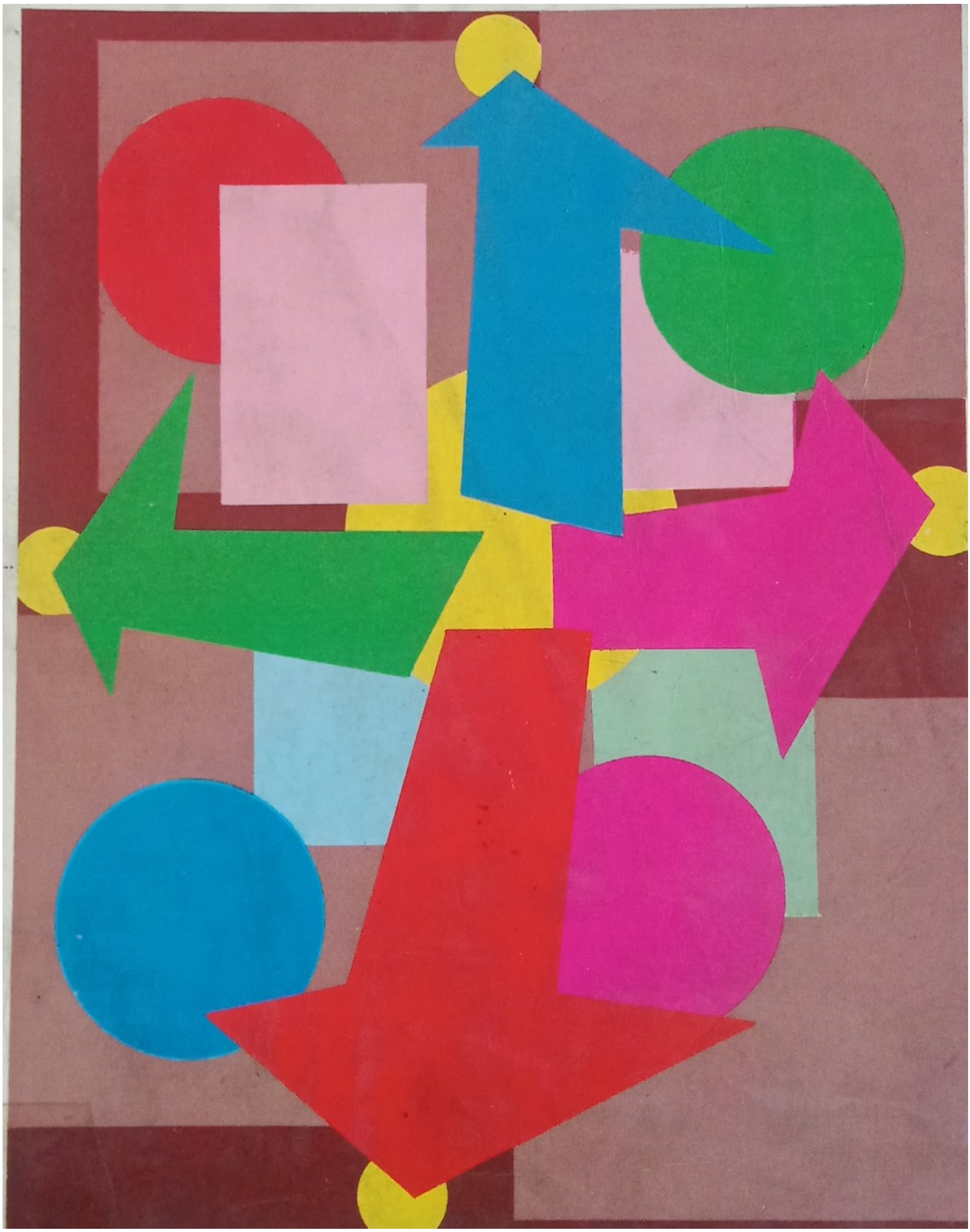

# Contents


Preface xxv
Acknowledgements xxxi

**PART I AN INTRODUCTION TO MANAGEMENT** 1

**Chapter 1 Managing and the Manager's Job** 2

**An Introduction to Management** 4
- *The Environment of Management: Small Can Be Beautiful* 7

**The Management Process** 8
Planning and Decision Making: Determining Courses of Action 9
Organizing: Coordinating Activities and Resources 10
Leading: Managing People 10
Controlling: Monitoring and Evaluating Activities 10

**Kinds of Managers** 11
Managers at Different Levels of the Organization 11
- *Managing in a Changing World: Hot Harley's in Hog Heaven* 12

Managers in Different Areas of the Organization 14

**Basic Managerial Roles and Skills** 15
Managerial Roles 15
Managerial Skills 17

**The Nature of Managerial Work** 19
The Science and the Art of Management 20
Becoming a Manager 20

**The Scope of Management** 22
Management in Profit-Seeking Organizations 22
Management in Not-for-Profit Organizations 24
- *Skill Self-Assessment: Skills of Effective Managers* 26
- *Case 1.1 The Woman at the Top* 27
- *Case 1.2 Sega's Reality May Be More Than Virtual!* 28

**Chapter 2 Traditional and Contemporary Issues and Challenges** 30

**The Role of Theory and History in Management** 32
The Importance of Theory and History 32
- *Managing in a Changing World: The Krash of Korvette* 34

The Historical Context of Management 35
Precursors to Management Theory 36

**The Classical Management Perspective** 38
Scientific Management 38
Administrative Management 39
- *The Environment of Management: The Tightest Ship in the Shipping Business* 40

The Classical Management Perspective Today 41

**The Behavioral Management Perspective** 43
The Hawthorne Studies 44
The Human Relations Movement 45
The Emergence of Organizational Behavior 46
The Behavioral Management Perspective Today 46

**The Quantitative Management Perspective** 46
Management Science 48
Operations Management 48
The Quantitative Management Perspective Today 48

**Integrating Perspectives for Managers** 49
The Systems Perspective 49
The Contingency Perspective 51
An Integrating Framework 52

**Contemporary Management Issues and Challenges** 54
Contemporary Management Theory 54
Contemporary Management Challenges 55
- *Skill Self-Assessment: Self-Awareness* 58
- *Case 2.1 Boeing Recycles History* 60
- *Case 2.2 The Failure of Triumph* 61
- *Video Exercise 1: Change Masters* 64

**PART II THE ENVIRONMENTAL CONTEXT OF MANAGEMENT** 66

**Chapter 3 The Environment and Culture of Organizations** 68

**The Organization's Environment** 70

**The External Environment** 71
The General Environment 72
The Task Environment 75
- *The Environment of Management: When the Environment Gets Tough, GM Gets Going* 79

**The Internal Environment** 80
Owners 80
Board of Directors 81
Employees 81

**Organization-Environment Relationships** 82
How Environments Affect Organizations 82
How Organizations Adapt to Their Environments 86
● *Managing in a Changing World: Digital Adapts to Change* 88
Organizational Effectiveness 89

**The Organization's Culture** 91
The Importance of Culture 92
Determinants of Culture 92
Managing Organizational Culture 93
● *Skill Self-Assessment: The Culture Quiz* 95
● *Case 3.1 Emerson Enjoys Its Environment* 98
● *Case 3.2 Seagram Juices Up Its Operations* 99

**Chapter 4 The Ethical and Social Context of Management** 102

**Individual Ethics in Organizations** 104
The Formation of Individual Ethics 104
Managerial Ethics 105
Ethics in an Organizational Context 108
Managing Ethical Behavior 108
● *The Environment of Management: GE!—Gee Whiz* 109

**Social Responsibility and Organizations** 110
Historical Views of Social Responsibility 111
Areas of Social Responsibility 112
Arguments for and Against Social Responsibility 115
Organizational Approaches to Social Responsibility 117
● *Managing in a Changing World: Tobacco's Future* 119

**The Government and Social Responsibility** 120
How Government Influences Organizations 120
How Organizations Influence Government 121

**Managing Social Responsibility** 122
Formal Organizational Dimensions 123
Informal Organizational Dimensions 124
Evaluating Social Responsibility 124
● *Skill Self-Assessment: Beliefs and Values Questionnaire* 126

● *Case 4.1 Ethics in Jeans* 128
● *Case 4.2 Gitano's Problems* 129

**Chapter 5 The Global Context of Management** 132

**The Nature of International Business** 134
The Meaning of International Business 135
Trends in International Business 136
Managing the Process of Internationalization 137
Managing in an International Market 140

**The Structure of the Global Economy** 141
Mature Market Economies and Systems 141
Developing Economies 144
Other Economies 144

**Environmental Challenges of International Management** 146
The Economic Environment 146
● *Managing in a Changing World: Finance Changes in Japan* 147
The Political/Legal Environment 148
The Cultural Environment 150
● *The Environment of Management: "Afta" NAFTA* 151

**Competing in a Global Economy** 152
Globalization and Organization Size 153
Management Challenges in a Global Economy 154
● *Skill Self-Assessment: Global Awareness* 158
● *Case 5.1 Global PepsiCo* 159
● *Case 5.2 Matsushita* 160
● *Video Exercise 2: Through the Hoop* 162

**PART III PLANNING AND DECISION MAKING** 164

**Chapter 6 Basic Elements of Planning and Decision Making** 166

**Decision Making and the Planning Process** 168

**Organizational Goals** 169
Purposes of Goals 170
Kinds of Goals 170
Responsibilities for Setting Goals 174
Managing Multiple Goals 174

**Organizational Planning** 175
Kinds of Organizational Plans 175
Time Frames for Planning 175
● *The Environment of Management: Hitachi* 177
Responsibilities for Planning 178
Contingency Planning 179

**Tactical Planning** 180
Developing Tactical Plans 181
Executing Tactical Plans 182

**Operational Planning** 183
Single-Use Plans 183
Standing Plans 184
● *Managing in a Changing World: Progressive is Progressive* 185

**Managing Goal-Setting and Planning Processes** 186
Barriers to Goal Setting and Planning 186
Overcoming the Barriers 188
Using Management by Objectives to Implement Plans 190
● *Skill Self-Assessment: Are You a Good Planner?* 194
● *Case 6.1 Sysco* 195
● *Case 6.2 Heineken* 196

**Chapter 7 Managing Strategy and Strategic Planning** 198

**The Nature of Strategic Management** 200
The Components of Strategy 200
Types of Strategic Alternatives 201
Strategy Formulation and Implementation 202

**Using SWOT Analysis to Formulate Strategy** 202
Evaluating an Organization's Strengths 203
Evaluating an Organization's Weaknesses 205
● *The Environment of Management: DEC's Strategy* 206
Evaluating an Organization's Opportunities and Threats 206

**Formulating Business-Level Strategies** 207
Porter's Generic Strategies 207
The Miles and Snow Typology 209
Strategies Based on the Product Life Cycle 210

**Implementing Business-Level Strategies** 211
Implementing Porter's Generic Strategies 212

- *Managing in a Changing World: Kellogg* 213

Implementing Miles and Snow's Strategies 214

**Formulating Corporate-Level Strategies** 215

Single-Product Strategy 216
Related Diversification 216
Unrelated Diversification 218

**Implementing Corporate-Level Strategies** 219

Becoming a Diversified Firm 219
Managing Diversification 220

- *Skill Self-Assessment: The Strategic Manager Quiz* 226
- *Case 7.1 Contrasting Strategies: Dow vs. Du Pont* 227
- *Case 7.2 Ford's World Car* 228

**Chapter 8 Managerial Decision Making and Problem Solving** 230

**The Nature of Decision Making** 232

Decision Making Defined 232
Types of Decisions 233

- *The Environment of Management: Lilly Decides to Refocus* 234

Decision-Making Conditions 234

**Rational Perspectives on Decision Making** 237

The Classical Model of Decision Making 237
Steps in Rational Decision Making 237

**Behavioral Aspects of Decision Making** 241

The Administrative Model 242
Political Forces in Decision Making 243
Intuition and Escalation of Commitment 244
Risk Propensity and Decision Making 245
Ethics and Decision Making 245

**Group Decision Making in Organizations** 245

Forms of Group Decision Making 245

- *Managing in a Changing World: Procter & Gamble* 247

Advantages of Group Decision Making 248
Disadvantages of Group Decision Making 248
Managing Group Decision-Making Processes 249

- *Skill Self-Assessment: Decision-Making Styles* 251
- *Case 8.1 Is Quaker Quaking?* 252
- *Case 8.2 Decisions, Decisions* 253

**Chapter 9 Managing Entrepreneurship and New Venture Formation** 256

**The Nature of Entrepreneurship** 258

**The Role of Entrepreneurship in Society** 258

Innovation 260
Job Creation 260
Contributions to Large Businesses 261

**Strategy for Entrepreneurial Organizations** 261

Choosing an Industry 262
- *The Environment of Management: Boston Chicken* 263

Emphasizing Distinctive Competencies 265
Writing a Business Plan 267

**Structure of Entrepreneurial Organizations** 268

Forms of Ownership and Sources of Financing 269

**Methods for Starting a New Business** 270

- *Managing in a Changing World: Kwik-Kopy* 271

Sources of Management Help 272

**The Performance of Entrepreneurial Organizations** 274

The Life Cycle of Entrepreneurial Firms 274
Reasons for Entrepreneurial Success 276

**The Role of Intrapreneurship in Larger Organizations** 277

- *Skill Self-Assessment: An Entrepreneurial Quiz* 280
- *Case 9.1 Dr. Pepper on the Move* 282
- *Case 9.2 Entrepreneurship in Japan* 283
- *Video Exercise 3: Organization Is Strategic* 286

**PART IV THE ORGANIZING PROCESS** 288

**Chapter 10 Basic Elements of Organizing** 290

**The Elements of Organizing** 292

**Designing Jobs** 292

- *The Environment of Management: Deteriorating Jobs* 293

Job Specialization 294
Benefits and Limitations of Specialization 294
Alternatives to Specialization 295

**Grouping Jobs: Departmentalization** 298
Rationale for Departmentalization 298
Common Bases for Departmentalization 298

**Establishing Reporting Relationships** 301
Chain of Command 301
Narrow Versus Wide Spans 302
Tall Versus Flat Organizations 303
Determining the Appropriate Span 304

**Distributing Authority** 305
The Delegation Process 306
Decentralization and Centralization 307

**Coordinating Activities** 308
● *Managing in a Changing World: PepsiCo Restructures* 309
The Need for Coordination 309
Structural Coordination Techniques 310

**Differentiating Between Positions** 311
Differences Between Line and Staff 312
Administrative Intensity 312
● *Skill Self-Assessment: Goal-Setting Questionnaire* 314
● *Case 10.1 Kodak Continues to Develop* 316
● *Case 10.2 Honda Restructures* 317

**Chapter 11 Managing Organization Design** 320

**The Nature of Organization Design** 322

**Universal Perspectives on Organization Design** 322
Bureaucratic Model 323
● *The Environment of Management: Thermos Redesigns Itself* 324
Behavioral Model 324

**Situational Influences on Organization Design** 325
Core Technology 326
Environment 328
Organizational Size 330
Organizational Life Cycle 330

**Strategy and Organization Design** 332
Corporate-Level Strategy 332

Business-Level Strategy 332
Organizational Functions 333

**Basic Forms of Organization Design** 333
Functional (U-Form) Design 333
Conglomerate (H-Form) Design 334
Divisional (M-Form) Design 335
Matrix Design 336
Hybrid Designs 338

**Emerging Issues in Organization Design** 338
Managing Information 339
Global Organizations 340
Adapting Organizations 340
- *Managing in a Changing World: Hewlett-Packard Focuses on the Future* 342
- *Skill Self-Assessment: How Is Your Organization Managed?* 344
- *Case 11.1 Xerox Is No Copy* 346
- *Case 11.2 Ford's in a Fix* 347

**Chapter 12 Managing Organization Change and Innovation** 350

**The Nature of Organization Change** 352
Forces for Change 352
Planned Versus Reactive Change 354

**Managing Change in Organizations** 354
Models of the Change Process 354
Understanding Resistance to Change 356
Managing Resistance to Change 357

**Areas of Organization Change** 359
Changing Structure and Design 359
Changing Technology and Operations 360
Changing People 361

**Reengineering in Organizations** 362
The Need for Reengineering 362
Steps in the Reengineering Process 362
- *Managing in a Changing World: Procter & Gamble Trails in Innovation* 363

**Organization Development** 364
OD Assumptions 364

පුස්තකාලය

OD Techniques 365
The Effectiveness of OD 367

**Organizational Innovation** 367
The Innovation Process 368
● *The Environment of Management: Silicon Graphics* 369
Forms of Innovation 370
The Failure to Innovate 372
Promoting Innovation in Organizations 373
● *Skill Self-Assessment: Innovative Attitude Scale* 376
● *Case 12.1 Burger King Loosens Up* 377
● *Case 12.2 Samsung* 378

**Chapter 13 Managing Human Resources in Organizations** 380

**The Environmental Context of Human Resource Management** 382
The Strategic Importance of HRM 382
● *The Environment of Management: People Skills* 383
The Legal Environment of HRM 384
Social Change and HRM 388

**Attracting Human Resources** 388
Human Resource Planning 388
Recruiting Human Resources 391
Selecting Human Resources 391

**Developing Human Resources** 393
Training and Development 394
Performance Appraisal 395
Performance Feedback 400

**Maintaining Human Resources** 400
Determining Compensation 400
Determining Benefits 402
Career Planning 403

**Managing Labor Relations** 403
How Employees Form Unions 403
● *Managing in a Changing World: Caterpillar* 404
Collective Bargaining 405
● *Skill Self-Assessment: Diagnosing Poor Performance and Enhancing Motivation* 408
● *Case 13.1 Motorola* 410
● *Case 13.2 Workers' Troubles in China* 411

**Chapter 14 Managing Workforce Diversity in Organizations** 414

**The Nature of Workforce Diversity** 416

The Meaning of Diversity 416
Reasons for Increasing Diversity 416

**Dimensions of Diversity** 418

Age Distributions 418
Gender 420
Ethnicity 420
Other Dimensions of Diversity 421

**Diversity in Different Contexts** 421

Diversity in Other Countries 421
- *Managing in a Changing World: White Men Are a Diversity Group, Too* 422

Diversity as a Force for Social Change 424

**The Impact of Diversity on Organizations** 424

Diversity as Competitive Advantage 424
Diversity as a Source of Conflict 426

**Managing Diversity in Organizations** 427

Individual Strategies for Dealing with Diversity 427
Organizational Approaches to Managing Diversity 429
- *The Environment of Management: Managing Diversity at IBM* 430

**Toward the Multicultural Organization** 432

- *Skill Self-Assessment: Managing Diversity* 436
- *Case 14.1 Hoechst* 437
- *Case 14.2 Grand Metropolitan* 439
- *Video Exercise 4: Management Turned Upside Down* 440

**PART V THE LEADING PROCESS** 442

**Chapter 15 Basic Elements of Individual Behavior in Organizations** 444

**Understanding Individuals in Organizations** 446

The Psychological Contract 446
The Person-Job Fit 447
The Nature of Individual Differences 448
- *Managing in a Changing World: Taligent* 449

**Personality and Individual Behavior** 450
Personality Formation 450
Personality Attributes in Organizations 450

**Attitudes and Individual Behavior** 453
Attitude Formation and Change 455
Work-Related Attitudes 456

**Perception and Individual Behavior** 457
Basic Perceptual Processes 457
Perception and Attribution 458

**Stress and Individual Behavior** 459
Causes of Stress 460
Consequences of Stress 461
- *The Environment of Management: Violence at Work* 462

Managing Stress 463

**Types of Workplace Behavior** 464
Performance Behaviors 464
Withdrawal Behaviors 465
Organizational Citizenship 466
- *Skill Self-Assessment: Assessing Your Mental Abilities* 468
- *Case 15.1 Flextime* 469
- *Case 15.2 Culture Clash* 470

**Chapter 16 Motivating Employee Performance** 472

**The Nature of Motivation** 474
The Importance of Employee Motivation 475
Historical Perspectives on Motivation 475

**Content Perspectives on Motivation** 476
The Need Hierarchy Approach 477
The Two-Factor Theory 480
Individual Human Needs 481
- *The Environment of Management: Dell's Driven* 482

**Process Perspectives on Motivation** 483
Expectancy Theory 483
- *Managing in a Changing World: USA Truck Is Rolling* 486

Equity Theory 487

**Reinforcement Perspectives on Motivation** 488
Kinds of Reinforcement in Organizations 489
Providing Reinforcement in Organizations 489

**Emerging Perspectives on Motivation** 490
Goal-Setting Theory 490
The Japanese Approach 491
Popular Motivational Strategies 491

**Using Reward Systems to Motivate Performance** 493
Effects of Organizational Rewards 493
Designing Effective Reward Systems 494
New Approaches to Rewarding Employees 494
● *Skill Self-Assessment: Assessing Your Needs* 497
● *Case 16.1 Technicians Rising* 498
● *Case 16.2 Lifetime Employment in Japan* 499

**Chapter 17 Leadership and Influence Processes** 502

**The Nature of Leadership** 504
The Meaning of Leadership 504
Leadership Versus Management 505
● *The Environment of Management: Learning About Yourself* 506
Power and Leadership 507

**The Search for Leadership Traits** 509

**Leadership Behaviors** 510
Michigan Studies 510
Ohio State Studies 511
Leadership Grid 511

**Situational Approaches to Leadership** 513
LPC Theory 514
Path-Goal Theory 518
Vroom-Yetton-Jago Model 519
Other Situational Approaches 522

**Related Perspectives on Leadership** 522
Substitutes for Leadership 522
Charismatic Leadership 523
Transformational Leadership 524

**Political Behavior in Organizations** 524
● *Managing in a Changing World: Campbell's Hot Chief* 525
Common Political Behaviors 526
Managing Political Behavior 526
● *Skill Self-Assessment: Managerial Leader Behavior Questionnaire* 528
● *Case 17.1 Goodyear's Gault* 530
● *Case 17.2 Bayerische Motoren Werke AG* 531

**Chapter 18 Managing Interpersonal Relations and Communication** 534

**The Interpersonal Nature of Organizations** 536

Interpersonal Dynamics 537

Outcomes of Interpersonal Behaviors 538

**Communication and the Manager's Job** 538

● *The Environment of Management: Is Kmart Krumbling?* 539

A Definition of Communication 539

The Role of Communication in Management 540

The Communication Process 541

**Forms of Interpersonal Communication** 543

Oral Communication 543

Written Communication 544

Choosing the Right Form 545

**Forms of Organizational Communication** 545

Vertical Communication 545

Horizontal Communication 546

Formal Information Systems 547

Electronic Communication 547

**Informal Communication in Organizations** 548

● *Managing in a Changing World: Ameritech Changes* 549

Communication Networks 550

The Grapevine 551

Management by Wandering Around 552

Nonverbal Communication 553

**Managing Organizational Communication** 554

Barriers to Communication 554

Improving Communication Effectiveness 556

● *Skill Self-Assessment: Sex Talk Quiz* 559

● *Case 18.1 Crisis Communication* 561

● *Case 18.2 Compagnie des Machines Bull* 562

**Chapter 19 Managing Group and Team Processes** 564

**Groups and Teams in Organizations** 566

Types of Groups and Teams 566

● *Managing in a Changing World: The New Mustang* 569

Why People Join Groups and Teams 570

Stages of Group and Team Development 571

**Characteristics of Teams** 574
Role Structures 574
Behavioral Norms 576
Cohesiveness 578
● *The Environment of Management: Survivors Need Help, Too* 580
Informal Leadership 581

**Interpersonal and Intergroup Conflict** 582
The Nature of Conflict 582
Causes of Conflict 583

**Managing Conflict in Organizations** 585
Stimulating Conflict 586
Controlling Conflict 587
Resolving and Eliminating Conflict 587
● *Skill Self-Assessment: Using Teams* 590
● *Case 19.1 Boeing Is Trying* 592
● *Case 19.2 Worldwide Teams* 593
● *Video Exercise 5: Working Together* 596

**PART VI THE CONTROLLING PROCESS** 598

**Chapter 20 Basic Elements of Control** 600

**The Nature of Control in Organizations** 602
The Purpose of Control 602
● *The Environment of Management: Greyhound Out of Control?* 604
Types of Control 605
Steps in the Control Process 607

**Operations Control** 610
Preliminary Control 610
Screening Control 611
Postaction Control 612

**Financial Control** 612
Budgetary Control 612
● *Managing in a Changing World: Pitfalls in International Strategic Control* 613
Other Tools of Financial Control 617

**Structural Control** 618
Bureaucratic Control 618
Clan Control 619

620

**Strategic Control**

Integrating Strategy and Control 620

International Strategic Control 620

622

**Managing Control in Organizations**

Characteristics of Effective Control 622

Resistance to Control 624

Overcoming Resistance to Control 625

- *Skill Self-Assessment: Understanding Control* 627
- *Case 20.1 Sherwin-Williams* 629
- *Case 20.2 Metallgesellschaft* 630

**Chapter 21 Managing for Total Quality in Organizations** 632

634

**Managing Total Quality**

The Meaning of Quality 634

The Importance of Quality 635

- *Managing in a Changing World: Limits to Quality* 636

Total Quality Management 637

TQM Tools and Techniques 638

641

**Managing Productivity**

The Meaning of Productivity 641

The Importance of Productivity 642

Productivity Trends 642

Improving Productivity 643

- *The Environment of Management: Workforce Changes* 645

646

**Managing Quality Through Operations Management**

The Importance of Operations 647

Manufacturing and Production 647

Service Operations 648

The Role of Operations in Organizational Strategy 648

648

**Designing Operations Systems for Quality**

Product-Service Mix 649

Capacity 649

Facilities 649

651

**Technology and Quality**

Manufacturing Technology 651

Service Technology 655

655

**Using Operations Systems for Quality**

Operations Management as Control 656

Purchasing Management 656
Inventory Management 657
● *Skill Self-Assessment: Defining Quality and Productivity* 660
● *Case 21.1 Puttin' On the Ritz* 661
● *Case 21.2 Costs of Relocating in Mexico* 662

**Chapter 22 Managing Information and Information Technology** 664

**Information and the Manager** 666
The Role of Information in the Manager's Job 666
Characteristics of Useful Information 668
Information Management as Control 669

**Building Blocks of Information Technology** 670

**Determinants of Information Technology Needs** 671
General Determinants 671
Specific Determinants 672

**Basic Kinds of Information Systems** 673
Transaction-Processing Systems 673
Basic Management Information Systems 674
Decision Support Systems 674
Executive Information Systems 675

**Managing Information Systems** 676
Establishing Information Systems 676
Integrating Information Systems 678
Using Information Systems 679

**The Impact of Information Systems on Organizations** 679
● *The Environment of Management: E-Mail Privacy* 680
Performance Effects 680
Organizational Effects 682
Behavioral Effects 682
Information System Limitations 682
● *Managing in a Changing World: The Changing Office* 683

**Recent Advances in Information Technology** 684
Telecommunications 684
Networks and Expert Systems 685
● *Skill Self-Assessment: Computer Anxiety Index* 688
● *Case 22.1 The Paperless (?) Office* 689
● *Case 22.2 Information at 7-Eleven Japan* 690
● *Video Exercise 6: What Is Quality?* 692

**Appendix 1 Managerial Careers** 694

**The Nature of Managerial Careers** 695

**Career Management** 696

Individual Career Planning 697
Organizational Career Planning 698

**Special Issues in Careers** 698

Women and Minorities 699
Dual-Career Couples 699
Career Transactions 700

**Appendix 2 Tools for Planning and Decision Making** 702

**Forecasting** 703

Sales and Revenue Forecasting 703
Technological Forecasting 704
Other Types of Forecasting 704
Forecasting Techniques 705

**Other Planning Techniques** 708

Linear Programming 708
Breakeven Analysis 710
Simulations 713
PERT 713

**Decision-Making Tools** 715

Payoff Matrices 716
Decision Trees 717
Other Techniques 718

**Strengths and Weaknesses of Planning Tools** 720

Weaknesses and Problems 720
Strengths and Advantages 720

**Interpretations of Skill Self-Assessments** 722

**Photo Credits** 729

**Name Index** 731

**Organization and Product Index** 739

**Subject Index** 746