Seventh Edition

MANAGEMENT
AN INTRODUCTION

David Boddy

IDEA

VISION

JOB

MOTIVATION

SKILL
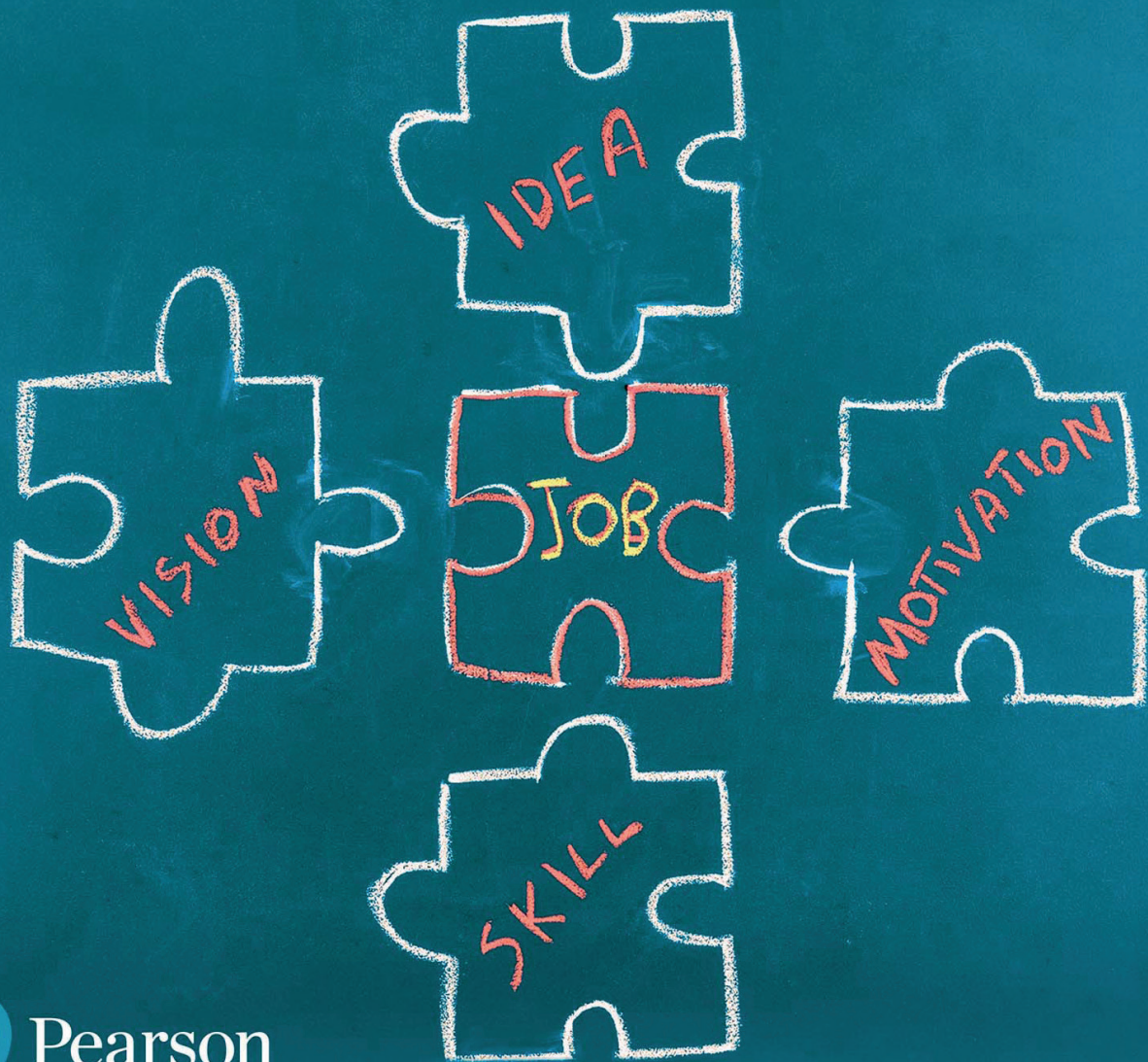
MANAGEMENT
An Introduction

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MANAGEMENT
An Introduction   Seventh Edition

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PREFACE TO THE SEVENTH EDITION

This seventh edition takes account of helpful comments from staff and students who used the sixth edition, and the suggestions of reviewers (please see below). The book retains the established structure of six parts, and the titles of the 20 chapters also remain the same. Within that structure each chapter has been updated where necessary, with many new and current examples both in the narrative and in the 'Management in practice' features. New empirical research maintains the academic quality. The main changes of this kind are:

Chapters

Chapter 1 (Managing in organisations) – introduces the new 'Develop a skill' feature in Sections 1.0 and 1.8, and the 'triple bottom line' in assessing business performance.

Chapter 4 (Managing internationally) – new chapter case study, Carlsberg, and introduces the idea of contextual intelligence, which is also cited as a useful skill to develop.

Chapter 5 (Corporate responsibility) – more structured view of corporate responsibility from work by Rangan (2015), including the idea of shared value.

Chapter 6 (Planning) – develops distinction between rational and creative approaches to planning and decision making.

Chapter 7 (Decision making) – new 'Management in practice' feature based on McDonald's, to illustrate how different types of decision require different methods; the relation between planning and decision making is now explained more clearly and consistently in Chapters 6 and 7.

Chapter 11 (Human resource management) – outlines empirical studies of how HRM practice affects performance; and use of social media in recruitment.

Chapter 12 (Information systems and e-business) – two new 'Management in practice' features (Topshop and ASOS) showing the use of social media in retailing.

Chapter 13 (Creativity, innovation and change) – new chapter case study, Dyson, Appliances and a new 'Key ideas' feature on Stephen Johnson's book about the sources of innovation.

Chapter 14 (Influencing) – includes 'Key ideas' feature on Heimans and Timms' distinction between 'old' and 'new' sources of power – and another on Sir Alex Ferguson's talents in this department.

Chapter 15 (Motivating) – last section outlines flexible and high-performance work systems respectively, with empirical studies of how they affect organisational outcomes.

Academic content This has been extended and updated where appropriate, with over 90 new references, mostly reporting empirical research to enable students to develop the habit of seeking the empirical evidence behind management ideas. Examples include new research on the effects of management on outcomes in Chapter 1, an attempt to change the culture at a Premier League club in Chapter 3, the concepts of shared value and the triple bottom line respectively in Chapters 1 and 5, the design of strategy workshops in Chapter 8 and the effects of high-performance work practices in Chapter 15.

Integrating themes The intention of this section is to provide a way for teachers to guide students with a particular interest in one or other of the themes to become familiar with some of the academic literature on the topic, and to see how each theme links in a coherent way to all of the topics in the text. The section aims to relate aspects of the chapter to each theme, bringing each chapter to a consistent close.

Teachers may want to use this feature by, for example, setting a class project or assignment on one of the themes (such as sustainable performance) and inviting students to draw on the multiple perspectives on the topic that each chapter provides. For example:

Chapter 3 (Section 3.8) provides material on sustainability from the Stern report.

Chapter 6 (Section 6.9) shows how one company is planning to work more sustainably.

Chapter 10 (Section 10.9) shows how sustainability can be supported by a suitable structure.

Chapter 15 (Section 15.8) links motivation to sustainability and illustrates it with a company that

includes measures of sustainability in its management reward system.

Chapter 18 (Section 18.8) argues that all waste is the result of a failure in operations, which therefore needs to be the focus of improving sustainable performance.

Case studies These have been revised and updated where appropriate, and three are completely new – BBC (Chapter 3), Carlsberg (Chapter 4) and Dyson Appliances (Chapter 13).

Revel for *Management* by David Boddy is based on this textbook and is an interactive learning environment, seamlessly blending world-class content, interactive learning activities, assessments and analytics to enable students to learn, apply and develop critical thinking skills in one interactive experience. Delivered online, via mobile and iPad, REVEL presents content in manageable pieces with integrated quizzing, so students can read a little, do a little and check their understanding at regular intervals on concepts to yield a higher impact on learning. REVEL gives educators access to student and class performance information and can be integrated into teaching in a various ways to improve engagement, comprehension, application and critical thinking.

Features Many of the 'Management in practice' features have been updated and renewed, as have some 'Key ideas'. There are over 90 new references and additional suggestions for the 'Read more' section. Several of the case questions and activities have been revised to connect more closely with the theories being presented. The learning objectives provide the structure for the 'Summary' section at the end of each chapter, and for the 'Test your understanding' feature.

Test your understanding As before, there is a set of questions at the end of each chapter to help students assess their progress towards the learning objectives.

Think critically A section at the end of the first chapter presents the components of critical thinking – assumptions, context, alternatives and limitations. These themes structure the 'Think critically' feature at the end of each chapter.

Develop a skill This is the major innovation in this edition, introduced in response to the belief that students and employers are seeking more connections between academic work and employment. The feature is consistently based on two theoretical structures: (1) a theoretical model in the chapter showing the underlying rationale for developing this skill; and (2) an established model of skill development, which informs the structure of the 'Develop a skill' feature at the end of each chapter. Both ideas are explained in Chapter 1 – in Sections 1.0 and 1.8 respectively. The skills are listed here by chapter:

Chapter 1 – Networking

Chapter 2 – Self-awareness

Chapter 3 – Presenting a reasoned case

Chapter 4 – Mindfulness

Chapter 5 – Clarifying values

Chapter 6 – Defining a problem rationally

Chapter 7 – Defining a problem creatively

Chapter 8 – Setting clear goals

Chapter 9 – Identifying customer needs

Chapter 10 – Coordinating work

Chapter 11 – Preparing for an interview

Chapter 12 – Setting a project agenda

Chapter 13 – Identifying stakeholders and their interests

Chapter 14 – Setting goals to influence others

Chapter 15 – Designing a motivating job

Chapter 16 – Presenting ideas to an audience

Chapter 17 – Observing team processes

Chapter 18 – Understanding what customers mean by quality

Chapter 19 – Monitoring progress on a task

Chapter 20 – Reading a Profit and Loss Statement

I do not envisage that many will work on the skills in every chapter – it is a resource to be used as teachers think best. The 'Instructors manual' includes a suggestion on how it could complement the academic content of a course.

Read more For students who want to read more about the topic. The format varies, but usually includes a mix of classic texts, one or two contemporary ones and a couple of academic papers that represent good examples of the empirical research that underlies study of the topic.

Go online Each chapter concludes with a list of the websites of companies that have appeared in it, and a suggestion that students visit these sites (or others in which they have an interest) to find more information related to the chapter. This should add interest and help retain topicality.

Part case studies The Part case studies are intended to help students engage with text material throughout the Part. The common principle is to encourage students to develop their 'contextual awareness' by seeing how organisations act and react in relation to, among other things, their environment. The common structure therefore is:

- The company – material on the company and major recent developments.
- Managing to add value – some ways in which managers appear to have added value.
- The company's context – identifying between three and five contextual factors.
- Current management dilemmas – drawing on the previous sections to identify pressing issues.
- Part case questions – now in two groups – the first looking back to the material in the text, the second more focused on the company, and so perhaps offering a link to 'employability skills' – see below.

As well as supporting individual learning, these extended cases could be suitable for group assignments and other forms of assessment.

Employability skills Each Part continues to conclude with a section on 'Employability skills – preparing for the world of work'. This is a response to the growing expectations that universities and colleges do more to improve the employability of their students. The organising principle is to provide a structured opportunity for the student to develop and record evidence about six commonly cited employability skills:

- Business awareness
- Solving problems
- Thinking critically
- Team working
- Communicating
- Self-management.

To help do this, students are asked to work through tasks that link the themes covered in the Part to the six skills (sometimes called capabilities and attributes) that many employers value. The layout should help students to record their progress in developing these skills, and articulate them to employers during the selection processes.

The basis of these tasks is the enlarged Part case study described above. The Employability section builds on this by setting alternative tasks relating to the Part case study (to be chosen by the student or the instructor as preferred). That task in itself relates to the business awareness theme – and concludes by asking the student to write a short paragraph giving examples of the skills (such as information gathering, analysis and presentation) they have developed from this task, and how to build this into a learning record.

The other skills are developed by successive tasks that ask them to reflect on how they worked on the 'Business awareness' task – solving problems, thinking critically and so on.

I do not envisage that many will work through all of these tasks in every Part – it is a resource to be used as teachers and their students think best. I hope that teachers and students find this new feature valuable, and look forward to feedback and comments in due course.

List of reviewers We would like to express thanks to the original reviewers and review panel members who have been involved in the development of this book. We are extremely grateful for their insight and helpful recommendations.

PREFACE TO THE FIRST EDITION

This book is intended for readers who are undertaking their first systematic exposure to the study of management. Most will be first-year undergraduates following courses leading to a qualification in management or business. Some will also be taking an introductory course in management as part of other qualifications (these may be in engineering, accountancy, law, information technology, science, nursing or social work) and others will be following a course in management as an element in their respective examination schemes. The book should also be useful to readers with a first degree or equivalent qualification in a non-management subject who are taking further studies leading to Certificate, Diploma or MBA qualifications.

The book has the following three main objectives:

- to provide newcomers to the formal study of management with an introduction to the topic;
- to show that ideas on management apply to most areas of human activity, not just to commercial enterprises;
- to make the topic attractive to students from many backgrounds and with diverse career intentions.

Most research and reflection on management has focused on commercial organisations. However, there are now many people working in the public sector and in not-for-profit organisations (charities, pressure groups, voluntary organisations and so on) who have begun to adapt management ideas to their own areas of work. The text reflects this wider interest in the topic. It should be as useful to those who plan to enter public or not-for-profit work as to those entering the commercial sector.

European perspective

The book presents the ideas from a European perspective. While many management concepts have developed in the United States, the text encourages readers to consider how their particular context shapes management practice. There are significant cultural differences that influence this practice, and the text alerts the reader to these – not only as part of an increasingly integrated Europe but as part of a wider international management community. So the text recognises European experience and research in management. The case studies and other material build an awareness of cultural diversity and the implications of this for working in organisations with different managerial styles and backgrounds.

Integrated perspective

To help the reader see management as a coherent whole, the material is presented within an integrative model of management and demonstrates the relationships between the many academic perspectives. The intention is to help the reader to see management as an integrating activity relating to the organisation as a whole, rather than as something confined to any one disciplinary or functional perspective.

While the text aims to introduce readers to the traditional mainstream perspectives on management, which form the basis of each chapter, it also recognises that there is a newer body of ideas that looks at developments such as the weakening of national boundaries and the spread of information technology. Since they will affect the organisations in which readers will spend their working lives, these newer perspectives are introduced where appropriate. The text also recognises the more critical perspectives that some writers now take towards management and organisational activities. These are part of the intellectual world in which management takes place and have important practical implications for the way people interpret their role within organisations. The text introduces these perspectives at several points.

Relating to personal experience

The text assumes that many readers will have little, if any, experience of managing in conventional organisations, and equally little prior knowledge of relevant evidence and theory. However, all will have experience of being managed and all will have managed activities in their domestic and social lives. Wherever possible the book encourages readers to use and share such experiences from everyday life in order to explore

the ideas presented. In this way the book tries to show that management is not a remote activity performed by others, but a process in which all are engaged in some way.

Most readers' careers are likely to be more fragmented and uncertain than was once the case and many will be working for medium-sized and smaller enterprises. They will probably be working close to customers and in organisations that incorporate diverse cultures, values and interests. The text therefore provides many opportunities for readers to develop skills of gathering data, comparing evidence, reflecting and generally enhancing self-awareness. It not only transmits knowledge but also aims to support the development of transferable skills through individual activities in the text and through linked tutorial work. The many cases and data collection activities are designed to develop generic skills such as communication, teamwork, problem solving and organising – while at the same time acquiring relevant knowledge.

ACKNOWLEDGEMENTS

This book has benefited from the comments, criticisms and suggestions of many colleagues and reviewers of the sixth edition. It also reflects the reactions and comments of students who have used the material and earlier versions of some of the cases. Their advice and feedback have been of immense help.

Most of the chapters were written by the author, who also edited the text throughout. Chapter 11 (Human resource management) was created by Professor Phil Beaumont and then developed by Dr Judy Pate and Sandra Stewart: in this edition it was revised by the author. Chapter 18 (Managing operations and quality) was created by Professor Douglas Macbeth and developed in the fourth edition by Dr Geoff Southern and in the fifth edition by Dr Steve Paton: in the sixth

and in this edition it was revised by the author. In the fifth edition Dr Steve Paton contributed new material to Chapters 13 and 19. In the sixth and in this edition both chapters were revised by the author. Chapter 20 (Finance and budgetary control) was created by Douglas Briggs: in the fifth edition it was revised by Dr Steve Paton, in the sixth edition by Janan Sulaiman and in this edition by Tom Ellsworth. I also thank Dickon Copsey, Employability Officer in the College of Social Sciences, University of Glasgow, for his advice on the employability material at the end of each Part. Errors and omissions are my responsibility.

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David Boddy
University of Glasgow, March 2016

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PART 1

AN INTRODUCTION TO MANAGEMENT

Introduction

This Part considers why management exists and what it contributes to human wealth and well-being. Management is both a universal human activity and a distinct occupation. We all manage in the first sense, as we organise our lives and deal with family and other relationships. As employees and customers we experience the activities of those who manage in the second sense, as members of an organisation with which we deal. This Part offers some ways of making sense of the complex and contradictory activity of managing.

Chapter 1 clarifies the nature and emergence of management and the different ways in which people describe the role. It explains how management is both a universal human activity and a specialist occupation. Its purpose is to create wealth by adding value to resources, which managers do by influencing others – the chapter shows how they do this. It begins and ends with ideas about using the material throughout the book to begin developing practical management skills, which should help you approach graduate recruiters with confidence.

Chapter 2 sets out the main theoretical perspectives on management and shows how these complement each other despite the apparently competing values about the nature of the management task. Be active in relating these theoretical perspectives to real events as this will help you to understand and test the theories.

The Part Case study is Apple Inc., one of the world's most valuable and innovative companies, which illustrates how those managing it have been able to add value so successfully over many years – and also the challenges it now faces from new competitors.

CHAPTER 1
MANAGING IN ORGANISATIONS

Aim

To introduce the tasks, processes and context of managerial work in organisations.

Objectives

By the end of your work on this chapter you should be able to outline the concepts below in your own terms and:

1 Understand that this text provides an opportunity to develop management skills as well as management knowledge

2 Explain that the role of management is to add value to resources

3 Give examples of management as a universal human activity and as a distinct role

4 Compare the roles of general, functional, line, staff and project managers, and of entrepreneurs

5 Compare how managers influence others to add value to resources through:

   a. the process of managing;

   b. the tasks (or content) of managing; and

   c. the contexts within which they and others work

6 Explain the elements of critical thinking and understand how to use these to develop your networking skills

7 Suggest the implications of the integrating themes of the book for managing

Key terms

This chapter introduces the following ideas:

management skills
organisation
tangible resources
intangible resources
competences
value
management as a universal human activity
manager
management
management as a distinct role
role
general manager

functional manager
line manager
staff manager
project manager
entrepreneur
stakeholders
networking
management tasks
critical thinking
sustainability
triple bottom line
corporate governance

Each is a term defined within the text, as well as in the glossary at the end of the book.

Case study | Ryanair   www.ryanair.com

In 2015 Ryanair, based in Dublin, reported that it had carried over 90 million passengers in the 12 months to the end of March, 11 per cent more than in the previous year. Revenue had grown by 12 per cent and profit by 66 per cent. It believed this growth reflected managers' efforts to improve passengers' experience, such as renewing the website and allowing them to take on board an extra small item.

Tony Ryan (1936–2007) founded the company in 1985 with a single aircraft flying passengers from Ireland to the UK. Ryan, the son of a train driver, left school at 14 to work in a sugar factory, before moving in 1954 to work as a baggage handler at Aer Lingus, the state-owned Irish airline. By 1970 he was in charge of the aircraft leasing division, lending Aer Lingus aircraft and crews to other airlines. This gave him the idea, which he quickly put into practice, to create his own aircraft leasing company. As Guinness Peat Aviation this became a world player in the aviation leasing industry, and is now part of GE Capital.

In 1985 he founded Ryanair, to compete with his former employer. Southwest Airlines in the US inspired this move by showing that a new business could enter the industry to compete with established, often state-owned, airlines. Tony Ryan turned Ryanair into a public company in 1997 by selling shares to investors.

In the early years the airline changed its business several times – initially competing with Aer Lingus in a conventional way, then a charter company, and at times a freight carrier. The Gulf War in 1990 discouraged air travel and caused the company financial problems. Rather than close the airline he and his senior managers (including Michael O'Leary, who is now Chief Executive) decided it would be a 'no-frills' operator, discarding conventional features of air travel such as free food, drink, newspapers and allocated seats. It would serve customers who wanted a functional and efficient service, not luxury.

In 1997 changes in European Union regulations enabled new airlines to enter markets previously dominated by national carriers such as Air France and British Airways. Ryanair management saw this as an opportunity to open new routes between Dublin and continental Europe, which they did very quickly. Although based in Ireland, 80 per cent of its routes

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are between airports in other countries – in contrast to established carriers, which depend on passengers travelling to and from the airline's home country (Barrett, 2009, p.80). The company has continued to grow, regularly opening routes to destinations it thinks will be popular. It refers to itself as 'the world's largest international scheduled airline', and continues to seek new bases and routes.

In May 2015 the chairman of the board presented the company's results for the latest financial year.

Measures of financial performance in recent financial years (ending 31 March)

	2015	2014
Passengers (millions)	90.6	81.7
Revenue (millions of Euros)	5,654	5,037
Profit after tax (millions of Euros)	867	523
Earnings per share (Euro cents)	62.59	36.96

Sources: *Financial Times,* 27 May 2015; Kumar (2006); Doganis (2006); company website.

Case questions 1.1

- Identify examples of the resources that Ryanair uses, and of how managers have added value to them (refer to Section 1.2)
- Give examples of three points at which managers changed the focus of the company and how it works.