

SCHERMERHORN | DAVIDSON | FACTOR | WOODS | SIMON | MCBARRON

# management

6th Asia–Pacific edition



WILEY



# Management

6TH ASIA-PACIFIC EDITION

John R. Schermerhorn

Paul Davidson

Aharon Factor

David Poole

Peter Woods

Alan Simon

Ellen McBarron

**WILEY**

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

Typeset in 10/12pt Times LT Std

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

Authorised adaptation of *Management* (ISBN 978 0 471 43570 9), published by  
John Wiley & Sons, Inc., New York, United States of America. Copyright © 2002 in the  
United States of America by John Wiley & Sons Inc. All rights reserved.

The moral rights of the authors have been asserted.

National Library of Australia  
Cataloguing-in-Publication entry

---

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

---

#### **Reproduction and communication for educational purposes**

The *Australian Copyright Act 1968* (the Act) allows a maximum of one chapter or 10% of the pages of this work or — where this book is divided into chapters — one chapter, whichever is the greater, to be reproduced and/or communicated by any educational institution for its educational purposes provided that the educational institution (or the body that administers it) has given a remuneration notice to Copyright Agency Limited (CAL).

#### **Reproduction and communication for other purposes**

Except as permitted under the Act (for example, a fair dealing for the purposes of study, research, criticism or review), no part of this book may be reproduced, stored in a retrieval system, communicated or transmitted in any form or by any means without prior written permission. All inquiries should be made to the publisher.

Every effort has been made to trace the ownership of copyright material. Information that will enable the publisher to rectify any error or omission in subsequent editions will be welcome. In such cases, please contact the Permissions Section of John Wiley & Sons Australia, Ltd.

Cover image: © Pawel Papis/Shutterstock.com.

Typeset in India by Aptara

10 9 8 7 6 5 4 3 2 1



# CONTENTS

*About the authors* xi  
*Applications at a glance* xiv

## CHAPTER 1

### The contemporary workplace 1

Managing the fresh food people 2

Introduction 3

1.1 Working in today's economy 3

Intellectual capital 4

Globalisation 4

Technology 5

Diversity 6

Ethics 8

Careers 8

1.2 Organisations in today's workplace 9

What is an organisation? 10

Organisations as systems 10

Organisational performance 11

The changing nature of organisations 12

1.3 Managers in today's workplace 13

The organisational environment and the manager 13

What is a manager? 16

Managerial performance 18

Changing nature of managerial work 19

1.4 The management process 20

Functions of management 21

Managerial activities and roles 23

Managerial agendas and networks 24

1.5 Managerial learning 25

Essential managerial skills 26

Skill and outcome assessment 27

Summary 28

Key terms 29

Applied activities 30

Endnotes 30

Acknowledgements 32

## CHAPTER 2

### Historical foundations of management 33

Looking back to look forward 34

Introduction 36

2.1 Classical approaches to management 36

Scientific management 36

Administrative management 38

Bureaucratic management 40

Hierarchy in organisations 41

2.2 Behavioural approaches to management 41

The Hawthorne Studies and human relations 42

Relay assembly test-room studies 42

Employee attitudes, interpersonal relations and group processes 42

Lessons from the Hawthorne Studies 42

Maslow's theory of human needs 43

McGregor's Theory X and Theory Y 44

2.3 Quantitative approaches to management 45

Management science 45

Quantitative analysis today 45

2.4 Modern approaches to management 46

Systems thinking 46

Contingency thinking 47

2.5 Continuing management themes 48

Quality and performance excellence 48

Global awareness 49

Learning organisations 49

Looking ahead 51

Summary 54

Key terms 55

Applied activities 55

Endnotes 55

Acknowledgements 57

## CHAPTER 3

### Environment and diversity 58

Australia a diverse country but older workers still struggle to find employment 59

Introduction 60

3.1 Environment and competitive advantage 61

What is competitive advantage? 61

The general environment 62

The specific environment 65

Environmental uncertainty 65

3.2 Internal environment and organisational culture 67

What strong cultures do 67

Levels of organisational culture 68

Leadership and organisational culture 69

3.3 Customer-driven organisations 70

Who are the customers? 70

What customers want	70
Customer relationship management	71
<b>3.4 Quality-driven organisations</b>	<b>72</b>
Total quality management	72
Quality and continuous improvement	73
Quality, technology and design	74
<b>3.5 Diversity and multicultural organisations</b>	<b>75</b>
What is a multicultural organisation?	75
Organisational subcultures	75
Challenges faced by minority groups and women	76
Managing diversity	80
Summary	83
Key terms	84
Applied activities	85
Endnotes	85
Acknowledgements	88

## CHAPTER 4

# International dimensions of management 89

Selling out Australia	90
Introduction	91
<b>4.1 International management and globalisation</b>	<b>92</b>
Asia and the Pacific Rim	93
Europe	95
The Americas	98
Africa	98
<b>4.2 International business challenges</b>	<b>99</b>
Competitive global business environment	99
Forms of international business	100
<b>4.3 Multinational corporations</b>	<b>103</b>
Types of multinational corporations	103
Pros and cons of multinational corporations	104
Ethical issues for multinational operations	105
<b>4.4 Culture and global diversity</b>	<b>106</b>
Popular dimensions of culture	106
Values and national cultures	108
Understanding cultural diversity	109
<b>4.5 Management across cultures</b>	<b>111</b>
Planning and controlling	111
Organising and leading	112
Are management theories universal?	113
Global organisational learning	114
Summary	116
Key terms	117
Applied activities	118
Endnotes	118
Acknowledgements	121

## CHAPTER 5

# Ethical behaviour and social responsibility 122

Taking corporate social responsibility to the next level	123
Introduction	124
<b>5.1 What is ethical behaviour?</b>	<b>125</b>
Law, values and ethical behaviour	125
Alternative views of ethical behaviour	126
Cultural issues in ethical behaviour	128
<b>5.2 Ethics in the workplace</b>	<b>129</b>
What is an ethical dilemma?	129
Ethical problems faced by managers	129
Rationalisations for unethical behaviour	130
Factors influencing ethical behaviour	131
<b>5.3 Maintaining high ethical standards</b>	<b>133</b>
Ethics training	133
Whistleblower protection	134
Ethical role models	134
Codes of ethics	135
<b>5.4 Social responsibility</b>	<b>135</b>
Stakeholder issues and practices	136
Perspectives on social responsibility	138
Evaluating social performance	139
Social responsibility strategies	140
<b>5.5 Organisations and society</b>	<b>142</b>
How government influences organisations	142
How organisations influence government	143
Why managers make the difference	144
Summary	145
Key terms	146
Applied activities	146
Endnotes	147
Acknowledgements	150

## CHAPTER 6

# Sustainability 151

Are you pouring money down the drain?	152
Introduction	153
<b>6.1 What is sustainability?</b>	<b>153</b>
Defining sustainability	154
Why sustainability?	154
Energy and the natural environment	156
Social justice	157
The business case	158
<b>6.2 International sustainability guidelines for business</b>	<b>158</b>
The UN Global Compact	159

- The Millennium Development Goals 160
- The Sustainable Development Goals 161
- 6.3 Sustainability and organisations 162**
  - Shared value 162
  - Model of the sustainable business organisation 163
  - Corporate governance 163
  - Circular economy 164
- 6.4 Organisational change: developing the sustainable firm 164**
  - Incremental change 165
  - Sustainability reporting 165
  - The bottom of the pyramid 166
- 6.5 Current trends in business sustainability 166**
  - Waves of change in the business environment 167
  - Rio+20 Corporate Sustainability Forum 167
  - Summary 169
  - Key terms 169
  - Applied activities 170
  - Endnotes 170
  - Acknowledgements 173

## CHAPTER 7

### Information and decision making 174

- Where we are on the road to driverless cars 175**
  - Destination: autonomy 175
  - Getting behind the wheel 175
- Introduction 176**
- 7.1 Information technology and the new workplace 177**
  - Work and the virtual office 177
  - How information technology is changing organisations 178
  - How information technology is changing business 180
- 7.2 Information and information systems 181**
  - What is useful information? 181
  - Information needs of organisations 181
  - Developments in information systems 183
  - Decision support systems 183
  - Information systems and the manager's job 185
- 7.3 Information and decision making 187**
  - Types of managerial decisions 187
  - Decision conditions 188
  - How managers approach decisions 188
- 7.4 The decision-making process 189**
  - Steps in decision-making 190
  - Behavioural influences on decision-making 192

- Individual and group decision-making 194
- Ethical decision-making 195
- 7.5 Knowledge management and organisational learning 195**
  - What is knowledge management? 195
  - Organisational learning 196
  - Summary 197
  - Key terms 198
  - Applied activities 199
  - Endnotes 199
  - Acknowledgements 200

## CHAPTER 8

### Planning 201

- Planning for Port Shorts 202**
- Introduction 203**
- 8.1 How and why managers plan 204**
  - Importance of planning 205
  - The planning process 207
- 8.2 Types of plans used by managers 209**
  - Short-range and long-range plans 209
  - Strategic and tactical plans 210
  - Policies and procedures 211
  - Budgets and project schedules 212
- 8.3 Planning tools, techniques and processes 212**
  - Forecasting 213
  - Contingency planning 213
  - Scenario planning and contingency planning 214
  - Benchmarking 217
  - Staff planners 218
  - Management by objectives 218
  - Participation and involvement 219
  - Summary 221
  - Key terms 221
  - Applied activities 222
  - Endnotes 222
  - Acknowledgements 223

## CHAPTER 9

### Strategic management 224

- Rise of the new tech companies 225**
- Introduction 226**
- 9.1 Sustainable strategic competitiveness 226**
  - What is organisational strategy? 227
  - Strategic management 228
  - Strategic management goals 228
- 9.2 The strategic management process 231**
  - Analysis of mission, values and objectives 232

Analysis of organisational resources and capabilities	234
Analysis of industry and environment	234
<b>9.3 Strategies used by organisations</b>	<b>237</b>
Levels of strategy	237
Growth and diversification strategies	238
Restructuring and divestiture strategies	240
Cooperation in business strategies	240
E-business strategies	241
<b>9.4 Strategy formulation</b>	<b>242</b>
Porter's generic strategies	243
Product life cycle planning	244
Portfolio planning	246
Adaptive strategies	248
Incrementalism and emergent strategy	248
<b>9.5 Strategy implementation</b>	<b>249</b>
Management practices and systems	249
Corporate governance	249
Strategic leadership	250
Summary	251
Key terms	252
Applied activities	253
Endnotes	253
Acknowledgements	255

## CHAPTER 10

# Organising 256

The 'no manager' company: how does it work? 257

Introduction 258

**10.1 Organising as a management function** 258

What is organisational structure? 259

Formal structure 259

Informal structure 260

**10.2 Traditional organisation structures** 261

Functional structures 261

Divisional structures 262

Matrix structures 264

**10.3 Essentials of organisational design** 266

Bureaucratic designs 266

Adaptive designs 269

Virtual designs 270

**10.4 Contingencies in organisational design** 271

Environment 271

Strategy 272

Size and life cycle 272

Human resources 273

**10.5 Developments in organisation structures** 274

Team structures 275

Network structures 276

**10.6 Subsystems design and integration** 278

Subsystem differences 278

How to achieve integration 279

**10.7 Organising trends** 281

Shorter chains of command 281

Less unity of command 281

Wider spans of control 282

More delegation and empowerment 282

Decentralisation with centralisation 283

Summary 285

Key terms 286

Applied activities 287

Endnotes 287

Acknowledgements 290

## CHAPTER 11

# Controlling 291

Relying on quality to bring control 292

Introduction 293

**11.1 Organisational control** 294

Rationale for controlling 294

Steps in the control process 295

**11.2 Types of controls** 298

Feedforward controls 298

Concurrent controls 298

Feedback controls 299

Internal and external control 300

**11.3 Organisational control systems** 301

Remuneration and benefits 301

Employee discipline systems 302

Information and financial controls 303

Operations management and control 304

Project management and control 306

Balanced scorecards 307

MBO: integrated planning and controlling 308

Summary 309

Key terms 309

Applied activities 310

Endnotes 310

Acknowledgements 311

## CHAPTER 12

# Human resource management 312

Others can learn from the ways tech firms find and keep staff 313

Ways of managing 313



Communication and culture	313
Treating each other well reaps benefits	313
<b>Introduction</b>	<b>314</b>
<b>12.1 Diversity and the importance of people</b>	<b>315</b>
Why people make the difference	316
The diversity advantage	316
<b>12.2 HRM</b>	<b>318</b>
Employment discrimination	318
Occupational health and safety	321
Industrial relations in the Asia–Pacific region	323
International HRM	325
The HRM process	326
Strategic HRM	326
<b>12.3 Attracting a quality workforce</b>	<b>327</b>
The recruiting process	328
Making selection decisions	330
<b>12.4 Developing a quality workforce</b>	<b>333</b>
Employee orientation	333
Training and development	334
Performance management systems	335
Purpose of performance appraisal	335
<b>12.5 Engagement: maintaining a quality workforce</b>	<b>338</b>
Career development	339
Work–life balance	340
Remuneration and benefits	342
Retention and turnover	343
Summary	345
Key terms	346
Applied activities	347
Endnotes	347
Acknowledgements	350

## CHAPTER 13

### Leading 351

<b>Traits of an ethical leader</b>	<b>352</b>
The personality to defy groupthink	352
The ability to set a good example	352
Selflessness	352
Their door is always open	352
They're not afraid to be challenged	352
They take responsibility for everything	353
<b>Introduction</b>	<b>353</b>
<b>13.1 The nature of leadership</b>	<b>354</b>
Leadership and vision	355
Power and influence	355
Ethics and the limits to power	357
Leadership and empowerment	357
<b>13.2 Leadership traits and behaviours</b>	<b>358</b>
Search for leadership traits	358

Focus on leadership behaviours	359
<b>13.3 Contingency approaches to leadership</b>	<b>361</b>
Fiedler's contingency model	362
Hersey–Blanchard situational leadership model	363
House's path–goal leadership theory	364
Vroom–Jago leader-participation model	365
<b>13.4 Issues in leadership development</b>	<b>367</b>
Transformational leadership	367
Emotional intelligence	369
Gender and leadership	370
Drucker's 'old-fashioned' leadership	370
Moral leadership	371
Summary	373
Key terms	374
Applied activities	374
Endnotes	375
Acknowledgements	377

## CHAPTER 14

### Communication and interpersonal skills 378

#### Communication in a digital age 379

#### Introduction 380

#### 14.1 The communication process 380

What is effective communication?	380
Persuasion and credibility in communication	381

#### Barriers to effective communication 382

#### 14.2 Improving communication 385

Transparency and openness	385
Active listening	385
Body language	386
Constructive feedback	387
Use of communication channels	387
Proxemics and space design	389
Technology use	390
Valuing culture and diversity	392

#### Language and organisational change 392

#### 14.3 Perception 393

Perception and attribution	394
Perceptual tendencies and distortions	394

#### 14.4 Communication and conflict management 396

Consequences of conflict	396
Causes of conflict	397
How to deal with conflict	397
Conflict management styles	398
Structural approaches to conflict management	399

## 14.5 Negotiation 400

- Negotiation goals and approaches 400
- Gaining integrative agreements 401
- Avoiding negotiation pitfalls 402
- Cross-cultural negotiation 403
- Ethical issues in negotiation 403
- Summary 404
- Key terms 405
- Applied activities 406
- Endnotes 406
- Acknowledgements 408

## CHAPTER 15

# Motivation and rewards 409

Culture Amp pioneers employee share options 410

## Introduction 411

### 15.1 What is motivation? 411

- Motivation and rewards 411
- Rewards and performance 412

### 15.2 Content theories of motivation 413

- Hierarchy of needs theory 414
- ERG theory 415
- Two-factor theory 415
- Acquired needs theory 416
- Questions and answers on content theories 417

### 15.3 Process theories of motivation 419

- Equity theory 419
- Expectancy theory 420
- Goal-setting theory 421
- Self-efficacy theory 423

### 15.4 Reinforcement theory of motivation 424

- Reinforcement strategies 424
- Positive reinforcement 425
- Punishment 426
- Ethical issues in reinforcement 426

### 15.5 Motivation and remuneration 427

- Pay for performance 428
- Incentive remuneration systems 430
- Summary 433
- Key terms 434
- Applied activities 434
- Endnotes 435
- Acknowledgements 437

## CHAPTER 16

# Individuals, job design and stress 438

IBM and NAB introduce 'mindfulness' among staff 439

## Introduction 440

### 16.1 The meaning of work 441

- Psychological contracts 441
- Work and the quality of life 442

### 16.2 Satisfaction, performance and job design 444

- Job satisfaction 444
- Individual performance 446
- Job design alternatives 448

### 16.3 Directions in job enrichment 451

- Core characteristics model 451
- Technology and job enrichment 454
- Questions and answers on job enrichment 454

### 16.4 Alternative work arrangements 454

- The compressed work week 455
- Flexible working hours 455
- Job sharing 456
- Telecommuting 456
- Part-time and casual work 458

### 16.5 Job stress 460

- Sources of stress 460
- Consequences of stress 462
- Stress management strategies 464
- Summary 466
- Key terms 467
- Applied activities 467
- Endnotes 468
- Acknowledgements 470

## CHAPTER 17

# Teams and teamwork 471

Telstra and Cisco create a new approach to teamwork 472

## Introduction 473

### 17.1 Teams in organisations 473

- Challenges of teamwork 473
- Synergy and the usefulness of teams 474
- Formal and informal groups 475

### 17.2 Trends in the use of teams 476

- Committees 476
- Project teams and task forces 476
- Cross-functional teams 477
- Employee involvement teams 477
- Virtual teams 477
- International teams 479
- Self-managing work teams 479

### 17.3 Team processes and diversity 482

- What is an effective team? 482
- Stages of team development 485
- Norms and cohesiveness 487

Task and maintenance needs	489
Communication networks	489
<b>17.4 Decision-making in teams</b>	<b>491</b>
How teams make decisions	491
Assets and liabilities of group decisions	492
Creativity in team decision-making	493
<b>17.5 Leading high-performance teams</b>	<b>494</b>
The team-building process	494
Team leadership challenges	495
Summary	497
Key terms	498
Applied activities	499
Endnotes	499
Acknowledgements	501

## CHAPTER 18

### Leading and managing change 502

Snail mail versus email: changes afoot at Australia Post 503

Introduction 504

#### 18.1 Challenges of change 505

Strategic competitiveness	506
Continuous innovation	507
Characteristics of innovative organisations	509
Innovation and industry clusters	509

#### 18.2 Organisational change 511

Change leadership	512
Models of change leadership	512
Planned and unplanned change	514
Forces and targets for change	514

#### 18.3 Managing planned change 516

Phases of planned change	516
Choosing a change strategy	518
Understanding resistance to change	521
Dealing with resistance to change	522
Managing technological change	522
Virtual organisations	523

#### 18.4 Organisation development 526

Organisation development goals	526
How organisation development works	527
Organisation development interventions	528
Organisational transformation	530
The Prosci® ADKAR® model	531

#### 18.5 Personal change and career readiness 532

Sustaining career advantage	533
Summary	535
Key terms	536

Applied activities	537
Endnotes	537
Acknowledgements	540

## CHAPTER 19

### Entrepreneurship and new ventures 541

Asylum seekers could be our next wave of entrepreneurs 542

Introduction 543

#### 19.1 The nature of entrepreneurship 543

Characteristics of entrepreneurs	547
Diversity and entrepreneurship	549
The role of governments in entrepreneurship	549

#### 19.2 Entrepreneurship and small business 550

Internet entrepreneurship	551
International business entrepreneurship	552
Family businesses	553
Why small businesses fail	554

#### 19.3 New venture creation 555

Life cycles of entrepreneurial organisations	555
Writing the business plan	556
Choosing the form of ownership	557
Business start-up finance	558

#### 19.4 Entrepreneurship and business development 558

Intrapreneurship and large enterprises	559
Business incubation	559
Summary	560
Key terms	560
Applied activities	561
Endnotes	561
Acknowledgements	563

## CHAPTER 20

### Operations and services management 564

Forget siestas, 'green micro-breaks' could boost work productivity 565

Testing 'micro-breaks'	565
Healthier workplaces and cities	565

Introduction 566

#### 20.1 Operations management essentials 567

Productivity	567
Competitive advantage	567
Operations technologies	568

#### 20.2 Value chain management 570

Value chain analysis	571
Supply chain management	571

Inventory management 572  
Break-even analysis 573  
20.3 Service and product quality 574  
Customer relationship management 574  
Quality management 577  
Statistical quality control 578  
20.4 Work processes 578  
How to re-engineer core processes 579  
Process-driven organisations 580  
20.5 Physical factors in the workplace 581  
Lighting the workplace 581  
Ergonomic workstations 581  
Climate control 581  
Summary 583  
Key terms 583  
Applied activities 584  
Endnotes 585  
Acknowledgements 586

## Case study 1

Economic downturns and the business environment 587

## Case study 2

Boost Juice Bars in a global, digital marketplace 590

## Case study 3

Coal seam gas: the sustainable business response 592

## Case study 4

IKEA's international strategy 595

## Case study 5

The IT industry: who says there's no such thing as a free lunch? 599

## Case study 6

Quality can endure despite environmental shocks 602

## Case study 7

Nespresso 605

## Case study 8

A flood of decisions 608

## Case study 9

Scenario planning at Royal Dutch Shell 611

## Case study 10

Sick leave costing employers 614

## Case study 11

Twitter – rewriting (or killing) communication? 617

## Case study 12

Zara International: fashion at the speed of light 620

# ABOUT THE AUTHORS

## John R. Schermerhorn Jr

*Dr John R. Schermerhorn Jr* is the Charles G. O'Brien professor of management emeritus in the College of Business at Ohio University. John earned a PhD in organisational behaviour from Northwestern University, an MBA (with distinction) in management and international business from New York University, and a BS in business administration from the State University of New York at Buffalo. He previously taught at Tulane University, the University of Vermont, and Southern Illinois University at Carbondale, where he also served as head of the Department of Management and associate dean of the College of Business Administration.

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

## Paul Davidson

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

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

## Aharon Factor

Aharon Factor began his academic career studying at Kings College, University of London, and holds a PhD from the Aarhus Business School, University of Aarhus, in Denmark. He has a diverse working background and has recently opened a sustainability consulting firm, Sustainable SME, after a period engaging in academic teaching and research. He most recently worked as a lecturer in business sustainability at Swinburne University of Technology, and was previously at Curtin University of Technology and the University of New England. His field of research is focused upon the sustainability behaviours of Australian small- and medium-sized businesses. He has worked in this area with the Australian Government in Canberra and the Australian Academy of Sciences.



## Peter Woods

*Dr Peter Woods* is an associate professor in the Department of International Business and Asian Studies, Griffith University Business School. His teaching has been recognised by multiple awards, including the prestigious 2010 Australian Learning and Teaching Council Award for Teaching Excellence (Internationalisation); Griffith University's Excellence in Teaching Award (Business and Law) in 2010; and he was a co-recipient of the Pro-Vice Chancellor's award for innovation in 2011. In 2012, he was awarded 'Brisbane's Best Lecturer' by the Golden Key International Honour Society. Peter has also served as academic fellow at the Griffith Institute of Higher Education, helping academic staff to improve teaching in the multicultural classroom. He specialises in teaching introductory management, intercultural management, the social context of Asian business and strategic management.

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

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

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

## Alan Simon

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

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

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

## Ellen McBarron

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

# APPLICATIONS AT A GLANCE

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

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

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

(continued)

(continued)

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



## CHAPTER 1

# The contemporary workplace

### LEARNING OBJECTIVES

---

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

## Managing the fresh food people

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

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

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

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



---

### QUESTION

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

---

# Introduction

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

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

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

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

## 1.1 Working in today's economy

---

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

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

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

## Intellectual capital

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

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

## Globalisation

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

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

### Australian project management goes global

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



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

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

#### QUESTION

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

## Technology

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

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



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

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

## Diversity

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

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

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

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

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

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

## DIVERSITY

### The challenge of managing across cultures

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



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

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

### QUESTION

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

## Ethics

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

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

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

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

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

## Careers

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

- Picture an organisation as a shamrock with three leaves. Each leaf has a different career implication.
- In one leaf are the core workers. These full-time employees pursue traditional career paths. With success and the maintenance of critical skills, core employees can advance within the organisation and may remain employed for a long time.

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

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

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

### CRITICAL ANALYSIS

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

## 1.2 Organisations in today’s workplace

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

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

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