Tenth Edition



CONTEMPORARY Management



Gareth R. Jones Jennifer M. George

Contemporary Management

CONTEMPORARY Management Tenth Edition

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Jennifer M. George

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CONTEMPORARY MANAGEMENT, TENTH EDITION

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He continues to pursue his research interests in strategic management and organizational theory and his well-known research that applies transaction cost analysis to explain many forms of strategic and organizational behavior. He also studies the complex and changing relationships between competitive advantage and information technology in the 2010s.

He has published many articles in leading journals of the field, and his research has appeared in the Academy of Management Review, the Journal of International Business Studies, and Human Relations. An article about the role of information technology in many aspects of organizational functioning was published in the Journal of Management. One of his articles won the Academy of Management Journal's Best Paper Award, and he is one of the most cited authors in the Academy of Management Review. He is, or has served, on the editorial boards of the Academy of Management Review, the Journal of Management, and Management Inquiry.

Gareth Jones has used his academic knowledge to craft leading textbooks in management and three other major areas in the management discipline: organizational behavior, organizational theory, and strategic management. His books are widely recognized for their innovative, contemporary content and for the clarity with which they communicate complex, real-world issues to students.



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PREFACE

Since the ninth edition of *Contemporary Management* was published, our book has strengthened its position as a leader in the management market. This tells us that we continue to meet the expectations of our existing users and attract many new users to our book. It is clear that most management instructors share with us a concern for the need to continuously introduce new and emerging issues into the text and its examples to ensure that cutting-edge issues and new developments in the field of contemporary management are addressed.

In the new tenth edition of Contemporary Management, we continue with our mission to provide students the most current and up-to-date account of the changes taking place in the world of business management. The fast-changing domestic and global environment continues to pressure organizations and their managers to find new and improved ways to respond to changing events in order to maintain and increase their performance. More than ever, events around the globe, rapid changes in technology, and economic pressures and challenges show how fast the success and even survival of companies can change. For example, the increasing complexity of the exchanges between global companies has profoundly affected the management of both large and small organizations. Today there is increased pressure on managers to find new management practices that can increase their companies' efficiency and effectiveness and ability to survive and prosper in an increasingly competitive global environment.

In revising our book, we continue our focus on making our text relevant and interesting to today's studentssomething that we know from instructor and student feedback engages them and encourages them to make the effort necessary to assimilate the text material. We continue to mirror the changes taking place in management practices by incorporating recent developments in management theory and research into our text and by providing vivid, current examples of how managers of companies large and small have responded to the changes taking place. Indeed, we have incorporated many new and contemporary examples in the new edition illustrating how founders, managers, and employees in a variety of types of organizations respond to the opportunities and challenges they face. These examples drive home to students how essential it is for them to develop a rich understanding of management theory and research and the ability to apply what they have learned in organizational settings.

The number and complexity of the strategic, organizational, and human resource challenges facing managers and all employees have continued to increase throughout

the 2010s. In most companies, managers at all levels are playing catch-up as they work toward meeting these challenges by implementing new and improved management techniques and practices. Today relatively small differences in performance between companies, such as in the speed at which they can bring new products or services to market or in how they motivate their employees to find ways to improve performance or reduce costs, can combine to give one company a significant competitive advantage over another. Managers and companies that use proven management techniques and practices in their decision making and actions increase their effectiveness over time. Companies and managers that are slower to implement new management techniques and practices find themselves at a growing competitive disadvantage that makes it even more difficult to catch up. Thus many industries have widening gaps between weaker competitors and the most successful companies, whose performance reaches new heights because their managers have made better decisions about how to use a company's resources in the most efficient and effective ways. In the rapidly changing and dynamic environment facing organizations today, effective managers recognize the vital role that creativity and innovation play in successfully anticipating and responding to these challenges as well as seizing the potential opportunities that they bring while mitigating the threats.

The issues facing managers continue to mount as changes in the global environment, such as increasing global outsourcing and rising commodity prices, impact organizations large and small. In the tenth edition, we discuss recent developments in global outsourcing and examine the many managerial issues that must be addressed when millions of functional jobs in information technology, customer service, and manufacturing are sent to countries overseas. Similarly, increasing globalization means managers must respond to major differences in the legal rules and regulations and ethical values and norms that prevail in countries around the globe. Many companies and their managers, for example, have been accused of ignoring "sweatshop" working conditions under which the products they sell are manufactured abroad.

Moreover, the revolution in information technology (IT) continues to transform how managers make decisions across all levels of a company's hierarchy and across all its functions and global divisions. The tenth edition of our book continues to address these ongoing challenges as IT continues to evolve rapidly, especially in the area of mobile digital devices such as smartphones and tablets that can access ever more sophisticated software applications

that increase their functionality. Other major challenges we continue to expand on in the new edition include the impact of the steadily increasing diversity of the workforce on companies, and how this increasing diversity makes it imperative for managers to understand how and why people differ so they can effectively manage and reap the many benefits of a diverse workforce. Similarly, across all functions and levels, managers and employees must continuously search out ways to "work smarter" and increase performance. Using new IT to improve all aspects of an organization's operations to boost efficiency and customer responsiveness is a vital part of this process. So too is the continuing need to innovate and improve the quality of goods and services, and the ways they are produced, to allow an organization to compete effectively. We have significantly revised the tenth edition of *Contemporary* Management to address these challenges to managers and their organizations.

Major Content Changes

Once again, encouraged by the increasing number of instructors and students who use each new edition of our book, and based on the reactions and suggestions of both users and reviewers, we have revised and updated our book in the following ways. First, just as we have included pertinent new research concepts in each chapter, so too have we been careful to eliminate outdated or marginal management concepts. As usual, our goal has been to streamline our presentation and keep the focus on the changes that have been taking place that have the most impact on managers and organizations. Our goal is to avoid presenting students with excessive content in too many and too long chapters just for the sake of including outmoded management theory. In today's world of instant sound bites, videos, text messaging, and tweets, providing the best content is much more important than providing excessive content-especially when some of our students are burdened by time pressures stemming from the need to work long hours at paying jobs and meeting personal commitments and obligations.

Second, we have added significant new management content and have reinforced its importance by using many new relevant small and large company examples that are described in the chapter opening cases titled "A Manager's Challenge"; in the many boxed examples featuring managers and employees in companies both large and small in each chapter; and in the "Case in the News" closing cases.

Chapter 1, for example, contains new and updated material on the way changes in IT and the products and services that result from it are affecting competition among companies. The chapter features a new opening case about Buzzfeed and the way its CEO and managers orchestrate the sharing of original content and collecting of big data across multiple global platforms. It also

contains an updated discussion of insourcing—bringing back jobs to the United States from other countries—and how this strategy is working well for companies looking to increase productivity and keep labor costs under control. In addition, coverage of ethics and social responsibility has been updated with examples of how companies are acknowledging the competitive advantage of a diverse workforce. New examples of global crisis management have been added that examine the social and economic impact of a series of recent earthquakes in Ecuador, which continue to impact the country's infrastructure and allimportant tourism industry.

Chapter 2 opens with the story of how General Electric has drastically changed its corporate portfolio of businesses in an effort to simplify its strategies and re-invent itself as a "digital industrial company." The chapter continues to cover traditional management theories and how they have been modified to address changing work conditions in the global environment today.

Chapter 3 updates material about the manager as a person and the way personal characteristics of managers (and all members of an organization) influence organizational culture and effectiveness. The chapter opens with a new "Manager's Challenge" on Kevin Plank's determination to propel Under Armour to continued success. There are also new discussions about recent levels of job satisfaction among U.S. workers, how top managers in Silicon Valley are high on conscientiousness and openness to experience, and a new "Manager as a Person" feature on Jess Lee of Polyvore, a successful e-commerce company.

Chapter 4, "Ethics and Social Responsibility," provides updated material about the unethical and illegal behaviors of managers from various industries. We have updated our coverage of the many issues involved in acting and managing ethically, including an opening case about TOMS and how the company added the elimination of bullying to its corporate social agenda. We also discuss new issues in ethics and ethical dilemmas and provide conceptual tools to help students understand better how to make ethical decisions. We highlight issues related to worker safety, environmental responsibility, and regulations to protect consumer safety. Finally, we have updated coverage of the ethics of nonprofits and their managers as well as how formerly ethical companies began to behave in unethical ways in order to boost their returns to shareholders. The ethical exercise at the end of every chapter continues to be a popular feature of our book.

Chapter 5, "Managing Diverse Employees in a Multicultural Environment," focuses on the effective management of the many faces of diversity in organizations for the good of all stakeholders. A new "Manager's Challenge" highlights the strategies Novartis and Sodexo use to effectively manage diversity in the workplace. We have updated the text material and examples for such issues as age, gender, race and ethnicity, disabilities, and sexual orientation. A new text discussion focuses on the EEOC's recent ruling declaring workplace discrimination illegal based on sexual orientation. We also discuss ways to effectively manage diversity and include an updated discussion of women's earnings in comparison to men's earnings. Methods to prevent discrimination and sexual harassment in an era when many companies face discrimination lawsuits involving hundreds of millions of dollars are also considered. The chapter provides expanded coverage of the way managers can take advantage of the increasing diversity of the population and workforce to reap the performance benefits that stem from diversity while ensuring that all employees are treated fairly.

Chapter 6 contains an integrated account of forces in both the domestic and global environments. It has also been revised and updated to reflect the way increasing global competition and free trade have changed the global value creation process. The chapter uses updated examples from the fashion industry, electronics industry, and automotive industry to illustrate these issues. It also has an updated discussion about the challenges faced by expats in moving abroad, as well as strategies utilized by companies in an effort to become key suppliers to emerging global businesses. Finally, it continues to update the changing dynamics of global competition, including how newly dominant companies have developed successful e-commerce strategies to customize products to the tastes of consumers in other parts of the world.

Chapter 7, "Decision Making, Learning, Creativity, and Entrepreneurship," discusses these vital processes in organizations and their implications for managers and all employees. The chapter opens with a new "Manager's Challenge" on how sound decision making at FUJIFILM Holdings has helped the company expand its business portfolio. We also include a discussion of the position of chief sustainability officer and examine how managers can make decisions to help ensure decisions contribute to sustainability. Also, we continue our discussion of social entrepreneurs who seek creative ways to address social problems to improve well-being by, for example, reducing poverty, increasing literacy, and protecting the natural environment. More generally, we discuss how managers in organizations large and small can improve decision making, learning, and creativity in their organizations. For example, we discuss ways of curbing overconfidence in decision making and how to use contests and rewards to encourage creativity and give examples of companies that use them.

As in the last edition, **Chapter 8** focuses on corporate-, global-, and business-level strategies, and **Chapter 9** discusses functional strategies for managing value chain activities. These two chapters make clear the links between the different levels of strategy while maintaining a strong focus on managing operations and processes. Chapter 8 continues the discussion of planning and levels of strategy,

which focuses on how companies can use vertical integration and related diversification to increase long-term profitability. A new opening case describes the challenges GM CEO Mary Barra faced when she took over the top job at the global automaker. Her strong commitment to "owning" the company's ignition switch recall and maintaining effective corporate strategies has helped GM get back on track. The chapter also includes updated examples of business-level strategies that focus on low-cost strategies in a world in which prices continue to be under pressure due to increased global competition. In Chapter 9 we continue to explore how companies can develop new functional-level strategies to improve efficiency, quality, innovation, and responsiveness to customers. For example, in addition to coverage of TQM, including the Six Sigma approach, we include a discussion of the importance of customer relationship management (CRM) and the need to attract and retain customers during challenging economic times. We also describe how airlines continue to develop new functional strategies concerning the most efficient way to board passengers.

Chapters 10 and 11 offer updated coverage of organizational structure and control and discuss how companies have confronted the need to reorganize their hierarchies and ways of doing business as the environment changes and competition increases. In Chapter 10, for example, we discuss how online evewear company Warby Parker has structured the relatively young organization in an effort to maximize customer service and support, as well as to keep the company's culture fresh and energized. We also continue to highlight examples that show how companies are designing global organizational structure and culture to improve performance. In **Chapter 11** we continue this theme by looking at how companies are changing their control systems to increase efficiency and quality, for example. More generally, how to use control systems to increase quality is a theme throughout the chapter.

We have updated and expanded our treatment of the many ways in which managers can effectively manage and lead employees in their companies. For example, Chapter 12 opens with a new "Manager's Challenge" that highlights how treating employees well has led to exceptional customer service at ACUITY. The chapter also discusses best practices to recruit and attract outstanding employees, the importance of training and development, pay differentials, and family-friendly benefit programs. In addition, there is treatment of the use of background checks by employers, the use of forced ranking systems in organizations, and issues concerning excessive CEO pay and pay comparisons between CEOs and average workers, and updated statistics on U.S. union membership. Chapter 13 continues coverage of prosocially motivated behavior, including examples of people who are motivated to benefit others. It also discusses the many steps managers can take to create a highly motivated workforce and the importance of equity and justice in organizations.

Chapter 14 highlights the critical importance of effective leadership in organizations and factors that contribute to managers being effective leaders, including a discussion of servant leadership. A new "Manager's Challenge" describes the concept of leading for innovation at Salesforce.com. There is also a discussion of how managers with expert power need to recognize that they are not always right. The chapter also addresses how emotional intelligence may help leaders respond appropriately when they realize they have made a mistake, and it gives updated examples of leadership in a variety of organizations. Expanded and updated coverage of the effective management of teams, including virtual teams, is provided in Chapter 15, which opens with a new "Manager's Challenge," which highlights how the use of teams has enhanced performance in several industries. The chapter also covers the problems that arise because of a lack of leadership in teams.

Chapter 16 includes coverage of effective communication and how, given the multitude of advances in IT, it is important to create opportunities for face-to-face communication. There is also information on the ethics of monitoring email and Internet use, including statistics on Internet usage both in the United States and in other countries around the world. Finally, there is also a discussion of social networking sites and why some managers attempt to limit employees' access to them during the workday. **Chapter 17** includes an updated discussion of the vital task of effectively managing conflict and politics in organizations and how to negotiate effectively on a global level. There are many new examples of how managers can create a collaborative work context and avoid competition between individuals and groups.

Chapter 18 has been updated to discuss the changing nature of companywide computing solutions—including an opening case that discusses how companies and sports teams are using wearable technology to measure and monitor performance. There is an updated discussion about how cloud computing can enhance competitive advantage, and recent developments in mobile technology and its many uses are discussed.

We feel confident that the major changes we have made to the tenth edition of *Contemporary Management* reflect the changes that are occurring in management and the workplace; we also believe they offer an account of management that will stimulate and challenge students to think about their future as they look for opportunities in the world of organizations.

Unique Emphasis on Contemporary, Applied Management

In revising our book, we have kept at the forefront the fact that our users and reviewers are supportive of our attempts to integrate contemporary management theories and issues into the analysis of management and organizations. As in previous editions, our goal has been to distill new and classic theorizing and research into a contemporary framework that is compatible with the traditional focus on management as planning, leading, organizing, and controlling but that transcends this traditional approach.

Users and reviewers report that students appreciate and enjoy our presentation of management—a presentation that makes its relevance obvious even to those who lack exposure to a real-life management context. Students like the book's content and the way we relate management theory to real-life examples to drive home the message that management matters both because it determines how well organizations perform and because managers and organizations affect the lives of people inside and outside the organization, such as employees, customers, and shareholders.

Our contemporary approach has led us to discuss many concepts and issues that are not addressed in other management textbooks, and it is illustrated by the way we organize and discuss these management issues. We have gone to great lengths to bring the manager back into the subject matter of management. That is, we have written our chapters from the perspective of current or future managers to illustrate, in a hands-on way, the problems and opportunities they face and how they can effectively meet them. For example, in Chapter 3 we provide an integrated treatment of personality, attitudes, emotions, and culture; in Chapter 4, a focus on ethics from a student's and a manager's perspective; and in Chapter 5, an in-depth treatment of effectively managing diversity and eradicating sexual harassment. In Chapters 8 and 9, our integrated treatment of strategy highlights the multitude of decisions managers must make as they perform their most important role-increasing organizational efficiency, effectiveness, and performance.

Our applied approach can also be clearly seen in the last three chapters of the book, which cover the topics of promoting effective communication; managing organizational conflict, politics, and negotiation; and using information technology in ways that increase organizational performance. These chapters provide a student-friendly, behavioral approach to understanding the management issues entailed in persuasive communication, negotiation, and implementation of advanced information systems to build competitive advantage.

Flexible Organization

Another factor of interest to instructors is how we have designed the grouping of chapters to allow instructors to teach the chapter material in the order that best suits their needs. For example, the more micro-oriented instructor can follow Chapters 1 through 5 with Chapters 12 through 16 and then use the more macro chapters. The more macro-oriented professor can follow Chapters 1 and 2 with Chapters 6 through 11, jump to 16 through 18, and then use the micro chapters, 3 through 5 and 12 through 15.

Our sequencing of parts and chapters gives instructors considerable freedom to design the course that best suits their needs. Instructors are not tied to the planning, organizing, leading, and controlling framework, even though our presentation remains consistent with this approach.

GUIDED TOUR

Rich and Relevant Examples An important feature of our book is the way we use realworld examples and stories about managers and companies to drive home the applied lessons to students. Our reviewers praised the sheer range and depth of the rich, interesting examples we use to illustrate the chapter material and make it come alive. Moreover, unlike boxed material in other books, our boxes are seamlessly integrated into the text; they are an integral part of the learning experience and are not tacked on or isolated from the text itself. This is central to our pedagogical approach.

A Manager's Challenge opens each chapter, posing a chapter-related challenge and then discussing how managers in one or more organizations responded to that challenge. These vignettes help demonstrate the uncertainty and excitement surrounding the management process.

Our box features are not traditional boxes; that is, they are not disembodied from the chapter narrative. These thematic applications are fully integrated into the reading. Students will no longer be forced to decide whether or not to read boxed material. These features are interesting and engaging for students while bringing the chapter contents to life.



The **Manager as a Person** boxes focus on how real managers brought about change within their organizations. These examples allow us to reflect on how individual managers dealt with real-life, on-the-job challenges related to various chapter concepts.



Additional in-depth examples appear in boxes throughout each chapter. Management Insight boxes illustrate the topics of the chapter, while the Ethics in Action, Managing Globally, Focus on Diversity, and Information Technology Byte boxes examine the chapter topics from each of these perspectives.



Small Business Examples To ensure that students see the clear connections between the concepts taught in their Principles of Management course and the application in their future jobs in a medium-sized or small business, Jones and George have included a number of examples of the opportunities and challenges facing founders, managers, and employees in small businesses.

TEACHING RESOURCES Great care was used in the creation of the supplementary material to accompany *Contemporary Management*, 10e. Whether you are a seasoned faculty member or a newly minted instructor, you'll find our support materials to be the most thorough and thoughtful ever created.

Instructor's Manual (IM) The IM supporting this text has been completely updated in order to save instructors time and support them in delivering the most effective course to their students. For each chapter, this manual provides a chapter overview and lecture outline with integrated PowerPoint[®] slides, lecture enhancers, notes for end-of-chapter materials, video cases and teaching notes, and more.

PowerPoint[®] **Presentation** The chapter slides feature reproductions of key tables and figures from the text as well as original content. Lecture-enhancing additions such as quick polling questions and examples from outside the text can be used to generate discussion and illustrate management concepts.

Test Bank The test bank has been thoroughly reviewed, revised, and improved. There are approximately 100 questions per chapter, including true/false, multiple-choice, and essay. Each question is tagged with learning objective, level of difficulty (corresponding to Bloom's taxonomy of educational objectives), and AACSB standards. The AACSB tags allow instructors to sort questions by the various standards and create reports to help give assurance that they are including recommended learning experiences in their curricula.



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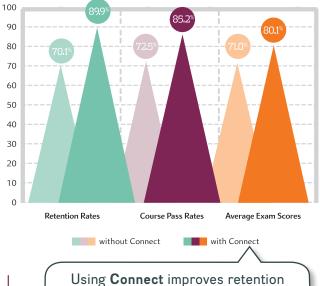


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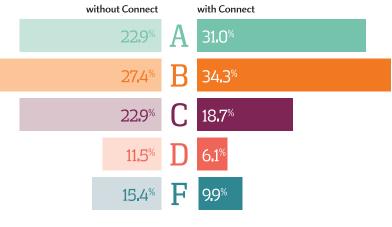
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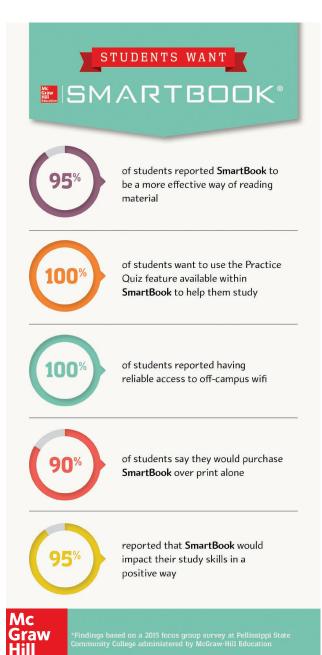
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