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MANAGEMENT

12th EDITION

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Management

Twelfth Edition

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To my wife, Laura

Steve

To My Sweet Babies:
Brooklynn and Blake

Mary

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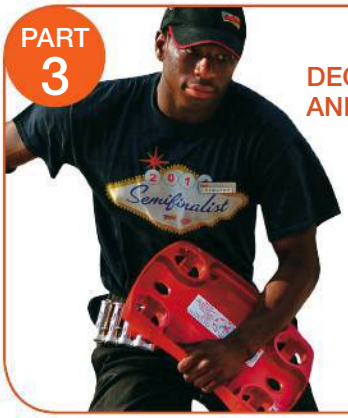

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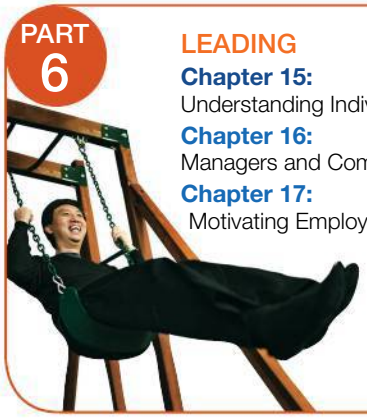

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Preface

You've made a good decision! You're taking a college course … maybe more than one. Although you may sometimes feel like you're wasting your time being in college, you're not. Yes, it's expensive. Yes, it's even sometimes hard. But what you're doing now will pay off in the long run. In a survey of job seekers, a whopping 92 percent said that a major disadvantage in competing for jobs was not having taken college courses. But that's not what you'll face because you *are* enrolled in a college course—the course for which you've purchased this book.

Key Changes to the 12th Edition

Between the two of us, we've taught for more than 50 years, so we personally understand the challenges of getting a classroom of students engaged and enthusiastic about coming to class! What worked exceptionally well for us was showing students that management isn't just some dry, boring subject that you learn about in a book but something vital that real people do in organizations every day. That's why we've always incorporated "real" managers into our textbook. Students can see how managers actually use the theories and approaches discussed in the chapters. And it's the only principles textbook that presents management from the perspective of the people who actually *do* management. Our real-world approach has been so popular that we gave it a "different spin" this time by asking our real managers to comment on realistic manager scenarios specifically written for each chapter. We think these will help get students excited about studying management and provide many avenues for class discussion. After many discussions about how we could make our book better reflect the realities of today's environment, here are some of the main changes we've made in the 12th edition:

- Chapter opener spotlighting a real manager at work in a real organization
- End-of-part Management Practice designed to give students a chance to "practice" management using:
  - A Manager's Dilemma—a realistic dilemma a manager might face for which students must decide how to resolve the dilemma
  - Global Sense—additional material on global issues that face managers and for which students research and discuss the implications
  - Continuing Case on Starbucks—a comprehensive case that addresses important aspects from each part in the text and for which students have several questions to answer
- Developed realistic chapter topic-relevant scenarios that our "real" managers address
- Set up decision making and change as a separate part
- Moved control material to planning part
- Placed the managing operations material in a module

Chapter-by-Chapter Changes

Chapter 1 Management and Organizations

- new chapter opener
- new "Leader Who Made a Difference"
- new discussion on social media and its importance to manager's job
- "real" manager scenarios
- updated examples
- new ethics dilemma
- new end-of-chapter cases

Chapter 2 Understanding Management: Constraints and Challenges

- new chapter opener
- new discussion on economic inequality
- "real" manager scenarios
- new "Leader Who Made a Difference"

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- updated examples
- new end-of-chapter cases

Chapter 3 Managing in a Global Environment

- new chapter opener
- new material on problems in European Union and eurozone
- "real" manager scenario
- updated "Leader Who Made a Difference"
- several new examples
- new ethics dilemma
- one new and one updated end-of-chapter case

Chapter 4 Managing Diversity

- new chapter opener
- "real" manager scenarios
- updated statistics
- new "Leader Who Made a Difference"
- several new examples
- new ethics dilemma
- one new and one updated end-of-chapter case

Chapter 5 Managing Social Responsibility and Ethics

- new chapter opener
- "real" manager scenarios
- updated statistics
- new examples
- new ethics dilemma
- one new and one updated end-of-chapter case

Chapter 6 Managers as Decision Makers

- new chapter opener
- new examples
- "real" manager scenario
- updated "Future Vision" box
- updated "Leader Who Made a Difference"
- updated statistics
- new material on design thinking
- new ethics dilemma
- one new and one updated end-of-chapter case

Chapter 7 Managing Change and Innovation

- totally revised chapter opener
- new examples
- "real" manager scenarios
- updated "Future Vision" box
- updated "Leader Who Made a Difference"
- new data points box
- new material on design thinking
- revised ethics dilemma
- updated team exercise
- one new and one updated end-of-chapter case

Chapter 8 Foundations of Planning

- new chapter opener
- "real" manager scenarios
- new ethics dilemma
- one new end-of-chapter case

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Chapter 9 Strategic Management

- new chapter opener
- new and updated examples
- "real" manager scenarios
- new "Leader Who Made a Difference"
- new material on design thinking as a competitive advantage
- new ethics dilemma
- two new end-of-chapter cases

Chapter 10 Managerial Controls

- new chapter opener
- new and updated examples
- "real" manager scenarios
- new material on controlling for employee performance
- new material on global turmoil
- updated statistics
- updated end-of-chapter cases

Chapter 11 Basic Organizational Design

- updated chapter opener
- "real" manager scenarios
- updated statistics
- new "Leader Who Made a Difference"
- new ethics dilemma
- updated end-of-chapter cases

Chapter 12 Adaptive Organizational Design

- new chapter opener
- some new examples
- "real" manager scenarios
- new statistics
- one new and one updated end-of-chapter case

Chapter 13 Managing Human Resources

- new chapter opener
- several new examples
- new statistics
- new "Leader Who Made a Difference"
- "real" manager scenarios
- new ethics dilemma
- one new and one updated end-of-chapter case

Chapter 14 Managing Teams

- new chapter opener
- some new statistics
- new "Leader Who Made a Difference"
- "real" manager scenarios
- two new end-of-chapter cases

Chapter 15 Understanding Individual Behavior

- updated chapter opener
- new statistics
- new "Leader Who Made a Difference"
- "real" manager scenarios
- one new end-of-chapter case

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Chapter 16 Managers and Communication

- totally revised and updated chapter opener
- several new examples throughout chapter
- new "Leader Who Made a Difference"
- new statistics
- "real" manager scenarios
- new discussion of town hall meetings
- one new end-of-chapter case

Chapter 17 Motivating Employees

- new chapter opener
- new examples throughout chapter
- new statistics
- "real" manager scenarios
- new information on cross-cultural top motivators
- new ethics dilemma
- one new end-of-chapter case

Chapter 18 Managers as Leaders

- new chapter opener
- some new examples throughout chapter
- new statistics
- "real" manager scenarios
- new ethics dilemma
- one new end-of-chapter case

What This Course Is About and Why It's Important

This course and this book are about management and managers. Managers are the one thing that all organizations—no matter the size, kind, or location—need. And there's no doubt that the world managers face has changed, is changing, and will continue to change. The dynamic nature of today's organizations means both rewards *and* challenges for the individuals who will be managing those organizations. Management is a dynamic subject, and a textbook on it should reflect those changes to help prepare you to manage under the current conditions. We've written this 12th edition of *Management* to provide you with the best possible understanding of what it means to be a manager confronting change.

Our Approach

Our approach to management is simple: Management is about people. Managers manage people. Thus, we introduce you to real managers, real people who manage people. We've talked with these real managers and asked them to share their experiences with you. You get to see what being a manager is all about—the problems these real managers have faced and how they have resolved those problems. Not only do you have the benefit of your professor's wisdom and knowledge, you also have access to your very own team of advisors and mentors.

What's Expected of You in This Course

It's simple. Come to class. Read the book. Do your assignments. And . . . study for your exams. If you want to get the most out of the money you've spent for this course and this textbook, that's what you need to do. In addition to writing this book, we have taught management classes, and that's what we expected of the students we taught.

User's Guide

Your management course may be described as a "survey" course because a lot of topics are covered very quickly, and none of the topics are covered in great depth. It can be overwhelming at times! Your classroom professor is your primary source of information and will provide you with an outline of

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what you're expected to do during the course. That's also the person who will be evaluating your work and assigning you a grade, so pay attention to what is expected of you! View us, your textbook authors, as your supplementary professors. As your partners in this endeavor, we've provided you the best information possible both in the textbook and in the materials on MyManagementLab® to help you succeed in this course. Now it's up to you to use them!

Getting the Most Out of Your Textbook: Getting a Good Grade in This Course

Professors use a textbook because it provides a compact source of information that you need to know about the course's subject material. Professors like this particular textbook because it presents management from the perspective of the people who actually *do* management—real managers. So take advantage of that and read what these real managers have to say. See how they've handled managerial problems. Learn about their management styles and think about how you might manage.

In addition to what you can learn from these real managers, we provide several ways to help you get a good grade in this course. Use the review and discussion questions at the end of the chapter. They provide a great way to see if you understand the material you've just read.

Finally, we include a wide variety of useful learning experiences both in the textbook and on MyManagementLab. From ethical dilemmas and skill-building exercises to case analyses and hands-on management tasks, we've provided a lot of things to make your management course fun and worthwhile. Your professor will tell you what assignments you will be expected to do. But you don't need to limit your learning experiences to those. Try out some of the other activities, even if they aren't assigned. We know you won't be disappointed!

Student Resources

CourseSmart eTextbook

CourseSmart eTextbooks were developed for students looking to save on required or recommended textbooks. Students simply select their eText by title or author and purchase immediate access to the content for the duration of the course using any major credit card. With a CourseSmart eText, students can search for specific keywords or page numbers, take notes online, print out reading assignments that incorporate lecture notes, and bookmark important passages for later review. For more information or to purchase a CourseSmart eTextbook, visit www.coursesmart.com.

MyManagementLab

MyManagementLab® is an easy-to-use online tool that personalizes course content and provides robust assessment and reporting to measure individual and class performance. All of the resources students need for course success are in one place—flexible and easily adapted for students' course experience.

Self-Assessment Library (S.A.L.)

If you are interested in additional self-assessments, this valuable tool includes 67 individual self-assessment exercises that allow students to assess their knowledge, beliefs, feelings, and actions in regard to a wide range of personal skills, abilities, and interests. Provided scoring keys allow for immediate, individual analysis. S.A.L. is available as a printed workbook, a CD-ROM, and by an access code, so students have a choice of how they want to complete the assessments. S.A.L. ISBN 0-13-608376-5.

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Management

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CHAPTER 1

Management and Organizations

SPOTLIGHT: *Manager at Work*

Farmville. Cityville. Words with Friends. Mafia Wars 2.

These are some of the more popular online games created by Zynga that are available for free on Facebook, Myspace, and Yahoo!, as apps on iPads and iPhones, and on Zynga's own Web site.[1] *Founded by CEO Mark Pincus (see photo) in 2007, Zynga (named after his late dog, Zinga) is one of the world's leading social game developers and one of the tech industry's most interesting companies. The company's goal is to "connect a billion people around the world through play." But how do you build a viable business getting people "to buy a bunch of things that don't exist?" You do it with highly skilled and talented employees who are guided by highly skilled and talented managers.*



Source: Karsten Lemm/Picture Alliance/Photoshot

Although Zynga's employees are exceptionally creative in developing virtual games, in a completely different twist, they're also good at analyzing data. While sifting through data Zynga collects when people play its online games, product managers for a game called FishVille discovered something quite interesting. Players were buying "a translucent anglerfish at six times the rate of other sea creatures, using an imaginary currency people get by playing the game." So they quickly had company artists create "a set of similar imaginary sea creatures with translucent fins and other distinctive features." One difference—this time they charged real money for the virtual fish. Players snapped them up at $3 to $4 each. Although the vast majority of Zynga's game players never spend any real money on its games, some players—Zynga calls them "whales," the same name used for casino high rollers—spend hundreds or even thousands of dollars a month. Zynga's revenues in 2010 were nearly $600 million, with profits of

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Source: Karsten Lemm/Picture Alliance/Photoshot

$91 million; however, as global economic uncertainties persist, the company's revenues in 2011 reached more than $1 billion but with a net loss of $404 million.

Recently, Zynga's employees moved into their new San Francisco headquarters building (nicknamed The Dog House), which is designed to look like one of its online games come to life. In the lobby is a Western facade reminiscent of its FrontierVille virtual world. Parked across from the receptionist's desk is a "Zyngabago, a white 1970s Winnebago emblazoned with a giant Z." And then there's the "time travel tube, a tunnel of 20,000 programmable LED lights." Like most other Silicon Valley startups, Zynga's home office employees get to enjoy amenities such as a sports bar, Zen tea garden, wellness center, and coffee station. Such surroundings are needed to lure and retain talented employees who have their pick of companies to work at. So far, Zynga's attrition rate (a measure of how many employees leave a company) runs a little over 3 percent, while the "average Silicon Valley rate is 14 percent." Pincus believes it's a good sign that employees like the company and the culture. And it's

The company's goal is to "connect a billion people around the world through play."

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LEARNING OUTCOMES

1.1 ***Explain*** *why managers are important to organizations.*

1.2 ***Tell*** *who managers are and where they work.*

1.3 ***Describe*** *the functions, roles, and skills of managers.*

1.4 ***Describe*** *the factors that are reshaping and redefining the manager's job.*

1.5 ***Explain*** *the value of studying management.*

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