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management

6th Asia–Pacific edition



WILEY

Management

6TH ASIA–PACIFIC EDITION

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WILEY

Sixth edition published 2017 by
John Wiley & Sons Australia, Ltd
42 McDougall Street, Milton Qld 4064

Typeset in 10/12pt Times LT Std

Australian editions © John Wiley & Sons Australia, Ltd 2004, 2006, 2008, 2011, 2014, 2017

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National Library of Australia
Cataloguing-in-Publication entry

Title:	Management/ John R. Schermerhorn Jr . . . [et al.].
Edition:	6th Asia–Pacific edition
ISBN:	9780730329534 (ebook)
Subjects:	Management — Asia. Management — Pacific Area.
Other Authors/ Contributors:	Davidson, Paul, author. Factor, Aharon, author. Woods, Peter, author. Simon, Alan, author. McBarron, Ellen, author.
Dewey Number:	658.0095

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Typeset in India by Aptara

10 9 8 7 6 5 4 3 2 1

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ABOUT THE AUTHORS

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Dr John R. Schermerhorn Jr is the Charles G. O'Bleness professor of management emeritus in the College of Business at Ohio University. John earned a PhD in organisational behaviour 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.

Management educators and students alike know John as the author of several leading international textbooks, including *Exploring Management* and *Management* 13th edition, and as a senior co-author of *Organizational Behavior* 13th edition and *Core Concepts of Organizational Behavior*. John has also published numerous articles in leading management journals and is a member of the Academy of Management.

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Dr Paul Davidson is associate professor of management in the Queensland University of Technology Business School. He has 35 years' university teaching experience and more than 100 academic publications, including nine books, to his credit. He has studied and taught at the University of Queensland, the University of Birmingham, the University of Geneva, the University of Otago, Stanford University and Southern Cross University. He has degrees in science (psychology), theology and business administration. In addition, Paul has consulted and taught nationally and internationally to many public and private sector organisations, including the Sheraton Hotel Group in Australia and Asia, Royal Dutch Shell in the Netherlands and the United States, and extensively to the Royal Australian Navy in Sydney. He has been a visiting professor in management at Reims Management School and Grenoble Graduate School of Business in France, Jyväskylä Polytechnic in Finland, Euromed Business School at Marseille in France, and at the University of Texas at Austin in the United States.

His doctoral research was in the area of management education and development, and his current research interests are in the development of HR management competencies and international human resource management, and in project management. Prior to his academic career, Paul was an officer in the Royal Australian Air Force and a clinical psychologist. Between academic appointments, he has been chief executive officer of a company with some 650 employees. He was a state councillor (1994–2007) and president (2000–05) of the Australian Human Resources Institute in Queensland, and chairman of its National Accreditation Committee (2004–10), as well as being a fellow of the Australian Human Resources Institute. He is also a fellow of the Australian Institute of Company Directors.

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Peter has provided management consulting to multinational corporations, tertiary education institutions, government agencies and private sector businesses. He has delivered cross-cultural training in Abu Dhabi, Hong Kong, New Zealand and a number of Australian cities. Peter is in demand as a keynote conference speaker internationally and nationally, providing training for tertiary educators in institutions such as the University of Queensland, University of Canberra, QANTM college (Brisbane), University of Victoria (Wellington, NZ), University of Canterbury (NZ) and many Indonesian universities. He is a speaker of Mandarin Chinese and Bahasa Indonesian.

Prior to joining Griffith University, Peter worked for many years helping to establish a number of non-government organisations, including the Multicultural Community Centre in Brisbane's Fortitude Valley. Prior to this, he worked at a range of hospitals as a supervising medical social worker, specialising in rehabilitation and aged care. Peter is a member of the Academy of Management, Griffith Asia Institute, Australia Indonesia Business Council, Austcham Shanghai, and Griffith Academy of Learning and Teaching Scholars.

Peter received his PhD in 2007 after researching 'Cross-Cultural Performance Management in the Expatriate Context'. His research interests include cross-cultural management, Chinese leadership, Indonesian leadership, performance management, diversity management and teaching in the multicultural context. He has received multiple international and Australian awards for his research and has published in leading international academic journals, including the *Journal of Business Ethics* and *Information Technology and People*.

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Dr Alan Simon is an associate professor in management in the University of Western Australia's Business School. He has 35 years' university teaching experience and more than 80 publications to his credit, including several books and monographs. He teaches introductory management, managing organisational change, strategic capabilities and organisational success, and business research methods at the University of Western Australia. He has won Excellence in Undergraduate and Postgraduate Teaching Awards at UWA, and was awarded the Pearson prize for Australian and New Zealand Academy of Management Educator of the Year in 2012. His doctorate was awarded by Rhodes University and in it he developed a new method for conducting research.

Alan has consulted widely to industry and government and he worked and consulted for the P&S Business Consulting Group in Melbourne for many years. He has also delivered several short courses on management, both in Australia and overseas. His client list, to name a few, includes the Australian Institute of Management, Barclays Bank, Comcater CCE, Holden's Engine Company, Lend Lease, Main Roads WA, Mercor Consulting and Pioneer Concrete. He is a member of the Australian and New Zealand Academy of Management and the British Academy of Management.

He has played and coached cricket, played rugby union, and still plays competition squash and touch rugby. He is also a boating enthusiast, holding an offshore skipper's ticket.

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Ellen McBarron is a lecturer in management and HR and is based at the Brisbane campus of the Australian Catholic University. Her background includes 30 years in the finance industry, where she left as a national training manager in 1999 to move to academia. She has taught at both undergraduate and postgraduate levels in Burma, Thailand, Hong Kong and China. Ellen is an experienced manager and leader, actively researching the organisation management of expatriates, and has experience with international HRM, performance management, social entrepreneurship and refugee employability. She is actively involved in social justice issues within the university community, and has regular consultancy work with the Queensland Government and the mining industry. Ellen won a Carrick Award for the development of a replicable and sustainable model that delivers empowering tertiary education to camp-based refugees.

APPLICATIONS AT A GLANCE

The real-world examples in *Management, 6th Asia–Pacific edition,* have been carefully chosen to include a balance of small to medium-sized enterprises and larger multinational corporations operating in our region, and a diverse range of relevant product and service industries.

Chapter	Opening vignette	Features
1 The contemporary workplace	Managing the fresh food people	Australian project management goes global (globalisation) The challenge of managing across cultures (diversity — Asian) First, let's fire all the managers (counterpoint) Workplace motivation and culture (counterpoint — Asian)
2 Historical foundations of management	Looking back to look forward	Classical management in the Haier Group (innovation — Asian) Blackmores rewards staff with slice of profits (innovation) Asian leaders value creativity and intuition more than New Zealand leaders (globalisation) Think about your management theories (counterpoint)
3 Environment and diversity	Australia a diverse country but older workers still struggle to find employment	Interaction through screens replaces face-to-face contact (technology) Carbon taxes and emissions trading schemes (sustainability) Greed and the big four banks (ethics) Queensland women motorcycle police beating the odds (counterpoint) Diversity and the multicultural organisation in Singapore (diversity — Asian)
4 International dimensions of management	Selling out Australia	Australian Volunteers International in Vietnam (globalisation — Asian) Challenges of a slowing Chinese economy for Australia (counterpoint — Asian) Australia, New Zealand and the United States (diversity) Supply and demand of labour — a global phenomenon (globalisation)
5 Ethical behaviour and social responsibility	Taking corporate social responsibility to the next level	Sustainability at CSR Limited (ethics) BHP's Ok Tedi mine in Papua New Guinea (sustainability) Two views on nuclear energy and uranium mining (counterpoint) Singapore Compact tries to cover every angle (social responsibility — Asian) Corporate social responsibility in South-East Asia (sustainability — Asian) Two views on 7-Eleven: a sweatshop on every street corner or income provider to Indian students? (diversity)

Chapter	Opening vignette	Features
6 Sustainability	Are you pouring money down the drain?	Saving gorillas through phone design (sustainability) South-East Asia's haze problem: will legislation improve sustainability practices in business? (globalisation — Asian)
7 Information and decision-making	Where we are on the road to driverless cars	The downside of technology and global access (globalisation) How earning the right to an opinion on the internet makes it that much more valuable (technology)
8 Planning	Planning for Port Shorts	Planning for better health (social responsibility) BP plans for a greener future (sustainability) Creating an innovation culture (innovation) The absurdity of planning in a rapidly changing global economy (counterpoint)
9 Strategic management	Rise of the new tech companies	Rescuing a flagging icon (globalisation) Why does strategy fail? (counterpoint) Overseas diasporas — more than just ethnic restaurants (diversity) The last mover advantage (innovation)
10 Organising	The 'no manager' company: how does it work?	How big is too big? (globalisation) Crisis time for Australian mines (counterpoint) Discrimination in the workplace (diversity) Innovation, rubbish and sustainability (sustainability) Is it possible for a company to outgrow its name? (technology)
11 Controlling	Relying on quality to bring control (Asian)	Organisation structure as a form of control in emerging markets (social responsibility — Asian) The Chinese perception of quality (counterpoint — Asian)
12 Human resource management	Others can learn from the ways tech firms find and keep staff	Business must show the lead on intergenerational employment (diversity) Discrimination at work in Asia (counterpoint — Asian) Corporate scandals (ethics) Is psych testing a great tool or a great disappointment? (counterpoint) From chief executive to philanthropist: a personal story (social responsibility)
13 Leading	Traits of an ethical leader	Why we should fight at work — leadership style (counterpoint) The death of an innovator (technology) Why Australian business needs another Gail Kelly (diversity)
14 Communication and interpersonal skills	Communication in a digital age	The fragility of organisational reputation (technology) Managers as storytellers (counterpoint)
15 Motivation and rewards	Culture Amp pioneers employee share options	Glaxo exposed in Chinese scandal (globalisation — Asian) BHP Billiton: creating opportunities for diversity and inclusiveness (diversity) LinkedIn goes local in Sydney (globalisation) Can extra benefits compensate for money? (counterpoint)

(continued)

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Chapter	Opening vignette	Features
16 Individuals, job design and stress	IBM and NAB introduce 'mindfulness' among staff	Job satisfaction in China (social responsibility — Asian) Similarities in job satisfaction in Malaysian and Indonesian organisations (globalisation — Asian) The Australian Network on Disability: recognising disability as a diversity issue (diversity) Helping business identify mental stressors (ethics) Work–life balance in Australia (social responsibility)
17 Teams and teamwork	Telstra and Cisco create a new approach to teamwork	Social work in Australia: virtual teams offer supervision (technology) Reward the team or the individual? (counterpoint) Working in multicultural teams (diversity)
18 Leading and managing change	Snail mail versus email: changes afoot at Australia Post	First there was a brick, now there's an iPhone (technology) Australia — an innovative country (innovation) Potential in constraints: finding other avenues to exploit in a flourishing industry (sustainability) Chance and fate determine organisational survival (counterpoint) Change needed in Australian Defence Force culture (diversity)
19 Entrepreneurship and new ventures	Asylum seekers could be our next wave of entrepreneurs	Entrepreneurial success stories (innovation) Indigenous entrepreneurship and self-employment on the rise (diversity) Mildura's first coworking space opens for local entrepreneurs (technology)
20 Operations and services management	Forget siestas, 'green micro-breaks' could boost work productivity	Finding a unique path for Australia's manufacturing future (sustainability) Corporate social media needs to be two-way communication (technology) Will your next phone be Fair Trade? (technology)

CHAPTER 1

The contemporary workplace

LEARNING OBJECTIVES

1.1 What are the challenges in the contemporary workplace?
1.2 What are organisations like in the contemporary workplace?
1.3 Who are managers and what do they do?
1.4 What is the management process?
1.5 How do you learn essential managerial skills and competencies?

Managing the fresh food people

Since being founded in Sydney in 1924, Woolworths Ltd had grown to be number two of the top 2000 companies in Australia by 2015.[1] It now dominates the hypercompetitive Australian supermarket sector (worth in total 6 per cent of the nation's gross domestic product). With its 3000 stores across Australia and New Zealand, and more than 190 000 employees, it serves over 28 million customers each week. Operating profits exceed $60 billion.[2] However, Woolworths and its chief competitor Wesfarmers (owner of Coles Group Limited) now face efficient and successful rivals: the German discount supermarket Aldi and the US membership warehouse club Costco. Both Woolworths and Wesfarmers exhibit high levels of total liabilities compared to their total tangible assets, due to goodwill and intangibles making up a significant proportion of total assets. Although both have strong operational cash flows, this may mean they carry higher risk in a trade downturn if they need to rely on increasing borrowings to fund capital expenditure.[3] Add to this the predictions that 2015–20 will offer challenging conditions for the retail sector generally, and the task facing the Woolworths management team is significant. For example, does it stick with its espoused mission statement: '[Woolworths is] built on a passion for retail, attention to detail, working hard, ensuring the safety of our customers and our people, and having fun. Our mission is to deliver to customers the right shopping experience — each and every time'?[4]

It sounds good, but is the customer really likely to prefer an explicit mission for the employees to 'have fun' over an option to have lower prices? What might this 'right shopping experience' be? Rivals with lower prices pose a threat. Fresh food, convenience and value for money might not be enough. How good does Woolworths have to be to attract customers from its competitors, or at least to retain those customers it still has?

What are the options available to the decision-makers? Does it offer a scheme to build customer intimacy, and thus loyalty and share of the shopping basket? Does the management team invest time and money in innovative software to extract value for the shareholders from the digital revolution? Will mobile platforms and online shopping change everything or just some things? Will flatter organisational structures improve internal communication and capitalise on implicit knowledge? In short, is there a management choice between strategies aimed at increasing customer intimacy and loyalty, those aimed at operational efficiency and those targeting organisational integrity and brand leadership?

Woolworths is not alone in confronting such challenges. What kind of workplaces are likely to be needed to support this new trend for innovation and flexibility, with improved efficiency and productivity? What can managers do to create them?



QUESTION

How has the workplace changed in the past twenty years and what are the implications of the changes? Where are the trends likely to take us in the next twenty years?

Introduction

The 21st century has brought demands for a new workplace — one in which everyone must adapt to a rapidly changing society with constantly shifting expectations and opportunities. Learning and speed are *in*; habit and complacency are *out*. Organisations are evolving, as is the nature of work itself. The global economy, is sustained by innovation and technology. Even the concept of success — personal and organisational — is changing as careers take new forms and organisations transform to serve new customer expectations. Such developments affect us all, offering both unparalleled opportunity and unprecedented uncertainty. In this age of continuous challenge, a compelling message must be heard by all of us — smart people and smart organisations create their own futures![5]

In the quest for a better future, the best employers share an important commitment to people. Amid high performance expectations, they offer supportive work environments that allow people's talents to be fully used while providing them with both valued rewards and respect for work–life balance. In the best organisations employees benefit from flexible work schedules, onsite child care, onsite health and fitness centres and domestic partner benefits, as well as opportunities for profit sharing, cash bonuses and competitive salaries. In short, the best employers are not just extremely good at attracting and retaining talented employees. They also excel at supporting them in a high-performance culture workplace so that their talents are fully used and their contributions highly valued.

Today's dynamic new workplace also has huge implications for how individuals manage and shape their careers. Employees are increasingly committed to their own development. Their aim is continuous improvement in order to optimise their chances of employment. Fewer and fewer employees depend on an organisation for their identity and they are no longer committed to just one employer.

After studying high-performing companies, management scholars Charles O'Reilly and Jeffrey Pfeffer concluded that those companies achieve success because they are better than their competitors at getting extraordinary results from the people working for them. 'These companies have won the war for talent', they say, 'not just by being great places to work — although they are that — but by figuring out how to get the best out of all of their people, every day'.[6] This, is what *Management* and your management course are all about. Both are designed to introduce you to the concepts, themes and directions that are consistent with the successful management of organisations in today's high-performance work settings. As you begin, consider further the challenge posed by the title of O'Reilly and Pfeffer's book: *Hidden Value: How Great Companies Achieve Extraordinary Results with Ordinary People*. Let your study of management be devoted to learning as much as you can to prepare for a career-long commitment to getting great things accomplished through working with people.

1.1 Working in today's economy

LEARNING OBJECTIVE 1.1 What are the challenges in the contemporary workplace?

As painful as the global financial crisis became, we now live and work in a post–global financial crisis economy, marked by challenging opportunities and dramatic uncertainty.[7] It is a networked economy in which people, institutions and nations are increasingly influenced by the internet and continuing developments in information and communications technology (ICT).[8] Where once the internet was the key to an exciting future, understood by only a few, it is now expected as a threshold technology and relied upon routinely by the many. Massive connectivity between systems and people and comprehensive automation of seemingly all our everyday processes is now simply 'business as usual'. The new economy is a global economy whose scope increases daily. The nations of the world and their economies are increasingly interdependent, and this globalisation generates great challenges as well as opportunities. The new economy is knowledge-driven. We must all accept that success must be forged in workplaces reinvented to unlock the great potential of human intelligence. The high-performance themes of the day are 'empowerment', 'respect', 'participation', 'flexibility', 'teamwork', 'creativity' and 'innovation'.

Undoubtedly, the new economy is performance driven. Expectations of organisations and their members are very high. Success is not guaranteed, but must be earned in a society that demands nothing less than the best from all its institutions. Organisations are expected to continuously excel on performance criteria that include innovation, concerns for employee development and social responsibility, as well as more traditional measures of profitability and investment value. When organisations fail, customers, investors and employees are quick to let them know. For individuals, there are no guarantees of long-term employment. Jobs are subject to constant change. Increasingly they must be earned and re-earned every day through performance and accomplishments. Careers are being redefined in terms of 'flexibility', 'skill portfolios' and 'entrepreneurship'. Today, it takes initiative and discipline and continuous learning to navigate one's own career path. Tomorrow's challenges are likely to be even greater. What then are some of the challenges ahead for managers?

Intellectual capital

The dynamic pathways into the future are evident among new benchmarks being set in and by progressive organisations everywhere. Many will be introduced throughout *Management*. What will become evident is that the ultimate foundations of an organisation's success are its people — what they know, what they learn and what they do with it. They carry not just the corporate memory, but also represent the firm's **intellectual capital** — defined as the collective brain power or shared knowledge of a workforce that can be used to create value.[9] Indeed, the ultimate elegance of the new workplace may well be its ability to combine the talents of many people, sometimes thousands of them, to achieve unique and significant results.

This is the age of the **knowledge worker** — someone whose mind is a critical resource for employers and who adds to the intellectual capital of the organisation.[10] If you want a successful career in the new economy you must be willing to reach for the heights of personal competency and accomplishment. You must be a self-starter, willing to learn from experience continuously, even in an environment that grows daily more complex and challenging.

Globalisation

Japanese management consultant Kenichi Ohmae suggested that the national boundaries of world business have largely disappeared.[11] At the very least we can say that they are fast disappearing. Who can state with confidence where their favourite athletics shoes or the parts for their personal computer were manufactured? Does it matter anyway? More and more products are designed in one country, their component parts are made in others and the assembly of the final product takes place in yet another country. Top managers at Apple, Sony and other global corporations, for example, have no real need for the word 'overseas' in everyday business vocabulary. They operate as global businesses that view themselves as equidistant from customers and suppliers, wherever in the world they may be located. 'Overseas' becomes a permanent state of mind, not a nation state on a map. With their vast populations and particularly vibrant middle classes, India and China are likely to become even more significant producers and consumers. Managers in so-called 'Western' countries find they need to think globally, act locally, and then incorporate India and China in any strategic decision.

This is part of the force of **globalisation**, the worldwide interdependence of resource flows, product markets and business competition that characterises our new economy.[12] In a globalised world, countries and peoples are increasingly interconnected through the news, in travel and lifestyles, in labour markets and employment patterns, and in business dealings. Government leaders now worry about the competitiveness of nations just as corporate leaders worry about business competitiveness.[13] The world is increasingly arranged in regional economic blocs, with North and Latin America, Europe and the Asia–Pacific region as key anchors, and with Africa yet to claim its economic potential. Like any informed citizen, you too must understand the forces of globalisation and be prepared to participate in it.

GLOBALISATION

Australian project management goes global



In spite of a worldwide decline in the resources sector, Ausenco, a Brisbane-based engineering and project management company, has achieved global success through a careful and well-planned approach to business. The company was founded by Zimi Meka and Bob Thorpe in Brisbane in 1991. It proved remarkably successful, with a 'can do' culture built on providing superior levels of innovative professional engineering services to its clients, both large and small. Their work ranged from minor pre-feasibility studies to assessing the viability of a proposed project, to designing, constructing and commissioning complex projects in some of the world's most challenging and remote regions. It is this approach and strong business ethos that has seen their installed capital value running into the billions.

In 2008, the company expanded by purchasing US engineering companies Sandwell, Vector and PSI. The expansion provided the company with comprehensive capabilities in everything from consulting in the initial design phase to slurry transport and tailings dams. Still headquartered in Brisbane, with over 3000 staff globally and growing, Ausenco delivered major mining services projects in Canada and China, and a high-tech copper project in Laos, along with other successful projects in Africa, Australia and South America. By 2015 the 'resources boom' was all but over and the Chinese steel mills were slowing, along with the price paid for iron ore. Coal, oil and gas prices were all reduced by 30–50 per cent over the previous five years, and the outlook remained stubbornly 'subdued'. Community resistance to coal mines in pastoral regions sapped the will of governments and miners alike.

Previously, careful focus on its activities, organisational capabilities and the continuing professional development of its staff, plus the flexibility to meet client needs while still providing innovative project solutions, had meant that Ausenco survived the financial downturn in good shape, and with an optimistic forecast for its share price. However, a lack of new projects gradually took its inevitable toll, and Ausenco management had to contemplate layoffs and moving operations into new sectors such as renewable energy projects. Nowadays, providing sustainable solutions for a cleaner environment has become the company's objective. The key to Ausenco's success has certainly been the careful management of its operations and mutually productive relationships with its clients. Zimi Meka, Ausenco's CEO, was named by *Engineers Australia* magazine as one of Australia's most influential engineers in 2015 and has earned his place in the ranks of Australia's most successful managers — even through the tough times.

QUESTION

Thinking about the challenges of managing in a fast-moving technology-rich multinational environment, how will the manager of tomorrow be successful? We can and should learn from the past, but what can we learn from the future? Where is it taking us?

Technology

The global economy is not the only beneficiary of developments in new technology. Who has not been affected by the internet? Those who are not willing to become a participant in the exploding world of ICT will be left behind. It is a mandatory requirement in the contemporary workplace.

We now live in a technology-driven world dominated by interactive technologies that are compact, visually appealing and versatile — offering users conveniences such as remote internet access at the click of a button. Computers allow organisations of all types and sizes, locally and internationally, to speed transactions and improve decision-making.[14] From the small retail store to the large multinational firm, technology is an indispensable part of everyday operations — whether you are managing the inventory, making a sales transaction, ordering supplies or analysing customer preferences. Recently, scanning technologies have become integral to streamlining operations for many businesses.

Local and international governments increasingly take advantage of the internet. When it comes to communication — within the many parts of an organisation or between the organisation and its suppliers, customers and external constituents — geographical distances hardly matter anymore. Computer-based networking can bring together almost anyone from anywhere in the world at the touch of a keyboard. People in remote locations can hold meetings, access common databases, share information and files in real time, and make plans and solve problems together — all without ever meeting face to face.

As the pace and complexities of technological change accelerate, the demand for knowledge workers with the skills to use technology to full advantage is increasing. The information-based economy is dramatically changing employment. The fastest growing occupations are computer-related. Workers with ICT skills are in demand — low-skill workers displaced from declining industries find it difficult to find new jobs offering adequate pay. In a world where technological change is occurring at an accelerating rate, computer literacy must be mastered and continuously developed as a foundation for career success. For example, around 90 per cent of Australia and New Zealand's population are internet users. The percentages are similarly high in Hong Kong and Singapore, with 80 and 82 per cent respectively.[15]

Diversity

Along with many other countries in the world, the populations of both Australia and New Zealand are ageing, due to people having fewer children and generally living longer than in past generations. Consider this fact: currently, about 1 in 10 people in both countries are aged over 65. By 2050, there will be as many people aged over 65 in both countries as there are people between 15 and 40.[16] The Australian workforce consists of a large proportion of employees aged over 45 years. The global financial crisis has severely impacted superannuation funds, so much so that many pre-retirees have deferred their retirement, and many who have retired have sought to rejoin the workforce. Consequently, as increasing numbers of the workforce belong to older age groups, it could be expected that age could become an important basis for the development of diversity management initiatives. However, research on 7500 Australian companies has found that less than one in three are attempting to attract mature-age workers.[17] This is surprising in view of the benefits when older workers are employed: more taxes are paid, wisdom and experience are contributed to the workplace, and productivity increases. Without an increase in the participation rate by mature-age workers, the burden of pensions and healthcare will increase steeply. At the Older Australians At Work Summit, the Age Discrimination Commissioner, Susan Ryan, stated: 'Rather than inflicting an intolerable burden on the declining proportion of taxpaying workers aged less than 60 years, we can spread the load by a straightforward change: by lengthening the working life of all Australians'.[18] Furthermore, it was reported that:

> Increasing employment of older people will have extraordinary benefits. An increase of 5 per cent in paid employment of Australians over the age of 55 would boost the economy by $48 billion . . . each year. Such a change presents opportunities for businesses as well. As a cohort, older Australians are diverse, talented, energetic, and willing to work.[19]

The term **workforce diversity** is used to describe the composition of a workforce in terms of differences among the members.[20] These differences include gender, age, race, ethnicity, religion, sexual orientation and able-bodiedness. In Australasia the legal context of human resource management is very strict in prohibiting the use of demographic characteristics for staffing decisions such as hiring and promotion. Discrimination against older employees continues in some sectors. Australasian organisations have been reluctant to hire older staff in spite of evidence to indicate that beliefs in their lessened capacity are false. Similarly, other forms of discrimination persist, despite laws designed to prevent them. This is discussed in later chapters.

The issues of managing workforce diversity extend beyond legal considerations. Today's increasingly diverse and multicultural workforce offers great opportunities with respect to potential performance gains.[21] By 'valuing diversity' organisations can tap into a rich talent pool and help people work to their full potential. But what does this really mean? It should mean 'enabling every member of your workforce to perform to his or her potential'. A vice-president at Avon once posed the challenge of managing diversity this way: 'consciously creating an environment where everyone has an equal shot at contributing, participating, and most of

all advancing'.[22] Although easy to say, meeting social responsibilities to truly value diversity has proven difficult to accomplish. Even though progress in equal opportunity continues to be made, lingering inequalities remain in the workplace. Not only will the composition of the workforce change in the future, but the nature of the relationships people have with organisations will also continue to change. The past two decades have been characterised by an upward trend in all types of non-standard forms of employment. There has been an increase in casual work, temporary work, outsourcing and offshoring, the use of agencies and other labour-market intermediaries. Given the continuing need for organisations to respond quickly in the marketplace, it could be expected that these forms of flexible employment will increase. Differences in approaches to pay, conditions of employment and opportunities for development are ready examples of the inequality this can involve.[23] Diversity bias can still be a limiting factor in too many work settings. Managing a diverse workforce needs to take into account the different needs of members of different identity groups.

Prejudice, or the holding of negative, irrational opinions and attitudes regarding members of diverse populations, sets the stage for diversity bias in the workplace. This bias can take the form of **discrimination** that actively disadvantages people by treating them unfairly and denying them the full benefits of organisational membership. It can also take the form of any barrier or 'ceiling' that prevents people from rising above a certain level of organisational responsibility. Researcher Judith Rosener suggests that the organisation's loss is 'undervalued and underutilised human capital'.[24]

DIVERSITY

The challenge of managing across cultures

Managing in an international environment is a significant challenge for organisational leaders in multinational corporations. Managing across cultures is never easy, and undertaking international leadership roles can be particularly difficult. Global supply chains, marketing strategies and human resource management approaches require constant coordination and fine-tuning. Whether you wish to lead a global corporation one day, or simply hope to develop international leadership skills, an overseas job assignment can provide an array of new skills and experiences.



A survey of 300 Australian general managers found that the traditional highly individualistic, consultative Australian leadership style is inappropriate when transferred to the hierarchical, group-oriented cultures of many Asian countries. A global mindset is required in which managers adapt their style to the cultures in which they operate. This mindset can be developed through regular exposure to the business cultures of Asia–Pacific, and an international assignment is one obvious way to achieve this. Undertaking international management and cross-cultural subjects at university is also highly recommended.

Workers in Asian countries can often be expected to show great respect to seniors and those in authority. In contrast, in Western cultures such as in Australia and New Zealand, workers may be expected to emphasise self-interests more than group loyalty. Outsiders may find that the workplace in more 'masculine' societies, such as Japan, displays more rigid gender stereotypes. Also, corporate strategies in more long-term cultures are likely to be just that — more long-term oriented. Potential reasons for these phenomena are discussed in relation to the well-known international study conducted by Geert Hofstede in the chapter on the international dimensions of management.[25]

QUESTION

By definition, cultures are different from each other, with differing values, attitudes, feelings and behaviours. Is it possible to have an approach to management that flies over all these differences, like a one-size-fits-all theory that's infinitely adaptable?

Ethics

When a well-known business executive goes to prison for some corporate misdeed, we notice. When a major environmental catastrophe occurs because of a business misdeed, we notice. In 2015, Volkswagen famously admitted to systematic fraud by installing software in 11 million of its diesel cars to allow them to pass emissions tests. Once the cars were out of the laboratory the software deactivated their controls and the engines spewed fumes at up to 40 times the permitted level.[26] The Volkswagen CEO, Martin Winterkorn, resigned but the reputational and financial damage to the company was immense. It was to Volkswagen what Deepwater Horizon was to BP — at least that was an accident. Volkswagen's deception was deliberate.

Increasingly, we notice the 'moral' aspects of the everyday behaviour of organisations, their executives and employees.[27] Society is becoming strict in its expectation that social institutions conduct their affairs according to high moral standards. A global recession, coupled with a spate of corporate failures, poor corporate governance and the apparent indifference of some businesspeople to shareholders, employees and local communities are reasons for some businesses' poor image. Add to this a negative reaction to globalisation, cost-cutting and the gap between the wages of workers and those of senior executives, and a bleak picture emerges regarding the image of Australian big businesses.[28] These issues have also put the spotlight on the quality and moral standards of Australian boards and managers. Equally, the collapses of financial services organisations in and after the turmoil of the global financial crisis has raised serious questions about management incompetence, greed, corruption and CEO remuneration; indeed, about corporate ethics generally.

The pressure for ethical and socially responsible conduct is on, and justifiably so. Organisations and their managers are becoming more responsive. Quite simply, they will not be able to keep customers if they do not treat them well and act in ways that are consistent with society's values. The expectations characteristic of this new century include sustainable development and protection of the natural environment; protection of consumers through product safety and fair practices; and the protection of human rights in all aspects of society, including employment.[29] Workplace concerns include equal employment opportunity, equity of compensation and benefits, participation and employee involvement, privacy and due process, job security, occupational health and safety, and freedom from sexual harassment. Employees are demanding more self-determination on the job — they want to be part of everyday decisions on how and when to do their jobs, and they expect real opportunities to participate in job-related decisions. Job security is a concern at a time when many organisations are cutting back their full-time workers and hiring more part-time or casual workers.

Ethical and social responsibility issues involve all aspects of organisations, the behaviour of their members and their impact on society. You must be ready to understand the ethical context of working in the new economy and you must be prepared to perform in ways that fulfil your ethical commitments as well as those of your employer. Consider, for example, the ethical framework set by this statement from the credo of Johnson & Johnson:

> We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens — support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education.[30]

Careers

The nature of work has changed, and the challenges of change make personal initiative and self-renewal the demands *du jour*. The career implications of the new employment patterns characteristic of this dynamic environment are extremely significant. British management scholar Charles Handy suggested the analogy of the Irish shamrock to describe and understand them.[31]

Picture an organisation as a shamrock with three leaves. Each leaf has a different career implication.

- In one leaf are the core workers. These full-time employees pursue traditional career paths. With success and the maintenance of critical skills, core employees can advance within the organisation and may remain employed for a long time.

- In the second leaf of the shamrock organisation are contract workers (including daily or weekly hire). They perform specific tasks as needed by the organisation and are compensated on a contract or fee-for-services basis rather than by a continuing wage or salary. Contract workers sell a skill or service to employers — they are likely to work for many different employers over time and may work for several employers at the same time.
- In the third leaf are the casual and part-time workers who are hired only as needed and only for a set number of hours. Employers expand and reduce their casual staff as business needs rise and fall. Casual and part-time work can be a training ground for the full-time work of the first leaf, when openings are available. Other modes of employment include outworkers (e.g. working from home), shift workers and fly-in-fly-out workers.

People need to be prepared to work in any of the employment modes. The typical career is not uniformly full-time and limited to a single large employer. It is more likely to unfold opportunistically and involve several employment options over time. 'Free agency' is a term used to describe career management in the new workplace.[32] What it means is that workers must be prepared to change jobs and employers over time, but their skills must be portable and of current value in the employment markets. Skills are not gained once and then forgotten — they must be carefully maintained and upgraded all the time. A career consultant suggested that careers be approached with the analogy of a surfer: 'You're always moving. You can expect to fall into the water any number of times, and you have to get back up to catch the next wave'.[33]

Handy's advice is to maintain a 'portfolio of skills' that are always up to date and valuable to potential employers, to build a portfolio that includes a professional résumé and work samples that demonstrate critical managerial skills and competencies. A well-constructed student portfolio can be an important source of advantage in competitive markets when searching for jobs.

CRITICAL ANALYSIS

1. Think back to how things have changed in the past five years, in terms of the role of the manager; at least, as you perceive it. Taking the big-picture view, what changes do you see? For example, is there greater or lesser emphasis on people against profit, or on technology against entrepreneurship? Keep these thoughts in mind as you progress through the chapter.
2. Diversity management might be seen as a necessary encumbrance — something managers do because they have to — or it may be seen as a source of competitive advantage. What do you think? Does it have your grudging acceptance, profit-oriented approval, or ethical support? What difference does this make?
3. Shareholders express resentment when corporate bosses take bonuses while their companies are appealing for government bailout funding. Are CEO packages in the many millions really justifiable? Is there an ethical dimension to executive remuneration, or should companies just pay whatever the market will bear to get the managers they want?

1.2 Organisations in today's workplace

LEARNING OBJECTIVE 1.2 What are organisations like in the contemporary workplace?

The world of work is a 'wired' world, one tied to the connectivity made possible by ICT. Management consultant Tom Peters says that in coming years, companies of all sizes will have virtual teams spread across the globe who will never meet in person. He describes work in new organisations this way:

> Every project will call for a new team, composed of people with specially tailored skills . . . Every player on this team will be evaluated . . . for the quality and uniqueness and timeliness and passion of her or his contribution.[34]

Organisations in the new workplace are challenging settings, but exciting for their great opportunities and possibilities. Peters calls it a 'wired, wild new age of work'. Whether these organisations are large or small, business or not-for-profit, each should make real and positive contributions to society. We each have a stake in making sure that they perform up to expectations. For individuals, organisations are also the main source of careers and economic livelihoods. In his article 'The company of the future', Harvard Professor Robert Reich says:

> Everybody works for somebody or something — be it a board of directors, a pension fund, a venture capitalist or a traditional boss. Sooner or later you're going to have to decide who you want to work for.[35]

In order to make good employment choices and perform well in a career, a fundamental understanding of the nature of organisations in the new workplace is required. Manager's notepad 1.1 provides a first look at some of the critical survival skills required to work well in the organisations of today . . . and tomorrow.[36]

MANAGER'S NOTEPAD 1.1

Critical survival skills for the contemporary workplace

- *Mastery*. You need to be good at something; you need to be able to contribute something of value to your employer.
- *Contacts*. You need to know people; links with peers and others within and outside the organisation are essential to get things done.
- *Entrepreneurship*. You must act as if you are running your own business, spotting ideas and opportunities, and stepping out to embrace them.
- *Love of technology*. You have to embrace technology; you do not have to be a technician, but you must be willing and able to fully use IT effectively and creatively.
- *Marketing*. You need to be able to communicate your successes and progress, both yours personally and those of your work group.
- *Passion for renewal*. You need to be continuously learning and changing and updating yourself to best meet future demands.

What is an organisation?

Formally stated, an **organisation** is a collection of people working together to achieve a *common purpose*.[37] It is a unique social phenomenon that enables its members to perform tasks far beyond the reach of individual accomplishment. This description applies to organisations of all sizes and types, from businesses such as Harvey Norman and eBay, to not-for-profit organisations such as a government agency or community hospital. From society's perspective they all share a broad purpose — providing useful goods or services. Each in its own way should return value to society and satisfy customers' needs in order to justify continued existence.

Having a clear sense of purpose that is tied to 'quality products' and 'customer satisfaction' is increasingly viewed as a source of organisational strength and performance advantage. Belief in a strong and compelling organisational purpose is one of the reasons given by employees for remaining very loyal to their employers.

Organisations as systems

Organisations can be seen as systems with subsystems, composed of interrelated parts that function together to achieve a common purpose.[38] It is helpful to view them as **open systems** that interact with their environments in the continual process of transforming resource inputs into product outputs in the form of finished goods and/or services. As shown in figure 1.1, the external environment is a critical

element in the open-systems view of organisations. It is both a supplier of resources and the source of customers, and it has a significant impact on operations and outcomes. Both the boundaries of any organisation — the supply side and the customer side — and its internal operations must be well managed for performance success.

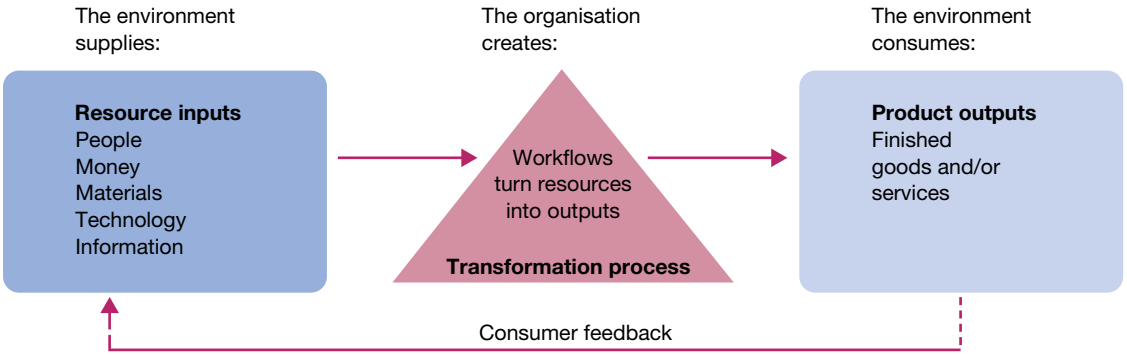


FIGURE 1.1 Organisations as open systems

The organisation is a structure in which people meet to work together for agreed purposes. As a system, the organisation has inputs (raw materials, effort, ideas, etc.), strategy and policies, transformation processes and outputs (finished goods and services), and operates with its own internal environment of culture and history. Depending on its legal status (e.g. the corporation is a 'fictitious person' that can own property), it can sue and be sued, and as such, the boundaries of the organisation become significant. It can even survive beyond the lifetimes of its members.

In the open-systems view of organisations feedback from the internal and external environments tells an organisation how well it is doing. Factors in the environment interact with each other and influence the manager's intent and strategy. The overall aim is to meet and exceed customer expectations. Without customer willingness to use the organisation's products, it is difficult to operate or stay in business over the long term. The ultimate test for any organisation rests with the marketplace — once people use a product, the question becomes: Will they do so again . . . and will they recommend that others do the same?

Organisational performance

Resources and customers are two critical elements in the open-systems view of organisations. For an organisation to perform well, resources must be put to good use and customers must be well served. The notion of *value creation* is very important in this context. If operations add value to the original cost of resource inputs, then a business organisation can earn a profit — that is, sell a product for more than the cost of making it. A not-for-profit organisation can add wealth to society — that is, provide a public service that is worth more than its cost (e.g. fire prevention services in a community). Value is created when an organisation's resources are used in the right way, at the right time and at minimum cost to create high-quality goods and services.

The best organisations use a variety of performance measures. On the customer side, high-performing organisations measure customer satisfaction and loyalty, as well as market share. On the employee side, they measure retention, career development, job satisfaction and related issues.[39] One of the most common indicators of organisational performance overall is **productivity**, a summary measure of the quantity and quality of work performance with resource use taken into account. Productivity can be measured at the individual and group levels as well as at organisational levels.

Figure 1.2 links productivity with two terms commonly used in management — effectiveness and efficiency. **Performance effectiveness** is a measure of task output or goal accomplishment. If you are working in the manufacturing area of a computer firm, for example, performance effectiveness may mean that you meet a daily production target in terms of the quantity and quality of work done. By so doing, the company as a whole can maintain its production schedule and meet customer demands for timely delivery and high-quality products. **Performance efficiency** is a measure of the resource cost associated with goal accomplishment. Cost of labour is a common measure of efficiency. Others include equipment use, facilities maintenance and returns on capital investment. Returning to the example of computer assembly, the most efficient production is that accomplished at a minimum cost in materials and labour. If fewer completed products are made in a day than the work group is capable of, this contributes to inefficiency in organisational performance; similarly, if a lot of mistakes are made or materials wasted in the assembly process, this is also inefficient work that raises costs for the organisation.

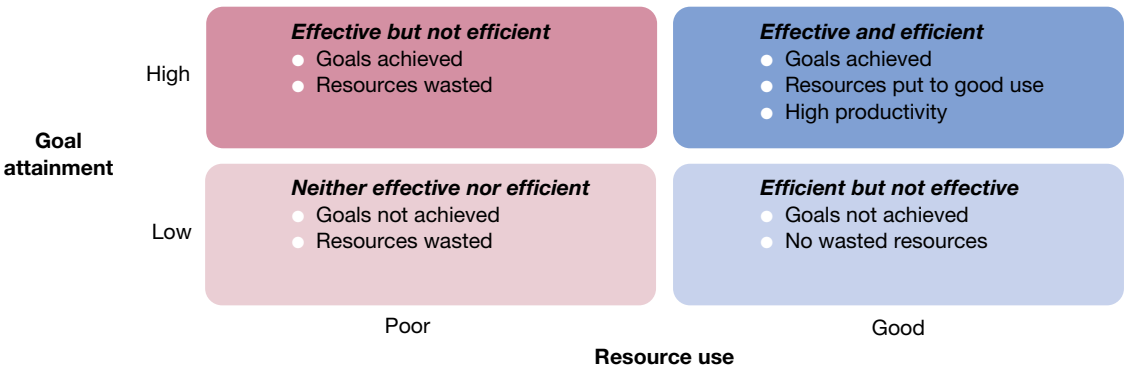


FIGURE 1.2 Productivity and the dimensions of organisational performance

The changing nature of organisations

Change is a continuing theme of this text, and organisations are certainly undergoing dramatic changes today. Among the many forces and trends in the new workplace, the following organisational transitions set an important context for the study of management.

- *Pre-eminence of technology*. New opportunities appear with each new development in ICT; they continually change the way organisations operate and how people work.
- *Demise of 'command-and-control'*. Traditional hierarchical structures with 'do as I say' bosses are proving too slow, conservative and costly to do well in today's competitive environments. Contemporary management relies on collaboration and coaching.
- *Focus on speed*. Everything moves fast today; in business those who get products to market first have an advantage, and in any organisation work is expected to be both well done and timely.
- *Adoption of networking*. Organisations are networked for intense real-time communication and coordination, internally among departments and externally with partners, contractors, suppliers and customers.
- *Belief in empowerment*. Demands of the new economy place premiums on high-involvement and participatory work settings that rally the knowledge, experience and commitment of all members.
- *Emphasis on teamwork*. Today's organisations are less vertical and more horizontal in focus; they are increasingly driven by teamwork that pools talents for creative problem-solving.
- *New workforce expectations*. A new generation of workers brings to the workplace less tolerance for hierarchy, more informality and more attention to performance merit than to status and seniority.
- *Concern for work–life balance*. As society increases in complexity, workers are forcing organisations to pay more attention to balance in the often-conflicting demands of work and personal affairs.[40]