

Chapter 1

Managers and You in the Workplace

In this introductory chapter, your students will explore the concepts of management, manager skills, and organizations in today's dynamic business environment.

LEARNING OBJECTIVES

1. Tell who managers are and where they work.
2. Explain why managers are important to organizations.
3. Describe the functions, roles, and skills of managers.
4. Describe the factors that are reshaping and redefining the manager's job.
5. Explain the value of studying management.
6. Describe the benefits of the Employability Skills Matrix (ESM).

CHAPTER OUTLINE

1.1 TELL WHO MANAGERS ARE AND WHERE THEY WORK

Managers may not always be what we expect. Today's managers range from 18 to 80, they're found in a variety of different types of organizations, and they perform a variety of jobs from the top to the bottom of the organization. Statistics show an increasing number of women in management; however, while their number is increasing, it is mostly in the area of lower and middle management, not top management. Similarly, only 20 (4%) were minorities.

Who Is a Manager?

- A. The changing nature of organizations and work often requires employees in formerly nonmanagerial jobs to perform managerial activities. Students who are preparing for careers on any organizational level can benefit from acquiring management skills. Today's employees need to be cross-trained and multi-skilled.
- B. How do we define a manager? A **manager** is someone who coordinates and oversees the work of other people so that organizational goals can be accomplished. However, keep in mind that managers may have additional work duties not related to coordinating the work of others.
- C. Managers can be classified by their level in the organization, particularly in traditionally structured organizations—those shaped like a pyramid (see **Exhibit 1-1**).
 1. **First-line (or front-line) managers** (often called supervisors) are typically involved with producing the organization's products or servicing the organization's customers. These managers are located on the lowest level of management.
 2. **Middle managers** include all levels of management between the first level and the top level of the organization. They may have titles such as regional manager, project leader, store manager, or division manager.

3. **Top managers** include managers at or near the top of the organization who are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization.

Where Do Managers Work?

- A. An **organization** is a deliberate arrangement of people to accomplish some specific purpose. Organizations share three common characteristics (See **Exhibit 1-2**): (1) each has a distinct purpose; (2) each is composed of people; and (3) each develops some deliberate structure so members can do their work.
- B. Although these three characteristics are important in defining *what* an organization is, the concept of an organization is changing. These changes include: flexible work arrangements, employee work teams, open communication systems, and supplier alliances. Organizations are becoming more open, flexible, and responsive to changes.

Future Vision: Is It Still Managing When What You're Managing Are Robots?

While the text presents a fairly accurate description of today's workplace, the future is not certain. Work life in the future may be very different than today and will likely include workers who are robots. How will a manager's job be different? How will working with robots affect human coworkers?

The following discussion questions are posed:

Talk About It 1: What's your response to the title of this box: Is it still managing when what you're managing are robots? Discuss.

Talk About It 2: If you had to "manage" people and robots, how do you think your job as manager might be different than what the chapter describes?

Student answers to these questions will vary.

1.2 WHY ARE MANAGERS IMPORTANT?

Managers have an important impact on both employees and the organizations in which they work. The following three reasons address their importance:

- A. Organizations need their managerial skills and abilities more than ever in these uncertain, complex, and chaotic times.
- B. Managers are critical to getting things done.
- C. Managers do matter to organizations! According to a Gallup poll of tens of thousands of managers and employees, the relationship of manager to their employees and supervisors is the single most important variable in employee productivity and loyalty.

1.3 MANAGEMENT VS. MANAGERS

What is Management?

- A. **Management** involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively.

1. **Coordinating and overseeing** the work of others is what distinguishes a managerial position from a nonmanagerial one.
2. **Efficiency** is getting the most output from the least amount of inputs in order to minimize resource costs. Efficiency is often referred to as “doing things right” (see **Exhibit 1-3**).
3. **Effectiveness** is completing activities so that organizational goals are attained and is often described as “doing the right things” (see **Exhibit 1-3**).

What Do Managers Do?

B. Management Functions.

Henri Fayol, a French industrialist in the early 1900s, proposed that managers perform five management functions: POCCC (planning, organizing, commanding, coordinating, and controlling).

1. Over time, Fayol’s five management functions have been reorganized into four functions, which provide a foundation for the organization of many current management textbooks (see **Exhibit 1-4**).
 - a. **Planning** involves defining goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate activities.
 - b. **Organizing** involves arranging and structuring work to accomplish the organization’s goals.
 - c. **Leading** involves working with and through people to accomplish organizational goals.
 - d. **Controlling** involves monitoring, comparing, and correcting work performance.
2. In practice, managing is not always performed in a sequence as outlined above. Since these four management functions are integrated into the activities of managers throughout the workday, they should be viewed as an ongoing process.

C. Management Roles

Henry Mintzberg, a management researcher, conducted a precise study of managers at work. He concluded that managers perform 10 different roles, which are highly interrelated.

1. **Managerial roles** refer to specific categories of managerial behavior (see **Exhibit 1-5**).
 - a. **Interpersonal roles** include figurehead, leadership, and liaison activities.
 - b. **Informational roles** include monitor, disseminator, and spokesperson.
 - c. **Decisional roles** include entrepreneur, disturbance handler, resource allocator, and negotiator.
2. Follow-up studies of Mintzberg’s role categories in different types of organizations and at different managerial levels within organizations generally support the idea that managers perform similar roles.
3. Although the functions approach represents the most useful way to describe the manager’s job, Mintzberg’s roles give additional insight into managers’ work.

D. Management Skills.

Managers need certain skills to perform the challenging duties and activities associated with being a manager.

1. Robert L. Katz found through his research that managers need three essential skills (see **Exhibit 1-6**).
 - a. **Technical skills** are job-specific knowledge and techniques needed to proficiently perform specific tasks.
 - b. **Human skills** involve the ability to work well with other people individually and in a group.
 - c. **Conceptual skills** involve the ability to think and to conceptualize about abstract and complex situations.
 - d. Other skills are listed in **Exhibit 1-7**. These skills will be highlighted in a feature at the end of each chapter.
2. Developing management skills is important for aspiring managers. To help aid students in this respect, the authors have put together several skill-building modules in **mymanagementlab**. These skills reflect a broad cross-section of the important managerial activities that are elements of the four management functions.

1.4 MANAGERIAL CHALLENGES TODAY AND INTO THE FUTURE

Security threats, corporate ethics scandals, global economic and political uncertainties, and technological advancements should be discussed. While all managers will not have to manage under tragically demanding circumstances, *how* managers manage in today's workplace is changing. These issues are summarized in **Exhibit 1-8**.

A. Focus on Technology.

Cloud computing, social media, and robotics are all changing how things get done in the workplace. Managers need to get employees on board with new technology and ensure that they are comfortable with it, can use it, and understand how it improves their lives.

It's Your Career

The ABC's of Managing Your Time

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

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

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

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

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

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

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

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

B. Focus on Disruptive Innovation.

Innovation is critical to today's organizations and managers. All organizations innovate; however, a problem for organizations is working to get all employees involved in the innovation process. Managers can respond to this need by creating a "team close," a time when all employees are scheduled to close the store and leave together. This helps create an attitude of working together and commitment.

C. Focus on Social Media.

The new frontier in communication is **social media**. Platforms such as Facebook and Twitter have moved beyond personal uses to work, and managers need to understand their power and dangers. In some cases, social media can enhance customer relationships, help better manage customers, and tap into talent. But, managers need to remember that social media is a tool that needs to be managed to be beneficial.

D. Focus on Ethics.

The long-term success of an organization depends on building trust with customers, clients, suppliers, and employees. Leaders need to take responsibility for setting high ethical standards and creating ethical workplaces. Each chapter will have an ethical dilemma to help focus students on the importance of ethical behavior.

E. Focus on Political Uncertainty.

Today's political environment is rife with uncertainty, even in democratic societies that have a long history of relatively stable and predictable political environments. This new uncertainty poses challenges for managers that must learn to adapt to different regimes and significant changes. Examples include Brexit, renegotiation of NAFTA, and state and city laws increasing the minimum wage.

F. Focus on the Customer.

With all of the technology available to managers, it is possible now more than ever to lose touch with customers. Face-to-face contact is being replaced by e-mails and text messages. In a service-oriented economy, like the United States, the need to deliver high quality customer service is

the basis for competitiveness. As a result, many managers are re-discovering the importance of a customer-responsive organization where employees are friendly, courteous, accessible, and responsive to customer needs.

1.5 WHY STUDY MANAGEMENT?

The importance of studying management in today's dynamic global environment can be explained by looking at the universality of management, the reality of work, and the rewards and challenges of being a manager.

A. **The Universality of Management.**

Without a doubt, management is needed in all types and sizes of organizations, at all organizational levels, and in all organizational work areas throughout the world (see **Exhibit 1-9**).

1. We interact with organizations every day of our lives. Every product we use, every action we take, is provided by or affected by organizations. Well-managed organizations develop a loyal customer base, grow, and prosper.
2. Students who study management gain the ability to recognize and encourage good management practices; just as important, they learn to recognize poor management and how to correct it.

B. **The Reality of Work.**

After graduation, students will either manage or be managed. A course in management provides insight and understanding about behaviors of supervisors and the internal operations of organizations. An individual does not have to aspire to be a manager in order to benefit from taking a course in management.

C. **Rewards and Challenges of Being a Manager (See Exhibit 1-10).**

1. Challenges
 - a. Being a manager is hard work and often involves more clerical duties than managerial responsibilities. Managers often must deal with a range of personalities, make do with limited resources, and work in chaotic and uncertain situations.
 - b. Managers may have difficulty in effectively blending the knowledge, skills, ambitions, and experiences of a diverse group of employees.
 - c. A manager's success typically is dependent on others' work performance.
2. Rewards
 - a. Managers have an opportunity to create a work environment in which organizational members can do their work to the best of their ability and help the organization achieve its goals.
 - b. Managers often receive recognition and status in the organization and in the larger community; influence organizational outcomes; and receive appropriate compensation.
 - c. Knowing that their efforts, skills, and abilities are needed by the organization gives many managers great satisfaction.

D. Gaining Insights into Life at Work.

Understanding management concepts and how managers think is important even for those students who are not planning a career in management. Doing so will help students get better results at work and enhance their careers.

1.6 DESCRIBE THE BENEFITS OF THE EMPLOYABILITY SKILLS MATRIX (ESM).

The ESM identifies chapter content that relates to five important employee skills which are critical thinking, communication, collaboration, knowledge application, and social responsibility. These skills are transferrable and applicable to any organizational setting. Students should make an effort to develop these skills as they progress through the course. All of the chapters in this text will begin with the ESM and link different features to a specific skill. Look at Exhibit 1-10 for an example of how the ESM will be presented.

WORKPLACE CONFIDENTIAL: DEALING WITH ORGANIZATIONAL POLITICS

Organizations are made up of individuals and groups with different values, goals, and interests. And, given that resources are limited, you cannot escape politics as different interest groups compete for those resources. For this reason, you need to develop some political skills. The following suggestions will help you improve your political skills and navigate the organizational politics:

- *Frame arguments in terms of organizational goals
- *Develop the right image
- *Gain control of organizational resources
- *Make yourself appear indispensable
- *Be visible
- *Develop powerful allies
- *Avoid “tainted” members
- *Support your boss

For more details on each one of these suggestions read the text box on page 14.

ANSWERS TO REVIEW AND DISCUSSION QUESTIONS

Student answers to these questions will vary.

1-1. What is a manager? How do managers differ from nonmanagerial employees?

The answer to this question used to be straightforward, but the line between managerial and nonmanagerial employees has blurred as more employees take on tasks once reserved for managers. To keep the answer from becoming too complicated, the best way to address this question is to focus on the fact that a manager’s job is about helping others do their work. (LO: 1, Tell who managers are and where they work, AACSB: Analytical thinking)

1-2. Why are managers important to organizations?

There are three key reasons why managers are important to organizations. First, organizations need the managerial skills and abilities that managers provide. Second,

managers are essential to getting things done. Third, research shows that the single most important variable in employee productivity and loyalty is the quality of the relationship between employees and their direct supervisors. (LO: 2, Explain why managers are important to organizations, AACSB: Analytical thinking)

1-3. What is the difference between efficiency and effectiveness?

Both are integral to effective management. Efficiency is getting the most output from the least amount of inputs, the goal of which is to minimize resource costs (see **Exhibit 1-3**). Effectiveness is completing activities so that organizational goals are attained; often described as “doing the right things” (see **Exhibit 1-3**). (LO: 3, Describe the functions, roles, and skills of managers, AACSB: Analytical thinking)

1-4. Is your course instructor a manager? Discuss in terms of managerial functions, managerial roles, and skills.

Course instructors (in contrast to individuals who hold positions such as department head) are not usually classified as managers. In most situations, a course instructor does not fall within the definition of a manager when utilizing managerial functions, mainly because students are clients rather than employees. In some cases, an instructor has little input about course content or how it should be taught. In these instances, the instructor makes few managerial decisions.

In terms of managerial roles, course instructors may be involved in some ways in the interpersonal, informational, and decisional roles. For example, a course instructor could be seen as a liaison (interpersonal role), a monitor and disseminator (both informational roles), and a disturbance handler and negotiator (both decisional roles).

Regarding managerial skills, course instructors certainly need technical skills—knowledge about the latest research and conceptual developments in a particular discipline. They also need significant human skills as they interact with their students. To a limited extent, the instructor utilizes conceptual skills as courses are planned or as departmental curriculums are debated. (LO: 3, Describe the functions, roles, and skills of managers, AACSB: Reflective thinking)

1-5. What is an example of a disruptive innovation that managers might have to cope with in the future?

There are numerous technologies in development that have the potential to radically alter the way some organizations function. Self-driving vehicles and alternative energy automobiles are already affecting the auto industry in terms of resource allocation and investment, and these technologies may soon disrupt the trucking industry and others that deliver products. Nanotechnology and smart metals have the potential to change many sectors of the economy. And, artificial intelligence (AI) is already reshaping production and has the potential to change almost any organization and job. (LO: 4, Describe the factors that are reshaping and redefining the manager’s job, AACSB: Reflective thinking)

1-6. Why is it important for managers to focus on the customer?

Delivering consistent, high-quality customer service is essential to the success of companies. Studies show that 92 percent of customers whose issues are resolved during their first contact with the company are likely to continue to use that company. In contrast, just 51 percent of customers whose issue is not resolved during first contact

continue to use the company. Customer-responsive organizations where employees are friendly and courteous, accessible and knowledgeable, prompt in responding to needs, and willing to do what's necessary to please the customer are likely to be more successful in today's competitive market. (LO: 4, Describe the factors that are reshaping and redefining the manager's job, AACSB: Reflective thinking)

1-7. Explain why the universality of management concept still holds true or doesn't hold true in today's world.

Management principles are needed for the efficient and effective operation of organizations, regardless of the level of the manager or the industry in which they operate. This is true for today's organizations now more than ever. The global environment of today ensures that organizations will face staunch competition. Failure and weakness on the part of management ultimately leads to loss of market share and organizational closure. Also, gone are the days when managers could 'bluff' their way through their dealings with employees who have become more demanding and aware of their legal rights. (LO: 5, Explain the value of studying management, AACSB: Reflective thinking)

1-8. Which of the reasons for studying management are most important to you and why?

While most people do not see 'management' as an invention, it is safe to say that without the principles of management and the guidance of managers in organizations, we as a society would not have reached the level of development that we enjoy today. The goal of management centers on the art of getting things done. Without organizations and their managers, it would be impossible to accomplish what has been done in history so far. It is has always been up to managers to coordinate and oversee work activities in the art of getting things done in the areas of agriculture, medicine, science, and manufacturing. (LO: 5, Explain the value of studying management, AACSB: Reflective thinking)

1-9. Is there one best "style" of management? Why or why not?

This answer requires students to form an opinion, so answers will vary. A possible answer is there is no one best style of management. Organizations have different structures, and managers are tasked with achieving different goals and work with different personalities. Managerial styles can differ from organization to organization, task to task, and person to person. Managers need to cultivate the ability to recognize when they need to use a different approach and be flexible.

(LO: 5, Explain the value of studying management, AACSB: Reflective thinking)

1-10. Researchers at Harvard Business School found that the most important managerial behaviors involve two fundamental things: enabling people to move forward in their work and treating them decently as human beings. What do you think of these two managerial behaviors? What are the implications for someone, like yourself, who is studying management?

This answer requires students to form an opinion, so answers will vary. A possible answer is that you will be a better manager if you enable the people you manage to excel in their tasks. You will soon become known as someone people want to work for since you treat your team with respect and help them improve. This reputation will in turn create opportunities for you to advance.

(LO: 5, Explain the value of studying management, AACSB: Reflective thinking)

ETHICS DILEMMA

Student answers to these questions will vary.

- The gap between career development opportunities managers intend to provide and what they actually deliver to employees has grown to 12 percent.
- Millennials place more importance on career development opportunities and job training than older generations.
- Forty percent of managers never talk with employees about career goals and how to meet them.
- Thirty-seven percent of employees would like to have career-related discussions with their managers more frequently. Moving to a management position isn't easy.

1-11. *Does an organization have an ethical responsibility to provide career development advice to employees? Explain your position.*

Organizations of today should help employees develop to their fullest potential. This practice will benefit the employee and the organization, and it is the first bullet point listed in Exhibit 1-9. Employees will be more likely to stay with the organization and advance through the ranks, and it will create loyalty to the organization and contribute to a positive work environment. (LO: 3, Describe the functions, roles, and skills of managers, AACSB: Ethical understanding and reasoning)

1-12. *If career opportunities in an organization are limited, do managers have a responsibility to convey this information to employees? Explain your position.*

Managers should be forthright and this practice also falls under the category of "support, coach, and nurture others," listed in Exhibit 1-9. Employees appreciate honesty and explaining their options may make some work harder to promote and others will self-select to move to other organizations. (LO: 3, Describe the functions, roles, and skills of managers, AACSB: Ethical understanding and reasoning)

SKILLS EXERCISE: DEVELOPING YOUR SKILLS AS A MANAGER

As referenced in Exhibit 1-7, there are many skills important to managers. The importance of each skill changes depending on the level of the manager. However, all managers need to develop conceptual skills, interpersonal skills, and technical skills. Nine managerial skills are listed in this exercise. Students are encouraged to select two skills and spend one week practicing the skills. As they rotate through the skills, encourage them to take notes to track their progress and then to evaluate their own level of skill development. (LO: 3, Describe the functions, roles, and skills of managers, AACSB: Analytical thinking)

WORKING TOGETHER: TEAM EXERCISE

In groups of three to four individuals, students are asked to discuss their experience with both good and bad managers. Students should make a list of both good and bad management behaviors and relate these to the functions of management and which management skills they think it falls under. As a group, determine which skills could have been improved and whether commonalities exist. Using Mintzberg's roles show where these individuals were deficient and brainstorm ways that these individuals might improve their skills. After the groups develop their list, they should share with the rest of the class. (LO: 3, Describe the functions, roles, and skills of managers, AACSB: Written and oral communication)

MY TURN TO BE A MANAGER

- Use the most current Occupational Outlook Handbook (U.S. Department of Labor, Bureau of Labor Statistics) to research three different categories of managers. For each, prepare a bulleted list that describes the following: the nature of the work, training and other qualifications needed, earnings, and job outlook and projections data.
- Get in the habit of reading at least one current business periodical (*Wall Street Journal*, *BusinessWeek*, *Fortune*, *Fast Company*, *Forbes*, etc.). Keep a file of interesting information you find about managers or managing.
- Explore the social media presence of your favorite company. Like their Facebook page and follow them on Twitter, Instagram, and/or any other social media outlet the company uses.
- Interview two different managers and ask them the following questions: What are the best and worst parts about being a manager? What's the best management advice you ever received? Type up the questions and their answers to turn in to your professor.
- Accountants and other professionals have certification programs to verify their skills, knowledge, and professionalism. What about managers? Two certification programs for managers are the Certified Manager (Institute of Certified Professional Managers) and the Certified Business Manager (Association of Professional in Business Management). Research each of these programs. Prepare a bulleted list of what each involves.
- If you have work experience, consider managers who you have encountered. Did you work with any good managers? Did you work with any bad managers? Based on your experience, create a list of traits or skills that good managers possess.

ANSWERS TO CASE APPLICATION 1 QUESTIONS

Student answers to these questions will vary.

Working with Artificial Intelligence

1-13. *In what ways do machines add to the work of managers and other employees (instead of replacing them)?*

Machines add a level of technical complexity that managers will need to understand. Machines also lack the ability to make some reasoned decisions and could generate errors that create numerous management problems. As an example, a few years ago Wells Fargo foreclosed on a few hundred homes due to a computer glitch. After this mistake was uncovered it was up to the managers to clean up the mess and make it right with those customers. (LO: 4, Describe the factors that are reshaping and redefining the manager's job, AACSB: Analytical thinking)

1-14. *How might AI change a manager's job in 2030?*

Responses to this question will vary. However, managers will need to know the limitations of AI and pair the appropriate technology with the correct human skills. While AI may make rote decisions easier, the more complex decisions will still require a human touch. (LO: 4, Describe the factors that are reshaping and redefining the manager's job, AACSB: Analytical thinking)

1-15. *What kind of skills or tasks do you think are least likely to be done by machines or computers in the future?*

Responses to this question will vary. However, AI does not make complex decisions as well as humans. One example given in the case related to the ability to feel a fabric and see how a garment fits. This task is not easily automated. (LO: 4, Describe the factors that are reshaping and redefining the manager's job, AACSB: Analytical thinking)

1-16. *What can you do to make yourself more valuable to companies so that they need you (and not a machine) to get work done?*

Responses to this question will vary. Students should begin developing the technical skills needed to understand and potentially program AI. However, perhaps most important is to develop critical thinking skills that cannot be easily replicated by a machine. Ethical reasoning skills are also not likely to be easily replicated and require human interaction. (LO: 4, Describe the factors that are reshaping and redefining the manager's job, AACSB: Analytical thinking)

CASE APPLICATION 2 QUESTIONS

Student answers to these questions will vary.

Nike: Taking a Customer Focus to a New Level

1-17. *What makes Nike's focus on the customer different from most companies?*

Answers will vary, but Nike takes the customer focus to an entirely new level. Nike uses focused data collection to determine customer wants and customizes products based on that data. (LO: 1, Tell who managers are and where they work, AACSB: Analytical thinking)

1-18. *If you were in charge of taking Nike's focus on the customer to the next level, what would you do?*

Answers will vary, but the next level might involve the customer using a portal to design their own unique shoe. Of course, manufacturing capabilities will need to be developed that enable these shoes to be made at a reasonable cost. Stores could hold design contests that are unique to a geographic region and roll out the winning shoe. (LO: 4, Describe the factors that are reshaping and redefining the manager's job, AACSB: Analytical thinking)

1-19. *What advantages of online shopping and in-person shopping do Nike Live stores try to combine? Why (or why not) do you think they will be successful?*

Answers will vary, but Nike wants customers to be able to order shoes online and have them pick up the shoes in the store. They are attempting to combine the convenience of online shopping with a customer-focused in-store experience that makes the customer feel special. (LO: 4, Describe the factors that are reshaping and redefining the manager's job, AACSB: Analytical thinking)

1-20. *What do you think a focus on the customer will look like for companies in 2025?*

Answers will vary, but the ability to extract customer likes and dislikes from big data will only improve a firm's ability to customize products to existing demand. Firms that fail to compete based on consumer preferences may find they will not survive long. (LO: 5, Explain the value of studying management, AACSB: Analytical thinking)

Management History Module

In this chapter, we're going to take a trip back in time to see how the field of study called management has evolved. What you're going to find out is that today's managers still use many elements of the historical approaches to management. Focus on the following learning objectives as you read and study this chapter.

LEARNING OBJECTIVES

1. Describe some early management examples.
2. Explain the various theories in the classical approach.
3. Discuss the development and uses of the behavioral approach.
4. Describe the quantitative approach.
5. Explain the various theories in the contemporary approach.

Since the birth of modern management theory in the early 1900s, management experts have developed theories to help organizations and their managers coordinate and oversee work activities as effectively and efficiently as possible. In presenting the history of modern management, this supplement explores the evolution of management thought and practice during the twentieth century. Students discover how knowledge of management history can help us better understand current management practices while avoiding some mistakes of the past.

CHAPTER OUTLINE

MH.1 EARLY MANAGEMENT

Many fascinating examples from history illustrate how management has been practiced for thousands of years.

- A. Organizations and managers have existed for thousands of years. The Egyptian pyramids and the Great Wall of China were projects of tremendous scope and magnitude, requiring the efforts of tens of thousands of people. How was it possible for these projects to be completed successfully? The answer is *management*. Regardless of the titles given to managers throughout history, someone has always had to plan what needs to be accomplished, organize people and materials, lead and direct workers, and impose controls to ensure that goals were attained as planned.
- B. Adam Smith, author of the classical economics doctrine *The Wealth of Nations*, argued brilliantly for the economic advantages that he believed **division of labor** or **job specialization** (the breakdown of jobs into narrow, repetitive tasks) would bring to organizations and society.

- C. The **Industrial Revolution** is possibly the most important pre-twentieth-century influence on management. The introduction of machine powers combined with the division of labor made large, efficient factories possible. Planning, organizing, leading, and controlling became necessary activities.
- D. **Exhibit MH-1** illustrates the development of management theories.

MH.2 CLASSICAL APPROACH

- A. **Scientific management** is defined as the use of the scientific method to determine the “one best way” for a job to be done.
 - 1. Frederick W. Taylor is known as the “father” of scientific management. Taylor’s work at the Midvale and Bethlehem Steel companies stimulated his interest in improving efficiency.
 - a. Taylor sought to create a mental revolution among both workers and managers by defining clear guidelines for improving production efficiency. He defined four principles of management (**Exhibit MH-2**).
 - b. His pig iron experiment is probably the most widely cited example of his scientific management efforts.
 - c. Using his principles of scientific management, Taylor was able to define the “one best way” for doing each job.
 - d. Frederick W. Taylor achieved consistent improvements in productivity in the range of 200 percent. He affirmed the role of managers to plan and control and the role of workers to perform as they were instructed.
 - 2. Frank and Lillian Gilbreth were inspired by Taylor’s work and proceeded to study and develop their own methods of scientific management.
 - a. Frank Gilbreth is probably best known for his experiments in reducing the number of motions in bricklaying.
 - b. The Gilbreths were among the first to use motion picture films to study hand-and-body motions in order to eliminate wasteful motions.
 - c. They also devised a classification scheme to label 17 basic hand motions called **therbligs** (Gilbreth spelled backward, with the *th* transposed).
 - 3. How Today’s Managers Use Scientific Management. Guidelines devised by Taylor and others to improve production efficiency are still used in today’s organizations. However, current management practice is not restricted to scientific management practices alone. Elements of scientific management still used include:
 - a. Using time and motion studies
 - b. Hiring best qualified workers
 - c. Designing incentive systems based on output

- B. **General Administrative Theorists.** This group of writers, who focused on the entire organization, developed more general theories of what managers do and what constitutes good management practice.
1. Henri Fayol, who was a contemporary of Frederick W. Taylor, was the managing director of a large French coal-mining firm.
 - a. Fayol focused on activities common to all managers.
 - b. He described the practice of management as distinct from other typical business functions.
 - c. He stated 14 **principles of management** (fundamental or universal truths of management that can be taught in schools; see **Exhibit MH-3**).
 2. Max Weber (pronounced VAY-ber) was a German sociologist who wrote in the early twentieth century.
 - a. Weber developed a theory of authority structures and described organizational activity based on authority relations.
 - b. He described the ideal form of organization as a **bureaucracy** marked by a division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships (see **Exhibit MH-4**).
 3. How Today's Managers Use General Administrative Theories. Some current management concepts and theories can be traced to the work of the general administrative theorists.
 - a. The functional view of a manager's job relates to Henri Fayol's concept of management.
 - b. Weber's bureaucratic characteristics are evident in many of today's large organizations—even in highly flexible organizations that employ talented professionals. Some bureaucratic mechanisms are necessary in highly innovative organizations to ensure that resources are used efficiently and effectively.

MH.3 BEHAVIORAL APPROACH

The field of study concerned with the actions (behaviors) of people at work is **organizational behavior**. Organizational behavior (OB) research has contributed much of what we know about human resources management and contemporary views of motivation, leadership, trust, teamwork, and conflict management.

- A. **Early Advocates of Organizational Behavior.**
Four individuals—Robert Owen, Hugo Munsterberg, Mary Parker Follett, and Chester Barnard—were early advocates of the OB approach. Their ideas served as the foundation for employee selection procedures, motivation programs, work teams, and organization environment management techniques. (See **Exhibit MH-5** for a summary of the most important ideas of these early advocates.)
- B. The **Hawthorne Studies** were the most important contribution to the development of organizational behavior.

1. This series of experiments conducted from 1924 to the early 1930s at the Western Electric Company Works in Cicero, Illinois, were initially devised as a scientific management experiment to assess the impact of changes in various physical environment variables on employee productivity.
 2. After Harvard professor Elton Mayo and his associates joined the study as consultants, other experiments were included to look at redesigning jobs, make changes in workday and workweek length, introduce rest periods, and introduce individual versus group wage plans.
 3. The researchers concluded that social norms or group standards were key determinants of individual work behavior.
 4. Although not without criticism (concerning procedures, analyses of findings, and the conclusions), the Hawthorne Studies stimulated interest in human behavior in organizational settings.
- C. How Today's Managers Use the Behavioral Approach.
1. The behavioral approach assists managers in designing jobs that motivate workers, in working with employee teams, and in facilitating the flow of communication within organizations.
 2. The behavioral approach provides the foundation for current theories of motivation, leadership, and group behavior and development.

MH.4 QUANTITATIVE APPROACH

The **quantitative approach** to management, sometimes known as *management science*, uses quantitative techniques to improve decision making. This approach includes applications of statistics, optimization models, information models, and computer simulations.

- A. The quantitative approach originated during World War II as mathematical and statistical solutions to military problems and was developed for wartime use.
1. As often happens after wartime, methods that were developed during World War II to conduct military affairs were applied to private industry following the war. For instance, a group of military officers—the Whiz Kids—used quantitative methods to improve decision making at Ford Motor Company in the mid-1940s.
 2. In the 1950s, the ideas and techniques of W. Edwards Deming and Joseph M. Juran were embraced by Japanese organizations. Later Western managers also incorporated their ideas.
 3. The management philosophy devoted to continual improvement and responding to customer needs and expectations is **total quality management** or **TQM**. (See **Exhibit MH-6**.)
 4. TQM represents a counterpoint to earlier management theorists who believed that low costs were the only road to increased productivity.
 5. The objective of quality management is to create an organization committed to continuous improvement in work processes.

- B. How Today's Managers Use the Quantitative Approach.
 - 1. The quantitative approach has contributed most directly to managerial decision making, particularly in planning and controlling.
 - 2. The availability of sophisticated computer software programs has made the use of quantitative techniques more feasible for managers.

MH.5 CONTEMPORARY APPROACHES

- A. **Systems Theory. Exhibit MH-7** identifies major events that affected American business. Many of these events pre-date systems theory but all had a major impact on efficiency, operations, and management. During the 1960s, researchers began to analyze organizations from a systems perspective based on the physical sciences. A **system** is a set of interrelated and interdependent parts arranged in a manner that produces a unified whole. The two basic types of systems are closed and open. A **closed system** is not influenced by and does not interact with its environment. An **open system** interacts with its environment (see **Exhibit MH-8**).
 - 1. Using the systems approach, managers envision an organization as a body with many interdependent parts, each of which is important to the well being of the organization as a whole.
 - 2. Managers coordinate the work activities of the various parts of the organization, realizing that decisions and actions taken in one organizational area will affect other areas.
 - 3. The systems approach recognizes that organizations are not self-contained; they rely on and are affected by factors in their external environment.
- B. **The Contingency Approach.** The contingency approach recognizes that different organizations require different ways of managing.
 - 1. The contingency approach to management is a view that the organization recognizes and responds to situational variables as they arise.
 - 2. Some popular contingency variables are shown in **Exhibit MH-9**.

ANSWERS TO REVIEW AND DISCUSSION QUESTIONS

MH-1. Explain why studying management history is important.

While the study of management history reviews the work of experts in the past, from a practical side, it shows the techniques and implementations that companies are using today. For example, the principles learned from Scientific Management are still used today in manufacturing. Assembly line layouts, work processes, and compensation plans in modern organizations are modifications of the foundation laid by men and women like Taylor. The same is true for the work of Weber, Fayol, and more recently Deming. The organizations we work in today are the result of an evolution of

management concepts, not something completely new. (LO: 5, Explain the various theories in the contemporary approach, AACSB: Analytical thinking)

MH-2. What is the significance of the industrial revolution?

The industrial revolution heralded the shift from manufacturing goods in the home to the more economical process of producing goods in factories. This created demand for the *manager*, the individual responsible for forecasting demand, ensuring that raw materials were on hand, assigning tasks, and generally directing daily activities. (LO: 1, Describe some early management examples, AACSB: Analytical thinking)

MH-3. What is a bureaucracy? Do bureaucracies still exist today?

Max Weber described the bureaucracy as a form of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships. While Weber recognized that the “ideal bureaucracy” didn’t exist in reality, it provided a basis for understanding how work could be done in large groups. Weber’s “ideal type” still describes many contemporary organizations. (LO: 2, Explain the various theories in the classical approach, AACSB: Analytical thinking)

MH-4. What did the early advocates of OB contribute to our understanding of management?

The early advocates of OB gave managers a greater understanding of the human element present in all organizations. What was learned from Scientific Management and the Quantitative Studies allowed for better use of people’s effort, but the underlying causes of why people put forth effort still needed to be explored. The early advocates also brought in a variety of new variables that affect organizational performance, i.e. group dynamics, employee attitudes, conflict, etc. (LO: 3, Discuss the development and uses of the behavioral approach, AACSB: Analytical thinking)

MH-5. Why were the Hawthorne Studies so critical to management history?

While Taylor and Weber sought to make work more efficient, they did not focus on the human element of work. Whether through chance or intentional design, the Hawthorne studies brought up the point that people are more complex than tools and machines. Because an employee is put in a job that has been designed to maximize efficiency, does not mean that the employee will make the choice to do so. (LO: 2, Explain the various theories in the classical approach, AACSB: Analytical thinking)

MH-6. Explain what the quantitative approach has contributed to the field of management.

Although “people” problems can rarely be resolved using quantitative techniques exclusively, mathematical techniques can help a manager solve these types of problems. Statistical methods, information models, computer simulations, and other quantitative techniques are designed to help managers make better decisions. Accordingly, they could help a manager address people problems encountered in the workplace. (LO: 4, Describe the quantitative approach, AACSB: Analytical thinking)

MH-7. Describe total quality management.

As proposed by Edward Deming, TQM is a management philosophy devoted to continual improvement and responding to customer needs and expectations. (See **Exhibit MH-6.**) Customers include anyone who interacts with the organization's products or services internally or externally. It encompasses employees and suppliers as well as the people who purchase the organization's goods or services. TQM also advocates *continual improvement*, which requires statistical techniques that measure every critical variable in the organization's work processes. These measurements are compared against standards to identify and correct problems. (LO: 5, Explain the various theories in the contemporary approach, AACSB: Analytical thinking)

MH-8. How has technology impacted how managers use the quantitative approach in today's workplace?

Today's technology has allowed for the development of specialized software to facilitate budgeting, queuing, scheduling, quality control, and so on. This has enabled companies like Whole Foods to improve customer service. Whole Foods uses the quantitative approach for queue management, or to keep lines moving in their stores. (LO: 4, Describe the quantitative approach, AACSB: Analytical thinking)

MH-9. How do systems theory and the contingency approach make managers better at what they do?

Going back to the view of Scientific Management, Taylor sought for the one best way to organize work. What we know today from the systems and contingency view is that there is no one best way to do anything in an organization. There are too many internal and external factors that affect employee and organizational performance to design a job or task and then sit back and be comfortable. Managers must understand that the workplace is both complex and dynamic. But this should not be an excuse for managers who attempt to use accepted theory and practices. Managers should embrace the differences in people and organizations and do their best to apply theory to the context of their organization. (LO: 5, Explain the various theories in the contemporary approach, AACSB: Analytical thinking)

MH-10. How do societal trends influence the practice of management? What are the implications for someone studying management?

Societal trends have a major impact on the practice of management. For example, the change in society's emphasis on the value of diversity has profound implications for the recruiting, hiring, training, development, and motivation programs in the human resources functions of an organization. Work-related processes must be aligned with the needs of a diverse and pluralistic workforce. The impact of these changes is a global issue; business organizations throughout the world—including Canada, Australia, South Africa, Japan, and Europe—are experiencing similar trends. (LO: 5, Explain the various theories in the contemporary approach, AACSB: Analytical thinking)

MY TURN TO BE A MANAGER

- Conduct research and identify a new or emerging management theory. Do you think the new theory will have an impact on future management practices?
- Can scientific management principles help you be more efficient? Choose a task that you do regularly (such as laundry, fixing dinner, grocery shopping, studying for exams, etc.). Analyze it by writing down the steps involved in completing that task. See if there are activities that could be combined or eliminated. Find the “one best way” to do this task. And the next time you have to do the task, try the scientifically managed way and see if you become more efficient (keeping in mind that changing habits isn’t easy to do).
- How do business organizations survive for 100+ years? Obviously, they’ve seen a lot of historical events come and go! Choose one such company (for example, Coca-Cola, Procter & Gamble, Avon, General Electric) and research its history. How has the company changed over the years? From your research on this company, what did you learn that could help you be a better manager?
- Pick one historical event from this century and do some research on it. Write a paper describing the impact that this event might be having or has had on how workplaces are managed.
- Come on, admit it. You multitask, don’t you? And if not, you probably know people who do. Multitasking is common in the workplace. But does it make employees more efficient and effective? Pretend you’re the manager in charge of a loan-processing department. Describe how you would research this issue, using each of the following management approaches or theories: scientific management, general administrative theory, quantitative approach, behavioral approach, systems theory, and contingency theory.

ADDITIONAL CHAPTER INFORMATION

You may want to use the following information to generate class discussion. If so, be prepared to defend why students nonetheless need to know how management thought has evolved.

Real Time: Preparing for the Age of the Never Satisfied Customer, a book by Regis McKenna, argues that companies will have to reorganize in order to conduct their business in real-time because “the competitive environment will no longer tolerate slow response or delayed decision-making.” The assumption from decades of scientific management theories and from control proponents like Frederick W. Taylor has led managers to believe that the future can be predicted and controlled. Managers must realize that “continuous discontinuous change” is now necessary for success and that planning beyond the next quarter will be futile.

Studying the major theories and theorists can be challenging to some students. One approach to learning this material that has been used in a classroom is to play a trivia game for points. The instructor develops questions in the format used in *Jeopardy* about

management history, early theories, and early theorists. The class is divided into teams for competition. One team selects a category, and the instructor reads the appropriate question. If the team successfully answers the question, the team is awarded 10 points; if the team answers incorrectly, 10 points are deducted from the team's score, and the next team in rotation is given the opportunity to answer the question. If this team successfully answers the question, it receives the 10 points. Teams select and attempt to answer questions in a rotating manner, with all teams having the same number of "turns." At the end of the class period, the team with the most points is declared the winner, and each member of the winning team is awarded a bonus of 10 points as an in-class participation score. Negative team scores are simply recorded as a 10-point participation grade.

Students who have played this game have found it to be fun and helpful in studying the history, theories, and theorists of management, yesterday and today.