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MANAGEMENT

TWELFTH EDITION

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To my sons, John Christian and Charles Porter

While you played
I wrote.
But always,
I was listening
and loving
you.

1984

It's later now.
Don't worry.
Time
means love shared,
by you
and me.

1986

Think
of all the fun
we have.
Here, there, everywhere,
doing things
together.

1989

Home,
now and forever,
will always be
wherever
I can be
with you.

1992

Time
has its ways,
doesn't it?
Not enough,
not enough,
I often say.

1996

Hurry home
when you can.
Come laughing, sons.
Tell us
your
*wonderful s*tories.

1999

Songs riding winds.
Mimi,
Uncle George,
Uncle Nelson.
Whispers and choirs.
Silence speaks.

2002

On the mountain,
by Irish lakes,
find beauty and
peace.
Fairies dance
there.

2004

Mom loves
us, cats
and rainy days.
Nana and Poppy
loved us
too.

2007

Bookstores, museums,
stories, paintings.
And dreams.
We travel,
we laugh,
joined in life.

2009

While you work,
I'm starting to play
again.
Still listening,
and loving
you.

2011

When I
was young
I never knew
you would make
dreams
come true.

2013

About the Author



Ohio University named Dr. Schermerhorn a University Professor, the university's highest campus-wide honor for exellence in undergraduate teaching.

Dr. John R. Schermerhorn, Jr. is the Charles G. O'Bleness Professor of Management Emeritus in the College of Business at Ohio University, where he teaches graduate and undergraduate courses in management. Dr. Schermerhorn earned a Ph.D. in organizational behavior from Northwestern University, an MBA (with distinction) in management and international business from New York University, and a BS in business administration from the State University of New York at Buffalo. He previously taught at Tulane University, the University of Vermont, and Southern Illinois University at Carbondale, where he also served as head of the Department of Management and associate dean of the College of Business Administration.

International experience adds a unique global dimension to Dr. Schermerhorn's teaching and writing. He holds an honorary doctorate from the University of Pécs in Hungary. He was a visiting professor of management at the Chinese University of Hong Kong, on-site coordinator of the Ohio University MBA and Executive MBA programs in Malaysia, and Kohei Miura visiting professor at Chubu University in Japan. He has served as adjunct professor at the National University of Ireland at Galway and advisor to the Lao-American College in Vientiane, Laos. He presently teaches an MBA course at Università Politecnica Delle Marche in Ancona, Italy, and PhD seminars in the Knowledge and Innovation Management doctoral program at Bangkok University, Thailand. At Ohio University he has twice been Director of the Center for Southeast Asian Studies.

A member of the Academy of Management, Dr. Schermerhorn was chairperson of the Management Education and Development Division. Management educators and students alike know him as author of *Exploring Management* 3e (Wiley, 2012), *Management* 12e (Wiley, 2013), and senior co-author of *Organizational Behavior* 12e (Wiley, 2011). Dr. Schermerhorn has also published numerous articles, including ones in the *Academy of Management Journal, Academy of Management Review, Academy of Management Executive, Organizational Dynamics, Asia-Pacific Journal of Management,* the *Journal of Management Development,* and the *Journal of Management Education.*

Dr. Schermerhorn is a popular guest speaker at colleges and universities. He is available for student lectures and classroom visits, as well as for faculty workshops on scholarly manuscript development, textbook writing, high engagement teaching, and instructional and curriculum innovations.

Preface

From the beautiful cover of this book to the realities of organizations today, great accomplishments are much like inspired works of art. Whether one is talking about arranging objects or bringing together people and other resources in organizational systems, it is a balancing act. But the results are spectacular when goals and talent combine to create a lasting and positive impact.

Just as artists find inspiration in all the senses that bring our world to life, managers find inspiration in daily experiences, from the insights of management scholars, through relationships with other people, and among the goals that guide organizations in an ever more demanding society. And like artists, managers must master many challenges as they strive to create the future from the resources of the present.

While a beautiful formation of feathers, wood, and stones in the cover art shows balance and harmony in a visual masterpiece, a well-managed workplace can build, mix, and integrate all the beauties of human talent to achieve great things. This capacity for positive impact is the goal bound into the pages of *Management 12e*. It is an opportunity to gain knowledge, find inspiration, and learn practices that can help build the organizations we need to forge a better world.

A well-managed workplace can build, mix, and integrate all the beauties of human talent to achieve great things.

Management 12e Philosophy

Today's students are tomorrow's leaders and managers. They are our hope for the future. When well prepared, they can be major contributors during this time of social transformation. But the workplace is rapidly changing, and so too must our teaching and learning environments change from the comforts and successes of days gone by. New values and management approaches are appearing; organizations are changing forms and practices; jobs are being redefined and relocated; the age of information is a major force in our lives; and the intricacies of globalization are presenting major organizational and economic challenges.

Management 12e is designed for this new world of work. It is crafted to help students not just explore the essentials of the management discipline, but also to discover their true potential and accept personal responsibilities for developing useful career skills. The content, pedagogy, and features of this edition were carefully blended to support management educators who want their courses to:

Management 12e is designed to help students discover their true potential and accept personal responsibilities for developing career skills.

- enhance our students' career readiness;
- make our students more attractive as intern and job candidates;

- improve our students' confidence in critical thinking;
- raise our students' awareness of timely social and organizational issues;
- inspire our students to embrace life-long learning for career success.

Management 12e Pedagogy

Our goal as educators should be to make good content choices that set the best possible foundations for lifelong learning.

The pedagogical foundations of *Management 12e* are based on four constructive balances that are essential to higher education for business and management.

- ***The balance of research insights with formative education.*** As educators we must be willing to make choices when bringing the theories and concepts of our discipline to the attention of the introductory student. We cannot do everything in one course. The goal should be to make good content choices that set the best possible foundations for lifelong learning.
- ***The balance of management theory with management practice.*** As educators we must understand the compelling needs of students to learn and appreciate the applications of the material they are reading and thinking about. We must continually bring to their attention good, interesting, and recognizable examples.
- ***The balance of present understandings with future possibilities.*** As educators we must continually search for the directions in which the real world of management is heading. We must select and present materials that can both point students in the right directions and help them develop the confidence and self-respect needed to best pursue them.

We are role models . . . we must be willing to take stands on issues such as managerial ethics and social responsibility.

- ***The balance of what "can" be done with what is, purely and simply, the "right" thing to do.*** As educators we are role models; we set the examples. We must be willing to take stands on issues such as managerial ethics and social responsibility. We must be careful not to let the concept of "contingency" betray the need for positive "action" and "accountability" in managerial practice.

Today, more than ever before, our students have pressing needs for direction as well as suggestion. They have needs for application as well as information. They have needs for integration as well as presentation. And they have needs for confidence built upon solid understanding. Our instructional approaches and materials must deliver on all of these dimensions and more. My goal is to put into your hands and into those of your students a learning resource that can help meet these needs. *Management 12e* and its supporting online resources are my contributions to the future careers of your students and mine.

Management 12e Highlights

Management 12e is written for students seeking career success in today's challenging and ever-changing work environment. It introduces the essentials of management as they apply to organizations and careers in a complex global

society. The subject matter is carefully chosen to meet AACSB accreditation guidelines, while still allowing extensive flexibility to fit various course designs and class sizes.

Content and Organization

Chapter content is timely and the organization is flexible in meeting a wide variety of course objectives and instructor preferences.

The chapter content is timely and the organization is flexible in meeting a wide variety of course objectives and instructor preferences. All chapters have been updated and enriched with new features and examples from the latest current events.

- **Part 1: Management**—Three chapters introducing management in terms of present-day dynamics and historical foundations—Introducing Management, Management Learning Past to Present, and Ethics and Social Responsibility.
- **Part 2: Environment**—Three chapters setting the environmental context within which today's managers function—Environment, Innovation, and Sustainability, Global Management and Cultural Diversity, and Entrepreneurship and New Ventures.
- **Part 3: Planning and Controlling**—Four-chapter sequence covering Information and Decision Making, Planning Processes and Techniques, Control Processes and Systems, and Strategy and Strategic Management.
- **Part 4: Organizing**—Three chapters on the essential building blocks of organizations—Organization Structures and Design, Organizational Culture and Change, and Human Resource Management.
- **Part 5: Leading**—Five chapters exploring key leadership skills and competencies—Leading and Leadership Development, Individual Behavior, Motivation Theory and Practice, Teams and Teamwork, and Communication and Collaboration.

Learning Model

Management 12e is written with a learning model that helps students study, reflect, and use critical thinking as they read.

Management 12e is written with a learning model that helps students read, study, reflect, and use critical thinking. Attention is focused on building management skills and competencies through active learning, and discovering how management issues and themes apply to current events that affect everyday living.

Each chapter begins with a *Learning Dashboard* linked to the major headings in the chapter. A *Learning Check* follows each text section with a *Takeaway Question* and bullet list of mastery learning assessments to complete before reading on.

Major *Figures* within chapters provide visual support for student comprehension as concepts, theories, and terms are introduced. Where appropriate, *Small Boxed Figures and Summaries* are embedded with the discussion to help summarize and clarify major points. The *Management Learning Review* section at the end of chapter contains a *Study Question Summary* and a *Chapter Self-Test* to tie things together at the end of the chapter.

Self-Reflection and Active Learning

Chapters open with an *Insight: Learning About Yourself* feature that focuses on a personal skill or characteristic relevant to career success.

A two-page opening spread focuses student attention on wisdom and insight relevant to chapter content. The left-page *Wisdom: Learning from Others* feature highlights a person or organization doing something worth thinking about from a benchmarking standpoint. It ends with a "More to Look for Inside" list of chapter highlights. The right-page *Insight: Learning About Yourself* feature introduces a skill or personal characteristic of career relevance. It ends by asking the reader to "Get to Know Yourself Better" through special active learning options in the end-of-chapter *Management Skills and Competencies* section. This includes *Further Reflection* on the chapter opening skill or personal characteristic, a *Self-Assessment* to deepen self-awareness, a *Team Exercise* to experience chapter content in a team setting, *Career Situations* to apply chapter learning to common early-career situations, and a recommended *Case Study* for analysis and further research.

Critical Thinking

Special chapter features engage students in critical thinking about timely examples, current events, and applications of chapter material. *Ethics on the Line* challenges students to respond to an ethics problem or dilemma. *Follow the Story* presents exemplars and raises awareness about success in career and work situations. *Facts for Analysis* presents interesting facts for reflection and discussion. *Research Brief* summarizes recent research on a chapter topic and asks students to consider further research of their own.

Timely case studies ask students to answer three types of questions—discussion, problem-solving, and further research.

Management Cases for Critical Thinking is a rich and useful learning resource. It contains timely *Case Studies* for each chapter that ask students to answer three types of questions—discussion, problem solving, and further research. The cases are useful for in-class activities, as well as both individual and team writing and presentation assignments.

Management 12e Teaching and Learning Resources

Instructor's Resource Manual. The Instructor's Resource Manual offers helpful teaching ideas. It has advice on course development, sample assignments, and recommended activities. It also offers chapter-by-chapter text highlights, learning objectives, lecture outlines, class exercises, lecture notes, answers to end-of-chapter material, and tips on using cases.

Test Bank. This comprehensive Test Bank (available on the instructor portion of the *Management 12e* Web site) has more than 175 questions per chapter. The true/false, multiple-choice, and short-essay questions vary in degree of difficulty. All questions are tagged with learning objectives, Bloom's Taxonomy categories, and AACSB Standards. The Computerized Test Bank allows instructors to modify and add questions to the master bank, and to customize their exams.

Practice Quizzes. An online study guide with quizzes of varying levels of difficulty helps students evaluate their progress through a chapter. It is available on the student portion of the Schermerhorn, *Management 12e* Web site.

Pre- and Post-Lecture Quizzes. Included in WileyPLUS, the Pre- and Post-Lecture Quizzes focus on the key terms and concepts. They can be used as stand-alone quizzes, or in combination to evaluate students' progress before and after lectures.

PowerPoint Presentation Slides. This robust set of slides can be accessed on the instructor portion of the *Management 12e* Web site. Lecture notes accompany each slide.

Lecture Launcher Videos. Short video clips developed from CBS News source materials provide an excellent starting point for lectures or for general class discussion. Teaching Notes are available and include video summaries and quiz and discussion questions.

Movies and Music. The *Art Imitates Life* supplement, prepared by Robert L. Holbrook of Ohio University, offers tips for those interested in integrating popular culture and the humanities into their courses. It provides innovative teaching ideas and scripts for using movies and music to enrich day-to-day classroom activities. It is widely praised for increasing student involvement and enthusiasm for learning.

The *Art Imitates Life* supplement offers tips for those interested in integrating popular culture and the humanities into their courses.

Personal Response System. The Personal Response System (PRS) questions for each chapter are designed to spark classroom discussion and debate. For more information on PRS, please contact your local Wiley sales representative.

MP3 Downloads. A complete playlist of MP3 downloads provides easy-to-access and ever-ready audio files that overview key chapter topics, terms, and potential test materials.

Student Portfolio Builder. This special guide to building a student portfolio is complete with professional résumé and competency documentation templates. It is on the student Companion Web site.

Wiley Business Study Center. With the new Wiley Business Study Center app, all of your review materials are in a single location. It's a one-stop resource for students to download and review classroom material on their mobile devices. Using Flash Cards to drill key terms and definitions, and Self Tests to quiz on applied knowledge of the content, we're constantly working to add new material for study and review.

Companion Website. The *Management 12e* Web site at http://www.wiley.com/college/schermerhorn contains a myriad of tools and links to aid both teaching and learning, including resources described above.

WileyPlus

WileyPLUS is an innovative, research-based online environment for effective teaching and learning.

WileyPLUS offers 24/7 online student engagement for enhanced learning while streamlining course management for instructors.

WileyPLUS builds students' confidence because it takes the guesswork out of studying by providing students with a clear roadmap: **what to do, how to do it, if they did it right**. This interactive approach focuses on:

CONFIDENCE Research shows that students experience a great deal of anxiety over studying. That's why we provide a structured learning environment that helps students focus on **what to do**, along with the support of immediate resources.

MOTIVATION To increase and sustain motivation throughout the semester, *WileyPLUS* helps students learn **how to do** it at a pace that's right for them. Our integrated resources—available 24/7—function like a personal tutor, directly addressing each student's demonstrated needs with specific problem-solving techniques.

SUCCESS *WileyPLUS* helps to assure that each study session has a positive outcome by putting students in control. Through instant feedback and study objective reports, students know **if they did it right**, and where to focus next, so they achieve the strongest results.

With *WileyPLUS*, our efficacy research shows that students improve their outcomes by as much as one letter grade. *WileyPLUS* helps students take more initiative, so you'll have greater impact on their achievement in the classroom and beyond.

What do students receive with *WileyPLUS*?

- The complete digital textbook, saving students up to 60% off the cost of a printed text.
- Question assistance, including links to relevant sections in the online digital textbook.
- Immediate feedback and proof of progress, 24/7.
- Integrated, multi-media resources—including virtual cases, visual exhibits, crossword puzzles, and much more—that provide multiple study paths and encourage more active learning.

What do instructors receive with *WileyPLUS*?

- Reliable resources that reinforce course goals inside and outside of the classroom.
- The ability to easily identify those students who are failing behind.
- Media-rich course materials and assessment content including—Instructor's Manual, Test Bank, PowerPoint® Slides, Learning Objectives, Management Weekly Updates, Video Clips, Computerized Test Bank, Pre- and Post- Lecture Quizzes, and much more.

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Acknowledgments

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Brief Contents

Part One Management

1 Introducing Management 2
2 Management Learning Past to Present 32
3 Ethics and Social Responsibility 56

Part Two Environment

4 Environment, Innovation, and Sustainability 84
5 Global Management and Cultural Diversity 106
6 Entrepreneurship and New Ventures 134

Part Three Planning and Controlling

7 Information and Decision Making 160
8 Planning Processes and Techniques 192
9 Control Processes and Systems 216
10 Strategy and Strategic Management 238

Part Four Organizing

11 Organization Structures and Design 268
12 Organization Culture and Change 294
13 Human Resource Management 320

Part Five Leading

14 Leading and Leadership Development 350
15 Individual Behavior 376
16 Motivation Theory and Practice 402
17 Teams and Teamwork 430
18 Communication and Collaboration 458

Management Cases for Critical Thinking

Chapter Cases C-1

Self-Test Answers AN-1
Glossary G-1
Endnotes EN-1
Organizational Index OI-1
Name Index NI-1
Subject Index SI-1

Contents

Part One Management

1 Introducing Management 2

Wisdom: Learning From Others
Smart People Create Their Own Futures 2
Insight: Learning About Yourself
Self-Awareness 3

Working Today 4
Talent 5
Technology 6
Globalization 6
Ethics 7
Diversity 9
Careers 9

Organizations 11
What Is an Organization? 11
Organizations as Systems 11
Organizational Performance 12
Changing Nature of Organizations 13

Managers 13
What Is a Manager? 14
Levels of Managers 14
Types of Managers 15
Managerial Performance 15
Changing Nature of Managerial Work 16

The Management Process 17
Functions of Management 18
Managerial Roles and Activities 21
Managerial Agendas and Networks 22

Learning How to Manage 23
Essential Managerial Skills 23
Developing Managerial Potential 24

Management Learning Review 26
Learning Check Summary 26
Self-Test 1 27

Management Skills and Competencies 29
Further Reflection: *Self-Awareness* 29
Self-Assessment: *Career Readiness* 29
Team Exercise: *My Best Manager* 30
Career Situations for New Managers: *What Would You Do?* 31

2 Management Learning Past to Present 32

Wisdom: Learning From Others
There Are Many Pathways to Goal Achievement 32
Insight: Learning About Yourself
Learning Style 33

Classical Management Approaches 34
Scientific Management 35
Administrative Principles 36
Bureaucratic Organization 37

Behavioral Management Approaches 38
Follett's Organizations as Communities 39
The Hawthorne Studies 40
Maslow's Theory of Human Needs 41
McGregor's Theory X and Theory Y 42
Argyris's Theory of Adult Personality 44

Modern Management Foundations 45
Quantitative Analysis and Tools 45
Organizations as Systems 46
Contingency Thinking 47
Quality Management 47
Knowledge Management and Organizational Learning 48
Evidence-Based Management 49

Management Learning Review 51
Learning Check Summary 51
Self-Test 2 51

Management Skills and Competencies 53
Further Reflection: *Learning Style* 53
Self-Assessment: *Managerial Assumptions* 53
Team Exercise: *Evidence-Based Management Quiz* 54
Career Situations for Today: *What Would You Do?* 54

3 Ethics and Social Responsibility 56

Wisdom: Learning From Others
Everyone Gains When Our Planet Is a Priority 56

Insight: Learning About Yourself
Individual Character 57

What Is Ethical Behavior? 58
Laws and Values as Determinants of Ethical Behavior 59
Alternative Views of Ethics 59
Cultural Issues in Ethical Behavior 61

Ethics in the Workplace 63
Ethical Dilemmas 63
Influences on Ethical Decision Making 64
Rationalizations for Unethical Behavior 67

Maintaining High Ethical Standards 69
Moral Management 69
Ethics Training 69
Codes of Ethical Conduct 70
Whistleblower Protection 70

Social Responsibility 71
Stewardship and the Triple Bottom Line 72
Stakeholders and Stakeholder Management 73
Perspectives on Corporate Social Responsibility 73
Evaluating Corporate Social Performance 76
Corporate Governance 77

MANAGEMENT LEARNING REVIEW 78
Learning Check Summary 78
Self-Test 3 79

MANAGEMENT SKILLS AND COMPETENCIES 81
Further Reflection: *Individual Character* 81
Self-Assessment: *Terminal Values* 81
Team Exercise: *Confronting Ethical Dilemmas* 82
Career Situations for Ethical Behavior: *What Would You Do?* 82

Part Two Environment

4 Environment, Innovation, and Sustainability 84

Wisdom: Learning From Others
A Keen Eye Spots Lots of Opportunities 84
Insight: Learning About Yourself
Risk Taking 85

The General or Macroenvironment 86
Economic Conditions 87
Legal-Political Conditions 88
Sociocultural Conditions 89
Technological Conditions 90
Natural Environment Conditions 91

The Specific or Task Environment 92
Stakeholders and Value Creation 92
Competitive Advantage 93
Uncertainty, Complexity, and Change 93

Environment and Innovation 94
Types of Innovations 94
The Innovation Process 95
Disruptive Innovation and Technology 96

Environment and Sustainability 97
Sustainable Development 98
Sustainable Business 98
Sustainability Goals, Measurement, and Reporting 99
Human Sustainability 100

MANAGEMENT LEARNING REVIEW 101
Learning Check Summary 101
Self-Test 4 102

MANAGEMENT SKILLS AND COMPETENCIES 103
Further Reflection: *Risk Taking* 103
Self-Assessment: *Tolerance for Ambiguity* 104
Team Exercise: *Organizational Commitment to Sustainability Scorecard* 105
Career Situations for a Complex Environment: *What Would You Do?* 105

5 Global Management and Cultural Diversity 106

Wisdom: Learning From Others
Globalization Makes Businesses World Travelers 106
Insight: Learning About Yourself
Cultural Awareness 107

Management and Globalization 108
Global Management 109
Why Companies Go Global 110
How Companies Go Global 110
Global Business Environments 113

Global Businesses 117
Types of Global Businesses 117
Pros and Cons of Global Businesses 117
Ethics Challenges for Global Businesses 118

Culture and Global Diversity 120
Cultural Intelligence 120
Silent Languages of Culture 121
Tight and Loose Cultures 122
Values and National Cultures 124

Global Management Learning 126
Are Management Theories Universal? 127
Intercultural Competencies 128
Global Learning Goals 128

Management Learning Review 129
Learning Check Summary 129
Self-Test 5 130

Management Skills and Competencies 131
Further Reflection: *Cultural Awareness* 131
Self-Assessment: *Global Intelligence* 132
Team Exercise: *American Football* 132
Career Situations in Global Management: *What Would You Do?* 133

6 Entrepreneurship and New Ventures 134
Wisdom: Learning From Others
Entrepreneurs Are Changing Our World 134
Insight: Learning About Yourself
Self-Management 135

The Nature of Entrepreneurship 137
Who Are the Entrepreneurs? 137
Characteristics of Entrepreneurs 139
Women and Minority Entrepreneurs 141
Social Entrepreneurship 142

Entrepreneurship and Small Business 144
Why and How to Get Started 144
Web-Based Business Models 145
Family Businesses 145
Why Small Businesses Fail 147
Small Business Development 149

New Venture Creation 149
Life Cycles of Entrepreneurial Firms 150
Writing the Business Plan 151
Choosing the Form of Ownership 152
Financing the New Venture 153

Management Learning Review 155
Learning Check Summary 155
Self-Test 6 155

Management Skills and Competencies 157
Further Reflection: *Self-Management* 157
Self-Assessment: *The Entrepreneurship Orientation Inventory* 157
Team Exercise: *Entrepreneurs Among Us* 158
Career Situations for Entrepreneurs: *What Would You Do?* 159

Part Three Planning And Controlling

7 Information and Decision Making 160
Wisdom: Learning From Others
Decisions Turn Potential into Achievement 160
Insight: Learning About Yourself
Self-Confidence 161

Information, Technology, and Management 162
What Is Useful Information? 163
Information Systems and Business Intelligence 164
Information Needs in Organizations 165
How Information Technology Is Changing Organizations 166

Information and Managerial Decisions 167
Managers as Information Processors 168
Managers as Problem Solvers 168
Types of Managerial Decisions 171
Decision Conditions 173

The Decision-Making Process 174
Step 1—Identify and Define the Problem 175
Step 2—Generate and Evaluate Alternative Courses of Action 177
Step 3—Choose a Preferred Course of Action 177
Step 4—Implement the Decision 178
Step 5—Evaluate Results 179
At All Steps—Check Ethical Reasoning 180

Issues in Managerial Decision Making 181
Decision Errors and Traps 181
Creativity in Decision Making 183

Management Learning Review 186
Learning Check Summary 186
Self-Test 7 187

Management Skills and Competencies 189
Further Reflection: *Self-Confidence* 189
Self-Assessment: *Cognitive Style* 189
Team Exercise: *Lost at Sea* 190
Career Situations for Decision Makers: *What Would You Do?* 191

8 Planning Processes and Techniques 192
Wisdom: Learning From Others
Think Now and Embrace the Future 192

Insight: Learning About Yourself
Time Management 193

Why and How Managers Plan 194
Importance of Planning 194
The Planning Process 195
Benefits of Planning 196
Planning and Time Management 197

Types of Plans Used by Managers 198
Long-Range and Short-Range Plans 199
Strategic and Tactical Plans 200
Operational Plans 201

Planning Tools and Techniques 203
Forecasting 203
Contingency Planning 203
Scenario Planning 204
Benchmarking 206
Staff Planning 206

Implementing Plans to Achieve Results 207
Goal Setting 207
Goal Alignment 208
Participation and Involvement 209

MANAGEMENT LEARNING REVIEW 211
Learning Check Summary 211
Self-Test 8 211

MANAGEMENT SKILLS AND COMPETENCIES 213
Further Reflection: *Time Management* 213
Self-Assessment: *Time Management Profile* 213
Team Exercise: *The Future Workplace Personal Career Planning* 214
Career Situations for Planners: *What Would You Do?* 215

9 Control Processes and Systems 216
Wisdom: Learning From Others
Control Leaves No Room for Complacency 216
Insight: Learning About Yourself
Resiliency 217

Why and How Managers Control 218
Importance of Controlling 219
Types of Controls 219
Internal and External Control 221

The Control Process 224
Step 1: Establish Objectives and Standards 224
Step 2: Measure Actual Performance 226
Step 3: Compare Results with Objectives and Standards 226
Step 4: Take Corrective Action 226

Control Tools and Techniques 228
Project Management and Control 228
Inventory Control 229
Breakeven Analysis 229
Financial Controls 230
Balanced Scorecards 231

MANAGEMENT LEARNING REVIEW 233
Learning Check Summary 233
Self-Test 9 233

MANAGEMENT SKILLS AND COMPETENCIES 235
Further Reflection: *Resiliency* 235
Self-Assessment: *Internal/External Control* 235
Team Exercise: *After-Meeting/Project Remorse* 236
Career Situations for Management Control: *What Would You Do?* 237

10 Strategy and Strategic Management 238
Wisdom: Learning From Others
Passion and Values Make for Strategic Success 238
Insight: Learning About Yourself
Critical Thinking 239

Strategic Management 241
Competitive Advantage 241
Strategy and Strategic Intent 241
Levels of Strategy 242
Strategic Management Process 243

Essentials of Strategic Analysis 244
Analysis of Mission, Values, and Objectives 244
SWOT Analysis of Organization and Environment 246
Five Forces Analysis of Industry Attractiveness 248

Corporate-Level Strategy Formulation 249
Portfolio Planning Model 249
Growth and Diversification Strategies 252
Retrenchment and Restructuring Strategies 253
Global Strategies 254
Cooperative Strategies 254

Business-Level Strategy Formulation 256
Competitive Strategies Model 256
Differentiation Strategy 256

Cost Leadership Strategy 257
Focus Strategy 258

Strategy Implementation 258
Management Practices and Systems 258
Strategic Control and Corporate Governance 259
Strategic Leadership 260

Management Learning Review 262
Learning Check Summary 262
Self-Test 10 263

Management Skills and Competencies 265
Further Reflection: *Critical Thinking* 265
Self-Assessment: *Intuitive Ability* 265
Team Exercise: *Strategic Scenarios* 266
Career Situations for Strategic Management: *What Would You Do?* 267

Part Four Organizing

11 Organization Structures and Design 268
Wisdom: Learning From Others
It's All About How You Put the Pieces Together 268
Insight: Learning About Yourself
Empowerment 269

Organizing as a Management Function 270
What Is Organization Structure? 271
Formal Structures 271
Informal Structures 271

Traditional Organization Structures 272
Functional Structures 273
Divisional Structures 274
Matrix Structures 277

Horizontal Organization Structures 278
Team Structures 279
Network Structures 280
Boundaryless Structures 281

Organizational Designs 283
Contingency in Organizational Design 283
Mechanistic and Organic Designs 284
Trends in Organizational Designs 285

Management Learning Review 290
Learning Check Summary 290
Self-Test 11 290

Management Skills and Competencies 292
Further Reflection: *Empowerment* 292
Self-Assessment: *Empowering Others* 292
Team Exercise: *Designing a Network University* 293
Career Situations for Organizing: *What Would You Do?* 293

12 Organization Culture and Change 294
Wisdom: Learning From Others
Healthy Living Sets the Tone at Clif Bar 294
Insight: Learning About Yourself
Tolerance for Ambiguity 295

Organizational Cultures 296
Understanding Organizational Culture 297
The Observable Culture of Organizations 298
Values and the Core Culture of Organizations 299

Multicultural Organizations 301
Multicultural Organizations and Performance 302
Organizational Subcultures 302
Diversity Issues and Organizational Cultures 303

Organizational Change 305
Models of Change Leadership 306
Incremental and Transformational Change 308
Phases of Planned Change 308
Change Strategies 310
Resistance to Change 312

Management Learning Review 315
Learning Check Summary 315
Self-Test 12 315

Management Skills and Competencies 317
Further Reflection: *Tolerance for Ambiguity* 317
Self-Assessment: *Change Leadership IQ* 317
Team Exercise: *Force-Field Analysis* 318
Career Situations for Organizational Culture and Change: *What Would You Do?* 319

13 Human Resource Management 320
Wisdom: Learning From Others
Great Employers Respect Diversity and Value People 320
Insight: Learning About Yourself
Conscientiousness 321

Human Resource Management 322
Human Resource Management Process 323
Strategic Human Resource Management 323
Legal Environment of Human Resource Management 324

Attracting a Quality Workforce 328
Human Resource Planning 328
Recruiting Process 329
Selection Techniques 331

Developing a Quality Workforce 333
Orientation and Socialization 334
Training and Development 334
Performance Management 335

Maintaining a Quality Workforce 339
Flexibility and Work–Life Balance 339
Compensation and Benefits 339
Retention and Turnover 343
Labor–Management Relations 343

Management Learning Review 345
Learning Check Summary 345
Self-Test 13 345

Management Skills and Competencies 347
Further Reflection: *Conscientiousness* 347
Self-Assessment: *Performance Appraisal Assumptions* 347
Team Exercise: *Upward Appraisal* 348
Career Situations for Human Resource Management: *What Would You Do?* 348

Part Five Leading

14 Leading and Leadership Development 350
Wisdom: Learning From Others
Leaders Provide the Roadmaps 350
Insight: Learning About Yourself
Integrity 351

The Nature of Leadership 352
Leadership and Power 353
Leadership and Vision 354
Leadership as Service 355

Leadership Traits and Behaviors 357
Leadership Traits 357
Leadership Behaviors 358
Classic Leadership Styles 359

Contingency Approaches to Leadership 359
Fiedler's Contingency Model 359
Hersey-Blanchard Situational Leadership Model 361
Path–Goal Leadership Theory 362
Leader–Member Exchange Theory 364
Leader–Participation Model 364

Personal Leadership Development 365
Charismatic and Transformational Leadership 366
Emotional Intelligence and Leadership 367
Gender and Leadership 367
Moral Leadership 369
Drucker's "Old-Fashioned" Leadership 370

Management Learning Review 371
Learning Check Summary 371
Self-Test 14 371

Management Skills and Competencies 373
Further Reflection: *Integrity* 373
Self-Assessment: *Least-Preferred Co-Worker Scale* 373
Team Exercise: *Leadership and Participation in Decision Making* 374
Career Situations for Leadership: *What Would You Do?* 375

15 Individual Behavior 376
Wisdom: Learning From Others
There Are Personalities Behind Those Faces 376
Insight: Learning About Yourself
Ambition 377

Perception 379
Perception and Psychological Contracts 379
Perception and Attribution 380
Perception Tendencies and Distortions 381
Perception and Impression Management 383

Personality 383
Big Five Personality Dimensions 384
Myers-Briggs Type Indicator 385
Personal Conception and Emotional Adjustment Traits 386

Attitudes 387
What Is an Attitude? 388
What Is Job Satisfaction? 388
Job Satisfaction and Its Outcomes 389

Emotions, Moods, and Stress 392
Emotions 392
Moods 392
Stress 393
Sources of Stress 393

MANAGEMENT LEARNING REVIEW 396
Learning Check Summary 396
Self-Test 15 397

MANAGEMENT SKILLS AND COMPETENCIES 399
Further Reflection: *Ambition* 399
Self-Assessment: *Internal/External Control* 399
Team Exercise: *Job Satisfaction Preferences* 400
Career Situations in Individual Behavior: *What Would You Do?* 401

16 Motivation Theory and Practice 402
Wisdom: Learning From Others
Great Employers Bring Out the Best in Us 402
Insight: Learning About Yourself
Engagement 403

Individual Needs and Motivation 404
Hierarchy of Needs Theory 405
ERG Theory 406
Two-Factor Theory 407
Acquired Needs Theory 408

Process Theories of Motivation 409
Equity Theory 409
Expectancy Theory 412
Goal-Setting Theory 414
Self-Efficacy Theory 415

Reinforcement Theory 417
Reinforcement Strategies 417
Positive Reinforcement 418
Punishment 418

Motivation and Job Design 419
Job Simplification 419
Job Enrichment 420
Alternative Work Schedules 422

MANAGEMENT LEARNING REVIEW 425
Learning Check Summary 425
Self-Test 16 426

MANAGEMENT SKILLS AND COMPETENCIES 427
Further Reflection: *Engagement* 427
Self-Assessment: *Student Engagement Survey* 427
Team Exercise: *Why We Work* 428
Career Situations for Motivation: *What Would You Do?* 429

17 Teams and Teamwork 430
Wisdom: Learning From Others
The Beauty Is in the Teamwork 430
Insight: Learning About Yourself
Team Contributions 431

Teams in Organizations 432
Teamwork Pros 433
Teamwork Cons 433
Meetings, Meetings, Meetings 434
Organizations as Network of Teams 435

Trends in the Use of Teams 435
Committees, Project Teams, and Task Forces 435
Cross-Functional Teams 436
Self-Managing Teams 436
Virtual Teams 438
Team Building 438

How Teams Work 439
Team Inputs 440
Stages of Team Development 442
Norms and Cohesiveness 444
Task and Maintenance Roles 445
Communication Networks 446

Decision Making in Teams 447
Ways Teams Make Decisions 447
Advantages and Disadvantages of Team Decisions 449
Groupthink 450
Creativity in Team Decision Making 451

MANAGEMENT LEARNING REVIEW 452
Learning Check Summary 452
Self-Test 17 453

MANAGEMENT SKILLS AND COMPETENCIES 455
Further Reflection: *Team Contributions* 455
Self-Assessment: *Team Leader Skills* 455
Team Exercise: *Work Team Dynamics* 456
Career Situations in Teamwork: *What Would You Do?* 457

18 Communication and Collaboration 458
Wisdom: Learning From Others
Impact Is Just a Tweet Away 458
Insight: Learning About Yourself
Communication and Networking 459

The Communication Process 460
Effective Communication 461
Persuasion and Credibility in Communication 461
Communication Barriers 462
Cross-Cultural Communication 465

Improving Collaboration Through Communication 466
Transparency and Openness 466
Use of Electronic Media 467
Active Listening 468
Constructive Feedback 468
Space Design 470

Managing Conflict 470
Functional and Dysfunctional Conflict 470
Causes of Conflict 471
Conflict Resolution 472
Conflict Management Styles 472
Structural Approaches to Conflict Management 473

Managing Negotiation 474
Negotiation Goals and Approaches 475
Gaining Agreements 475
Negotiation Pitfalls 476
Third-Party Dispute Resolution 478

Management Learning Review 479
Learning Check Summary 479
Self-Test 18 480

Management Skills and Competencies 481
Further Reflection: *Communication and Networking* 481
Self-Assessment: *Conflict Management Strategies* 481
Team Exercise: *Feedback Sensitivities* 482
Career Situations in Communication and Collaboration: *What Would You Do?* 483

Management Cases for Critical Thinking C-1

1 Trader Joe's—Keeping a Cool Edge C-2
2 Zara International—Fashion at the Speed of Light C-4
3 Patagonia—Leading a Green Revolution C-6
4 Timberland—From Bootmaker to Earthkeeper C-8
5 Harley-Davidson—Style and Strategy Have Global Reach C-10
6 In-N-Out Burger—Building a Better Burger C-12
7 Amazon.com—One E-Store to Rule Them All C-14
8 Walgreens—Staying One Step Ahead C-16
9 Electronic Arts—Inside Fantasy Sports C-18
10 Dunkin' Donuts—Betting Dollars on Donuts C-20
11 Nike—Spreading Out to Win the Race C-22
12 Apple Inc.—People and Design Create the Future C-24
13 Two-Tier Wages—Same Job, Different Pay C-26
14 Zappos—They Did It with Humor C-28
15 Panera Bread—Growing a Company with Personality C-30
16 SAS—Success Starts on the Inside C-32
17 Auto Racing—When the Driver Takes a Back Seat C-34
18 Facebook—Making the World More Open C-36

Self-Test Answers AN-1
Glossary G-1
Endnotes EN-1
Organizational Index OI-1
Name Index NI-1
Subject Index SI-1

Features

Wisdom: Learning From Others

Chapter 1 Smart People Create Their Own Futures
Chapter 2 There Are Many Pathways to Goal Achievement
Chapter 3 Everyone Gains When Our Planet Is a Priority
Chapter 4 A Keen Eye Will Spot Lots of Opportunities
Chapter 5 Globalization Makes Businesses World Travelers
Chapter 6 Entrepreneurs Are Changing Our World
Chapter 7 Decisions Turn Potential into Achievement
Chapter 8 Think Now and Embrace the Future
Chapter 9 Control Leaves No Room for Complacency
Chapter 10 Passion and Values Make for Strategic Success
Chapter 11 It's All About How You Put the Pieces Together
Chapter 12 Healthy Living Sets a Positive Tone
Chapter 13 Great Employers Respect Diversity and Value People
Chapter 14 Leaders Provide the Roadmaps
Chapter 15 There Are Personalities Behind Those Faces
Chapter 16 Great Employers Bring Out the Best in US
Chapter 17 The Beauty is in the Teamwork
Chapter 18 Impact is Just a Tweet Away

Insight: Learning About Yourself

Chapter 1 Self-Awareness
Chapter 2 Learning Style
Chapter 3 Individual Character
Chapter 4 Risk Taking
Chapter 5 Cultural Awareness
Chapter 6 Self-Management
Chapter 7 Self-Confidence
Chapter 8 Time Management
Chapter 9 Resiliency
Chapter 10 Critical Thinking
Chapter 11 Empowerment
Chapter 12 Tolerance for Ambiguity
Chapter 13 Conscientiousness
Chapter 14 Integrity
Chapter 15 Ambition
Chapter 16 Engagement
Chapter 17 Team Contributions
Chapter 18 Communication and Networking

Ethics On the Line

Chapter 1 Access to Coke's Secret Formula Is a Tantalizer
Chapter 2 CEO Golden Parachutes Fly in Face of Public Outrage
Chapter 3 Your Social Media History Might Be a Job Hurdle
Chapter 4 Offshore E-Waste Graveyards Bury a Problem
Chapter 5 Who Wins when Nationalism Meets Protectionism
Chapter 6 Entrepreneurship Meets Caring Capitalism Meets Big Business
Chapter 7 Climber Left to Die on Mt. Everest
Chapter 8 What Really Works When Fighting World Poverty?
Chapter 9 Firms Find Global Traveling Rough on Privacy and Censorship
Chapter 10 Life and Death at an Outsourcing Factory
Chapter 11 Help! I've been Flattened into Exhaustion
Chapter 12 Hidden Agendas in Organizational Change
Chapter 13 Are Employers Checking Your Facebook Page?
Chapter 14 Would You Put Your Boss Above Your Organization?
Chapter 15 Is Personality Testing in Your Future?
Chapter 16 Information Goldmine Creates Equity Dilemma
Chapter 17 Social Loafing Is Getting in the Way
Chapter 18 Blogging Is Easy, But Bloggers Should Beware

Follow the Story

Chapter 1 Indra Nooyi Pushes Pepsi Toward Responsibility and Sustainability
Chapter 2 Former Microsoft Executive Finds Fulfillment Fighting Illiteracy
Chapter 3 Business School Students Challenged to Serve the Greater Good
Chapter 4 Disruptive Innovation the Steve Jobs Way (1955–2011)
Chapter 5 Wal-Mart Holds a Chinese Tiger by the Tail
Chapter 6 Entrepreneurs Find Rural Setting Fuels Solar Power
Chapter 7 No. 2 at Facebook a Good Fit for Sheryl Sandberg
Chapter 8 Don Thompson Sets Goals for Winning Role at McDonald's
Chapter 9 Roger Ferguson Provides Strategic Leadership for Retirement Security
Chapter 10 Ursula Burns Sets Strategic Directions for Xerox
Chapter 11 Dancing Deer Baking Sweetens Growth with Values
Chapter 12 Alan Mulally Makes His Mark on Ford's Culture
Chapter 13 Tony Hsieh Taps HRM to Keep Zappos One Step Ahead
Chapter 14 Educator's Leadership Turns Vision into Inspiration
Chapter 15 Little Things Are Big Things at Life Is Good
Chapter 16 The King of Coffee Brews for Engagement
Chapter 17 Teams and Teamwork Help Put the Lift into Boeing's New Planes
Chapter 18 The Limited's Linda Heasley Gives Others Reasons to Work with Her

Research Brief

Chapter 1 Worldwide Study Identifies Success Factors in Global Leadership
Chapter 2 Setting Personal Goals Improves Academic Performance
Chapter 3 Prioritizing Stakeholders for Organizational Action
Chapter 4 Generations Show Differences on Important Values
Chapter 5 Personality Traits, Behavioral Competencies, and Expatriate Effectiveness
Chapter 6 Do Founders of New Ventures Take Less Compensation than Other Senior Managers in Their Firms?
Chapter 7 Escalation Increases Risk of Unethical Decisions
Chapter 8 You've Got to Move Beyond Planning by the Calendar
Chapter 9 Restating Corporate Financial Performance Foreshadows Significant Executive Turnover
Chapter 10 Female Directors on Corporate Boards Linked with Positive Management Practices
Chapter 11 Making Schools Work Better with Organizational Design
Chapter 12 Top Management Must Get—and Stay—Committed for Shared Power to Work in Tandem with Top-Down Change
Chapter 13 Racial Bias May Exist in Supervisor Ratings of Workers

Chapter 14 Charismatic Leaders Display Positive Emotions That Followers Find Contagious
Chapter 15 Business Students More Satisfied with Lives Perform Better
Chapter 16 Generational Differences in Work Values
Chapter 17 Demographic Faultlines Pose Implications for Managing Teams
Chapter 18 Words Affect Outcomes in Online Dispute Resolution

Facts for Analysis

Chapter 1 Employment Contradictions in Workforce Diversity
Chapter 2 Generations Differ When Rating Their Bosses
Chapter 3 Behavior of Managers Key to Ethical Workplace
Chapter 4 Workers May Be Unhappy, But They Aren't Changing Jobs
Chapter 5 Corruption and Bribes Haunt Global Business
Chapter 6 Minority Entrepreneurs Lead the Way
Chapter 7 Intelligent Enterprises Show How to Win with Data
Chapter 8 Policies on Office Romances Vary Widely
Chapter 9 Corporate Thieves Thrive on Sticky Hands and Cyberheists
Chapter 10 Wage and Benefits as a Competitive Issue in the Auto Industry
Chapter 11 Bosses May Be Overestimating Their Managing Skills
Chapter 12 Organization Cultures Must Face Up to Emerging Work–Life Trends
Chapter 13 Underemployment Affects One-fifth of U.S. Workers
Chapter 14 Workers Report Shortcomings of Managers
Chapter 15 Job Satisfaction Trends
Chapter 16 Gender Differences in Motivation
Chapter 17 Unproductive Meetings Are Major Time Wasters
Chapter 18 Performance Reviews Get Increasing Scrutiny

Further Reflection

Chapter 1 Self-Awareness
Chapter 2 Learning Style
Chapter 3 Individual Character
Chapter 4 Risk Taking
Chapter 5 Cultural Awareness
Chapter 6 Self-Management
Chapter 7 Self-Confidence
Chapter 8 Time Management
Chapter 9 Resiliency
Chapter 10 Critical Thinking
Chapter 11 Empowerment
Chapter 12 Tolerance for Ambiguity
Chapter 13 Conscientiousness
Chapter 14 Integrity
Chapter 15 Ambition
Chapter 16 Engagement
Chapter 17 Team Contributions
Chapter 18 Communication and Networking

Self-Assessment

Chapter 1 Career Readiness
Chapter 2 Managerial Assumptions
Chapter 3 Terminal Values
Chapter 4 Tolerance for Ambiguity
Chapter 5 Global Intelligence
Chapter 6 Entrepreneurial Orientation
Chapter 7 Cognitive Style
Chapter 8 Time Management Profile
Chapter 9 Internal/External Control
Chapter 10 Intuitive Ability
Chapter 11 Empowering Others
Chapter 12 Change Leadership IQ
Chapter 13 Performance Appraisal Assumptions
Chapter 14 Least-Preferred Coworker Scale
Chapter 15 Internal/External Control
Chapter 16 Student Engagement
Chapter 17 Team Leader Skills
Chapter 18 Conflict Management Strategies

Team Exercise

Chapter 1 My Best Manager
Chapter 2 Evidence-Based Management Quiz
Chapter 3 Confronting Ethical Dilemmas
Chapter 4 Organizational Commitment to Sustainability Scorecard
Chapter 5 American Football
Chapter 6 Entrepreneurs Among Us
Chapter 7 Lost at Sea
Chapter 8 The Future Workplace
Chapter 9 After-Meeting/Project Remorse
Chapter 10 Strategic Scenarios
Chapter 11 Designing a Network University
Chapter 12 Force-Field Analysis
Chapter 13 Upward Appraisal
Chapter 14 Leading by Participation
Chapter 15 Job Satisfaction Preferences
Chapter 16 Why We Work
Chapter 17 Work Team Dynamics
Chapter 18 Feedback Sensitivities

Case Studies

Chapter 1 Trader Joe's—Keeping a Cool Edge
Chapter 2 Zara International—Fashion at the Speed of Light
Chapter 3 Patagonia—Leading a Green Revolution
Chapter 4 Timberland—From Bootmaker to Earthkeeper
Chapter 5 Harley-Davidson—Style and Strategy Have a Global Reach
Chapter 6 In-N-Out Burger—Building a Better Burger
Chapter 7 Amazon.com—One E-Store to Rule Them All
Chapter 8 Walgreens—Staying One Step Ahead
Chapter 9 Electronic Arts—Inside Fantasy Sports
Chapter 10 Dunkin' Donuts—Betting Dollars on Donuts
Chapter 11 Nike—Spreading Out to Win the Race
Chapter 12 Apple Inc.—People and Design Create the Future
Chapter 13 Two-Tier Wages—Same Job, Different Pay
Chapter 14 Zappos—They Did It with Humor
Chapter 15 Panera Bread—Growing a Company with Personality
Chapter 16 SAS—Success Starts on the Inside
Chapter 17 Auto Racing—When the Driver Takes a Back Seat
Chapter 18 Facebook—Making the World More Open

MANAGEMENT

TWELFTH EDITION

Wisdom
Learning From Others



Bryce Vickmak 2009/Redux Pictures

> SMART PEOPLE CREATE THEIR OWN FUTURES

It's been a tough economy for job seekers. But isn't it time to take the future in your own hands?

There's a major shift toward online recruiting. The head of consulting firm Accenture's global recruiting says "this is the future of recruiting for our company." Sites like Monster.com and Careerbuilder.com are a good start for new graduates. On Facebook, apps like BranchOut and Jobvite help recruiters and job seekers find one another. LinkedIn.com is a destination for those with job experience. It claims over 150 million professionals use its site for networking and career visibility.[1]

Starting your own business can also be a great career choice. Not everyone wants to work for someone else. Monster.com began when founder Jeff Taylor, shown here, jotted an idea on a sketch pad, made an early-morning trip to a coffee shop, and turned his notes into a business concept.[2]

Whatever your career direction—entrepreneurship, corporate employer, nonprofit manager—there's one thing for sure: The future is yours, but you have to take charge and go for it. You have to keep developing and even reinventing yourself with every passing day. If smart people really do create their own futures, what path are you on? Don't ever forget, what happens next is up to you!



MORE TO LOOK FOR INSIDE>

FOLLOW THE STORY
Indra Nooyi Pushes Pepsi Toward Responsibility and Sustainability

ETHICS ON THE LINE
Access to Coke's Secret Formula Is a Tantalizer

FACTS FOR ANALYSIS
Employment Contradictions in Workforce Diversity

RESEARCH BRIEF
Worldwide Study Identifies Success Factors in Global Leadership

Introducing Management

1

> SELF-AWARENESS

Although it's an important career skill, **self-awareness** can be easy to talk about but hard to master.[3] Self-Awareness helps us build on strengths and overcome weaknesses, and it helps us avoid seeing ourselves more favorably than is justified.

How often do you take a critical look at your attitudes, behaviors, skills, personal characteristics, and accomplishments? When was the last time you thought about them from a career perspective—as you see them and as others do?

The *Johari Window* is one pathway to self-awareness. It's a way of comparing what we know about ourselves with what others know about us.[4] The "open" areas known to ourselves and others are often small. The "blind spot," "the unknown," and the "hidden" areas can be quite large. They challenge our capacities for self-discovery.

Self-awareness is a pathway to adaptability, something we need to keep learning and growing in changing times. But remember the insights of the Johari Window. True self-awareness means not just knowing your idealized self—the person you want or hope to be. It also means knowing who you really are in the eyes of others and as defined by your actions.

Insight

Learning About Yourself



BUILD SKILLS AND COMPETENCIES AT END OF CHAPTER

- Engage in *Further Reflection on Self-Awareness*
- Take the *Self-Assessment on Career Readiness*
- Complete the *Team Exercise—My Best Manager*
- Solve the *Career Situations for New Managers*
- Analyze the *Case Study—Trader Joe's: Keeping a Cool Edge*

<GET TO KNOW YOURSELF BETTER

LEARNING DASHBOARD Introducing Management 1

TAKEAWAY 1	TAKEAWAY 2	TAKEAWAY 3	TAKEAWAY 4	TAKEAWAY 5
Working Today • Talent • Technology • Globalization • Ethics • Diversity • Careers	**Organizations** • What is an organization? • Organizations as systems • Organizational performance • Changing nature of organizations	**Managers** • What is a manager? • Levels of managers • Types of managers • Managerial performance • Changing nature of managerial work	**The Management Process** • Functions of management • Managerial roles and activities • Managerial agendas and networks	**Learning How to Manage** • Essential managerial skills • Developing managerial potential
LEARNING CHECK 1	LEARNING CHECK 2	LEARNING CHECK 3	LEARNING CHECK 4	LEARNING CHECK 5

Welcome to *Management 12/e* and its themes of personal development and career readiness. We live and work in a very complex world. Job scarcities, ethical miscues by business and government leaders, financial turmoil and uncertainties, great environmental challenges, and complex global economics and politics are regularly in the news. Today's organizations are fast changing, as is the nature of work itself. In most jobs, talent and technology reign supreme. Learning, quality, and speed are in; habit, complacency, and even security are out. Employers expect and demand high performance. The best of them provide creative and inspiring leadership and supportive work environments built around themes of respect, participation, empowerment, involvement, teamwork, and self-management.[5] All of this, and more, is what *Management 12/e* and your management course are about.

Working Today

In her book *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."[6] What does this mean when planning for career entry and advancement? At a minimum there are few guarantees of long-term employment. 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." Career success requires lots of initiative and self awareness, as well as continuous learning. The question is: Are you ready?