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Businesses use a variety of resources. This construction project, for example, involves both workers (human resources) and building materials (physical resources). The project was financed by a local bank (financial resources) and is being built as part of a new development in a growing area (information resources).

coordinated fashion to achieve a set of goals. The goals may include profit (Starbucks Corporation), the discovery of knowledge (University of Missouri), national defense (the U.S. Army), coordination of various local charities (United Way of America), or social satisfaction (a sorority). Because organizations play such major roles in our lives, understanding how they operate and how they are managed is important.

Although defining the term *organization* is relatively simple, the concept of *management* is a bit more elusive. It is perhaps best understood from a resource-based perspective. As we discuss more completely in Chapter 2, all organizations use four basic kinds of resources from their environment: human, financial, physical, and information. Human resources include managerial talent and labor. Financial resources are the capital used by the organization to finance both ongoing and long-term operations. Physical resources include raw materials, office and production facilities, and equipment. Information

resources are usable data needed to make effective decisions. Examples of resources used in four very different kinds of organizations are shown in Table 1.1.

Managers are responsible for combining and coordinating these various resources to achieve the organization's goals. A manager at Royal Dutch/Shell Group, for example, uses the talents of executives and drilling platform workers, profits earmarked for reinvestment, existing refineries and office facilities, and sales forecasts to make decisions regarding the amount of petroleum to be refined and distributed during the next quarter. Similarly, the mayor (manager) of New York City might use police officers, a government grant (perhaps supplemented with surplus tax revenues), existing police stations, and detailed crime statistics to launch a major crime prevention program in the city.

Table 1.1
Examples of Resources Used By Organizations

| Organization | Human Resources | Financial Resources | Physical Resources | Information Resources |
|------------------------------|---------------------------|-------------------------|----------------------|--------------------------------------|
| Royal Dutch/Shell Group | Drilling platform workers | Profits | Refineries | Sales forecasts |
| | Corporate executives | Stockholder investments | Office buildings | Trends in alternative energy sources |
| Michigan State University | Faculty | Alumni contributions | Computers | Research reports |
| | Administrative staff | Government grants | Campus facilities | Government publications |
| New York City | Police officers | Tax revenue | Sanitation equipment | Economic forecasts |
| | Municipal employees | Government grants | Municipal buildings | Crime statistics |
| Susan's Corner Grocery Store | Grocery clerks | Profits | Building | Price lists from suppliers |
| | Bookkeeper | Owner investment | Display shelving | Online ads for competitors |

All organizations—regardless of whether they are large or small, profit-seeking or not-for-profit, domestic or multinational—use some combination of human, financial, physical, and information resources to achieve their goals. These resources are generally obtained from the organization's environment.