Fundamentals of Management

Essential Concepts and Applications

Ninth Edition

Robbins | DeCenzo | Coulter

Management **DEBUNKED?** Myths

Fundamentals of Management

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NINTH EDITION

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To my wife, Laura

Steve

....

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

Dave

....

To Brooklynn and Blake ... with much love, Grandma.

Mary

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Brief Contents

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Contents

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Preface

Welcome to the Ninth Edition of *Fundamentals of Management!* Although much has changed in the world since *FOM* was first published in 1994, we haven't changed our commitment to providing you with the most engaging and up-to-date introduction to management paperback on the market. And how do we do this? By covering the essential concepts of management; providing a sound foundation for understanding the key issues; offering a strong, practical focus, including the latest research on what works for managers and what doesn't; and doing these with a writing style that you and your students will find interesting and straightforward.

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

What Key Changes Have We Made in the Ninth Edition?

You might think that there wouldn't be much new information to put in a book…especially a Ninth Edition! But that's the great thing about a book that discusses managers and management! It's always easy to find new material just by paying attention to what's happening in the news! New issues and ideas are always confronting managers and we've made sure to cover hot topics such as social media, big data, and design thinking, to name a few.

Our biggest change in this edition is our brand new, exciting, and innovative chapter openers—a common Management Myth and how this myth is just that…a myth! Students often think that they already know a lot about management…after all, it's just common sense, right? But management isn't just common sense! When it comes to managing, much of what passes for common sense is just plain wrong. So our new chapter openers grab students' attention by introducing common Management Myths and then debunking them. We think you'll like the student discussion these "myths" and "debunking" will generate!

Another key change affects our end-of-chapter material. After listening to what you were telling us, we decided to provide you with three (yes, you read that right, THREE!) Case Applications and we've moved them back to the end of the chapter. These Case Applications are a great way to tell a current story about managers, management, and organizations *and* to involve students in assessing a situation and answering questions about "how" and "why" and "what would you do." These Case Applications cover the gamut from Google and Yahoo! to Zara and Starbucks.

Also, based on feedback you gave us, we retained our complete, self-contained section on developing management skills but *moved the skills material to the relevant chapters*. It's one thing to *know* something. It's another to be able to *use* that knowledge. The skill-building exercises included at the end of each chapter help you apply and use management concepts. We chose these 18 skills (some chapters have more than one) because of their relevance to developing management competence and their linkage to one or more of the topic areas in this book.

Finally, we've taken one section in each chapter and given it a completely new contemporary and visually appealing look. The design of this selected material will reinforce key

topics and ideas and make it easy for students to read and to know what's important from that particular chapter section. We hope you like these! They were a lot of fun for us to develop and design! Also, because today's students are accustomed to visually rich environments, we've included additional visual presentations of material throughout the chapters to help engage students with the material.

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

Chapter 1—Managers and Management

- New chapter opener—Management Myth/Debunked
- Streamlined material in From the Past to the Present box to better focus on key concepts
- New presentation of material in section on What Managers Do
- New A Question of Ethics box
- New section on Importance of Social Media to the Manager's Job
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 are new

Chapter 2—The Management Environment

- New chapter opener—Management Myth/Debunked
- New presentation of material in the From the Past to the Present box feature
- Updated information on economic component of external environment
- Revised Technology and the Manager's Job box
- New A Question of Ethics box
- New presentation of material in section on What Is Organizational Culture?
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 are new

Chapter 3—Integrative Managerial Issues

- New chapter opener—Management Myth/Debunked
- New presentation of material in section on What Are the Different Types of Global Organizations?
- New A Question of Ethics box
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—all new

Chapter 4—Foundations of Decision Making

- New chapter opener—Management Myth/Debunked
- New presentation of material in section on What Are the 3 Approaches Managers Use to Make Decisions?
- New A Question of Ethics box
- New material on design thinking
- New material on big data

- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications —2 new

Chapter 5—Foundations of Planning

- New chapter opener—Management Myth/Debunked
- New presentation of material in section on What Are Some Criticisms of Formal Planning and How Should Managers Respond?
- New material on social media as a strategic weapon
- New material on big data as a strategic weapon
- Streamlined material in From the Past to the Present box
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications —2 new

Chapter 6—Organizational Structure and Design

- New chapter opener—Management Myth/Debunked
- Clarified presentation of material on six key elements of organizational design
- New A Question of Ethics box
- New presentation of material on What Contingency Variables Affect Structural Choice?
- Streamlined material in From the Past to the Present box
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 new

Chapter 7—Managing Human Resources

- New chapter opener—Management Myth/Debunked
- Streamlined discussion of global HRM laws
- New material on use of social media in HR
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 new

Chapter 8—Managing Change and Innovation

- New chapter opener—Management Myth/Debunked
- New presentation of material in From the Past to the Present box

- New presentation of material on What Reactions Do Employees Have to Organizational Change?
- Added "Think About" questions to boxes
- New material on design thinking and innovation
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 new

Chapter 9—Foundations of Individual Behavior

- New chapter opener—Management Myth/Debunked
- New presentation of material on How Do Learning Theories Explain Behavior?
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 new

Chapter 10—Understanding Groups and Managing Work Teams

- New chapter opener—Management Myth/Debunked
- New presentation of material on 5 Major Concepts of Group Behavior
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 new

Chapter 11—Motivating and Rewarding Employees

- New chapter opener—Management Myth/Debunked
- New presentation of material on 4 Early Theories of Motivation
- New A Question of Ethics box
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 new

Chapter 12—Leadership and Trust

- New chapter opener—Management Myth/Debunked
- New presentation of material on What Do Early Leadership Theories Tell Us About Leadership?
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—all new

Chapter 13—Managing Communication and Information

- New chapter opener—Management Myth/Debunked
- New presentation of material on Technology and Managerial Communication
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—all new

Chapter 14—Foundations of Control

- New chapter opener—Management Myth/Debunked
- New presentation of material on Keeping Track: What Gets Controlled?
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 new

Chapter 15—Operations Management

- New chapter opener—Management Myth/Debunked
- New presentation of material on What Is Value Chain Management and Why Is It Important?
- Special features highlighting important chapter material and providing visual interest
- 3 Case Applications—2 new

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Steve, Dave, and I would like to thank you for considering and choosing our book for your management course. All of us have several years of teaching under our belt, and we know how challenging yet rewarding it can be. Our goal is to provide you with the best resources available to help you excel in the classroom!

About the Authors

STEPHEN P. ROBBINS received his Ph.D. from the University of Arizona. He previously worked for the Shell Oil Company and Reynolds Metals Company and has taught at the University of Nebraska at Omaha, Concordia University in Montreal, the University of Baltimore, Southern Illinois University at Edwardsville, and San Diego State University. He is currently professor emeritus in management at San Diego State.

Dr. Robbins's research interests have focused on conflict, power, and politics in organizations, behavioral decision making, and the development of effective interpersonal skills. His articles on these and other topics have appeared in such journals as *Business Horizons*, the *California Management Review*, *Business and Economic Perspectives, International Management, Management Review, Canadian Personnel and Industrial Relations*, and *The Journal of Management Education*.

Dr. Robbins is the world's best-selling textbook author in the areas of management and organizational behavior. His books have sold more than 6 million copies and have been translated into 20 languages. His books are currently used at more than 1,500 U.S. colleges and universities, as well as hundreds of schools throughout Canada, Latin America, Australia, New Zealand, Asia, and Europe.

Dr. Robbins also participates in masters track competition. Since turning 50 in 1993, he's won 23 national championships and 14 world titles. He was inducted into the U.S. Masters Track & Field Hall of Fame in 2005 and is currently the world record holder at 100 m and 200 m for men 65 and over.

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When she's not busy writing, Dr. Coulter enjoys puttering around in her flower gardens, trying new recipes, reading all different types of books, and enjoying many different activities with husband Ron, daughters and sons-in-law Sarah and James, and Katie and Matt, and most especially with her two grandkids, Brooklynn and Blake, who are the delights of her life!

1 Managers and Management

Management **Myth** Myth

Only those who want to be managers need to take a course in management.

DEBUNKED!

Anyone who works
in an organization
–not just managers–
can gain insight into how
organizations work
and their boss's behavior
by taking a course
in management.

ASSUME

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

Now let's change the situation to the first day in an introductory management class. Your instructor asks you to write an answer to the question: "What traits does one need to be an effective leader?" When we've asked this question of students on the first day, we find that they're never at a loss for an answer. Everyone seems to think they know what makes a good leader.

Our example illustrates a popular myth about the study of management: It's just common sense. Well, it's not! The study of management is filled with insights, based on extensive research, which are counterintuitive. And to reinforce this point, we open each chapter of this book with a finding from that chapter that runs counter to common sense.

Let's begin this chapter by debunking the above common-sense myth: This statement often surprises students majoring in subjects like accounting, finance, statistics, information technology, or advertising. Since they don't expect to be managers, they see spending a semester studying management as irrelevant to their career goals. Later in this chapter, we'll explain why the study of management is valuable to *every* student. So attention, accounting majors: You don't have to be a manager, or aspire to be a manager, in order to gain something from a management course. ●

Learning Outcomes

1 Tell who managers are and where they work. p. 5

2 Define management. p. 8

3 Describe what managers do. p. 9

4 Explain why it's important to study management. p. 14

5 Describe the factors that are reshaping and redefining management. p. 15
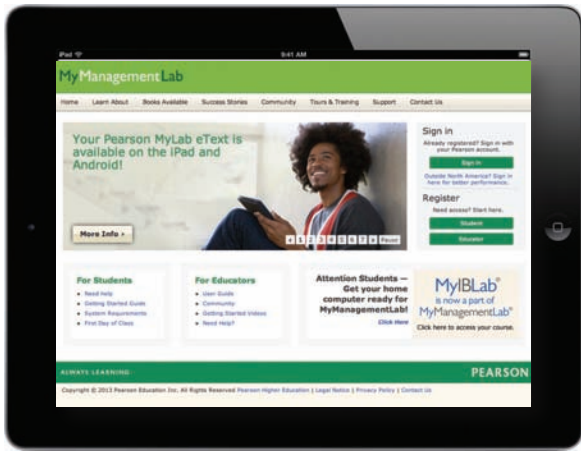
Although we'd like to think that all managers are good at what they do, you may have discovered through jobs you've had that managers can be good at what they do or maybe not so good, or even good one day and not so good the next! One thing you need to understand is that all managers—including those in organizations where you've worked and in other organizations—have important jobs to do. And this book is about the work they do. In this chapter, we introduce you to managers and management: who they are, where they work, what management is, what they do, and why you should spend your time studying management. Finally, we'll wrap up the chapter by looking at some important factors that are reshaping and redefining management.

Who Are Managers and Where Do They Work?

1 Tell who managers are and where they work.

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

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

Exhibit 1–1 Three Characteristics of Organizations

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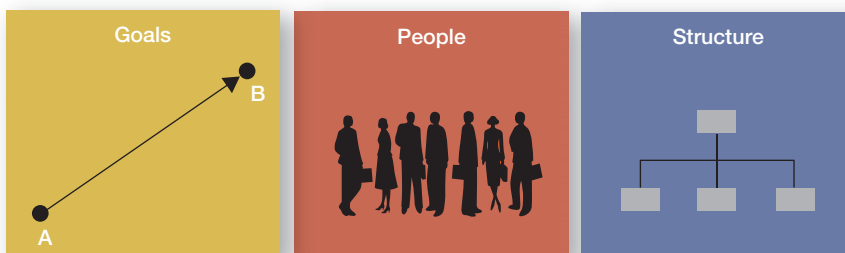
nonmanagerial employees
People who work directly on a job or task and have no responsibility for overseeing the work of others

managers
Individuals in an organization who direct the activities of others

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

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

What Three Characteristics Do All Organizations Share?

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

How Are Managers Different from Nonmanagerial Employees?

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

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

What Titles Do Managers Have?

Identifying exactly who the managers are in an organization isn't difficult, but be aware that they can have a variety of titles. Managers are usually classified as top, middle, first-line, or team leaders. (See Exhibit 1–2.) **Top managers** are those at or near the top of an organization. They're usually responsible for making decisions about the direction of the organization and establishing policies and philosophies that affect all organizational members. Top managers typically have titles such as vice president, president, chancellor, managing director, chief operating officer, chief executive officer, or chairperson of the board. **Middle managers** are those managers found between the lowest and top levels of the organization. These individuals often manage other managers and maybe some nonmanagerial employees and are typically responsible for translating the goals set by top managers into specific details that lower-level managers will see get done. Middle managers may have

◀◀◀ From the Past to the Present 1588–1705–1911–Today ▶▶▶

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

- In 1911, Taylor's book *Principles of Scientific Management* took the business world by storm—his ideas spread in the United States and to other countries and inspired others.
- Why? His theory of **scientific management**: the use of scientific methods to define the *"one best way"* for a job to be done.
- As a mechanical engineer in Pennsylvania steel companies, Taylor was continually appalled by workers' inefficiencies as he observed:
  — Employees using vastly different techniques to do the same job and often "taking it easy" on the job.
  — Few, if any, existing work standards.

— Workers placed in jobs with little or no concern for matching their abilities and aptitudes with the tasks they were required to do.

- The result: Worker output was only about *one-third* of what was possible.
- Taylor's remedy? Applying the scientific method to manual shop-floor jobs. The result: phenomenal increases in worker output and efficiency—in the range of 200 percent or more!
- Because of his work, Taylor is known as the "father" of scientific management.

> Management: Finding one best way to do a job?

- *Here's something for you to try:* Use scientific management principles to be more efficient. Choose a task you do regularly (think . . . laundry, grocery shopping, studying for exams, etc.). Analyze that task by writing down the steps involved in completing it. What activities could be combined or eliminated? Find the "one best way" to do this task. Try the scientifically managed way! See if you become more efficient—keeping in mind that changing habits isn't easy to do.

Discuss This:

- What would a "Taylor" workplace be like?
- How have Taylor's views contributed to how management is practiced today?

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such titles as department or agency head, project leader, unit chief, district manager, division manager, or store manager. **First-line managers** are those individuals responsible for directing the day-to-day activities of nonmanagerial employees. First-line managers are often called supervisors, shift managers, office managers, department managers, or unit coordinators. We want to point out a special category of lower-level managers that have become more common as organizations have moved to using employee work teams to do work. These managers can best

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

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

Exhibit 1–2 Management Levels

- Top Managers
- Middle Managers
- First-Line Managers
- Team Leaders

be described as **team leaders**—that is, individuals who are responsible for managing and facilitating the activities of a work team. Team leaders will typically report to a first-line manager.

What Is Management?

<table>
<tr><td>**2**   Define management.</td></tr>
</table>

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

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

Talk about finding new ways to be efficient!

ROWE—or results-only work environment—is a radical experiment tried at Best Buy headquarters. In this flexible work program, employees are judged only on tasks completed or results, not on how many hours they spend at work. Employees say they don't know whether they're working fewer hours because they've stopped counting. BUT… **employee productivity jumped 41 percent!**[3]

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

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

Managers and **efficiency & effectiveness**

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

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

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

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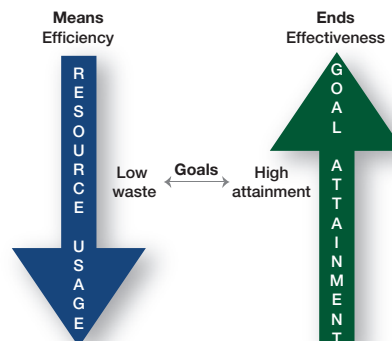Doing things right, or getting the most output from the least amount of inputs

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

Exhibit 1–3 Efficiency and Effectiveness

3 Ways to Look at What Managers Do

3 Describe what managers do.

NO TWO ORGANIZATIONS ARE ALIKE, and neither are managers' jobs. But managers' jobs do share some common elements. Here are three approaches to describing what managers do.

4 Functions Approach

- Managers perform certain activities, tasks, or functions as they direct and oversee others' work.

- Henri Fayol (a French industrialist) first proposed the functions approach. He said managers engaged in five management activities: plan, organize, command, coordinate, and control (POCCC).[4] His choice of five functions was based on what he observed and experienced in the mining industry, not on any type of formal survey.

- Today, those management functions have been condensed to four: **planning**, **organizing**, **leading**, and **controlling**.

- Here are the types of things managers do when they P-O-L-C.

Exhibit 1–4 Four Management Functions

PLANNING Defining goals, establishing strategy, and developing subplans to coordinate activities

ORGANIZING Determining what needs to be done, how it will be done, and who is to do it

Achieving the organization's stated purpose

CONTROLLING Monitoring activities to ensure that they are accomplished as planned

LEADING Directing and coordinating the work activities of an organization's people

THEN **P O C C C**
plan   organize   command   coordinate   control

NOW **P O L C**
planning   organizing   leading   controlling

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Henri Fayol (a French industrialist) first proposed the functions approach. He said managers engaged in five management activities: **plan, organize, command, coordinate, and control**

planning
Includes defining goals, establishing strategy, and developing plans to coordinate activities

organizing
Includes determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and who will make decisions

leading
Includes motivating employees, directing the activities of others, selecting the most effective communication channel, and resolving conflicts

controlling
Includes monitoring performance, comparing it with goals, and correcting any significant deviations