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Management Myths Debunked!

TENTH EDITION

Stephen P. Robbins • Mary Coulter • David A. DeCenzo

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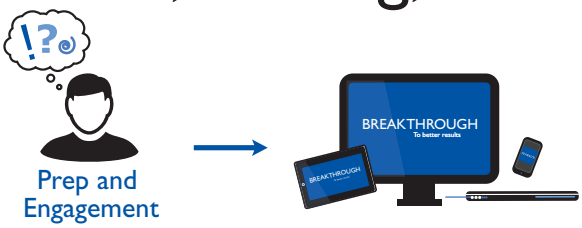

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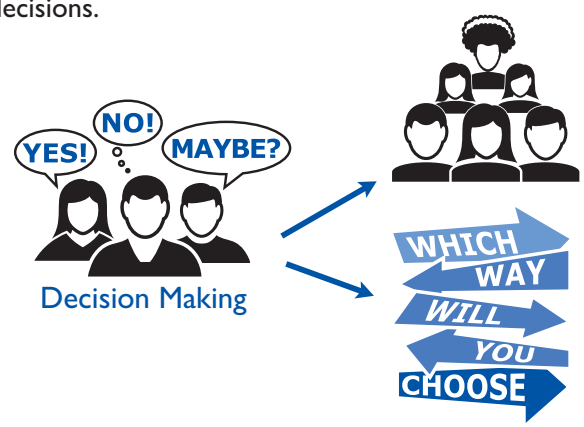

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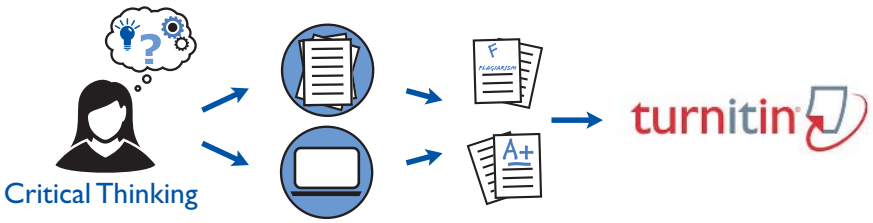

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Fundamentals of Management

TENTH EDITION

GLOBAL EDITION

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To my wife, Laura

Steve

.....

To Brooklynn and Blake…with much love, Grandma.

Mary

.....

To my family who stands by me through thick and thin;
whose unwavering support is the best gift anyone could receive.
Thanks for all you do to support me.

Dave

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Preface

Welcome to the Tenth Edition of *Fundamentals of Management!* Although much has changed in the world since *FOM* was first published over twenty years ago, we haven't changed our commitment to providing you with the most engaging and up-to-date introduction to management paperback on the market. And how do we do this? By covering the essential concepts of management; providing a sound foundation for understanding the key issues; offering a strong, practical focus, including the latest research on what works for managers and what doesn't; and doing these with a writing style that you and your students will find interesting and straightforward.

This edition continues our exciting design. We love the way it looks and the way management concepts are presented! And we hope you do, too! It's a self-contained learning package. In addition to the end-of-chapter summaries and review questions, you can choose from the chapter self-assessments, skills modules, hands-on manager's inbox exercises, and case applications. In addition, the text is supported by the most comprehensive Web site and supplement package, although your students will find the essential elements they need to understand and apply management concepts within the text itself. You have the choice about how best to use the materials: text only, online only, or text and online. It's your decision!

What Key Changes Have We Made in the Tenth Edition?

You might think that there wouldn't be much new information to put in a book…especially a Tenth Edition! But that's the great thing about a book that discusses managers and management! It's always easy to find new material just by paying attention to what's happening in the news! New issues and ideas are always confronting managers and we've made sure to cover hot topics such as holacracy, the sharing economy, gamification, data analytics/big data, BYOD (bring your own device), and wearable technology, to name a few. In addition to new topics, we've done some other BIG things!

Book-Specific Videos (Available on MyManagementLab® only)

Today's students have "grown up" in a visual-based learning environment. They're comfortable with and enjoy video clips, and even expect them as part of their learning. That's why we created a series of videos for this tenth edition.

Our *Bust This Myth* videos reinforce and expand upon the chapter-opening Management Myth and Debunking the Myth. We debuted the "Myth" openers in the previous edition and have had positive feedback from them. This was…and *is*…a unique feature among management texts and was created as an answer to one of the most vexing problems that instructors face: unmotivated students who think there is nothing for them to learn in this course. Now, we've taken it a step further by creating fun videos that highlight the myths and why they are just that…a myth…and then explaining why.

Sustainability Emphasized

Sustainability is an important topic and it's critical for our students…our future business leaders…to be familiar with it. So we added an icon ♻ to help you and your students recognize how pervasive sustainability is. Throughout the book, you'll find this sustainability icon

used wherever chapter discussion, a photo example, or an end-of-chapter exercise covers an aspect of sustainability. You yourself may be surprised at how much sustainability permeates what we're teaching in management.

MyManagementLab® Suggested Activities

The final change in this edition we want you to know about is that we've fully integrated Pearson's MyManagementLab into the text. The new features are outlined below. Making assessment activities available online for students to complete before coming to class will allow you, the professor, more discussion time during class to review areas students are having difficulty comprehending.

WATCH IT Recommends a video clip that can be assigned to students for outside classroom viewing or that can be watched in the classroom. The video corresponds to the chapter material and is accompanied by multiple-choice questions that reinforce students' comprehension of chapter content.

TRY IT Recommends a mini simulation that can be assigned to students as an outside activity or be done in the classroom. As students watch the simulation, they will be asked to make choices based on the scenario presented in the simulation. At the end of the simulation, the student will receive immediate feedback based on the answers they gave. These simulations reinforce chapter concepts and students' comprehension of those concepts.

TALK ABOUT IT Students can be assigned these broad-based, critical-thinking discussion questions that will challenge them to assimilate information that they've read in the chapter.

WRITE IT: ASSISTED GRADED WRITING QUESTIONS These are short essay questions that students can complete as an assignment and submit to the professor for grading.

PERSONAL INVENTORY ASSESSMENTS (PIA) Students learn better when they can connect what they're learning to their personal experience. PIA (Personal Inventory Assessments) is a collection of online exercises designed to promote self-reflection and student engagement, enhancing their ability to connect with concepts taught in principles of management, organizational behavior, and human resource management classes. Assessments are assignable by instructors who can then track students' completions. Student results include a written explanation along with a graphic display that shows how their results compare to the class as a whole. Instructors will also have access to this graphic representation of results to promote classroom discussion.

Continued and Improved Features

The exciting and innovative chapter openers—a common Management Myth and how this myth is just that…a myth—have been updated and we've replaced a few. We've found that students often think that they already know a lot about management…after all, it's just common sense, right? But management isn't just common sense! When it comes to managing, much of what passes for common sense is just plain wrong…a myth! So we kept and improved these chapter openers! We think you'll like the student discussion these "myths" and "debunking" generate!

We also kept the three (yes, you read that right, THREE!) Case Applications, many of which are new or updated. These Case Applications are a great way to tell a current story about managers, management, and organizations *and* to involve students in assessing a situation and answering questions about "how" and "why" and "what would you do." These Case Applications cover the gamut from Manchester United Football Club to Brunello Cucinelli.

Also, we retained our complete, self-contained section on developing management skills in each chapter and tried to make them more practical. It's one thing to *know* something. It's

another to be able to *use* that knowledge. The skill-building exercises included at the end of each chapter help you apply and use management concepts. We chose these 18 skills (some chapters have more than one) because of their relevance to developing management competence and their linkage to one or more of the topic areas in this book.

Finally, we kept our one section in each chapter that has a contemporary and visually appealing look. The design of this selected material helps reinforce key topics and ideas and makes it easy for students to read and to know what's important from that particular chapter section. Also, because today's students are accustomed to visually rich environments, we've kept additional visual presentations of material throughout the chapters to help engage students with the material.

In addition to all these major changes, here is a chapter-by-chapter list of the topic additions and changes in the Tenth Edition:

Chapter 1

- Statistics tied to chapter material
- Added author recommended MyManagementLab Assignments
- New PIA Assessment titled Using Influence Strategies
- Revised Management Skill Builder to make it more applications-oriented
- New Case Application—Managing Without Managers

Chapter 2

- New Management Myth
- New statistics on economy
- New discussion on sharing economy
- New discussion on Internet of Things
- Expanded discussion on Gen Z
- New ethics dilemma
- Revised Content for Learning Objective 2-3
- Added author recommended MyManagementLab Assignments
- New PIA Assessment titled Company Culture Assessment
- Revised Management Skill Builder to make it more applications-oriented.
- New Case Application—Target Corp.
- Updated Case Application—China Zhongwang

Chapter 3

- Updated Management Myth opener
- Updated statistics
- New Technology and the Manager's Job box on "The Ethics of Data Analysis"
- Added author recommended MyManagementLab Assignments
- New PIA Assessment titled Ethical Leadership Assessment
- Revised Management Skill Builder to make it more applications-oriented.
- New Case Application—Nomura Holdings and Lehman
- New Case Application—Keurig K-cups (Sustainability)

Chapter 4

- New Management Myth
- New statistic
- Added author recommended MyManagementLab Assignments
- New Ethics box
- New PIA Assessment titled Problem Solving, Creativity, and Innovation
- Revised Management Skill Builder to make it more applications-oriented.
- New Case Application—UPS
- New Case Application—Galloping to the Right Decision

Chapter 5

- New examples in strategic management introductory section
- Updated other examples, as needed
- Added author recommended MyManagementLab Assignments
- New Ethics box
- New PIA Assessment titled Tolerance of Ambiguity Scale
- New Case Application—Live**Strong** Foundation
- New Case Application—Warby Parker
- Updated Case Application—Primark

Chapter 6

- Updated Management Myth opener
- Added author recommended MyManagementLab Assignments
- New PIA Assessment titled Gaining Power and Influence
- New Case Application—NASA

Chapter 7

- Revised chapter-opening Debunked Management Myth.
- Updated statistics/information throughout chapter.
- Added author recommended MyManagementLab Assignments
- New Ethics box
- New Skill Builder—Providing Good Feedback
- New PIA Assessment titled Work Performance Assessment
- New Case Application—Candidate Selection Dilemma.
- New Case Application—Brunello Cucinelli
- Updated Case Application—HRM in the Hong Kong Police Force

Chapter 8

- Revised chapter-opening Debunked Management Myth.
- Added author recommended MyManagementLab Assignments
- New Technology and the Manager's Job box
- New PIA Assessment titled Controlling Workplace Stress
- Updated cases
- New Case Application—Making Over Avon
- New Case Application—Compartmentalizing Departments: Split and Merger

Chapter 9

- New Management Myth
- New ethics box
- New Technology and the Manager's Job box
- Added author recommended MyManagementLab Assignments
- New PIA Assessment titled Understanding Employee Emotions
- Update cases
- New Case Application—Getting Emotional at Google

Chapter 10

- Updated Management Myth opener
- Updated technology box
- Added author recommended MyManagementLab Assignments
- New Skill Builder—Developing Your Coaching Skills
- New PIA Assessment titled Diagnosing the Need for Team Building
- New Case Application—Rx: Teamwork
- New Case Application—The Cardinal Way

Chapter 11

- Updated Management Myth opener
- New ethics box
- New technology box
- Introduced concept of gamification
- Added author recommended MyManagementLab Assignments
- New PIA Assessment titled Work Motivation Indicator
- New Case Application—One for the Money
- New Case Application—Alibaba
- New Case Application—Discretionary Time Off Policy

Chapter 12

- Tightened up Management Myth/Debunked
- Added new statistics
- Added author recommended MyManagementLab Assignments
- New PIA Assessment titled Leadership Style Indicator
- New Case Application—Developing Gen Y Leaders
- New Case Application—Manchester United FC
- New Case Application—Leading Without Intervention

Chapter 13

- Added new statistics
- Updated Technology box
- New ethics box
- Added author recommended MyManagementLab Assignments
- New PIA Assessment titled Communication Styles
- New Case Application—Using Social Media for Workplace Communication
- Updated other two Case Applications

Chapter 14

- New Management Myth/Debunked
- New ethics box
- Added new statistics
- Added author recommended MyManagementLab Assignments
- New PIA Assessment titled Workplace Discipline Indicator
- New Case Application—If You Can't Say Something Nice, Don't Say Anything At All
- New Case Application—Too Relaxed
- Updated other Case Application

Chapter 15

- Tightened up Management Myth/Debunked.
- Added author recommended MyManagementLab Assignments
- New Management Skill—Being A Good Conflict Manager
- New PIA Assessment titled Strategies for Handling Conflict
- Updated Case Applications

Instructor Resources

At the Instructor Resource Center, www.pearsonglobaleditions.com/Robbins, instructors can easily register to gain access to a variety of instructor resources available with this text in downloadable format. If assistance is needed, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit http://247.pearsoned.com for answers to frequently asked questions and toll-free user support phone numbers.

The following supplements are available with this text:

- **Instructor's Resource Manual**
- **Test Bank**
- **TestGen® Computerized Test Bank**
- **PowerPoint Presentation**

Video Library

Videos illustrating the most important subject topics are available in MyManagementLab. Contact your local Pearson representative to request access.

AACSB Learning Standards Tags in the Test Item File

Questions that test skills relevant to AACSB standards are tagged with the appropriate standard. For example, a question testing the moral issues associated with externalities would receive the ethical understanding and reasoning abilities tag from the AACSB categories. In addition, the tagged questions may help to identify potential applications of these skills. This, in turn, may suggest enrichment activities or other educational experiences to help students achieve these goals.

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Managers and Management

1

Andres Rodriguez/Alamy

Anyone who works in an organization —not just managers— can gain insight into how organizations work and the behaviors of their boss and coworkers by taking a course in management.

ASSUME for a moment that it's your first day in an introductory physics class. Your instructor asks you to take out a piece of paper and "describe Newton's second law of motion." How would you react? I expect most students would respond with something like "How would I know? That's why I'm taking this course!"

Now let's change the situation to the first day in an introductory management class. Your instructor asks you to write an answer to the question: "What traits does one need to be an effective leader?" When we've done this on the first day, we find that students always have an answer. Everyone seems to think they know what makes a good leader.

This example illustrates a popular myth about the study of management: It's just common sense. Well, we can assure you… it's not! When it comes to managing, much of what passes for common sense is just plain wrong. You might be surprised to know that the *academic* study of management is filled with insights, based on extensive research, which often run counter to what seems to be common sense. That's why we decided to tackle head-on this common-sense perception by opening each chapter with a particular "management myth" and then "debunking" this myth by explaining how it *is* just a common-sense myth.

Take a minute to re-look at this chapter's "management myth" and "management myth debunked." This "debunked" myth often surprises students majoring in subjects like accounting, finance, statistics, information technology, or advertising. Since they don't expect to be managers, they see spending a semester studying management as a waste of time and irrelevant to their career goals. Later in this chapter, we'll explain why the study of management is valuable to *every* student, no matter what you're majoring in or whether you are a manager or aspire to be a manager. ●

Learning Outcomes

1-1 Tell who managers are and where they work. p. 27

1-2 Define management. p. 29

1-3 Describe what managers do. p. 31

1-4 Explain why it's important to study management. p. 36

1-5 Describe the factors that are reshaping and redefining management. p. 37

Although we'd like to think that all managers are good at what they do, you may have discovered through jobs you've had that managers can be good at what they do or maybe not so good, or even good one day and not so good the next! One thing you need to understand is that all managers—good or not so good—have important jobs to do. And this book is about the work managers do. In this chapter, we introduce you to managers and management: who they are, where they work, what management is, what they do, and why you should spend your time studying management. Finally, we'll wrap up the chapter by looking at some key factors reshaping and redefining organizations *and* the way managers manage.

Who Are Managers and Where Do They Work?

1-1 Tell who managers are and where they work.

There's no pattern or prototype or standard criteria as to who can be a manager. Managers today can be under age 18 or over age 80. They may be women as well as men, and they can be found in all industries and in all countries. They manage entrepreneurial businesses, large corporations, government agencies, hospitals, museums, schools, and not-for-profit enterprises. Some hold top-level management jobs while others are supervisors or team leaders. However, all managers share one common element: They work in an organizational setting. An **organization** is a deliberate arrangement of people brought together to accomplish some specific purpose. For instance, your college or university is an organization, as are the United Way, your neighborhood convenience store, the New Orleans Saints football team, fraternities and sororities, the Cleveland Clinic, and global companies such as Nestlé, Lego, and Samsung. These and all organizations share three common characteristics. (See Exhibit 1–1.)

organization
A systematic arrangement of people brought together to accomplish some specific purpose

What Three Characteristics Do All Organizations Share?

The *first* characteristic of an organization is that it has a distinct purpose, which is typically expressed as a goal or set of goals. For example, Bob Iger, Walt Disney Company's president and CEO, has said his company's goal is to create amazing family entertainment and to provide customers extraordinary experiences, which will lead to increasing shareholder value.[1] The *second* characteristic is that people in an organization work to achieve those goals. How? By making decisions and engaging in work activities to make the desired goal(s) a reality. For instance, at Disney, many employees work to create the content and experiences that are so important to the company's businesses. Others provide supporting services or interact with guests (customers) directly. Finally, the *third* characteristic is that an organization is structured in some way that defines and limits the behavior of its members. Disney, like most large organizations, has a fairly complex structure with different businesses, departments, and functional areas. Within that structure, rules, regulations, and policies might guide what people can or cannot do; some members will supervise other members; work teams might be formed or disbanded; or job descriptions might be created or changed so organizational members know what they're supposed to do. That structure is the setting within which managers manage.

Exhibit 1–1 Three Characteristics of Organizations

Exhibit 1–2 Management Levels

nonmanagerial employees
People who work directly on a job or task and have no responsibility for overseeing the work of others

managers
Individuals in an organization who direct the activities of others

top managers
Individuals who are responsible for making decisions about the direction of the organization and establishing policies that affect all organizational members

middle managers
Individuals who are typically responsible for translating goals set by top managers into specific details that lower-level managers will see get done

How Are Managers Different from Nonmanagerial Employees?

Although managers work in organizations, not everyone who works in an organization is a manager. For simplicity's sake, we'll divide organizational members into two categories: nonmanagerial employees and managers. **Nonmanagerial employees** are people who work directly on a job or task and have no responsibility for overseeing the work of others. The employees who ring up your sale at Home Depot, take your order at the Starbucks drive-through, or process your class registration forms are all nonmanagerial employees. These nonmanagerial employees may be called associates, team members, contributors, or even employee partners. **Managers**, on the other hand, are individuals in an organization who direct and oversee the activities of other people in the organization so organizational goals can be accomplished. A manager's job isn't about *personal* achievement—it's about helping *others* do their work. That may mean coordinating the work of a departmental group, leading an entire organization, or supervising a single person. It could involve coordinating the work activities of a team with people from different departments or even people outside the organization, such as temporary employees or individuals who work for the organization's suppliers. This distinction doesn't mean, however, that managers don't ever work directly on tasks. Some managers do have work duties not directly related to overseeing the activities of others. For example, an insurance claims supervisor might process claims in addition to coordinating the work activities of other claims employees.

Ajiti Banga is an associate product manager at Pocket Gems, a firm in San Francisco that makes and publishes mobile games such as Pet Tap Hotel and Paradise Cove. Collaborating with multiple teams of engineers and designers, she manages games from initial concept through development to product launch.

Stephen Lam/Reuters

What Titles Do Managers Have?

Although they can have a variety of titles, identifying exactly who the managers are in an organization shouldn't be difficult. In a broad sense, managers can be classified as top, middle, first-line, or team leaders. (See Exhibit 1–2.) **Top managers** are those at or near the top of an organization. They're usually responsible for making decisions about the direction of the organization and defining policies and values that affect all organizational members. Top managers typically have titles such as vice president, president, chancellor, managing director, chief operating officer, chief executive officer, or chairperson of the board. **Middle managers** are those managers found between the lowest and top levels of the organization. These individuals often manage other managers and maybe some nonmanagerial employees and are typically responsible for translating the goals set by top managers

◂◂◂ From the Past to the Present ▸▸▸

The terms *management* and *manager* are actually centuries old.[2] One source says that the word *manager* originated in 1588 to describe one who manages. The specific use of the word as a person who oversees a business or public organization is believed to have originated in the early part of the 18th century. However, used in the way we're defining it in terms of overseeing and directing organizational members, *management* and *manager* are more appropriate to the early-twentieth-century time period. The word *management* was first popularized by Frederick Winslow Taylor. Taylor is a "biggie" in management history, so let's look at his contributions to how management is practiced today.

Management: Finding one best way to do a job?

- In 1911, Taylor's book *Principles of Scientific Management* took the business world by storm—his ideas spread in the United States and to other countries and inspired others.
- Why? His theory of **scientific management**: the use of scientific methods to define the *"one best way"* for a job to be done.
- Taylor, a mechanical engineer in Pennsylvania steel companies, observed workers and was continually shocked by how inefficient they were:
  - — Employees used vastly different techniques to do the same job and often "took it easy" on the job.
  - — Few, if any, work standards existed.
  - — Workers were placed in jobs with little or no concern for matching their abilities and aptitudes with the tasks they were required to do.
    - The result was worker output only about *one-third* of what was possible.
- Taylor's remedy? Apply scientific management to these manual shop-floor jobs.
  - The result was phenomenal increases in worker output and efficiency—in the range of *200 percent or more*!
- Because of his work, Taylor is known as the "father" of scientific management.

Want to try your hand at using scientific management principles to be more efficient? Choose a task you do regularly (think . . . laundry, grocery shopping, studying for exams, cooking dinner, etc.). Analyze that task by writing down the steps involved in completing it. What activities could be combined or eliminated? Find the "one best way" to do this task. See if you can become more efficient—keeping in mind that changing habits isn't easy to do.

If your professor has assigned this, go to the Assignments section of ***mymanagementlab.com*** *to complete these discussion questions.*

✪ **Talk About It 1:** What would a "Taylor" workplace be like?

✪ **Talk About It 2:** How do Taylor's views contribute to how management is practiced today?

into specific details that lower-level managers will see get done. Middle managers may have such titles as department or agency head, project leader, unit chief, district manager, division manager, or store manager. **First-line managers** are those individuals responsible for directing the day-to-day activities of nonmanagerial employees. First-line managers are often called supervisors, shift managers, office managers, department managers, or unit coordinators. We want to point out a special type of manager that has become more common as organizations use employee work teams. These managers, or **team leaders**, are individuals who are responsible for managing and facilitating the activities of a work team.

scientific management
The use of scientific methods to define the "one best way" for a job to be done

first-line managers
Supervisors responsible for directing the day-to-day activities of nonmanagerial employees

team leaders
Individuals who are responsible for managing and facilitating the activities of a work team

management
The process of getting things done, effectively and efficiently, through and with other people

What Is Management?

1-2 Define management.

Simply speaking, management is what managers do. But that simple statement doesn't tell us much. A better explanation is that **management** is the process of getting things done, effectively and efficiently, with and through other people. We need to look closer at some key words in this definition.

efficiency
Doing things right, or getting the most output from the least amount of inputs

effectiveness
Doing the right things, or completing activities so that organizational goals are attained

A *process* refers to a set of ongoing and interrelated activities. In our definition of management, it refers to the primary activities or functions that managers perform—functions that we'll discuss in more detail in the next section.

Talk about new ways to be efficient!

ROWE—or results-only work environment—was a radical experiment tried at Best Buy headquarters. In this flexible work program, employees were judged only on tasks completed or results, not on how many hours they spent at work. Employees couldn't say whether they worked fewer hours because they stopped counting, BUT **employee productivity jumped 41 percent!**[3]

Efficiency and effectiveness have to do with the work being done and how it's being done. **Efficiency** means doing a task correctly ("doing things right") and getting the most output from the least amount of inputs. Because managers deal with scarce inputs—including resources such as people, money, and equipment—they're concerned with the efficient use of those resources. Managers want to minimize resource usage and costs.

It's not enough, however, just to be efficient. Managers are also concerned with completing important activities. In management terms, we call this **effectiveness**. Effectiveness means "doing the right things" by doing those work tasks that help the organization reach its goals. Whereas efficiency is concerned with the *means* of getting things done, effectiveness is concerned with the *ends*, or attainment of organizational goals. (See Exhibit 1–3.)

A quick overview of managers and efficiency & effectiveness

- The concepts are different, but interrelated.
- It's easier to be effective if you ignore efficiency.
- Poor managers often allow
  - — both inefficiency and ineffectiveness OR effectiveness achieved without regard for efficiency.
- Good managers are concerned with
  - — both attaining goals (effectiveness) and doing so as efficiently as possible.

Write It!

If your professor has assigned this, go to the Assignments section of **mymanagementlab.com** to complete ***MGMT 1: Management Skills***.
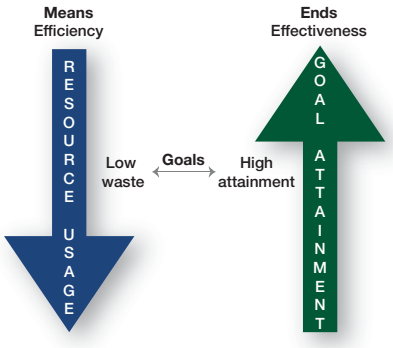
Exhibit 1–3 Efficiency and Effectiveness