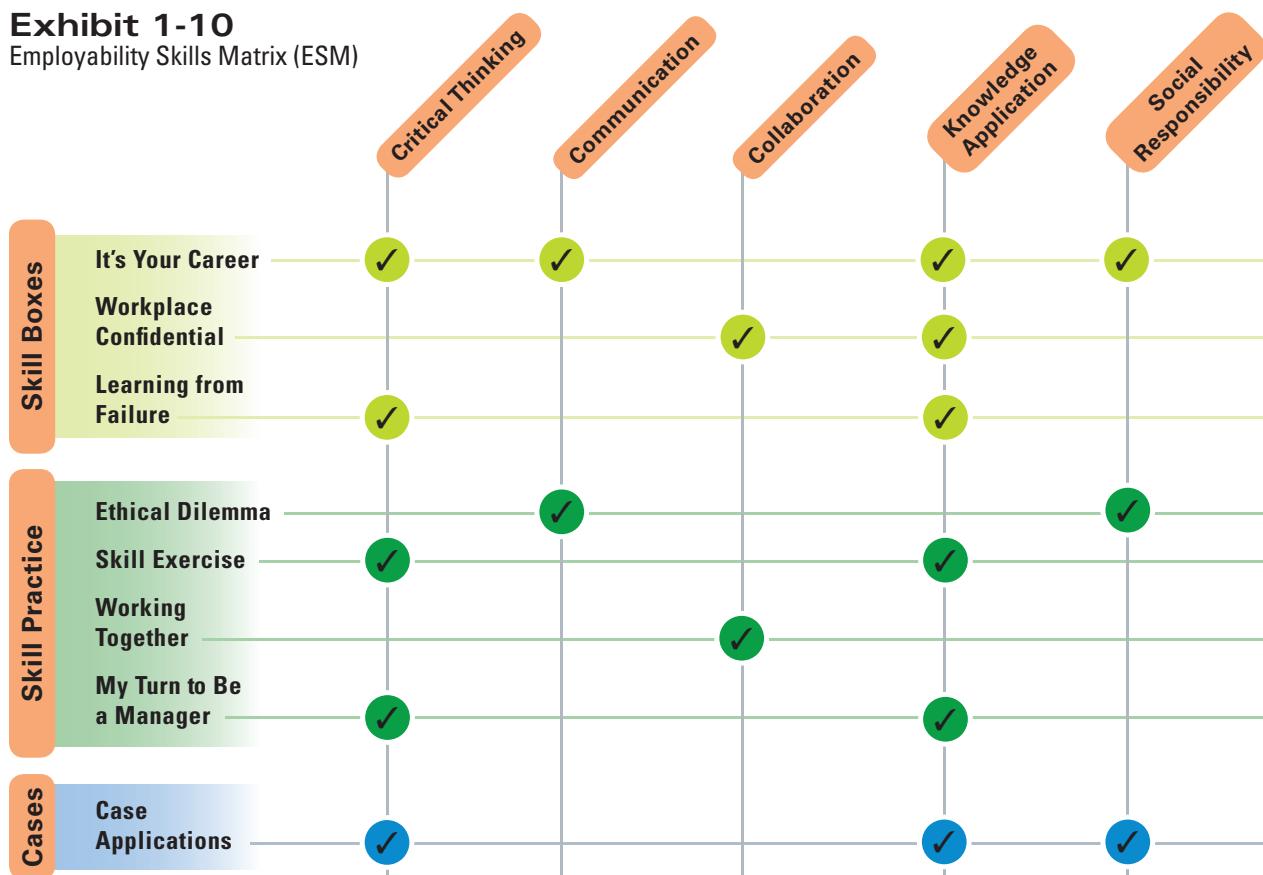
Knowledge application and analysis is defined as the ability to learn a concept and then apply that knowledge in another setting to achieve a higher level of understanding.

Social responsibility includes skills related to both ethical behavior and corporate obligations. Ethics includes sets of guiding principles that influence the way individuals and organizations behave. Corporate obligations is a form of ethical behavior that requires organizations understand, identify, and eliminate unethical economic, social, and environmental behaviors.

Each of the following chapters will start with what we are calling the Employability Skills Matrix (ESM). As you can see in Exhibit 1-10, this matrix links the five employability skills to specific features in each chapter—including It's Your Career, Workplace Confidential, Ethical Dilemma, Working Together, My Turn to Be a Manager, and the Case Applications. Within these sections, you will practice thinking critically and applying your knowledge of concepts. You will also learn how to improve your collaboration and communication skills by learning what you might do or say in these given situations to navigate the work world positively and effectively. You'll be confronted with dilemmas in which you will consider the ethics of particular issues in the workplace. We recommend that you review and consider the ESM in advance of reading the chapter so that you'll have a better idea of the skills you'll be developing from each chapter.

Exhibit 1-10

Employability Skills Matrix (ESM)



Chapter 1

PREPARING FOR: Exams/Quizzes

CHAPTER SUMMARY by Learning Objectives

L01.1

TELL who managers are and where they work.

Managers coordinate and oversee the work of other people so that organizational goals can be accomplished. Nonmanagerial employees work directly on a job or task and have no one reporting to them. In traditionally structured organizations, managers can be first-line, middle, or top. In more loosely structured organizations, managers may be less easy to identify, but managers still are needed to coordinate the work.

Managers work in an organization, which is a deliberate arrangement of people to accomplish some specific purpose. Organizations have three characteristics: they have a distinctive purpose, they are composed of people, and they have a deliberate structure. Organizations range from sororities and online companies like Amazon.com to nonprofits and local retail stores.

L01.2

EXPLAIN why managers are important to organizations.

Managers are important to organizations for three reasons. First, organizations need their managerial skills and abilities in uncertain, complex, and chaotic times. Second, managers are critical to getting things done in organizations. Finally, managers make a difference in an organization's performance. The way employees are managed can affect the organization's financial performance by affecting employee productivity, loyalty, and engagement, and managerial ability has been shown to be important in creating organizational value.

L01.3

DESCRIBE the functions, roles, and skills of managers.

Broadly speaking, management is what managers do and involves coordinating and overseeing the efficient and effective completion of others' work activities. Efficiency means doing things right; effectiveness means doing the right things.

The four functions of management include planning (setting goals, establishing strategies, and developing plans), organizing (arranging and structuring work), leading (working with and through people), and controlling (monitoring, comparing, and correcting work performance).

Mintzberg's managerial roles include interpersonal, which involves people and other ceremonial/symbolic duties (figurehead, leader, and liaison); informational, which involves collecting, receiving, and disseminating information (monitor, disseminator, and spokesperson); and decisional, which involves making choices (entrepreneur, disturbance handler, resource allocator, and negotiator).

Katz's managerial skills include technical (job-specific knowledge and techniques), interpersonal (ability to work well with people), and conceptual (ability to think and express ideas). Technical skills are most important for lower-level managers, while conceptual skills are most important for top managers. Interpersonal skills are equally important for all managers.

L01.4

DESCRIBE the factors that are reshaping and redefining the manager's job.

The changes impacting managers' jobs include changing technology, disruptive innovation, social media, ethical issues, political uncertainties, and customer service. Managers must focus on technology in order to keep up to date on how things get done in organizations. Managers must focus on disruptive innovation because their organization may be competing against a disruptive innovator or may be one itself.

Managers must focus on social media because both organizations and employees use this form of communication to share information and create connections with others. Managers must focus on ethics to establish an ethical culture and ensure laws and regulations are followed. And finally, managers must focus on customer service because employee attitudes and behaviors play a big role in customer satisfaction.

L01.5

EXPLAIN the value of studying management.

It's important to study management for four reasons: (1) the universality of management, which refers to the fact that managers are needed in all types and sizes of organizations, at all organizational levels and work areas, and in all global locations; (2) the reality of work—that is, you will either manage or be managed; (3) the significant rewards (such as creating work environments to help people work to the best of their ability, supporting and encouraging others, helping others find meaning and fulfillment in work, helping the organization achieve its goals, etc.) in being a manager; and (4) gaining an understanding of how managers think and how organizations operate.

L01.6

DESCRIBE the benefits of the Employability Skills Matrix (ESM).

The ESM identifies chapter content relating to five crucial employment skills—critical thinking, communication, collaboration, knowledge application, and social responsibility.

REVIEW AND DISCUSSION QUESTIONS

- 1-1. What are the three main roles performed by a manager?
- 1-2. Why are managers important to organizations? What are their key responsibilities in an organization?
- 1-3. Mintzberg suggested that specific actions or behaviors expected of and exhibited by a manager comprise of three specific roles. Briefly explain them.
- 1-4. Do you think management is a relevant course for study today? Explain using examples.
- 1-5. It is sometimes said that management is a tough and thankless job. Do you think this is true?
- 1-6. Is the task of seeking innovative processes really a manager's job?
- 1-7. Discuss how managers define organizational purpose. How would the managerial functions help in achieving that purpose?

- 1-8. Henri Fayol suggested that all managers perform the five functions of planning, organizing, commanding, coordinating, and controlling. Was he correct?

Writing Assignments

- 1-9. Is there one best “style” of management? Why or why not?
- 1-10. Researchers at Harvard Business School found that the most important managerial behaviors involve two fundamental things: enabling people to move forward in their work and treating them decently as human beings. What do you think of these two managerial behaviors? What are the implications for someone, like yourself, who is studying management?

PREPARING FOR: My Career

ETHICS DILEMMA

Mintzberg suggests that managerial roles should encompass interpersonal, decisional, and informational roles. Clearly, this is an idealized vision of the

manager. They are encouraged to encompass all of these characteristics but this is an unattainable goal. A manager can never be all these things at once.

- 1-11. To what extent is it unethical to expect a manager to have such a broad base of skills and abilities?
- 1-12. Do managerial models like this reflect the reality of day-to-day management? Explain.

SKILL EXERCISE Developing Your Skills as a Manager

About The Skill

Research has shown that there are skills that most managers should have. Unfortunately, as many as 90 percent of managers don't have these skills.³² Managers who have these skills can set themselves apart from those without them. If you aren't yet a manager, developing these skills can be just what you need to get higher-level jobs and show others that you have management potential.

Steps in Practicing the Skill

- **Ask for feedback.** Managers often think they need to be in complete control without asking for feedback. Make it a habit to ask how you could do a better job or how you could be a more effective teammate. Get used to doing this now and then continue this skill once you are a manager.
- **View matters from employees' point of view.** Practice asking yourself what others at work might think of situations that arise. Ask people in different jobs or departments outside of your friendship group. Having these different perspectives will help you to make better decisions. You also score points by asking people for their input.
- **Understand the big picture.** Managers should think about not just their department, but also the company as a whole. Increase your understanding of how your job fits into what your company does. Then, go even bigger by researching trends in your company's industry.
- **Manage your own emotions.** When you are a manager, frustration and anger affect your employees. If you feel like you need to vent, do so outside of work. Practice treating everyone at work as if they are customers and work on stress management techniques so you don't take your emotions out on others.

- **Acknowledge employees for good work.** Appreciation goes a long way toward improving morale. Let people at work know when they have done a good job or have made your work easier in some way.
- **Support employees in front of others.** Managers sometimes feel pressure to go along with their bosses rather than support their employees. Look for opportunities to stand up for people you work with when others aren't giving them the credit they deserve.
- **Manage your own career.** Develop a long-term career plan that you revisit regularly. Write in your calendar every three months that it is time to check your career plan and make any needed adjustments.
- **Recognize possible biases you may have and communicate with people different than yourself.** Most people have biases that they don't realize they have. When you are about to make a decision, ask yourself if there are any possible biases that might be relevant and ask someone with a different personality type, age, race, or background what they think.
- **Build trust and communication at work.** Get to know people at work beyond what must be said or done as a part of the job. Establish relationships with them and show that you care about them as people. Working with them will be much easier as a result.

Practicing the Skill

Select two of the skills that managers don't often have and spend one week working on them. Write notes describing your experiences—good and bad. What did you notice that was different after practicing these skills? What could you have done to practice these skills even more effectively? What steps could you take to improve these skills in the future?

WORKING TOGETHER Team Exercise

All of us have an idealized view of the skills and characteristics that a manager should possess. Often managers excel in certain areas, but fail in others. They may be quick-witted and decisive, but may lack the communication skills to disseminate their decisions and ideas. The fact is that managers who have a good grasp of the full range of skills are

rare. In some cases, this will cause problems, either internally or externally, in an organization. As a group, discuss whether you think managers should be fully rounded individuals. What skills might be less critical than others might? Can you agree on a list of critical and non-critical skills? Be prepared to share your lists with the class.

MY TURN TO BE A MANAGER

- Use the most current *Occupational Outlook Handbook* (US Department of Labor, Bureau of Labor Statistics)

to research three different categories of managers. For each, prepare a bulleted list that describes the following:

the nature of the work, training and other qualifications needed, earnings, and job outlook and projections data.

- Get in the habit of reading at least one current business periodical (*Wall Street Journal*, *Bloomberg Businessweek*, *Fortune*, *Fast Company*, *Forbes*, etc.). Sign up to follow a few of these publications on Twitter.
- Explore the social media presence of your favorite company. Like them on Facebook and follow them on Twitter, Instagram, and/or any other social media outlet the company uses.
- Interview two different managers and ask them the following questions: What are the best and worst parts about being a manager? What's the best management

advice you ever received? Type up the questions and their answers to turn in to your professor.

- Accountants and other professionals have certification programs to verify their skills, knowledge, and professionalism. What about managers? Two certification programs for managers include the Certified Manager (Institute of Certified Professional Managers) and the Certified Business Manager (Association of Professionals in Business Management). Research each of these programs. Prepare a bulleted list of what each involves.
- If you have work experience, consider managers who you have encountered. Did you work with any good managers? Did you work with any bad managers? Based on your experience, create a list of traits or skills that good managers possess.

CASE APPLICATION 1

Working with Artificial Intelligence

For most people, artificial intelligence brings to mind *replacing* jobs with robots. However, 1,500 companies studied by the management consulting firm Accenture found that the largest performance gains were when humans and machines *worked together*.³³

What does humans and machines working together look like? At clothing retailer H&M, human buyers and planners use artificial intelligence (AI) to guide their work. They rely on data to figure out what styles will be purchased, by which types of customers, and what their customers might need in future seasons. Buyers and planners then build on that data to make final decisions.

A similar process is used by Nathan Cates, a buyer at Bombfell, an online styling service for men that sends customers boxes of clothing that they can keep or return. Before buying an item, Cates insists on touching the fabric and testing it for features such as fabric sheerness and fit.³⁴ But, in contrast to H&M, these tasks are not currently accomplished well by machines.

If you call your pharmacy to refill a prescription and don't talk to a human, pharmacy employees are freed up to spend their time on customer questions that are more complex. Some companies, like the Swedish bank SEB, use AI to monitor customer calls handled by humans to see how similar problems might be resolved or even prevented in the future.

It's also possible to see humans and computers working together to increase employees' physical capabilities. At Hyundai, robotic devices are worn by some manufacturing employees that give them more strength and endurance than any normal human.

While it's difficult to predict exactly how artificial intelligence will affect jobs in the future, there are some aspects of jobs that may be impossible to automate effectively. As CEO Chida Khatua of the asset-management firm EquBot put it, "If I'm the customer explaining what I want, humans need to be involved. Sometimes I don't know what I really want."

DISCUSSION QUESTIONS

- 1-13. In what ways do machines add to the work of managers and other employees (instead of replacing them)?
- 1-14. How might AI change a manager's job in 2030?
- 1-15. What kind of skills or tasks do you think are least likely to be done by machines or computers in the future?
- 1-16. What can you do to make yourself more valuable to companies so that they need you (and not a machine) to get work done?

CASE APPLICATION 2

Nike: Taking a Customer Focus to a New Level

It's one thing to ensure that customers feel that their concerns are resolved quickly. It's something else to *revamp* how a company reaches customers. That's what Nike has been up to lately. This approach seems to be paying off with sales growth as well as record-high stock prices.³⁵

Nike CEO Mark Parker calls their Nike Direct effort a "massive transformation" of the company.³⁶ Selling to customers directly has changed processes throughout the company—including design, manufacturing, sales and more.

They rolled out the Nike SNKRS app to alert superfans about limited-edition releases. Nike cultivated closer relationships with superfans with a suite of new experiences. They also used SNKRS as a lab for how to better connect with customers digitally.

As Nike learns what their customers want, they are injecting that information into the first step of their process: creating new shoes. In the summer of 2018, they opened their first Nike Live store in Los Angeles.³⁷ Sneakers and apparel made just for this neighborhood are being sold there. Nike figured out what residents in this area like based on data from their six apps.

Nike Live stores are all about a new kind of focus on the customer. A pair of shoes are waiting for you in a locker that pops open upon your arrival in the store. Then, you can take the shoes for a run on an in-store treadmill. Have questions? No problem! Feel free to ask Nike athletes who are ready to answer those questions. If you know what you want, you can schedule curbside pick-up from the store via the app.

Special offers also await customers visiting Nike Live stores. Scan your profile bar code in a store at a special vending machine and gifts like Dri-Fit socks are yours for free. Nike wants these stores to make shoppers feel special. And they offer what online shopping can't: trying on items and getting in-person service.

Building a one-on-one relationship with consumers comes with perks. Nike doesn't have to spend months working with retailers on how to target customers. And, based on data from their apps, they can keep a step ahead figuring out what customers want.

DISCUSSION QUESTIONS

- 1-17. What makes Nike's focus on the customer different from most companies?
- 1-18. If you were in charge of taking Nike's focus on the customer to the next level, what would you do?
- 1-19. What advantages of online shopping and in-person shopping do Nike Live stores try to combine? Why (or why not) do you think they will be successful?
- 1-20. What do you think a focus on the customer will look like for companies in 2025?

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Management History *Module*

The United Parcel Service relies on a management-efficiency system that was devised more than 100 years ago.¹ Early in the twentieth century, Frederick Taylor, an engineer in the steel industry, conducted extensive time and motion studies with the objective of improving worker efficiency. Today, UPS's management applies many of Taylor's findings as they train their drivers to minimize wasteful motions. UPS management, for example, carefully defines and stipulates every driver's behavior—from calculating the optimal route to take, to the best way to lock and unlock truck doors, to the speed at which drivers should walk.

In this module, we will provide a brief summary of how the field of study called management evolved. As with UPS, you're going to see that today's managers still utilize many techniques that were introduced 30, 50, or even 100 years ago. This module will help you put into historical perspective much of what you'll learn in future chapters.

Learning Objectives

MH1.1 *Describe some early management examples.*

MH1.2 *Explain the various theories in the classical approach.*

MH1.3 *Discuss the development and uses of the behavioral approach.*

MH1.4 *Describe the quantitative approach.*

MH1.5 *Explain various theories in the contemporary approach.*

3000 BC – 1776

Early Management

1911 – 1947

Classical Approach

Late 1700s – 1950s

Behavioral Approach

1940s – 1950s

Quantitative Approach

1960s – present

Contemporary Approaches

MH1.1

EARLY Management

Management has been practiced a long time. Organized endeavors directed by people responsible for planning, organizing, leading, and controlling activities have existed for thousands of years. Let's look at some of the most interesting examples.

The Egyptian pyramids and the Great Wall of China are proof that projects of tremendous scope, employing tens of thousands of people, were completed in ancient times.² For instance, it took more than 100,000 workers some

- It took more than 100,000 workers some 20 years to construct an Egyptian pyramid. A project like this could not have been completed without managers.

Source: Stephen Studd/The Image Bank/Getty Images



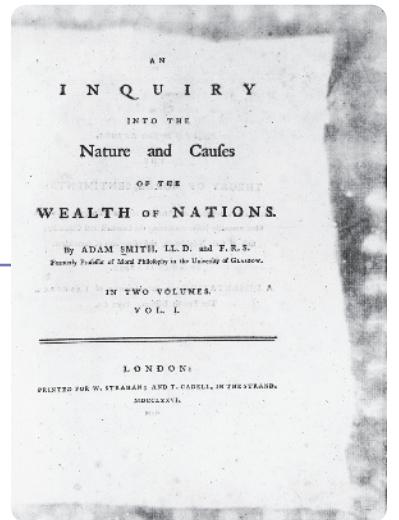
twenty years to construct a single pyramid. Who told each worker what to do? Who ensured there would be enough stones at the site to keep workers busy? The answer is *managers*. Someone had to plan what was to be done, organize people and materials to do it, make sure those workers got the work done, and impose some controls to ensure that everything was done as planned.

In 1776, Adam Smith published *The Wealth of Nations*, in which he argued the economic advantages that organizations and society would gain from the **division of labor** (or **job specialization**)—that is, breaking down jobs into narrow and repetitive tasks. Using the pin industry as an example, Smith claimed that ten individuals, each doing a specialized task, could produce a total of about 48,000 pins a day. However, if each person worked alone, performing each task separately, it would be quite an accomplishment to produce even ten pins a day! Smith concluded that division of labor increased productivity by increasing each worker's skill and dexterity, saving time lost in changing tasks, and creating labor-saving inventions and machinery. Job specialization continues to be popular. For example, think of the specialized tasks performed by members of a hospital surgical team, meal preparation tasks done by workers in restaurant kitchens, or positions played by players on a football team.

Starting in the late eighteenth century, when machine power was substituted for human power—a point in history known as the **industrial revolution**—it became more economical to manufacture goods in factories rather than at home. These large, efficient factories needed someone to forecast demand, ensure that enough material was on hand to make products, assign tasks to people, direct daily activities, and so forth. That “someone” was a manager. These managers would need formal theories to guide them in running these large organizations. In response, beginning in the early 1900s, the first steps toward developing formal management theories were taken.

In this module, we'll look at four major approaches to management theory: classical, behavioral, quantitative, and contemporary. (See Exhibit MH-1.) Keep in mind that each approach is concerned with trying to explain management from the perspective of what was important at that time in history and the backgrounds and interests of the researchers. Each of the four approaches contributes to our overall understanding of management, but each is also a limited view of what it is and how to best practice it.

division of labor (job specialization)
The breakdown of jobs into narrow and repetitive tasks



In 1776, Adam Smith published *The Wealth of Nations*, in which he argued the economic advantages that organizations and society would gain from the division of labor.

Source: Fotosearch/Archive Photos/Getty Images



Starting in the late eighteenth century, when machine power was substituted for human power—a point in history known as the industrial revolution—it became more economical to manufacture goods in factories rather than at home.

Source: North Wind Picture Archives/Alamy Stock Photo

3000 BC - 1776	1911 - 1947	Late 1700s - 1950s	1940s - 1950s	1960s - present
Early Management	Classical Approach	Behavioral Approach	Quantitative Approach	Contemporary Approaches

CLASSICAL Approach

MH1.2

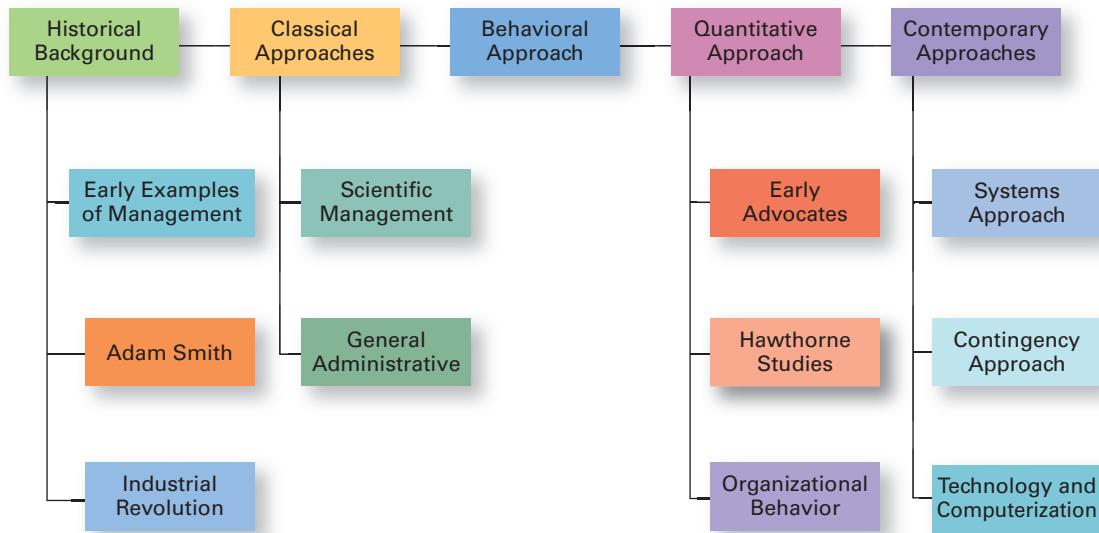
Although we've seen how management has been used in organized efforts since early history, the formal study of management didn't begin until early in the twentieth century. These first studies of management, often called the **classical approach**, emphasized rationality and making organizations and workers as efficient as possible. Two major theories compose the classical approach: scientific management and general administrative theory. The two most important contributors to scientific management theory were Frederick W. Taylor and the husband-wife team of Frank and Lillian Gilbreth. The two most important contributors to general administrative theory were Henri Fayol and Max Weber. Let's take a look at each of these important figures in management history.

Scientific Management

If you had to pinpoint when modern management theory was born, 1911 might be a good choice. That was when Frederick W. Taylor's *Principles of Scientific Management*

Exhibit MH-1

Major Approaches to Management



Frederick Taylor

Frederick Taylor's *Principles of Scientific Management*, published in 1911, described his theory of scientific management.

Source: Jacques Boyer/Roger-Viollet/The Image Works

industrial revolution

A period during the late eighteenth century when machine power was substituted for human power, making it more economical to manufacture goods in factories than at home

classical approach

First studies of management, which emphasized rationality and making organizations and workers as efficient as possible

scientific management

An approach that involves using the scientific method to find the "one best way" for a job to be done

was published. Its contents were widely embraced by managers around the world. Taylor's book described the theory of **scientific management**: the use of scientific methods to define the "one best way" for a job to be done.

Taylor worked at the Midvale and Bethlehem steel companies in Pennsylvania. As a mechanical engineer with a Quaker and Puritan background, he was continually appalled by workers' inefficiencies. Employees used vastly different techniques to do the same job. Virtually no work standards existed, and workers were placed in jobs with little or no concern for matching their abilities and aptitudes with the tasks they were required to do. They often "took it easy" on the job, and Taylor believed that worker output was only about one-third of what was possible. Taylor's solution was to apply the scientific method to shop-floor jobs. He spent more than two decades passionately seeking the "one best way" for each job to be done.

Taylor's experiences at Midvale led him to define clear guidelines for improving production efficiency. He argued that these four principles of management (see Exhibit MH-2) would result in prosperity for both workers and managers.³ How did these scientific principles really work? Let's look at an example.

Probably the best-known example of Taylor's scientific management efforts was his pig iron experiment. Workers loaded "pigs" of iron (each weighing 92 pounds) onto rail cars. Their daily average output was 12.5 tons. However, Taylor believed that by scientifically analyzing the job to determine the "one best way" to load pig iron, output could be increased to 47 or 48 tons per day. After scientifically applying different combinations of procedures, techniques, and tools, Taylor succeeded in getting that level of productivity. How? By putting the right person on the job with the correct tools and equipment, having the worker follow his instructions exactly, and motivating the worker with an economic incentive of a significantly higher daily wage. Using similar approaches for other jobs, Taylor was able to define the "one best way" for doing each job. Overall, Taylor achieved consistent productivity improvements in the range of 200 percent or more. Based on his groundbreaking studies of manual work using scientific principles, Taylor became known as the "father" of scientific management. His ideas spread in the United States and to other countries and inspired others to study and develop methods of scientific management. His most prominent followers were Frank and Lillian Gilbreth.

-
1. Develop a science for each element of an individual's work to replace the old rule-of-thumb method.
 2. Scientifically select and then train, teach, and develop the worker.
 3. Heartily cooperate with the workers to ensure that all work is done in accordance with the principles of the science that has been developed.
 4. Divide work and responsibility almost equally between management and workers. Management does all work for which it is better suited than the workers.
-

Source: F.W. Taylor, Principles of Scientific Management (New York: Harper, 1911).

A construction contractor by trade, Frank Gilbreth gave up that career to study scientific management after hearing Taylor speak at a professional meeting. Frank and his wife, Lillian, a psychologist, focused their studies on eliminating inefficient hand-and-body motions. The Gilbreths also experimented with the design and use of the proper tools and equipment for optimizing work performance.⁴

Frank is probably best known for his bricklaying experiments. By carefully analyzing the bricklayer's job, he reduced the number of motions in laying exterior brick from eighteen to about five, and in laying interior brick from eighteen to two. Using Gilbreth's techniques, a bricklayer was far more productive and less fatigued at the end of the day.

The Gilbreths were among the first researchers to use motion pictures to study hand-and-body motions. They invented a device called a microchronometer that recorded a worker's hand-and-body motions and the amount of time spent doing each motion. Wasted motions missed by the naked eye could be identified and eliminated. The Gilbreths also devised a classification scheme to label seventeen basic hand motions (such as search, grasp, hold), which they called **therbligs** ("Gilbreth" spelled backward, with the *th* transposed). This scheme gave the Gilbreths a more precise way of analyzing a worker's exact hand movements.

HOW TODAY'S MANAGERS USE SCIENTIFIC MANAGEMENT As noted earlier at UPS, many of the guidelines and techniques Taylor and the Gilbreths devised for improving production efficiency are still used in organizations today. When managers analyze the basic work tasks that must be performed, use time-and-motion study to eliminate wasted motions, hire the best-qualified workers for a job, or design incentive systems based on output, they're using the principles of scientific management.

General Administrative Theory

General administrative theory focused more on what managers do and what defined good management practice.

We introduced Henri Fayol in Chapter 1 because he first identified five functions that managers perform: planning, organizing, commanding, coordinating, and controlling.⁵ Fayol wrote during the same time period as Taylor. While Taylor was concerned with first-line managers and the scientific method, Fayol's attention was directed at the activities of *all* managers. He wrote from his personal experience as the managing director of a large French coal-mining firm.

Fayol described the practice of management as something distinct from accounting, finance, production, distribution, and other typical business functions. His belief that management was an activity common to all business endeavors, government, and even the home led him to develop fourteen **principles of management**—fundamental rules of management that could be applied to all organizational situations and taught in schools. These principles are shown in Exhibit MH-3.

Max Weber (pronounced VAY-ber) was a German sociologist who studied organizations.⁶ Writing in the early 1900s, he developed a theory of authority structures and relations based on an ideal type of organization he called a **bureaucracy**—a form of organization characterized by division of labor, a clearly defined hierarchy, detailed

Exhibit MH-2

Taylor's Scientific Management Principles

therbligs

A classification scheme for labeling basic hand motions

General administrative theory

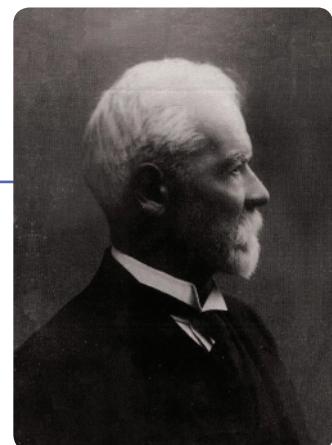
An approach to management that focuses on describing what managers do and what constitutes good management practice

principles of management

Fundamental rules of management that could be applied in all organizational situations and taught in schools

bureaucracy

A form of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships



Henry Fayol's

Henry Fayol's general administrative theory focused on what managers do and what defined good management practice.

Source: Historic Collection/Alamy Stock Photo

Exhibit MH-3

Fayol's Fourteen Principles of Management

1. **Division of work.** Specialization increases output by making employees more efficient.
2. **Authority.** Managers must be able to give orders, and authority gives them this right.
3. **Discipline.** Employees must obey and respect the rules that govern the organization.
4. **Unity of command.** Every employee should receive orders from only one superior.
5. **Unity of direction.** The organization should have a single plan of action to guide managers and workers.
6. **Subordination of individual interests to the general interest.** The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.
7. **Remuneration.** Workers must be paid a fair wage for their services.
8. **Centralization.** This term refers to the degree to which subordinates are involved in decision-making.
9. **Scalar chain.** The line of authority from top management to the lowest ranks is the scalar chain.
10. **Order.** People and materials should be in the right place at the right time.
11. **Equity.** Managers should be kind and fair to their subordinates.
12. **Stability of tenure of personnel.** Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.
13. **Initiative.** Employees allowed to originate and carry out plans will exert high levels of effort.
14. **Esprit de corps.** Promoting team spirit will build harmony and unity within the organization.

Source: Based on Henri Fayol's 1916 "Principles of Management," in *Administration Industrielle et Générale*, translated by C. Storrs as *General and Industrial Management* (London: Sir Isaac Pitman & Sons, 1949).



Max Weber

Max Weber developed a theory of authority structures and relations based on an ideal type of organization he called a bureaucracy.

Source: Keystone Pictures USA/ZumaPress/Alamy Stock Photo

rules and regulations, and impersonal relationships. (See Exhibit MH-4.) Weber recognized that this “ideal bureaucracy” didn’t exist in reality. Instead, he intended it as a basis for theorizing about how work could be done in large groups. His theory became the structural design for many of today’s large organizations.

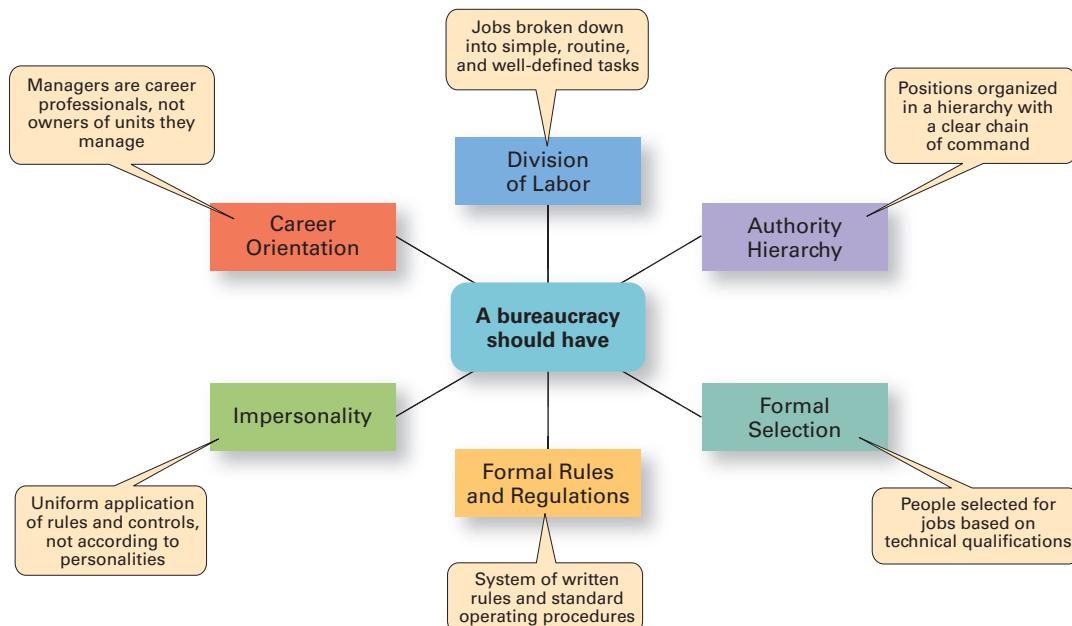
Bureaucracy, as described by Weber, is a lot like scientific management in its ideology. Both emphasized rationality, predictability, impersonality, technical competence, and authoritarianism. Although Weber’s ideas were less practical than Taylor’s, the fact that his “ideal type” still describes many contemporary organizations attests to their importance.

HOW TODAY’S MANAGERS USE GENERAL ADMINISTRATIVE THEORY Several of our current management ideas and practices can be directly traced to the contributions of general administrative theory. For instance, the functional view of the manager’s job can be attributed to Fayol. In addition, his fourteen principles serve as a frame of reference from which many current management concepts—such as managerial authority, centralized decision making, reporting to only one boss, and so forth—have evolved.

Weber’s bureaucracy was an attempt to formulate an ideal prototype for organizations. Although many characteristics of Weber’s bureaucracy are still evident in large organizations, his model isn’t as popular today as it was in the twentieth century. Many managers feel that a bureaucratic structure hinders individual employees’ creativity and limits an organization’s ability to respond quickly to an increasingly dynamic environment. However, even in flexible organizations of creative professionals—such as Apple, Samsung, or Cisco Systems—bureaucratic mechanisms are necessary to ensure that resources are used efficiently and effectively.⁷

Exhibit MH-4

Characteristics of Weber's Bureaucracy



Source: Based on *Essays in Sociology* by Max Weber, translated, edited, and introduced by H. H. Gerth and C. Wright Mills (New York: Oxford University Press, 1946).

3000 BC - 1776

Early Management

1911 - 1947

Classical Approach

Late 1700s - 1950s

Behavioral Approach

1940s - 1950s

Quantitative Approach

1960s - present

Contemporary Approaches

BEHAVIORAL Approach

MH1.3

As we know, managers get things done by working with people. This explains why some writers have chosen to look at management by focusing on the organization's human factors. The field of study that researches the actions (behavior) of people at work is called **organizational behavior (OB)**. Much of what managers do today when managing people—motivating, leading, building trust, working with a team, managing conflict, and so forth—has come out of OB research.

Although a number of individuals in the early twentieth century recognized the importance of people to an organization's success, four stand out as early advocates of the OB approach: Robert Owen, Hugo Münsterberg, Mary Parker Follett, and Chester Barnard. Their contributions were varied and distinct, yet all believed that people were the most important asset of the organization and should be managed accordingly. Their ideas provided the foundation for such management practices as employee selection procedures, motivation programs, and work teams. Exhibit MH-5 summarizes each individual's most important ideas.

Without question, the most important historical contribution to the OB field came out of the **Hawthorne Studies**, a series of studies conducted at the Western Electric Company Hawthorne Works in Cicero, Illinois. These studies, which started in 1924, were initially designed by Western Electric industrial engineers as a scientific management experiment. They wanted to examine the effect of various lighting levels on worker productivity. Like any good scientific experiment, control and experimental groups were set up, with the experimental group exposed to various lighting intensities and the control group working under a constant intensity. If you were the industrial engineers in charge of this experiment, what would you have expected to happen? It's logical to think that individual output in the experimental group would be directly related to the intensity of the light. However, they found

organizational behavior (OB)

The study of the actions of people at work

Hawthorne Studies

A series of studies during the 1920s and 1930s that provided new insights into individual and group behavior



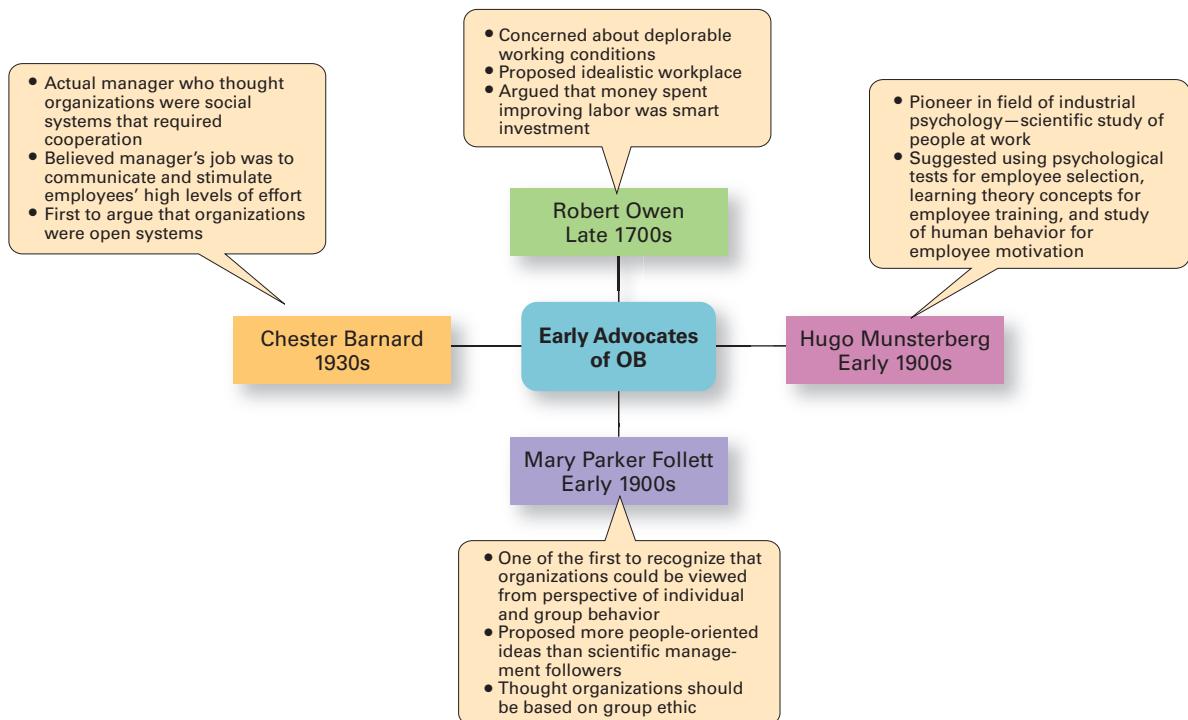
Western Electric Employees

Workers at the Western Electric Company were subjects of an important series of studies that initiated the behavioral approach to management.

Source: Hawthorne Works Museum of Morton College

Exhibit MH-5

Early OB Advocates



that as the level of light was increased in the experimental group, output for both groups increased. Then, much to the surprise of the engineers, as the light level was decreased in the experimental group, productivity continued to increase in both groups. In fact, a productivity decrease was observed in the experimental group *only* when the level of light was reduced to that of moonlight. What would explain these unexpected results? The engineers weren't sure, but concluded that lighting intensity was not directly related to group productivity and that something else must have contributed to the results. They weren't initially able to pinpoint what that "something else" was, though.

In 1927, the Western Electric engineers asked Harvard professor Elton Mayo and his associates to join the study as consultants. Thus began a relationship that would last through 1932 and encompass numerous experiments in the redesign of jobs, changes in workday and workweek length, introduction of rest periods, and individual versus group wage plans.⁸ For example, one experiment was designed to evaluate the effect of a group piecework incentive pay system on group productivity. The results indicated that the incentive plan had less effect on a worker's output than group pressure, acceptance, and security. The researchers concluded that social norms or group standards were the key determinants of individual work behavior. In terms of the original lighting experiment, the researchers learned that just the awareness of being observed alters the behavior of people.

Scholars generally agree that the Hawthorne Studies had a game-changing impact on management beliefs about the role of people in organizations. Mayo concluded that people's behavior and attitudes are closely related, that group factors significantly affect individual behavior, that group standards establish individual worker output, and that money is less a factor in determining output than group standards, group attitudes, and security. These conclusions led to a new emphasis on the human behavior factor in the management of organizations.

HOW TODAY'S MANAGERS USE THE BEHAVIORAL APPROACH The behavioral approach has largely shaped how today's organizations are managed. From the way managers design jobs to the way they work with employee teams to the way they com-

municate, we see elements of the behavioral approach. Much of what the early OB advocates proposed, and the conclusions from the Hawthorne Studies, have provided the foundation for our current theories of motivation, leadership, group behavior and development, and numerous other behavioral approaches.



QUANTITATIVE Approach

MH1.4

Although passengers bumping into each other when trying to find their seats on an airplane can be a mild annoyance for them, it's a bigger problem for airlines because lines get backed up, slowing down how quickly the plane can get back in the air. Based on research in space-time geometry, one airline innovated a unique boarding process called "reverse pyramid" that has saved at least two minutes in boarding time.⁹ This is an example of the **quantitative approach**, which is the use of quantitative techniques to improve decision making. This approach also is known as *management science*.

The quantitative approach evolved from mathematical and statistical solutions developed for military problems during World War II. After the war was over, many of these techniques used for military problems were applied to businesses. For example, one group of military officers, nicknamed the Whiz Kids, joined Ford Motor Company in the mid-1940s and immediately began using statistical methods and quantitative models to improve decision making.

What exactly does the quantitative approach do? It involves applying statistics, optimization models, information models, computer simulations, and other quantitative techniques to management activities. Linear programming, for instance, is a technique that managers use to improve resource allocation decisions; work scheduling can be more efficient as a result of critical-path scheduling analysis; and the economic order quantity model helps managers determine optimal inventory levels. Each of these is an example of quantitative techniques being applied to improve managerial decision making. Another area where quantitative techniques are used frequently is in total quality management.

A quality revolution swept through both the business and public sectors in the 1980s and 1990s.¹⁰ It was inspired by a small group of quality experts, the most famous being W. Edwards Deming (pictured at right) and Joseph M. Juran. The ideas and techniques they advocated in the 1950s had few supporters in the United States but were enthusiastically embraced by Japanese organizations. As Japanese manufacturers began beating US competitors in quality comparisons, however, Western managers soon took a more serious look at Deming's and Juran's ideas, which became the basis for today's quality-management programs.

Total quality management, or **TQM**, is a management philosophy devoted to continual improvement and responding to customer needs and expectations. (See Exhibit MH-6.) The term *customer* includes anyone who interacts with the organization's product or services, internally or externally. It encompasses employees and suppliers, as well as the people who purchase the organization's goods or services. *Continual improvement* isn't possible without accurate measurements, which require statistical techniques that measure every critical variable in the organization's work processes. These measurements are compared against standards to identify and correct problems.

HOW TODAY'S MANAGERS USE THE QUANTITATIVE APPROACH The quantitative approach contributes directly to management decision making in the areas of planning and control. For instance, when managers make budgeting, queuing, scheduling, quality control, and similar decisions, they typically rely on quantitative techniques. Specialized software has made the use of these techniques less intimidating for managers, although many still feel anxious about using them.



This tabulating machine, used in the 1920 United States census, was a predecessor of electronic computers and worked by mechanically reading punch cards with coded information.

Source: Everett Collection Inc/Alamy Stock Photo



W. Edwards Deming

W. Edwards Deming was one of the founders of the quality revolution.

Source: Richard Drew/AP Images

quantitative approach

The use of quantitative techniques to improve decision making

total quality management (TQM)

A philosophy of management that is driven by continuous improvement and responsiveness to customer needs and expectations