

Managers and the Management Process

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Everyone Becomes a Manager Someday

Management Live

Self-Management and *Slumdog Millionaire*

The *Times* of London called this movie an “exotic, edgy thriller,” while the *New York Times* described it as a “gaudy, gorgeous rush of color, sound and motion.” What’s your take on this rags-to-riches story of an orphan growing up in Mumbai, India, and finding his way to a TV game show offering him the chance to be a “slumdog millionaire”?

When the disgruntled game-show host has the police chief rough up the main character Jamal (Dev Patel) the night before the big show, he asks: “What the hell can a slum boy possibly know?” Facing the chief and the prospect of more mistreatment, Jamal looks him in the eye and says in return: “The answers.”

This movie is a study in discipline, confidence, and self-management—the capacity to act with a strong sense of self-awareness. As a career skill, this ability helps us stay confident, build on strengths, overcome weaknesses, and avoid viewing ourselves both more favorably or more negatively than is justified.

You have to admire the way Jamal held up under the police chief’s torture. And, he didn’t fall prey to the quiz master’s repeated attempts to deceive and pressure him into not believing his own best answers. It’s a classic case of self-management in action.

Even if you’ve already seen it, *Slumdog Millionaire* is worth another viewing. Watch for lessons on management and personal career development that you might explore with your friends and classmates.



Warner Bros/Photofest

YOUR CHAPTER 1 TAKEAWAYS

1. Understand what it means to be a manager.
2. Know what managers do and what skills they use.
3. Recognize important career issues in the new workplace.

WHAT'S INSIDE

Explore Yourself

More on **self-management**

Role Models

Ursula Burns leads Xerox with confidence and a strategic eye

Ethics Check

Watch out for bad apples at farmers’ markets

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Employment contradictions in workforce diversity

Manager’s Library

Delivering Happiness: A Path to Profits, Passion, and Purpose

by Tony Hsieh

Takeaway 1.1

What Does It Mean to Be a Manager?

ANSWERS TO COME

- Organizations have different types and levels of managers.
- Accountability is a cornerstone of managerial performance.
- Effective managers help others achieve high performance and satisfaction.
- Managers must meet multiple and changing expectations.

IN A BOOK CALLED *THE SHIFT: THE FUTURE OF WORK IS ALREADY HERE*, SCHOLAR Lynda Gratton describes the difficult times in which we live and work. “Technology shrinks the world but consumes all of our time,” she says, while “globalization means we can work anywhere, but must compete with people from everywhere; there are more of us, and we’re living longer; traditional communities are being yanked apart as people cluster in cities; and there is rising energy demand and fewer traditional resources.”¹

What does all this mean in terms of planning for career entry and advancement? At a minimum there are few guarantees of long-term employment, and jobs are increasingly earned and re-earned every day through one’s performance accomplishments. Careers are being redefined along the lines of “flexibility,” “free agency,” “skill portfolios,” and “entrepreneurship.” The fact is: Career success today requires lots of initiative and self-awareness, as well as continuous learning. The question is: Are you ready?

III Organizations have different types and levels of managers.

You find them everywhere, in small and large businesses, voluntary associations, government agencies, schools, hospitals, and wherever people work together for a common cause. Even though the job titles vary from team leader to department head, project leader, president, administrator, and more, the people in these jobs all share a common responsibility—helping others do their best work. We call them **managers**—persons who directly supervise, support, and help activate work efforts to achieve the performance goals of individuals, teams, or even an organization as a whole. In this sense, I think you’ll agree with the chapter subtitle: Everyone becomes a manager someday.

Take a good look at **Figure 1.1**. It describes an organization as a series of layers, each of which represents different levels of work and managerial responsibilities.²

First-Line Managers and Team Leaders

“I’ve just never worked on anything that so visibly, so dramatically changes the quality of someone’s life. Some days you wake up, and if you think about all the work you have to do it’s so overwhelming, you could be paralyzed.” These are the words of Justin Fritz as he described his experiences leading a 12-member team to launch a new product at Medtronic, a large medical products company. He is a **first-line manager**—a team leader or supervisor who is formally in charge of a

A **manager** is a person who supports and is responsible for the work of others.

First-line managers are team leaders and supervisors in charge of people who perform nonmanagerial duties.

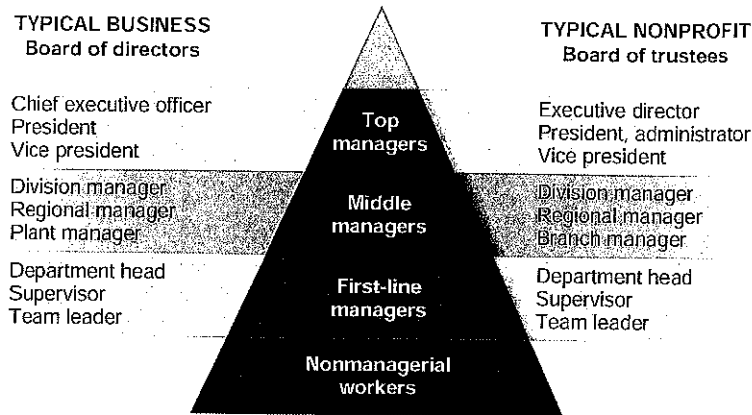


FIGURE 1.1
What Are the Typical Job Titles and Levels of Management in Organizations?

The traditional organization is structured as a pyramid. The top manager, typically a CEO, president, or executive director, reports to a board of directors in a business or to a board of trustees in a nonprofit organization. Middle managers report to top managers, and first-line managers or team leaders report to middle managers.

small work group composed of nonmanagerial workers. About the challenge of managerial work, Fritz says: “You just have to get it done.”³

A first job in management typically involves serving as a team leader or supervisor. Typical job titles for these first-line managers include department head, team leader, and unit manager. For example, the leader of an auditing team is considered a first-line manager, as is the head of an academic department in a university. Even though most people enter the workforce as technical specialists such as auditor, market researcher, or systems analyst, sooner or later they advance to these positions of initial managerial responsibility. And they serve as essential building blocks for organizational performance.⁴

Middle Managers

Look again at Figure 1.1. This time consider where Justin may be headed in his career. At the next level above team leader we find middle managers—persons in charge of relatively large departments or divisions consisting of several smaller work units or teams.

Middle managers usually supervise several first-line managers. Examples include clinic directors in hospitals; deans in universities; and division managers, plant managers, and regional sales managers in businesses. Because of their position “in the middle,” these managers must be able to work well with people from all parts of the organization—higher, lower, and side-to-side. As Justin moves up the career ladder to middle management, there will be more pressure and new challenges. But there should also be rewards and satisfaction.

Top Managers

Some middle managers advance still higher in the organization, earning job titles such as chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), chief information officer (CIO), president, and vice president. These top managers are part of a senior management team that is responsible for the performance of an organization as a whole or for one of its larger parts. They must be alert to trends and developments in the external environment, recognize potential problems and opportunities, set strategy, craft the internal culture, build a talent pool, and overall lead the organization to success.⁵ The best of them are future-oriented thinkers who make good decisions even in face of uncertainty and tough competition.

Middle managers oversee the work of large departments or divisions.

Top managers guide the performance of the organization as a whole or of one of its major parts.

The Container Store's co-founder and CEO, Kip Tindell, has more than met these top manager responsibilities. He has guided the firm from a \$35,000 start-up to a \$700+ million business recognized by *Fortune* magazine as one of America's best employers.⁶ Part of this success traces to Tindell's efforts to build a corporate culture that helps Container Store hire and retain the best employees. All job candidates go through extensive screening interviews. Once hired, salespeople are paid twice the industry average and given 263 hours of training per year, far more than the industry average of eight.⁷

Boards of Directors

We would like to think that all top managers are responsible and successful—always making the right decisions and doing things in their organization's best interests. But, the fact is that some don't live up to expectations and even take personal advantage of their positions, perhaps to the point of ethics failures and illegal acts. Who or what keeps CEOs and other senior managers focused and high performing?

If you look back at Figure 1.1, you'll see that even the CEO or president of an organization reports to a higher-level boss. In business corporations, this is a **board of directors**, whose members are elected by stockholders to represent their ownership interests. In nonprofit organizations, such as a hospital or university, top managers report to a *board of trustees*. These board members may be elected by local citizens, appointed by government bodies, or invited to serve by existing members.

In both business and the public sector, the basic responsibilities of a board are the same. Its members are supposed to oversee the affairs of the organization and the performance of its top management. In other words, they are supposed to **make sure that the organization is always being run right**. This is called **governance**, the oversight of top management by an organization's board of directors or board of trustees.

Accountability is a cornerstone of managerial performance.

Throughout the workplace, not just at the top, the term **accountability** describes the requirement of one person to answer to a higher authority for performance

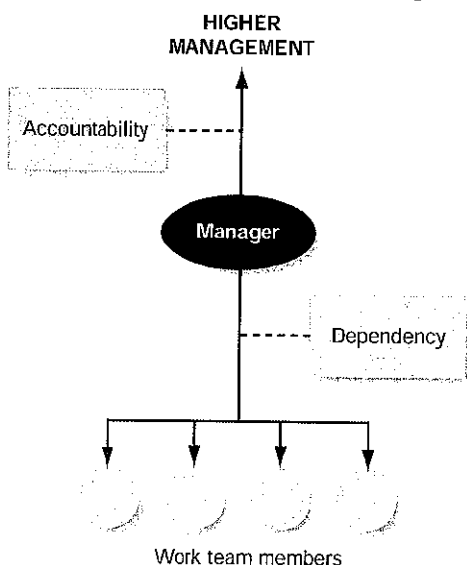
achieved in his or her area of work responsibility. This notion of accountability is an important aspect of managerial performance. In the traditional organizational pyramid, accountability flows upward. Team members are accountable to a team leader, the team leader is accountable to a middle manager, the middle manager is accountable to a top manager, and the top manager is accountable to a board of directors.

Let's not forget that accountability in managerial performance is always accompanied by dependency. At the same time that any manager is being held accountable by a higher level for the performance results of her or his area of supervisory responsibility, the manager is dependent on others to do the required work. In fact, we might say that a large part of the study of management is all about learning how to best manage the dynamics of accountability and dependency as shown in the small figure.

Members of a **board of directors** are elected by stockholders to represent their ownership interests.

Governance is oversight of top management by a board of directors or board of trustees.

Accountability is the requirement to show performance results to a supervisor.



Working Mother Looks for the Best

Great Employers Put Top Value on People

Working Mother magazine's annual listing of the "100 Best Companies for Working Mothers" has become an important management benchmark—both for employers who want to be among the best and for potential employees who want to work only for the best. The magazine is worth a look for topics ranging from kids to health to personal motivation and more.

Self-described as helping women "integrate their professional lives, their family lives and their inner lives," *Working Mother* mainstreams coverage of work-life balance issues and needs for women. One issue reported on moms who "pushed for more family-friendly benefits and got them." The writer described how Kristina Marsh worked to get lactation support for nursing mothers as a formal benefit at Dow Corning, and how Beth Schiavo started a Working Moms Network in Ernst & Young's Atlanta offices and then got it approved as a corporate program nationwide.

A list of best employers for multicultural women includes Allstate, American Express, Deloitte, Ernst & Young, IBM, and General Mills. *Working Mother* says: "All of our winning companies not only require manager training on diversity issues but also rate manager performance partly on diversity results, such as how many multicultural women advance."

||| Effective managers help others achieve high performance and satisfaction.

This discussion of performance accountability and related challenges may make you wonder: What exactly is an effective manager? Most people, perhaps you, would reply that an effective manager is someone who helps people and organizations perform. That's a fine starting point, but we should go a step further. I define an effective manager as someone who successfully helps others achieve both high performance and satisfaction in their work.

The concern for not just work performance but also job satisfaction is a central theme in our society. It calls attention to **quality of work life (QWL)** issues—the overall quality of human experiences in the workplace. Have you experienced a "high QWL" environment? Most people would describe it as a place where they are respected and valued by their employer. They would talk about fair pay, safe work conditions, opportunities to learn and use new skills, room to grow and progress in a career, and protection of individual rights. They would say everyone takes pride in their work and the organization.

Are you willing to work anywhere other than in a high QWL setting? Would you, as a manager, be pleased with anything less than helping others achieve not just high performance but also job satisfaction? Sadly, the real world doesn't always live up to these expectations. Talk to parents, relatives, and friends who go to work every day. You might be surprised. Many people still labor in difficult, sometimes even hostile and unhealthy, conditions—ones we would consider low QWL for sure.⁸

||| Managers must meet multiple and changing expectations.

As president and CEO of Cornerstone Research, Cindy Zollinger directly supervises 24 people. But she says: "I don't really manage them in a typical way; they



Masterfile

Find Inspiration

Pick up a copy of *Working Mother* magazine or browse the online version. It's a chance to learn more about the complexities of work-life balance, including the challenges faced by women blending motherhood with a career. It's also a place to learn which employers are truly great in respecting quality of work life issues.

An effective manager successfully helps others achieve high performance and satisfaction in their work.

Quality of work life is the overall quality of human experiences in the workplace.

largely run themselves. I help them in dealing with obstacles they face, or in making the most of opportunities they find.” As Cindy’s comments suggest, we are in a time when the best managers are known more for “helping” and “supporting” than for “directing” and “order giving.” The terms “coordinator,” “coach,” and “team leader” are heard as often as “supervisor” or “boss.” The fact is that most organizations need more than managers who simply sit back and tell others what to do.

Take a moment to jot down a few notes on the behaviors and characteristics of the *best* managers you’ve ever had. My students describe theirs as leading by example, willing to do any job, treating others as equals and with respect, acting approachable, being enthusiastic, expecting outstanding performance, and helping others grow. They talk about managers who often work alongside those they supervise, spending most of their time providing advice and support so that others can perform to the best of their abilities and with satisfaction. How does this listing compare with your experiences?

Figure 1.2 uses the notion of an upside-down pyramid to describe a new mindset for managers—a real expression of what it means to act as a coach rather than an order giver. The concept of the upside-down pyramid fits well with Cindy Zollinger’s description of her job as a manager, and it should also be consistent with how you described your best manager.

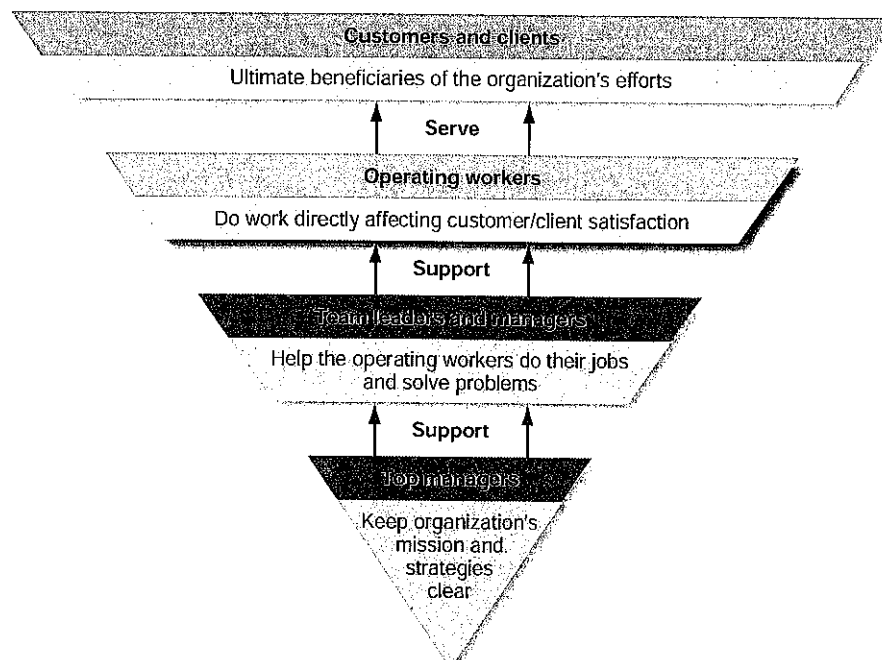
Sitting prominent at the top of the upside-down pyramid are nonmanagerial workers—people who interact directly with customers and clients or produce products and services for them. Managers are shown a level below. Their attention is concentrated on supporting these workers so they can best serve the organization’s customers.

In the upside-down pyramid view, there is no doubt that the organization exists to serve its customers. It keeps clear that managers are there to help and support the people whose work makes that possible. As the Container Store’s CEO Kip Tindell says: “If employees aren’t happy, customers aren’t happy and then shareholders won’t be happy.”¹⁰ Given the success he’s had with all three, isn’t that a pretty strong endorsement for all managers to try flipping the organizational pyramid upside-down?

The upside-down pyramid view of organizations puts customers at the top and being served by nonmanagerial workers, who are supported by team leaders and higher-level managers.

FIGURE 1.2
How Do Mindsets Change
When the Organization Is
Viewed as an Upside-Down
Pyramid?

If we turn the traditional organizational pyramid upside down, we get a valuable look at how managerial work is viewed today. Managers are at the bottom of the upside-down pyramid, and they are expected to support the operating workers above them. Their goal is to help these workers best serve the organization’s customers at the top. The appropriate mindset of this supportive manager is more “coaching” and “helping” than “directing” and “order giving.”



STUDY GUIDE

Takeaway 1.1

What Does It Mean to Be a Manager?

Terms to Define

Accountability
 Board of directors
 Effective manager
 First-line manager
 Governance
 Manager
 Middle managers
 Quality of work life
 Top managers
 Upside-down pyramid

Rapid Review

- Managers support and facilitate the work efforts of other people in organizations.
- Top managers scan the environment and pursue long-term goals; middle managers coordinate activities among large departments or divisions; first-line managers, like team leaders, supervise and support nonmanagerial workers.
- Everyone in an organization is accountable to a higher-level manager for his or her performance accomplishments; at the highest level, top managers are held accountable by boards of directors or boards of trustees.
- Effective managers help others achieve both high performance and high levels of job satisfaction.
- New directions in managerial work emphasize “coaching” and “supporting,” rather than “directing” and “order giving.”
- In the upside-down pyramid view of organizations, the role of managers is to support nonmanagerial workers who serve the needs of customers at the top.

Questions for Discussion

1. Other than at work, in what situations do you expect to be a manager during your lifetime?
2. Why should a manager be concerned about the quality of work life in an organization?
3. In what ways does the upside-down pyramid view of organizations offer advantages over the traditional view of the top-down pyramid?

Be Sure You Can

- explain how managers contribute to organizations
- describe the activities of managers at different levels
- explain how accountability operates in organizations
- describe an effective manager
- list several ways the work of managers is changing from the past
- explain the role of managers in the upside-down pyramid

Career Situation: What Would You Do?

When people are promoted to become managers they often end up supervising friends and colleagues. Put yourself in this situation. As a new manager of a team full of friends, what can and should you do to quickly earn the respect of others and build a smoothly functioning work team?

Takeaway 1.2

What Do Managers Do, and What Skills Do They Use?

ANSWERS TO COME

- Managerial work is often intense and demanding.
- Managers plan, organize, lead, and control.
- Managers enact informational, interpersonal, and decisional roles.
- Managers pursue action agendas and engage in networking.
- Managers use a variety of technical, human, and conceptual skills.
- Managers can and should learn from experience.

THE MANAGERS WE HAVE BEEN DISCUSSING ARE INDISPENSABLE TO ORGANIZATIONS. Their efforts bring together resources, technology, and human talents to get things done. Some are fairly routine tasks that are repeated day after day. Many others, however, are challenging and novel, often appearing as unexpected problems and opportunities. But regardless of the task at hand, managers are expected to make things happen in ways that best serve the goals of the organization, the needs of its customers, and the interests of its employees or members.

||| **Managerial work is often intense and demanding.**

The manager can never be free to forget the job, and never has the pleasure of knowing, even temporarily, that there is nothing else to do. . . . Managers always carry the nagging suspicion that they might be able to contribute just a little bit more. Hence they assume an unrelenting pace in their work.¹¹

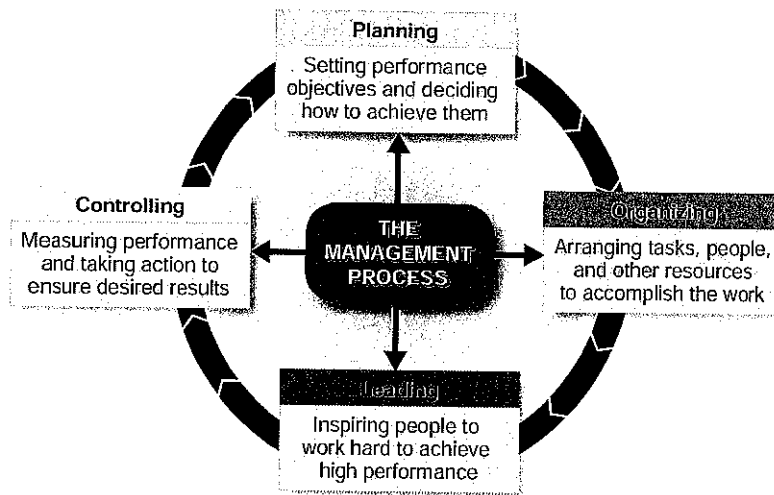
Although what managers do may seem straightforward, this quote from scholar and consultant Henry Mintzberg shows that putting it into practice can be much more complicated. In his classic book, *The Nature of Managerial Work*, Mintzberg describes the daily work of corporate chief executives this way. "There was no break in the pace of activity during office hours. The mail . . . telephone calls . . . and meetings . . . accounted for almost every minute from the moment these executives entered their offices in the morning until they departed in the evenings."¹² Today, we might add the constant demands of our smart phones, ever-full e-mail and voice-mail in-boxes, and constant streams of instant messages and social media alerts to Mintzberg's list of executive preoccupations.¹³

Can you imagine a day filled with managerial responsibilities? The managers Mintzberg observed had little free time because unexpected problems and continuing requests for meetings consumed almost all the time that was available. Their workdays were intense, hectic, and fast paced; the pressure for always improving

performance was all-encompassing. Any manager, according to Mintzberg, must be ready to work long hours on fragmented and varied tasks at an intense pace, while getting things done through communication and interpersonal relationships.

||| Managers plan, organize, lead, and control.

If you are ready to perform as a manager or to get better as one, a good starting point is Figure 1.3. It shows the four functions in the management process—**planning, organizing, leading, and controlling**. The belief is that all managers, regardless of title, level, and organizational setting, are responsible for doing each of them well.¹⁴



The management process is planning, organizing, leading, and controlling the use of resources to accomplish performance goals.

FIGURE 1.3
What Four Functions Make Up the Management Process?
 The management process consists of four functions: planning, organizing, leading, and controlling. Planning sets the direction as performance objectives. Organizing arranges people and tasks to do the work. Leading inspires others to work hard. Controlling measures performance to make sure that plans and objectives are accomplished.

Planning

In management, **planning** is the process of setting performance objectives and determining what actions should be taken to accomplish them. When managers plan, they set goals and objectives and select ways to achieve them.

There was a time, for example, when Ernst & Young's top management grew concerned about the firm's retention rates for women.¹⁵ Why? Turnover rates at the time were much higher among women than among men, running some 22% per year and costing the firm about 150% of each person's annual salary to hire and train a replacement. Then Chairman Philip A. Laskawy responded to the situation by setting a planning objective to reduce turnover rates for women.

Organizing

Even the best plans will fail without strong implementation. Success begins with **organizing**, the process of assigning tasks, allocating resources, and coordinating the activities of individuals and groups. When managers organize, they bring people and resources together to put plans into action.

At Ernst & Young, Laskawy organized to meet his planning objective by convening and personally chairing a Diversity Task Force of partners. He also established a new Office of Retention and hired Deborah K. Holmes, now Global Director of Corporate Responsibility, to head it. As retention problems were identified in various parts of the firm, Holmes created special task forces to tackle them and recommend location-specific solutions.

Planning is the process of setting objectives and determining what should be done to accomplish them.

Organizing is the process of assigning tasks, allocating resources, and coordinating work activities.



"I'M IN THIS JOB BECAUSE I BELIEVE I EARNED IT THROUGH HARD WORK AND HIGH PERFORMANCE."

Role Models

■ Ursula Burns Leads Xerox with Confidence and a Strategic Eye

"Frankness," sharp humor, "willingness to take risks," "deep industry knowledge," "technical prowess." These are all phrases used to describe Ursula Burns, CEO of Xerox Corporation. She started as a mechanical engineering intern and moved up to become the first African American woman to head a *Fortune* 500 firm.

When she took over the firm at the height of financial crisis, her experience and leadership skills were well matched to its many challenges. In her prior role as president, Burns made tough decisions on downsizing, closed Xerox manufacturing operations, and changed the product mix. She also knew how to work well with the firm's board. Director Robert A. McDonald of Procter & Gamble says, "She understands the technology and can communicate it in a way that a director can understand it."

Burns took a significant risk as new CEO and spent \$6.4 billion to acquire the computer outsourcing and business processing company Affiliated Computer Services. This acquisition changed the size, scope, and focus of Xerox. ACS is a transportation solutions company providing services like electronic

toll collection, management of cities' parking systems, and photo traffic enforcement.

A working mother and spouse, Burns was raised by a single mom in New York City public housing. She earned a master's degree in engineering from Columbia University. Pride in her achievements comes across loud and clear: "I'm in this job because I believe I earned it through hard work and high performance," she said. "Did I get some opportunities early in my career because of my race and gender? Probably . . . I imagine race and gender got the hiring guys' attention. And the rest was really up to me."

WHAT'S THE LESSON HERE?

The trajectory from student intern to CEO of a *Fortune* 500 firm is quite impressive. What lessons are here for others to follow? Which four functions in the management process do you see at work in this case? How does Ursula Burns utilize technical, human, and conceptual skills? As a top manager of the organization, what are Burns's responsibilities?

Leading is the process of arousing enthusiasm and inspiring efforts to achieve goals.

Controlling is the process of measuring performance and taking action to ensure desired results.

Leading

The management function of **leading** is the process of arousing people's enthusiasm to work hard and inspiring their efforts to fulfill plans and accomplish objectives. When managers lead, they build commitments to plans and influence others to do their best work in implementing them. This is one of the most talked about managerial responsibilities, and it deserves lots of personal thought. Not every manager is a good leader, but every great manager is one for sure.

Deborah Holmes actively pursued her leadership responsibilities at Ernst & Young. She noticed that, in addition to the intense work at the firm, women often faced more stress because their spouses also worked. She became a champion of improved work-life balance and pursued it relentlessly. She started "call-free holidays," where professionals did not check voice mail or e-mail on weekends and holidays. She also started a "travel sanity" program that limited staffers' travel to four days a week so that they could get home for weekends. And she started a Woman's Access Program to provide mentoring and career development.

Controlling

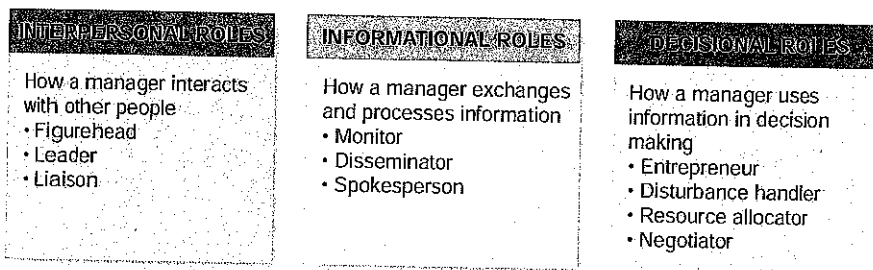
Controlling is the process of measuring work performance, comparing results to objectives, and taking corrective action as needed. As you have surely experienced, things don't always go as planned. When managers control, they stay in contact with people as they work, gather and interpret information on performance results, and use this information to make adjustments.

At Ernst & Young, Laskawy and Holmes regularly measured retention rates for women at the firm and compared them to the rate that existed when their new programs were started. By comparing results with plans and objectives, they were able to track changes in work-life balance and retention rates and pinpoint where they needed to make further adjustments in their programs. Over time, turnover rates for women were, and continue to be, reduced at all levels in the firm.¹⁶

||| Managers enact informational, interpersonal, and decisional roles.

When you consider the four management functions, don't be unrealistic. The functions aren't always performed one at a time or step-by-step. Remember the manager's workday as earlier described by Mintzberg—intense, fast-paced, and stressful. The reality is that managers must plan, organize, lead, and control continuously while dealing with the numerous events, situations, and problems of the day.

To describe how managers actually get things done, Mintzberg identified three sets of roles that he believed all good managers enact successfully.¹⁷ These are the interpersonal, informational, and decisional roles shown in the small figure.



A manager's *informational roles* focus on the giving, receiving, and analyzing of information. The *interpersonal roles* reflect interactions with people inside and outside the work unit. The *decisional roles* involve using information to make decisions to solve problems or address opportunities.¹⁸ It is through performing all these roles, so to speak, that managers fulfill their planning, organizing, leading, and controlling responsibilities.

Speaking of roles, each chapter of this book has a Role Models feature that introduces you to successful managers and executives in a variety of settings. Ursula Burns of Xerox was just featured as our first role model, and her story is well worth a look.

||| Managers are busy people that pursue action agendas and engage in networking.

Managers must not only master the four management functions and the roles just discussed; they must implement them in intense and complex work settings. And without any doubt, managerial work is busy, demanding, and stressful at all levels of responsibility. The managers Mintzberg studied had little free time to themselves.¹⁹ And in our age of high-tech smart devices, little has changed. A recent study found that just 15% of a typical CEO's day is spent working alone.²⁰ The workdays of most managers are hectic, and the pressure for improving performance is often intense.²¹

A Manager's Typical Workday »»

- Long hours
- Intense pace
- Fragmented and varied tasks
- Lots of communication
- Filled with interpersonal relationships

While we are discussing workday realities, consider this description of just one incident from the life of a general manager.²²

On the way to a scheduled meeting, a general manager met a staff member who did not report to him. They exchanged "hellos" and in a two-minute conversation the manager: (a) asked two questions and received helpful information; (b) reinforced his relationship with the staff member by sincerely complimenting her on recent work; and (c) enlisted the staff member's help on another project.

Can you see the pattern here? In just 2 short minutes, this general manager accomplished a lot. In fact, he demonstrated excellence with two activities that management consultant and scholar John Kotter considers critical to succeeding with the management process—agenda setting and networking.²³

Agenda Setting

Through **agenda setting**, managers identify clear action priorities. These agendas may be incomplete and loosely connected in the beginning. But over time, as the manager utilizes information continually gleaned from many different sources, the agendas become more specific. Kotter believes that the best managers keep their agendas always in mind so they can quickly recognize and take advantage of opportunities to advance them. In the example here, what might have happened if the manager had simply nodded "hello" to the staff member and continued on to his meeting?

Networking

Through **networking**, managers build and maintain positive relationships with other people, ideally those whose help might be useful someday. These networks create the opportunities through which priority agenda items can be fulfilled.

Much of what managers need to get done is beyond their individual capabilities alone. The support and contributions of other people often make the difference between success and failure. Networking is a way of developing all-important **social capital**—the capacity to attract support and help from others. You can think of it as a capacity to get things done with the help of people you know and relate well with.

The manager in the prior example needed help from someone who did not report directly to him. Although he wasn't in a position to order the staff person to help him out, this wasn't a problem. Because of the working relationship they maintained through networking, she wanted to help when asked. Most managers maintain extensive networks with peers, members of their work teams, higher-level executives, and people at various points elsewhere in the organization at the very least. Many are expected to network even more broadly, such as with customers, suppliers, and community representatives.

Agenda setting involves identifying clear action priorities.

Networking involves building and maintaining positive relationships with other people.

Social capital is the capacity to attract support and help from others to get things done.

III Managers use a variety of technical, human, and conceptual skills.

The discussion of roles, agendas, and networking is but a starting point for inquiry into your personal portfolio of management skills. Another step forward is found in the work of Harvard scholar Robert L. Katz. He classified the essential skills of managers into three categories—technical, human, and conceptual. As shown in Figure 1.4, the relative importance of each skill varies by level of managerial responsibility.²⁴

| Lower-level managers | Middle-level managers | Top-level managers |
|---|-----------------------|--------------------|
| Conceptual skills—The ability to think analytically and achieve integrative problem solving | | |
| Human skills—The ability to work well in cooperation with other persons; <i>emotional intelligence</i> —the ability to manage ourselves and relationships effectively | | |
| Technical skills—The ability to apply expertise and perform a special task with proficiency | | |

FIGURE 1.4 What Are Three Essential Managerial Skills, and How Does Their Importance Vary Across Levels?

All managers need essential technical, human, and conceptual skills. At lower levels of management, the technical skills are more important than conceptual skills, but at higher levels of management, the conceptual skills become more important than technical skills. Because managerial work is so heavily interpersonal, human skills are equally important across all management levels.

Technical Skill

A technical skill is the ability to use a special proficiency or expertise to perform particular tasks. Accountants, engineers, market researchers, financial planners, and systems analysts, for example, possess obvious technical skills. Other baseline technical skills for any college graduate today include such things as written and oral communication, computer literacy, and math and numeracy.

In Katz's model, technical skills are very important at career entry levels. So how do you get them? Formal education is an initial source for learning these skills, but continued training and job experiences are important in further developing them. Why not take a moment to inventory your technical skills, the ones you have and the ones you still need to learn for your future career? Katz tells us that the technical skills are especially important at job entry and early career points. Surely, you want to be ready the next time a job interviewer asks the bottom-line question: "What can you really do for us?"

Human Skill

The ability to work well with others is a human skill, and it is a foundation for managerial success. How can we excel at networking, for example, without an ability and willingness to relate well with other people? How can we develop social capital without it? A manager with good human skills will have a high degree of self-awareness and a capacity to understand or empathize with the feelings of others. You would most likely observe this person working with others in a spirit of trust, enthusiasm, and genuine involvement.

A technical skill is the ability to use expertise to perform tasks with proficiency.

A human skill is the ability to work well in cooperation with other people.

Emotional intelligence is the ability to manage ourselves and our relationships effectively.

Five Foundations of Emotional Intelligence >>>

A **conceptual skill** is the ability to think analytically and solve complex problems.

Lifelong learning is continuous learning from daily experiences.

A manager with good human skills is also likely to be high in **emotional intelligence (EI)**. Considered an important leadership attribute, EI is defined by scholar and consultant Daniel Goleman as the “ability to manage ourselves and our relationships effectively.”²⁵ He believes that emotional intelligence is built on the following five foundations.

1. *Self-awareness*—understanding moods and emotions
2. *Self-regulation*—thinking before acting; controlling disruptive impulses
3. *Motivation*—working hard and persevering
4. *Empathy*—understanding the emotions of others
5. *Social skills*—gaining rapport and building good relationships

Given the highly interpersonal nature of managerial work, it is easy to see why human skills and emotional intelligence are so helpful. Katz believes they are consistently important across all managerial levels.

Conceptual Skill

The ability to think critically and analytically is a **conceptual skill**. It involves the capacity to break down problems into smaller parts, see the relations between the parts, and recognize the implications of any one problem for others.

As Figure 1.4 previously showed, Katz believes conceptual skills gain in relative importance as we move from lower to **higher levels of management**. This is because the problems faced at higher levels of responsibility are often ambiguous and unstructured, accompanied by many complications and interconnections, and full of longer-term consequences for people and organizations. In respect to personal development, the question to ask is: “Am I developing the strong critical-thinking and problem-solving capabilities I will need for **sustained career success**?” The Steps for Further Learning selections at the end of each chapter are good ways to test your conceptual skills in a management context.

||| Managers can and should learn from experience.

Functions, roles, agendas, networks, skills! How can anyone develop and be consistently good at all these things? How can the capacity to do them all well be developed and maintained for long-term career success?

This book can be a good starting point for career development, a foundation for the future. Take your time, and give some thought to answering the questions that I ask as you read. Consider also how you might apply what you are learning to your current situations—school, work, and personal. And then ask what you can learn from these situations in turn. It is well recognized that successful managers do this all the time. We call it learning from experience.

The challenge for all of us is to be good at **lifelong learning**—the process of continuously learning from our daily experiences and opportunities. Consider the following point by State Farm CEO Edward B. Rust, Jr.²⁶

I think the whole concept of lifelong learning is more relevant today than ever before. It's scary to realize that the skill sets we possess today are likely to be inadequate five years from now, just due to the normal pace of change. As more young people come into the workforce, they need a deeper, fundamental understanding of the basic skills—not just to get a job, but to grow with the job as their responsibilities change over their lifetimes.

Does Rust's assessment of lifelong learning sound daunting? Or is it a challenge you are confident in meeting? Do you agree that this is an accurate description of today's career environment? If you do, and I believe you should, you'll also have to admit that learning, learning, and more learning are top priorities in our lives. Why not use Table 1.1, Six "Must-Have" Managerial Skills, as a preliminary checklist for assessing your managerial learning and career readiness? How do you stack up?

Table 1.1 Six "Must-Have" Managerial Skills

| | |
|--------------------------|--|
| Teamwork | Able to work effectively as team member and leader; strong on team contributions, leadership, conflict management, negotiation, and consensus building |
| Self-Management | Able to evaluate self, modify behavior, and meet obligations; strong on ethical reasoning, personal flexibility, tolerance for ambiguity, and performance responsibility |
| Leadership | Able to influence and support others to perform complex and ambiguous tasks; strong on diversity awareness, project management, and strategic action |
| Critical Thinking | Able to gather and analyze information for problem solving; strong on information analysis and interpretation, creativity and innovation, judgment, and decision making |
| Professionalism | Able to sustain a positive impression and instill confidence in others; strong on personal presence, initiative, and career management |
| Communication | Able to express self well in communication with others; strong on writing, oral presentation, giving and receiving feedback, and technology utilization |

With the prior list as a starting point, the rest of this book should be valuable for your personal development. And in this regard, another question is worth asking. Given all the hard work and challenges that it involves, why would anyone want to be a manager? Beyond the often-higher salaries, there is one very compelling answer—pride! As pointed out by management theorist Henry Mintzberg, being a manager is an important and socially responsible job.²⁷

No job is more vital to our society than that of the manager. It is the manager who determines whether our social institutions serve us well or whether they squander our talents and resources. It is time to strip away the folklore about managerial work, and time to study it realistically so that we can begin the difficult task of making significant improvement in its performance.

STUDY GUIDE

Takeaway 1.2

What Do Managers Do, and What Skills Do They Use?

Terms to Define

Agenda setting

Conceptual skill

Controlling

Emotional intelligence

Human skill

Leading

Lifelong learning

Management process

Networking

Organizing

Planning

Social capital

Technical skill

Rapid Review

- The daily work of managers is often intense and stressful, involving long hours and continuous performance pressures.
- In the management process, planning sets the direction, organizing assembles the human and material resources, leading provides the enthusiasm and direction, and controlling ensures results.
- Managers perform interpersonal, informational, and decision-making roles while pursuing high-priority agendas and engaging in successful networking.
- Managers rely on a combination of technical skills (ability to use special expertise), human skills (ability to work well with others), and conceptual skills (ability to analyze and solve complex problems).
- Everyday experience is an important source of continuous lifelong learning for managers.

Questions for Discussion

1. Is Mintzberg's view of the intense and demanding nature of managerial work realistic, and if so, why would you want to do it?
2. If Katz's model of how different levels of management use essential skills is accurate, what are its career implications for you?
3. Why is emotional intelligence an important component of one's human skills?

Be Sure You Can

- describe the intensity and pace of a typical workday for a manager
- give examples of each of the four management functions
- list the three managerial roles identified by Mintzberg
- explain how managers use agendas and networks in their work
- give examples of a manager's technical, human, and conceptual skills
- explain how these skills vary in importance across management levels
- explain the importance of experience as a source of managerial learning

Career Situation: What Would You Do?

It's time now to take a first interview for your "dream" job. The interviewer is sitting across the table from you. She smiles, looks you in the eye, and says: "You have a very nice academic record, and we're impressed with your extracurricular activities. Now tell me exactly, what can you do for us that will add value to our organization right from day one?" How do you respond in a way that clearly shows you are "job ready" with strong technical, human, and conceptual skills?

Takeaway 1.3

What Are Some Important Career Issues in the New Workplace?

ANSWERS TO COME

- Globalization and job migration are changing the world of work.
- Failures of ethics and corporate governance are troublesome.
- Diversity and discrimination are continuing social priorities.
- Intellectual capital and self-management skills are essential for career success.

YOU MIGHT ALREADY HAVE NOTICED THAT THIS TEXT MAY DIFFER FROM OTHERS you've read. I'm going to ask you a lot of questions and expose you to different viewpoints and possibilities. This process of active inquiry begins with the recognition that we live and work in a time of great changes, ones that are not only socially troublesome and personally challenging, but also likely to increase, not decrease, in number, intensity, and complexity in the future.

Are you ready for the challenges ahead? Are you informed about the issues and concerns that complicate our new workplace? Are you willing to admit that this is no time for complacency?

III Globalization and job migration are changing the world of work.

At last count there were some 5.3 million or 3.5% of Americans working in the United States for foreign employers.²⁸ We buy foreign cars like Toyota, Nissan, and Mercedes-Benz that are assembled in America. We buy appliances from the Chinese firm Haier and Eight O'Clock Coffee from India's Tata Group. Top managers at Starbucks, IBM, Sony, Ford, and other global corporations have little need for the words "overseas" or "international" in everyday business vocabulary. They operate as global businesses that serve customers and suppliers wherever in the world they may be located, and that hire talent from around the world wherever it may be available at the lowest costs. Take Hewlett-Packard.²⁹ It operates in 170 countries, and most of its 330,000+ employees work outside the United States. Although headquartered in Palo Alto, California, one has to wonder: Is HP truly an American company anymore?

There are many faces of **globalization**, the worldwide interdependence of resource flows, product markets, and business competition that characterize our economy.³⁰ Government leaders now worry about the competitiveness of nations, just as corporate leaders worry about business competitiveness.³¹ Countries and people are not just interconnected through the news, in travel, and lifestyles; they are interconnected in labor markets and employment patterns and in financial and business dealings. At a time when more Americans find that their customer service call is answered in Ghana, their CAT scan read by a radiologist in India, and their tax return prepared by an accountant in the Philippines, the fact that globalization offers both opportunities and challenges is quite clear indeed.

Globalization is the worldwide interdependence of resource flows, product markets, and business competition.

Global sourcing involves contracting for work to be performed in other countries.

Job migration occurs when global outsourcing shifts jobs from one country to another.

Reshoring moves jobs back from foreign to domestic locations.

Ethics set moral standards of what is "good" and "right" behavior in organizations and in our personal lives.

Corporate governance is oversight of a company's management by a board of directors.

Businesses engage the global economy to sell goods and services to customers around the world. They also buy the things they need wherever they can be found at the lowest price. This is **global sourcing**—hiring workers and contracting for supplies in other countries. The firms save money by manufacturing and getting jobs done in countries with lower costs of labor.

One controversial side effect to global sourcing is **job migration**, the shifting of jobs from one country to another. The U.S. economy has been a net loser to job migration. Countries such as China, India, and the Philippines have been net gainers. And such countries aren't just sources of unskilled labor anymore. They are now able to offer highly trained workers—engineers, scientists, accountants, health professionals—for as little as one-fifth the cost of an equivalent U.S. worker.

Politicians and policy makers regularly debate how best to deal with the high costs of job migration, as local workers lose their jobs and their communities lose economic vitality. One side looks for new government policies to stop job migration by protecting the jobs of U.S. workers. The other side calls for patience, believing that the global economy will readjust in the long run and create new jobs for U.S. workers. Recent data suggest, in fact, that this is starting to happen as rising global labor and transportation costs make manufacturing at home more attractive. Ford and General Electric are among the firms that have started a practice called **reshoring**. It moves foreign production and jobs back to the United States.³² Which side are you on—more regulation to save domestic jobs, or letting markets take care of themselves?

III Failures of ethics and corporate governance are troublesome.

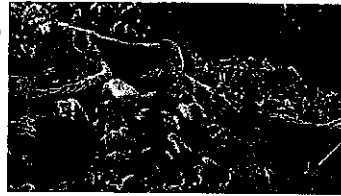
When Bernard Madoff was sentenced to 150 years in jail for crimes committed with a multi-billion dollar fraudulent Ponzi scheme, the message was crystal clear.³³ There is no excuse for senior executives in any organization to act illegally and tolerate management systems that enrich the few while damaging the many.

The harm done by Madoff touched individuals who lost lifelong and retirement savings, charitable foundations that had invested monies with his firm, and the employees of his firm and others that went out of business as a result of the fraud. Society also paid a price when faith in the nation's business system was damaged by the scandal.³⁴ Worse yet, Madoff isn't alone in letting greed overwhelm morality. All too often we learn about more scandals affecting banks and other financial institutions, as well as businesses and organizations of many other types. How would you recover if an employer bankruptcy or major business fraud affected you?

At the end of the day, we depend on individual people, working at all levels of organizations, to act ethically. Ethics is a code of moral principles that sets standards of conduct for what is "good" and "right" as opposed to "bad" or "wrong."

Don't let all the scandals make you cynical about ethical behavior in organizations. Even though ethics failures get most of the publicity, there is still a lot of good happening in the world of work. Look around. You'll find stronger corporate governance, described earlier as the active oversight of management decisions, corporate strategy, and financial reporting by a company's

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“ONE ORGANIC FARMER CLAIMS THAT “PESTICIDES MAY HAVE DRIFTED ONTO HER FIELD FROM NEIGHBORING FARMS.”

Ethics Check

■ Watch Out for Bad Apples at Farmers’ Markets

The U.S. Department of Agriculture reports that the number of farmers’ markets across the United States is surging. The customer appeal rests with desires for better food quality, lower prices, and a friendly shopping atmosphere, which may even offer entertainment and family activities. Farmers are also thrilled with the selling format and enjoy connecting with customers, selling the fruits of their labor, and socializing with other farmers. The overall message is often “support your local community,” and the satisfaction of doing so is infectious.

But, what does “local” mean? A market’s management usually determines just how it is defined in terms of radius miles from grower to marketplace. Some farmers markets are “producer only” markets requiring their vendors to produce and grow all products sold. Others allow resellers who essentially purchase produce from third parties and then bring it to the market to sell.

Unfortunately, there are cases where participating “farmers” make false claims. A Los Angeles investigation reported on surprise visits to farms where the produce was claimed to have been grown. Sellers were required by law to have permits and list fields. But some farms were full of weeds and dry dirt instead of rows of vegetables and fruits. Investigators even videotaped some farmers stopping at large whole-

sale warehouses enroute to the farmers’ markets. Why? They were stocking up with products clearly not grown on their premises.

Additional unsubstantiated and false claims about pesticides were found. Samples from five sellers in a Los Angeles farmers’ market were taken to a state-certified lab and tested. Three out of five samples turned up positive for pesticides. When confronted, one so-called organic seller said that pesticides may have “drifted onto her field from neighboring farms.”

YOU DECIDE

When discussing integrity issues in this fast-growing farmers’ market industry, one blogger states: “We’ve been told to know our farmers, but it is management who makes the decisions.” So, is it the customer’s responsibility to know what they’re buying and who they are buying it from? Or, is it the farmers’ market management that is supposed to make sure all sellers live up to standards? Is it inevitable that once good things start to happen in the local farmer’s market—growth, popularity, business success—that unethical people and practices will creep in to spoil them? What’s the management to do? They may even be volunteers.

board of directors.³⁵ You’ll also find that many people and organizations exemplify an ethical reawakening, one that places high value on personal integrity and moral leadership.

In a book entitled *The Transparent Leader*, Herb Baum, argues that integrity is a major key to ethics in leadership. When CEO of Dial Corporation, he walked the talk—no reserved parking place, open door, honest communication, careful listening, and hiring good people. Believing that most CEOs are overpaid, he once gave his annual bonus to the firm’s lowest-paid workers. Baum tells the story of an ethical role model—a rival CEO, Reuben Mark of Colgate Palmolive. Mark called him one day to say that a newly hired executive had brought with him to Colgate a disk containing Dial’s new marketing campaign. Rather than read it he returned the disk to Baum, an act Baum called “the clearest case of leading with honor and transparency I’ve witnessed in my career.”³⁶

Why not make ethics a personal priority? Your management course and this book are good opportunities to build confidence in dealing with ethics challenges. Take time to read and consider the situations presented in each chapter’s Ethics Check.



THE PAY GAP FOR WOMEN IN FINANCIAL SERVICES IS THE LARGEST FOR ANY INDUSTRY.

Facts to Consider

■ Employment Contradictions in Workforce Diversity

The nonprofit research group Catalyst claims: "Now more than ever, as companies examine how to best weather an economy in crisis, we need talented business leaders, and many of these leaders, yet untapped, are women." But research studies and news reports show contradictions in workforce diversity.

- Women earn some 60% of college degrees, hold 50.6% of managerial jobs, and hold 15.7% of board seats at *Fortune* 500 companies; women of color hold 3.2% of board seats, and only 4% of firms have two women of color on their boards.
- The median compensation of female CEOs in North American firms is 85% that of males; in the largest firms it is 61%.
- For each \$1 earned by male managers, female managers earn 79 cents; female managers in finance earn 58.8 cents for each \$1 earned by male managers.

- For each \$1 earned by men, African-American women earn 64 cents, and Hispanic women earn 52 cents.
- African Americans are 11.5% of the workforce and hold 8.3% of managerial and professional jobs.
- Asian Americans are 4.7% of the workforce and hold 6.3% of managerial and professional jobs.
- Hispanics are 11.1% of the workforce and hold 5% of managerial jobs.

YOUR THOUGHTS?

Do these data fit with your experience? What are the implications for you and your career aspirations? What other contradictions in workforce diversity have you seen, and how can they be explained?

||| Diversity and discrimination are continuing social priorities.

Workforce diversity describes differences among workers in gender, race, age, ethnicity, religion, sexual orientation, and able-bodiedness.

The term **workforce diversity** describes the composition of a workforce in terms of differences among people on gender, age, race, ethnicity, religion, sexual orientation, and physical ability.³⁷ The diversity trends of changing demographics are well recognized. Minorities now constitute more than 43% of the U.S. population, and **the proportion is growing**. The U.S. Census Bureau predicts that the country will become a true plurality by 2060, meaning that no one racial or ethnic group will be in the majority. Whites will be less than half the population, outnumbered by African Americans, Native Americans, Asians, and Hispanics combined. Hispanics are now the fastest-growing community and by 2060 will represent almost one-third of the population. The U.S. population is also aging. By 2030, more than 20% of the population will be 65 or older. Importantly, the proportion of the population that is working age will decline from 62.7% today to 56.9% by 2060.³⁸

Even though our society is diverse, many diversity issues in employment remain as open challenges. How, for example can we explain the diversity facts in the nearby box? And consider this. When researchers sent out résumés with **white-sounding** first names like Brett, they received 50% more responses from potential employers than when identical résumés were sent with black-sounding first names, like Kareem.³⁹ How can this result be explained?

U.S. laws strictly prohibit the use of demographic characteristics when employers make decisions on hiring, promotion, and firing. But laws are one thing; actions are another. Do you ever wonder why women and minorities hold few top jobs in large companies? One explanation is a subtle form of discrimination known as the **glass ceiling effect**. It occurs when an invisible barrier, or "ceiling,"

The **glass ceiling effect** is an invisible barrier limiting career advancement of women and minorities.

prevents members of diverse populations from advancing to high levels of responsibility in organizations.⁴⁰

There is little doubt that women and minorities face special work and career challenges in our society at large.⁴¹ Although progress is being made—for example more corporate board seats going to women—diversity bias still exists in too many of our work settings.⁴² This bias begins with **prejudice**, the holding of negative, irrational attitudes regarding people who are different from us. Take as an example lingering prejudice against working mothers. The nonprofit Families and Work Institute reports that in 1977 only 49% of men and 71% of women believed that mothers could be good employees; in 2008 the figures had risen to 67% and 80%, respectively.⁴³ But, don't you wonder why the figures don't show 100% support of working mothers?

Prejudice becomes active **discrimination** when people in organizations treat minority members unfairly and deny them full membership benefits. Discrimination was evident in the résumés study described earlier. And prejudice also becomes discrimination when a male or female manager refuses to promote a working mother in the belief that “she has too many parenting responsibilities to do a good job at this level.” Scholar Judith Rosener suggests that employment discrimination of any form comes at a high cost—not just to the individuals involved, but also to society. The organization's loss for any discriminatory practices, she says, is “undervalued and underutilized human capital.”⁴⁴

A female vice president at Avon once described the challenges of truly valuing and managing diversity this way: “Consciously creating an environment where everyone has an equal shot at contributing, participating, and most of all advancing.”⁴⁵ And many voices point out that today's increasingly diverse and multicultural workforce should be an asset that, if tapped, creates opportunities for performance gains. But consultant R. Roosevelt Thomas cautions that too many employers still address diversity with the goal of “making their numbers.”⁴⁶

III Intellectual capital and self-management skills are essential for career success.

No matter how you look at it, the future poses a complex setting for career success. And if current trends continue, it will be more and more of a **free-agent economy**. Like professional athletes, many of us will be changing jobs more often and even working on flexible contracts with a shifting mix of employers over time.⁴⁷ British scholar and consultant Charles Handy uses the analogy of the **shamrock organization**, shown here, to describe the implications.⁴⁸ Each leaf in the **shamrock organization** represents a different group of workers.

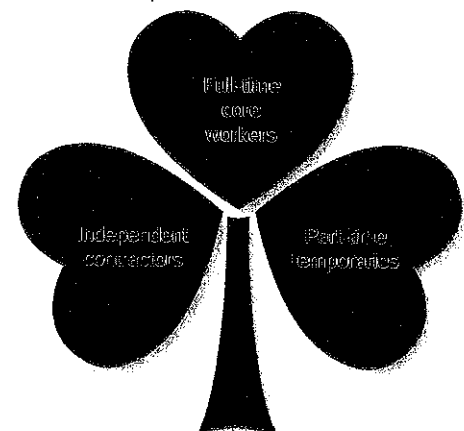
The first leaf in Handy's shamrock organization is a core group of permanent, full-time employees with critical skills, who follow standard career paths. The second leaf consists of workers hired as freelancers and independent contractors. They provide organizations with specialized skills and talents for specific projects and then change employers when projects are completed. An increasing number of jobs in the new economy fall into this category. Some call this a time of *gigonomics*, where even well-trained professionals make their livings moving from one “gig” to the next, instead of

Prejudice is the display of negative, irrational attitudes toward women or minorities.

Discrimination actively denies women and minorities the full benefits of organizational membership.

In a **free-agent economy**, people change jobs more often, and many work on independent contracts with a shifting mix of employers.

A **shamrock organization** operates with a core group of full-time long-term workers supported by others who work on contracts and part time.



The shamrock organization

holding a traditional full-time job.⁴⁹ The third leaf is a group of temporary part-timers. Their hours of work increase or decrease as the needs of the business rise or fall. They often work without benefits and are the first to lose their jobs when an employer runs into economic difficulties.

As you might guess, today's college graduates must be prepared to succeed in the second and third leaves of Handy's shamrock organization, not just the first. And to achieve success, Handy advises everyone to maintain a portfolio of skills that is always up-to-date and attractive to potential employers, regardless of where in the shamrock your goals may center.

You might begin by thinking seriously about your **intellectual capital**—what you can offer an employer in terms of brainpower, skills, and capabilities. Ideally, these will be things valued by the employer that also differentiate you a bit from others who might want the same job. A good way to address the issue is to use this **intellectual capital equation**:⁵⁰

$$\text{Intellectual Capital} = \text{Competency} \times \text{Commitment.}$$

Competency represents our talents or job-relevant capabilities, whereas commitment represents our willingness to work hard in applying them to important

Intellectual capital is the collective brainpower or shared knowledge of a workforce.

The **intellectual capital equation** is: $\text{IC} = \text{competency} \times \text{commitment}$.

Delivering Happiness: A Path to Profits, Passion, And Purpose
by Tony Hsieh

Manager's Library

"What are you going to be when you grow up?" Those words echo through the mind starting in childhood and grow louder as adulthood approaches. The moment of truth finally arrives. Or has it? According to Tony Hsieh, author of the book *Delivering Happiness* (2010, Business Plus), "being" something is more of a mind-set than an occupation. He thinks the question is answered by simply asking yourself, "What makes you happy?"

Hsieh thinks rules in business are just like rules about hobbies and friends—do what makes you happy with people you like. Hsieh translated youthful interests and associations into two profitable ventures. He founded two Internet start-ups with college friends—LinkExchange and Zappos.com—selling them for \$256 million and \$1.2 billion, respectively.

As Zappos' CEO, Hsieh cultivates a culture in which customers and employees are treated as friends. He considers this the Zappos brand and its secret to success. He emphasizes customer service and employee training and says adults work best when they playfully share discoveries together, much like children do. Fun events sponsored during work hours enable social ties to cultivate.

Zappos welcomes customer calls and online chats as opportunities to create friendly bonds. They aren't timed, no

script is used, and agents are guided by personal judgment. Zappos' mission is to "Deliver WOW," and loyal customers receive surprise upgrades to overnight shipping.

Employees control career progression by choosing which company-designed courses to take and when to complete them. They receive incremental title and pay boosts rather than infrequent employer-driven reviews. This creates a pipeline of wide-ranging talent. Hsieh believes people must decide when and how to advance based on their happiness at each level.

Finding purpose in work comes with finding happiness; staying connected with others in common purpose beyond self-serving needs feels more like play than work. Hsieh reflects on his childhood worm farm and college pizza business as examples where work and friendship merged meaningfully. He stays busy having fun rather than growing up to be "something."

REFLECT AND REACT

Is Hsieh onto something here? How do you think the rules of work compare or contrast to the rules of play? Do you view play and work as individual pursuits or group undertakings? How are friends and coworkers similar or different? What are your pathways to happiness?

tasks. Obviously, both are essential. One without the other is not enough to meet anyone's career needs or any organization's performance requirements. Max DePree, former CEO of Herman Miller, puts it this way: "We talk about the difference between being successful and being exceptional. Being successful is meeting goals in a good way—being exceptional is reaching your potential."⁵¹

When it comes to human potential, the workplace is well into the *information age* dominated by **knowledge workers**. These are persons whose minds, not just physical capabilities, are critical assets.⁵² And things are not standing still. Futurist Daniel Pink says that we are already moving toward a *conceptual age* in which intellectual capital rests with people who are both "high concept"—creative and good with ideas, and "high touch"—joyful and good with relationships.⁵³ The future, he believes, will belong to those with "whole-mind" competencies, that combine left-brain analytical thinking with right-brain intuitive thinking.

There is no doubt that the free-agent economy places a premium on your capacity for **self-management**, being able to realistically assess and actively manage your personal development. It means showing emotional intelligence, exercising initiative, accepting responsibility for accomplishments and failures, and continually seeking new learning opportunities and experiences. Take a look at the Explore Yourself feature in each chapter. It is designed to better acquaint you with **managerial skills and their implications for your career readiness**. The first feature is on self-management, and the question you should be asking when reading it is: How well do I stack up?

The fact is that what happens from this point forward in your career is largely up to you. There is no better time than the present to start taking charge of what can be called your "personal brand"—a unique and timely package of skills and capabilities of real value to a potential employer. Management consultant Tom Peters advises that your brand should be "remarkable, measurable, distinguished, and distinctive" relative to the competition—others who want the same career opportunities that you do.⁵⁴

Have you thought about what employers want? Are you clear and confident about the brand called "You"? Does your personal portfolio include new workplace survival skills?

Knowledge workers use their minds and intellects as critical assets to employers.

Self-management is the ability to understand oneself, exercise initiative, accept responsibility, and learn from experience.



SELF-MANAGEMENT HELPS US AVOID VIEWING OURSELVES MORE FAVORABLY THAN IS JUSTIFIED

Explore Yourself

■ Self-Management

When it comes to doing well as a student and in a career, a lot rests on how well you know yourself and what you do with this knowledge. Self-management involves acting with a strong sense of self-awareness, something that helps us build on strengths, overcome weaknesses, and avoid viewing ourselves more favorably than is justified. This capacity is an important career skill.

It can be easy to talk about self-management but much harder to master it. Why not use the many self-assessments in

this book to get in better touch with this and other important career skills?

Get to know yourself better by taking the self-assessment on Personal Career Readiness and completing other activities in the *Exploring Management Skill-Building Portfolio*.

STUDY GUIDE

Takeaway 1.3

What Are Some Important Career Issues in the New Workplace?

Terms to Define

Corporate governance
 Discrimination
 Ethics
 Free-agent economy
 Glass ceiling effect
 Global sourcing
 Globalization
 Intellectual capital
 Intellectual capital equation
 Job migration
 Knowledge workers
 Prejudice
 Reshoring
 Self-management
 Shamrock organization
 Workforce diversity

Rapid Review

- Globalization has brought increased use of global outsourcing by businesses and concern for the adverse effects of job migration.
- Society increasingly expects organizations and their members to perform with high ethical standards and in socially responsible ways.
- Organizations operate with diverse workforces, and each member should be respected for her or his talents and capabilities.
- Work in the new economy is increasingly knowledge based, relying on people with valuable intellectual capital to drive high performance.
- Careers in the new economy are becoming more flexible, requiring personal initiative to build and maintain skill portfolios that are always up-to-date and valued by employers.

Questions for Discussion

1. How are current concerns about ethics in business, globalization, and changing careers addressed in your courses and curriculum?
2. Is it possible for members of minority groups to avoid being hurt by prejudice, discrimination, and the glass ceiling effect in their careers?
3. In what ways can the capacity for self-management help you to prosper in a free-agent economy?

Be Sure You Can

- describe how corporate governance influences ethics in organizations
- explain how globalization and job migration are changing the economy
- differentiate prejudice, discrimination, and the glass ceiling effect
- state the intellectual capital equation
- discuss career opportunities in the shamrock organization
- explain the importance of self-management to career success

Career Situation: What Would You Do?

One result of globalization is that many people now work domestically for foreign employers that have set up businesses in their local communities. How about you? Does it make any difference if you receive a job offer from a foreign employer such as Haier—a Chinese firm that makes popular home appliances—or a domestic employer? What are the “pluses and minuses” of working at home for a foreign employer? Could the pluses outweigh the minuses for you?



TestPrep 1

Answers to TestPrep questions can be found at the back of the book.

Multiple-Choice Questions

1. If a sales department supervisor is held accountable by a middle manager for the department's performance, on whom is the department supervisor dependent in making this performance possible?
 - (a) Board of directors
 - (b) Top management
 - (c) Customers or clients
 - (d) Department salespersons
2. The management function of _____ is being activated when a bookstore manager measures daily sales in the magazine section and compares them with daily sales targets.
 - (a) planning
 - (b) agenda setting
 - (c) controlling
 - (d) delegating
3. The process of building and maintaining good working relationships with others who may someday help a manager implement his or her work agendas is called _____.
 - (a) governance
 - (b) networking
 - (c) emotional intelligence
 - (d) entrepreneurship
4. According to Robert Katz, _____ skills are more likely to be emphasized by top managers than by first-line managers.
 - (a) human
 - (b) conceptual
 - (c) informational
 - (d) technical
5. An effective manager is someone who helps others to achieve high levels of both _____ and _____.
 - (a) pay; satisfaction
 - (b) performance; satisfaction
 - (c) performance; pay
 - (d) pay; quality of work life
6. _____ is the active oversight by boards of directors of top management decisions in such areas as corporate strategy and financial reporting.
 - (a) Value chain analysis
 - (b) Productivity
 - (c) Outsourcing
 - (d) Corporate governance
7. When a manager denies promotion to a qualified worker simply because of personally disliking her because she is Hispanic, this is an example of _____.
 - (a) discrimination
 - (b) accountability
 - (c) self-management
 - (d) a free-agent economy
8. A company buys cloth in one country, has designs made in another country, has the garments sewn in another country, and sells the finished product in yet other countries. This firm is actively engaging in the practice of _____.
 - (a) job migration
 - (b) performance effectiveness
 - (c) value creation
 - (d) global sourcing
9. The intellectual capital equation states: Intellectual Capital = _____ × Commitment.
 - (a) Diversity
 - (b) Confidence
 - (c) Competency
 - (d) Communication
10. If the direction in managerial work today is away from command and control, what is it toward?
 - (a) Coaching and facilitating
 - (b) Telling and selling
 - (c) Pushing and pulling
 - (d) Carrot and stick

11. The manager's role in the "upside-down pyramid" view of organizations is best described as providing _____ so that operating workers can directly serve _____.
- (a) direction; top management
 - (b) leadership; organizational goals
 - (c) support; customers
 - (d) agendas; networking
12. When a team leader clarifies desired work targets and deadlines for a work team, he or she is fulfilling the management function of _____.
- (a) planning
 - (b) delegating
 - (c) controlling
 - (d) supervising
13. The research of Mintzberg and others concludes that most managers _____.
- (a) work at a leisurely pace.
 - (b) have blocks of private time for planning.
 - (c) always live with the pressures of performance responsibility.
 - (d) have the advantages of short workweeks.
14. Emotional intelligence helps us to manage ourselves and our relationships effectively. Someone that is high in emotional intelligence will have the capacity to _____, an ability to think before acting and to control potentially disruptive emotions and actions.
- (a) set agendas
 - (b) show motivation
 - (c) self-regulate
 - (d) act as a leader
15. Which of the following is a responsibility that is most associated with the work of a CEO, or chief executive officer, of a large company?
- (a) Aligning the company with changes in the external environment
 - (b) Reviewing annual pay raises for all employees
 - (c) Monitoring short-term performance of lower-level task forces and committees
 - (d) Conducting hiring interviews for new college graduates

Short-Response Questions

16. What is the difference between prejudice and workplace discrimination?
17. How is the emergence of a free-agent economy changing career and work opportunities?
18. In what ways will the job of a top manager typically differ from that of a first-line manager?
19. How does planning differ from controlling in the management process?

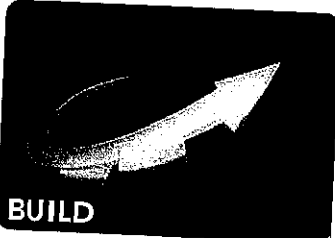
Integration and Application Question

20. Suppose you have been hired as the new supervisor of an audit team for a national accounting firm. With four years of auditing experience, you feel technically well prepared. However, it is your first formal appointment as a manager. The team has 12 members of diverse demographic and cultural backgrounds and varying work experience. The workload is intense, and there is a lot of performance pressure.

Questions: To be considered *effective* as a manager, what goals will you set for yourself in the new job? What skills will be important to you, and why, as you seek success as the audit team supervisor?

BUILD MARKETABLE SKILLS
DO A CASE ANALYSIS
GET AND STAY INFORMED

Steps for Further Learning



BUILD
MARKETABLE SKILLS.
EARN BIG CAREER
PAYOFFS!

Don't miss these opportunities in the **Skill-Building Portfolio**

■ **SELF-ASSESSMENT 1:**
Personal Career Readiness

Rate your personal characteristics . . . start making a solid career development plan.

■ **CLASS EXERCISE 1:**
My Best Manager

Compare viewpoints on great managers . . . think about how you can become one.

■ **TEAM PROJECT 1:**
Managing Millennials

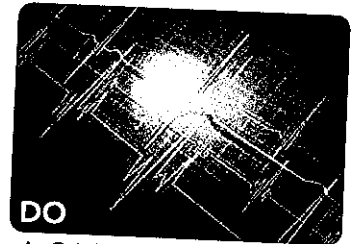
Get inside the millennial generation . . . learn to appreciate individual differences at work.

Many learning resources are found at the end of the book and online within WileyPLUS.

Take advantage of **Cases for Critical Thinking**

■ **CHAPTER 1 CASE SNAPSHOT:**
Trader Joe's—Managing less to gain more/
Sidebar on Chobani

Trader Joe's is a model of how a company effectively performs the management functions of planning, organizing, leading, and controlling. The company stands for unique quality items like olive oil, Greek olives, brie, and baguettes at peanut butter and jelly prices. How did this retail grocer grow to \$8.5+ billion in sales and attract an obsessive and diverse cult following of foodies? Much has to do with its unique corporate culture, which affects everything from how the company meticulously plans its store locations, to how it manages its employees and purchasing and branding strategies. A walk down any aisle shows how management fundamentals helped make Trader Joe's more than just the "average Joe" of food retailers.



DO
A CASE ANALYSIS.
STRENGTHEN YOUR
CRITICAL THINKING!

Dig into this **Hot Topic**

■ **PRO AND CON DEBATE:** **Time to turn the workplace into a fun place?**

"Goofing off" time is considered valuable time at the online retailer Zappos.com. Employees are encouraged to take breaks and have fun, all while on the payroll. The company even has a "cultural evangelist"—John Walkses, whose job it is to make sure the organizational culture stays both happy and productive. He says: "By allowing team members to participate in nonwork activities and have fun, the office keeps a positive vibe and people are much happier. Also, they don't burn out as they are free to take time away from their duties."

Zappos isn't alone in its commitment to turning the workplace into a fun place. At WhatIf, an innovation consultancy, PechaKucha sessions are used to engage employees in sharing interesting things about themselves and their activities outside work. The technique involves making a presentation of 20 slides that show for only 20 seconds each. The presenter narrates the slide show as a way of helping coworkers get to know them better.

Those in favor of adding fun time to work are likely to say: "You discover new things about people . . ." "It helps take the pressure off . . ." and "I look forward to seeing people I've grown to really like." Those against the practice are likely to say: "Come on, grow up. . . ." "I don't think employers should be spending money on these things . . ." and "Look, work is work, I don't care what package you put it in."

Final Face-off As an employer, would you consider building "fun" into your workplace? Are organizations like Zappos and Whatif ahead of the curve, with many others likely to follow? Or, is all this talk about fun at work just a fad, perhaps something that applies to just a few employers and organizations and is not to be copied? How about it—should managers spend time and money to transform the workplace into a fun place?



AND STAY INFORMED.
MAKE YOURSELF
VALUABLE!

*Great management isn't new, and it isn't all
high tech... it is part of our history.*

Management Learning

2

Great Things Grow from Strong Foundations

Management Live

Learning Style and *Mr. Holland's Opus*

Glenn Holland (Richard Dreyfus) is an aspiring musician who wants to compose. He takes a job as a high school music teacher to gain more time for composition. One day he has an epiphany—he realizes his students do not learn music the way he did.

Gertrude Lang (Alicia Witt) desperately wants to play the clarinet because everyone else in her family excels at something. As much as she practices, she never improves. Mr. Holland helps her understand that music is about heart and feeling and that she needs to trust herself to play effectively. So, she learns to play by imagining a song as a sunset.

Louis Russ (Terrence Howard) must learn to play the bass drum to remain eligible for sports. The way he learns is different; he needs action and a model to follow. Mr. Holland gets Russ to understand timing and rhythm by imitating his beat.

Each of us has a preferred learning style, a set of ways through which we like to learn by receiving, processing, and recalling new information. For Gertrude Lang, it was being able to create a mental image that allowed music to flow from her heart to her fingertips. Lou Russ's style involved physically feeling and duplicating the rhythm being tapped by his teacher. As in these examples, we can often learn better when our styles are understood. How about you? Are you in touch with your learning style?



Buena Vista / Photofest

YOUR CHAPTER 2 TAKEAWAYS

1. Understand the lessons of the classical management approaches.
2. Identify the contributions of the behavioral management approaches.
3. Recognize the foundations of modern management thinking.

WHAT'S INSIDE

Explore Yourself
More on learning styles

Role Models
Oprah Winfrey Multitasks to make a difference in others' lives

Ethics Check
Cyberslackers find company time great for Internet Surfing

Facts to Consider
Generations differ when rating their bosses

Manager's Library
Outliers: The Story of Success
by Malcolm Gladwell

Takeaway 2.1

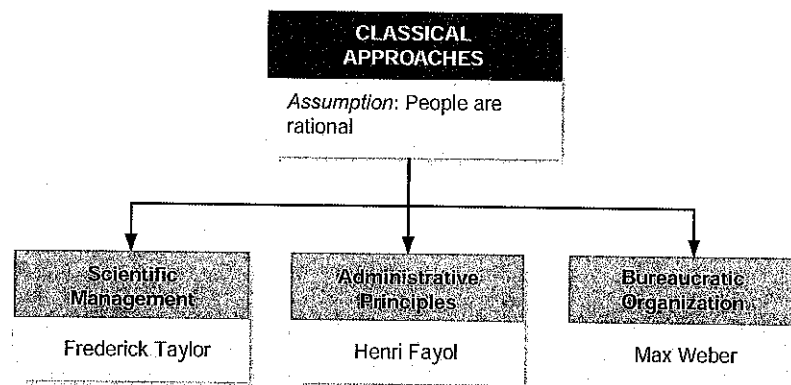
What Are the Lessons of the Classical Management Approaches?

ANSWERS TO COME

- Taylor's scientific management sought efficiency in job performance.
- Weber's bureaucratic organization is supposed to be efficient and fair.
- Fayol's administrative principles describe managerial duties and practices.

HISTORIANS TRACE MANAGEMENT AS FAR BACK AS 5000 B.C., WHEN ANCIENT Sumerians used written records to assist in governmental and commercial activities.¹ Management contributed to the construction of the Egyptian pyramids, the rise of the Roman Empire, and the commercial success of 14th-century Venice. During the Industrial Revolution in the 1700s, great social changes helped to prompt a leap forward in the manufacture of basic staples and consumer goods. Adam Smith's ideas of efficient production through specialized tasks and the division of labor further accelerated industrial development.

By the turn of the 20th century, Henry Ford and others were making mass production a mainstay of the emerging economy.² What we now call the classical school was launching a path of rapid and continuing development in the science and practices of management.³ Prominent representatives of this school and their major contributions to management thinking include Frederick Taylor—scientific management, Max Weber—bureaucracy, and Henri Fayol—administrative principles.



||| Taylor's scientific management sought efficiency in job performance.

In 1911, Frederick W. Taylor stated the following in his book, *The Principles of Scientific Management*: "The principal object of management should be to secure maximum prosperity for the employer, coupled with the maximum prosperity for the employee."⁴ Taylor had noticed that many workers did their jobs in their own way—

perhaps haphazard—and without consistent supervision. And it seemed to him that a lack of clear and uniform methods caused workers to lose efficiency and perform below their true capacities. As a result, their organizations also underperformed.

To correct this problem, Taylor identified a system he called **scientific management**. It was based on the notion that jobs should be studied to identify their basic steps and motions as well as determine the most efficient ways of doing them. Once this job “science” was defined, workers could be trained to follow it, and supervisors could be trained to support and encourage workers to perform to the best of their abilities. Taylor’s approach to scientific management can be summarized in these four core principles.

1. Develop a “science” for each job—rules of motion, standard work tools, and proper work conditions.
2. Hire workers with the right abilities for the job.
3. Train and motivate workers to do their jobs according to the science.
4. Support workers by planning and assisting their work according to the science.

One of the most enduring legacies of the scientific management approach grew out of Taylor’s first principle and involves **motion study**, the science of reducing a job or task to its basic physical motions. Two of Taylor’s contemporaries, Frank and Lillian Gilbreth, pioneered the use of motion studies as a management tool.⁵ In one famous case, they reduced the number of motions used by bricklayers and tripled their productivity.⁶

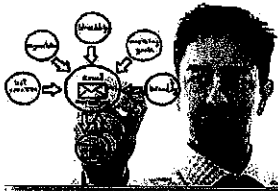
Are you clear about the principles of scientific management? Think about what happens when a top coach trains a group of soccer players. If the coach teaches players the techniques of their positions and how the positions fit into the overall team strategy, the team will probably do better in its games, right? In the same way, Taylor hoped to improve the productivity of workers and organizations. With a stopwatch and notebook in hand, he analyzed tasks and motions to describe the most efficient ways to perform them.⁷ He then linked these requirements with job training, monetary incentives for performance success, and better direction and assistance from supervisors.

A ready example of how Taylor’s ideas are still used is United Parcel Service. Sorters at regional centers are timed according to strict task requirements and are expected to load vans at a set number of packages per hour. GPS technology plots the shortest routes; delivery stops are studied and carefully timed; supervisors

Scientific management emphasizes careful selection and training of workers and supervisory support.

◀ Taylor’s 4 Principles of Scientific Management

Motion study is the science of reducing a job or task to its basic physical motions.



Tips to Remember

■ Scientific Management Lessons for Today’s Managers

- Make results-based compensation a performance incentive.
- Carefully design jobs with efficient work methods.
- Carefully select workers with the abilities to do these jobs.
- Train workers to perform jobs to the best of their abilities.
- Train supervisors to support workers to best perform their jobs.

generally know within a few minutes how long a driver's pickups and deliveries will take. Industrial engineers also devise precise routines for drivers. The point in classic scientific management fashion is that savings of seconds on individual stops adds up to significant increases in productivity.

III Weber's bureaucratic organization is supposed to be efficient and fair.

The purely bureaucratic type of administrative organization . . . is from a purely technical point of view capable of attaining the highest degree of efficiency. . . . It is superior to any other form in precision, in stability, in the stringency of its discipline, and in its reliability. It thus makes possible a particularly high degree of calculability of results for the heads of the organization and for those acting in relation to it. It is finally superior both in intensive efficiency and in the scope of its operations and is formally capable of application to all kinds of administrative tasks.

Max Weber, *The Theory of Social Economic Organization*

Max Weber was a late-19th-century German intellectual whose insights have made a significant impact on the field of management and the sociology of organizations.⁸ Like Taylor, his ideas developed somewhat in reaction to what he considered to be poor performance by the organizations of his day. He was especially concerned that people were in positions of authority not because of their job-related capabilities but because of their social standing or "privileged" status in German society.

Have you seen similar problems? Have you ever been upset that people rise to positions of major responsibility in organizations not because of their competencies, but because of whom they know or how well they play political games? Look around, talk to friends and relatives. Are Weber's concerns at all relevant today?

At the heart of Weber's proposal for correcting performance problems with organizations was a specific approach he called a **bureaucracy**.⁹ When staffed and structured along the lines listed in Table 2.1, Characteristics of an Ideal Bureaucracy, he believed organizations could be both highly efficient and very fair in treating their

A **bureaucracy** is a rational and efficient form of organization founded on logic, order, and legitimate authority.

Table 2.1 Characteristics of an Ideal Bureaucracy

| |
|---|
| Clear Division of Labor Jobs are well defined, and workers become highly skilled at performing them. |
| Clear Hierarchy of Authority Authority and responsibility are well defined, and each position reports to a higher-level one. |
| Formal Rules and Procedures Written guidelines describe expected behavior and decisions in jobs; written files are kept for the historical record. |
| Impersonality Rules and procedures are impartially and uniformly applied; no one gets preferential treatment. |
| Careers Based on Merit Workers are selected and promoted on ability and performance; managers are career employees of the organization. |

members and clients. For Weber, an organization of this type—the **bureaucracy**—was ideal and rational. And in effect, he was recommending that this is how all organizations should be run.

A bureaucracy works well, in theory at least, because of its reliance on logic, order, and legitimate authority. It also works well because people are selected for their jobs because of competency and are only promoted to higher-level ones because of demonstrated performance. But if it is so good, why do we so often hear the terms “bureaucracy” and “bureaucrat” used negatively? That’s because bureaucracies don’t always live up to Weber’s expectations.

Think of the last time you were a client of a traditional bureaucracy, perhaps a government agency or the registrar at your school. Would you agree that they are sometimes slow in handling problems, making changes, and adapting to new customer or client needs? As a customer, have you sometimes encountered employees who seem disconnected, hesitant to make a decision, resistant to change, and even apathetic in relating to you? When was the last time you were frustrated at the service you received and complained about an organization’s excessive “red tape”?

These and other disadvantages of bureaucracy are most likely to limit performance and cause problems for organizations that must be flexible and quick in adapting to changing times—a common situation today. And they are irritants for demanding customers, perhaps like you, who want quick service and a quality customer experience.

The bureaucratic model isn’t the best choice for all organizations. It works well sometimes, but not all the time. In fact, a major challenge for research on organizational design is to identify when and under what conditions bureaucratic features work well and what the best alternatives are when they don’t. Later in the module we’ll call this “contingency thinking.”

The Classic Bureaucracy

Fair
Impersonal
Career managers
Clear division of labor
Promotion based on merit
Formal hierarchy of authority
Written rules and standard procedures

Don Bayley/iStockphoto



MILLENNIAL GENERATION MORE POSITIVE THAN BABY BOOMERS WHEN RATING BOSSES' PERFORMANCE.

Facts to Consider

■ Generations Differ When Rating Their Bosses

Would it surprise you that Millennials have somewhat different views of their bosses than their Generation X and Baby Boomer coworkers? Check out these data from a Kenexa survey that asked 11,000 respondents to rate their managers’ performance.

- Overall performance positive—Boomers 55%, Gen Xers 59%, Millennials 68%
- People management positive—Boomers 50%, Gen Xers 53%, Millennials 62%
- Work management positive—Boomers 52%, Gen Xers 55%, Millennials 63%
- Keeping commitments positive—Boomers 59%, Gen Xers 60%, Millennials 65%

- Outstanding leader—Boomers 39%, Gen Xers 43%, Millennials 51%

YOUR THOUGHTS?

A Kenexa researcher says that Millennials are “more willing to take direction and accept authority,” whereas “as we grow older, our ideas become more concrete and less flexible.” Does this seem like an accurate conclusion? How can these generational differences in evaluating managers be explained? And, by the way, what do these data suggest if you are managing people from these different generations?

Fayol's Five Duties of Management

The **scalar chain principle** states that organizations should operate with clear and unbroken lines of communication top to bottom.

The **unity of command principle** states that a worker should receive orders from only one boss.

III Fayol's administrative principles describe managerial duties and practices.

Another branch in the classical approaches to management includes attempts to document and understand the experiences of successful managers. The most prominent writer in this realm is Henri Fayol.

In 1916, after a career in French industry, Henri Fayol published *Administration Industrielle et Générale*.¹⁰ The book outlines his views on the proper management of organizations and the people within them. It identifies five "rules" or "duties" of management in respect to foresight, organization, command, coordination, and control:

- **Foresight**—complete a plan of action for the future.
- **Organization**—provide and mobilize resources to implement plan.
- **Command**—lead, select, and evaluate workers.
- **Coordination**—fit diverse efforts together, ensure information is shared and problems are solved.
- **Control**—make sure things happen according to plan, take necessary corrective action.

Look closely at Fayol's duties. Do you see how they resemble the four functions of management that we talk about today—planning, organizing, leading, and controlling? Importantly, Fayol believed that managers could be taught to put these functions into practice in the best ways. For example, he offered the following "principles" as guides to managerial action. You'll still hear them talked about in the vocabulary of everyday management. Fayol's **scalar chain principle** stated that there should be a clear and unbroken line of communication from the top to the bottom in the organization. His **unity of command principle** stated that each person in an organization should receive orders from only one boss. Would you say that these principles still make sense today?

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iStockphoto



REVOKING PERSONAL INTERNET USE IS NOT VERY REALISTIC. ON THE OTHER HAND, LOST PRODUCTIVITY DUE TO CYBERSLACKING IS A REAL PROBLEM

Ethics Check

■ Cyberslackers Find Company Time Great for Internet Surfing

Have you ever passed by a co-worker's desk only to see multiple computer windows open—and not all of them work-related? Did you know that many employers install software to keep track of employee Internet activity? The software identifies browsing time and locations. The target is lost productivity from spending too much time surfing the web for personal use. Working at home doesn't mean workers are safe from prying eyes either. Some software even tracks employee activity remotely.

More and more employers have Internet usage policies—and for the most part, most frown upon excessive Internet use. But how much is too much? Because organizations rely so heavily on the Internet for professional use, employers find themselves in a quandary over what to do. The fact is that using tracking software can create a climate of mistrust in the employer–employee relationship.

Most employers expect that employees may send a few personal e-mails, check stocks, pay bills, or partake in a little online shopping. Revoking personal Internet use is not very realistic. On the other hand, lost productivity due to cyberslacking is a real problem. Systems administrators also worry about personal Internet browsing opening the organization's network to outsiders and creating security risks.

YOU DECIDE

Is "cyberslacking" a real problem in most instances? Or, are today's workers—especially the younger ones, so Internet efficient that personal web browsing doesn't really hurt their work productivity? How do you propose an employer deal with this issue? Suppose you get a job offer from an organization that has a policy against personal use of the Internet and smart phones except during official breaks. What might determine whether you accept the job or not?

STUDY GUIDE

Takeaway 2.1

What Are the Lessons of the Classical Management Approaches?

Terms to Define

Bureaucracy

Motion study

Scalar chain principle

Scientific management

Unity of command principle

Rapid Review

- Taylor's principles of scientific management focused on the need to carefully select, train, support, and reward workers in their jobs.
- Weber considered bureaucracy, with its clear hierarchy, formal rules, well-defined jobs, and competency-based staffing, to be a form of organization that is efficient and fair.
- Fayol suggested that managers learn and fulfill duties we now call the management functions of planning, organizing, leading, and controlling.

Questions for Discussion

1. How did Taylor and Weber differ in the approaches they took to improving the performance of organizations?
2. Should Weber's concept of the bureaucratic organization be scrapped, or does it still have potential value today?
3. What are the risks of accepting the "lessons of experience" offered by successful executives such as Fayol?

Be Sure You Can

- list the principles of Taylor's scientific management
- list key characteristics of bureaucracy
- explain why Weber considered bureaucracy an ideal form of organization
- list possible disadvantages of bureaucracy
- describe how Fayol's "duties" overlap with the four functions of management

Career Situation: What Would You Do?

It's summer job time, and you've found something that just might work—handling customer service inquiries at a local Internet provider. The regular full-time employees are paid by the hour. Summer hires like you fill in when they go on vacation. You will be paid by the call, \$0.75 for each customer that you handle. How will this pay plan affect your behavior as a customer service representative? Is this a good way for the Internet provider to pay summer hires? How will things go when you are working side-by-side with full-timers?

Takeaway 2.2

What Are the Contributions of the Behavioral Management Approaches?

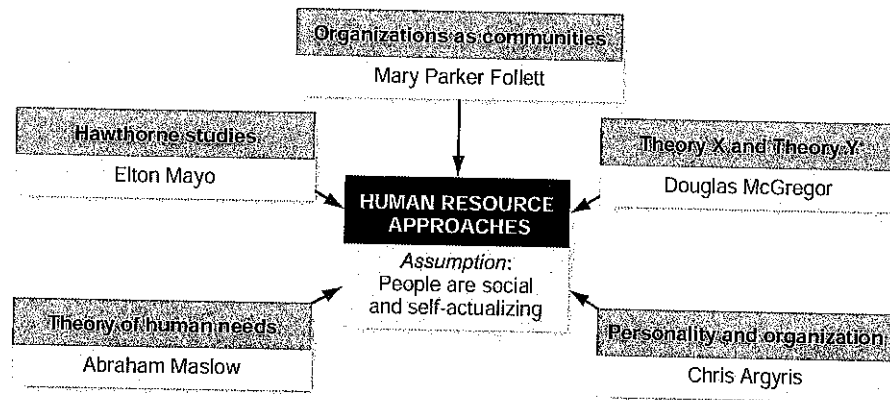
ANSWERS TO COME

- Follett viewed organizations as communities of cooperative action.
- The Hawthorne studies focused attention on the human side of organizations.
- Maslow described a hierarchy of human needs with self-actualization at the top.
- McGregor believed managerial assumptions create self-fulfilling prophecies.
- Argyris suggests that workers treated as adults will be more productive.

DURING THE 1920S, EMPHASIS ON THE HUMAN SIDE OF THE WORKPLACE INFLUENCED the emergence of behavioral management approaches. As shown in Figure 2.1, this new school of thought included Follett's notion of the organization as a community, the well-known Hawthorne studies, and Maslow's theory of human needs, as well as theories generated from the work of Douglas McGregor and Chris Argyris. The underlying assumptions are that people are social and self-actualizing, and that workers seek satisfying social relationships, respond to group pressures, and search for personal fulfillment. Does that sound like you?

FIGURE 2.1

Who Are the Major Contributors to the Behavioral or Human Resource Approaches to Management Thinking? The human resource approaches shifted management thinking away from physical factors and work structures and toward the human side of organizations. The contributors shown here each focused on people as individuals and how their needs may influence their attitudes and behavior at work.



||| Follett viewed organizations as communities of cooperative action.

On her death in 1933, Mary Parker Follett was eulogized as “one of the most important women America has yet produced in the fields of civics and sociology.”¹¹ She has been called a “prophet” of management, and her work is a reminder that good things really do grow from strong foundations.¹²

Even though Follett's ideas were expressed more than 80 years ago, many would consider them very farsighted indeed.¹³ Her ideas still offer the wisdom of history. She advocated social responsibility, respect for workers, and better

"Life Is Good" Means Business

Happiness May Be Your Guide to Career Building

Imagine! Yes, you can! Go for it! Life is good. Well, make that: Life is really good! These are thoughts that turn dreams into realities. They're also part and parcel of the \$80 million company named Life Is Good. It began with two brothers, Bert and John Jacobs, making T-shirts for street sales and has grown into a 2001 employee company selling a variety of fun apparel and related products in 14 or more countries. *Inc.* magazine calls it a "fine small business that only wants to make me happy."

Bert, Chief Executive Optimist, and Jake, Chief Creative Optimist, built a company devoted to humor and humility. John says: "It's important that we're saying 'Life is good,' not 'Life is great' or 'Life is perfect,' there's a big difference. . . . Don't determine that you're going to be happy when you get the new car or the big promotion or meet that special person. You can decide that you're going to be happy today." And that's the message of the Life Is Good brand.

Bert and Jake have stuck to their values on this journey to business success. They live the brand, enjoying leisure pursuits such as kayaking and ultimate Frisbee; they support philanthropies such as Camp Sunshine for children with serious illnesses and Project Joy for traumatized children; and the company runs seasonal Life Is Good festivals to help raise money for charities.

cooperation throughout organizations; she warned against the dangers of too much hierarchy and called for visionary leadership. Many of these themes are still central to management theory, even though we describe them by terms such as "empowerment", "involvement", "flexibility", "self-management", and "transformational leadership".

Follett suggested that making every employee an owner in the business would create feelings of collective responsibility. Today, we address the same issues as "employee ownership," "profit sharing," and "gain-sharing plans." Follett believed that business problems involve a wide variety of factors that must be considered in relationship to one another. Today, we talk about "systems" when describing the same phenomenon. Follett viewed businesses as services, organizations that should always consider making profits vis-à-vis the public good. Today, we pursue the same issues as "managerial ethics" and "corporate social responsibility."

And what can be said about executive success today?¹⁴ I wonder what Follett would say? My guess is that Follett would agree that the successful 21st-century executive must be an inspiring leader who attracts talented people and motivates them in a setting where everyone can do his or her best work. She would argue that every manager, regardless of level, should be an ethical role model—always acting ethically, setting high ethical standards, and infusing ethics throughout the organization. And she would point out that anyone aspiring to managerial success must be an active doer, someone ready to make things happen, focus attention on the right things, and make sure that they really get done.



Find Inspiration

Bert and John didn't start with business degrees or experience, but they had good instincts, creativity, and positive views on life. And they learned as they progressed. Each step forward was a chance to capture business and management experience, learn from it, and keep getting better. How about you? Can we say that you're a student of history and use past experiences to improve in the future?



Women in the Relay Assembly Test Room, ca. 1930. Western Electric Company Hawthorne Studies Collection, Baker Library Historical Collections, Harvard Business School.

The **Hawthorne effect** is the tendency of persons singled out for special attention to perform as expected.

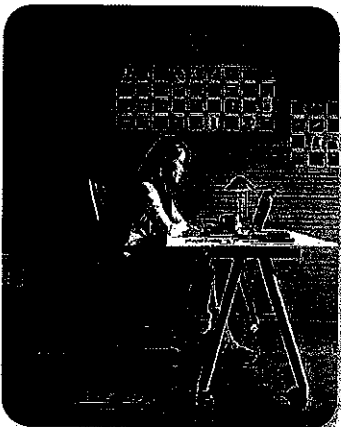
III The Hawthorne studies focused attention on the human side of organizations.

In 1924, the Western Electric Company commissioned a study of individual productivity at the Hawthorne Works of the firm's Chicago plant.¹⁵ These "Hawthorne studies," with a research team headed by Elton Mayo of Harvard University, sought to determine how economic incentives and physical conditions of the workplace affected the output of workers. But their results were perplexing due to the appearance of unforeseen "psychological factors."

After isolating six relay-assembly workers in a special room, Mayo and his team measured the effect on outputs of various rest pauses as well as lengths of workdays and workweeks. Productivity increased regardless of the changes made. The researchers concluded that, in the new "social setting" of the test room, the workers tried to do what they thought the researchers wanted them to do—a good job. This tendency to try to live up to expectations became known as the **Hawthorne effect**. Have you noticed that people given special attention will tend to perform as expected? Could the Hawthorne effect explain why some students, perhaps you, do better in smaller classes or for instructors who pay more attention to them in class?

The Hawthorne studies continued until the economic conditions of the Depression forced their termination. By then, interest in the human factor had broadened to include employee attitudes, interpersonal relations, and group relations. Results led the researchers to conclude that the same things that satisfied some workers—such as work conditions or wages—led to dissatisfaction for others. They also found that people would restrict their output to avoid the displeasure of the group, even if it meant sacrificing increased pay.

Scholars have criticized the Hawthorne studies for poor research design, weak empirical support for the conclusions drawn, and overgeneralized findings.¹⁶ But they were still turning points in the evolution of management thought. They helped shift attention away from the technical and structural concerns of the classical management approaches and toward social and human concerns as keys to workplace productivity.



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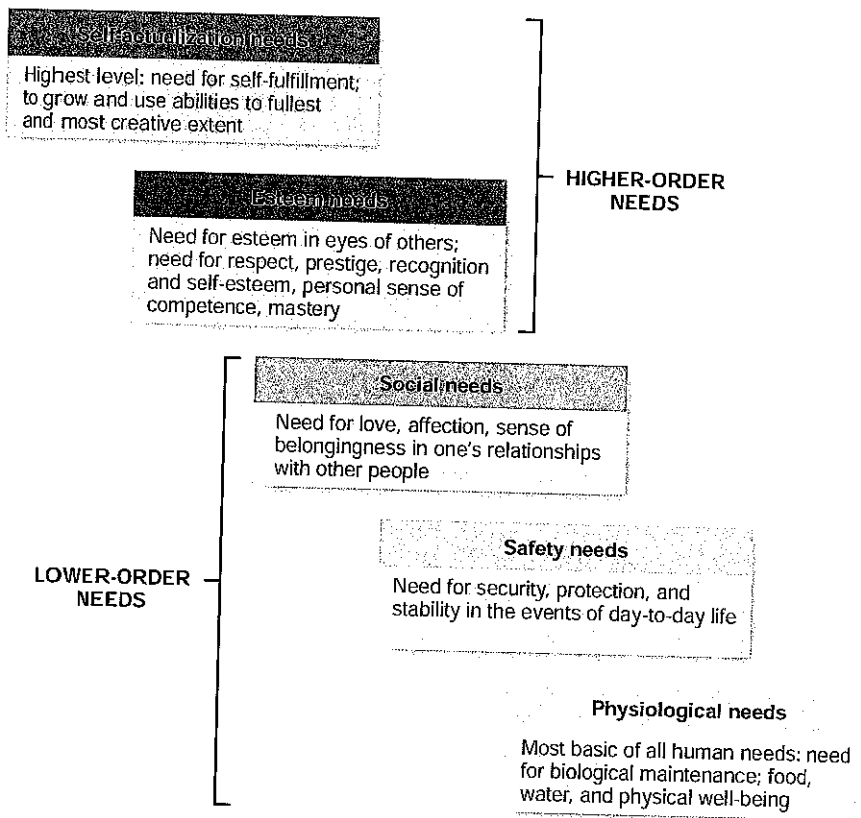
Millennials are warming up to part-time employment for full-time pay.

As organizations streamline and adopt new forms, people's work preferences are changing too. It seems that free agency is becoming an "in" thing among millennials. Many are opting to work freelance by personal choice, not just because they don't have alternatives. The term "permalancers" describes new college graduates who string together multiple and shifting part-time contracts to create full-time income. The payoff is employment independence and the personal flexibility that goes along with it. Some call this employment entrepreneurship, because new grads are crafting their own careers.

III Maslow described a hierarchy of human needs with self-actualization at the top.

The work of psychologist Abraham Maslow in the area of human needs emerged as a key component of the new direction in management thinking.¹⁷ He began with the notion of the human need, a physiological or psychological deficiency that a person feels compelled to satisfy. Why, you might ask, is this a significant concept for managers? The answer is because needs create tensions that can influence a person's work attitudes and behaviors.

What needs, for example, are important to you? How do they influence your behavior, the way you study and the way you work? You probably already know that Maslow described the five levels of human needs shown in Figure 2.2. They are grouped as lower-order needs—physiological, safety, and social, and higher-order needs—esteem and self-actualization.



A **need** is a physiological or psychological deficiency that a person wants to satisfy.

FIGURE 2.2
How Does Maslow's Hierarchy of Human Needs Operate?
In Abraham Maslow's theory, human needs are satisfied in a step-by-step progression. People first satisfy the lower-order needs: physiological, safety, and social. Once these are satisfied, they focus on the higher-order ego and self-actualization needs. A satisfied need no longer motivates behavior, except at the level of self-actualization. At this top level, the need grows stronger the more it is satisfied.

According to Maslow, people try to satisfy the five needs in sequence, moving step-by-step from the lowest to the highest. He called this the **progression principle**—a need only becomes activated after the next-lower-level need is satisfied. Once a need is activated, it dominates attention and determines behavior until it is satisfied. But then it no longer motivates behavior. Maslow called this the **deficit principle**—people act to satisfy deprived needs for which a satisfaction “deficit” exists. Only at the highest level of self-actualization do

Maslow's **progression principle** is that a need at any level becomes activated only after the next-lower-level need is satisfied.

Maslow's **deficit principle** is that people act to satisfy needs for which a satisfaction deficit exists; a satisfied need doesn't motivate behavior.

the deficit and progression principles cease to operate. The more this need is satisfied, the stronger it grows.

Maslow's theory can help us to better understand people's needs and help find ways to satisfy them through their work. Of course, this is easier said than done. If it were easy, we wouldn't have so many cases of workers going on strike against their employers, complaining about their jobs, or quitting to find better ones. Consider also the case of volunteers working for the local Red Cross, a community hospital, or a youth soccer league. Our society needs volunteers; most non-profit organizations depend on them. But what needs move people to do volunteer work? How can one keep volunteers involved and committed in the absence of pay?

III McGregor believed managerial assumptions create self-fulfilling prophecies.

Maslow's work, along with the Hawthorne studies, surely influenced another prominent management theorist, Douglas McGregor. His classic book, *The Human Side of Enterprise*, suggests that managers should pay more attention to the social and self-actualizing needs of people at work.¹⁸ He framed his argument as a contrast between two opposing views of human nature: a set of negative assumptions he called "Theory X" and a set of positive ones he called "Theory Y."

Managers holding Theory X assumptions expect people to generally dislike work, lack ambition, act irresponsibly, resist change, and prefer to follow rather than to lead. McGregor considered such thinking wrong, believing that Theory Y assumptions are more appropriate and consistent with human potential. Managers holding Theory Y assumptions expect people to be willing to work, capable of self-control and self-direction, responsible, and creative.

Can you spot differences in how you behave or react when treated in a Theory X way or a Theory Y way? McGregor strongly believed that these assumptions create self-fulfilling prophecies. That is, as with the Hawthorne effect, people end up behaving consistently with the assumptions. Managers holding Theory X assumptions are likely to act in directive "command-and-control" ways, often giving people little say over their work. This in turn often creates passive, dependent, and reluctant subordinates who do only what they are told to do. Have you ever encountered a manager or instructor with a Theory X viewpoint?

Managers with Theory Y assumptions behave quite differently. They are more "participative," likely giving others more control over their work. This creates opportunities to satisfy higher-order esteem and self-actualization needs. In response, the workers are more likely to act with initiative, responsibility, and high performance. The self-fulfilling prophecy occurs again, but this time it is a positive one. You should find Theory Y thinking reflected in a lot of the ideas and developments discussed in this book, such as valuing diversity, employee involvement, job enrichment, empowerment, and self-managing teams.¹⁹

Theory X assumes people dislike work, lack ambition, are irresponsible, and prefer to be led.

Theory Y assumes people are willing to work, accept responsibility, are self-directed, and are creative.

A **self-fulfilling prophecy** occurs when a person acts in ways that confirm another's expectations.



ONE OF OUR MOST SIGNIFICANT CHALLENGES IS TO EMBRACE LEARNING FROM EVERYDAY EXPERIENCES.

Explore Yourself

■ Learning Style

Each of us has a preferred **learning style**, a set of ways through which we like to learn by receiving, processing, and recalling new information. Hopefully, you take advantage of this book to gain insights into your style and where and how it works best.

Given that learning is any change of behavior that results from experience, one of our most significant challenges is to always embrace experiences—at school, at work, and in everyday living—and try our best to learn from them. The same can

be said about unlocking the wisdom of history. This chapter is a reminder about management history and how the achievements of the past can still provide insights that can help us deal with the present.

Get to know yourself better by taking the self-assessment on **Managerial Assumptions** and completing other activities in the *Exploring Management Skill-Building Portfolio*.

||| Argyris suggests that workers treated as adults will be more productive.

Ideas set forth by the well-regarded scholar and consultant Chris Argyris also reflect the positive views of human nature advanced by Maslow and McGregor. In his book *Personality and Organization*, Argyris contrasted the management practices found in traditional and hierarchical organizations with the needs and capabilities of mature adults.²⁰

Argyris clearly believes that when problems such as employee absenteeism, turnover, apathy, alienation, and low morale plague organizations, they may be caused by a mismatch between management practices and the adult nature of their workforces. His basic point is that no one wants to be treated like a child, but that's just the way many organizations treat their workers. The result, he suggests, is a group of stifled and unhappy workers who perform below their potential.

Does Argyris seem to have a good point? For example, scientific management assumes that people will work more efficiently on better-defined tasks. Argyris would likely disagree, believing that simplified jobs limit opportunities for self-actualization in one's work. In a Weberian bureaucracy, typical of many of our government agencies, people work in a clear hierarchy of authority, with higher levels directing and controlling the work of lower levels.²¹ This is supposed to be an efficient way of doing things. Argyris would worry that workers lose initiative and end up being less productive. Also, Fayol's administrative principles assume that efficiency will increase when supervisors plan and direct a person's work. Argyris might suggest that this sets up conditions for psychological failure; psychological success is more likely when people define their own goals.

STUDY GUIDE

Takeaway 2.2

What Are the Contributions of the Behavioral Management Approaches?

Terms to Define

Deficit principle

Hawthorne effect

Need

Progression principle

Self-fulfilling
prophecies

Theory X

Theory Y

Rapid Review

- Follett's ideas on groups, human cooperation, and organizations that served social purposes foreshadowed current management themes.
- The Hawthorne studies suggested that social and psychological forces influence work behavior and that good human relations may lead to improved work performance.
- Maslow's hierarchy of human needs suggests the importance of self-actualization and the potential for people to satisfy important needs through their work.
- McGregor criticized negative Theory X assumptions about human nature and advocated positive Theory Y assumptions that view people as independent, responsible, and capable of self-direction in their work.
- Argyris pointed out that people in the workplace are mature adults who may react negatively when management practices treat them as if they were immature.

Questions for Discussion

1. How did insights from the Hawthorne studies redirect thinking from the classical management approaches and toward something quite different?
2. If Maslow's hierarchy of needs theory is correct, how can a manager use it to become more effective?
3. Where and how do McGregor's notions of Theory X and Theory Y overlap with Argyris's ideas regarding adult personalities?

Be Sure You Can

- explain why Follett's ideas were quite modern in concept
- summarize findings of the Hawthorne studies
- explain and illustrate the Hawthorne effect
- explain Maslow's deficit and progression principles
- distinguish between McGregor's Theory X and Theory Y assumptions
- explain the self-fulfilling prophecies created by Theory X and Theory Y
- explain Argyris's concern that traditional organizational practices are inconsistent with mature adult personalities

Career Situation: What Would You Do?

As a manager in a small local firm, you've been told that because of an uncertain economy workers can't be given any pay raises this year. You have some really hard-working and high-performing people on your team, and you were counting on giving them solid raises. What can you do? Can insights from Maslow's hierarchy of needs help you solve this dilemma? Is it possible to find ways other than pay to reward team members for high performance and keep them motivated?

Takeaway 2.3

What Are the Foundations of Modern Management Thinking?

ANSWERS TO COME

- Managers use quantitative analysis and tools to solve complex problems.
- Organizations are open systems that interact with their environments.
- Contingency thinking holds that there is no one best way to manage.
- Quality management focuses attention on continuous improvement.
- Evidence-based management seeks hard facts about what really works.

THE NEXT STEP IN THE TIMELINE OF MANAGEMENT HISTORY SETS THE STAGE FOR a stream of new developments that are continuing to this day. Loosely called the modern management approaches, they share the assumption that people and organizations are complex, growing and changing over time in response to new **problems and opportunities in their environments**. The many building blocks of modern management include the use of quantitative tools and techniques, recognition of the inherent complexity of organizations as systems, contingency thinking that rejects the search for universal management principles, attention to quality management, and the desire to ground management practice in solid **scientific evidence**.

||| **Managers use quantitative analysis and tools to solve complex problems.**

About the same time that some scholars were developing human resource approaches to management, others were investigating how quantitative techniques could improve **managerial decision making**. The foundation of these analytical decision sciences approaches is the assumption that mathematical techniques can be used for better problem solving. At Google, for example, a math formula has been developed to aid in retaining talent. It pools information from performance reviews and surveys, promotions, and pay histories to **identify employees who might feel underutilized and be open to offers from other firms**. Human resource management plans are then developed to try to retain them.²²

In our world of vast computing power and the easy collection and storage of data, there is renewed emphasis on how to use available data to make better **management decisions**. This is an area of management practice known as **analytics**, the use of large data bases, often referred to as “big data,” to solve problems and make informed decisions using systematic analysis.²³ And in respect to analytics, scholars are very interested in learning how managers can use mathematical tools to conduct quantitative and statistical analyses.

The terms **management science** and **operations research** are often used interchangeably to describe the use of mathematical techniques to solve management problems. A typical quantitative approach proceeds as follows. A problem is encountered, it is systematically analyzed, appropriate mathematical models

Analytics is the systematic use and analysis of data to solve problems and make informed decisions.

Management science and **operations research** apply mathematical techniques to solve management problems.

and computations are applied, and an optimum solution is identified. Consider these examples.

Problem: A real estate developer wants to control costs and finish building a new apartment complex on time. Quantitative approach: Network models break large tasks into smaller components and visually diagram them in step-by-step sequences that track completion of different activities on the required timetables.

Problem: An oil exploration company is worried about future petroleum reserves in various parts of the world. Quantitative approach: Mathematical forecasting helps make future projections for reserve sizes and depletion rates that are useful in the planning process.

Problem: A big box retailer is trying to deal with pressures on profit margins by minimizing costs of inventories while never being "out of stock" for customers. Quantitative approach: Inventory analysis helps control inventories by mathematically determining how much to automatically order and when.

Problem: A grocery store is getting complaints from customers that waiting times are too long for checkouts during certain times of the day. Quantitative approach: Queuing theory helps allocate service personnel and workstations based on alternative workload demands and in a way that minimizes both customer waiting times and costs of service workers.

Problem: A manufacturer wants to maximize profits for producing three different products on three different machines, each of which can be used for different periods of times and at different costs. Quantitative approach: Linear programming is used to calculate how best to allocate production among different machines.



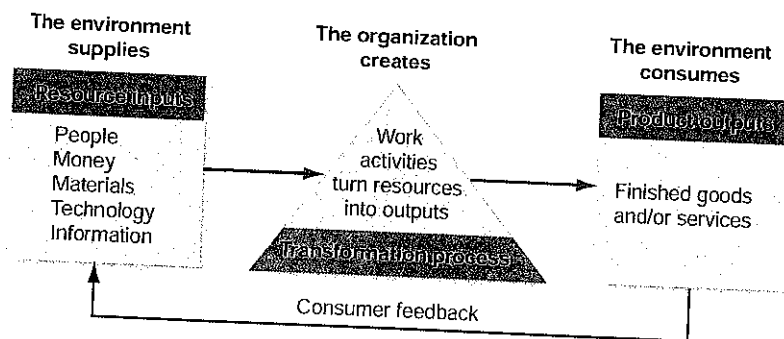
Operations management is the study of how organizations produce goods and services.

An important counterpart to these management science approaches is operations management, which focuses on how organizations produce goods and services efficiently and effectively. The emphasis is on the study and improvement of

operations, the transformation process through which goods and services are actually created. The essentials of operations management include such things as business process analysis, workflow designs, facilities layouts and locations, work scheduling and project management, production planning, inventory management, and quality control.

III Organizations are open systems that interact with their environments.

The concept of system is a key ingredient of modern management thinking. Figure 2.3 shows that organizations are open systems that interact with their environments to obtain resources—people, technology, information, money, and supplies—that are transformed through work activities into goods and services for their customers and clients. All organizations, from IBM to the U.S. Postal Service to your college or university and the local bookstore, can be described this way.



An open system transforms resource inputs from the environment into product outputs.

FIGURE 2.3
How Do Organizations as Open Systems Interact with Their External Environments? As open systems, organizations continually interact with their external environments to obtain resource inputs, transform those inputs through work activities into goods and services, and deliver finished products to their customers. Feedback from customers indicates how well they are doing.

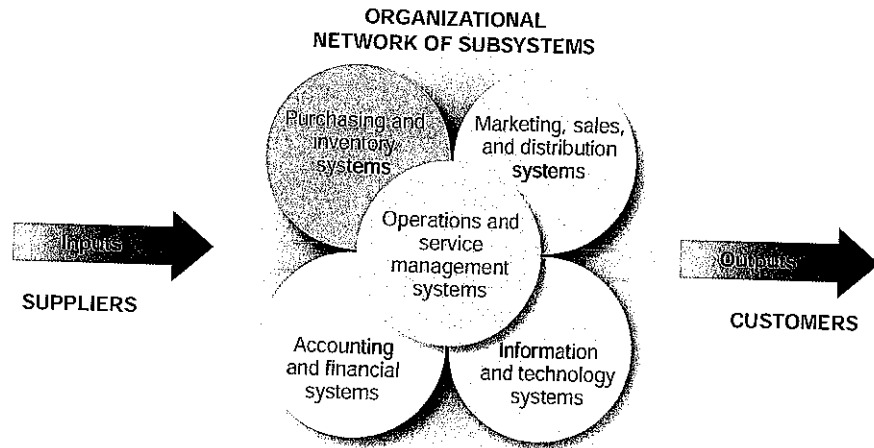
The open-systems concept helps explain why there is so much emphasis today on organizations being customer driven. This means they try hard to focus their resources, energies, and goals on continually satisfying the needs of their customers and clients. Look again at Figure 2.3, and you should recognize the logic. Can you see how customers hold the keys to the long-term prosperity and survival of a business, such as an auto manufacturer? Their willingness to buy products or use services provides the revenues needed to obtain resources and keep the cycle in motion. And as soon as the customers balk or start to complain, someone should be listening. This feedback is a warning that the organization needs to change and do things better in the future.

Any organization also operates as a complex network of subsystems, or smaller components, whose activities individually and collectively support the work of the larger system.²⁴ Figure 2.4 shows the importance of cooperation among organizational subsystems.²⁵ In the figure, for example, the operations and service management systems serve as a central point. They provide the integration among other subsystems, such as purchasing, accounting, sales, and information, all of which are essential to the work, and the success, of the

A subsystem is a smaller component of a larger system.

FIGURE 2.4
How Do Organizations Operate as Complex Networks of Subsystems?

Externally, organizations interact with suppliers and customers in their environments. Internally, **many different** subsystems must interact and work well together so that high-quality inputs are transformed into products satisfying customers' needs. Common subsystems of a business include purchasing, information technology, operations management, marketing and sales, distribution, human resources, and **accounting and finance**.



organization. But the reality is that the cooperation is often imperfect and could be improved. Just how organizations achieve this, of course, is a major management challenge.

||| Contingency thinking holds that there is no one best way to manage.

Rather than trying to find the one best way to manage in all circumstances, modern management adopts **contingency thinking**. That is, it recognizes there is often more than one pathway to solve a problem—personal or organizational. This means that instead of looking for universal or “cookie-cutter” advice, managers should be trying to identify practices that best fit with the unique demands of different situations.

Consider again the concept of bureaucracy. Weber offered it as an ideal form of organization. But from a contingency perspective, the strict bureaucratic form is only one possible way of organizing things. What turns out to be the best structure in any given situation will depend on many factors, including **environmental uncertainty, available technology, staff competencies, and more**. Contingency thinking recognizes that the structure that works well for one organization may not work well for another in different circumstances. Also, what works well at one point in time may not work as well in the future if circumstances have changed.²⁶

You should find a lot of contingency thinking in this book. Its implications extend to all the management functions—from planning and controlling for diverse environmental conditions, to organizing for diverse workforces and multiple tasks, to leading in different performance situations. And this is a good reflection of everyday realities. Don't you use a lot of contingency thinking when solving problems and otherwise going about your personal affairs?

Contingency thinking tries to match management practices with situational demands.

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"MAKING OTHER PEOPLE HAPPY IS WHAT BRINGS ME HAPPINESS. THIS PRINCIPLE OF GIVING HAS BROUGHT ME ENORMOUS GOOD FORTUNE, LONG BEFORE I KNEW THIS IS HOW THE UNIVERSE WORKS."

Role Models

■ Oprah Winfrey multitasks to make a difference in other' lives

Oprah Winfrey, America's first female African-American billionaire, has been called the world's most powerful woman. "Making other people happy is what brings me happiness. This principle of giving has brought me enormous good fortune, long before I knew this is how the universe works."

One Christmas at around the age of 12 and living on welfare with a single mother in Milwaukee, WI, Oprah was told by her mother that Santa would not be visiting their home. When three nuns showed up at Winfrey's home with a doll for her, she says, "I remember feeling that I mattered enough to these nuns—and what it meant that they had remembered me. I wasn't forgotten."

It is through her fame that Oprah has been able to satisfy the importance she places on "the principle of giving." The beneficiaries of Oprah's benevolence are causes related to education, women, and children. Through her generosity, Oprah Winfrey, cable network owner, talk show host, philanthropist, writer, actress, and media mogul, has profoundly touched many lives. "What material success does is provide you with the ability to concentrate on other things that really matter," she is quoted as saying.

Oprah's Angel Network, featured oftentimes on *The Oprah Winfrey Show*, is a charity that provided \$80 million of support to projects and grants to nonprofits worldwide. Oprah used her show as a platform to inspire her viewers to make a difference in the lives of others—particularly underserved women and children. Oprah personally donated \$10 million for Hurricane Katrina relief. Close to 400 students in grades 8 to 12 attend Oprah Winfrey Leadership Academy for girls in Johannesburg, South Africa. At a cost of \$40 million and in collaboration with Nelson Mandela, Oprah built the school, which includes state-of-the-art facilities and classrooms. Her advice is: "Think about what you have to give, not in terms of dollars because I believe that your life is about service. It's about what you came to give the world, to your children, to your family."

WHAT'S THE LESSON HERE?

Can you see contingency thinking in Oprah's approach to life and work? What impact has her disadvantaged youth had on her quest to be a benefactor for others? How can her motivation to succeed be explained? What specific needs would you say Oprah has satisfied through her work and philanthropy?

||| Quality management focuses attention on continuous improvement.

The work of W. Edwards Deming is a cornerstone of the quality movement in management.²⁷ His story began in 1951, when he was invited to Japan to explain quality control techniques that had been developed in the United States. "When Deming spoke," we might say, "the Japanese listened." The principles he taught the Japanese were straightforward, and they worked: Tally defects, analyze and trace them to the source, make corrections, and keep a record of what happens afterward. Deming's approach to quality emphasizes constant innovation, use of statistical methods, and commitment to training in the fundamentals of quality assurance.²⁸

One outgrowth of Deming's work was the emergence of **total quality management, or TQM**. This process makes quality principles part of the organization's strategic objectives, applying them to all aspects of operations and striving to **meet customers' needs by doing things right the first time**. Most TQM approaches begin with an insistence that the total quality commitment applies to everyone

Total quality management is managing with an organizationwide commitment to continuous improvement, product quality, and customer needs.



Outliers: The Story of Success
by Malcolm Gladwell

Manager's Library

WHAT IS YOUR PATH TO SUCCESS?

Studies of individual greatness lead many observers to the adage "great leaders are born, not made." But according to author Malcolm Gladwell in the book *Outliers* (2008, Little, Brown and Company), extraordinary people—or outliers—are made, not born. Ingredients like practice, social savvy, and positive attitude are needed along with opportunity to nurture these skills.

Gladwell insists that high IQ cannot predict success and instead a minimum threshold is necessary. Your environment provides more critical elements, and he cites the "10,000 hour rule" that defines the amount of work logged by eventual masters of various disciplines. Gladwell contends that you must practice to become great, not simply once you become great. He contends achievement-oriented individuals possess a can-do attitude and persist through difficulty when others give up. He recommends you choose complex and meaningful interests that promote self-direction. By exerting

and reflecting on your progress, you can train yourself to become a master.

Gladwell argues that success is not an innate ability but something that most can achieve given the right chance. He laments that we select individuals with exceptional ability over those with threshold ability. Those born bright often fail to make themselves successful, whereas those born with modest intellect could flourish given the opportunity to make themselves great.

REFLECT AND REACT

Are you destined for greatness? How much time do you spend on your favorite activity? Are you entitled to good things in life, and how do you assert yourself? When you do poorly on something, do you give up or try until you do well? Is someone with a high GPA more likely to succeed than someone who leads a student organization and works 20 hours a week?

Continuous improvement involves always searching for new ways to improve work quality and performance.

in an organization, from resource acquisition and supply chain management, through production and into the distribution of finished goods and services, and ultimately to customer relationship management.

The search for and commitment to quality is now tied to the emphasis modern management gives to the notion of **continuous improvement**—always looking for new ways to improve on current performance.²⁹ The goal is that one can never be satisfied; something always can and should be improved on.

||| Evidence-based management seeks hard facts about what really works.

Looking back on the historical foundations of management, one thing that stands out is criticism by today's scholars of the scientific rigor of some historical cornerstones, among them Taylor's scientific management approach and the Hawthorne studies. The worry is that we may be too quick in accepting as factual the results of studies that are based on weak or even shoddy empirical evidence. And if the studies are flawed, perhaps more care needs to be exercised when trying to apply their insights to improve management practices. This problem isn't limited to the distant past.³⁰

A book by Jim Collins, *Good to Great*, achieved great acclaim and best-seller status for its depiction of highly successful organizations.³¹ But Collins's methods and findings have since been criticized by researchers.³² After problems appeared at many firms previously considered by him to be "great," he wrote a follow-up book called *How the Mighty Fall*.³³ The point here is not to discredit what keen observers of management practice like Collins and others report. But it is meant to make you cautious and a bit skeptical when it comes to separating fads from facts and conjecture from informed insight.

Scholars Jeffrey Pfeffer and Robert Sutton make the case for evidence-based management, or EBM. This is the process of making management decisions on "hard facts"—that is, about what really works—rather than on "dangerous half-truths"—things that sound good but lack empirical substantiation.³⁴

Using data from a sample of some 1,000 firms, for example, Pfeffer and a colleague found that firms using a mix of well-selected human resource management practices had more sales and higher profits per employee than those that didn't.³⁵ Those practices included employment security, selective hiring, self-managed teams, high wages based on performance merit, training and skill development, minimal status differences, and shared information. Examples of other EBM findings include that challenging goals accepted by an employee are likely to result in high performance, and that unstructured employment interviews are unlikely to result in the best person being hired to fill a vacant position.³⁶

Scholars pursue a variety of solid empirical studies using proven scientific methods in many areas of management research. Some carve out new and innovative territories, whereas others build on and extend knowledge that has come down through the history of management thought. By staying abreast of such developments and findings, managers can have more confidence that they are acting on a foundation of evidence rather than speculation or hearsay.

- A research question or problem is identified.
- Hypotheses, or possible explanations, are stated.
- A research design is created to systematically test the hypotheses.
- Data gathered in the research are analyzed and interpreted.
- Hypotheses are accepted or rejected based on the evidence.

Evidence-based management involves making decisions based on hard facts about what really works.

◀ Basic Scientific Methods

Is Crowdsourcing Grades a Step too Far?

As colleges and universities face pressures to increase productivity in academic programs, online course offerings are proliferating. One development is crowdsourcing of grades previously done by the instructor. An assignment—say an essay—is graded by averaging scores assigned by peers in an online "crowd" of students presumably reading another student's work. It's an attractive option because instructors can handle more students. But critics like Professor Adam Falk of Williams College ask if the educational outcome is the "equivalent of a highly trained professor providing thoughtful evaluation and detailed response."



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STUDY GUIDE

Takeaway 2.3

What Are the Foundations of Modern Management Thinking?

Terms to Define

Analytics
Contingency thinking
Continuous improvement
Evidence-based management
Management science
Open system
Operations management
Operations research
Subsystem
Total quality management

Rapid Review

- Advanced quantitative techniques in decision sciences and operations management help managers solve complex problems.
- The systems view depicts organizations as complex networks of subsystems that must interact and cooperate with one another if the organization as a whole is to accomplish its goals.
- Contingency thinking avoids “one best way” arguments, recognizing instead that **managers need to understand situational differences and respond appropriately to them.**
- Quality management focuses on making continuous improvements in processes and systems.
- Evidence-based management uses findings from rigorous scientific research to identify management practices for high performance.

Questions for Discussion

1. Can you use the concepts of open system and subsystem to describe the operations of an organization in your community?
2. In addition to the choice of organization structures, in what other areas of management decision making do you think contingency thinking plays a role?
3. Does evidence-based management allow for managers to learn from their own experiences as well as the experiences of others?

Be Sure You Can

- discuss the importance of quantitative analysis in management decision making
- use the terms *open system* and *subsystem* to describe how an organization operates
- **explain how contingency thinking might influence a manager's choices of organization structures**
- describe the role of continuous improvement in total quality management
- **give examples of workplace situations that can benefit from evidence-based management**

Career Situation: What Would You Do?

You've just come up with a great idea for improving productivity and morale in a shop that silk-screens T-shirts for college bookstores. Your idea is to allow 40+ employees to work four 10-hour days if they want instead of the normal five-day/40-hour week. With the added time off, you reason, they'll be happier and more productive while working. But your boss isn't so sure. “Show me some evidence,” she says. Can you design a research study that can be done in the shop to show whether or not your proposal is a good one?