5TH
ASIA-PACIFIC
EDITION

DANNY SAMSON

MANAGEMENT

RICHARD L. DAFT

Management
5th Edition
Danny Samson
Richard L. Daft

Publishing manager: Dorothy Chiu
Publishing editor: Michelle Aarons
Developmental editor: Duncan Campbell-Avenell
Senior project editor: Nathan Katz
Cover designer: Emilie Pfitzner
Text designer: Leigh Ashforth (Watershed Design)
Editor: Anne Mulvaney
Proofreader: James Anderson
Indexer: Russell Brooks
Permissions/Photo researcher: Wendy Duncan
Art direction: Danielle Maccarone
Cover: iStockphoto/Arda Guldogan; Shutterstock.com/Ivelin Radkov
Typeset by MPS Limited

Any URLs contained in this publication were checked for currency during the production process. Note, however, that the publisher cannot vouch for the ongoing currency of URLs.

First published as *Management* by Dryden Press in 2000.
Authorised adaptation of the fifth edition by the Dryden Press, Orlando, Florida.

Adaptation first published in 2003
Second edition published in 2005
Third edition published in 2008
Fourth edition published in 2012

This fifth edition published in 2015

Part-opening images courtesy of: iStockphoto/nickp37 (boxer); iStockphoto/Goldmund (fencer); iStockphoto/MichaelSvoboda (runner/swimmer); iStockphoto/woraput (golfer); Shutterstock.com/Fisher Photostudio (tennis).



© 2015 Cengage Learning Australia Pty Limited

Copyright Notice
This Work is copyright. No part of this Work may be reproduced, stored in a retrieval system, or transmitted in any form or by any means without prior written permission of the Publisher. Except as permitted under the *Copyright Act 1968*, for example any fair dealing for the purposes of private study, research, criticism or review, subject to certain limitations. These limitations include: Restricting the copying to a maximum of one chapter or 10% of this book, whichever is greater; providing an appropriate notice and warning with the copies of the Work disseminated; taking all reasonable steps to limit access to these copies to people authorised to receive these copies; ensuring you hold the appropriate Licences issued by the Copyright Agency Limited ("CAL"), supply a remuneration notice to CAL and pay any required fees. For details of CAL licences and remuneration notices please contact CAL at Level 15, 233 Castlereagh Street, Sydney NSW 2000,
Tel: (02) 9394 7600, Fax: (02) 9394 7601
Email: info@copyright.com.au
Website: www.copyright.com.au

For product information and technology assistance,
in Australia call **1300 790 853**;
in New Zealand call **0800 449 725**

For permission to use material from this text or product, please email **aust.permissions@cengage.com**

National Library of Australia Cataloguing-in-Publication Data
Author: Samson, Danny, author.
Title: Management / Danny Samson, Richard L. Daft.
Edition: 5th edition.
ISBN: 9780170259798 (paperback)
Notes: Includes bibliographical references and index.
Subjects: Industrial management--Textbooks. Management--Textbooks.
Other Authors/Contributors: Daft, Richard L, author.
Dewey Number: 658

Cengage Learning Australia
Level 7, 80 Dorcas Street
South Melbourne, Victoria Australia 3205

Cengage Learning New Zealand
Unit 4B Rosedale Office Park
331 Rosedale Road, Albany, North Shore 0632, NZ

For learning solutions, visit **cengage.com.au**

Printed in China by China Translation & Printing Services.
1 2 3 4 5 6 7 18 17 16 15 14

BRIEF CONTENTS

PART ONE INNOVATIVE MANAGEMENT FOR A CHANGING WORLD 1

1 The changing world of management 2
2 The evolution of management thinking 48

PART TWO THE ENVIRONMENT OF MANAGEMENT 87

3 The environment and corporate culture 88
4 Managing in a global environment 134
5 Ethics, social responsibility and sustainable development 178
6 The environment of entrepreneurship and small-business management 224

PART THREE PLANNING 269

7 Organisational planning and goal setting 270
8 Strategy formulation and implementation 308
9 Managerial decision making 350

PART FOUR ORGANISING 387

10 Fundamentals of organising 388
11 Managing change and innovation 432
12 Human resource management 476
13 Managing diversity 516

PART FIVE LEADING 555

14 Individual behaviour in organisations 556
15 Leading in organisations 602
16 Motivating employees 644
17 Communication in organisations 684
18 Teamwork in organisations 724

PART SIX CONTROLLING 759

19 Managerial and quality control 760
20 Managing the value chain, information technology and e-business 798
Capstone Chapter: Making effective management happen 836

CONTENTS

Preface XVI
Resources guide XX
Features matrix XXVI
Acknowledgements XXVIII
About the authors XXIX

PART ONE
INNOVATIVE MANAGEMENT FOR A CHANGING WORLD
1

CHAPTER 1 THE CHANGING WORLD OF MANAGEMENT 2

WHY INNOVATIVE MANAGEMENT MATTERS 6
CURRENT CHALLENGES FOR MANAGERS 6
Challenges for government 6
Challenges for business 7
Challenges for the individual employee 9
MANAGERS WHO MAKE A DIFFERENCE 9
THE DEFINITION OF MANAGEMENT 10
THE FOUR MANAGEMENT FUNCTIONS 11
Planning 11
Organising 13
Leading 13
Controlling 14
ORGANISATIONAL PERFORMANCE 15
MANAGEMENT SKILLS 17
Conceptual skills 18
Human skills 18
Technical skills 19
When skills fail 20
MANAGEMENT TYPES 21
Vertical differences 22
Horizontal differences 23
WHAT IS IT LIKE TO BE A MANAGER? 24
Making the leap: becoming a new manager 24
MANAGER ACTIVITIES 26
Adventures in multitasking 26
Life on speed dial 27
Where does a manager find the time? 28
Manager roles 29
MANAGING IN SMALL BUSINESSES AND NOT-FOR-PROFIT ORGANISATIONS 32
STATE-OF-THE-ART MANAGEMENT COMPETENCIES 34
TURBULENT TIMES: MANAGING CRISES AND UNEXPECTED EVENTS 36
Stay calm 36
Be visible 36
Put people before business 36
Tell the truth 36
Know when to get back to business 37
AUSTRALIA'S MANAGERS: IMPROVING FROM A LOW BASE 38
Manager strengths 38
Manager weaknesses 38
SUSTAINABLE DEVELOPMENT: NOW A CORE ISSUE FOR MANAGERS 41
Discussion questions 43
Ethical challenge 43
» Can management afford to look the other way? 43
Group challenge 44
» Your best and worst managers 44
Case for critical analysis 44
» SharpStyle Salons 44
On the job video case 45
» Camp Bow Wow: Innovative management for a changing world 45
CourseMate 47

CHAPTER CASE STUDIES
India: A hotbed of competition for mobile phones 12
Extraordinary crisis management 37

CHAPTER 2 THE EVOLUTION OF MANAGEMENT THINKING 48

MANAGEMENT AND ORGANISATION 53
CLASSICAL PERSPECTIVE 55
Scientific management 56
Bureaucratic organisations 57
Administrative principles 59
HUMANISTIC PERSPECTIVE 61
Early advocates 61
The human relations movement 61
The human resources perspective 63
The behavioural sciences approach 66
Management science 67
RECENT HISTORICAL TRENDS 69
Systems thinking 69
Contingency view 70
Total quality management 71

INNOVATIVE MANAGEMENT THINKING FOR A CHANGING WORLD 72
Contemporary management tools 72
Managing the technology-driven workplace 74
The shifting world of e-business 74
Knowledge management 76
Social media programs 76
SUSTAINABLE DEVELOPMENT AND MANAGEMENT THINKING 78
Discussion questions 80
Ethical challenge 80
» The supervisor 80
Group challenge 81
» Turning points on the road to management 81
Case for critical analysis 81
» More hassle from HR? 81
On the job video case 82
» Barcelona Restaurant Group: The evolution of management thinking 82
CourseMate 84
CHAPTER CASE STUDIES
Switching to green power 51
Brumby's Bakeries cooking along 68
Atlassian: supporting collaboration and innovation 75
Enjo: a friend of its customers 77
CONTINUING CASE: GENERAL MOTORS PART ONE: INTRODUCTION TO MANAGEMENT 85

PART TWO

THE ENVIRONMENT OF MANAGEMENT 87

CHAPTER 3 THE ENVIRONMENT AND CORPORATE CULTURE 88

THE EXTERNAL ENVIRONMENT 92
General environment 93
Task environment 101
THE ORGANISATION–ENVIRONMENT RELATIONSHIP 105
Environmental uncertainty 105
Adapting to the environment 106
Influencing the environment 110
THE INTERNAL ENVIRONMENT: CORPORATE CULTURE 112
Symbols 115
Stories 116
Heroes 116
Slogans 116
Ceremonies 117
TYPES OF CULTURE 118
Adaptability culture 118
Achievement culture 120
Involvement culture 120
Consistency culture 120
SHAPING CORPORATE CULTURE FOR INNOVATIVE RESPONSE 122
Managing the high-performance culture 122
Cultural leadership 124
Changing and merging corporate cultures 125
SUSTAINABLE DEVELOPMENT AND THE BUSINESS ENVIRONMENT 127
Discussion questions 128
Ethical challenge 129
» Competitive intelligence predicament 129
Group challenge 129
» Should you go global? 129
Case for critical analysis 130
On the job video case 130
» Camp Bow Wow: The environment and corporate culture 130
CourseMate 133
CHAPTER CASE STUDIES
Growing a business from scratch: lavender! 102
Green power 114
McDonald's 119

CHAPTER 4 MANAGING IN A GLOBAL ENVIRONMENT 134

A BORDERLESS WORLD 139
Globalisation 140
Developing a global mindset 142
MULTINATIONAL CORPORATIONS 143
GLOBALISATION BACKLASH 145
Serving the bottom of the pyramid (BOP) 145
GETTING STARTED INTERNATIONALLY 148
Exporting 148
Outsourcing 149
Licensing 149
Direct investing 150
THE INTERNATIONAL BUSINESS ENVIRONMENT 151
THE ECONOMIC ENVIRONMENT 152
Economic development 152
Infrastructure 153

Economic interdependence 153
Resource and product markets 155
Exchange rates 155
Inflation, interest rates and economic growth 155

THE LEGAL–POLITICAL ENVIRONMENT 156
Political risk 156
Political instability 157
Laws and regulations 157

THE SOCIOCULTURAL ENVIRONMENT 158
Social values 158
Communication differences 163

THE CHANGING INTERNATIONAL LANDSCAPE 164
China, Inc. 164
India, the service giant 165
Brazil's growing clout 165
International trade alliances 166

SUSTAINABLE DEVELOPMENT: A GLOBAL ISSUE AND OPPORTUNITY 171
Discussion questions 172
Ethical challenge 173
» Quality or closing 173
Group challenge 173
» Considerations for overseas expansion 173
Case for critical analysis 174
» Shui Fabrics 174
On the job video case 175
» Holden Outerware: Managing in a global environment 175
CourseMate 177

CHAPTER CASE STUDIES
Shifting international services and jobs 139
The axis of India 142
Globalising from an Australian base 144
LG Electronics 170

CHAPTER 5 ETHICS, SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT 178

WHAT IS MANAGERIAL ETHICS? 181
Ethical management today 183

ETHICAL DILEMMAS: WHAT WOULD YOU DO? 185

CRITERIA FOR ETHICAL DECISION MAKING 186
Utilitarian approach 186
Individualism approach 187
Moral rights approach 187
Justice approach 187
Practical approach 188

THE INDIVIDUAL MANAGER AND ETHICAL CHOICES 189
The organisation 193

WHAT IS CORPORATE SOCIAL RESPONSIBILITY? 194

ORGANISATIONAL STAKEHOLDERS 195

THE GREEN MOVEMENT 199
Sustainability and the triple bottom line 200

EVALUATING CORPORATE SOCIAL RESPONSIBILITY 201

MANAGING COMPANY ETHICS AND SOCIAL RESPONSIBILITY 203
Codes of ethics 205
Ethical structures 206
Whistle-blowing 207

THE BUSINESS CASE FOR ETHICS AND SOCIAL RESPONSIBILITY 207

MANAGERIAL ETHICS AND SUSTAINABLE DEVELOPMENT IN AUSTRALIA 210

ORGANISATIONAL SUSTAINABLE DEVELOPMENT 210
The 'why' of sustainable development 212
The 'what' of sustainable development 213
The 'when' of sustainable development 214

TAKING MANAGERIAL ACTION ON SUSTAINABLE DEVELOPMENT 215
Discussion questions 216
Ethical challenge 217
» What is right? 217
Group challenge 218
» Ethics and business costs 218
Case for critical analysis 218
» Too much intelligence? 218
On the job video case 219
» Theo Chocolate: managing ethics and social responsibility 219
CourseMate 222

CHAPTER CASE STUDIES
Philanthropy goes up a gear 186
Ecomagination 199
A leadership dilemma at Timberland 201
A crisis to milk 209

CHAPTER 6 THE ENVIRONMENT OF ENTREPRENEURSHIP AND SMALL-BUSINESS MANAGEMENT 224

WHAT IS ENTREPRENEURSHIP? 227
Entrepreneurship as an option 229

ENTREPRENEURSHIP INTERNATIONALLY 229
Entrepreneurship and the business environment 231
Impact of entrepreneurial organisations 233
Organisational innovation 235

WHO ARE ENTREPRENEURS? 239
Traits of entrepreneurs 240

SOCIAL ENTREPRENEURSHIP: AN INNOVATIVE APPROACH TO SMALL BUSINESS 242

STARTING AN ENTREPRENEURIAL FIRM 245
Start with the new-business idea 245
The business plan 246
Choosing a legal structure 247
Arranging financing 249
Tactics for becoming a business owner 251
Starting an online business 254

STAGES OF GROWTH 257
Planning 258
Organising 258
Decision making 259
Leading 259
Controlling 260
INTRAPRENEURSHIP IN A GROWING BUSINESS 262
SUSTAINABILITY AND THE SMALL OR START-UP ORGANISATION 263
Discussion questions 264
Ethical challenge 264
» To grow or not to grow? 264
Group challenge 265
» What counts? 265
Case for critical analysis 265
» Emma's Parlour 265
On the job video case 266
» Urban Escapes: managing small business start-ups 266
CHAPTER CASE STUDIES
Cleanevent (division of Spotless Group) 233
Competitive innovation in the mining industry 238
Wesfarmers 239
HealthMastery: entrepreneurship in the NZ health services industry 245
Entrepreneurship in solar energy 250
The high and lows of franchising entrepreneurship 252
Franchises in Australia and New Zealand 253
Entrepreneurship: from 'sparky' to CEO 257
CONTINUING CASE: GENERAL MOTORS PART TWO: THE ENVIRONMENT OF MANAGEMENT 268

PART THREE

PLANNING 269

CHAPTER 7 ORGANISATIONAL PLANNING AND GOAL SETTING 270

GOALS, PLANS AND PERFORMANCE 273
Messages and values contained in goals and plans 274
GOALS IN ORGANISATIONS 277
Organisational mission 277
Planning a digital strategy 279
Goals and plans 279
Aligning goals with strategy maps 282
Aligned hierarchy of goals 283
CRITERIA FOR EFFECTIVE GOALS 285
Management by objectives 287
Single-use and standing plans 291
BENEFITS AND LIMITATIONS OF PLANNING 293
PLANNING IN A TURBULENT ENVIRONMENT 294
Contingency plans 294
Scenario planning 294
CRISIS PLANNING 295
Prevention 295
Preparation 295
Containment 297
PLANNING TIME HORIZONS 298
THE NEW PLANNING APPROACH 299
Traditional approaches to planning 299
Modern approaches to planning 300
Innovative approaches to planning 300
SUSTAINABLE DEVELOPMENT AND GOAL SETTING 303
Discussion questions 304
Ethical summary 304
» Repair or replace? 304
Group challenge 305
» Course goal setting 305
Case for critical analysis 305
» HID 305
On the job video case 306
» Modern Shed: managerial planning and goal setting 306
CHAPTER CASE STUDIES
Planning and implementing an amazing country growth strategy 286
Siemens 289

CHAPTER 8 STRATEGY FORMULATION AND IMPLEMENTATION 308

THINKING STRATEGICALLY 311
What is strategic management? 312
Purpose of strategy 312
Levels of strategy 317
THE STRATEGIC MANAGEMENT PROCESS 320
Strategy formulation versus execution 323
SWOT analysis 323
FORMULATING CORPORATE-LEVEL STRATEGY 326
The portfolio strategy 326
The BCG matrix 327
Diversification strategy 328
FORMULATING BUSINESS-LEVEL STRATEGY 330
Porter's competitive forces and strategies 330
FORMULATING FUNCTIONAL-LEVEL STRATEGY 334

NEW TRENDS IN STRATEGY 335
Innovation from within 335
Strategic partnerships 336
GLOBAL STRATEGY 337
Multidomestic strategy 339
Transnational strategy 339
STRATEGY EXECUTION 341
Implementing global strategies 343
Testing the quality of strategy 343
DEVELOPING A SUSTAINABILITY STRATEGY AS PART OF BUSINESS STRATEGY 344
Discussion questions 345
Ethical challenge 346
» A great deal for whom? 346
Group challenge 346
» Developing strategy for a small business 346
Case for critical analysis 346
» Starbucks coffee 346
On the job video case 347
» Theo Chocolate: strategy formulation and execution 347
CourseMate 349

CHAPTER CASE STUDIES
Austal Ltd 315
MYOB 316
Apple Inc.'s strategy: much more than iPod, iPhone, iPad and Mac 319
Chip competition in overdrive 323
Ferragamo: family business or not? 334

CHAPTER 9 MANAGERIAL DECISION MAKING 350

TYPES OF DECISIONS AND PROBLEMS 353
Programmed and non-programmed decisions 354
Certainty, risk, uncertainty and ambiguity 356
DECISION-MAKING MODELS 362
The classical model: rational decision making 362
The administrative model: how managers actually make decisions 363
The political model 365
DECISION-MAKING STEPS 367
Recognition of decision requirement 367
Diagnosis and analysis of causes 368
Development of alternatives 368
Selection of desired alternative 370
Implementation of chosen alternative 370
Evaluation and feedback 371
PERSONAL DECISION FRAMEWORK 374
INNOVATIVE DECISION MAKING 376
Start with brainstorming 376
Engage in rigorous debate 377
Avoid groupthink 378
Know when to pull the plug 378
SUSTAINABLE DEVELOPMENT DECISIONS 379
Discussion questions 380
Ethical challenge 381
» The unhealthy hospital 381
Group challenge 381
Case for critical analysis 382
» Decisions at Paradox 382
On the job video case 383
» Plant Fantasies: managerial decision making 383
CourseMate 384

CHAPTER CASE STUDIES
Len Jury Limited, stamp dealer 355
Pepsi-Cola 359

CONTINUING CASE: GENERAL MOTORS
PART THREE: PLANNING 385

PART FOUR
ORGANISING
387

CHAPTER 10 FUNDAMENTALS OF ORGANISING 388

ORGANISING THE VERTICAL STRUCTURE 392
Work specialisation 393
Chain of command 394
Authority, responsibility and delegation 395
Span of management 397
Centralisation and decentralisation 400
Formalisation 400
DEPARTMENTALISATION 401
Vertical functional approach 402
Divisional approach 405
Matrix approach 408
Hybrid structure 410
Team-based approach 411
Network approach 413
ORGANISING FOR HORIZONTAL COORDINATION 418
The need for Coordination 418
Task forces, teams and project management 419
Relational coordination 420
FACTORS SHAPING STRUCTURE 423
Structure follows strategy 423

ORGANISING FOR SUSTAINABLE DEVELOPMENT 425
Discussion questions 427
Ethical challenge 427
» Caught in the middle 427
Group challenge 428
» Family business 428
Case for critical analysis 428
» Abraham's Grocery 428
On the job video case 429
» Modern Shed: designing adaptive organisations 429
CourseMate 431
CHAPTER CASE STUDIES
Fonterra's global management structure 392
Strida Bicycles: a globally networked company 416

CHAPTER 11 MANAGING CHANGE AND INNOVATION 432

TURBULENT TIMES AND THE CHANGING WORKPLACE 435
INNOVATION AND THE CHANGING WORKPLACE 435
CHANGING THINGS: NEW PRODUCTS AND TECHNOLOGIES 437
Exploration 438
Cooperation 443
Entrepreneurship and innovation roles 449
CHANGING PEOPLE AND CULTURE 451
Training and development 453
Organisation development 454
IMPLEMENTING CHANGE 458
Need for change 459
Resistance to change 460
Force-field analysis 461
Implementation tactics 464
IMPLEMENTING SUSTAINABLE DEVELOPMENT IN THE ORGANISATION 467
Discussion questions 469
Ethical challenge 469
» Crowdsourcing 469
Group challenge 470
» Are you ready to implement personal change? 470
Case for critical analysis 471
» Malard Manufacturing Company 471
On the job video case 471
» Holden Outerwear: managing change and innovation 471
CourseMate 474
CHAPTER CASE STUDIES
Building a better mouse . . . 437
General Electric 453
3M 462
A mini crisis of culture and performance 466

CHAPTER 12 HUMAN RESOURCE MANAGEMENT 476

THE STRATEGIC ROLE OF HRM IS TO DRIVE ORGANISATIONAL PERFORMANCE 479
The strategic approach 479
COMPETITIVE STRATEGY 480
Building human capital to drive performance 480
External forces 482
THE CHANGING NATURE OF CAREERS 483
The changing social contract 483
Innovations in HRM 485
FINDING THE RIGHT PEOPLE 486
Human resource planning 487
Recruiting 488
Assessing jobs 488
Selecting 491
MANAGING TALENT: DEVELOPING AN EFFECTIVE WORKFORCE 496
Training and development 496
Performance appraisal 500
MAINTAINING AN EFFECTIVE WORKFORCE 504
Compensation 504
Benefits 505
Termination 506
SUSTAINABILITY AND PEOPLE 509
Discussion questions 510
Ethical challenge 510
» Research for sale 510
Group challenge 511
» Management competencies 511
Case for critical analysis 511
» The right way with employees? 511
On the job video case 512
» Barcelona Restaurant Group: managing human resources 512
CourseMate 515
CHAPTER CASE STUDIES
Container Store 491
VIVO Cafe: all in the family ... the business is people 503
Biotechnology companies in turbulent environments and challenging times 507

CHAPTER 13 MANAGING DIVERSITY 516

VALUING DIVERSITY 519
Diversity in the corporate world 522
The changing nature of diversity in Australia 522
DIVERSITY ON A GLOBAL SCALE 524
Diversity of perspective 525
Inclusion 526
Dividends of workplace diversity 526

FACTORS SHAPING PERSONAL BIAS 527
Workplace prejudice, discrimination and stereotypes 527
Ethnocentrism 529
FACTORS AFFECTING WOMEN'S CAREERS 531
The glass ceiling 531
The opt-out trend 532
The female advantage 533
THE CHANGING WORKPLACE 534
Diversity challenges 534
IMPLICATIONS OF A GLOBALLY DIVERSE WORKFORCE 536
ACHIEVING CULTURAL COMPETENCE 538
CURRENT RESPONSES TO DIVERSITY 540
Enhancing structures and policies 540
Expanding recruitment efforts 540
Establishing mentor relationships 540
Increasing awareness of sexual harassment 541
Using multicultural teams 542
Positive assistance for women at work in Australia 542
DRIVING SUSTAINABILITY THROUGH EFFECTIVELY MANAGING DIVERSITY 546
Discussion questions 547
Ethical challenge 548
» Sunset prayers 548
Group challenge 548
» Personal diversity 548
Case for critical analysis 549
» Waterway Industries 549
On the job video case 550
» Mitchell Gold + Bob Williams: managing diversity 550
CourseMate 552
CHAPTER CASE STUDIES
Lenovo Corp. 537
Australian Federal Police on the case 545
Diversity still a big issue, problem and opportunity 546
CONTINUING CASE: GENERAL MOTORS
PART FOUR: ORGANISING 553

PART FIVE

LEADING

555

CHAPTER 14 INDIVIDUAL BEHAVIOUR IN ORGANISATIONS 556

UNDERSTANDING YOURSELF AND OTHERS 560
The value of knowing yourself 560
ATTITUDES 562
High-performance work attitudes 562
Conflicts among attitudes 566
PERCEPTION 567
ATTRIBUTIONS 569
PERSONALITY AND BEHAVIOUR 570
Personality traits 570
Attitudes and behaviours influenced by personality 573
Problem-solving styles and the Myers-Briggs Type Indicator 576
EMOTIONS 579
Positive and negative emotions 579
EMOTIONAL INTELLIGENCE 580
MANAGING YOURSELF 582
Basic principles for self-management 583
A step-by-step guide for managing your time 583
STRESS AND STRESS MANAGEMENT 586
Challenge stress and threat stress 587
Type A and Type B behaviour 587
Causes of work stress 588
Innovative responses to stress management 589
SUSTAINABILITY AND ORGANISATIONAL BEHAVIOUR 594
Discussion questions 595
Ethical challenge 596
» Should I fudge the numbers? 596
Group challenge 596
» Personality role play 596
Case for critical analysis 597
» Volkswagen's Ferdinand Piëch 597
On the job video case 598
» Mitchell Gold + Bob Williams: understanding individual behaviour 598
CourseMate 601
CHAPTER CASE STUDY
The Carlson companies 575

CHAPTER 15 LEADING IN ORGANISATIONS 602

THE NATURE OF LEADERSHIP 605
CONTEMPORARY LEADERSHIP 605
Level 5 leadership 606
Servant leadership 607
Authentic leadership 608
Gender differences 609
FROM MANAGEMENT TO LEADERSHIP 611
Leadership traits 612

Behavioural approaches 613
Task versus people 613
The Leadership Grid 614

CONTINGENCY APPROACHES 616
The situational model of leadership 616
Fiedler's contingency theory 618

SITUATIONAL SUBSTITUTES FOR LEADERSHIP 621

CHARISMATIC AND TRANSFORMATIONAL LEADERSHIP 623
Charismatic leadership 624
Transformational versus transactional leadership 625

FOLLOWERSHIP 627

POWER AND INFLUENCE 629
Position power 630
Personal power 630
Other sources of power 631
Interpersonal influence tactics 632

CONTEMPORARY LEADERS 634

LEADERSHIP OF SUSTAINABLE DEVELOPMENT 638
Discussion questions 639
Ethical challenge 640
» Does wage reform start at the top? 640
Group challenge 640
» Which leadership styles are more effective? 640
Case for critical analysis 640
» DGL International 640
On the job video case 641
» Camp Bow Wow: Leadership 641

CHAPTER CASE STUDIES
News Corporation 615
In the hands of a matador 625
Asea Brown Boveri 626

CHAPTER 16 MOTIVATING EMPLOYEES 644

THE CONCEPT OF MOTIVATION 647
Individual needs and motivation 647
Managers as motivators 650

CONTENT PERSPECTIVES ON MOTIVATION 650
The hierarchy of needs 650
ERG theory 653
A two-factor approach to motivation 654
Acquired needs theory 656

PROCESS PERSPECTIVES ON MOTIVATION 658
Goal setting 658
Equity theory 660
Expectancy theory 661

REINFORCEMENT PERSPECTIVE ON MOTIVATION 664
Direct reinforcement 664
Social learning theory 666

JOB DESIGN FOR MOTIVATION 667
Job enrichment 668
Job characteristics model 668

INNOVATIVE IDEAS FOR MOTIVATING 670
Building a thriving workforce 671
Empowering people to meet higher needs 671
Giving meaning to work through engagement 672

KEEPING STAFF MOTIVATED IN AUSTRALIA AND NEW ZEALAND 675

MOTIVATION FOR SUSTAINABILITY 677
Discussion questions 678
Ethical challenge 679
» Compensation showdown 679
Group challenge 679
» Should, need, like, love 679
Case for critical analysis 680
» Lauren's balancing act 680
On the job video case 681
» Urban Escapes: motivating employees 681
CourseMate 683

CHAPTER CASE STUDIES
Managing motivation at Degussa Peroxide Ltd 647
ACER Group Computers: coping with fierce competition in the world's PC market 652
Outback Steakhouse 657
Hilcorp Energy 672

CHAPTER 17 COMMUNICATION IN ORGANISATIONS 684

COMMUNICATION IS THE MANAGER'S JOB 687
What is communication? 688
A model of communication 688

COMMUNICATING AMONG PEOPLE 690
Open communication climate 690
Communication channels 692
Communicating to persuade and influence others 695
Communicating with candour 695
Asking questions 698
Listening 699
Non-verbal communication 700

ORGANISATIONAL COMMUNICATION 702
Formal communication channels 702
Personal communication channels 706

WORKPLACE COMMUNICATION 710
Social media 710
Listening to customers 711
Communicating to customers 711
Connecting employees 711
Crisis communication 712

COMMUNICATIONS AND SUSTAINABILITY 717
Discussion questions 718

Ethical challenge 719
» The voice of authority 719
Group challenge 719
» Listen like a professional 719
Case for critical analysis 720
» WA manufacturing 720
On the job video case 720
» Plant Fantasies: managing communication 720
CourseMate 722

CHAPTER CASE STUDIES
General Electric 696
Susan Williams 705
Rhonda White achieved her vision 707

CHAPTER 18 TEAMWORK IN ORGANISATIONS 724

THE VALUE OF TEAMS 727
What is a team? 728
Contributions of teams 728
Types of teams 729
THE DILEMMA OF TEAMS 732
Model of team effectiveness 734
Virtual teams 736
TEAM CHARACTERISTICS 739
Size 739
Diversity 739
Member roles 739
TEAM PROCESSES 742
Stages of team development 742
Team cohesiveness 744
Team norms 745
MANAGING TEAM CONFLICT 747
Types of conflict 747
Balancing conflict and cooperation 747
Causes of conflict 748
Styles to handle conflict 748
NEGOTIATION 749
Types of negotiation 750
Rules for reaching a win-win solution 751
IMPLEMENTING SUSTAINABLE DEVELOPMENT THROUGH TEAMWORK 752
Discussion questions 753
Ethical challenge 753
» Consumer safety or team commitment? 753
Group challenge 754
» Feedback exercise 754
Case for critical analysis 754
» Are we a team? 754
On the job video case 755
» Holden Outerware: leading teams 755
CourseMate 757

CHAPTER CASE STUDIES
The team's the thing 727
The Aconex team in Melbourne 738
Transport Corporation of India (TCI) 740

CONTINUING CASE: GENERAL MOTORS
PART FIVE: LEADING 758

PART SIX
CONTROLLING
759

CHAPTER 19 MANAGERIAL AND QUALITY CONTROL 760

THE MEANING OF CONTROL 763
FEEDBACK CONTROL MODEL 764
Steps of feedback control 764
The balanced scorecard 767
BUDGETARY CONTROL 769
Expense budget 770
Revenue budget 770
Cash budget 770
Capital budget 771
Zero-based budget 771
FINANCIAL CONTROL 772
Financial statements 772
Financial analysis: interpreting the numbers 774
THE CHANGING PHILOSOPHY OF CONTROL 777
Hierarchical versus decentralised approaches 777
Open-book management 779
TOTAL QUALITY MANAGEMENT (TQM) 782
TQM techniques 783
TQM success factors 786
TRENDS IN QUALITY AND FINANCIAL CONTROL 788
International quality standards 788
Corporate governance 789
QUALITIES OF EFFECTIVE CONTROL SYSTEMS 790
SUSTAINABLE DEVELOPMENT AND MANAGEMENT CONTROL 792
Discussion questions 793
Ethical challenge 794
» The wages of sin? 794
Group challenge 794
» Create a group control system 794

Case for critical analysis 795
» Lincoln Electric 795
On the job video case 796
» Barcelona Restaurant Group: managing quality and performance 796
CourseMate 797

CHAPTER CASE STUDIES

Semco's open-book policy 781
A lesson in quality from China 782
The honeybee style 784

CHAPTER 20 MANAGING THE VALUE CHAIN, INFORMATION TECHNOLOGY AND E-BUSINESS 798

THE ORGANISATION AS A VALUE CHAIN 802
Service and manufacturing operations 804
Supply chain management 805
FACILITIES LAYOUT 806
Process layout 808
Product layout 809
Cellular layout 809
Fixed-position layout 810
TECHNOLOGY AUTOMATION 810
Radio-frequency identification (RFID) 810
Digital manufacturing systems 811
Lean thinking 812
INVENTORY MANAGEMENT 813
The importance of inventory 814
Just-in-time inventory 815
OPERATIONS DELIVER OUTCOMES 816
INFORMATION TECHNOLOGY HAS TRANSFORMED MANAGEMENT 817
Boundaries dissolve; collaboration reigns 817
Knowledge management and Web 2.0 818
Enterprise resource planning systems 821
THE INTERNET AND E-BUSINESS 822
e-business strategy: market expansion 824
e-business strategy: increasing efficiency 824
OPERATIONS MANAGEMENT, INFORMATION AND SUSTAINABLE DEVELOPMENT 826
Discussion questions 828
Ethical challenge 829
» Manipulative or not? 829
Group challenge 829
» Developing an online strategy 829
Case for critical analysis 830
» SunBright Outdoor Furniture, Inc. 830
CourseMate 833

CHAPTER CASE STUDIES

Managing the professional services firm 803
IKEA 813
Profiting in a depressed smoke stack industry 815
NTT DoCoMo: the leading edge of the mobile phone business 818
Harvest FreshCuts 827
CONTINUING CASE: GENERAL MOTORS PART SIX: CONTROLLING 834

CAPSTONE CHAPTER MAKING EFFECTIVE MANAGEMENT HAPPEN 836

FUNDAMENTAL PRACTICES COMMON TO WINNING ORGANISATIONS 839
Leadership practices 840
People management practices 844
Customer focus practices 848
Quality management practices 849
Innovation practices 851
Knowledge management practices 852
DEEPER PRINCIPLES COMMON TO THE WORLD'S BEST ORGANISATIONS 853
PUTTING IT ALL TOGETHER: THE ORGANISATION AS A SYSTEM 857
Discussion questions 858
Group challenge 859
» Understanding how an organisation works 859
CourseMate 859

CHAPTER CASE STUDIES

Google: a great place to search – and work 847
Values can come from Mars 856

Glossary 860
Name index 872
Subject index 879

PREFACE

TAKING THE LEAD

The world seems to be changing ever faster, with social, technological, economic and political forces reverberating around the globe every day. Volatility seems to be increasing: just consider the 2011 earthquakes in New Zealand and Japan, and the 2008–10 global financial crisis, the recent financial difficulties in Greece and Spain and the political and military problems in Syria and Ukraine. Managers need to know what is going on in their industries and economies on a current and ongoing basis. In Australia, New Zealand and other Asia–Pacific countries, the challenges and opportunities facing managers have never been greater. New technology and globalisation mean that managers in these countries must not just be competitive with the organisation 'down the road' or across the country, but must also recognise that the only realistic standard for comparison of performance in the new millennium is 'world's best'. The announced demise of Australia's automotive assembly industry (effective 2017) after more than 50 years of operations demonstrates the intensity of global competitive forces. In every industry, competition is becoming fiercer each month, and there are always winners and losers. Winners grow and prosper, but uncompetitive companies quickly wither away and their shareholders lose their investments, while managers and other staff lose their jobs. Not-for-profit organisations such as government service suppliers, charities and clubs must also excel in their focus and use of resources, since their employees, consumers and suppliers have high expectations of effectiveness and output.

Technological change is accelerating and driving exciting new competitive dynamics in most industries. This includes new process technologies such as manufacturing automation, and in particular the web-based and social networking technologies such as Facebook, Instagram, Google and Twitter that are making information available to people as never before. The Internet has a profound effect on all forms of organisation, business and consumer behaviour. Consider how Amazon and EBay have impacted on consumer shopping habits. New business models and innovative ways to combine products and services are made possible by the Internet, as well as much richer, faster, cheaper and more detailed information exchange between businesses. The cost of close coordination between organisations is lower as a result of these new technologies, leading to new networks of collaboration within supply networks.

Another major trend that will impact on managers and businesses all over the world is the coming of age of the Chinese economy and, behind that, India, Brazil and others. These low-wage countries, which have over half of the world's people living in them and hence huge internal developing markets, provide both opportunity and threat for all Asia–Pacific-based companies and countries. In addition, political instability, terrorism, disease such as bird flu, climate change and other unanticipated events, coupled with the rise of regional trade blocs and free trade agreements, will impact substantially on the opportunities for companies to export and trade globally. Managers must be capable of planning and leading their organisations under both stable and unstable conditions.

Risk management and crisis management are new processes with which managers must formally engage and become competent. Further, brought on by the collapse of major companies such as Lehman Brothers and many others as part of the global financial crisis, managers must now demonstrate the quality of governance in their systems and decisions, through compliance with strict new procedures, as legislated by governments and required by shareholders.

And through all this, the fundamental management requirements – being highly competent in managing people, processes, customers, products and services; devising and planning strategies; organising resources; and leading and controlling work – have not gone away and never will. Rather, they must now be conducted at higher standards than ever in order to keep customers, employees and shareholders satisfied. A further requirement comes with the challenge of 'sustainable development', of being socially and environmentally responsible, while still maximising profits and behaving with high standards of ethics and integrity.

This book gives the reader a realistic perspective of what management is and what managers really do. Management as a profession is dynamic, challenging and exciting for those who want to excel at it. Each day brings new and often unanticipated challenges despite the plans made by even the best managers and leaders. The relatively new challenges of sustainable development are integrated into every chapter of this book.

Management involves creating and conducting the affairs of organisations so as to achieve valuable outcomes for many different stakeholders, particularly staff, owners, and clients or customers. In order to do this well, leaders in organisations must achieve many things at high levels – including motivating staff and themselves, ensuring that their products and services match customer requirements, efficiently managing finances and resources, and, above all else, assembling all this into an overall strategy that makes sense for all participants. Good managers need to understand and apply the fundamentals of fields as diverse as economics and psychology, as well as using various analytical techniques.

We chose a sporting theme and analogy for this book because the challenges facing managers have so much in common with those of competitive sports. In both sports and management, no matter how well you're doing, improvement is always possible. There is no such thing as the perfect tennis game, golf swing or score, and no such thing as the perfect manager or organisation. There is always room for improvement. In both sport and management, planning and strategising usually helps. What are our competitors likely to be doing? What are the conditions in the field, economy or marketplace that we participate in? In both sport and management, the best-laid plans often don't come to fruition because things keep changing, so adjustments, sometimes radical, must be made to the planned business or sporting tactics. Decisions must be made under pressure – whether it's during a tennis match or a business day – because unforeseen events occur, and unanticipated consequences develop in real time. At its extreme, this is referred to as 'crisis management'.

Finally, in both sport and management, there are always new competitors, new technologies, new strategies developing and new products that we must adapt to and find ways to turn into opportunities. Just like sport, management is dynamic and challenging. Just as new technologies, such as graphite tennis racquets and titanium golf clubs, changed those games and allowed for new levels of performance, so, too, has the Internet significantly created new opportunities and business strategies. Learning and innovation are the keys. For those who excel, the personal rewards that come from the satisfaction of achievement – as well as the creation of value for many stakeholders in the community – can be immense.

While the challenges of achieving competitiveness and organisational effectiveness through excellent leadership and management have never been greater, the other side of the same coin is that for those who 'get it right', the opportunities have never been greater! Products and services can be developed by small and large companies and sold globally over the Internet. Consider Apple's success with its iPhone and iPad, or the achievements of Samsung, Google or General Electric. Entrepreneurs are springing up and starting companies in all industries, challenging market leaders as never before. A small, new software company in Auckland, New Zealand, can now effectively sell and distribute its products in Sydney, Perth, Fiji, Moscow and New York – which would have been far too expensive to contemplate in the 'pre-Internet' world of just a decade ago. These new international sales or 'extended market reach' will only occur if the products and services offered by the company are competitive and provide superior value for customers.

One vital thing that all successful organisations need, no matter whether their products are very simple or incredibly sophisticated, is solid management. Even the strongest of technological leadership in a product or industry will not lead to commercial success if the enterprise that owns and controls it is not managed well.

The field of management is continually changing, yet some fundamental foundations remain the same. Demands made on today's managers go well beyond the techniques and ideas traditionally taught in management courses. The traditional management paradigm assumes that the purpose of management is to control and limit people, enforce rules and regulations, seek stability and efficiency, design a top-down hierarchy to direct people and achieve bottom-line results. The emerging paradigm recognises that today's managers need different skills to engage workers' hearts and minds, as well as take advantage of their physical labour. The emerging management paradigm focuses on *leadership*, on harnessing people's creativity and enthusiasm, finding shared vision and values, and sharing information and power. Teamwork, collaboration, participation and learning are guiding principles that help managers and employees. One of the key skills of great managers is the ability to achieve a blending and balancing of controls needed within a business with the leadership actions to achieve high levels of human motivation across the organisation. It's all about balance and 'shades of grey', not 'black and white'.

Both the new and the traditional paradigms are guiding management actions in the world today. Our vision for *Management* is to explore the new paradigm in a way that is interesting and valuable to students, while retaining the best

of traditional management ideas. To achieve this vision, we have included the most recent management thinking and research, as well as the contemporary application of management ideas in organisations. The combination of established scholarship, new ideas and real-life applications gives students a taste of the energy, challenge and adventure inherent in the dynamic field of management. We have worked together to provide a textbook better than any other at capturing the excitement of organisational management.

We wrote *Management* to provide a book of the highest quality – one that will create in students both respect for the changing field of management and confidence that they can understand and master it. The textual portion of this book has been enhanced by an engaging, easy-to-understand writing style and many in-text examples and boxed items that bring concepts to life for students.

ORGANISATION

The chapter sequence in *Management* is organised around the management functions of planning, organising, leading and controlling. These four functions effectively encompass both management research and real-life characteristics of the manager's job.

Part One introduces the world of management, including the nature of management, the emerging management paradigm, the learning organisation and historical perspectives on management.

Part Two examines the environments of management and organisations. This section includes material on the business environment and corporate culture, the global environment, ethics and social responsibility, the natural environment, and the environment of entrepreneurship and small-business management.

Part Three presents chapters on planning, including organisational goal setting and planning, strategy formulation and implementation, and the decision-making process.

Part Four focuses on organising processes. These chapters describe the dimensions of structural design, the design alternatives managers can use to achieve strategic objectives, structural designs for promoting innovation and change, the design and use of the human resource function, and the ways managing diverse employees are significant to the organising function.

Part Five is devoted to leadership. This section begins with a chapter on organisational behaviour, providing a grounding in understanding people in organisations. This foundation paves the way for subsequent discussions of leadership, motivating employees, communication and team management.

Part Six describes the controlling functions of management, including basic principles of quality improvement, the design of control systems, information technology and techniques for control of operations management.

Finally, our Capstone chapter integrates many of the themes of management and considers 'best practices' in organisations, at the cutting edge of our dynamic field. It provides a practical yet integrative way to think about the 'world of work', and how to succeed in it.

SPECIAL FEATURES

One major goal of this book is to offer better ways of using the textbook medium to convey management knowledge to the reader. To this end, the book includes several special features.

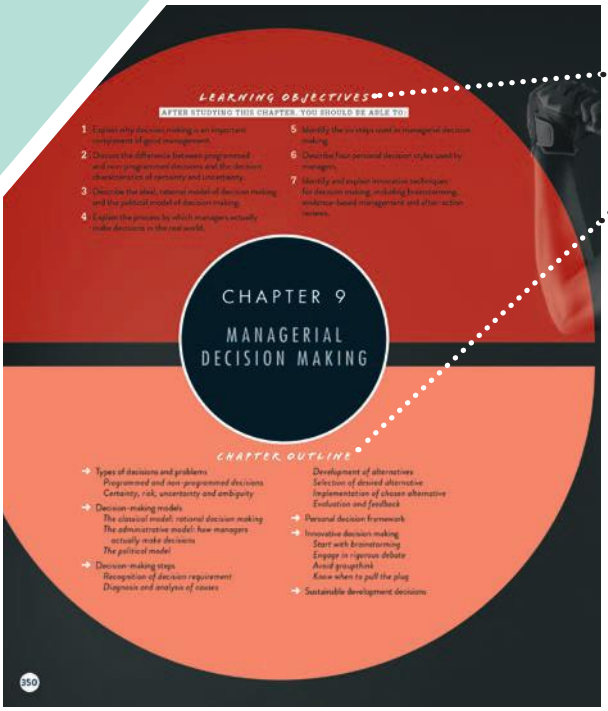
- **Chapter outline and objectives.** Each chapter begins with a clear statement of its learning objectives and an outline of its contents. These devices provide an overview of what is to come and can also be used by students to see whether they understand and have retained important points.
- **Management challenge and response.** The text portion of each chapter begins with a real-life problem faced by organisation managers. The problem pertains to the topic of the chapter and will heighten students' interest in chapter concepts. The questions posed in the Management challenge are resolved in the Response at the end of the chapter, where chapter concepts guiding management's actions are highlighted.

- **Contemporary examples from all over the Asia–Pacific region – and, indeed, the world.** Every chapter contains a number of examples of real-life management incidents. These are placed at strategic points in the chapters and are designed to demonstrate the application of management concepts in specific companies. These in-text examples include well-known companies such as National Australia Bank, BHP Billiton, McDonald's, ANZ, General Electric and Google, as well as less-well-known companies and not-for-profit organisations such as Austel, Dryen Australia and TAC. These examples put students in touch with the real world of organisations so they can appreciate the value of management concepts.
- **Exhibits.** Many aspects of management are research based, and some concepts tend to be abstract and theoretical. To enhance students' awareness and understanding of these concepts, many exhibits have been included throughout the book. These exhibits consolidate key points, indicate relationships among variables and visually illustrate concepts. They also make effective use of colour to enhance their imagery and appeal.
- **Glossary.** Learning the management vocabulary is essential to understanding contemporary management. This process is facilitated in three ways. First, key terms and concepts are coloured and defined where they first appear in the text. Second, brief definitions are set out in the margin for easy review and follow-up. Third, a glossary summarising all key terms and definitions appears at the end of the book for handy reference.
- **'Remember this' summaries and Discussion questions**. Each chapter contains a number of Remember this boxes, summaries of key points that students should retain. The end-of-chapter discussion questions are a complementary learning tool that will enable students to check their understanding of key issues, to think beyond basic concepts and to determine areas that require further study. The Remember this summaries and Discussion questions help students to discriminate between the text's main and supporting points, and provide mechanisms for self-teaching.
- **Management in practice exercises**. Management in practice, Ethical challenge, Group challenge, Case for critical analysis and New manager self-test exercises provide students with an opportunity to experience management issues in a personal way. These exercises take the form of questionnaires, scenarios and activities, and also provide opportunities for students to work in teams.
- **Video cases**. The chapters of the book conclude with video cases that illustrate concepts discussed in the text. The videos will enable students to consider the practical applications of management theory.
- **Continuing Case.** Each Part of the book finishes with a contemporary continuing case study, of General Motors (US) and its Australian business, Holden, which face many managerial challenges and opportunities.
- **New icons.** A Linkage icon and an Entrepreneurship icon have been added to this new edition. The Linkage icon highlights links between topics within and across chapters, and the Entrepreneurship icon points to examples and issues related to new value creation.

RESOURCES GUIDE

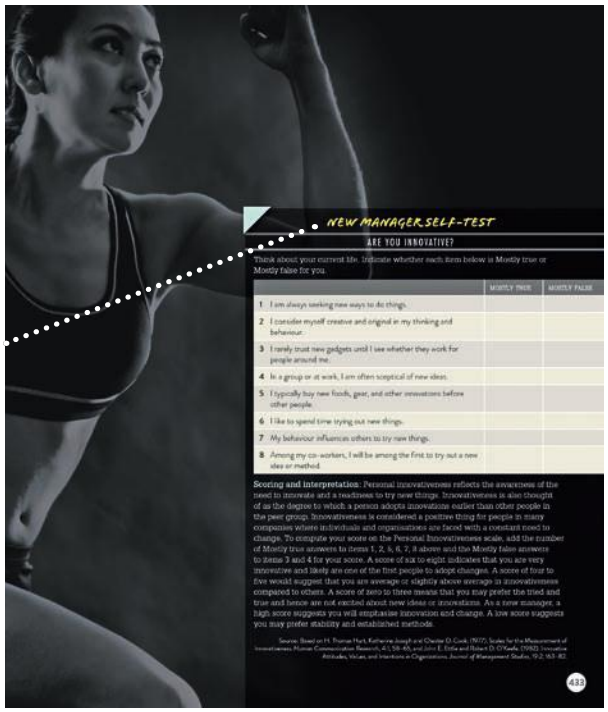
FOR THE STUDENT

As you read this text you will find a number of features designed to enhance your study of management, and to help you understand how management is applied in the real world.



Learning objectives are listed at the start of each chapter, and give a clear sense of what you can expect to learn from the chapter.

Chapter outlines are also listed at the start of each chapter, clearly outlining each main heading for the chapter's key topics.



New manager self-tests encourage you to analyse how you would respond in certain managerial situations, and provide insight into what to expect and how you might perform.



The **Management challenge** at the start of each chapter presents a real-life management scenario that relates to key chapter concepts, and encourages you to think about how best to resolve it.



Later in each chapter, the **Response to the management challenge** offers a conclusion to this scenario, describing how the issue was overcome.



Remember this lists throughout chapters summarise the key points covered in preceding sections. They are useful for quick reference and assisting with revision.



Take a moment pop-ups provide tips and suggestions about how you might apply the concepts discussed in the text as a practising new manager. They also direct you to relevant 'New manager self-tests' and specific end-of-chapter materials.



When **key terms** are used for the first time, they are bolded for easy identification, and a definition of the term is provided in the margin.These definitions are collected in the Glossary at the back of the text.



Australian manager profiles provide a candid window into some of the individual and organisational challenges that Australian managers have had to overcome in their careers.



Innovative way boxes highlight companies and managers at the forefront of innovation in the field of contemporary management practice, in both an Australian and global context.



Management in practice boxes highlight a specific aspect of management and offer in-depth, practical advice about how to address it in a work context.