**Chapter 1**

**the world of innovative management**

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# Annotated Learning Outcomes

The annotated learning outcomes are important and provide an outline of the chapter’s learning objectives, along with notes that include how students should demonstrate a mastery of the concepts as they work through the fulfillment of these outcomes.

After studying this chapter, students should be able to:

1.1. *Describe five management competencies that are becoming crucial in today’s fast-paced and rapidly changing world.*

Today’s effective manager must move from the traditional role of controller to one of an enabler who helps people to be their best. Because much work is done in teams, today’s competent manager must possess team leadership skills. Successful managers also manage relationships through authentic conversation and collaboration. This communication and collaboration can be used to support an empowered work environment. Further, today’s managers must move from the traditional mind-set of maintaining stability to mobilizing for change.

* 1. *Define the four management functions and the type of management activity associated with each.*

Managerial success depends on strengths in four key areas. The ability of managers to plan well (charting a course for the project/team) helps them put together all the necessary pieces for policies, procedures, and anything else that needs to be prepared prior to getting things ready to go. Supporting and encouraging their staff is essential to showing strong leadership skills. Following all the various threads of the project and keeping up with each step every member of the team is taking helps to demonstrate their ability to control the various aspects of the project and the team.

1.3 *Explain the difference between efficiency and effectiveness and their importance for organizational performance.*

Organizational effectiveness is the degree to which the organization achieves a stated objective. It means the organization succeeds in accomplishing what it tries to do. Organizational efficiency refers to the amount of resources used to achieve an organizational goal. It is based on the amount of raw material, money, and people that are necessary for producing a given volume of output.

1.4 *Describe technical, human, and conceptual skills and their relevance for managers.*

Conceptual skill is the cognitive ability to see the organization as a whole and the relationships among its parts. It involves knowing where one’s team fits into the total organization and how the organization fits into its environment. It means the ability to *think strategically*—to take the broad, long-term view—and to identify, evaluate, and solve complex problems. Conceptual skill is especially important for top managers. Many of the responsibilities of top managers, such as decision making, resource allocation, and innovation, require a broad view.

Human skill is the manager’s ability to work with and through other people and to work effectively as a group member. It is demonstrated in the way a manager motivates, facilitates, coordinates, leads, communicates, and resolves conflicts. Human skill is important for managers at all levels, and particularly those who work with employees directly on a daily basis.

Technical skill is the understanding of and proficiency in the performance of specific tasks. This includes mastery of the methods, techniques, and equipment involved in specific functions such as engineering, manufacturing, or finance. Technical skill also includes specialized knowledge, analytical ability, and competent use of tools and techniques to solve problems in that specific discipline. Technical skills are the most important at lower levels and become less important than human and conceptual skills as managers are promoted.

* 1. *Describe management types and the horizontal and vertical differences among them.*

There are three major types of managers when you look at the traditional, vertical view of hierarchy. First-level managers are more concerned with employee performance. Middle managers work by putting plans into place. Top-level managers focus on strategy. Managers at the first-level and middle level may also have horizontal project manager responsibilities across other departments and even teams.

An alternative to traditional top-down management, a new type of management is coming along, known as horizontal leadership. This is the beginning of what some see as a bossless organization, where everybody on the team is an equal and works together to solve problems, some members of the team taking a leadership role for part of a project, while others lead a different aspect of the same project.

1.6 *Summarize the personal challenges involved in becoming a new manager.*

Becoming a new manager requires a profound transformation in the way a person thinks of himself or herself, called *personal identity*. It involves letting go of deeply held attitudes and habits and learning new ways of thinking. Some of the challenges include transitioning from thinking of oneself as a specialist who performs specific tasks to thinking of oneself as a generalist who coordinates diverse tasks, doing things yourself to getting things done through others, being an individual actor to becoming a network builder, and working independently to working interdependently.

1.7 *Define 10 roles that managers perform in organizations.*

A role is a set of expectations for a manager’s behavior. The 10 roles are divided into three conceptual categories: *informational* (managing by information), *interpersonal* (managing through people), and *decisional* (managing through information).

*Informational roles* include the functions used to maintain and develop an information network.

The *monitor* role involves seeking current information from many sources. The *disseminator* role is the opposite of the monitor role. In the disseminator role, the manager transmits information to others, both inside and outside the organization. The *spokesperson* role pertains to making official statements to people outside the organization about company policies, actions, or plans.

*Interpersonal roles* refer to relationships with others and are related to human skills.

The *figurehead* role involves the ceremonial and symbolic functions handled on behalf of the organization. The *leader* role is the relationship with subordinates, including motivation, communication, and influence. The *liaison* role is the development of information sources both inside and outside the organization.

*Decisional roles* come into play when managers must make choices.

These roles often require both conceptual and human skills. The *entrepreneur* role involves the initiation of change. Managers seek ways to solve problems or improve operations. The *disturbance handler* role involves resolving conflict among subordinates, between managers, or between departments. The *resource allocator* role pertains to allocating resources in order to attain desired outcomes. The *negotiator* role involves formal negotiations and bargaining to attain outcomes for the manager’s unit of responsibility.

1.8 *Explain the unique characteristics of the manager’s role in small businesses and nonprofit organizations.*

Managers in small businesses tend to emphasize different roles from those of managers in large corporations. They see their primary roles as spokesperson and entrepreneur and tend to rate lower on the leader and information-processing roles than do their counterparts on large corporations. Because of the unique challenges that confront managers in nonprofit organizations, those managers emphasize the spokesperson, leader, and resource allocator roles.

1.9 *Summarize the historical struggle between managing the “things of production” and the “humanity of production.”*

During the Industrial Revolution, a sudden focus on production became the most important part of management. The emphasis was on the quantifiable, using science, clearly defined laws, rules, and principles, turning people into little more than cogs in the big wheel.

In 1922, Dean Wallace B. Donham wrote that “the development, strengthening, and multiplication of socially minded business men is the central problem of business.” During the 1920s, a minor rebellion began against the numbers-driven organizations, and a demand for a more humanistic, people-oriented management approach was born.

The struggle between the two different views of management has continued till the present day.

1.10 *Describe the major components of the classical and humanistic management perspectives.*

The thrust of the classical perspective was to make organizations as efficient operating machines. This perspective contains the following subfields, each with a slightly different emphasis:

a. Scientific management emphasizes that decisions based on rules of thumb and tradition be replaced with precise procedures developed after careful study of individual situations as the solution to improve efficiency and labor productivity.

b. Bureaucratic organizations emphasize management on an impersonal, rational basis through elements such as clearly defined authority and responsibility, recordkeeping, and separation of management and ownership.

c. Administrative principles focus on the productivity of the total organization rather than the productivity of the individual worker.

The humanistic perspective emphasized the importance of understanding human behaviors, needs, and attitudes in the workplace, as well as social interactions and group processes. Major components include the following:

a. Human relations movement, which recognized and directly responded to social pressures for enlightened treatment of employees, and the notion that human relations was the best approach for increasing productivity—a belief that persists today.

b. Human resources perspective, which maintained an interest in worker participation and considerate leadership but shifted the emphasis to consider the daily tasks that people perform, combining prescriptions for design of job tasks with theories of motivation.

c. Behavioral sciences approach, which develops theories of human behavior based on scientific methods and draws from sociology, psychology, anthropology, economics, and other disciplines to develop theories about human behavior and interaction in an organizational setting.

Management science, also referred to as the quantitative perspective, is distinguished by its application of mathematics, statistics, and other quantitative techniques to management decision making and problem solving. Its three subsets are:

1. Operations research, which consists of mathematical model building and other applications of quantitative techniques to managerial problems.
2. Operations management, specializing in the physical production of goods and services, which includes methods such as forecasting, inventory modeling, linear and nonlinear programming, queuing theory, scheduling, simulation, and break-even analysis.
3. Information technology, the most recent subfield, which is often reflected in management information systems designed to provide relevant information to managers in a timely and cost-effective manner, such as intranets, extranets, and various management software programs.
   1. *Discuss the management science approach and its current use in organizations.*

Management science is distinguished by its application of mathematics, statistics, and other quantitative techniques to management decision making and problem solving. From its birth as a means to a military end during WWII, it was quickly adopted by managers. Scholars began cranking out numerous mathematical tools for corporate managers, such as the application of linear programming for optimizing operations, statistical process of control for quality management, and the capital asset pricing model.

1.12 *Explain the major concepts of systems thinking, the contingency view, and total quality management.*

*Systems thinking* is the ability to see both the distinct elements of a system or situation and the complex and changing interaction among those elements. Managers must understand the synergy of the whole organization—realizing that the whole is greater than the sum of its parts—and reinforce or change whole system patterns. The *contingency view* purports that certain variables exist for helping managers identify and understand situations. What works in one setting might not work in another, and a manager’s response to a situation depends on identifying key contingencies in an organizational situation. The *total quality management* (TQM) approach focuses on managing the total organization to deliver better quality to customers. The four significant elements of TQM are employee involvement, focus on the customer, benchmarking, and continuous improvement.

1.13 *Provide examples of contemporary management tools and explain why these trends change over time.*

Current popular management tools include benchmarking, strategic planning, mission and vision statements, and customer segmentation. Current global trends include the use of the balanced scorecard, social media programs (North America), knowledge management (Asia), benchmarking (Europe), and change management programs (Europe).

Management trends change as managers look for fresh ideas to help them cope during difficult times. Recent challenges faced by today’s managers include the tough economy and volatile stock market, environmental and organizational crises, anxieties over war and terrorism, and public suspicion resulting from the crisis on Wall Street.

1.14 *Describe the management changes brought about by a technology-driven workplace, including the role of big data analytics and supply chain management.*

Big data analytics is one of the biggest technological changes for companies. It can help an organization make direct use consumer data to predict sales and trends down to the individual level. It’s the technology, skills, and processes for searching and examining massive, complex sets of data that traditional data processing applications cannot handle to uncover hidden patterns and correlations. This allows a company like Amazon to pore over your purchase history, use of sales, use of suggestions, and more to tailor your individual experience when on the Amazon site.

One of the other important developments in business technology involves supply chain management. Trying to stay on top of various changes in the consumer base can be tricky but knowing how to do this or predicting how much is needed of any specific material is important in making certain that those materials are available when they are required.

1. 1.15 *Explain how organizations are implementing the ideas of bossless workplaces and employee engagement to facilitate a people-focused workplace.*

In a bossless environment, nobody gives orders, and nobody takes orders. Accountability is focused on the customer and the team rather than on a manager. With a bossless environment, the employees gain flexibility, and greater employee initiative and commitment, and better and faster decision making. It’s important that the culture of a bossless environment engages employees and supports the nonhierarchical environment. In fact, employee engagement is essential for a successful bossless environment.

1. *Explain how social business is bridging the historical struggle between managing the “things of production” and the “humanity of production.”*

Social media is a new technology (*thing* of production) that, for the first time, adds directly to the *humanity* of production. Social media technology can improve efficiency, increase productivity, and facilitate faster and smoother operations by improving communication and collaborations within and across firms.

Data from social media organizations such as Facebook are invaluable for companies. It can improve the human aspect of organizations by enabling a sense of community and facilitating communication, collaboration, and knowledge sharing.

# Lecture Outline

The purpose of the lecture outline is to break out a chapter’s key concepts and provide talking points and discussion prompts for the students.

*NEW MANAGER SELF-TEST: ARE YOU READY TO BE A MANAGER?*

(NOTE: The manager self-test is found in the textbook and in the MindTap course.)

In a world of rapid change, unexpected events, and uncertainty, organizations need managers who can build networks and pull people together toward common goals. This exercise helps students determine whether their priorities align with the demands placed on today’s managers.

## 1.1 MANAGEMENT COMPETENCIES FOR TODAY’S WORLD Exhibit 1.1

**Management** is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources.

There are two important ideas in this definition: (1) the four functions of planning, organizing, leading, and controlling, and (2) the attainment of organizational goals in an efficient and effective manner.

Today’s managers are “future facing.” That is, they design the organization and culture to anticipate threats and opportunities from the environment, challenge the status quo, and promote creativity, learning, adaptation, and innovation.

## 1.2 THE BASIC FUNCTIONS OF MANAGEMENT

According to Peter Drucker, management involves five tasks: (1) set objectives, (2) organize, (3) motivate and communicate, (4) measure, and (5) develop people. Exhibit 1.2

The activities outlined in Exhibit 1.2 fall into four fundamental management functions:

* 1. Planning

Planningis the management function concerned with identifying goals for future organizational performance and deciding on the tasks and use of resources needed to attain them. It defines where the organization wants to be in the future and how to get there.

* 1. Organizing

Organizingis the management function concerned with assigning tasks, grouping tasks into departments, delegating authority, and allocating resources across the organization. Organizing follows planning and reflects how the organization tries to accomplish the plan.

* 1. Leading

Leadingis the management function that involves the use of influence to motivate employees to achieve the organization’s goals. It involves motivating entire departments and divisions as well as those individuals working immediately with the manager.

* 1. Controlling

Controllingis the management function concerned with monitoring employees’ activities, keeping the organization on track toward its goals, and making corrections as needed. Trends toward employment and trust of employees have led many companies to place less emphasis on top-down control and more emphasis on training employees to monitor and correct themselves. However, the ultimate responsibility for control still rests with managers.

Discussion Question #1: *Think about the breakdown in the command chain with the U.S. Secret Service. Discuss the events that led to their very public display of inefficiency, and scandals. What kinds of changes could have been made at the managerial level to prevent such events from occurring?*

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## 1.3 ORGANIZATIONAL PERFORMANCE

An **organization** is a social entity that is goal directed and deliberately structured. *Social entity* means two or more people. *Goal directed* means the organization is designed to achieve some outcome or goal such as make a profit. *Deliberately structured* means tasks are divided, and responsibility for their performance is assigned to organization members.

The manager’s responsibility is to coordinate resources in an effective and efficient manner to accomplish the organization’s goals. **Organizational** **effectiveness** is the degree to which the organization achieves a *stated goal* or succeeds in accomplishing what it tries to do. **Organizational efficiency** refers to the amount of resources used to achieve an organizational goal. It is based on the how much raw material, money, and people are necessary for producing a given volume of output. All managers have to pay attention to costs, but severe cost cutting to improve efficiency can sometimes hurt organizational effectiveness.

The ultimate responsibility of managers is to achieve high **performance**, which is the organization’s ability to attain its goals by using resources in an efficient *and* effective manner.

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## 1.4 MANAGEMENT SKILLS Exhibits 1.3, 1.4

A manager’s job requires a range of skills. Although some management theorists propose a long list of skills, the necessary skills for managing a department or an organization can be placed in three categories: conceptual, human, and technical.

A good example of good management behavior can be found in Exhibit 1.4—Google’s Rules: Eight Good Behaviors for Managers.

A. When Skills Fail Exhibit 1.5, 1.6

1. During turbulent times, managers must use all their skills and competencies to benefit the organization and its stakeholders.
2. Many companies falter because managers fail to listen to customers, misinterpret signals from the market, or can’t build a cohesive team.
3. The number one reason for manager failure is ineffective communication skills and practices. Especially in times of uncertainty or crisis, if managers do not communicate effectively, including listening to employees and customers and showing genuine care and concern, organizational performance and reputation suffer.

Discussion Question #2: *Focus on the Volkswagen Diesel Scandal and think about the various managerial skills that had failed and led to this reality. Do you feel as though Winterkorn was really in the dark about what was happening, or do you think he knew and looked the other way, or do you think he was behind it?*

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## 1.5 WHAT IS A MANAGER’S JOB REALLY LIKE?

“Despite a proliferation of management gurus, management consultants, and management schools, it remains murky to many of us what managers actually do and why we need them in the first place.” —Ray Fisman, Columbia Business School professor.

Researchers have looked at what managers *like* to do. Both male and female managers across five different countries report they most enjoy activities such as leading others, networking, and leading innovation.

1. Making the Leap: Becoming a New Manager Exhibit 1.7

Becoming a manager involves a profound transformation in the way people think of themselves, called personal identity, that includes letting go of deeply held attitudes and learning new ways of thinking. Specific aspects of this transformation include changing one’s identity:

1. From a specialist who performs specific tasks to a generalist who coordinates diverse tasks;
2. From things done through one’s own efforts to getting things done through other people;
3. From an individual actor to a team and network builder, motivator, and organizer; and
4. From working relatively independently to working in a highly interdependent manner.

Most new managers are unprepared for the variety of activities managers routinely perform.

B. Manager Activities

* + 1. Adventures in Multitasking

Managerial activity is characterized by variety, fragmentation, and brevity. The average time spent on any one activity is less than nine minutes, and managers must be able to shift gears quickly.

* + 1. Life on Speed Dial

1. Managers perform a great deal of work at an unrelenting pace, requiring great energy. Most top executives routinely work at least 12 hours a day and spend 50 percent or more of their time traveling.
2. Calendars are often booked months in advance, but unexpected disturbances erupt every day.
3. Majority of executives’ meetings and other contacts are ad hoc, and even scheduled meetings are typically surrounded by other events such as quick phone calls, scanning of e-mail, or spontaneous encounters.
4. Technology, such as e-mail, text messaging, cell phones, and laptops, intensifies the pace.
   * 1. Where Does a Manager Find the Time?
5. Time is a manager’s most valuable resource, and one characteristic that identifies successful managers is that they know how to use time effectively to accomplish the important things first and the less important things later.
6. **Time management** refers to using techniques that enable you to get more done in less time and with better results, be more relaxed, and have more time to enjoy your work and your life.

c. Learning to manage their time effectively is one of the greatest challenges that new managers face.

Discussion Question #3: *What are some effective ways of managing time and projects that could help a manager do their job more efficiently?*

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C. Manager Roles Exhibit 1.8

1. A **role** is a set of expectations for a manager’s behavior. Managers’ activities can be organized into 10 roles. These 10 roles are divided into three categories: informational, interpersonal, and decisional.
2. *Informational roles* include the functions used to maintain and develop an information network.
   1. The *monitor* role involves seeking current information from many sources.
   2. The *disseminator* role is the opposite of the monitor role. In the disseminator role, the manager transmits information to others, both inside and outside the organization.
   3. The *spokesperson* role involves transmitting information to outsiders by such means as speeches and reports.
3. *Interpersonal roles* refer to relationships with others and are related to human skills.
   1. The *figurehead* role involves the handling of ceremonial and symbolic functions for the organization.
   2. The *leader* role encompasses the relationship with subordinates, including motivation, communication, and influence.
   3. The *liaison* role entails the development of information sources both inside and outside the organization.
4. *Decisional roles* come into play when managers must make choices. These roles often require both conceptual and human skills.
   1. The *entrepreneur* role involves the initiation of change. Managers seek ways to solve problems or improve operations.
   2. The *disturbance handler* role involves resolving conflicts among subordinates, between managers, or between departments.
   3. The *resource allocator* role pertains to allocating resources in order to attain desired outcomes.
   4. The *negotiator* role involves representing the team’s or department’s interests during negotiation of budgets, union contracts, and purchases.

## 1.6 MANAGING IN SMALL BUSINESSES AND NONPROFIT ORGANIZATIONS

Small businesses are growing in importance. Hundreds of small businesses open every month, but the environment for small business today is highly complicated.

Small business managers tend to emphasize different roles from those emphasized by managers in large corporations. They see their most important role as that of spokesperson in promoting their business to the outside world. The entrepreneur role is also critical in small businesses because managers have to be innovative and help their organizations develop new ideas to remain competitive.

Nonprofit organizations also represent a major application of management talent. The functions of planning, organizing, leading, and controlling apply just as in other organizations. Managers in nonprofit organizations direct their efforts toward generating some kind of social impact.

Financial resources for nonprofit organizations typically come from government appropriations, grants, and donations rather than from the sale of products or services to customers. In nonprofits, services are typically provided to nonpaying clients, and a major problem for many nonprofit organizations is securing a steady stream of funds to continue operating.

Donors generally want their money to go directly to helping clients rather than for overhead costs. If nonprofit managers can’t demonstrate a highly efficient use of resources, they might have a hard time securing additional donations or government appropriations.

The roles defined by Mintzberg also apply to nonprofit managers, but they may differ a little. Nonprofit managers may place more emphasis on the roles of spokesperson, leader, and resource allocator.

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## 1.7 THE EVOLUTION OF MANAGEMENT THINKING

Zappos did away with all job titles and abolished the organizational hierarchy in favor of a radical system of self-management called *holocracy*. There are currently at least 18 organizations around the world that are being operated as primarily bossless workplaces.

Some organizations will continue to operate with little or no hierarchy, and others will move toward a more hierarchical structure. Managers are always on the lookout for fresh ideas, innovative management approaches, and new tools and techniques. Management philosophies and organizational forms change over time to meet new needs and respond to current challenges.

*NEW MANAGER SELF-TEST: ARE YOU A NEW-STYLE OR AN OLD-STYLE MANAGER?*

Management philosophies and styles change over time to meet new needs. This exercise helps students determine their primary management styles as either Theory X (old style) or Theory Y (new style).

## 1.8 THE HISTORICAL STRUGGLE: THE THINGS OF PRODUCTION VERSUS THE HUMANITY OF PRODUCTION Exhibit 1.9, 1.10

Management practices and perspectives vary in response to social, political, and economic changes in the larger society. Exhibit 1.9 illustrates the evolution of significant management perspectives over time. The timeline reflects the dominant time period for each approach, but elements of each are still used in organizations today.

The earliest focus on management was on the things of production. In other words, the needs of the people were often ignored in the interest of higher production efficiency and profit.

By the 1920s and 1930s, the needs of and positive treatment of employees were discovered as another path to efficiency and profit.

When forces either outside or within the organization suggest a need for change to improve efficiency or effectiveness, managers have often responded with a technology- or numbers-oriented solution that makes people little more than cogs in a big wheel.

Frederick Taylor wrote that the best management is a true science, resting upon clearly defined laws, rules, and principles. By the 1920s, there was a minor rebellion against this emphasis on the quantifiable with a call for more attention to human and social needs (the humanistic perspective). In the first issue of the *Harvard Business Review* (1922), Dean Wallace B. Donham wrote that “the development, strengthening, and multiplication of socially minded business men is the central problem of business.” This dilemma—the scientific numbers-driven push for greater productivity and profitability and the call for more humanistic, people-oriented management—has continued to the present day.

## 1.9 CLASSICAL PERSPECTIVE

The **classical perspective** emerged during the nineteenth and twentieth centuries and emphasized a rational, scientific approach to the study of management. The factory system of the 1800s faced challenges that earlier organizations had not encountered. Problems arose in tooling plants, organizing managerial structure, training non-English-

speaking employees, scheduling complex manufacturing operations, and resolving strikes. These new problems and the development of large complex, organizations demanded a new perspective on coordination and control. The classical perspective contains three subfields, each with a slightly different emphasis—scientific management, bureaucratic organizations, and administrative principles.

* 1. Scientific Management Exhibit 1.11

1. Frederick W. Taylor (1856–1915) developed **scientific management**, a subfield of the classical perspective, that emphasizes scientific changes in management to improve labor productivity. However, because scientific management ignored the social context and workers’ needs, it led to increased conflict and clashes between management and employees.
2. Taylor suggested that decisions based on rules of thumb and tradition should be replaced with precise work procedures developed after careful study of individual situations. In 1898, Taylor used the unloading of iron from rail cars and reloading finished steel to calculate the correct movements and tools needed to increase productivity. Taylor worked out an incentive system that paid each man $1.85 a day instead of $1.15, and productivity shot up overnight.
3. Although Taylor is known as the *father of scientific management*, his associate Henri Gantt developed the *Gantt chart*—a bar graph that measures planned and completed work along each stage of production by time elapsed.
4. Frank B. and Lillian M. Gilbreth pioneered *time and motion study*, which stressed efficiency and the best way to do work. Although Gilbreth is known for work with bricklayers, his work had great impact on medical surgery by drastically reducing the time that patients spent on the operating table. Lillian M. Gilbreth (1878–1972) was more interested in the human aspect of work. She was a pioneer in the field of industrial psychology and made substantial contributions to human resource management.
5. Scientific management that began with Taylor dramatically increased productivity across all industries, and it is still important today. To use this approach, managers should develop standard methods for doing each job, select workers with appropriate abilities, train workers in the standard methods, support workers and eliminate interruptions, and provide wage incentives. However, because scientific management ignores the social context and workers’ needs, it can lead to increased conflict and clashes between managers and employees.
   1. Bureaucratic Organizations Exhibit 1.12
6. The **bureaucratic organizations** **approach** is a subfield within the classical perspective that looked at the organization as a whole. Max Weber (1864–1920) introduced management on an impersonal, rational basis through clearly defined authority and responsibility, formal recordkeeping, and separation of management and ownership.
7. Weber’s idea of organization was the *bureaucracy*: a system that incorporated division of labor, hierarchy, rules and procedures, written decisions, promotion based on technical qualifications, and separation of ownership and management. In a bureaucracy, managers do not depend on personality for successfully giving orders but on the legal power invested in their managerial positions.
8. The term bureaucracyhas taken a negative meaning in today’s organizations and is associated with endless rules and red tape; however, ideally everyone gets equal treatment, and everyone knows what the rules are. For example, UPS has been successful because of its bureaucracy of rules and regulations, a well-defined division of labor, and technical qualifications as a primary hiring criterion.
   1. Administrative Principles
9. The **administrative principles** **approach** focused on the total organization rather than the individual worker. Henri Fayol (1841–1925) identified 14 principles that include the following four:
10. *Unity of command.*  Each employee should have only one boss.
11. *Division of work.* Specialized employees produce more with the same effort.
12. *Unity of direction*. Similar activities should be grouped under one manager.
13. *Scalar chain.* A chain of authority extends from the top of an organization.
    1. Another, more recent, management approach that falls within the classical perspective is management science. World War II caused many management changes. To handle the massive and complicated problems associated with modern global warfare, managerial decision makers needed more sophisticated tools than ever before. Management science, also referred to as the quantitative perspective, provided a way to address those problems. This view is distinguished for its application of mathematics, statistics, and other quantitative techniques to management decision making and problem solving.

Picking up on techniques developed for the military, scholars began cranking out numerous mathematical tools for corporate managers, such as the application of linear programming for optimizing operations, statistical process control for quality management, and the capital asset pricing model.

The Walt Disney Company used **quantitative techniques** to develop FastPass, a sophisticated computerized system that spares people the ordeal of standing in long lines for the most popular rides.

However, relying too heavily on quantitative techniques can cause problems for managers. Mortgage companies used quantitative models that showed that their investments in subprime mortgages would be okay even if default rates hit historically high proportions. However, the models didn’t take into account that no one before in history had thought it made sense to give $500,000 loans to people making minimum wage!

The overall classical perspective as an approach to management was very powerful and gave companies fundamental new skills for establishing high productivity and effective treatment of employees. Indeed, the United States surged ahead of the world in management techniques, and other countries, especially Japan, borrowed heavily from American ideas.

## 1.10 HUMANISTIC PERSPECTIVE

The **humanistic perspective** on management emphasizes the importance of understanding human behaviors, needs, and attitudes in the workplace, and social interactions and group processes. Subfields within the humanistic perspective include the human relations movement, the human resources perspective, and the behavioral sciences approach.

* 1. Early Advocates

1. Mary Parker Follett (1868–1933) stressed the importance of people rather than engineering techniques and addressed ethics, power, and *empowerment*. Her concepts included facilitating rather than controlling employees and allowing employees to act according to the situation.
2. Chester I. Barnard (1886–1961) contributed the concept of the *informal organization*, which occurs in all formal organizations and includes cliques and social groupings. Barnard argued that organizations were not machines and that informal relationships are powerful forces that can help the organization if properly managed. Barnard also contributed the *acceptance theory of authority*—the notion that employees have free will and can choose whether to follow management orders. Acceptance of authority can be critical to success in important situations.
   1. Human Relations Movement
3. The **human relations movement** was based on the idea that truly effective control comes from within the individual worker rather than from strict, authoritarian control. This school of thought recognized and directly responded to social pressures for enlightened treatment of employees. The human relations movement emphasized satisfaction of employees’ basic needs as the key to increased worker productivity.
4. The **Hawthorne studies** were a series of experiments on worker productivity at the Hawthorne plant of Western Electric Company, Chicago. The tests were originally designed to investigate the effects of illumination on output; however, many of the tests pointed to the importance of factors *other* than illumination in affecting productivity. The Hawthorne studies were important in shaping ideas concerning how managers should treat workers.
5. Early interpretations agreed that human relations, not money, caused increased output. Workers performed better when managers treated them positively. New data showed that money mattered, but productivity increased because of increased feelings of importance and group pride employees felt when they were selected for the project.
   1. Human Resources Perspective Exhibit 1.13
6. The **human resources perspective** suggests jobs should be designed to meet higher-level needs by allowing workers to use their full potential. This perspective combines prescriptions for design of job tasks with theories of motivation.
7. Abraham Maslow (1906–1970), a psychologist, suggested a hierarchy of needs because he observed that problems usually stemmed from an inability to satisfy needs. This hierarchy started with physiological needs and progressed to safety, belongingness, esteem, and self-actualization needs.
8. Douglas McGregor (1906–1964) formulated his Theory X and Theory Y about workers, believing that the classical perspective was based on Theory X, a set of assumptions about workers that suggests workers:
9. dislike work and prefer to be directed;
10. must be coerced to work;
11. want to avoid responsibility and have little ambition; and
12. want security above everything.
13. Theory Y was proposed as a more realistic view of workers, consisting of assumptions that:
    1. they do not inherently dislike work;
    2. they will achieve objectives to which they are committed;
    3. they will accept and seek responsibility;
    4. they have intellect that could be applied to organizational goals; and
    5. the intellectual potential of the average worker is only partially used.
    6. Behavioral Sciences Approach
14. The **behavioral sciences approach** applies social science in organizational context, drawing from economics, psychology, sociology, and other disciplines. For example, when Zappos.com conducts research to determine the best set of tests, interviews, and employee profiles to use when selecting new employees, it is using behavioral science techniques.
15. One set of management techniques based in the behavioral sciences approach is *organization development* (OD). The techniques and concepts of organization development have been broadened and expanded to cope with the increasing complexity of organizations.
16. Other concepts that grew out of the behavioral sciences approach include matrix organizations, self-managed teams, ideas about corporate culture, and management by wandering around. In recent years, behavioral sciences and OD techniques have been applied to help managers build learning organizations.

Notes\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

## 1.11 RECENT HISTORICAL TRENDS

Elements of each of the three previously discussed management perspectives are still in use today. The most prevalent of these is the human resources perspective. Major contemporary extensions of the human resource perspective include systems thinking, the contingency view, and total quality management.

* 1. Systems Thinking Exhibit 1.14

1. **Systems thinking** is the ability to see the distinct elements of a system or situation and the complex and changing interaction among those elements. A **system**is a set of interrelated parts that function as a whole to achieve a common purpose.
   1. **Subsystems** are parts of a system that depend on one another to function. Changes in one part of the system (the organization) affect other parts.
   2. **Synergy** means that the whole is greater than the sum of its parts. Individuals, groups, and organizations can accomplish more working together than working alone.
2. It is the relationship among the parts that form a whole system that matters. Systems thinking enables managers to look for patterns of movement over time and focus on the qualities or rhythm, flow, direction, shape, and networks of relationships that accomplish the performance of the whole.
3. An important element of systems thinking is to discern circles of causality. Understanding the circles of casualty enables leaders to allocate resources.

* 1. Contingency View Exhibit 1.15

1. The classical management perspective assumed a *universalist* view: Concepts that would work in one organization would work in another. In business education, an alternative view exists, known as the *case* view, in which each situation is believed to be unique, and there are no universal principles. One learns about management by experiencing a large number of case problem situations.
2. The **contingency view** states that the successful resolution of organizational problems depends on a manager’s identification of key variables in the situation. Management’s job is to search for important contingencies in their industries, technologies, environments, and international cultures. When managers learn to identify important patterns and characteristics of their organizations, they can fit solutions to those characteristics.

## 1.12 INNOVATIVE MANAGEMENT THINKING INTO THE FUTURE

Managers tend to look for fresh ideas to help them cope during difficult times. Recent challenges have left today’s executives searching for any management tool that can help them get the most out of limited resources.

The 2015 Bain and Company survey identified Customer Relationship Management as the most popular tool for the first time in more than a decade, reflecting managers’ concern with making their customers happy and satisfied. Four tools that ranked high were *customer relationship management, employee engagement surveys, benchmarking, and strategic planning.*

Other popular management tools around the world in recent years include outsourcing, supply chain management, total quality management, change management programs, core competencies, big data analytics, balanced scorecard, and mission and vision statements.

* 1. Managing the New Technology-Driven Workplace

Many of today’s popular techniques are related to the transition to a technology-driven workplace. Two popular contemporary tools are customer relationship management and supply chain management. A more recent tool is social media, which is growing in use and importance.

1. The newest business technology is **big data analytics**. In the Bain Survey, big data analytics ranked relatively low in usage but was ranked number one in satisfaction. It refers to technologies, skills, and processes for searching and examining massive, complex sets of data that traditional data processing applications cannot handle to uncover hidden patterns and correlations.

Companies like Amazon collect tons of data on customers, including what they buy, what else they look at, how they navigate through the web site, how much they are influenced by promotions and reviews, and so forth. The company uses algorithms that predict and suggest what a customer might be interested in buying next.

* 1. Popularity: In the most recent survey, managers ranked **Customer relationship management (CRM)** at the top of the list for the second time in a row.
  2. Global Trends: The most recent survey shows a distinct split between North America, where managers prefer to use more traditional tools such as strategic planning and benchmarking, and Asia-Pacific firms (China and India), where managers report a much higher usage of new tools such as disruptive innovation labs.

1. **Supply chain management** refers to managing the sequence of suppliers and purchasers, covering all stages of processing from obtaining raw materials to distributing finished goods to consumers. A supply chain is a network of multiple businesses and individuals that are connected through the flow of products or services. Exhibit 1.16
   1. Managing the New People-Driven Workplace

Organizations are undergoing tremendous changes. Some of these changes are related to new technology, whereas others are brought about primarily because of the shifting needs of people.

* + 1. As described at the beginning of this chapter, a few bossless work environments have existed for decades, but this has become a real trend in recent years. Technology has enabled many people to work from home or other locations outside a regular office.

Many bossless companies operate in a technology-related industry, but companies as diverse as GE Aviation, W.L. Gore & Associates, Whole Foods Market, and Semco have succeeded for years with bossless structures.

* + 1. Employee **engagement** means that people are emotionally involved in their jobs and are satisfied with their work conditions, contribute enthusiastically to meeting team and organizational goals, and feel a sense of belonging and commitment to the organization and its mission.

## 1.13 THE HISTORICAL STRUGGLE: IS SOCIAL BUSINESS THE ANSWER?

One current answer to the historical struggle within management to balance the things of production and the humanity of production is **social business**. This refers to using social media technologies for interacting with and facilitating communication and collaboration among employees, customers, and other stakeholders. **Social media programs** include company online community pages, wikis for virtual collaboration, social media sites such as Facebook or LinkedIn, video channels such as YouTube, microblogging platforms such as Twitter, and company online forums.

This is the first time that new technology (a *thing* of production) adds directly to the *humanity* of production. Social media technology can improve efficiency, increase productivity, and facilitate faster and smoother operations by improving communication and collaboration within and across firms.

Social business is one of the most recent approaches in the evolution of management thinking and practice. As managers confront new challenges and shifting environmental conditions and technology, management continues to evolve, incorporating ideas from the past with new concepts for the changing times.

The following content contains answers and/or additional instructor-facing information on the activities found at the end of the chapter, beginning on page 42 of the textbook.

# Suggested Answers to End‑of‑Chapter Discussion Questions

1. *How do you feel about having management responsibilities in today’s world, characterized by uncertainty, ambiguity, and sudden changes or threats from the environment? Describe some skills and qualities that you think are important to managers working in these conditions*.

Students should understand that even with the high levels of uncertainty, ambiguity, and sudden changes or threats present in today’s environment, managers still have at least some useful information about alternative courses of action, the outcomes of those alternatives, and the likelihood of occurrence for each alternative, for each decision they face, and that information will help them make decisions that may well have a reasonably high payoff.

During turbulent times, managers must apply all their skills and competencies in a way that benefits the organization and its stakeholders. The number one reason for manager failure is ineffective communication skills and practices. Especially in times of uncertainty or crisis, if managers do not communicate effectively, including listening to employees and customers and showing genuine care and concern, organizational performance and reputation suffer.

Managers must be able to quickly find the information they need in a wide variety of situations. Doing so requires both conceptual and technical skills but may require a high level of human skills to create the relationships necessary to sustain the manager in times of crisis. The decision-making role becomes even more critical in this environment, as managers attempt to sort out the uncertainties and threats they face.

2. *Assume that you are a project manager at a biotechnology company, working with managers from research, production, and marketing on a major product modification. You notice that every memo you receive from the marketing manager has been copied to senior management. At every company function, she spends time talking to the big shots. You are also aware that sometimes when you and the other project members are slaving away over the project, she is playing golf with senior managers. What is your evaluation of her behavior? As project manager, what do you do?*

The marketing manager seems to want to move up the management hierarchy as quickly as possible. There are two behaviors illustrating this desire. Sending copies of memos to senior management helps her maintain visibility in the company and lets senior management know of her management skills and accomplishments. Socializing with senior management at company functions or on the golf course also helps her maintain high visibility. These behaviors will help that she is not overlooked when deliberations for special projects or promotions are being made by the senior management. The appropriateness of her behavior is another issue. If she is performing on the joint project as promised, then what she does otherwise is her business. If you, as the research scientist, also are looking for advancement opportunities, you should try to increase visibility, also. Look for ways to do so in ways that are acceptable to senior management in this organizational culture.

3. *Jeff Immelt, CEO of GE, tweeted for the first time in September 2012, prompting this response: “@JeffImmelt how come my grandfather got on twitter before you?” Do you think managers should use Twitter and other social media? Can you be an effective manager today without using new media? Why?*

Students may point out the many uses of social media in business, such as public relations, communicating both externally and internally, recruiting, training, organizational collaboration, and more. It will be increasingly important for managers to keep up with new media and understand how to use it effectively.

4. *Think about the highly publicized safety problems at General Motors (GM). One observer said that a goal of efficiency had taken precedence over a goal of quality within this company. Do you think managers can improve both efficiency and effectiveness simultaneously? Discuss. How do you think GM’s leaders should respond to the safety situation?*

Organizational effectiveness is the degree to which the organization achieves a stated goal or succeeds in accomplishing what it tries to do. Organizational efficiency refers to the amount of resources used to achieve an organizational goal. It is based on how much raw materials, money, and people are necessary for producing a given volume of output. The ultimate responsibility of managers is to achieve high performance, which is the organization’s ability to attain its goals by using resources in an efficient and effective manner.

Although efficiency and effectiveness are both important for performance, most people would probably say that effectiveness is the more important concept. The reason is that internal efficiency has no value if it does not enable the organization to achieve its goals and respond to the external environment. On the other hand, an organization that is effective does achieve its goals, by definition. One of these goals should involve continuously increasing efficiency.

Managers can and should improve both efficiency and effectiveness simultaneously. As noted above, one of the primary goals of any organization should be to continuously improve efficiency. To the extent that the organization increases its success in achieving this goal, along with others, its effectiveness also improves.

GM’s leaders should respond by increasing the company’s efficiency in reducing safety problems. Doing so will, by definition, move the company toward eliminating safety problems, which should be one of its organizational goals.

5. *You are a bright, hard-working, entry-level manager who fully intends to rise up through the ranks. Your performance evaluation gives you high marks for your technical skills, but low marks when it comes to people skills. Do you think people skills can be learned, or do you need to rethink your career path? If people skills can be learned, how would you go about doing it?*

Some students may distinguish between skills and attitudes. A manager can develop techniques that have a positive motivational impact and may even learn how to act in a manner as if he or she were sincere, but it may be difficult when concerned with a negative attitude. Students vary as to the extent that such an impact is possible, and suggestions for learning will also vary.

6. *A college professor told her students, “The purpose of a management course is to teach students about management, not to teach them to be managers.” Do you agree or disagree with this statement? Discuss.*

Some students may believe that a college course will give them the necessary skills and abilities to be a manager. Others will realize that they can learn the science of management through a course but must learn the art of management through experience. Management courses offer the means for the systematic study of management in much the same way that courses in English provide students with an understanding and appreciation of good writing or that a science course can introduce them to physics. For the most part, these courses do not teach students to be competent practitioners. Skill in managing, writing, or building reactors comes from experience. Studying the science of management will, however, facilitate mastering the art in much the same way that studying medicine helps a physician master the art of medicine.

7. *How would you feel about working in a bossless organization? What might be your role as a “manager” in such an environment? Do you think this is a trend that will continue to grow or fade away? Why?*

Students will have a variety of answers surrounding this question. It’s important to look at their answers and know that whichever side they fall on, no side is fully right. Do they understand the role of a “manager” in a general sense? Can they explain in detail what type of “role” a “manager” would have in this environment?

There should be discussion from them on why they feel they would succeed or fail in such an environment. Does the absence of upward momentum within an organization turn them off from wanting to be a part of it? Do they feel they could be more productive if they focused less on managing people and more on just managing the project?

8. *Big data analytics programs (which analyze massive data sets to make decisions) use gigantic computing power to quantify trends that would be beyond the grasp of human observers. As the use of these quantitative analysis increases, do you think it may decrease the “humanity of production” in organizations? Why?*

There will be various answers surrounding this topic. What’s important is that the student demonstrates their understanding of what big data analytics can do. When they talk about it, they could discuss the dehumanization factor when people are reduced to web clicks, numbers, and shopping preferences. Alternatively, they could talk about the idea that all this data helps organizations know their customer more, and therefore tailor the experience directly to a person, making it seem more personalized, and more human.

9. *A management professor once said that for successful management, studying the present was most important, studying the past was next, and studying the future was least important. Do you agree? Why?*

The management professor was arguing the opposite of what most managers and management professors believe is the greatest concern, namely the future. The professor’s line of reasoning might go something like this: It is easier to predict the future and prepare for it when the environment is fairly stable, when changes occur in measurable, incremental amounts, and when you understand how changes have affected organizations in the past.

In a world of great uncertainty and turbulence, the future is hard to predict and impossible to control. Estimates that go beyond one year are often wrong. A better idea in this case is to concentrate first on the present. If a company can do really well at this moment in meeting customers’ needs, for example, and can continue doing so, the future will take care of itself. Being able to adapt to changing environmental needs as they occur reduces the need to predict and control the future. Moreover, studying the past provides the best information for how to manage the present. The mistakes and successes of the past indicate lessons about how to organize and manage present relationships with customers or employees.

Given the above, focusing attention on doing the right thing in the present, followed by understanding the past, are the two most important sources of knowledge for success, especially in a turbulent environment. The emphasis on studying the future to the exclusion of the past and present often is misplaced.

10. *Why do you think Mary Parker Follett’s ideas tended to be popular with businesspeople of her day but were ignored by management scholars? Why are her ideas appreciated more today?*

Mary Parker Follett was far more interested in people than engineering techniques, and she pushed that as a means to an end. She once said, “Don’t hug your blueprints” and analyzed the dynamics of management–organization interactions. She focused her attention on ethics, power, and leading in a way that encourages employees to give their best. There are many inferences we can make about why her ideas may have been ignored by scholars, but appreciated both in her time, and more recently.

Firstly, she was a woman, which in the mind of many business men over time, would make her seem unworthy to make any kind of assumption about how to run a business. In her time, the changes she discussed, with respect to empowering employees instead of controlling them, showed an uptick in production. However, as technology grew, the reliance on that technology once again took over and her ideas were pushed aside.

Modern day, with tools such as social media, brings back the human element to production in a big way. Her ideas are once again being appreciated and are even more apt than they used to be.

# Apply Your Skills: Self-Learning

**Management Aptitude Questionnaire**

Students should complete the questionnaire using the 5‑point Likert scale.

The scale is designed to give a general idea (it is not validated) of management issues. Such a scale can be used as a kind of “mirror” to the student. Undergraduates, particularly, lack knowledge about what the job of a manager is. Helping them to look at these three skill areas can be of some assistance in assessing their own abilities to be good managers.

After the students score their questionnaires, you may ask them to share their scores in small groups of 4–5 and discuss their potential strengths and weaknesses as managers. Also, you may ask them to share answers to the following questions. These questions may be used with the entire class, without any small group discussions.

1. *Why do you think the three skills are all needed to be an effective manager? Give examples of times when each one is used.*

# Apply Your Skills: Group Learning

**Your Best and Worst Managers and Action Learning**

These exercises help students understand how different management styles affect their behavior and motivation, ultimately impacting performance. Stress to students that the purpose of group discussions is to share insights and help each other rather to grade people on “right” or “wrong” answers.

# Apply Your Skills: Action Learning

These exercises help individuals think about their own leadership past, including time spent in their youth being leaders. They should discuss things that went well, things that went poorly, and how each situation was handled.

They will also write a paper comparing situations that they encountered in their early leadership roles and discussing the insights they gained.

At the end, have students discuss their conclusions with the rest of the class to compare and contrast experiences and help the class understand that everybody is different and handles things in their own ways. It’s possible to learn from other students.

# Apply Your Skills: Ethical Dilemma

**The New Test**

1. *Ignore the test. Sheryl has proved herself via work experience and deserves the job.*

Option 1 is likely to cause hard feelings in the department. In addition, Option 1 places Maxine in direct opposition to the Civil Service Board. Maxine is, however, wise to consider that test scores may not be the best indicator of who can do the job.

1. *Give the job to the candidate with the highest score. You don’t need to make enemies on the Civil Service Board, and, although it is a bureaucratic procedure, the test is an objective way to select a permanent placement.*

Options 1 and 2 both are likely to cause hard feelings in the department. Considering that Maxine has the final say with regard to the opening, she should be sure if the test really assesses fairly the right person for the position.

1. *Press the board to devise a more comprehensive set of selection criteria—including test results as well as supervisory experience, ability to motivate employees, and knowledge of agency procedures—that can be explained and justified to the board and to employees.*

Option 3 is probably the best choice, although Maxine must be careful that she does not develop a set of criteria that is designed simply to justify giving the job to Sheryl, and she may want to involve others in helping devise selection criteria. The job still may go to someone besides Sheryl Hines, but this option takes into consideration her skills, knowledge, and experience. The selection criteria, in addition to the employment test, should include an application, structured interview, and reference check.

# Apply Your Skills: Case for Critical Analysis

**SmartStyle Salons**

1. *What positive and negative managerial characteristics does Jamika possess?*

A manager’s job requires a range of skills that includes conceptual, human, and technical skills. During turbulent times, managers really have to stay on their toes and apply all their skills and competencies in a way that benefits the organization and stakeholders— employees, investors, customers, and the community.

Jamika’s hard work and combination of skills made her the manager of the salon. Jamika’s failure to clarify direction or performance expectation from her employees is one of her negative managerial characteristics. Poor planning practices and reactionary behavior are the other negative traits that Jamika possesses.

1. *How do these traits help or hinder her potential to get to the top position at the Riverwood Mall salon?*

Jamika’s failure to clarify direction or performance expectation from her employees Holly and Carol Jean led to scheduling problems for the clients. This would be bad for the business and would hamper her chances to get to the top position at Riverwood Mall Salon. Poor planning practices and Jamika’s reactionary behavior would also hinder her climb up the ladder.

1. *How do you think Jamika should have handled each of the incidents with Marianne? Holly and Carol Jean? Victoria?*

Jamika should not have displayed the outburst of anger when Marianne informed her about Holly and Carol Jean’s leave, as Marianne was merely doing her job of being a receptionist. With regard to Holly and Carol Jean, Jamika should have told them about what their performance expectations were. She should have clarified about the leave scenario to them and not let them get away with unwarranted absences in the first place. Jamika should empower her team and not micromanage as in the case with Victoria. She should help Victoria in her career development rather than wanting to hide Victoria’s competencies.

# On the Job Video Cases

(NOTE: The On the Job Video Cases and questions can be found in MindTap.)

*Barcelona Restaurant Group*

1. *In what ways is Barcelona’s management approach consistent with modern developments in management thinking?*

Barcelona’s management approach is consistent with the humanistic perspective’s concept of employee empowerment and rejection of authoritarian-style micromanagement. The restaurant’s approach also draws from total quality management, especially in the areas of employee involvement, focus on customers, and continuous improvement.

According to COO Scott Lawton, many restaurant chains attempt to make daily operations “idiot proof” by creating systematized formulaic work processes—an approach similar to scientific management. In contrast, Barcelona Restaurant Group wants individual employees to create a personalized dining experience by applying their individual skills and personalities. Even so, the customer is always the primary concern within Barcelona’s business model. Pforzheimer and Lawton care about employees, but if wait staff are not focused on providing the best possible service and food to customers, they’re not doing their job.

2. *In what ways does Barcelona’s management approach run counter to contemporary developments in management thinking?*

While some contemporary management approaches place heavy emphasis on the happiness and psychological needs of workers, Barcelona Restaurant Group adopts an unapologetic focus on customers. Barcelona makes customer satisfaction an esteemed prize that wait staff should seek to achieve above all else—a common philosophy in high-end service industries. In the video, Barcelona CEO Andy Pforzheimer argues that some management trends “fetishize the relationship with the employee,” and he offers a straight-talking counter-perspective: “We’re here for the customer experience and everything else is secondary to that. If it makes the manager’s life miserable, I don’t care, if it makes the waiter’s life miserable, I don’t care, makes the chef miserable, I don’t care, makes me miserable, I don’t care—our job is to have a bad time so that other people can have a good time. It’s nice when it’s not mutually exclusive, but sometimes it is.”

3. *What aspects of restaurant work are especially challenging to wait staff, and how does Barcelona’s approach to management help employees overcome the downsides of the job?*

In the video, Andy Pforzheimer identifies the challenging aspects of restaurant life: “It is work sometimes to smile. It is work to have somebody yelling at you because they weren’t seated fast enough or their steak was cooked wrong, and you must pat them on the back and say, ‘You know, it was our fault, I’ll do everything I can’—yeah, that’s work, and it’s not always fun.”

Barcelona’s leadership team believes such challenging aspects of restaurant work can be managed best when employees are given significant responsibility over the restaurant and its success. New hires learn at the outset that the restaurant is their responsibility, and if the place does well, the members of the wait staff get all the credit.

*Pipeline CEO Takes On the Gender Equity Gap*

1. *Traditionally, management was a controlling force, but today’s effective manager is an enabler who helps people do, and be, their best. How would the Pipeline system help managers move from traditional approaches to meet the new competencies required in the current environment?*

Traditionally managers supervised individuals and today they are leading teams. Pipeline could help managers identify existing employees that would fit into an established team. Managers traditionally managed relationships with conflict and competition but today’s environment calls for collaboration. Pipeline’s rating system reduces a relationship to a number, but this could enable managers and peers to recognize the proper person-job fit best for the organization. This internal mobility would provide more of a feeling of collaboration rather than competition. In the past, leading was autocratic and organizations maintained stability but today’s leaders need to empower employees and constantly mobilize for change. Pipeline would empower employees if the employees believe the company is faithfully following the system as they would know they will be promoted when a job opens that would fit their skills and personality. Proper person-job fit allows a company to be more adaptable and ready for change. Collectively, these changes would transform a manager from a controlling force to an enabler.

1. *The ultimate responsibility of managers is to achieve high performance, which is the attainment of organizational goals by using resources in an efficient and effective manner. How could pipeline improve management’s use of human resources in an effective and efficient manner?*

By generating a Pipeline score for each employee, Pipeline provides managers with an unbiased pool of internal applicants for an open position. Having this analysis done outside the company corrects for a manager’s internal bias and has the potential to make the process both more effective and more efficient. Hiring internally promotes employee morale when they see this internal mobility. Providing a manager with the tools to recognize internal potential has the power to improve the effective, efficient use of human resources.

1. *Could a system such as Pipeline’s balance “the things of production” with “the humanity of production”?*

The earliest focus of management was on the things of production while the needs of and positive treatment of employees was another path to efficiency and profit. This resulted in a management struggle between the desire for efficient production and the desire to meet human needs for greater motivation. Managers are always on the lookout for new techniques and approaches to meet shifting organizational needs and Pipeline may help managerial decision-making with their AI approach. While this approach scientifically reduces an individual to a number, those numbers help make hiring, pay, and promotion decisions, increasing overall efficiency through internal mobility and gender equality. Profitability increased in companies committed to the Pipeline system. Companies could come closer to a balance of production and humanity using the Pipeline system.