



Angelo Kinicki

Brian K. Williams

SEVENTH EDITION

# management

A PRACTICAL INTRODUCTION

**Mc  
Graw  
Hill**  
Education



# CONNECT FEATURES

## Interactive Applications

Interactive Applications offer a variety of automatically graded exercises that require students to **apply** key concepts. Whether the assignment includes a *click and drag*, *video case*, or *decision generator*, these applications provide instant feedback and progress tracking for students and detailed results for the instructor.

**Activating Employees Through Job Design**  
 Identifying Employees Through Job Design  
 Job design is used when a manager adjusts the type of work an employee performs or characteristics of the work environment are causing motivational problems. Job design also refers to any set of activities that involve the alteration of specific jobs or reorganization systems of jobs with the intent of improving the quality of the employee's job experience and their on-the-job productivity. Commonly held are three practices in the field of job design. Some authors use the following approach to job design known as job crafting which involves the worker making changes to their task or relational boundaries rather than the manager. Others may end up with a "middle ground" approach known as telepresence design, or telework. I don't believe the industrial employee negotiating the terms of their work for themselves. In the exercise, you are asked to identify the motivational approaches to job design.

Job Design	Definition
1. Job design job redesign work design	refers to any set of activities that involve the alteration of specific jobs or reorganized systems of jobs with the intent of improving the quality of employee job experience and that on the job productivity"
2. Scientific management	The kind of management which conducts a business or affairs by standards established by facts or truths gained through systematic observation, experiment, or reasoning.
3. Job enlargement	putting more variety into a worker's job by combining specialized tasks of comparable difficulty.
4. Job rotation	moving employees from one specialized job to another.
5. Job crafting	involving a job such that an employee has the opportunity to experience performance, obligation, meaningful work, responsibility, and achievement.
6. Job characteristics model	provides high intrinsic motivation by designing jobs that possess the five core job characteristics of skill variety, task identity, task significance, autonomy, and feedback.
7. Job crafting	the physical and cognitive designs individuals make in the task or relational boundaries of their work.
8. Telepresence design (2-decks)	employment terms individuals negotiate for themselves, taking myriad forms from health care to other environments.

For this activity first rollover the name of each motivational approach to job design and read the description. Next, drag and drop the various motivational approaches into the correct spot on the chart that corresponds with the appropriate technique.

List of motivational approaches to job design	Techniques	Correct motivational approach
Employee-driven modification	Job crafting	Employee-driven modification
Individually negotiated terms	Telepresence design	Individually negotiated terms
Combining	Job enlargement	Combining
Modifying	Job rotation	Modifying

## Self-Assessments

Self-awareness is a fundamental aspect of personal or professional development. With 95 researched-based self-assessments, students will have frequent opportunities to make the chapter concepts come to life by seeing how they apply to them personally.

This question accepts all answers.

	Regularly 1-5 pts.	Sometimes 1-3 pts.	Never 1-0 pts.
Make a conscious effort not to think stereotypically (stereotyping example: that person's blonde; therefore, she must be dumb). (1wt.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Listen with interest to the ideas of people who don't think like you do. (1wt.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Respect other people's opinions, even when you disagree. (1wt.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Spend time with individuals who are different from you with regard to age, race, gender, cultural background, physical ability, economic status, education, etc. (1wt.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

[ebook & resources](#)

## Manager's Hot Seat Videos

The Manager's Hot Seat is an interactive online video program that allows students to watch real managers apply their years of experience in confronting issues. Students assume the role of the manager as they watch the video and answer multiple-choice questions that pop up during the segment, forcing them to make decisions on the spot. Students learn from the manager's mistakes and successes, and then do a report critiquing the manager's approach by defending their reasoning.

Manager's Hot Seat: Leadership

1. value: 10.00 points

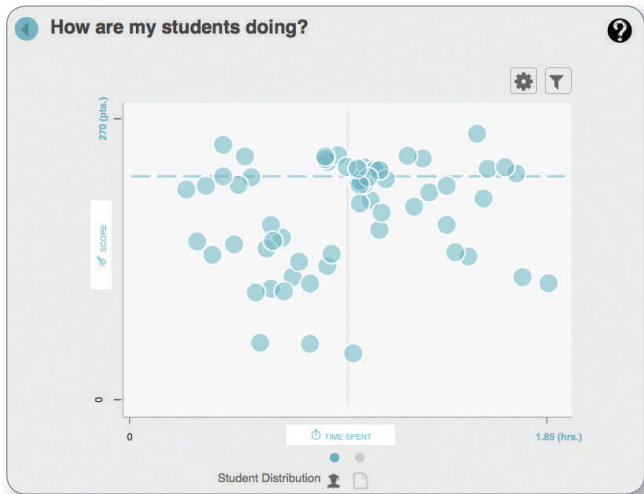
QUESTION PROCESSES Introduction Video Case

Video Case: Manager's Hot Seat: Leadership

1. In this video case, a manager is having an early morning meeting with his employees. This manager would have by the authority that comes with the virtue of his position in the organization's hierarchy.

4. prev 10:00 / 00:16 41 x

glossary



## Connect Insight

The first and only analytics tool of its kind, Connect Insight is a series of visual data displays, each of which is framed by an intuitive question and provides at-a-glance information regarding how an instructor's class is performing. Connect Insight is available through Connect titles.



## EASY TO USE

### Learning Management System Integration

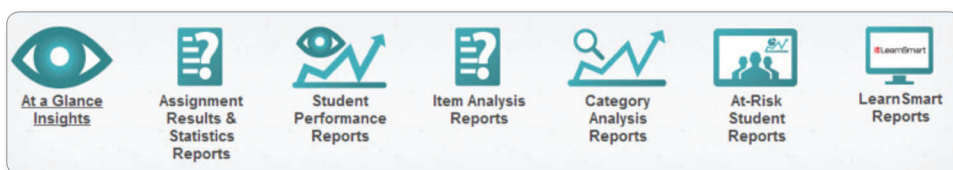
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Blackboard users also benefit from McGraw-Hill's industry-leading integration, providing single sign-on to access all Connect assignments and automatic feeding of assignment results to the Blackboard grade book.



## POWERFUL REPORTING

Connect generates comprehensive reports and graphs that provide instructors with an instant view of the performance of individual students, a specific section, or multiple sections. Since all content is mapped to learning objectives, Connect reporting is ideal for accreditation or other administrative documentation.





**Angelo Kinicki**

Arizona State University

**Brian K. Williams**

SEVENTH EDITION

# management

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MANAGEMENT: A PRACTICAL INTRODUCTION, SEVENTH EDITION

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This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 0 RMN/RMN 1 0 9 8 7 6 5

ISBN 978-0-07-772055-1

MHID 0-07-772055-5

ISBN 978-1-259-59346-8 (Instructor's Edition)

MHID 1-259-59346-0

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Content Licensing Specialists: *Lori Hancock*  
Cover Image: *Photography by K S Chew/Getty Images*  
Compositor: *Aptara<sup>®</sup>, Inc.*  
Printer: *R. R. Donnelley*

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## about the authors



**Angelo Kinicki** is a professor of management at the W. P. Carey School of Business at Arizona State University. He also was awarded the Weatherup/Overby Chair in Leadership in 2005. He has held his current position since 1982, when he received his doctorate in organizational behavior from Kent State University.

Angelo is recognized for both his teaching and his research. As a teacher, Angelo has been the recipient of six teaching awards, including the John W. Teets Outstanding Graduate Teacher Award (2009–2010); the Outstanding Teaching Award—MBA and Master’s Programs (2007–2008); the John W. Teets Outstanding Graduate Teacher Award (2009–2010); Graduate Teaching Excellence Award (1998–1999); Continuing Education Teaching Excellence Award (1991–1992); and Undergraduate Teaching Excellence Award (1987–1988). He also was selected into Wikipedia, Who’s Who of American Colleges and Universities, and Beta Gamma Sigma.

Angelo is an active researcher. He has published more than 90 articles in a variety of leading academic and professional journals and has coauthored eight college textbooks (30, counting revisions). His textbooks have been used by hundreds of universities around the world. Angelo’s experience as a researcher also resulted in his selection to serve on the editorial review boards for *Personnel Psychology*, the *Academy of Management Journal*, the *Journal of Vocational Behavior*, and the *Journal of Management*. He received the “All-Time Best Reviewer Award” from the *Academy of Management Journal* for the period 1996–1999.

Angelo also is an active international consultant who works with top management teams to create organizational change aimed at increasing organizational effectiveness and profitability. He has worked with many Fortune 500 firms as well as numerous entrepreneurial organizations in diverse industries. His expertise includes facilitating strategic-operational planning sessions, diagnosing the causes of organizational and work-unit problems, implementing performance management systems, designing and implementing performance appraisal systems, developing and administering surveys to assess employee attitudes, and leading management/executive education programs. He developed a 360° leadership feedback instrument called the

Performance Management Leadership Survey (PMLS) that is used by companies throughout the United States and Europe.

One of Angelo’s strengths is his ability to teach students at all levels within a university. He uses an interactive environment to enhance undergraduates’ understanding about management and organizational behavior. He focuses MBAs on applying management concepts to solve complex problems; PhD students learn the art and science of conducting scholarly research.

Angelo and his wife, Joyce, have enjoyed living in the beautiful Arizona desert for 28 years but are natives of Cleveland, Ohio. They enjoy traveling, golfing, and hiking with Gracie, their golden retriever.

**Brian K. Williams** has been managing editor for college textbook publisher Harper & Row/Canfield Press in San Francisco; editor-in-chief for nonfiction trade-book publisher J. P. Tarcher in Los Angeles; publications and communications manager for the University of California, System-wide Administration, in Berkeley; and an independent writer and



book producer based in the San Francisco and Lake Tahoe areas. He has a BA in English and an MA in communication from Stanford University. Repeatedly praised for his ability to write directly and interestingly to students, he has co-authored 21 books (64, counting revisions). This includes the 2015 *Using Information Technology: A Practical Introduction* with his wife, Stacey C. Sawyer, now in its 11th edition with McGraw-Hill Education. In addition, he has written a number of other information technology books, college success books, and health and social science texts. Brian is a native of Palo Alto, California, and San Francisco, but since 1989 he and Stacey, a native of New York City and Bergen County, New Jersey, have lived at or near Lake Tahoe, currently in Genoa (Nevada’s oldest town), with views of the Sierra Nevada. In their spare time, they enjoy foreign travel, different cuisine, museum going, music, hiking, contributing to the community (Brian is past chair of his town board), and warm visits with friends and family.

*Management: A Practical Introduction* was twice the recipient of McGraw-Hill/Irwin’s Revision of the Year Award, for the third and fifth editions.

# dedication

To Joyce Kinicki, the love of my life, best friend, and the wind beneath my wings.

—A.K.

To my wife, Stacey, for her 29 years of steadfast, patient support and for her collaboration and shared adventures; and to my beloved children and their families—Kirk, Julia, Nicolas, and Lily; and Sylvia, Scott, and Atticus.

—B.K.W.





# A PROMISE: To make learning management easy, efficient, and effective

The seventh edition of **Management: A Practical Introduction**—a concepts book for the introductory course in management—uses a wealth of instructor feedback to identify which features from prior editions worked best and which should be improved and expanded. By blending Angelo’s scholarship, teaching, and management-consulting experience with Brian’s writing and publishing background, we have again tried to create a research-based yet highly readable, practical, and *motivational* text.

Our primary goal is simple to state but hard to execute: to make learning principles of management as easy, effective, and efficient as possible. Accordingly, the book integrates writing, illustration, design, and magazine-like layout in **a program of learning that appeals to the visual sensibilities and respects the time constraints and different learning styles of today’s students**. In an approach initially tested in our first edition and fine-tuned in the subsequent editions, **we break topics down into easily grasped portions** and incorporate **frequent use of various kinds of reinforcement techniques**. Our hope, of course, is to make a difference in the lives of our readers: to produce a text that students will enjoy reading and that will provide them with practical benefits.

The text covers the principles that most management instructors have come to expect in

an introductory text—planning, organizing, leading, and controlling—plus the issues that today’s students need to be aware of to succeed: customer focus, globalism, diversity, ethics, information technology, entrepreneurship, work teams, the service economy, and small business.

## Beyond these, our book has four features that make it unique:

1. **A student-centered approach to learning.**
2. **Imaginative writing for readability and reinforcement.**
3. **Emphasis on practicality.**
4. **Resources that work.**

“*Kinicki/Williams is an effective principles of management textbook that does an excellent job of conveying the excitement of management and leadership to undergraduates. Engaging and practical, it comes with a comprehensive set of support materials that range from the traditional to exciting new uses of technology that supercharge the teaching of critical concepts. We looked at over ten textbooks before we adopted Kinicki, and we’re most certainly glad that we did. Publisher support has been excellent.*”

—Gary B. Roberts,  
Kennesaw State University

## Chapter Openers:

Designed to help students read with purpose

Each chapter begins with four to eight provocative, motivational **Major Questions**, written to appeal to students' concern about "what's in it for me?" and to help them read with purpose.

3

**PART 2 THE ENVIRONMENT OF MANAGEMENT**

### The Manager's Changing Work Environment & Ethical Responsibilities

Doing the Right Thing

**Major Questions You Should Be Able to Answer**

- 3.1 The Triple Bottom Line: People, Planet, & Profit  
Major Question: Is profit the only important goal of a business? What are others?
- 3.2 The Community of Stakeholders Inside the Organization  
Major Question: Stakeholders are only one group of stakeholders. Who are the stakeholders important to me inside the organization?
- 3.3 The Community of Stakeholders Outside the Organization  
Major Question: Who are stakeholders important to me outside the organization?
- 3.4 The Ethical Responsibilities Required of You as a Manager  
Major Question: What does the successful manager need to know about ethics and values?
- 3.5 The Social Responsibilities Required of You as a Manager  
Major Question: Is being socially responsible really necessary?
- 3.6 Corporate Governance  
Major Question: How can I trust a company is doing the right thing?

**the manager's toolbox**

**How Do People Excuse Lying & Cheating?**

"Students don't just say 'OK I cheated in school, but now I'm in the workplace and it ends here,'" says an Arizona professor of legal and ethical studies. "They are forming bad habits that carry over into the market."

**The 'Hollow-Thin-Thou' Effect & Motivated Blindness**

Have you ever cheated—had unauthorized help on tests? Or plagiarized—misrepresented others' work as your own? If so, why do you?

The psychological mechanisms operating here are:

- **The "Hollow-Thin-Thou" Effect:** "People tend to be overly optimistic about their own abilities and fortunes—to overestimate their standing in class, their discipline, their prowess," suggests science writer Benedict Carey. "But this self-inflating bias may be even stronger when it comes to moral judgment."
- **Motivated blindness:** This is the tendency to overlook information that works against our best interest. "People who have elevated self-interest, even the most honest among us, have difficulty being objective," says one reader. "Worse yet, they fail to recognize their lack of objectivity." Motivated blindness enables us to behave unethically while maintaining a positive self-image.

Because of this psychology, cheating and plagiarism have become alarming problems in education, from high school to graduate school. Most students rationalize their behavior by saying, "I don't usually do this, but I really have to do it." They would rather cheat, that is, than show their families they got an F.

**The Dynamics behind Cheating**

Habitual cheating, Carey suggests, "begins with small infractions—illegally downloading a few songs, skimming small amounts from the register, lax of omission on taxes—and grows by increments." As success is rewarded, these "small infractions" can burrow into an ongoing deliberate strategy of deception or fraud. How do people rationalize cheating? The justifications are mainly personal and emotional.

- **Cheating provides useful shortcuts.** We constantly make choices "between short- and long-term gains," suggests Carey, "between the more virtuous choice and the less virtuous one." The brain naturally seeks useful shortcuts and so may view low-level cheating as productive.
- **Cheating arises out of resentment.** People often justify lying and cheating because they have resentments about a rule or a boss.
- **Cheating seeks to redress perceived unfairness.** The urge to cheat may arise from a deep sense of unfairness, such as your sense that other people had social advantages.
- **Cheating is to avoid feeling like a chump.** Many people cheat to avoid feeling like a chump—to "not being smart" and "tripping out of the money."

**For Discussion** How would you justify cheating and plagiarism? Is it simply required behavior in order to get through college? ("I'm not going to be a chump.") What do you say to the fact that, as the research shows, students who cheat and thus don't actually do the assigned work are more likely to fail anyway? Do you think you can stop the lying and deception once you're out in the work world?

Instead of opening with the conventional case, as most texts do, we open with **The Manager's Toolbox**, a motivational device offering practical nuts-and-bolts advice pertaining to the chapter content students are about to read—and allowing for class discussion.

72 **PART 2** The Environment of Management

**3.1 MAJOR QUESTION** **The Triple Bottom Line: People, Planet, & Profit**

Is profit the only important goal of a business? What are others?

**THE BIG PICTURE**

Many businesses, small and large, are beginning to subscribe to a new standard of success—the triple bottom line, representing People, Planet, and Profit. This outlook has found favor with many young adults (millennials) who are more concerned with finding meaning than material success.

"Profit is a tool," says Judy Wicks, who founded the White Dog Café in Philadelphia 30 years ago. "The major purpose of business is to serve."<sup>19</sup>

In traditional business accounting, the "bottom line" of a revenue-and-expenses statement is the organization's profit (or loss). But in Wicks's view, making money should be only one goal of business. The others are to foster social and environmental consciousness—the two other elements of what's known as the "triple bottom line." The **triple bottom line**—representing People, Planet, and Profit (the 3 Ps)—measures an organization's social, environmental, and financial performance. In this view of corporate performance, an organization has a responsibility to its employees and to the wider community (People), is committed to sustainable (green) environmental practices (Planet), and includes the costs of pollution, worker displacement, and other factors in its financial calculations (Profit). Success in these areas can be measured through a **social audit**, a systematic assessment of a company's performance in implementing socially responsible programs, often based on predefined goals.

The White Dog Café, for instance, is known for such social and environmental activities as buying wind-powered electricity, organic produce, and humanely raised meat and poultry, as well as sharing ideas with competitors and opening up its premises for educational forums and speakers. But the triple bottom line isn't just to be practiced by small businesses. As a co-author of *Everybody's Business: The Unlikely*

## Chapter Sections:

Structured into constituent parts for easier learning

Chapters are organized to cover each major question in turn, giving students bite-sized chunks of information. Each section begins with a recap of the **Major Question** and includes **"The Big Picture,"** which presents students with an overview of how the section they are about to read answers the Major Question.

“This style textbook succeeds in presenting management information with a fresh face. Each chapter is filled with current and useful information for students. The chapters begin by asking major questions of the reader. As the student reads, [he or she is] engaged by these questions and by the information that follows. A totally readable text with great illustrations and end-of-chapter exercises!”

—Catherine Ruggieri,  
St. John's University, New York

# Chapter tools help students learn how to learn

In focus groups, symposiums, and reviews, instructors told us that many students do not have the skills needed to succeed in college. To support students in acquiring these skills, we offer the following:

**"A One-Minute Guide to Success in This Class,"** found on page 3, lays down four rules for student success in class and suggestions for how to use this book most effectively.

## the manager's toolbox

### A One-Minute Guide to Success in This Class

Got one minute to read this section? It could mean the difference between getting an A instead of a B. Or a B instead of a C.

It is our desire to make this book as practical as possible for you. One place we do this is in the Manager's Toolbox, like this one, which appears at the beginning of every chapter and which offers practical advice appropriate to the subject matter you are about to explore. Here we show you how to be a success in this course.

#### Four Rules for Success

The following four rules will help you be successful in this (or any other) course.

- **Rule 1:** Attend every class. No cutting (skipping) allowed.
- **Rule 2:** Don't postpone studying, then cram the night before a test.
- **Rule 3:** Read or review lectures and readings more than once.
- **Rule 4:** Learn how to use this book.

## TAKING SOMETHING PRACTICAL AWAY

### Getting Control of Your Time: Dealing with the Information Deluge in College & in Your Career

Professionals and managers all have to deal with this central problem: how not to surrender their lives to their jobs. The place to start, however, is in college. If you can learn to manage time while you're still a student, you'll find it will pay off not only in higher grades and more free time but also in more efficient information-handling skills that will serve you well as a manager later on.<sup>119</sup>

#### Using Your "Prime Study Time"

Each of us has a different energy cycle.<sup>120</sup> The trick is to use it effectively. That way, your hours of best performance will coincide with your heaviest academic demands. For example, if your energy level is high during the mornings, you should plan to do your studying then.

To capitalize on your prime study time, you take the following steps: (1) Make a study schedule for the entire term, and indicate the times each day during which you plan to study. (2) Find some good places to study—places where you can avoid distractions. (3) Avoid time wasters, but give yourself frequent

rewards for studying, such as a TV show, a favorite piece of music, or a conversation with a friend.

#### Improving Your Memory Ability

Memorizing is, of course, one of the principal requirements for succeeding in college. And it's a great help for success in life afterward.

Here are some tips on learning to concentrate.<sup>121</sup>

#### Choose What to Focus On

"People don't realize that attention is a finite resource, like money," one expert says. "Do you want to invest your cognitive cash on endless Twittering or Net surfing or couch potatoing [watching TV]?" She adds, "Where did the idea come from that anyone who wants to contact you can do so at any time? You need to take charge of what you pay attention to instead of responding to the latest stimuli."<sup>122</sup> For example, to block out noise, you can wear earplugs while reading, to create your own "stimulus shelter."

**"Getting Control of Your Time: Dealing with the Information Deluge in College & in Your Career,"** at the end of Chapter 1, gives students a crash course in time-management skills, solid study habits, memory aids, and learning from lectures.

Key terms are highlighted and terms and definitions are in boldface, to help students build their management vocabulary.

## The Task Environment

The **task environment** consists of 11 groups that present you with daily tasks to handle: customers, competitors, suppliers, distributors, strategic allies, employee organizations, local communities, financial institutions, government regulators, special-interest groups, and mass media.

**1. Customers** The first law of business (and even nonprofits), we've said, is *take care of the customer*. **Customers** are those who pay to use an organization's goods or services. Many customers value service over price, and are generally frustrated by poor customer relations at telecommunications companies, airlines, and social media sites. "In defense of these industries," says one observer, "no one notices them when things

## Other devices to help students develop understanding:

- **Important scholar names in boldface** so students remember key contributors to the field of management.
- **Frequent use of advance organizers, bulleted lists, and headings** to help students grasp the main ideas.
- **Illustrations positioned close to relevant text discussion** so students can refer to them more easily and avoid flipping pages.



Lillian and Frank Gilbreth with 11 of their eleven children. As industrial engineers, the Gilbreths pioneered time and motion studies. If you're an athlete, you can appreciate how small changes can make you more efficient.

over them. If used correctly, the principles of scientific management can enhance productivity, and such innovations as motion studies and differential pay are still used today.

**Frank & Lillian Gilbreth & Industrial Engineering** As mentioned, Frank and Lillian Gilbreth were a husband-and-wife team of industrial engineers who lectured at Purdue University in the early 1900s. Their experiences in raising 12 children—to whom they applied some of their ideas about improving efficiency (such as printing

“It's hard enough to try to make the class exciting, and the only way is to incorporate up-to-date, relevant, and interesting examples. This text and McGraw-Hill have done just that. [It] makes my life easier, but more importantly, the students are getting the valuable education that they've paid for by having better materials and instruction.”

—Laura L. Alderson,  
University of Memphis

Research shows that textbooks written in an imaginative, people-oriented style significantly improve students' ability to retain information. We employ a number of journalistic devices to make the material as engaging as possible for students.

We employ a lot of storytelling to convey the real “texture of life” in being a manager. This means we use colorful facts, attention-grabbing quotes, biographical sketches, and lively tag lines to get students' attention as they read.

**The driving force.** One quality that stands out about General Motors CEO Mary Barra is her obvious enthusiasm for cars. She is said to be given to talking excitedly about whatever car she is currently driving and what it demonstrates about GM's product line. Do you think passion about one's work is a necessary quality for managerial success?



graduated from General Motors Institute (now Kettering University) with a degree in electrical engineering, and then became a plant engineer at Pontiac. Spotting her talent, GM gave her a scholarship to Stanford University, where she earned a graduate degree in business. She then began moving up the GM ladder, first as the executive assistant to the CEO, then as the company's head of human resources—formerly often as high as female executives ever got, in autos or many other industries. In 2011, her big break came when she was promoted to lead GM's \$15 billion vehicle-development operations, a high-profile role that became the steppingstone to CEO.

**Key to Career Growth: “Doing Things I've Never Done Before”**

Did it help that, as one writer put it, Barra “had motor oil running through her veins for most of her life?”<sup>24</sup> No doubt it did. But there is another key to career growth—the ability to take risks. As IBM's Ginni Rometty, another female CEO, has said about herself, she has grown the most in her career because “I learned to always take on things I've never done before.”<sup>25</sup> She has found that “you have to be very confident, even though you're so self-critical inside about what it is you may or may not know. . . . And that, to me, leads to taking risks.”<sup>26</sup>

Of course both men as well as women have to deal with uncertainty. But the ability to take risks—to embrace change and to keep going forward despite fears and internal criticism—is important to any manager's survival, regardless of gender. As Rometty says, “growth and comfort do not coexist.”

**EXAMPLE**

**A Hot Start-Up Cleans Up: Homejoy Transforms an Old Business**

As has been often demonstrated in recent years, an old work sector can be transformed by the application of new technology and new management ideas. An example is house cleaning, which until recently was fundamentally unchanged since the 1960s.

**“Everyone Deserves a Happy Home.”** “My brother Aaron and I started working together in 2009,” says South Carolina native Adora Cheung, who had moved to the San Francisco Bay Area. “We were both engineers coding [computer programming], and we wanted a place that was clean in order to be more efficient. We tried to find someone online to clean.”<sup>108</sup>

They discovered there were basically two choices—get highly qualified cleaning help from an agency, which might cost them \$40–\$60 an hour (but workers earned only minimum wage), or get someone from Craigslist, which cost much less, “but you don't know who the heck is going to show up at your door.”

To find out how they might make the business more efficient and learn the needs of the cleaners themselves, Adora



**Entrepreneurs.** Former South Carolinians Adora and Aaron Cheung founded their house-cleaning company, Homejoy, in the San Francisco Bay Area in 2012. Most people, even young people, prefer the security of a job with a paycheck to the risks of starting a business. Which life would you prefer?

Our emphasis on practicality and applications extends to the Example boxes, “mini-cases” that use snapshots of real-world institutions to explain text concepts. “Your Call” invites student critical thinking and class discussion at the end of each example. Suggestions for how to use the Example boxes are found in the Instructor's Manual.

“The Kinicki/Williams text is attractive and well organized. The writing is engaging, and there is much more than my current text in terms of examples, application, summaries, and cases. The graphical quality of the book is much better than the black and white version[s] [of texts]. Overall, I think this book represents an excellent approach to the subject of management from both an instructor and learner perspective.”

— Jeffrey Anderson,  
Ohio University

We want this book to be a “keeper” for students, a resource for future courses and for their careers—so we give students a great deal of practical advice in addition to covering the fundamental concepts of management. Application points are found not only throughout the text discussion but also in the following specialized features.

**Practical Action boxes**, appearing one or more times in each chapter, offer students practical and interesting advice on issues they will face in the workplace. Detailed discussions of how to use these Practical Action boxes appear in the Instructor’s Manual.

**PRACTICAL ACTION**

**Global Outsourcing: Which Jobs Are Likely to Fall Victim to Offshoring?**

Will there be any good jobs left for new college graduates? Americans are rightly concerned about the changing jobs picture, brought about not only by the dismal aftermath of the 2007–2009 Great Recession but also earlier in part by offshoring of work to low-wage countries such as China, India, and the Philippines. Few of the millions of factory jobs that have been lost during the last 10 years have been replaced, and today just 9% of American workers are employed in manufacturing. This has forced many workers—when they were able to work at all—to accept lower-paying alternatives, such as jobs in retail and health care, which pay far less than manufacturing jobs.<sup>14</sup>

out in a contract and signed away.<sup>14</sup> Says Fred Levy, a Massachusetts Institute of Technology economist, “If you can describe a job precisely or write rules for doing it, it’s unlikely to survive. Either we’ll program a computer to do it, or we’ll teach a foreigner to do it.”<sup>15</sup>

**Which Jobs Will Remain in the United States?** It is difficult to predict which jobs will remain at home, since even the Bureau of Labor Statistics often can’t get it right. However, jobs that endure may share certain traits, listed below, regardless of the industry they serve.<sup>16</sup>

New to this edition!

**SELF-ASSESSMENT 3.2**  connect

**Assessing Your Attitudes toward Corporate Responsibility**

Go to [connect.mheducation.com](http://connect.mheducation.com) and take Self-Assessment 3.2. It assesses your attitudes toward corporate social responsibility. Then answer the following questions:

1. Where do you stand on corporate social responsibility?
2. What life events have influenced your attitudes toward corporate social responsibility? Discuss.
3. Based on the three lowest-rated items in the survey, how might you foster a more positive attitude toward social responsibility? Explain.

**Extra self-assessment exercises** enable students to personally apply chapter content. These exercises, which are available through the Connect website, include objectives for ease in assigning, instructions for use, guidelines for interpreting results, and questions for further reflection. Fifty-seven self-assessments are integrated into the text and contain discussion questions that can be used to stimulate classroom conversation.

End-of-chapter resources that reinforce applications

Each chapter continues our strategy of repetition for learning reinforcement. (*New to this edition:* “Understanding the Chapter: What Do I Know?” a series of self-test questions.) We include various unique pedagogical features to help students take away the most significant portions of the chapter’s content:

**Management in Action** cases depict how companies students are familiar with respond to situations or issues featured in the text. Discussion questions are included for ease of use in class, as reflection assignments, or over online discussion boards.

**Legal/Ethical Challenges** present cases—often based on real events—that require students to think through how they would handle the situation, helping prepare them for decision making in their careers.

No matter the course you teach—on-campus, online, or hybrid courses—we set out to provide you with the most comprehensive set of resources to enhance your Principles of Management course.

**Principles of Management Video DVDs Volumes 1, 2, & 3.** We present the richest and most diverse video program on the market to engage your students in the important management concepts covered in this text: Sources from *Bloomberg Businessweek* Online, BBC, CBS, FiftyLessons, NBC, PBS, and McGraw-Hill are provided on 2- to 15-minute clips in three DVD sets. These company videos are organized by the four functions of management and feature organizations such as PlayStation, Panera Bread, Patagonia, Mini Cooper, and the Greater Chicago Food Depository. Other subjects are Employer-Subsidized Commuting, Grounded: Are U.S. Airlines Safe?, Using Facebook at Work, Adult Bullies, and Encore Careers. Corresponding video cases and a guide that ties the videos closely to the chapter can be found in the Instructor’s Manual and online.

**Instructor’s Manual.** The Instructor’s Manual was revised and updated to include thorough coverage of each chapter. It also offers time-saving features such as an outline on incorporating PowerPoint slides, lecture enhancers that supplement the textbook, video cases and video notes, and answers to all end-of-chapter exercises.

**PowerPoint Slides.** The PowerPoint slides provide comprehensive lecture notes, questions for the class, and company examples not found in the textbook.

**Test Bank.** The Test Bank includes more than 100 questions per chapter in a variety of formats. The package includes a range of comprehension and application (scenario-based) questions as well as tagged Bloom’s Taxonomy levels and AACSB requirements.

**EZ Test,** McGraw-Hill’s flexible and easy-to-use electronic testing program, allows instructors to create tests from book-specific items. It accommodates a wide range of question types, and instructors may add their own questions. Multiple versions of the test can be created, and any test can be exported for use with course management systems such as WebCT or BlackBoard.

**EZ Test Online,** available at [www.eztestonline.com](http://www.eztestonline.com), allows you to access the test bank virtually anywhere at any time, without installation, and to administer EZ Test-created exams and quizzes online, providing instant feedback for students.

### Assurance of Learning-Ready

Many educational institutions are often focused on the notion of *assurance of learning*, an important element of some accreditation standards. *Management: A Practical Introduction*, 7th ed., is designed specifically to support your assurance of learning initiatives with a simple, yet powerful solution.

Each test bank question maps to a specific chapter learning outcome/objective listed in the text. You can use our test bank software, EZ Test and EZ Test Online, or *Connect Management* to easily query for learning outcomes objectives that directly relate to the learning objectives for your course. You can use the reporting features of EZ Test to aggregate student results in a similar fashion, making the collection and presentation of assurance of learning data simple and easy.

### AACSB Statement

The McGraw-Hill Companies is a proud corporate member of AACSB International. Understanding the importance and value of AACSB accreditation, *Management: A Practical Introduction*, 7th ed., recognizes the curricula guidelines detailed in the AACSB standards for business accreditation by connecting selected questions in the text and/or the test bank to the general knowledge and skill guidelines in the AACSB standards.

The statements contained in *Management: A Practical Introduction*, 7th ed., are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, the mission of the school, and the faculty. While *Management: A Practical Introduction*, 7th ed., and the teaching package make no claim of any specific AACSB qualification or evaluation, we have within *Management: A Practical Introduction*, 7th ed., labeled selected questions according to the general knowledge and skills areas.

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*Get Connected. Get Results. McGraw-Hill Education's Connect is a digital teaching and learning environment that aims to improve student learning outcomes as well as provide instructors actionable data in their classroom.* With *Connect Management*, instructors and students can engage with their coursework anytime, anywhere, enabling faster learning, more efficient studying, and higher retention of knowledge.



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**1. SmartBook.** SmartBook™ is the first and only adaptive reading experience designed to change the way students read and learn. It creates a personalized reading experience by highlighting the most impactful concepts a student needs to learn at that moment in time. As a student engages with SmartBook, the reading experience continuously adapts by highlighting content based on what the student knows and doesn't know. This ensures that the focus is on the content he or she needs to learn, while simultaneously promoting long-term retention of material. Use SmartBook's real-time reports to quickly identify the concepts that require more attention from individual students—or the entire class.

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## Create

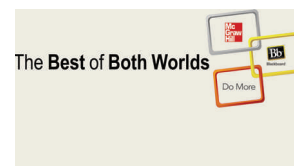
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# Chapter-by-Chapter Changes from the Previous Edition

- **New throughout: 57 Self-Assessments** (available on Connect) integrated within the text. Each contains discussion questions aimed at helping students apply what they are learning. (Example: “How Strong Is My Motivation to Be a Manager?”)
- **Also new: “Understanding the Chapter: What Do I Know?”**—10 questions that appear at the end of each chapter to enable students to see how well they comprehend the material.

## 1. The Exceptional Manager

- Sections resequenced, per reviewer request: Former Section 1.3 “What Managers Do: The Four Principal Functions” now 1.2. Former Section 1.2 “Seven Challenges to Being an Exceptional Manager” now 1.3. Former Section 1.7 “The Skills Exceptional Managers Need” now 1.5. Former Section 1.5 “Roles Managers Must Play Successfully” now 1.6. Former Section 1.6 “The Entrepreneurial Spirit” now Section 1.7 and retitled “The Link between Entrepreneurship & Management.”
- New material added: Introductory material features new GM CEO Mary Barra. Concept of mentor added. New material added on information technology, including cloud computing, social media, Big Data, privacy, artificial intelligence. Material added to Challenge #7, changing “Managing for Your Own Happiness & Life Goals” to “Managing for Happiness & Meaningfulness.” Figure 1.2 modified to add “Team leaders” to traditional management pyramid. Subsection added, “Team Leaders: Facilitating Home Activities.” Major Section 1.5 “The Skills Exceptional Managers Need” revised with Mary Barra as principal example, with emphasis on “soft skills,” per reviewer request.
- Importance of “soft skills” in management success.
- Statistics, facts updated, as of financial rewards for managers, globalization, diversity, ethical standards, white-collar criminals, management stars (Facebook’s Mark Zuckerberg, Google’s Larry Page, Microsoft’s Satya Nadella, Zappos’s Tony Hsieh, WomanCare Global’s Sandra Pelletier), Mintzberg research, entrepreneurs, e-commerce statistics.
- Outdated material deleted: Introductory material on IBM CEO Virginia Rometty deleted. Most of Example box “Efficiency versus Effectiveness: ‘Don’t Tell Me You’re Sorry, Just Fix the Problem!’” deleted. Example box deleted, “Losing Competitive Advantage: How Did Newspapers Lose Their Way?” Much of Example box deleted, “Is Lying & Cheating Required to Succeed?” Example box deleted, “Starting Up a Start-up: The Origins of Yelp.” “Example of an Intrapreneur: Marissa Mayer Develops a Researcher’s Little Personal Program into Google News.”
- New or significantly revised Practical Action boxes: “Preparing Yourself to Behave Right When You’re Tempted to Cheat.” “Executive Functioning: How Good Are You at Focusing Your Thoughts, Controlling Your Impulses, & Avoiding Distractions?”
- New or significantly revised Example boxes: “Efficiency versus Effectiveness: ‘Don’t Tell Me You’re Sorry, Just Fix the Problem!’” “The Struggle for Competitive Advantage: App-Based Ride-Share Services Leave the Taxi Industry Reeling.” “A Hot Start-up Cleans Up: Homejoy Transforms an Old Business.” “Example of an Intrapreneur: Intel’s Anthropologist Genevieve Bell Explores Possible Innovations for Automakers.”
- New Self-Assessments: “How Strong Is My Motivation to Be a Manager?” “To What Extent Do You Possess an Entrepreneurial Spirit?”
- New Management in Action case: “Target CEO Works to Regain Consumer Trust after the Company Was Hacked.”

## 2. Management Theory

- Resequenced material: Subsection “Evidence-Based Management: Facing Hard Facts, Rejecting Nonsense” moved from Section 2.1 into Section 2.6, “Contingency Viewpoint.”
- New material added: Subsection formerly titled “Five Practical Reasons for Studying This Chapter” now has six reasons. Per reviewer request, Figure 2.1 added, “The two overarching perspectives—historical and contemporary,” with new artwork.
- Statistics, facts added, as on material about 1970s flawed cars, learning organizations.
- Outdated material deleted: “Evidence-Based Management: Facing Hard Facts, Rejecting Nonsense,” moved to Chapter 2, Section 2.6. Obsolete Example box deleted, “Was Cisco’s Experiment of 48 Decentralized ‘Management Councils’ the Best Way to Organize a Company?” “Application of Behavioral Science Approach: Which Is Better—Competition or Cooperation?” “Management Science: Do Calorie Postings in Restaurants Change Eating Habits?” “Operations Management: Was Toyota’s ‘Lean Management’ Approach the Right Approach?” “Closed versus Open Systems: When Netflix Didn’t Listen.” “The Contingency Viewpoint: What Incentives Work in Lean Times?”
- New Manager’s Toolbox: “Mind-sets: How Do You Go about Learning?”
- New or significantly revised Practical Action box: “Evidence-Based Management: An Attitude of Wisdom,” formerly this chapter’s Manager’s Toolbox, made a Practical Action box in Section 2.6, with some changes in material.
- New or significantly revised Example boxes: “Pages from a Game Company’s Employee Guide: In Flatness Lies Greatness.” “Application of Behavioral Science Approach: The Open-Plan Office—Productivity Enhancer or Productivity Killer?” “Management Science: ‘Find Me More Music I Like!’” “Operations Management: Using ‘the Toyota Way’ to Benefit Hospital Patients.” “Closed versus Open Systems: Penney’s versus Macy’s.” “The Contingency Viewpoint: What Are the Best Kinds of Benefits?”
- New Self-Assessments: “What Is Your Orientation toward Theory X/Theory Y?” “To What Extent Is Your Organization Committed to Total Quality Management?” “Are You Working for a Learning Organization?”

- New Management in Action case: “GM’s New CEO, Mary Barra, Must Manage a Major Recall.”
- New Legal/Ethical Challenge: “Is an Apology Enough?”

### 3. The Manager’s Changing Work Environment & Ethical Responsibilities

- Sections resequenced: After addition of new Section 3.1, old Sections 3.1 through 3.5 renumbered as Sections 3.2 through 3.6.
- New material added: Per reviewer request, Section 3.1 added, “The Triple Bottom Line: People, Planet, & Profit,” introducing concepts of people, planet, and profit and social audit. New subsection added, “The Millennials’ Search for Meaning.” Crowdfunding introduced. Climate change and global warming defined, and benefits of being green explained. New subsection added, “The Value of Earth’s Resources: Natural Capital,” with explanation of concept of natural capital. Statistics, facts updated, as in hotels, local communities, local stakeholders, boycotts, poverty, productivity, decline in driving, sociocultural issues, lifestyle changes, office theft, prohibition of gifts to doctors, insider trading, Ponzi schemers, whistle-blowing, philanthropy.
- Outdated material deleted: Example box “Corporate Social Responsibility: Office Furniture Maker Herman Miller Competes on Sustainability.”
- New or significantly revised Example boxes: “Taking Care of Customers: Amazon’s Jeff Bezos Obsesses about ‘the Customer Experience.’” “Local Communities as Stakeholders: Are Financial Incentives to Business Really Necessary?” “Managing the Media: What’s the Best Practice for Handling Product Recalls?” “Corporate Social Responsibility: Salesforce.com Wants to Change the Way the World Works.”
- New Self-Assessments: “Assessing Your Ethical Ideology.” “Assessing Your Attitudes toward Corporate Responsibility.”
- New Management in Action case: “UPS Actively Pursues Sustainability.”
- New Legal/Ethical Challenge: “Is It Fair to Have Different Standards for Paying Bills versus Collecting Bills?”

### 4. Global Management

- New material added: New subsection added at reviewer request, “Competition & Globalization: Who Will Be No. 1 Tomorrow,” on U.S. ranking for competitiveness, per-capita income, degree of freedom. Material added to Example box, “Americans Working Overseas.” Coverage of exchange rates, per reviewer request. Per reviewer request, corruption and labor abuses added to subsection “Law, Instability, Corruption, & Labor Abuses.” Statistics, facts updated, as on multinational corporations, business travel, mergers, use of travel downtime, former U.S. firms now under foreign ownership, foreign trade, NAFTA, EU, cultural differences, language, religion, returning expatriates.
- New or significantly revised Example boxes: “An American in London Dealing with Currency Exchange—How Much *Are* Those Jeans, Really?” “Dinner at 10? Spain’s Cultural Differences in Time.”
- New or significantly revised Practical Action box, “Being an Effective Road Warrior.”
- Outdated material deleted: Example box deleted, “E-Commerce: Resolvers to the World.” Obsolete material deleted in Example box, “Americans Working Overseas.” Outdated in-text examples deleted throughout.
- New Self-Assessments: “Assessing Your Global Manager Potential.” “Assessing Your Consumer Ethnocentrism.” “Assessing Your Stand on the GLOBE Dimensions.”
- New Management in Action case: “Norwegian Air Shuttle Aspires to Become the Cheapest Global Airline.”
- New Legal/Ethical Challenge: “Should Families of Passengers on Malaysia Flight 370 Be Allowed to Sue for Damages in the U.S.?”

### 5. Planning

- Resequenced material, to better explain strategic-management process: New Section 5.1, “Planning & Strategy,” moved from Chapter 6, old Section 6.1, “The Dynamics of Strategic Planning.” New Section 5.3, “Goals & Plans,” using material from old Section 6.2. Renumbered Section 5.4 from 5.3, “Promoting Goal Setting: SMART Goals & Management by Objectives.” Renumbered Section 5.5 from 5.4, “The Planning/Control Cycle.”
- New material added: In Section 5.1, discussion of strategy and strategic management added. Discussion of business plan and business model added. New coverage added: “Why Planning & Strategic Management Are Important.” “Developing a Sustainable Competitive Advantage.” Statistics, facts updated, as on vision statement, Southwest Airlines.
- Outdated material deleted: Old Manager’s toolbox deleted, “Planning Different Career Paths: ‘It’s a Career, Not a Job.’” Subsection deleted, “How Organizations Respond to Uncertainty.” Subsection deleted, “How Planning Helps You: Four Benefits.” Obsolete Example box deleted: “Thinking Ahead: Ford Plans a Radical Design of the Fusion.” Obsolete subsection “How Organizations Respond to Uncertainty,” deleted. Material deleted from “Management by Objectives” for space reasons.
- New Manager’s Toolbox: “Setting Big Goals: Is This the Road to Success?”
- New or significantly revised Example boxes: “Is Planning Necessary? Launching a Vending Machine Business on \$425.” “Developing Competitive Advantage: What’s the Best Strategy in an E-Commerce Age?” “Strategic, Tactical, & Operational Goals: Southwest Airlines.” “Setting Goals: Walmart Lays Out an Agenda for Environmental Change.”
- New Self-Assessments: “Assessing Your Career Vision & Plan.” “What Is the Quality of Goal Setting within a Current or Past Employer?”

- New Management in Action case: “GE’s Poor Planning Results in Delays & Increased Costs.”
- New Legal/Ethical Challenge: “How Do You Think Companies Should Respond to Accusations Made by a Whistle-Blower?”

## 6. Strategic Management

- Resequenced material, to better explain strategic-management process: Old Section 6.1, “The Dynamics of Strategic Planning,” moved to Section 5.1, Chapter 5. New Section 6.1, “What Is Effective Strategy?” created from part of old section. New Section 6.3, “Establishing the Mission & the Vision,” created from part of old Section 6.2. New Section 6.4, “Assessing the Current Reality,” created in part from old Section 6.3, “Establishing the Grand Strategy.” New Section 6.5, “Formulating the Grand Strategy,” created in part from old Section 6.4, “Formulating Strategy.” New Section 6.6, “Implementing & Controlling Strategy: Execution,” created from same material in old Section 6.5.
- New material added: “Step 2: Assess the Current Reality,” including term *current reality assessment*. Addition of “Benchmarking: Comparing with the Best” material moved here from Chapter 16. New material in Section 6.6, “Implementing & Controlling Strategy: Execution.” Transitional material added throughout chapter to explain new approach to strategic-management process. Statistics, facts updated, as on Manager’s Toolbox, Michael Porter, Amazon.com, auto recalls, Toyota SWOT analysis, Indian motorcycles.
- Material deleted: Material in old Section 6.1 on strategic management moved to Chapter 5. Obsolete Example boxes deleted, “Developing Competitive Advantage: Is Apple’s App Store a Model for Ford?” and “Crisis Leading to the Strategic Management Process: JetBlue Weathers an Ice Storm.” Also deleted, Example box “Contingency Planning: Southwest Airlines Uses Hedging to Hold Down Price of Aviation Fuel.” Practical Action box, “Mentoring: The New Rules,” deleted for space reasons.
- New or significantly revised Practical Action box: “Building a Foundation of Execution,” converted from text in old Section 6.5.
- New or significantly revised Example boxes: “Crisis Leading to the Strategic-Management Process: Starbucks Reclaims Its Soul.” “SWOT Analysis: How Would You Analyze Toyota?” “Contingency Planning for Climate Change: Drought, Rain, & Fire.”
- New Self-Assessments: “Assessing Strategic Thinking.” “Core Skills for Strategic Planning.” “Assessing the Obstacles to Strategic Execution.”
- New Management in Action case: “Putting AutoZone into Drive.”
- New Legal/Ethical Challenge: “Should Companies Be Pressured to Recruit Females for Boards of Directors?”

## 7. Individual & Group Decision Making

- Sections resequenced: Former Section 7.4, “Making Ethical Decisions,” now Section 7.2, per reviewer request. Former Section 7.2, “Evidence-Based Decision Making & Analytics,” now Section 7.3. Former Section 7.3, “Four Decision-Making Styles,” now Section 7.4. Discussion of Participative Management moved from Section 7.4 to Chapter 14 as a Practical Action box.
- New material: “Two Systems of Decision Making,” on psychologist Daniel Kahneman, per reviewer suggestion. More discussion in “The Uses of ‘Big Data,’” including Big Data analytics. Material added on minority dissent. In subsection “Computer-Aided Decision Making,” material added on decision-support systems. Statistics, facts updated, as on intuition, implementing evidence-based decision making, ineffective reactions to change, brainstorming, group size.
- Outdated material deleted: Obsolete Example box, “Making a Decision: Which Is Better, Fast or Slow Delivery? Maersk Shipping Line Managers Decide among Alternatives.” Deletion of subsection “The Incremental Model.” Obsolete Practical Action box, “The Steps in Critical Thinking,” deleted, per reviewer suggestion. Deletion, for space reasons, of risk propensity from discussion of decision-making styles. Example box deleted, “How Should Netflix Reinvent Itself?” Under “Computer-Aided Decision Making,” chauffeur-driven systems and group-driven systems deleted.
- New or significantly revised Example boxes: “How Can Being the Best Affect Your Decision Making?” “Making a Correct Diagnosis: Who’s Better at Financial Decisions, Men or Women?” “Evaluation: The Boeing 787 Dreamliner, a Bet-the-Company Decision.” “Analytics in Athletics: The Personal ‘Moneyball’ Coach.” “Deciding to Decide: How Should a Paper Maker Reinvent Itself?”
- New Self-Assessments: “Assessing Your Problem Solving Potential.” “Assessing Your Level of Intuition.” “What Is Your Decision Making Style?” “Assessing Participation in Group Decision Making.”
- New Management in Action case: “Companies Use Tracking Devices to Help Make Decisions.”
- New Legal/Ethical Challenge: “Would You Agree to Wear a Sensor So Your Employer Can Track Your Movements & Conversations?”

## 8. Organizational Culture, Structure, & Design

- Material resequenced: New Manager’s Toolbox: “How to Stand Out in a New Job: Fitting into an Organization’s Culture in the First 60 Days,” moved here from Manager’s Toolbox in Chapter 9. New Practical Action box: “When Should You Delegate & When Not: How Managers Get More Done,” formerly Chapter 8 Manager’s Toolbox.
- New section added: “8.1 Aligning Strategy, Culture, & Structure.” Introduction of person-organization fit, how an organization’s culture and structure are used to implement strategy. Subsection on “The Importance of Culture” significantly revised. Overarching new Figure 8.1, “Drivers and flow of organizational culture,” outlines how managers align the organization’s vision and strategies with its organizational culture to realize overall performance. New Figure 8.3, “What organizational benefits are associated with

what organizational cultures.” Table 8.2 added, “A Dozen Ways to Change Organizational Culture.” Section 8.3, “The Process of Culture Change,” revised out of old “8.2 Developing High-Performance Cultures.” “Flat organization” defined. Old closing subsection, “The Link between Strategy & Culture,” is now “The Link between Strategy, Culture, & Structure.” Statistics, facts updated, as on adhocracy culture, market culture, hierarchy culture, observable artifacts, process of culture change, Whole Foods stock price, mechanistic organizations, organic organizations.

- Outdated material deleted: Old Figure 8.3 “Four Functions of Organizational Culture.” Subsection deleted, “Cultures for Enhancing Economic Performance: Three Perspectives.” Subsection deleted, “Life Cycle: Four Stages in the Life of an Organization.”
- New or significantly revised Example boxes: “How Strategy Affects Culture & Culture Affects Structure: EndoStim, a Medical Device Start-up, Operates Virtually,” modified from existing Example. “The Corporate Culture of Pfizer Pharmaceuticals: The Different ‘Personalities’ Within an Organization,” modified from previous Example.
- New Self-Assessments: “Assessing Your Preferred Type of Organizational Culture.” “Assessing Your Organizational Structure Preference.”
- New Management in Action case: “IDEO’s Culture Reinforces Helping Behavior.”
- New Legal/Ethical Challenge: “Is Apple’s Culture Going Too Far?”

## 9. Human Resource Management

- Sections resequenced, at reviewer request: Section 9.3, “Recruitment & Selection: Putting the Right People into the Right Jobs,” now Section 9.2. Section 9.6, “Managing an Effective Workforce: Compensation & Benefits,” now Section 9.3. Section 9.7, “Managing Promotions, Transfers, Disciplining, & Dismissals,” now Section 9.6. Section 9.2, “The Legal Requirements of Human Resource Management,” now Section 9.7.
- New Manager’s Toolbox: “Soft Skills & Social Graces: Boosting Your Advantage in the Hiring World.”
- New material added: New subsection, “Performance Management in Human Resources,” with new Figure 9.2. Subsection added, “Bullying” with Table 9.5, “Beating Back the Bully.” Details, statistics updated, as for interviewing, background checking, employee engagement, performance appraisal, forced ranking, workplace discrimination, U.S. union movement.
- Outdated material deleted: Old Manager’s Toolbox removed, “How to Stand Out in a New Job: Fitting into an Organization in the First 60 Days,” which is now Chapter 8 Manager’s Toolbox. Old Practical Action box deleted, “How to Make Incentive Pay Plans Meet Company Goals: Communicate Them to Employees.” Example deleted, “The 360-Degree Assessment: How Can It Be Compromised?”
- New Practical Action box: “Why Rewards May Fail to Motivate.”
- New or significantly revised Example boxes: “Performance Management: How Domino’s Pizza Built a Billion-Dollar Business.” “Silicon Valley, Sexual Harassment, & the ‘Brogrammer’ Culture.”
- New Self-Assessments: “Assessing the Quality of HR Practices.” “Assessing Your Person-Job Fit.” “Is a Career in HR Right for You?” “Assessing Your Attitudes toward Unions.”
- New Management in Action case: “More Companies Rely on Proactive Human Resource Practices to Reduce Employee Turnover.”
- New Legal/Ethical Challenge: “How Would You Accommodate a Pregnant Employee?”

## 10. Organizational Change & Innovation

- Material resequenced: Table 10.1, “Six Methods for Managing Employee Resistance to Change,” moved to Section 10.4. New Section “10.2 Types & Models of Change” added, using existing text material and new material. “Collins’s Five Stages of Decline” moved to Example box in Section 10.5. Subsections “The Causes of Resistance to Change” and “Ten Reasons Employees Resist Change” moved from Section 10.2 to 10.5. “Benchmarking” moved to Chapter 6.
- New material added: “Disruptive innovation” redefined. Figure 10.1, “Forces for change outside and inside the organization,” reconfigured with new categories. New Figure 10.2, “Lewin’s model of change,” added. “Invention” and “creativity” defined more precisely and distinguished from “innovation.” Table 10.2 compressed, “Factors that Reduce an Organization’s Ability to Learn from Failure.” “Core versus Transformational Innovations” replaces “Incremental versus Transformational Innovations.” “Transformational innovations” given revised definition. New Table 10.3, “Top Companies in 2014 Whose Cultures Strongly Encourage Innovation.” New statistics, facts throughout, as on supertrends, technological advancements, global economy, offshore suppliers, greatest innovators, innovation responding to recognizing a problem.
- Outdated material deleted: Example box deleted, “Proactive Change: Redbox’s Parent, Coinstar, Gets Out Front on New Vending Machines.” Section deleted, “Areas in Which Change Is Often Needed: People, Technology, Structure, & Strategy,” along with Example box “Changing Technology: Web 2.1 Is Radically Altering How Business Is Done.” Outdated example box deleted, “Organizational Development: Patagonia Tries to Become Greener.”
- New or significantly revised Example boxes: “Radical Change: The Fall of the BlackBerry.” “Reactive Change: The BP Gulf of Mexico Blowout.” “Proactive Change: Disney World Gets Out Front with Its MagicBand.” “Technology Creates the Sharing Economy: Airbnb, Uber, & . . . DogVacay?” “Organizational Development: Using OD to Make Money in the Restaurant Business,” per reviewer request for more material on small business. “Recognizing the Need for Change: Collins’s Five Stages of Decline,” moved from text in Section 10.1.

- New Self-Assessments: “Assessing Your Attitudes toward Change at Work.” “How Innovative Is the Organizational Climate?”
- New Management in Action case: “Hewlett-Packard Is Counting on Organizational Change to Boost Revenue Growth.”
- New Legal/Ethical Challenge: “Should CEOs Fire Employees Based on the Opinions of U.S. Senators?”

### 11. Managing Individual Differences & Behavior

- Some subsections resequenced: Under “Core Self-Evaluations,” locus of control now follows rather than precedes self-efficacy and self-esteem.
- New material added: Subsection “Core Self-Evaluations” replaces “Five Traits Important in Organizations.” Subsection “Emotional Stability” replaces “Self-Monitoring.” “LGBT People” replaces “Gays & Lesbians,” with new material and statistics added. Statistics, facts updated throughout, as on millennials, job satisfaction, diversity, gender, stress.
- Outdated material deleted: Subsection “Self-Monitoring,” along with Example box.
- New or significantly revised Example box: “Emotional Intelligence: Self-Understanding Should Include ‘the Good, the Bad, & the Ugly.’”
- New Self-Assessments: “Where Do You Stand on the Big Five Dimensions of Personality?” “What Is Your Level of Emotional Intelligence.” “To What Extent Are You Engaged in Your Studies?” “How Satisfied Are You with Your Present Job?” “What Are Your Attitudes about Working with Older Employees?”
- New Legal/Ethical Challenge: “Should Airlines Accommodate Overweight People?”

### 12. Motivating Employees

- New material added: Figure 12.3, “Maslow’s hierarchy of needs,” developed more fully. “Deci & Ryan’s Self-Determination Theory: Competence, Autonomy, & Relatedness.” “The Four Motivational Mechanisms of Goal-Setting Theory.” Statistics and facts updated on job satisfaction, money as motivator, work-life balance, flexible work arrangements, telecommuting.
- Outdated material deleted: “Aldefer’s ERG Theory: Existence, Relatedness, & Growth.” Example boxes deleted: “Acquired Needs Theory: What Motivates Facebook’s COO Sheryl Sandberg?” “Use of Expectancy Theory: A Drug Company Ties CEO Pay to Performance.”
- New or significantly revised Example box: “Reducing the F’s: Applying Expectancy Theory to Failing Students.”
- New Self-Assessments: “Are You More Interested in Extrinsic or Intrinsic Rewards?” “Assessing Your Acquired Needs.” “Assessing Your Needs for Self-Determination.” “Measuring Perceived Fair Interpersonal Treatment.” “Assessing the Motivating Potential of Your Job.”
- New Management in Action Case: “Caterpillar Puts Employee Pay at Risk, but Is It Done Fairly?”
- New Legal/Ethical Challenge: “Should College Athletes Be Paid to Perform?”

### 13. Groups & Teams

- New material: Redefinition of formal and informal groups. New figure: Figure 13.2, “The Relationship between intensity and outcomes.” New text material: “Five Basic Behaviors to Help You Better Handle Conflict.” Updated statistics on abusive bosses, approaches to five conflict-handling styles.
- Obsolete in-text examples deleted, as for intergroup and multicultural conflicts.
- New Self-Assessments: “Attitudes toward Teamwork.” “Assessing Your Team’s Productive Energy.” “Assessing Groupthink.” “Assessing Team Effectiveness.” “What Is Your Conflict-Management Style?”
- New Management in Action case: “Wooga Effectively Utilizes Teams When Creating Game Apps.”

### 14. Power, Influence, & Leadership

- New material added: “Positive Task-Oriented Traits & Positive/Negative Interpersonal Attributes,” including narcissism, Machiavellianism, and psychopathy. “Task-Oriented Leader Behaviors: Initiating-Structure Leadership & Transaction Leadership.” “Relationship-Oriented Leader Behavior: Consideration, Empowerment, & Servant Leadership,” with servant leadership provided from existing material. “Passive Leadership: The Lack of Leadership Skills,” including laissez-faire leadership, written out of existing material. Section 14.4, “Situational Approaches,” replaces the term *contingency* with *situational*. Section 14.5 now titled “The Uses of Transformational Leadership,” instead of “The Full-Range Model,” with previous material on transactional leadership moved earlier in the chapter. Facts and statistics updated on women executives, lack of female CEOs, other matters.
- Outdated material deleted: Kouzes & Posner’s Five Traits. Leadership lessons from the GLOBE project. University of Michigan model. Ohio State model. Obsolete Example box deleted: “Set a Goal, Maintain Intensity: The Man Who Built Zynga, a Tightly Wired Machine.”
- New or significantly revised Practical Action box: “Participative Management: Empowering Employees to Handle Decision Making” (moved here from text material in Chapter 7, Section 7.4).
- New or significantly revised Example box: “Servant Leadership: Leaders Who Work for the Led.”

- New Self-Assessments: “Assessing Your Readiness to Assume the Leadership Role.” “Assessing Your Task & Relationship-Oriented Leader Behavior.” “Assessing Your Boss’s Servant Leadership.” “Assessing Your Leader–Member Exchange.”
- New Management in Action case: “Leadership Lessons from Sir Alex Ferguson.”
- New Legal/Ethical Challenge: “Is It Ethical for Organizations to Incentivize Their Employees to Poach People from Competing Companies?”

### **15. Interpersonal & Organizational Communication**

- Sections resequenced, per reviewer request: Section 15.2 (old 15.3) is now “How Managers Fit into the Communication Process” and Section 15.3 (old 15.2) is now “Barriers to Communication.”
- New material added: Material on paraphrasing as a listener response. Per reviewer request, “feedback” given more emphasis. Discussion added on defensive communication and nondefensive communication. Statistics updated on e-mail. Table 15.8 compressed, “Five Rules for Using Smartphones.” Subsection added: “Enhanced Business Productivity with Social Media.” Table 15.10 now “Tips for Effective Listening,” with new material.
- Outdated material deleted: “Learn to Streamline Reading.”
- New Self-Assessments: “Assessing Your Communication Competence.” “Does Your Organization Have a Supportive or Defensive Communication Climate?” “To What Extent Are You Effectively Using Online Social Networking at Work?” “Assessing Your Listening Style.”
- New Management in Action case: “Hootsuite Uses Social Media to Manage Aspects of the Human Resources Function.”
- New Legal/Ethical Challenge: “Should Professors’ Tweets Be Part of Their Academic Freedom to Comment on Controversial Topics?”

### **16. Control Systems & Quality Management**

- Sections resequenced, in response to suggestion about emphasis on productivity: Old Section 16.1, “Managing for Productivity,” is now Section 16.7 and moved to end of chapter.
- New material added: Figure 16.1 now labeled “Controlling for effective performance” and slightly modified. Per reviewer request, Figure 16.3, “Steps in the process,” labeled to emphasize feedback. At reviewer request, material added on supply chain and Figure 16.4 added, “The links in a supply chain.” Under “The Balanced Scorecard,” material added on developing and taking care of employees. Figure 16.8, “Managing productivity and results,” changed slightly. In-text examples updated, as on Starbucks, strategic meetings, Ritz-Carlton, statistical process control
- New or significantly revised Example box: “Supply Chain Journey: The Tale of a Couch.”
- New Self-Assessments: “Assessing the Innovation & Learning Perspective of the Balanced Scorecard.” “Assessing Your Financial Literacy.” “Assessing Your Satisfaction with Your College or University Experience.”
- New Management in Action case: “UPS Relies on Sophisticated Control Systems to Manage Package Deliveries.”
- New Legal/Ethical Challenge: “Should Companies Be Allowed to Administer Untested Drugs on People with Ebola?”
- Material deleted: “Benchmarking” moved to Chapter 6. Outdated material deleted: “Learn to Streamline Reading.” Obsolete Example box deleted: “Do Social Media Ads Work? The Need for Benchmarking.” Old end-of-chapter Self-Assessment deleted.



# acknowledgments

We could not have completed this product without the help of a great many people. The first edition was signed by Karen Mellon and developed by Glenn and Meg Turner of Burrston House, to all of whom we are very grateful. Sincere thanks and gratitude also go to our former executive editor John Weimeister and to our present executive brand manager Michael Ablassmeir. Among our first-rate team at McGraw-Hill, we want to acknowledge key contributors: Jane Beck, product developer; Elizabeth Trepkowski, senior marketing manager; Mary E. Powers, content project manager; copy editor Peter de Lissovoy; proofreader Martha Ghent; designer Pam Verros; senior photo research coordinator Lori Hancock; and photo researcher Robin Sand. We would also like to thank Ross Mecham for his work on the Instructor's Manual; Brad Cox for the PowerPoint slides; Bob Abadie and Connie Sitterly for the test bank; and Patrick Soleymani for creating great Connect applications for the self-assessments.

Warmest thanks and appreciation go to the individuals who provided valuable input during the developmental stages of this edition, as follows:

**Darlene Andert,**  
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**Pamela Ball,**  
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**Jessie Bellflowers,**  
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**Stephen Betts,**  
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We would also like to thank the following colleagues who served as manuscript reviewers during the development of previous editions:

**G. Stoney Alder,**  
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**Phyllis C. Alderdice,**  
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**Laura L. Alderson,**  
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Catonsville Campus

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The following professors also participated in an early focus group that helped drive the development of this text. We appreciate their suggestions and participation immensely:

**Rusty Brooks,**  
Houston Baptist University

**Kerry Carson,**  
University of Southwestern Louisiana

**Sam Dumbar,**  
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**Subhash Durlabhji,**  
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**Robert Mullins,**  
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**Carl Phillips,**  
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**Allayne Pizzolatto,**  
Nicholls State University

**Ellen White,**  
University of New Orleans

We would also like to thank the following students for participating in a very important focus group to gather feedback from the student reader's point of view:

**Marcy Baasch,**  
Triton College

**Diana Broeckel,**  
Triton College

**Lurene Cornejo,**  
Moraine Valley Community College

**Dave Fell,**  
Elgin Community College

**Lydia Hendrix,**  
Moraine Valley Community College

**Kristine Kurpiewski,**  
Oakton Community College

**Michelle Monaco,**  
Moraine Valley Community College

**Shannon Ramey,**  
Elgin Community College

**Arpita Sikand,**  
Oakton Community College

Finally, we would like to thank our wives, Joyce and Stacey, for being understanding, patient, and encouraging throughout the process of writing this edition. Your love and support helped us endure the trials of completing this text.

We hope you enjoy reading and applying the book. Best wishes for success in your career.

Angelo Kinicki

Brian K. Williams

# Self-Assessment Library

## Management: A Practical Introduction 7e

The following Self-Assessment Table of Contents was created to help you navigate through the library of 95 available assessments. As noted earlier, 57 of these assessments have been integrated directly into the textbook. The first part of the table of contents shows you a chapter-by-chapter outline of the titles for each of these assessments. This can help you to decide which of the in-text assessments you might like to use. The second part of this table of contents provides a listing of the additional 37 self-assessments in the Kinicki Self-Assessment Library. These additional self-assessments are categorized according to topic—individual, group/team, and organization. It is important to note that all 95 self-assessments are contained within Connect, making them assignable and gradable.

### Chapter 1 – The Exceptional Manager: What You Do, How You Do It

1. How Strong Is My Motivation to Be a Manager?
2. To What Extent Do You Possess an Entrepreneurial Spirit?

### Chapter 2 – Management Theory: Essential Background for the Successful Manager

1. What Is Your Orientation toward Theory X/Theory Y?
2. To What Extent Is Your Organization Committed to Total Quality Management?
3. Are You Working for a Learning Organization?\*

### Chapter 3 – The Manager's Changing Work Environment & Ethical Responsibilities: Doing the Right Thing

1. Assessing Your Ethical Ideology
2. Assessing Your Attitudes toward Corporate Social Responsibility

### Chapter 4 – Global Management: Managing across Borders

1. Assessing Your Consumer Ethnocentrism
2. Assessing Your Stand on the GLOBE Dimensions
3. Assessing Your Global Manager Potential

### Chapter 5 – Planning: The Foundation of Successful Management

1. Assessing Your Career Vision and Plan
2. What Is the Quality of Goal Setting within a Current or Past Employer?

### Chapter 6 – Strategic Management: How Exceptional Managers Realize a Grand Design

1. Assessing Strategic Thinking
2. Core Skills Required for Strategic Planning
3. Assessing the Obstacles to Strategic Execution

### Chapter 7 – Individual & Group Decision Making: How Managers Make Things Happen

1. Assessing Your Problem-Solving Potential\*
2. Assessing Your Level of Intuition\*
3. What Is Your Decision-Making Style?\*
4. Assessing Participation in Group Decision Making\*

### Chapter 8 – Organizational Culture, Structure, & Design: Building Blocks of the Organization

1. Assessing Your Preferred Type of Organizational Culture\*
2. Assessing Your Organizational Structure Preference

### Chapter 9 – Human Resource Management: Getting the Right People for Managerial Success

1. Assessing the Quality of HR Practices
2. Assessing Your Person-Job Fit
3. Is a Career in HR Right for You?
4. Assessing Your Attitudes toward Unions

### Chapter 10 – Organizational Change & Innovation: Lifelong Challenges for the Exceptional Manager

1. Assessing Your Attitudes toward Change at Work\*
2. How Innovative Is the Organizational Climate?\*
3. How Adaptable Are You?
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\*Indicates assessments used in both Kinicki/Williams *Management* and Kinicki/Fugate *Organizational Behavior*.

# Additional Assessments found in Kinicki/Fugate – Organizational Behavior: A Practical Problem-Solving Approach 1e

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SEVENTH EDITION

# management








A PRACTICAL INTRODUCTION

## 1

# The Exceptional Manager

What You Do, How You Do It

## Major Questions You Should Be Able to Answer

-  1.1 Management: What It Is, What Its Benefits Are  
**Major Question:** What are the rewards of being an exceptional manager?
-  1.2 What Managers Do: The Four Principal Functions  
**Major Question:** What would I actually *do*—that is, what would be my four principal functions—as a manager?
-  1.3 Seven Challenges to Being an Exceptional Manager  
**Major Question:** Challenges can make one feel alive. What are seven challenges I could look forward to as a manager?
-  1.4 Pyramid Power: Levels & Areas of Management  
**Major Question:** What are the levels and areas of management I need to know to move up, down, and sideways?
-  1.5 The Skills Exceptional Managers Need  
**Major Question:** To be a terrific manager, what skills should I cultivate?
-  1.6 Roles Managers Must Play Successfully  
**Major Question:** To be an exceptional manager, what roles must I play successfully?
-  1.7 The Link between Entrepreneurship & Management  
**Major Question:** Do I have what it takes to be an entrepreneur?



# the manager's toolbox

## A One-Minute Guide to Success in This Class

Got one minute to read this section? It could mean the difference between getting an A instead of a B. Or a B instead of a C.

It is our desire to *make this book as practical as possible for you*. One place we do this is in the Manager's Toolbox, like this one, which appears at the beginning of every chapter and which offers practical advice appropriate to the subject matter you are about to explore. Here we show you how to be a success in this course.

### Four Rules for Success

The following four rules will help you be successful in this (or any other) course.

- **Rule 1:** Attend every class. No cutting (skipping) allowed.
- **Rule 2:** Don't postpone studying, then cram the night before a test.
- **Rule 3:** Read or review lectures and readings more than once.
- **Rule 4:** Learn how to use this book.

### How to Use This Book Most Effectively

When reading this book, follow the steps below:

- Get an overview of the chapter by reading over the first page, which contains the section headings and Major Questions.
- Read "Forecast: What's Ahead in This Chapter."
- Look at the Major Question at the beginning of each section before you read it.
- Read the "The Big Picture," which summarizes the section.
- Read the section itself (which is usually only 2–6 pages), *trying silently to answer the Major Question*. This is important!
- After reading all sections, use the Key Terms, Key Points, and Understanding the Chapter questions at the end of the chapter to see how well you know the concepts. Reread any material you're unsure about.

If you follow these steps consistently, you'll probably absorb the material well enough that you won't have to cram before an exam; you'll need only to lightly review it before the test.

**For Discussion** Do you sometimes (often?) postpone keeping up with coursework, then pull an "all-nighter" of studying to catch up before an exam? What do you think happens to people in business who do this?

forecast

## What's Ahead in This Chapter

We describe the rewards, benefits, and privileges managers might expect. We also describe the four principal functions of management—planning, organizing, leading, and controlling. We discuss the seven challenges to managers in today's world. We consider levels and areas of management. We describe the three roles managers must play. We describe the three skills required of a manager and the three roles managers play. Finally, we consider the contributions of entrepreneurship.



## 1.1

## MAJOR QUESTION



## Management: What It Is, What Its Benefits Are

What are the rewards of being an exceptional manager?

### THE BIG PICTURE

*Management* is defined as the pursuit of organizational goals efficiently and effectively. Organizations, or people who work together to achieve a specific purpose, value managers because of the multiplier effect: Good managers have an influence on the organization far beyond the results that can be achieved by one person acting alone. Managers are well paid, with the chief executive officers (CEOs) and presidents of even small and midsize businesses earning good salaries and many benefits.

When Mary Barra was named chief executive officer of Detroit-based General Motors in December 2013, she became the first female CEO of an American or any other global automaker. She also became only the 22nd woman at the helm of a Fortune 500 company, one of those 500 largest U.S. companies that appear on the prestigious annual list compiled by *Fortune* magazine. (Other big-time female CEOs: IBM's Virginia "Ginni" Rometty, Yahoo!'s Marissa Mayer, Hewlett-Packard's Meg Whitman, Xerox's Ursula Burns, PepsiCo's Indra Nooyi.)

What kind of a person is Barra (pronounced *Bahr-ra*), a 30-year GM veteran? "She has a soft-spoken manner that belies her intensity on the job," says one report.<sup>1</sup> "She's the real deal, very down to earth," says another.<sup>2</sup> "Her open, relaxed manner has marked a clear contrast with the far more uptight style of many of the middle-aged men around her in General Motors' management," says a third.<sup>3</sup> Are these qualities—which a lot of people have—enough to propel one to the top of a great organization?

### The Rise of the Die Maker's Daughter

The daughter of a die maker with a 39-year career in GM's Pontiac division, Barra grew up in suburban Detroit, joined GM at age 18 on the factory floor as an intern, graduated from General Motors Institute (now Kettering University) with a degree in electrical engineering, and then became a plant engineer at Pontiac. Spotting her talent, GM gave her a scholarship to Stanford University, where she earned a graduate degree in business. She then began moving up the GM ladder, first as the executive assistant to the CEO, then as the company's head of human resources—formerly often as high as female executives ever got, in autos or many other industries. In 2011, her big break came when she was promoted to lead GM's \$15 billion vehicle-development operations, a high-profile role that became the steppingstone to CEO.

**The driving force.** One quality that stands out about General Motors CEO Mary Barra is her obvious enthusiasm for cars. She is said to be given to talking excitedly about whatever car she is currently driving and what it demonstrates about GM's product line. Do you think passion about one's work is a necessary quality for managerial success?



### Key to Career Growth: "Doing Things I've Never Done Before"

Did it help that, as one writer put it, Barra "had motor oil running through her veins for most of her life"?<sup>4</sup> No doubt it did. But there is another key to career growth—the ability to take risks. As IBM's Ginni Rometty, another female CEO, has said about herself, she has grown the most in her career because "I learned to always take on things I've never done before."<sup>5</sup> She has found that "you have to be very confident, even though you're so self-critical inside about what it is you may or may not know. . . . And that, to me, leads to taking risks."<sup>6</sup>

Of course both men as well as women have to deal with uncertainty. But the ability to take risks—to embrace change and to keep going forward despite fears and internal criticism—is important to any manager's survival, regardless of gender. As Rometty says, "growth and comfort do not coexist."

## The Art of Management Defined

Is being an exceptional manager a gift, like a musician having perfect pitch? Not exactly. But in good part it may be an art.<sup>7</sup> Fortunately, it is one that is teachable.

Management, said one pioneer of management ideas, is “the art of getting things done through people.”<sup>8</sup>

Getting things done. Through people. Thus, managers are task oriented, achievement oriented, and people oriented. And they operate within an **organization**—a group of people who work together to achieve some specific purpose.

More formally, **management** is defined as (1) the pursuit of organizational goals efficiently and effectively by (2) integrating the work of people through (3) planning, organizing, leading, and controlling the organization’s resources.

Note the words *efficiently* and *effectively*, which basically mean “doing things right.”

- **Efficiency—the means.** Efficiency is the means of attaining the organization’s goals. **To be efficient** means to use resources—people, money, raw materials, and the like—wisely and cost-effectively.
- **Effectiveness—the ends.** Effectiveness regards the organization’s ends, the goals. **To be effective** means to achieve results, to make the right decisions and to successfully carry them out so that they achieve the organization’s goals.

Good managers are concerned with trying to achieve both qualities. Often, however, organizations will erroneously strive for efficiency without being effective.

### EXAMPLE

#### Efficiency versus Effectiveness: “Don’t Tell Me You’re Sorry, Just Fix the Problem!”

What do airline passengers complain about most? Cancellations, delays, and failed flight connections. Reservations, ticketing problems, and long telephone wait times. Boarding, baggage, and refund hassles.

How do the airlines handle such complaints? They say they’re sorry.

Having representatives routinely say “I’m sorry” for service difficulties may be *efficient* for the airlines—even when the apologies are accompanied by gift cards, credits, and loyalty points—since it’s a lot cheaper than, say, adding more reservation agents, flight crews, baggage handlers, and, of course, airplanes.<sup>9</sup> But it’s not *effective* if it leaves us, the customers, fuming and less inclined to continue doing business.

Bad customer service hurts. One survey found that 51% of U.S. consumers in 2013 were so fed up with poor service that they ditched consumer goods retailers, cable and satellite providers, banks, and phone companies.<sup>10</sup> Numerous airline customers no doubt also said “I’ll never use *you* again!”

**Efficiency: Saving Company Dollars.** Still, a lot of airlines favor efficiency over effectiveness in their customer service—in large part because there are some big events they can’t control, such as bad weather. In the winter of 2014, relentless snow and ice storms led to the highest number of flight cancel-



**Effective?** Is this irate customer dealing with a company customer-support system that is more efficient than effective?

lations in 25 years—5.5% of the 1.37 million flights between December 1 and mid-January. In addition, new government rules went into effect prohibiting airlines from keeping passengers on the tarmac for three hours or more, so airlines cancelled blocks of flights rather than risk fines of up to \$27,500 per passenger (\$4.1 million for a planeload of 150 flyers). The

government also implemented a new rule increasing the amount of rest pilots need, making it harder for the companies to operate an irregular schedule, as might follow stormy weather. Finally, “airlines have been cutting unprofitable flights and packing more passengers into planes,” reports the Associated Press. “That’s been great for their bottom line but has created a nightmare for passengers.”<sup>11</sup>

**Effectiveness: Retaining Customers & Their Dollars.** Apologizing doesn’t work when it’s a canned response or half-hearted or insincere. “Customers know talk is cheap,” says an apology critic.<sup>12</sup> Much better is the method employed by Southwest Airlines, which answered one flyer’s complaint about an unpleasant flight by quickly and personally saying it was “truly sorry,” addressing each issue he’d brought up, and giving him a credit equal to the value of his one-way fare. “Southwest admitted that there were mistakes, didn’t make excuses, and offered sincere and profound apologies,” the mollified passenger said.<sup>13</sup>

## YOUR CALL

The average telephone wait time to reach a human agent at Southwest Airlines, according to Get2Human.com ([http://get2human.com/get2human\\_list.asp](http://get2human.com/get2human_list.asp)), was only two minutes, and agent communications—often difficult when agents, such as those in overseas call centers, have severe accents—rated a smiley face (meaning “good”).<sup>14</sup> Spirit Air, on the other hand, took 48 minutes and racked up five red flags (“very bad”) for agent communications. Get2Human.com (or GetHuman.com) is a website that aims to convince enterprises, whether airlines or other kinds, that “providing high quality customer service and having satisfied customers costs much less than providing low quality customer service and having unsatisfied customers”—in other words, being more effective, not just efficient. Get2Human also publishes the unpublicized codes for reaching a company’s human operators and cut-through-automation tips. What recent unpleasant customer experience would you want to post on this website?

## Why Organizations Value Managers: The Multiplier Effect

Some great achievements of history, such as scientific discoveries or works of art, were accomplished by individuals working quietly by themselves. But so much more has been achieved by people who were able to leverage their talents and abilities by being managers. For instance, of the top 10 great architectural wonders of the world named by the American Institute of Architects, none was built by just one person. All were triumphs of management, although some reflected the vision of an individual. (The wonders are the Great Wall of China, the Great Pyramid, Machu Picchu, the Acropolis, the Coliseum, the Taj Mahal, the Eiffel Tower, the Brooklyn Bridge, the Empire State Building, and Frank Lloyd Wright’s Falling Water house in Pennsylvania.)

Good managers create value. The reason is that in being a manager you have a *multiplier effect*: Your influence on the organization is multiplied far beyond the results that can be achieved by just one person acting alone. Thus, while a solo operator such as a salesperson might accomplish many things and incidentally make a very good living, his or her boss could accomplish a great deal more—and could well earn two to seven times the income. And the manager will undoubtedly have a lot more influence.

Exceptional managers are in high demand. “The scarcest, most valuable resource in business is no longer financial capital,” says a *Fortune* article. “It’s talent. If you doubt that, just watch how hard companies are battling for the best people. . . . Talent of every type is in short supply, but the greatest shortage of all is skilled, effective managers.”<sup>15</sup> Even in dismal economic times—maybe *especially* in such times—companies reach out for top talent.

## The Financial Rewards of Being an Exceptional Manager

How well compensated are managers? According to the U.S. Bureau of Labor Statistics, the median weekly wage in 2013 for American workers of all sorts was \$786, or \$40,872 a year.<sup>16</sup> Education pays: the median 2013 yearly income for



**Best paid.** The CEO of Facebook, Mark Zuckerberg, earned \$2.2 billion in 2012—more than \$6 million a day—making him the highest-paid manager in the United States that year. His base salary was \$503,205, but most of his pay package came from exercising millions of stock options when his company went public that year. What do you think your chances are of making even \$100 million in your entire lifetime?

full-time workers with at least a bachelor's degree was \$63,388, compared to \$33,696 for high-school graduates.<sup>17</sup>

The business press frequently reports on the astronomical earnings of top chief executive officers (which jumped a median 8.47% in 2012). The top earner in 2012 was Facebook co-founder Mark Zuckerberg, whose total compensation topped \$2.27 billion.<sup>18</sup> However, this kind of huge payday isn't common. Median compensation for top-ranked CEOs in North America in 2012, based on a survey of 2,259 CEOs, was \$9.8 million.<sup>19</sup> The more usual median wage for CEOs that year was \$168,140 and for general and operations managers \$95,440, according to the Bureau of Labor Statistics.<sup>20</sup>

Managers farther down in the organization usually don't make this much, of course; nevertheless, they do fairly well compared with most workers. At the lower rungs, managers may make between \$35,000 and \$60,000 a year; in the middle levels, between \$45,000 and \$120,000. (For examples of managerial salaries, go to [www.bls.gov/ooh/management/home.htm](http://www.bls.gov/ooh/management/home.htm).)<sup>21</sup> There are also all kinds of fringe benefits and status rewards that go with being a manager, ranging from health insurance to stock options to large offices. And the higher you ascend in the management hierarchy, the more privileges may come your way: personal parking space, better furniture, lunch in the executive dining room, on up to—for those on the top rung of big companies—company car and driver, corporate jet, and even executive sabbaticals (months of paid time off to pursue alternative projects).

## What Are the Rewards of Studying & Practicing Management?

Are you studying management but have no plans to be a manager? Or are you trying to learn techniques and concepts that will help you be an exceptional management practitioner? Either way there are considerable rewards.

**The Rewards of Studying Management** Students sign up for an introductory management course for all kinds of reasons. Many, of course, are planning business careers, but others are taking it to fulfill a requirement or an elective. Some students are in technical or nonprofit fields—computer science, education, health, and the like—and never expect to have to supervise people.



Here are just a few of the payoffs of studying management as a discipline:

- **You will understand how to deal with organizations from the outside.** Since we all are in constant interaction with all kinds of organizations, it helps to understand how they work and how the people in them make decisions. Such knowledge may give you some defensive skills that you can use in dealing with organizations from the outside, as a customer or investor, for example.
- **You will understand how to relate to your supervisors.** Since most of us work in organizations and most of us have bosses, studying management will enable you to understand the pressures managers deal with and how they will best respond to you.
- **You will understand how to interact with coworkers.** The kinds of management policies in place can affect how your coworkers behave. Studying management can give you the understanding of teams and teamwork, cultural differences, conflict and stress, and negotiation and communication skills that will help you get along with fellow employees.
- **You will understand how to manage yourself in the workplace.** Management courses in general, and this book in particular, give you the opportunity to realize insights about yourself—your personality, emotions, values, perceptions, needs, and goals. We help you build your skills in areas such as self-management, listening, handling change, managing stress, avoiding groupthink, and coping with organizational politics.

**The Rewards of Practicing Management** Many young people not only want to make money but make a difference.<sup>22</sup> Becoming a management practitioner offers many rewards apart from money and status, as follows:

- **You and your employees can experience a sense of accomplishment.** Every successful goal accomplished provides you not only with personal satisfaction but also with the satisfaction of all those employees you directed who helped you accomplish it.
- **You can stretch your abilities and magnify your range.** Every promotion up the hierarchy of an organization stretches your abilities, challenges your talents and skills, and magnifies the range of your accomplishments.
- **You can build a catalog of successful products or services.** Every product or service you provide—the personal Eiffel Tower or Empire State Building you build, as it were—becomes a monument to your accomplishments. Indeed, studying management may well help you in running your own business.
- **You can become a mentor and help others.** According to one survey, 84% of workers who had a **mentor**—an experienced person who provided guidance to someone new to the work world—said the mentor helped them advance their careers.<sup>23</sup> By the very fact of being a manager, you are in a unique position to be a mentor to others. ●



**Mentoring.** Matthew Wardenaar (right), whose California company produces Tagged, an app that helps users meet new people, gives Mohammed Abdulla assistance (with Google Glass) during a session of the Hidden Genius Project, a mentoring organization that gives underrepresented minorities guidance in moving into technology and science careers.<sup>24</sup> Is helping others one of your life goals?



## 1.2 What Managers Do: The Four Principal Functions

### MAJOR QUESTION

What would I actually *do*—that is, what would be my four principal functions—as a manager?

### THE BIG PICTURE

Management has four functions: *planning, organizing, leading, and controlling.*

What do you as a manager do to “get things done”—that is, achieve the stated goals of the organization you work for? You perform what is known as the **management process**, also called the **four management functions**: **planning, organizing, leading, and controlling.** (The abbreviation “POLC” may help you to remember them.)

As the diagram below illustrates, all these functions affect one another, are ongoing, and are performed simultaneously. (See *Figure 1.1.*)



**FIGURE 1.1**

### The Management Process

What you as a manager do to “get things done”—to achieve the stated goals of your organization.

Although the process of management can be quite complex, these four functions represent its essential principles. Indeed, as a glance at our text’s table of contents shows, they form four of the part divisions of the book. Let’s consider what the four functions are, using the management (or “administration,” as it is called in nonprofit organizations) of your college to illustrate them.

## Planning: Discussed in Part 3 of This Book

**Planning** is defined as **setting goals and deciding how to achieve them.** Your college was established for the purpose of educating students, and its present managers, or administrators, now must decide the best way to accomplish this. Which of several possible degree programs should be offered? Should the college be a residential or a commuter campus? What sort of students should be recruited and admitted? What kind of faculty should be hired? What kind of buildings and equipment are needed?