



# Exploring Management

SIXTH EDITION

JOHN R. SCHERMERHORN, JR.

DANIEL G. BACHRACH

WILEY



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**Sixth Edition**

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Ohio University

**DANIEL G. BACHRACH**

University of Alabama

**WILEY**

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*I once again dedicate this book  
to the person who lovingly helps me explore  
and appreciate life's wonders:*

*My wife, Ann.*

*J.R.S.*

*For Julie, Sammy, Eliana, Jakey, Jessica, Caleb, and Lilah*

*—I love you!*

*D.G.B.*

# About the Authors

Courtesy of John Schermerhorn



**DR. JOHN R. SCHERMERHORN, JR.** is the Charles G. O'Bleness Emeritus Professor of Management in the College of Business at Ohio University. He earned a Ph.D. in organizational behavior from Northwestern University, an MBA (with distinction) in management and international business from New York University, a BS in business administration from the State University of New York at Buffalo, and received an honorary doctorate from the University of Pécs in Hungary and is honorary professor at the National University of Ireland at Galway. He previously taught at Tulane University, the University of Vermont, and Southern Illinois University at Carbondale, where he also served as Chair of the Department of Management and Associate Dean of the College of Business Administration.

Dr. Schermerhorn's international experience includes serving as visiting professor of management at the Chinese

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A past chairperson of the Management Education and Development Division of the Academy of Management, Dr. Schermerhorn is known to educators and students as senior author of *Exploring Management 5e* (Wiley, 2016) and *Management 13e* (Wiley, 2015), and co-author of *Organizational Behavior 13e* (Wiley, 2014). His research has been published in the *Academy of Management Journal*, *Academy of Management Review*, *Academy of Management Executive*, *Organizational Dynamics*, *Asia-Pacific Journal of Management*, and the *Journal of Management Education*, among other scholarly outlets.

Dr. Schermerhorn's consultancies include assignments with the Egyptian General Petroleum Corporation, Petróleos de Venezuela, American Bankers Association, Corning Glass Works, New England Hospital Assembly, and Vietnam Training Center for Radio and Television.

Ohio University named Dr. Schermerhorn a University Professor, the university's highest campus-wide honor for excellence in undergraduate teaching. He is a popular guest speaker at colleges and universities and is available for workshops on high engagement instructional approaches, management curriculum innovations, and scholarly manuscript development and textbook writing. His latest projects include video-enhanced e-textbook development for active learning classroom environments.

Courtesy of Daniel Bachrach



**DR. DANIEL G. BACHRACH** (Dan) is the Robert C. and Rosa P. Morrow Faculty Excellence Fellow and Professor of Management in the Culverhouse College of Commerce at the University of Alabama, where he teaches graduate and undergraduate courses in management.

Dr. Bachrach earned a PhD in organizational behavior and human resource management—with a minor emphasis in strategic management—from Indiana University's Kelley School of

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A member of the Academy of Management and the Society for Industrial and Organizational Psychology, Dr. Bachrach serves on the editorial boards of the *Journal of Applied Psychology and Organizational Behavior* and *Human Decision Processes*. He is co-editor of the *Handbook of Behavioral Operations Management: Social and Psychological Dynamics in Production and Service Settings* (Oxford University Press, 2014), co-author of *Transformative Selling: Becoming a Resource Manager and a Knowledge Broker* (Apress, 2014), *Management 13e* (Wiley, 2016), *Exploring Management 5e* (Wiley, 2015), and senior co-author of *Becoming More Than a Showroom: How to Win Back Showrooming Customers* (Palgrave-Macmillan, 2015) and *10 Don'ts on Your Digital Devices: The Non-Techie's Survival Guide to Digital Security and Privacy* (Apress, 2014).

Dr. Bachrach is the winner of multiple research and teaching awards, including the 2016 John S. Bickley C&BA Creativity and Innovation Award and the 2017 National Alumni Association Outstanding Commitment to Teaching Award the OCTA, which is the University of Alabama's highest honor for excellence in teaching. Dan, who was also named the 2017 Innovation Scholar in Residence for the College of Continuing Studies also has published extensively in a number of academic journals including *Organization Science*, *Journal of Applied Psychology*, *Strategic Management Journal*, *Organizational Behavior and Human Decision Processes*, *Personnel Psychology*, *Journal of Management*, *Decision Sciences*, *Leadership Quarterly*, *Production and Operations Management*, *Journal of Operations Management*, *Journal of Supply Chain Management*, and the *Journal of Personal Selling and Sales Management*.

# Dear Colleague

*If you are using the flipped classroom or are looking for ways to enrich your teaching, this book is tailored from our experiences to make it easy to engage students in active learning—both face-to-face and online.*

Welcome to *Exploring Management, Sixth Edition*. You'll quickly see that it is a bit different from traditional textbooks, we hope in a positive way. It has all the content you expect, but . . .

- The writing voice is “personal”—students are made part of the conversation and asked to interact with the subject matter while reading.
- The presentation is “chunked”—short content sections that fit how students read are followed by study guides that check their learning and prompt career thinking.
- The content is “live”—pages are full of timely examples, news items, situations, and reflection questions that make management real and launch meaningful discussions.

*Exploring Management* is a reflection of how much we have learned from our students about what they value, where they hope to go, and how they like to study and learn. It's also a reflection of our desire to bring the real world into the management class, engage students in interesting discussions of important topics, and offer a variety of assignments and projects that promote critical thinking. And if you are using the flipped classroom or looking for ways to enrich your teaching, this book is tailored from experiences to make it easy to engage students in active learning—both face-to-face or online.

Instructors have had a lot of success using *Exploring Management* to bring high student engagement to their classes. Chances are that you will, too. Take a moment to review the book's design and built-in pedagogy. Browse some pages to check the writing style, visual presentation, reflection features, and study guides.

Does *Exploring Management* offer what you are looking for to build a great management course? Could it help engage your students to the point where they actually read and think about topics before coming to class?

As management educators we bear a lot of responsibility for helping students learn how to better manage their lives and careers, and help organizations make real contributions to society. *Exploring Management, Sixth Edition*, is our attempt to make it easier for you to fulfill this responsibility in your own way, with lots of instructional options, and backed by solid text content. Thanks for considering it.

Sincerely,  
John Schermerhorn  
Dan Bachrach



## What Makes *Exploring Management* Different?

Students tell us over and over again that they learn best when their courses and assignments fit the context of their everyday lives, career aspirations, and personal experiences. We have written *Exploring Management, Sixth Edition*, to meet and engage students in their personal spaces. It uses lots of examples, applications, visual highlights, and learning aids to convey the essentials of management. It also asks students thought-provoking questions as they read. Our hope is that this special approach and pedagogy will help management educators find unique and innovative ways to enrich the learning experiences of their students.

### *Exploring Management* Offers a Flexible, Topic-Specific Presentation.

The first thing you'll notice is that *Exploring Management* presents “chunks” of material to be read and digested in short time periods. This is a direct response to classroom experiences where our students increasingly find typical book chapters cumbersome to handle.

Students never read more than a few pages in *Exploring Management* before hitting a “Study Guide” that allows them to bring closure to what they have just read. This chunked pedagogy motivates students to read and study assigned material before attending class. And, it helps them perform better on tests and assignments.

Topics are easily assignable and sized for a class session. Although presented in the traditional planning, organizing, leading, and controlling framework, chapters can be used in any order based on instructor preferences. Many options are available for courses of different types, lengths, and meeting schedules, including online and distance-learning formats. It all depends on what fits best with course objectives, learning approaches, and instructional preferences.

### *Exploring Management* Uses an Integrated Learning Design.

Every chapter opens with a catchy subtitle and clear visual presentation that quickly draws students into the topic. The opening Management Live vignette hits a timely topic relevant to chapter material. Key learning objectives are listed in Your Chapter Takeaways, while What's Inside highlights four interesting and useful chapter features—Choices, Ethics Check, Facts to Consider, Hot Topic, and Quick Case.

Each chapter section begins with a visual overview that poses a Takeaway Question followed by a list of Answers to Come. These answers become the subheadings that organize section content. The section ends with a Study Guide. This one-page checkpoint asks students to pause and check learning before moving on to the next section. The Study Guide elements include:

- *Rapid Review*—bullet-list summary of concepts and points
- *Questions for Discussion*—questions to stimulate inquiry and prompt class discussions
- *Be Sure You Can*—checkpoint of major learning outcomes for mastery
- *Career Situation: What Would You Do?*—asks students to apply section topics to a problem-solving situation
- *Terms to Define*—glossary quiz for vocabulary development

### *Exploring Management* Makes Active Learning and “Flipping” the Classroom Easy.

Active engagement and flipped classrooms shift the focus from instructors lecturing and students listening, to instructors guiding and students engaging. The first step is getting students to read and study assigned materials before class. When they come to class prepared, the instructor has many more options for engagement. The chunked presentations and frequent Study Guides in *Exploring Management*, along with its video-enhanced flipped classroom learning package, help greatly in this regard.

Dan Bachrach has prepared an extensive **Active Classroom Guide** that includes authors' videos that students can view before class to highlight core content for each section of every chapter. It also provides easy-to-use lesson plans for engaging students in active discussions and interesting assignments based on chapter features. Our goal with Dan's **Active Classroom Guide**—packaged with the pedagogy of *Exploring Management* and WileyPLUS—is to give instructors a ready-to-go pathway to implement an active, engaged, and flipped classroom.

Success in flipping the classroom requires a good short quiz and testing program to ensure student learning. Dan has nicely integrated *Exploring Management* with the advanced WileyPLUS Learning Space online environment to make this easy. Success in flipping the classroom also requires a solid inventory of discussion activities, projects, and quick-hitting experiences that turn class and online time into engaged learning time.

Dan has also prepared instructor's guides for each feature in every chapter of *Exploring Management* so that they can be

easily used for flipped classroom activities and discussions, and for individual and team assignments. Imagine the possibilities for student engagement when using features like these:

- **Choices**—offers timely work scenarios for analysis and asks students to think critically while answering the question *What’s Your Take?*  
Examples include “Want Vacation? Take as Much as You Need,” “Want to Win? Know your Analytics,” “Employers Differ on Hiring and Retention Strategies,” “To Pay or Not to Pay More than the Minimum Wage.”
- **Ethics Check**—poses an ethical dilemma and challenges students with *Your Decision?*  
Examples include “Social Media Checks May Cause Discrimination in Hiring,” “My Team Leader is a Workaholic,” “Life and Death at an Outsourcing Factory,” and “Social Loafing May Be Closer Than You Think.”
- **Facts to Consider**—summarizes survey data to stimulate critical inquiry and asks students *What’s Your Take?*  
Examples include “The ‘Ask Gap’—What It Takes for Women to Get Raises,” “Policies on Office Romances Vary Widely,” “Disposable Workers are Indispensable to Business Profits,” and “Ups and Downs for Minority Entrepreneurs.”
- **Hot Topics**—presents timely, even controversial, issues framed for debate and discussion, and asks students *How About It?*  
Examples include “The \$50,000 Retail Worker,” “Keep Your Career Plan Tight and Focused, or Loosen Up?” “Rewarding Mediocrity Begins at an Early Age” and, “Can Disharmony Build a Better Team?”
- **Quick Case**—gives students a short, real-life, scenario that puts them in a challenging work situation and asks *What Do You Do?*  
Examples include “New Dads Say it’s Time for Paternity Leave,” “Removing the Headphones to Show Team Spirit,” “16 Hours to J-Burg,” and “It’s Time to Ask for a Raise.”

## Exploring Management Uses a Conversational and Interactive Writing Style.

The authors’ voice in *Exploring Management* speaks with students the way you and we do in the classroom—conversationally, interactively, and using lots of questions. Although it may seem unusual to have authors speaking directly to their audience, our goals are to be real people and approach readers in the spirit of what Ellen Langer calls *mindful learning*.<sup>1</sup> She describes this as engaging students from a perspective of active inquiry rather than as consumers of facts and prescriptions. We view it as a way of moving textbook writing in the same direction we are moving college teaching—being less didactic and more interactive, and doing a better job of involving students in a dialog around meaningful topics, questions, examples, and even dilemmas.

<sup>1</sup> Ellen J. Langer, *The Power of Mindful Learning* (Reading, MA: Perseus, 1994).

## Exploring Management Helps Students Earn Good Grades and Build Useful Career Skills.

*Exploring Management* is written and designed to help students prepare for quizzes and tests, and build essential career and life skills. In addition to chunked reading and Study Guides, the end-of-chapter Test Prep asks students to answer multiple-choice, short response, and integration and application questions as a starting point for testing success. They are next directed to Steps to Career Learning guide to take advantage of active learning and personal development activities in the end-of-book **Skill-Building Portfolio**. It offers Self-Assessments, Class Exercises, and Team Projects carefully chosen to match chapter content with skills development opportunities. A further selection of **Cases for Critical Thinking** engages students in analysis of timely situations and events involving real people and organizations.

## WileyPLUS

*WileyPLUS* is an innovative, research-based, online environment for effective teaching and learning. It’s a place where students can learn and prepare for class while identifying their strengths and nurture core skills. WileyPLUS transforms course content into an online learning community whose members experience learning activities, work through self-assessment, ask questions and share insights. As they interact with the course content, peers and their instructor, WileyPLUS creates a personalized study guide for each student.

When students collaborate with each other, they make deeper connections to the content. When students work together, they also feel part of a community so that they can grow in areas beyond topics in the course. Students using WileyPLUS become invested in their learning experience while using time efficiently and developing skills like critical thinking and teamwork.

*WileyPLUS* is class tested and ready-to-go for instructors. It offers a flexible platform for quickly organizing learning activities, managing student collaboration, and customizing courses—including choice of content as well as the amount of interactivity between students. An instructor using *WileyPLUS* is able to easily:

- Assign activities and add special materials
- Guide students through what’s important by easily assigning specific content
- Set up and monitor group learning
- Assess student engagement
- Gain immediate insights to help inform teaching

Special visual reports in WileyPLUS help identify problem areas in student learning and focus instructor attention and resources on what’s most important. With the visual reports, an

instructor can see exactly where students are struggling and in need of early intervention. Students can see exactly what they don't know to better prepare for exams, and gain insights into how to study and succeed in a course.

## Student and Instructor Resources

*Exploring Management* is rich in special materials that support instructional excellence and student learning. Our colleagues at John Wiley & Sons have worked hard to design supporting materials that support our learning and engagement.

- **Companion Web Site** The Companion Web site for *Exploring Management* at [www.wiley.com/college/schermerhorn](http://www.wiley.com/college/schermerhorn) contains myriad tools and links to aid both teaching and learning, including nearly all the resources described in this section.
- **Instructor's Resource Guide** The Instructor's Resource Guide includes a *Conversion Guide*, *Chapter Outlines*, *Chapter Objectives*, *Lecture Notes*, *Teaching Notes*, and *Suggested Answers* for all quiz, test, and case questions.
- **Test Bank** The Test Bank consists of nearly 80 true/false, multiple-choice, and short-answer questions per chapter. It was specifically designed so that the questions vary in degree of difficulty, from straightforward recall to challenging, to offer instructors the most flexibility when designing their exams. The *Computerized Test Bank* includes a test-generating program that allows instructors to customize their exams.
- **PowerPoint Slides** A set of interactive PowerPoint slides includes lecture notes and talking points. An *Image Gallery*, containing .jpg files for all of the figures in the text, is also provided for instructor convenience.
- **Management Weekly Updates** These timely updates keep you and your students updated and informed on the very latest in business news stories. Each week you will find links to five new articles, video clips, business news stories, and so much more with discussion questions to elaborate on the stories in the classroom. <http://wileymanagementupdates.com>
- **Darden Business Cases** Through the Wiley Custom Select Web site, you can choose from thousands of cases from Darden Business Publishing to create a book with any combination of cases, Wiley textbook chapters, and original material. Ask your local Wiley Account Manager for more information.

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## Acknowledgments

*Exploring Management, Sixth Edition*, began, grew, and found life and form in its first five editions over many telephone conversations, conference calls, e-mail exchanges, and face-to-face meetings. It has since matured and been refined as a sixth edition through the useful feedback provided by many satisfied faculty and student users and reviewers.

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SKILL-BUILDING PORTFOLIO / CASES FOR CRITICAL THINKING / CASE REFERENCES / TEST PREP ANSWERS / GLOSSARY / ENDNOTES / NAME INDEX / ORGANIZATION INDEX / SUBJECT INDEX



# Managers and the Management Process

## Everyone Becomes a Manager Someday

*Zappos CEO Tony Hsieh is into happiness. He strives “to set up an environment where the personalities, creativities, and individuality of all different employees come out and shine.”*

Brad Swonetz/Redux Pictures



## Management Live

### Gaming Skills Can Be Résumé Builders

Do managing large guilds and leading raids while playing World of Warcraft belong in your résumé and online recruiting profiles? Heather Newman thinks so. In a “Leisure/Volunteer Activities” section she highlighted how gaming enhanced her skills at organizing teams of volunteers and communicating. That said, she landed a job as director of marketing and communications for a university. One hiring manager says putting gaming experience on a résumé can be a “conversation starter,” but another dismisses it as “all make-believe.”

#### Your Thoughts?

Can Newman’s strategy pay off for you? What “hidden” experiences—not just gaming—might you describe as skill builders on your résumé?

#### WHAT’S INSIDE

##### Choices

Want vacation? Take as much as you need.

##### Ethics Check

Social media cues may cause discrimination in hiring

##### Facts to Consider

Tech industry no role model for employment diversity

##### Hot Topic

The \$50,000 retail worker

##### Insight

Self-awareness and the Johari Window

##### Quick Case

Team leader faces disruptive team member

#### YOUR CHAPTER 1 TAKEAWAYS

1. Understand what it means to be a manager.
2. Know what managers do and what skills they use.
3. Recognize timely and important career issues.

## Takeaway 1.1 | What Does It Mean To Be a Manager?

### Answers to Come

- Organizations have different types and levels of managers.
- Accountability is a foundation of managerial performance.
- Effective managers help others achieve high performance and satisfaction.
- Managers are coaches, coordinators, and supporters.

In a book called *The Shift: The Future of Work is Already Here*, scholar Lynda Gratton describes the very dynamic and interesting times in which we live and work. “Technology shrinks the world but consumes all of our time,” she says, whereas “globalization means we can work anywhere, but must compete with people from everywhere; there are more of us, and we’re living longer; traditional communities are being yanked apart as people cluster in cities; and there is rising energy demand and fewer traditional resources.”<sup>1</sup>

What does all this mean in terms of planning for career entry and advancement? At a minimum, there are few guarantees of long-term employment. Jobs are increasingly earned and re-earned every day through one’s performance accomplishments. Careers are being redefined along the lines of “flexibility,” “free agency,” “skill portfolios,” and “entrepreneurship.” The fact is: Career success today requires lots of initiative and self-awareness, as well as continuous learning. The question is: Are you ready?

### Organizations Have Different Types and Levels of Managers.

You find them everywhere, in small and large businesses, voluntary associations, government agencies, schools, hospitals, and wherever people work together for a common cause. Even though the job titles vary from team leader to department head, project leader, president, administrator, and more, the people in these jobs all share a common responsibility—helping others to do their best work. We call them **managers**—people who directly supervise, support, and activate work efforts to achieve the performance goals of individuals, teams, and organizations. In this sense, I believe you’ll agree with the chapter subtitle: Everyone becomes a manager someday.

**First-Line Managers and Team Leaders** Take a look at **Figure 1.1**. It describes an organization as a series of layers, each of which represents different levels of work and managerial responsibilities.<sup>2</sup>

A **manager** is a person who supports and is responsible for the work of others.

### Hot Topic

*“One great person can easily do the business productivity of three good people.”*

#### The \$50,000 Retail Worker



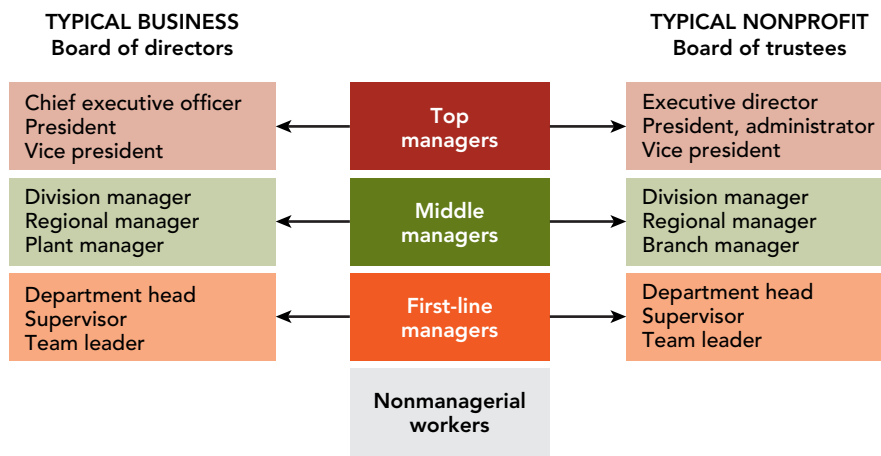
Courtesy The Container Store

Looking for a job in retail? Want to avoid minimum wage employers? Head for The Container Store.<sup>®</sup> Its front-line, full-time workers are paid about \$50,000 per year for starters, with the potential to earn more if they receive positive annual performance reviews. Chairman and CEO Kip Tindell says it’s central to his business strategy—hire great people, extensively train them,

and empower them by paying 50–100% more than what other retailers might pay them. He calls it the “One Equals Three” Foundation Principle. “One great person can easily do the business productivity of three good people,” he says. And he believes other retailers should follow The Container Store’s lead. “Better pay,” he argues, “leads to higher profitability.”

#### How About It?

Why would CEO Kip Tindell place so much emphasis on hiring and retaining retail workers for his stores? Is the Container Store’s wage policy sustainable in the ups and downs of competitive business? If better pay leads to higher productivity, why do so many employers—think fast-food industry—stick with the minimum wage?



**FIGURE 1.1** What Are the Typical Job Titles and Levels of Management in Organizations? The traditional organization is structured as a pyramid. The top manager, typically a CEO, president, or executive director, reports to a board of directors in a business or to a board of trustees in a nonprofit organization. Middle managers report to top managers, and first-line managers or team leaders report to middle managers.

A first job in management typically involves serving as a team leader or supervisor in charge of a small work group. Typical job titles for these **first-line managers** include department head, team leader, and unit manager. For example, the leader of an auditing team is a first-line manager, as is the head of an academic department at a university.

Even though most people enter the workforce as technical specialists such as auditors, market researchers, or systems analysts, eventually they advance to positions of initial managerial responsibility. And they serve as essential building blocks for organizational performance.<sup>3</sup> Consider the words of Justin Fritz as he describes leading a 12-member team to launch a new product at a medical products company: “I’ve just never worked on anything that so visibly, so dramatically changes the quality of someone’s life.”<sup>4</sup>

**Middle Managers** Look again at [Figure 1.1](#). This time, consider how Justin may advance in his career. At the next level above team leader, we find **middle managers**—persons in charge of relatively large departments or divisions consisting of several smaller work units or teams.

Middle managers usually supervise several first-line managers. Examples include clinic directors in hospitals; deans in universities; and division managers, plant managers, and regional sales managers in businesses. Because of their position “in the middle,” these managers must be able to work well with people from all parts of the organization—higher, lower, and side-to-side. As Justin moves up the career ladder to middle management, there will be more pressure and new challenges, but also rewards and satisfaction.

**Top Managers** Some middle managers advance still higher in the organization, earning job titles such as chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), chief information officer (CIO), president, and vice president. These **top managers**, or C-suite executives, are part of a senior management team that is responsible for the performance of an organization as a whole or for one of its larger parts. They must be alert to trends and developments in the external environment, recognize potential problems and opportunities, set strategy, craft the internal culture, build a talent pool, and lead the organization to success.<sup>5</sup> The best top managers are future-oriented thinkers who make good decisions in the face of uncertainty, risk, and tough competition.

**Boards of Directors** It would be great if all top managers were responsible and successful—always making the right decisions and doing things in their organizations’ best interests. But some don’t live up to expectations. They perform poorly and may even take personal advantage of their positions, perhaps to the point of ethics failures and illegal acts. Who or what keeps CEOs and other senior managers ethical and high performing?

Figure 1.1 shows that even the CEO or president of an organization reports to a higher-level boss. In business corporations, this is a **board of directors**, whose members are elected by stockholders to represent their ownership interests. In nonprofit organizations,

**First-line managers** are team leaders and supervisors in charge of people who perform nonmanagerial duties.

**Middle managers** oversee the work of large departments or divisions.

**Top managers** guide the performance of the organization as a whole or of one of its major parts.

Members of a **board of directors** are elected by stockholders to represent their ownership interests.

such as a hospital or university, top managers report to a *board of trustees*. These board members may be elected by local citizens, appointed by government bodies, or invited to serve by existing members.

In both business and the public sector, board members are supposed to oversee the affairs of the organization and the performance of its top management. In other words, they are supposed to make sure that the organization is being run right. This is called **governance**, the oversight of top management by an organization's board of directors or board of trustees.<sup>6</sup>

**Governance** is oversight of top management by a board of directors or board of trustees.

**Accountability** is the requirement of one person to answer to a higher authority

## Accountability Is a Foundation of Managerial Performance.

The term **accountability** describes the requirement of one person to answer to a higher authority for performance achieved in his or her area of work responsibility. This is an important aspect of managerial performance. In the traditional organizational pyramid, accountability flows upward. Team members are accountable to a team leader, the team leader is accountable to a middle manager, the middle manager is accountable to a top manager, and the top manager is accountable to a board of directors.

Let's not forget that accountability in managerial performance is always accompanied by dependency. At the same time that any manager is held accountable by a higher level the manager is dependent on others to do the required work. In fact, a large part of the study of management is about learning how to best manage the dynamics of accountability and dependency.

## Effective Managers Help Others Achieve High Performance and Satisfaction.

This discussion of performance accountability and related challenges may make you wonder: What exactly is an effective manager? Most people, perhaps you, would reply that an effective manager is someone who helps people and organizations perform. That's a fine starting point, but we should go a step further. Why not define an **effective manager** as someone who helps others to achieve both high performance and satisfaction in their work?

Placing importance not just on work performance, but also on job satisfaction calls attention to **quality of work life** (QWL) issues—the overall quality of human experiences in the workplace. Have you experienced a “high QWL” environment? Most people would describe it as a place where they are respected and valued by their employer. They would talk about fair pay, safe work conditions, opportunities to learn and use new skills, room to grow and progress in a career, and protection of individual rights. They would say everyone takes pride in their work and the organization.

Are you willing to work anywhere other than in a high-QWL setting? Would you, as a manager, be pleased with anything less than helping others to achieve not only high performance, but also job satisfaction? Sadly, the real world doesn't always live up to these expectations. Talk to parents, relatives, and friends who go to work every day. You might be surprised. Too many people still labor in difficult, sometimes even hostile and unhealthy, conditions—ones we would consider low QWL.<sup>7</sup>

An **effective manager** helps others to achieve high performance and satisfaction in their work.

**Quality of work life** is the overall quality of human experiences in the workplace.

## Managers Are Coaches, Coordinators, and Supporters.

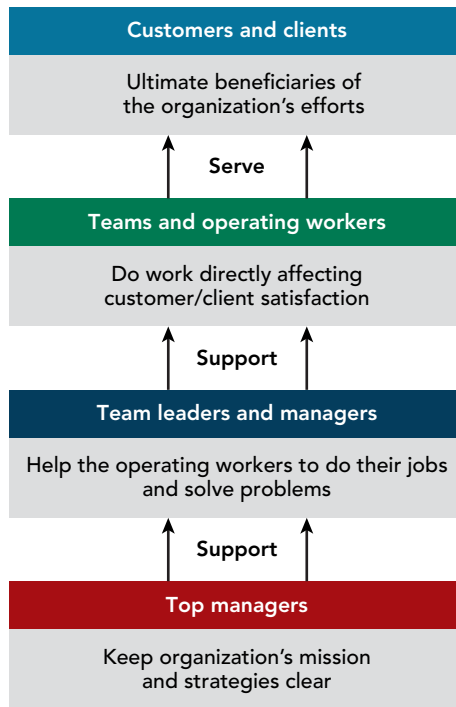
We live and work in a time when the best managers are known more for “helping” and “supporting” than for “directing” and “order giving.” The terms “coordinator,” “coach,” and “team leader” are heard as often as “supervisor” or “boss.” The fact is that most organizations need more than managers who simply sit back and tell others what to do.

**Figure 1.2** uses the notion of an **upside-down pyramid** to describe a new mind-set for managers, one guided by the key words “serve” and “support.” All managers—from first-level team leaders to top-level executives—should find that this mind-set offers a real expression of what it means to act as a coach rather than an order giver.

Sitting prominent at the top of the upside-down pyramid are nonmanagerial workers. Performing individually and in teams, they interact directly with customers and clients or produce

The **upside-down pyramid** view of organizations puts customers at the top and being served by nonmanagerial workers, who are supported by team leaders and higher-level managers.





**FIGURE 1.2** How Do Mind-Sets Change When the Organization Is Viewed as an Upside-Down Pyramid? If we turn the traditional organizational pyramid upside down, we get a valuable look at how managerial work is viewed today. Managers are at the bottom of the upside-down pyramid, and they are expected to support the operating workers above them. Their goal is to help these workers to best serve the organization’s customers at the top. The appropriate mind-set of this supportive manager is more “coaching” and “helping” than “directing” and “order giving.”

products and services for them. The key word driving their work is “serve.” Located just below them are team leaders and managers. Their attention is focused on helping others to serve the organization’s customers. The key word driving their work is “support.”

Top managers and executives are at the bottom of the upside-down pyramid. Their focus is on clarifying the mission and crafting strategies that help team leaders and managers to take care of their teams and workers. Once again, the key word driving their work is “support.” Picture top managers going to work, looking up, and seeing an entire organization balanced on their outstretched hands and depending on them for vital support. Wouldn’t you agree this is

## Choices

*“We want responsible people who are self-motivating and self-disciplined, and we reward them with freedom.”*

### Want Vacation? Take as Much as You Need.



Gareth Cattermole/Getty Images

How about a job with “unlimited” vacation? Sounds unreal, doesn’t it? But don’t be too fast to dismiss the idea. Some fashion-forward employers are already doing it. Netflix is one.

Netflix prizes what CEO Reed Hastings calls its “freedom and responsibility culture.” One of the things that brings this culture to life is how vacation time is handled. Hastings says this about the Netflix culture and vacation policy: “We want responsible people who are self-motivating and self-disciplined, and we reward them with freedom. The best example is our vacation policy. It’s simple and understandable: We don’t have one. We focus on what people get done, not on how many days they worked.”

Netflix used to follow what Hastings calls a “standard vacation model,” but finally realized it was just “an industrial era habit.” He

wonders why employers should track vacation days when people don’t keep track of the number of hours they work? And he sets the example. “I make sure to take lots of vacation . . .,” says Hastings, “and I do some of my creative thinking on vacation.”

The Society for Human Resource Management reports that only about 1% of employers offer unlimited vacation time. Many of them are smaller organizations. Red Frog Events is an entertainment organizer with 80 full-time employees who get to take vacation when they want. The firm’s HR director hasn’t found any major abuses. Dov Seidman, CEO of the 300-employee firm LRN, also gives unlimited vacation time. He says: “People are a lot more honest and responsible when they are trusted.”

### What’s Your Take?

Is this approach to vacation time something that more employers should be planning? Is it the next hot thing sought by new college graduates? What are the risks and limits for employers, if any? How about the “motivation” issues? Would this be a turn-on for you, something that would keep you productive and loyal? If unlimited vacation time is such a good idea, why aren’t more employers doing it?

quite a change of mind-set from that of traditional managers who view themselves standing comfortably on top of the pyramid while those below take care of them?

The upside-down pyramid view leaves no doubt that the organization exists to serve its customers. And it leaves no doubt that team leaders, managers, and executives are there to help and support the people whose work makes that possible. As the Container Store's CEO Kip Tindell says: "If employees aren't happy, customers aren't happy and then shareholders won't be happy."<sup>8</sup>

Look again at Figure 1.2 and consider the power of the words "serve" and "support." Isn't this a pretty strong endorsement for team leaders and managers at all levels to try flipping the organizational pyramid upside-down?

## Study Guide

### Takeaway 1.1 What Does It Mean To Be a Manager?

#### Terms to Define

Accountability	Governance	Top managers
Board of directors	Manager	Upside-down pyramid
Effective manager	Middle managers	
First-line managers	Quality of work life	

#### Rapid Review

- Managers support and facilitate the work efforts of other people in organizations.
- Top managers scan the environment and pursue long-term goals; middle managers coordinate activities among large departments or divisions; and first-line managers, such as team leaders, supervise and support nonmanagerial workers.
- Everyone in an organization is accountable to a higher-level manager for his or her performance accomplishments; at the highest level, top managers are held accountable by boards of directors or boards of trustees.
- Effective managers help others to achieve both high performance and high levels of job satisfaction.
- New directions in managerial work emphasize "coaching" and "supporting," rather than "directing" and "order giving."
- In the upside-down pyramid view of organizations, the role of managers is to support nonmanagerial workers who serve the needs of customers at the top.

#### Questions for Discussion

1. Other than at work, in what situations do you expect to be a manager during your lifetime?
2. Why should a manager be concerned about the quality of work life in an organization?
3. In what ways does the upside-down pyramid view of organizations offer advantages over the traditional view of the top-down pyramid?

#### Be Sure You Can

- **explain** how managers contribute to organizations
- **describe** the activities of managers at different levels
- **explain** how accountability operates in organizations
- **describe** an effective manager
- **list** several ways the work of managers is changing from the past
- **explain** the role of managers in the upside-down pyramid

#### Career Situation: What Would You Do?

When people are promoted to managerial positions, they often end up supervising friends and colleagues. Put yourself in this situation. As a new manager of a team full of friends, what can and should you do to quickly earn the respect of others and build a smoothly functioning work team?

## Takeaway 1.2 | What Do Managers Do, and What Skills Do They Use?

### Answers to Come

- Managers plan, organize, lead, and control.
- Managers perform informational, interpersonal, and decisional roles.
- Managers use networking and social capital to pursue action agendas.
- Managers use technical, human, and conceptual skills.
- Managers should learn from experience.

The managers we have been discussing are indispensable to organizations. Their efforts bring together resources, technology, and human talents to get things done. Some are fairly routine tasks that are repeated day after day. Other tasks are challenging and novel, often appearing as unexpected problems and opportunities. A manager's workday can be intense, hectic, and fast paced, with lots of emphasis on communication and interpersonal relationships.<sup>9</sup> Today, we add the constant demands of smartphones, e-mail and voice mail, instant messages, and social media alerts to the list of managerial preoccupations.<sup>10</sup>

### Managers Plan, Organize, Lead, and Control.

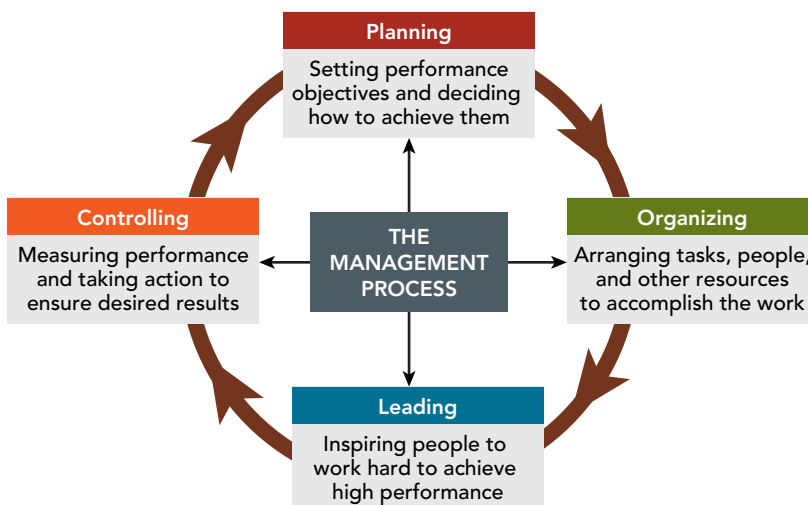
If you are ready to perform as a manager or to get better as one, a good starting point is **Figure 1.3**. It shows the four functions in the **management process**—planning, organizing, leading, and controlling. The belief is that all managers, regardless of title, level, and organizational setting, are responsible for doing each of these functions well.<sup>11</sup>

**Planning** In management, **planning** is the process of setting performance objectives and determining what actions should be taken to accomplish them. When managers plan, they set goals and objectives and select ways to achieve them.

There was a time, for example, when Ernst & Young's top management grew concerned about the firm's retention rates for women.<sup>12</sup> Why? Turnover rates at the time were much higher among women than among men, totaling some 22% per year and costing the firm about 150% of each person's annual salary to hire and train a replacement. At the time, the current Chairman and Chief Executive Officer Philip A. Laskawy responded to the situation by setting a planning objective to reduce turnover rates for women.

The **management process** is planning, organizing, leading, and controlling the use of resources to accomplish performance goals.

**Planning** is the process of setting objectives and determining what should be done to accomplish them.



**FIGURE 1.3** What Four Functions Make Up the Management Process? The management process consists of four functions: planning, organizing, leading, and controlling. Planning sets the direction as performance objectives. Organizing arranges people and tasks to do the work. Leading inspires others to work hard. Controlling measures performance to make sure that plans and objectives are accomplished.

## Facts to Consider

*“‘Culture fit’ comes to mean, subconsciously, ‘people like me,’ where ‘me’ is usually a young male founder.”*

### Tech Industry No Role Model for Employment Diversity



Monkey Business Images/Shutterstock

*Fortune* magazine put it this way: “White and Asian men dominate. Everyone else—women, blacks and Hispanics—is severely lacking.” Lack of diversity in the technology industry is under fire. One early Facebook employee, Kate Mosse, describes the phenomenon this way: “‘Culture fit’ comes to mean, subconsciously, ‘people like me’, where ‘me’ is usually a young male founder. This is how the diversity data can become so skewed towards white technical men without the companies realizing it.” Google is tackling the problem with training in “unconscious bias.” Megan Smith, Google X vice president, says: “As a manager you need to be conscious that a whole bunch of people are going to be running at

you who might not be as qualified as the person who is not raising their hand.” Here are a few recent facts:

- % female in workforce—Apple 30%, Facebook 31%, LinkedIn 39%, Pandora 49%.
- % nonwhite in workforce—Apple 36%, Facebook 26%, LinkedIn 35%, Pandora 15%.
- African Americans hold fewer than 5% of jobs in large technology firms.
- Female engineering graduates in computer and information science are paid 77% of what their male counterparts get.

#### Your Thoughts?

What do these tech industry findings mean for you more generally? Is unconscious bias something that you might be facing now or expect to face in the future? What issues and contradictions in employer commitment to diversity have you experienced or heard about? What are the implications for job seekers, job holders, and managers alike?

**Organizing** is the process of assigning tasks, allocating resources, and coordinating work activities.

**Organizing** Even the best plans will fail without strong implementation. Success begins with **organizing**, the process of assigning tasks, allocating resources, and coordinating the activities of individuals and groups. When managers organize, they bring people and resources together to put plans into action.

At Ernst & Young, Laskawy organized to meet his planning objective by convening and personally chairing a Diversity Task Force of partners. He also established a new Office of Retention and hired Deborah K. Holmes, now Americas Director of Corporate Responsibility, to head it. As retention problems were identified in various parts of the firm, Holmes created special task forces to tackle them and recommend location-specific solutions.

**Leading** is the process of arousing people’s enthusiasm and inspiring their efforts to achieve goals.

**Leading** The management function of **leading** is the process of arousing people’s enthusiasm to work hard and inspiring their efforts to fulfill plans and accomplish objectives. When managers lead, they build commitments to plans and influence others to do their best work in implementing them. This is one of the most talked about managerial responsibilities, and it deserves a lot of personal thought. Not every manager is a good leader, but every great manager is one for sure.

Holmes actively pursued her leadership responsibilities at Ernst & Young. She noticed that, in addition to the intense work at the firm, women often faced more stress because their spouses also worked. She became a champion of improved work–life balance and pursued it relentlessly. She started “call-free holidays,” where professionals did not check voice mail or e-mail on weekends and holidays. She also started a “travel sanity” program that limited staffers’ travel to four days a week so they could get home for weekends. And she started a Woman’s Access Program to provide mentoring and career development.

**Controlling** is the process of measuring performance and taking action to ensure desired results.

**Controlling** **Controlling** is the process of measuring work performance, comparing results to objectives, and taking corrective action as needed. As you have surely experienced, things don’t always go as planned. When managers control, they stay in contact with people as they work, gather and interpret information on performance results, and use this information to make adjustments.

At Ernst & Young, Laskawy and Holmes regularly measured retention rates for women at the firm and compared them to the rate that existed when their new programs were started. By comparing results with plans and objectives, they were able to track changes in work-life balance and retention rates and pinpoint where they needed to make further adjustments in their programs. Turnover rates for women were, and continue to be, reduced at all levels in the firm.<sup>13</sup>

## Managers Perform Informational, Interpersonal, and Decisional Roles.

When you consider the four management functions, don't be unrealistic. The functions aren't always performed one at a time or step by step. The manager's workday is often intense, fast paced and stressful. The reality is that managers must plan, organize, lead, and control continuously while dealing with numerous events, situations, and problems.

INFORMATIONAL ROLES	INTERPERSONAL ROLES	DECISIONAL ROLES
How a manager exchanges and processes information <ul style="list-style-type: none"> <li>• Monitor</li> <li>• Disseminator</li> <li>• Spokesperson</li> </ul>	How a manager interacts with other people <ul style="list-style-type: none"> <li>• Figurehead</li> <li>• Leader</li> <li>• Liaison</li> </ul>	How a manager uses information in decision making <ul style="list-style-type: none"> <li>• Entrepreneur</li> <li>• Disturbance handler</li> <li>• Resource allocator</li> <li>• Negotiator</li> </ul>

To describe how managers actually get things done, scholar and consultant Henry Mintzberg identified three sets of roles that he believed all good managers enact successfully.<sup>14</sup> As shown in the small figure, a manager's *informational roles* focus on the giving, receiving, and analyzing of information. The *interpersonal roles* reflect interactions with people inside and outside the work unit. The *decisional roles* involve using information to make decisions to solve problems or address opportunities.<sup>15</sup> It is through performing these roles that managers fulfill their planning, organizing, leading, and controlling responsibilities.

## Managers Use Networking and Social Capital to Pursue Action Agendas.

**SITUATION:** An executive is heading to a staff meeting. She encounters a manager from a different department in the hallway. After an exchange of "hellos," she initiates a quick two-minute conversation. She (a) asks two questions and receives helpful information, (b) compliments the other manager for success on a recent project, and (c) gets the manager's commitment to help on another project.

Can you see the pattern here? In just two short minutes, this general manager accomplished a lot. In fact, she demonstrates excellence with two activities that management consultant and scholar John Kotter considers critical to succeeding with the management process—agenda setting and networking.<sup>16</sup>

**Agenda Setting** Agendas are important in management, and it is through **agenda setting** that managers identify clear action priorities. These agendas may be incomplete and loosely connected in the beginning. But over time, as the manager uses information continually gleaned from many different sources, the agendas become more specific. Kotter says the best managers always keep their agendas in mind so they can quickly recognize and take advantage of opportunities to advance them. What might have happened in the prior example if the manager had simply nodded "hello" to the staff member and continued on to her meeting?

**Agenda setting** involves identifying clear action priorities.

**Networking and Social Capital** Much of what managers need to get done is beyond their individual capabilities alone. The support and contributions of other people