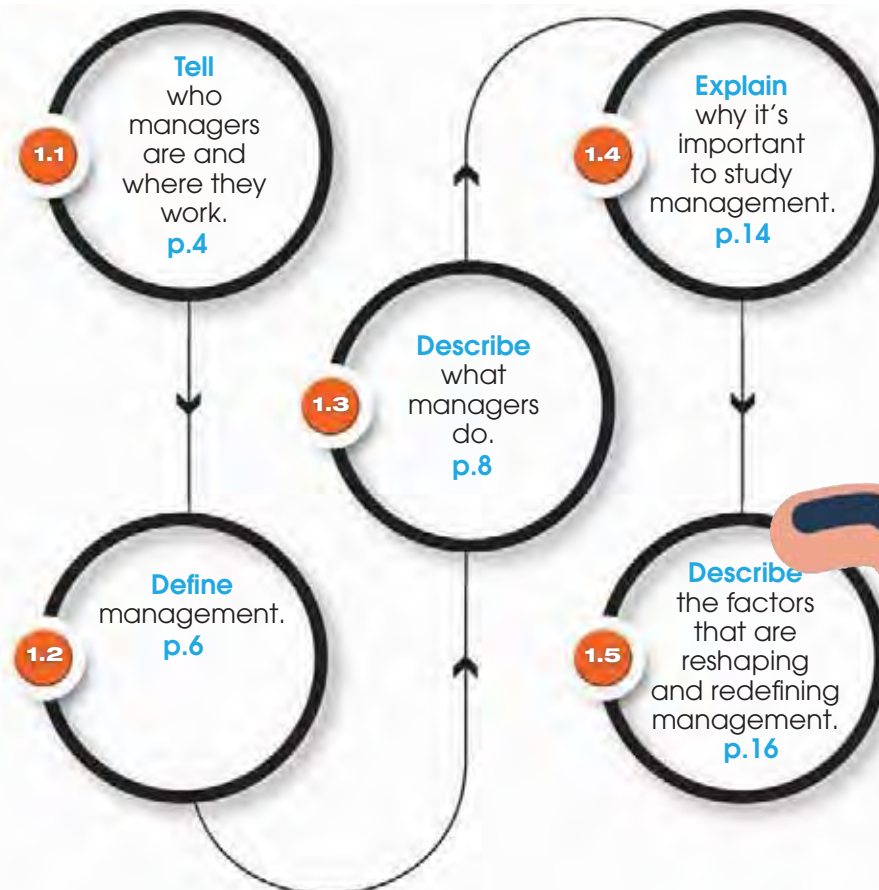


1

CHAPTER

Managers and Management

learning outcomes



ISBN 1-256-07642-2

It's a Good Life

Jake and Rocket, a cartoon guy and his cartoon dog, can be found on most of the apparel and other branded products sold by the Life is good company.¹ With his perky beret (or other appropriate head gear), Jake has that contented look of being able to enjoy life as it is and finding reasons to be happy right now. And Rocket? Well, he's just happy to be along for the ride. And what a ride it's been for the two! They've been a part of the company's growth to over \$130 million in revenues. Company cofounders and brothers, Bert and John Jacobs (see photo at right) have a personal and business philosophy much like Jake: simplicity, humor, and humility. However, both understand that even with this philosophy, they need to be good managers and they need good managers throughout the organization in order to stay successful.

Bert and John designed their first T-shirts in 1989 and sold them door-to-door in college dorms along the East Coast and in Boston where they'd set up shop using an old card table in locations on one-way streets so they could pick up and move quickly if they needed to. They used this simple sales approach because, like many young entrepreneurs, they couldn't afford required business licenses. Although they met a lot of wonderful people and heard a lot of good stories during those early years, sales weren't that great. As the company legend goes, the brothers "lived on peanut butter and jelly, slept in their beat-up van, and showered when they could." During one of their usual post-sales-trip parties, Bert and John asked some friends for advice on an assortment of images and slogans they had put together. Those friends liked the "Life is good" slogan and a drawing of Jake that had been sketched by John. So Bert and John printed up 48 Jake shirts for a local street fair in Cambridge, Massachusetts. By noon, the 48 shirts were gone, something that had never happened! The brothers were smart enough to recognize that they might be on to something. And, as the old saying goes...the rest is history! Since that momentous day in 1994, they've sold nearly 20 million Life is good T-shirts featuring Jake and Rocket.

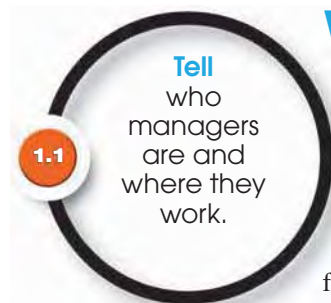
Today, Life is good is based in Boston and has a product line of more than 900 items. The company continues to grow around 30 percent to 40 percent annually. Bert and John's style of managing is guided by another of the company's mottoes, "Do what you like. Like what you do." As the company's Web site states, "In addition to knowledge, skills, and experience, we look to hire people who possess the same optimistic outlook on life that Jake has." It's an approach that seems to be working for Bert and John and for Jake and Rocket.



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Despite their company's somewhat shaky and uncertain start, Bert and John Jacobs seem to be good examples of successful managers. The key word here is *example*. There's no one universal model of what a successful manager is. Managers today can be under age 18 or over age 80. They may be women as well as men, and they come from all cultures. They manage small businesses, large corporations, government agencies, hospitals, museums, schools, and not-for-profit enterprises. Some hold top-level positions at their companies, some are middle managers, and others are first-line supervisors who directly manage employees. And managers can be found in every country around the world.

This book is about the work that managers like Bert and John Jacobs and the millions of other managers like them do. In this chapter, we introduce you to managers and management: who they are, where they work, what management is, what they do, and why you should spend your time studying management. Finally, we'll look at some factors that are reshaping and redefining management.



Who Are Managers and Where Do They Work?

Managers work in organizations. So before we can identify who managers are and what they do, we've got to define what an **organization** is: a deliberate arrangement of people brought together to accomplish some specific purpose. Your college or university is an organization. So are the United Way, your neighborhood convenience store, the Dallas Cowboys football team, fraternities and sororities, the Cleveland Clinic, and globally based Nestlé and Nokia. As an organization, each has three common characteristics. (See Exhibit 1-1.)

What Three Characteristics Do All Organizations Share?

The first characteristic of an organization is that it has a distinct purpose, which is typically expressed in terms of a goal or set of goals. For example, Bob Iger, Disney's president and CEO, has said his company's goal is to "focus on what creates the most value for our shareholders by delivering high-quality creative content and experiences, balancing respect for our legacy with the demand to be innovative, and maintaining the integrity of our people and products."² That purpose or goal can only be achieved with people, which is the second common characteristic of organizations. An organization's people make decisions and engage in work activities to make the goal a reality. Finally, the third characteristic is that all organizations develop a deliberate and systematic structure that defines and limits the behavior of its members. Within that structure, rules and regulations might guide what people can or cannot do, some members will supervise other members, work teams might be formed, or job descriptions might be created so organizational members know what they're supposed to do.



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How Are Managers Different from Nonmanagerial Employees?

Although managers work in organizations, not everyone who works in an organization is a manager. For simplicity's sake, we can divide organizational members into two categories: nonmanagerial employees and managers. **Nonmanagerial employees** are people who work directly on a job or task and have no responsibility for overseeing the work of others. The employees who ring up your sale at Home Depot, make your burrito at Chipotle, or process your course registration in your college's registrar's office are all nonmanagerial employees. These nonmanagerial employees may be referred to by names such as associates, team members, contributors, or even employee partners. **Managers**, on the other hand, are individuals in an organization who direct and oversee the activities of other people in the organization. This distinction doesn't mean, however, that managers don't work directly on tasks. Some managers do have work duties not directly related to overseeing the activities of others. For example, regional sales managers for Motorola also have responsibilities in servicing some customer accounts in addition to overseeing the activities of the other sales associates in their territories.

What Titles Do Managers Have?

Identifying exactly who the managers are in an organization isn't difficult, but be aware that they can have a variety of titles. Managers are usually classified as top, middle, or first-line. (See Exhibit 1-2.) **Top managers** are those at or near the top of an organization. Like Bert and John Jacobs, they're responsible for making decisions about the direction of the organization and establishing policies and philosophies that affect all organizational members. Top managers typically have titles such as vice president, president, chancellor, managing director, chief operating officer, chief executive officer, or chairperson of the board. **Middle managers** are those managers found between the lowest and top levels of the organization. These individuals manage other managers and maybe some nonmanagerial employees and are typically responsible for translating the goals set by top managers into specific details that lower-level managers will see get done. Middle managers may have such titles as department or agency head, project leader, unit chief, district manager, division manager, or store manager. **First-line managers** are those individuals responsible for directing the day-to-day activities of nonmanagerial employees. They're often called supervisors, team leaders, coaches, shift managers, or unit coordinators. In

Right or Wrong?

Lying on your résumé.³ One survey indicated that some 44 percent of people lie about their work history. Another survey found that 93 percent of hiring managers who found a lie on a job candidate's résumé did not hire that person. What if the person lying on a résumé was the top executive? A survey of 358 senior executives and directors at 53 publicly traded companies turned up seven instances of claims of having an academic degree they didn't actually have. Such misstatements have cost the CEOs at Radio Shack, Herbalife, USANA Health Sciences, and MGM Mirage their jobs. Why do you think lying about your academic credentials is considered wrong? What ethical issues does this bring up? Which is worse? Lying about your academic credentials or lying about your work history? Why?



organization

A systematic arrangement of people brought together to accomplish some specific purpose.

nonmanagerial employees

People who work directly on a job or task and have no responsibility for overseeing the work of others.

managers

Individuals in an organization who direct the activities of others.

top managers

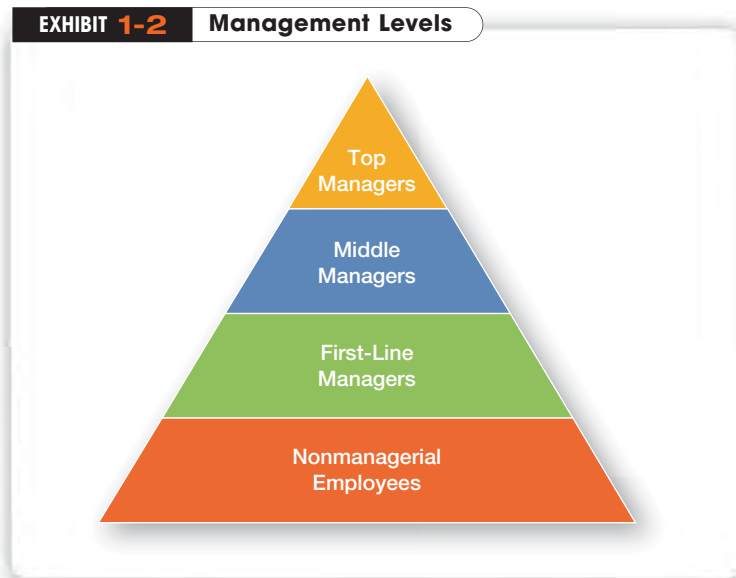
Individuals who are responsible for making decisions about the direction of the organization and establishing policies that affect all organizational members.

middle managers

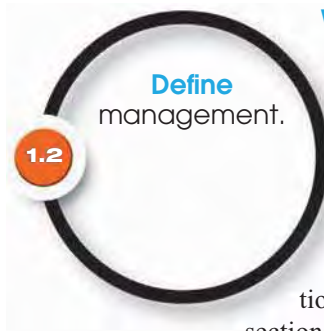
Individuals who are typically responsible for translating goals set by top managers into specific details that lower-level managers will see get done.

first-line managers

Supervisors responsible for directing the day-to-day activities of nonmanagerial employees.



your college, for example, department chairpersons would be first-line supervisors overseeing the activities of departmental faculty (nonmanagerial employees).



What Is Management?

Define
management.

1.2

Simply speaking, management is what managers do. But that simple statement doesn't tell us much. A better explanation is that **management** is the process of getting things done, effectively and efficiently, with and through other people. We need to look closer at some key words in this definition.

A *process* refers to a set of ongoing and interrelated activities. In our definition of management, it refers to the primary activities or functions that managers perform. We'll explore these functions more in the next section.

Efficiency and effectiveness deal with what we're doing and how we're doing it. **Efficiency** means doing a task correctly ("doing things right") and getting the most output from the least amount of inputs. Because managers deal with scarce inputs—including resources such as people, money, and equipment—they're concerned with the efficient use of those resources. Managers want to minimize resource usage and thus resource costs.

It's not enough, however, just to be efficient. Managers are also concerned with completing activities. In management terms, we call this **effectiveness**. Effectiveness means "doing the right things" by doing those work tasks that help the organization reach its goals. Whereas efficiency is concerned with the *means* of getting things done, effectiveness is concerned with the *ends*, or attainment of organizational goals. (See Exhibit 1-3.)

Although *efficiency* and *effectiveness* are different, they are interrelated. For instance, it's easier to be effective if you ignore efficiency. If Hewlett-Packard disregarded labor and material input costs, it could produce more sophisticated and longer-lasting toner cartridges for its laser printers. Similarly, some government agencies have been regularly criticized for being reasonably effective but extremely inefficient. Our conclusion: Poor management is most often due to both inefficiency and ineffectiveness or to effectiveness achieved without regard for efficiency. Good management is concerned with both attaining goals (effectiveness) and doing so as efficiently as possible.

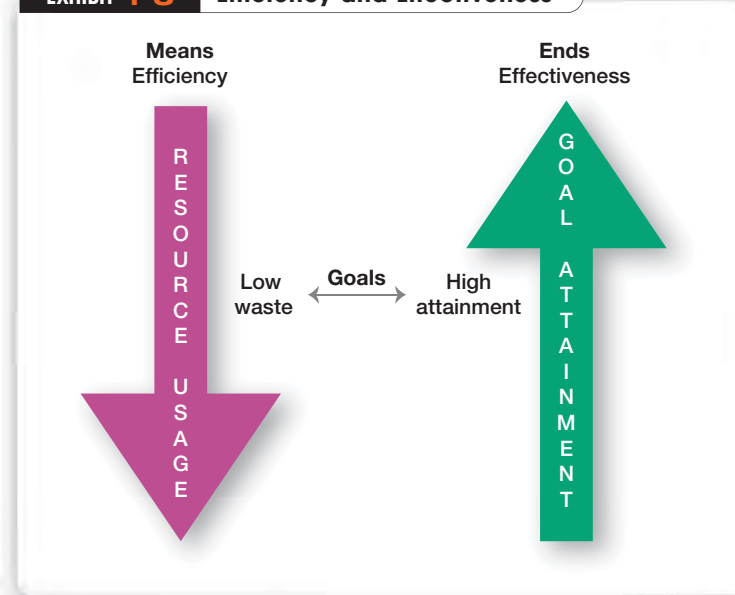
0 From the Past to the Present 0

Where do the terms *management* or *manager* come from?⁴ The terms are actually centuries old. One source says that the word *manager* originated in 1588 to describe one who manages. The specific use of the word as “one who conducts a house of business or public institution” is said to have originated in 1705. Another source says that the origin (1555–1565) is from the word *maneggiare*, which meant “to handle or train horses,” and was a derivative of the word *mano*, which is from the Latin word for hand, *manus*. That origin arose from the way that horses were guided, controlled, or directed where to go—that is, through using one’s hand. As used in the way we’ve defined it in terms of overseeing and directing organizational members, however, the words *management* and *manager* are more appropriate to the early twentieth-century time period. Peter Drucker, the late management writer, studied and wrote about management for more than 50 years. He said, “When the first business schools in the United States opened around the turn of the twentieth century, they did not offer a single course in management. At about that same time, the word ‘management’ was first popularized by Frederick Winslow Taylor.” Let’s look at what he contributed to what we know about management today.

In 1911, Taylor’s book *Principles of Scientific Management* was published. Its contents were widely embraced by managers around the world. The 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. They often “took it easy” on the job, and Taylor believed that worker output was only about one-third of what was possible. Virtually no work standards existed. Workers were placed in jobs with little or no concern for matching their abilities and aptitudes with the tasks they were required to do. Taylor set out to remedy that by applying the scientific method to shop-floor jobs. He spent more than two decades passionately pursuing the “one best way” for such jobs to be done. Based on his groundbreaking studies of manual workers 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. Many of the guidelines and techniques that Taylor and his associates 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, or hire the best-qualified workers for a job, they’re using the principles of scientific management.

EXHIBIT 1-3 Efficiency and Effectiveness



management

The process of getting things done, effectively and efficiently, through and with other people.

efficiency

Doing things right, or getting the most output from the least amount of inputs.

effectiveness

Doing the right things, or completing activities so that organizational goals are attained.

scientific management

The use of scientific methods to define the “one best way” for a job to be done.

1.3

Describe
what
managers
do.

What Do Managers Do?

Describing what managers do isn't easy because, just as no organizations are alike, neither are managers' jobs. Despite that fact, managers do share some common job elements, whether the manager is a head nurse in the cardiac surgery unit of the Cleveland Clinic overseeing a staff of critical care specialists or the president of O'Reilly Auto Parts establishing goals for the company with over 41,000 team members. Management researchers have developed three approaches to describe what managers do: functions, roles, and skills. Let's look at each.

What Are the Four Management Functions?

According to the functions approach, managers perform certain activities or functions as they direct and oversee others' work. What are these functions? In the early part of the twentieth century, a French industrialist by the name of Henri Fayol proposed that all managers perform five management activities: plan, organize, command, coordinate, and control.⁵ Today, these management functions have been condensed to four: planning, organizing, leading, and controlling. (See Exhibit 1-4.) Most management textbooks, this one being no exception, continue to use the four functions approach. Let's look briefly at each function.

Because organizations exist to achieve some purpose, someone has to define that purpose and find ways to achieve it. A manager is that someone and does this by planning. **Planning** includes defining goals, establishing strategy, and developing plans to coordinate activities. Setting goals, establishing strategy, and developing plans ensures that the work to be done is kept in proper focus and helps organizational members keep their attention on what is most important.

EXHIBIT 1-4 Four Management Functions



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Managers are also responsible for arranging and structuring work to accomplish the organization's goals. This function is called **organizing**. Organizing includes determining what tasks are to be done and by whom, how tasks are to be grouped, who reports to whom, and where decisions are to be made.

We know that every organization has people. And it's part of a manager's job to direct and coordinate the work activities of those people. This is the **leading** function. When managers motivate employees, direct the activities of others, select the most effective communication channel, or resolve conflicts among members, they're leading.

The fourth and final management function is **controlling**, which involves monitoring, comparing, and correcting work performance. After the goals are set, the plans formulated, the structural arrangements determined, and the people hired, trained, and motivated, there has to be some evaluation to see if things are going as planned. Any significant deviations will require that the manager get work back on track.

Just how well does the functions approach describe what managers do? Is it an accurate description of what managers actually do? Some have argued that it isn't.⁶ So, let's look at another perspective on describing what managers do.

What Are Management Roles?

Fayol's original description of management functions wasn't derived from careful surveys of managers in organizations. Rather, it simply represented his observations and experiences in the French mining industry. In the late 1960s, Henry Mintzberg did an empirical study of five chief executives at work.⁷ What he discovered challenged long-held notions about the manager's job. For instance, in contrast to the predominant view that managers were reflective thinkers who carefully and systematically processed information before making decisions, Mintzberg found that the managers he studied engaged in a number of varied, unpatterned, and short-duration activities. These managers had little time for reflective thinking because they encountered constant interruptions and their activities often lasted less than nine minutes. In addition to these insights, Mintzberg provided a categorization scheme for defining what managers do based on the managerial roles they use at work. These **managerial roles** referred to specific categories of managerial actions or behaviors expected of a manager. (Think of the different roles you play—such as student, employee, volunteer, bowling team member, sibling, and so forth—and the different things you're expected to do in those roles.)

Mintzberg concluded that managers perform 10 different but interrelated roles. These 10 roles, as shown in Exhibit 1-5, are grouped around interpersonal relationships, the transfer of information, and decision making. The **interpersonal roles** are ones that involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic in nature. The three interpersonal roles are 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. The four decisional roles are entrepreneur, disturbance handler, resource allocator, and negotiator.

So which approach is better—functions or roles? Although each describes what managers do, the functions approach seems to be the best way of describing the manager's job.



Shortly after ascending from president to chief executive officer of Xerox Corporation, Ursula Burns assumed the important informational roles of monitor and disseminator. She embarked on a 30-day trip to meet with Xerox employees outside the United States, in countries that account for almost one-half of company sales, and to gather information about how to increase customer purchases of Xerox products. Burns transmitted the information she received to other Xerox employees to help them develop plans to restore growth, improve efficiency, and revive sales.

planning

Includes defining goals, establishing strategy, and developing plans to coordinate activities.

organizing

Includes determining 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.

leading

Includes motivating employees, directing the activities of others, selecting the most effective communication channel, and resolving conflicts.

controlling

The process of monitoring performance, comparing it with goals, and correcting any significant deviations.

managerial roles

Specific categories of managerial behavior; often grouped under three primary headings: interpersonal relationships, transfer of information, and decision making.

interpersonal roles

Involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic in nature.

informational roles

Involve collecting, receiving, and disseminating information.

decisional roles

Entail making decisions or choices.

EXHIBIT 1-5 Mintzberg's Managerial Roles**INTERPERSONAL ROLES**

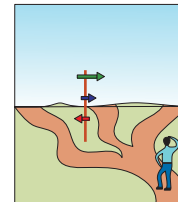
- Figurehead
- Leader
- Liaison

**INFORMATIONAL ROLES**

- Monitor
- Disseminator
- Spokesperson

**DECISIONAL ROLES**

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator



Source: Based on Mintzberg, Henry, *The Nature of Managerial Work*, 1st Edition, © 1973.

Its continued popularity is a tribute to its clarity and simplicity. “The classical functions provide clear and discrete methods of classifying the thousands of activities that managers carry out and the techniques they use in terms of the functions they perform for the achievement of goals.”⁸ However, Mintzberg’s roles approach does offer additional insight into what managers do.

What Skills Do Managers Need?

The final approach we’re going to look at for describing what managers do is by looking at the skills they need in managing. Robert L. Katz and others have proposed that managers must possess and use four critical management skills in managing.⁹

Conceptual skills are the skills managers use to analyze and diagnose complex situations. They help managers see how things fit together and facilitate making good decisions. **Interpersonal skills** are those skills involved with working well with other people both individually and in groups. Because managers get things done with and through other people, they must have good interpersonal skills to communicate, motivate, mentor, and delegate. Additionally, all managers need **technical skills**, which are the job-specific knowledge and techniques needed to perform work tasks. These abilities are based on specialized knowledge or expertise. For top-level managers, these abilities tend to be related to knowledge of the industry and a general understanding of the organization’s processes and products. For middle- and lower-level managers, these abilities are related to the specialized knowledge required in the areas where they work—finance, human resources, marketing, computer systems, manufacturing, information technology, and so forth. Finally, managers need and use **political skills** to build a power base and establish the right connections. Organizations are political arenas in which people compete for resources. Managers who have and know how to use political skills tend to be better at getting resources for their groups. (See the “Developing Your Political Skill” box.)

Is The Manager’s Job Universal?

So far, we have discussed the manager’s job as if it were a generic activity. That is, a manager is a manager regardless of where he or she manages. If management is truly a generic discipline, then what a manager does should be essentially the same whether he or she is a

Developing Your Political Skill

About the Skill

Research has shown that people differ in their political skills.¹⁰ Those who are politically skilled are more effective in their use of influence tactics. Political skill also appears to be more effective when the stakes are high. Finally, politically skilled individuals are able to exert their influence without others detecting it, which is important in being effective so that you're not labeled political. A person's political skill is determined by his or her networking ability, interpersonal influence, social astuteness, and apparent sincerity.

Steps in Practicing the Skill

- 1 *Develop your networking ability.* A good network can be a very powerful tool. You can begin building a network by getting to know important people in your work area and the organization and then developing relationships with individuals who are in positions of power. Volunteer for committees or offer your help on projects that will be noticed by those in positions of power. Attend important organizational functions so that you can be seen as a team player and someone who's interested in the organization's success. Start a Rolodex file of names of individuals that you meet even if for a brief moment. Then, when you need advice on work, use your connections and network with others throughout the organization.
- 2 *Work on gaining interpersonal influence.* People will listen to you when they're comfortable and feel at ease around you. Work on your communication skills so that you can communicate easily and effectively

with others. Work on developing good rapport with people in all areas and at all levels of your organization. Be open, friendly, and willing to pitch in. The amount of interpersonal influence you have will be affected by how well people like you.

- 3 *Develop your social astuteness.* Some people have an innate ability to understand people and sense what they're thinking. If you don't have that ability, you'll have to work at developing your social astuteness by doing things such as saying the right things at the right time, paying close attention to people's facial expressions, and by trying to determine if others have hidden agendas.
- 4 *Be sincere.* Sincerity is important to getting people to want to associate with you. Be genuine in what you say and do. And show a genuine interest in others and their situations.

Practicing the Skill

Select each of the components of political skill and spend one week working on it. Write a brief set of notes describing your experiences—good and bad. Were you able to begin developing a network of people throughout the organization or did you work at developing your social astuteness maybe by starting to recognize and interpret people's facial expressions and the meaning behind those expressions? What could you have done differently to be more politically skilled? Once you begin to recognize what's involved with political skills, you should find yourself becoming more connected and politically adept.

top-level executive or a first-line supervisor, in a business firm or a government agency; in a large corporation or a small business; or located in Paris, Texas, or Paris, France. Let's take a closer look at the generic issue.

LEVEL IN THE ORGANIZATION. Although a supervisor in a claims department at Aetna may not do exactly the same things that the president of Aetna does, it doesn't mean that their jobs are inherently different. The differences are of degree and emphasis but not of activity.

As managers move up in the organization, they do more planning and less direct overseeing of others. This distinction is shown in Exhibit 1-6. All managers, regardless of level, make decisions. They do planning, organizing, leading, and controlling activities, but the amount of time they give to each activity is not necessarily constant. In addition, the content of the managerial activities changes with the manager's level. For example, as we'll demonstrate in

conceptual skills

A manager's ability to analyze and diagnose complex situations.

interpersonal skills

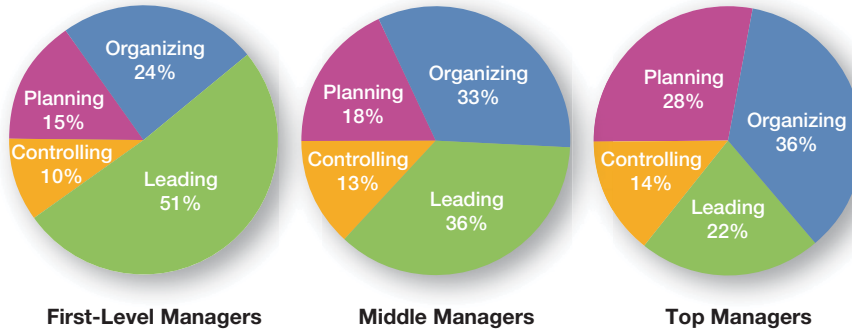
A manager's ability to work with, understand, mentor, and motivate others, both individually and in groups.

technical skills

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

political skills

A manager's ability to build a power base and establish the right connections.

EXHIBIT 1-6 Management Activities by Organizational Level

Source: Based on T. A. Mahoney, T. H. Jerdee, and S. J. Carroll, "The Job(s) of Management." *Industrial Relations* 4, no. 2 (1965), p. 103.

Chapter 5, top managers are concerned with designing the overall organization's structure, whereas lower-level managers focus on designing the jobs of individuals and work groups.

PROFIT VERSUS NOT-FOR-PROFIT. Does a manager who works for the U.S. Postal Service, the Memorial Sloan-Kettering Cancer Center, or the Red Cross do the same things that a manager in a business firm does? Put another way, is the manager's job the same in both profit and not-for-profit organizations? The answer is, for the most part, yes. All managers make decisions, set goals, create workable organization structures, hire and motivate employees, secure legitimacy for their organization's existence, and develop internal political support in order to implement programs. Of course, the most important difference between the two is how performance is measured. Profit, or the "bottom line," acts as an unambiguous measure of a business organization's effectiveness. No such universal measure is used in not-for-profit organizations. Measuring the performance of schools, museums, government agencies, or charitable organizations is more difficult. But don't interpret this difference to mean that managers in those organizations can ignore the financial side of their operations. Even not-for-profit organizations need to make money to survive. It's just that making a profit for the "owners" of not-for-profit organizations is not the primary focus.

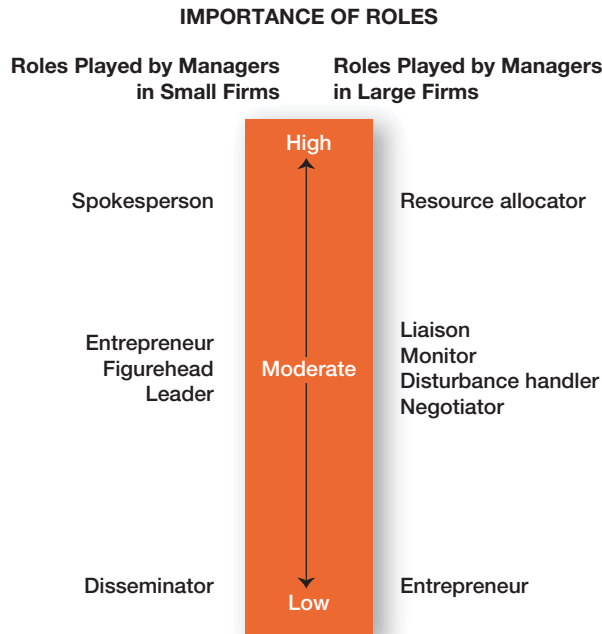
Like other small business managers, Aldo Coffee Company owners Rich and Melanie Westerfield of Pittsburgh search for new opportunities and plan activities for performance improvement. To boost their image as providers of professional service and product knowledge, they invest their time and money in barista training and competitions (shown here). Aldo Coffee Company helps others expand their coffee knowledge and improve their espresso techniques by offering classes to the public and to other restaurants and coffee shops on barista skills, latte art, and coffee tasting and cupping.



SIZE OF ORGANIZATION. Would you expect the job of a manager in a print shop that employs 12 people to be different from that of a manager who runs a 1,200-person printing plant for the *Washington Times*? This question is best answered by looking at the jobs of managers in small businesses and comparing them with our previous discussion of managerial roles. First, however, let's define a small business.

No commonly agreed-upon definition of a small business is available because different criteria are used to define *small*. For example, an organization can be classified as a small business using such criteria as number of employees, annual sales, or total assets. For our purposes, we'll describe a **small business** as an independent business having fewer than 500 employees and which doesn't necessarily engage in any new or innovative practices and which has relatively little impact on its industry.¹¹ Now to the question at hand: Is the job of managing a small business different from that of managing a large one? Some differences appear to exist. For example, as illustrated in Exhibit 1-7, the small business manager's most important role is that of spokesperson. He or she spends a great deal of time performing outwardly directed actions such as meeting with customers, arranging financing with bankers, searching for new opportunities, and stimulating

EXHIBIT 1-7 Managerial Roles in Small and Large Businesses



Source: Based on J. G. P. Paolillo, "The Manager's Self-Assessments of Managerial Roles: Small vs. Large Firms," *American Journal of Small Business* (January–March 1984), pp. 61–62.

change. In contrast, the most important concerns of a manager in a large organization are directed internally—deciding which organizational units get what available resources and how much of them. Accordingly, the entrepreneurial role—looking for business opportunities and planning activities for performance improvement—appears to be least important to managers in large firms, especially among first-level and middle managers.

Compared with a manager in a large organization, a small business manager is more likely to be a generalist. His or her job will combine the activities of a large corporation's chief executive with many of the day-to-day activities undertaken by a first-line supervisor. Moreover, the structure and formality that characterize a manager's job in a large organization tend to give way to informality in small firms. Planning is less likely to be a carefully orchestrated ritual. The organization's design will be less complex and structured, and control in the small business will rely more on direct observation than on sophisticated, computerized monitoring systems. Again, as with organizational level, we see differences in degree and emphasis but not in the activities that managers do. Managers in both small and large organizations perform essentially the same activities, but how they go about those activities and the proportion of time they spend on each are different.

MANAGEMENT CONCEPTS AND NATIONAL BORDERS. The last generic issue concerns whether management concepts are transferable across national borders. If managerial concepts were completely generic, they would also apply universally in any country in the world, regardless of economic, social, political, or cultural differences. Studies that have compared managerial practices between countries have not generally supported the universality of management concepts. In Chapter 2, we'll examine some specific differences between countries and describe their effect on managing. At this point, do understand that most of the concepts discussed in the following chapters primarily apply to the United

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small business

An independent business having fewer than 500 employees and which doesn't necessarily engage in any new or innovative practices and which has relatively little impact on its industry.

States, Canada, Great Britain, Australia, and other English-speaking countries. Managers should be prepared to modify these concepts if they want to apply them in India, China, Chile, or other countries whose economic, political, social, or cultural environments differ greatly from that of the so-called free-market democracies.



Why Study Management?

You may be wondering why you need to study management. Maybe you're majoring in accounting or marketing or information technology and may not understand how studying management is going to help you in your career. Let's look at some reasons why you may want to understand more about management.

First, all of us have a vested interest in improving the way organizations are managed. Why? Because we interact with them every day of our lives and an understanding of management offers insights into many organizational aspects.

When you get your driver's license renewed, are you frustrated that a seemingly simple task takes so long? Were you surprised when well-known businesses you thought would never go bankrupt did go bankrupt or angry when entire industries had to rely on government bailout money to survive changing economic conditions? Are you annoyed when you call an airline three times and its representatives quote three different prices for the same trip? These types of problems can be attributed largely to poor management.

Organizations that are well managed—such as Wal-Mart, Apple, Samsung, McDonald's, Singapore Airlines, and Google—develop a loyal following and find ways to prosper even in economically challenging times. Those that are poorly managed may find themselves with a declining customer base and reduced revenues and may even have to file for bankruptcy protection. For instance, Gimbels, W. T. Grant, Dave & Barry's, Circuit City, Eastern Airlines, and Enron were once thriving corporations. They employed tens of thousands of people and provided goods and services on a daily basis to hundreds of thousands of customers. Today those companies no longer exist. Poor management did them in. You can begin to recognize poor management and know what good managers should be doing by studying management.

The second 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 on which to build your management skills. For those of you who don't see yourself managing, you're still likely to have to work with managers. Also, assuming that you will have to work for a living and recognizing that you are likely to work in an organization, you'll probably have some managerial responsibilities even if you're not a manager. 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. Our point is that you don't have to aspire to be a manager to gain something valuable from a course in management.

What Can Students of Management Learn from Other Courses?

College curriculums often lack cohesion and don't seem to make any sense because they're composed of separate and distinct disciplines. So it's sometimes hard for students to see how it all relates and why it's important to study areas outside the business curriculum. Thus, let's briefly look at some of the other disciplines in humanities and social sciences and how they affect management practice.

ANTHROPOLOGY. Anthropology is the study of societies, which helps us learn about human beings and their activities. Anthropologists' work on cultures and environments, for instance, has helped managers better understand differences in fundamental values, attitudes, and behavior between people in different countries and within different organizations.

and the survey says...¹²

35 percent of employees quit their jobs because they were unhappy with management.

69 percent of workers at all levels of the organization said they wouldn't want their boss's job.

2.6 percent of *Fortune* 500 companies have a female CEO.

30 percent of employees asked to characterize their relationship with their boss said "my boss is my friend"; 5 percent said "parent figure."

70 percent of the difference in workplace climate from one organization to another can be attributed to a front-line manager's behavior.

30 percent of white-collar workers think incompetence is what makes for a bad boss.

51 percent of the U.S. population is women; but only 36 percent of managers are women.

91 percent of companies in China have women in senior management positions.



The global financial crisis and the role of competition and free markets have prompted a growing number of multinational firms to locate factories and call centers in the Maghreb, which refers to the four nations in North Africa of Morocco, Algeria, Tunisia, and Libya. Automotive, aviation, electronics, and telecommunication firms are attracted to these countries because of their inexpensive but high-quality labor and growing populations. In this photo, a Moroccan employee works in the French automaker Renault's factory in Casablanca, which exports Logan cars to France and Spain.

ECONOMICS. Economics is concerned with the allocation and distribution of scarce resources. It provides us with an understanding of the changing economy as well as the role of competition and free markets in a global context. For example, why are most athletic shoes made in Asia? Or why does Mexico now have more automobile plants than Detroit? Economists provide the answer to these questions when they discuss comparative advantage. Similarly, an understanding of free trade and protectionist policies is absolutely essential to any manager operating in the global marketplace, and these topics are addressed by economists.

PHILOSOPHY. Philosophy courses inquire into the nature of things, particularly values and ethics. Ethics are standards that govern human conduct. Ethical concerns go directly to the existence of organizations and what constitutes proper behavior within them. For instance, the liberty ethic (John Locke) proposes that freedom, equality, justice, and private property are legal rights; the Protestant ethic (John Calvin) encourages individuals to be frugal, work hard, and attain success; and the market ethic (Adam Smith) argues that the market and competition, not government, should be the sole regulators of economic activity. These ethics have shaped today's organizations by providing a basis for legitimate authority, linking rewards to performance, and justifying the existence of business and the corporate form.

POLITICAL SCIENCE. Political science is the study of the behavior of individuals and groups within a political environment. Specific topics of concern to political scientists include structuring of conflict, allocating power, and manipulating power for individual self-interest.

Management is affected by a nation's form of government—by whether it allows its citizens to hold property, by its citizens' ability to engage in and enforce contracts, and by the appeal mechanisms available to redress grievances. In a democracy, for instance, people typically have the right to private property, the freedom to enter or not enter into contracts, and an appeal system for justice. A nation's stand on property, contracts, and justice, in turn, shapes the type, form, and policies of its organizations.

PSYCHOLOGY. Psychology is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals. The field of psychology is leading the way in providing managers with insights into human behavior. Today's managers confront both a diverse customer base and a diverse set of employees. Psychologists' efforts to understand gender and cultural diversity provide managers with a better perception of the needs of their changing customer and employee populations. Psychology courses are also relevant to managers in terms of gaining a better understanding of motivation, leadership, trust, employee selection, performance appraisals, and training techniques.

SOCIOLOGY. Sociology is the study of people in relation to their fellow human beings. Here are a few of the sociological issues that have relevance to managers: How are societal changes such as globalization, increasing cultural diversity, changing gender roles, and varying forms of family life affecting organizational practices? What are the implications of schooling practices and education trends on future employees' skills and abilities? How are changing demographics altering customer and employment markets? What will the information age society look like 10 years from now? Answers to questions such as these will have a major effect on how managers operate their businesses.



What Factors Are Reshaping and Redefining Management?

At Best Buy's headquarters, more than 60 percent of the 4,000 employees are now judged only on tasks or results. Salaried people put in as much time as it takes to do their work. Those employees report better relationships with family and friends, more company loyalty, and more focus and energy. Productivity has increased by 35 percent. Employees say they don't know whether they work fewer hours—they've stopped counting. Perhaps more important, they're finding new ways to become efficient.¹³

Welcome to the new world of management!

In today's world, managers are dealing with changing workplaces, ethical and trust issues, global economic uncertainties, and changing technology. For example, although people still need to buy food even during a recession, grocery stores are struggling to retain their customer base and to keep costs down. At Publix Super Markets, the large grocery chain in the southeastern United States, everyone, including managers, is looking for ways to better serve customers. The company's president, Todd Jones, who started his career bagging groceries at a Publix in New Smyrna Beach, Florida, is guiding the company through these challenging economic times by keeping everyone's focus—from baggers to checkers to stockers—on exceptional customer service.¹⁴ Or consider the management challenges faced by Roger Oglesby, the publisher and editor of the *Seattle Post-Intelligencer*. His newspaper, like many others, has been struggling to find a way to be successful in an industry that was losing readers and revenues at an alarming rate. The decision was made to go all-digital and in early 2009, the *Seattle Post-Intelligencer* became an Internet-only news source. Difficult actions followed as the news staff was reduced from 165 to about 20 people. As the organization moves forward, other challenges remain—challenges for Oglesby, the manager who needs to plan, organize, lead, and control in this changed environment.¹⁵ Managers everywhere are likely to have to manage in changing circumstances, and the fact is that *how* managers manage is changing. Throughout the rest of this book, we'll be discussing these changes and how they're impacting the way managers plan, organize, lead, and control. We want to highlight two of these changes: the increasing importance of customers and innovation.

Why Are Customers Important to the Manager's Job?

John Chambers, CEO of Cisco Systems, likes to listen to voice mails forwarded to him from dissatisfied customers. He said, "E-mail would be more efficient, but I want to hear the emotion, I want to hear the frustration, I want to hear the caller's level of comfort with the strategy we're employing. I can't get that through e-mail."¹⁶ This is a manager who understands the importance of customers. You need customers. 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. We're discovering, however, that employee attitudes and behaviors play a big role in customer satisfaction.

Managers are recognizing that delivering consistent high-quality customer service is essential for survival and success in today's competitive environment and that employees are an important part of that equation.¹⁷ The implication is clear—they 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.¹⁸

Why Is Innovation Important to the Manager's Job?

“Nothing is more risky than not innovating.”¹⁹ Innovation means doing things differently, exploring new territory, and taking risks. And innovation isn't just for high-tech or other technologically sophisticated organizations. Innovative efforts can be found in all types of organizations. For instance, the manager of the Best Buy store in Manchester, Connecticut, clearly understood the importance of getting employees to be innovative, a task made particularly challenging because the average Best Buy store is often staffed by young adults in their first or second jobs. “The complexity of the products demands a high level of training, but the many distractions that tempt college-aged employees keep the turnover potential high.” However, the manager tackled the problem by getting employees to suggest new ideas. One idea—a “team close,” in which employees scheduled to work at the store's closing time, closed the store together and walked out together as a team—has had a remarkable impact on employee attitudes and commitment.²⁰

As you can see, being a manager is both challenging and exciting. One thing we know is that managers do matter to organizations. 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.²¹ In addition, global consulting firm Watson Wyatt Worldwide found that the way a company manages its people can significantly affect its financial performance.²² What can we conclude from such reports? That managers *do* matter!

Tony Hsieh, CEO of online shoe and clothing retailer Zappos.com, is a manager who understands the importance of both customers and innovation. In addition to providing customers the best selection of merchandise, the goal of Zappos is to give the best service online. Innovations that help Zappos achieve its goal are free shipping both ways on all purchases, 24/7 call center staffing, and a 365-day return policy. Hsieh offers new customer service reps who complete a four-week paid training period a \$2,000 bonus to leave the company if they don't buy into the Zappos culture of service and innovation.



Review and Applications

Chapter Summary

1.1 Tell who managers are and where they work.

Managers are individuals who work in an organization directing and overseeing the activities of other people. Managers are usually classified as top, middle, or first-line. Organizations, which are where managers work, have three characteristics: goals, people, and a deliberate structure.

1.2 Define management.

Management is the process of getting things done, effectively and efficiently, with and through other people.

1.3 Describe what managers do.

What managers do can be described using three approaches: functions, roles, and skills. The functions approach says that managers perform four functions: planning, organizing, leading, and controlling. Mintzberg's roles approach says that what managers do is based on the 10 roles they use at work, which are grouped around interpersonal relationships, the transfer of information, and decision making. The skills approach looks at what managers do in terms of the skills they need and use. These four critical skills are conceptual, interpersonal, technical, and political. All managers plan, organize, lead, and

control although how they do these and how much they do these may vary according to level in the organization, whether the organization is profit or not-for-profit, the size of the organization, and the geographic location of the organization.

1.4 Explain why it's important to study management.

One reason it's important to study management is that all of us interact with organizations daily so we have a vested interest in seeing that organizations are well managed. Another reason is the reality that in your career you will either manage or be managed. By studying management you can gain insights into the way your boss and fellow employees behave and how organizations function.

1.5 Describe the factors that are reshaping and redefining management.

In today's world, managers are dealing with changing workplaces, ethical and trust issues, global economic uncertainties, and changing technology. Two areas of critical importance to managers are delivering high-quality customer service and encouraging innovative efforts.



To check your understanding of learning outcomes **1.1** – **1.5**, go to mymanagementlab.com and try the chapter questions.

Understanding the Chapter

1. What is an organization and why are managers important to an organization's success?
2. Are all effective organizations also efficient? Discuss. If you had to choose between being effective or being efficient, which one would you say is more important? Why?
3. Using any of the popular business periodicals (such as *BusinessWeek*, *Fortune*, *Wall Street Journal*, *Fast Company*), find examples of managers doing each of the four management functions. Write up a description and explain how these are examples of that function.
4. Is your course instructor a manager? Discuss in terms of planning, organizing, leading, and controlling. Also discuss using Mintzberg's managerial roles approach.
5. Is there one best "style" of management? Why or why not?
6. Is business management a profession? Why or why not? Do some external research in answering this question.
7. Why are managers important to organizations?
8. Using current business periodicals, find five examples of managers you would describe as *master managers*. Write a paper describing these individuals as managers and why you think they deserve this title.
9. An article by Gary Hamel in the February 2009 issue of *Harvard Business Review* addresses how management must be reinvented to be more relevant to today's world. Get a copy of that article. Choose one of the 25 grand challenges identified. Discuss what it is and what it means for the way that organizations are managed.

Understanding Yourself

How Motivated Am I to Manage?

Not everyone is motivated to perform managerial functions. This self-assessment instrument taps six components that have been found to be related to managerial success, especially in larger organizations. These components include a favorable attitude toward authority, a desire to compete, a desire to exercise power, assertiveness, desire for a distinctive position, and a willingness to engage in repetitive tasks.

INSTRUMENT Complete this instrument by identifying your degree of agreement or disagreement. Use the following rating scale:

- 1 = Strongly disagree
- 2 = Moderately disagree
- 3 = Slightly disagree
- 4 = Neither agree or disagree
- 5 = Slightly agree
- 6 = Moderately agree
- 7 = Strongly agree

- | | | | | | | | |
|--|---|---|---|---|---|---|---|
| 1. I have a generally positive attitude toward those holding positions of authority over me. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. I enjoy competition and striving to win for myself and my work group. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. I like to tell others what to do and have no problem with imposing sanctions to enforce my directives. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. I like being active, assertive, and protecting the members of my work group. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. I enjoy the idea of standing out from the group, behaving in a unique manner, and being highly visible. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. I am willing to perform routine, day-to-day administrative tasks and duties. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

SCORING KEY To calculate your score, add up your responses to the six items.

ANALYSIS AND INTERPRETATION Scores on this instrument will range between 6 and 42. Arbitrary cut-offs suggest that scores of 6–18 indicate low motivation to manage; 19–29 is moderate motivation; and 30 and above is high motivation to manage.

What meaning can you draw from your score? It provides you with an idea of how comfortable you would be doing managerial activities. Note, however, that this instrument emphasizes tasks associated with managing in larger and more bureaucratic organizations. A low or moderate score may indicate that you're more suited to managing in a small firm, in a more flexible unstructured organization, or in entrepreneurial situations.

Source: Based on J. B. Miner and N. R. Smith, "Decline and Stabilization of Managerial Motivation over a 20-Year Period," *Journal of Applied Psychology* (June 1982) pp. 297–305; and J. B. Miner, B. Ebrahimi, and J. M. Wachtel, "How Deficiencies in Motivation to Manage Contribute to the United States' Competitiveness Problem (and What Can Be Done About It)," *Human Resource Management* (Fall 1995), pp. 363–86.

FYIA (For Your Immediate Action)

Heartland's Traditional Fragrances



Reply

Reply All

Forward

To: Eric Kim, Training Coordinator
From: Helen Merkin, Human Resources Director
Re: **Supervisory Training and Management Certification Program**

As you know, our sales numbers have been growing steadily. Even given the economic uncertainties, we had an 8% increase during the first quarter, a 10% increase during the second, and then, of course, our strong holiday seasonal sales increase of 15%. We do love these numbers, don't we! However, the downside is that these continual sales increases are putting a strain on our manufacturing supervisors. They're challenged to keep our line employees motivated and excited about their jobs. I'm afraid if we don't take some action soon to help train our supervisors in dealing with this demanding pace, our manufacturing employees are likely to get stressed out and we may see product quality go down. And we certainly don't want this to happen since our quality products are what our customers have said they love about us.

There are two issues I'd like for you to look into. One is that I think we need a training program focusing on the skills our supervisors are going to need to be more effective under these conditions. As a first step in developing this program, I'd like you to research and create a list of the skills that you think would be most important for our supervisors to have, together with a justification for why you think these skills are important. Please keep this information under two pages typed.

The second issue I'd like you to address is that I think we need to acknowledge the important role our supervisors play in our company's success by helping them achieve certification that verifies their skills, knowledge, and professionalism. Two certification programs that I'm aware of are the Certified Manager and the Certified Business Manager. I'd like for you to research each of these programs and prepare a bulleted list of what each involves. Keep this information under two pages typed as well.

As we need to start our planning for both of these important initiatives soon, please get your information to me as soon as possible. Once we've had a chance to discuss what you've come up with, we'll be ready to proceed with actually designing some skills training and management certification sessions.

This fictionalized company and message were created for educational purposes only. It is not meant to reflect positively or negatively on management practices by any company that may share this name.

CASE APPLICATION

A NEW WAY OF WORKING



Being efficient and effective isn't important just for the people that managers supervise. It's also important for managers! However, that isn't always easy. A manager's job is varied, complex, and sometimes hectic. Their workdays are filled with tasks, decisions, actions, and interruptions. Just like your work on school projects, managers sometimes find that certain parts of the projects they're working

on are boring and monotonous. Wouldn't it be great to have a magic button you could push to get someone else to do that boring, time-consuming stuff? At Pfizer, that "magic button" is a reality for a large number of employees.

As a global pharmaceutical company, Pfizer is continually looking for ways to help employees be more efficient and effective. The company's senior director of organizational effectiveness, Jordan Cohen (pictured above), found that the "Harvard MBA staff we hired to develop strategies and innovate were instead Googling and making PowerPoints." Indeed, internal studies conducted to find out just how much time its valuable talent was spending on menial tasks was startling. The average Pfizer employee was spending 20 percent to 40 percent of his or her time on support work (creating documents, typing notes, doing research, manipulating data, scheduling meetings) and only 60 percent to 80 percent on knowledge work (strategy, innovation, networking, collaborating, critical thinking). And the problem wasn't just at lower levels. Even the highest level employees were affected. Take, for instance, David Cain, an executive director for global engineering. He enjoys his job—assessing environmental real estate risks, managing facilities, and controlling a multimillion-dollar budget. But he didn't so much enjoy having to go through spreadsheets and put together PowerPoints. Now, however, with Pfizer's "magic button," those tasks could be passed off to individuals outside the organization.

PfizerWorks allows employees to shift tedious and time-consuming tasks with the click of a single button on their computer desktop. They describe what they need on an online form, which is then sent to one of two Indian service-outsourcing firms. When a request is received, a team member in India calls the Pfizer employee to clarify what's needed and by when. The team member then e-mails back a cost specification for the requested work. If the Pfizer employee decides to proceed, the costs involved are charged to the employee's department. About this unique arrangement, Cain said that, "He relishes working with what he prefers to call his 'personal consulting organization.'"

How beneficial has PfizerWorks been? It's estimated that 66,500 employee work hours have been saved. What about David Cain's experiences? When he gave the Indian team a complex project researching strategic actions that worked when consolidating company facilities, the team put the report together in a month, something that would have taken him six months to do alone.

Discussion Questions

1. Describe and evaluate what Pfizer is doing with its PfizerWorks.
2. We've defined managers as those individuals in an organization who direct and oversee the activities of other people in the organization. What challenges might there be for managers when those "people" are halfway around the world? How might the four management functions be useful in dealing with those challenges? What skills would managers need to be able to function effectively in this type of arrangement?
3. Do you think that PfizerWorks would work for someone who's a first-line manager? Why or why not?
4. Do you think this arrangement would work for other types of organizations? Why or why not? What types of organizations might it also work for?

Sources: M. Weinstein, "Retrain and Restructure Your Organization," *Training* (May 2009), p. 36; J. McGregor, "The Chore Goes Offshore," *BusinessWeek*, March 23 & 30, 2009, pp. 50–51; "Pfizer: Making It 'Leaner, Meaner, More Efficient,'" *BusinessWeek Online*, March 2, 2009; and A. Cohen, "Scuttling Scut Work," *Fast Company*, February 2008, pp. 42–43.

History Module

A Brief History of Management's Roots

Henry Ford once said, "History is more or less bunk." Well...he was wrong! History is important because it can put current activities in perspective. We propose that you need to know management history because it can help you understand what today's managers do. In this module, you'll find an annotated timeline that discusses key milestones in management theory. Then, in each chapter's "From the Past to the Present" box feature, we highlight a key person and his or her contributions to contemporary management concepts. We believe this approach will help you better understand the origins of many contemporary management concepts.

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. Regardless of what these individuals were called, someone had to perform those functions.

3000-2500 BC

The Egyptian pyramids are proof that projects of tremendous scope, employing tens of thousands of people, were completed in ancient times.¹ It took more than 100,000 workers some 20 years to construct a single pyramid. 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. That someone was managers.



1780s - mid-1800s

The **Industrial Revolution** may be the most important pre-twentieth-century influence on management. Why? Because with the industrial age came the birth of the corporation. Now with large efficient factories pumping out products, someone needed to forecast demand, make sure there were adequate supplies of materials, assign tasks to workers, and so forth. Again, that someone was managers! It was indeed an historical event for two reasons: (1) because of all the organizational aspects (hierarchy, control, job specialization, and so forth) that were now a part of the way work was done and (2) because management had now become a necessary component to ensure the success of the enterprise.



1400s

At the arsenal of Venice, warships were floated along the canals, and at each stop, materials and riggings were added to the ship.² Sounds a lot like a car "floating" along an assembly line, doesn't it? In addition, the Venetians used warehouse and inventory systems to keep track of materials, human resource management functions to manage the labor force (including wine breaks), and an accounting system to keep track of revenues and costs.



1776

Although this is an important date in U.S. history, it's also important because it's the year when Adam Smith's *Wealth of Nations* was published. In it, he argued the economic advantages of the **division of labor** (or **job specialization**)—

that is, breaking down jobs into narrow, repetitive tasks. Using division of labor, individual productivity could be increased dramatically. Job specialization continues to be a popular way to determine how work gets done in organizations. But as you'll see in Chapter 5, it does have its drawbacks.

Classical Approaches

Beginning around the turn of the twentieth century, the discipline of management began to evolve as a unified body of knowledge. Rules and principles were developed that could be taught and used in a variety of settings. These early management proponents were called classical theorists.

1911

That's the year Frederick W. Taylor's *Principles of Scientific Management* was published. His groundbreaking book described a theory of **scientific management**—the use of scientific methods to determine the “one best way” for a job to be done. His theories were widely accepted and used by managers around the world and Taylor (top photo) became known as the “father” of scientific management.³ Other major contributors to scientific management were Frank and Lillian Gilbreth (early proponents of time-and-motion studies and parents of the large family described in the original book *Cheaper by the Dozen*) and Henry Gantt (whose work on scheduling charts was the foundation for today's project management). Taylor's work is profiled in Chapter 1's “From the Past to the Present” box.



1916 – 1947

Unlike Taylor who focused on an individual production worker's job, Henri Fayol and Max Weber (bottom photo) looked at organizational practices by focusing on what managers do and what constituted good management. This approach is known as **general administrative theory**. Fayol was introduced in Chapter 1 as the person who first identified five management functions. He also identified **14 principles of management**—fundamental rules of management that could be applied to all organizations. (See exhibit below for a list of these 14 principles.) Weber is known for his description and analysis of bureaucracy, which he believed was an ideal, rational form of organization structure, especially for large organizations.⁴ In Chapter 5, we elaborate on these two important management pioneers.



FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

- 1 **Division of Work.** This principle is the same as Adam Smith's “division of labor.” Specialization increases output by making employees more efficient.
- 2 **Authority.** Managers must be able to give orders. Authority gives them this right. Along with authority, however, goes responsibility. Whenever authority is exercised, responsibility arises.
- 3 **Discipline.** Employees must obey and respect the rules that govern the organization. Good discipline is the result of effective leadership, a clear understanding between management and workers regarding the organization's rules, and the judicious use of penalties for infractions of the rules.
- 4 **Unity of Command.** Every employee should receive orders from only one superior.
- 5 **Unity of Direction.** Each group of organizational activities that have the same objective should be directed by one manager using one plan.
- 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.** Centralization refers to the degree to which subordinates are involved in decision making. Whether decision making is centralized (to management) or decentralized (to subordinates) is a question of proper proportion. The task is to find the optimum degree of centralization for each situation.
- 9 **Scalar Chain.** The line of authority from top management to the lowest ranks represents the scalar chain. Communications should follow this chain. However, if following the chain creates delays, cross-communications can be allowed if agreed to by all parties and if superiors are kept informed. Also called chain of command.
- 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.** High employee turnover is inefficient. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.
- 13 **Initiative.** Employees who are 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.

3000 BC - 1776

Early Management

1911 - 1947

Classical Approaches

Late 1700s - 1950s

Behavioral Approach

1940s - 1950s

Quantitative Approach

1960s - present

Contemporary Approaches

Behavioral Approach ●

The behavioral approach to management focused on the actions of workers. How do you motivate and lead employees in order to get high levels of performance?

[Late 1700s - early 1900s

Managers get things done by working with people. Several early management writers recognized how important people are to an organization's success.⁵ For instance, Robert Owen, who was concerned about deplorable working conditions, proposed an idealistic workplace. Hugo Munsterberg, a pioneer in the field of industrial psychology, suggested using psychological tests for employee selection, learning theory concepts for employee training, and studies of human behavior for employee motivation. Mary Parker Follett was one of the first to recognize that organizations could be viewed from both individual and group behavior. She thought that organizations should be based on a group ethic rather than on individualism.



1960s - today

An organization's people continue to be an important focus of management research. The field of study that researches the actions (behaviors) of people at work is called **organizational behavior (OB)**. OB researchers do empirical research on human behavior in organizations. 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. These topics are explored in depth in Chapters 8–12.



1924 - mid-1930s

The **Hawthorne studies**, a series of studies that provided new insights into individual and group behavior, were without question the most important contribution to the behavioral approach to management.⁶ Conducted at the Hawthorne (Cicero, Illinois) Works of the Western Electric Company, the studies were initially designed as a scientific management experiment. Company engineers wanted to see the effect of various lighting levels on worker productivity. Using control and experimental groups of workers, they expected to find that individual output in the experimental group would be directly related to the intensity of the light. However, much to their surprise, they found that productivity in both groups varied with the level of lighting. Not able to explain it, the engineers called in Harvard professor Elton Mayo. Thus began a relationship that lasted until 1932 and encompassed numerous experiments in the behavior of people at work. What were some of their conclusions? Group pressures can significantly impact individual productivity, and people behave differently when they're being observed. Scholars generally agree that the Hawthorne Studies had a dramatic impact on management beliefs about the role of people in organizations. This led to a new emphasis on the human behavior factor in managing organizations.

1930s - 1950s

The human relations movement is important to management history because its supporters never wavered from their commitment to making management practices more humane. Proponents of this movement uniformly believed in the importance of employee satisfaction—a satisfied worker was believed to be a productive worker.⁷ So they offered suggestions like employee participation, praise, and being nice to people to increase employee satisfaction. For instance, Abraham Maslow, a humanistic psychologist, who's best known for his description of a hierarchy of five needs (a well-known theory of employee motivation), said that once a need was substantially satisfied, it no longer served to motivate behavior. Douglas McGregor developed Theory X and Theory Y assumptions, which related to a manager's beliefs about an employee's motivation to work. Even though both Maslow's and McGregor's theories were never fully supported by research, they're important because they represent the foundation from which contemporary motivation theories were developed. Both are described more fully in Chapter 10.

Quantitative Approach

The quantitative approach, which focuses on the application of statistics, optimization models, information models, computer simulations, and other quantitative techniques to management activities, provided tools for managers to make their jobs easier.



1940s

The **quantitative approach** to management—which is the use of quantitative techniques to improve decision making—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.⁸ For instance, one group of military officers, dubbed the “Whiz Kids,” joined Ford Motor Company in the mid-1940s and immediately began using statistical methods to improve decision making at Ford. You’ll find more information on these quantitative applications in Chapter 14.

1950s

After WW II, Japanese organizations enthusiastically embraced the concepts espoused by a small group of quality experts, the most famous being W. Edwards Deming (photo on right) and Joseph M. Juran. As these Japanese manufacturers began beating U.S. competitors in quality comparisons, Western managers soon took a more serious look at Deming’s and Juran’s ideas. Their ideas became the basis for **total quality management (TQM)**, which is a management philosophy devoted to continual improvement and responding to customer needs and expectations. We’ll look closer at Deming and his beliefs about TQM in Chapter 14.



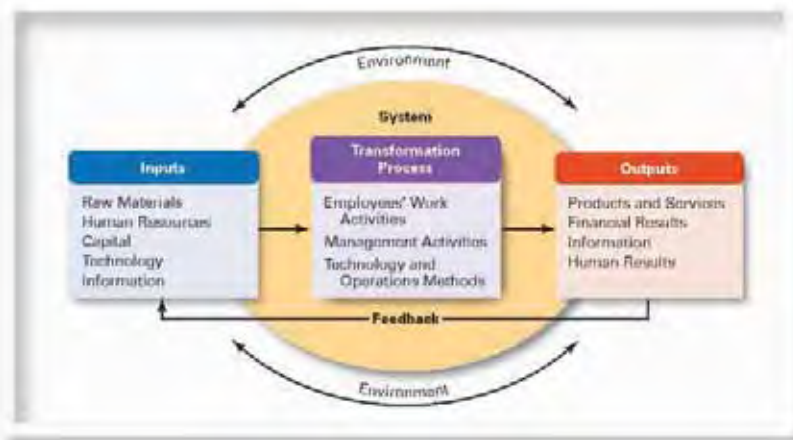
Contemporary Approaches

Most of the early approaches to management focused on managers’ concerns inside the organization. Starting in the 1960s, management researchers began to look at what was happening in the external environment outside the organization.



1960s

Although Chester Barnard, a telephone company executive, wrote in his 1938 book *The Functions of the Executive* that an organization functioned as a cooperative **system**, it wasn’t until the 1960s that management researchers began to look more carefully at systems theory and how it related to organizations.¹⁰ The idea of a system is a basic concept in the physical sciences. As related to organizations, a system is a set of interrelated and interdependent parts arranged in a manner that produces a unified whole. Organizations function as open systems, which means they are influenced by and interact with their environment. The exhibit on the right illustrates an organization as an **open system**. A manager has to efficiently and effectively manage all parts of the system in order to achieve established goals.



Contemporary Approaches



1960s

Early management theorists proposed management principles that they generally assumed to be universally applicable. Later research found exceptions to many of these principles. The **contingency approach** (or **situational approach**) says that organizations, employees, and situations are different and require different ways of managing. A good way to describe contingency is “if, then.” *If* this is the way my situation is, *then* this is the best way for me to manage in this situation. One of the earliest contingency studies was done by Fred Fiedler and looked at what style of leadership was most effective in what situation.¹¹ Popular contingency variables have been found to include organization size, the routineness of task technology, environmental uncertainty, and individual differences.



1980s – present

Although the dawn of the information age is said to have begun with Samuel Morse’s telegraph in 1837, the most dramatic changes in information technology have occurred in the latter part of the twentieth century and have directly affected the manager’s job. Managers now may manage employees who are working from home or working halfway around the world. An organization’s computing resources used to be mainframe computers locked away in temperature-controlled rooms and only accessed by the experts. Now, practically everyone in an organization is connected—wired or wireless—with devices no larger than the palm of the hand. Just like the impact of the Industrial Revolution in the 1700s on the emergence of management, the information age has brought dramatic changes that continue to influence the way organizations are managed. The impact of information technology on how managers do their work is so profound that we’ve included in several chapters a boxed feature on “Technology and the Manager’s Job”.

division of labor

The breakdown of jobs into narrow, repetitive tasks.

Industrial Revolution

The advent of machine power, mass production, and efficient transportation began in the late eighteenth century in Great Britain.

scientific management

The use of the scientific method to define the one best way for a job to be done.

general administrative theorists

Writers who developed general theories of what managers do and what constitutes good management practice.

principles of management

Fayol’s fundamental or universal principles of management practice.

Hawthorne studies

Research done in the late 1920s and early 1930s devised by Western Electric industrial engineers to examine the effect of different work environment changes on worker productivity, which led to a new emphasis on the human factor in the functioning of organizations and the attainment of their goals.

Organizational Behavior (OB)

The field of study that researches the actions (behaviors) of people at work.

quantitative approach

The use of quantitative techniques to improve decision making.

total quality management (TQM)

A management philosophy devoted to continual improvement and responding to customer needs and expectations.

systems approach

An approach to management that views an organization as a system, which is a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.

open systems

Systems that dynamically interact with its environment.

contingency approach (or situational approach)

An approach to management that says that organizations, employees, and situations are different and require different ways of managing.