



Management

FOURTEENTH EDITION

Richard L. Daft





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Management

Richard L. Daft

Vanderbilt University



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*To my parents, who started my life
toward outcomes that I could not understand at the time*



ABOUT THE AUTHOR



Richard L. Daft

Richard L. Daft, Ph.D., is the Brownlee O. Currey, Jr., Professor in the Owen Graduate School of Management at Vanderbilt University. Professor Daft specializes in the study of organization theory and leadership; he is a fellow of the Academy of Management and has served on the editorial boards of the *Academy of Management Journal*, *Administrative Science Quarterly*, and *Journal of Management Education*. He was the associate editor-in-chief of *Organization Science* and served for three years as associate editor of *Administrative Science Quarterly*.

Professor Daft has authored or co-authored 14 books, including *The Leadership Experience* (Cengage/South-Western, 2018), *Organization Theory and Design* (Cengage, 2021), *The Executive and the Elephant: A Leader's Guide for Building Inner Excellence* (Jossey-Bass, 2010), and *Understanding Management* (with Dorothy Marcic; Cengage, 2020). He has also written dozens of scholarly articles, papers, and chapters in other books. His work has been published in *Organizational Dynamics*, *Administrative Science Quarterly*, *Academy of Management Journal*, *Academy of Management Review*, *Strategic Management Journal*, *Journal of Management*, *Accounting Organizations and Society*, *Management Science*, *MIS Quarterly*, *California Management Review*, and *Organizational Behavior Teaching Review*. In addition, Professor Daft is an active teacher and consultant. He has taught management, leadership, organizational change, organizational theory, and organizational behavior.

Professor Daft has served as associate dean, produced for-profit theatrical productions, and helped manage a start-up enterprise. He has been involved in management development and consulting for many companies and government organizations, including the National Academy of Science, Aluminum Bahrain (Alba), Oak Ridge National Laboratory, Cardinal Healthcare, American Banking Association, AutoZone, Aegis Technology, Bridgestone, Bell Canada, Allstate Insurance, Vulcan Materials, the National Transportation Research Board, the Tennessee Valley Authority (TVA), State Farm Insurance, Tenneco, the U.S. Air Force, the U.S. Army, Eli Lilly, Central Parking System, Entergy Sales and Service, Bristol-Myers Squibb, First American National Bank, and the Vanderbilt University Medical Center.



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PREFACE



Leading-Edge Management

The year 2020 presented unique and far-reaching challenges to managers in organizations of all types and sizes. The effects of the COVID-19 pandemic put some companies out of business for good and forced managers in all organizations to adapt to new ways of working. Shifting economic conditions and widespread social and political unrest in the United States as well as other countries around the world added to the turmoil and further eroded the myth of a stable environment. Even before the recent dramatic upheavals, managers and organizations were being buffeted by far-reaching competitive, social, technological, and economic changes. Business schools, as well as managers, are scrambling to cope with the turbulence, keep up with fast-changing events, and evaluate the impact that this volatile period of history will have on organizations in the future. This edition of *Management* addresses themes and issues that are directly relevant to the current, fast-shifting business environment.

I revised *Management*, 14th edition, with a goal of helping current and future managers find leading-edge solutions to the problems that plague today's organizations—whether they are everyday challenges or once-in-a-lifetime crises. The world in which most students will work as managers is undergoing a tremendous upheaval. Ethical and social turmoil, the need for crisis management skills, e-commerce and mobile commerce, economic instability, rapidly changing technologies, globalization, outsourcing, cybersecurity threats, increasing government regulation, social media, global supply chains—all of these challenges, and more, place demands on managers that go beyond the techniques and ideas traditionally taught in management courses. Managing today requires the full breadth of management skills and capabilities. This text provides comprehensive coverage of both traditional management skills and the new competencies needed in a turbulent environment characterized by economic and social turmoil, political confusion, and general uncertainty.

In the traditional world of work, management's job was to control and limit people, enforce rules and regulations, seek stability and efficiency, design a top-down hierarchy, and achieve bottom-line results. But to spur innovation, adapt to rapid environmental shifts, and achieve high performance, managers need different skills. Managers must find ways to engage workers' hearts and minds, as well as take advantage of their labor. The new workplace asks that managers focus on building trust, inspiring commitment, leading change, harnessing people's creativity and enthusiasm, finding shared visions and values, and sharing information and power. Teamwork, collaboration, participation, and learning are guiding principles that help managers and employees maneuver the bumpy terrain of today's chaotic business environment. Rather than controlling their employees, savvy managers focus on training them to adapt to new technologies and extraordinary environmental shifts, and thus achieve high performance and total corporate effectiveness.

My vision for this edition of *Management* is to present the newest management ideas in a way that is both interesting and valuable to students, while retaining the best of traditional management thinking. To achieve this vision, I have included the most up-to-date management concepts and research and have shown the contemporary application of management ideas in organizations. At the end of each major chapter section, a "Remember This" feature offers a quick review of the salient concepts and terms that students should

remember. Within each chapter, a wealth of examples, called Snapshots, highlight the application of concepts to the real world, and a “Creating a Greener World” feature illustrates how various organizations are responding to the growing demands for socially and environmentally responsible ways of doing business. Thoughtful or inspiring quotes within each chapter—some from business leaders, but others from novelists, philosophers, and everyday people—help students expand their thinking about management issues. The combination of established scholarship, new ideas, and real-life applications gives students a taste of the energy, challenge, and adventure inherent in the dynamic field of management. The Cengage Learning staff and I have worked together to provide a textbook that is better than any other at capturing the excitement of organizational management.

LEADING-EDGE MANAGEMENT: NEW TO THE 14TH EDITION

My primary focus when revising the 14th edition has been to relate management concepts and theories to events in today’s turbulent environment by bringing in present-day issues that real-life managers face.

LEARNING OPPORTUNITIES

The 14th edition includes several innovative pedagogical features to help students understand their own management capabilities and learn what it is like to manage in an organization today. Each chapter begins with a “Know Yourself” self-assessment questionnaire that directly relates to the theme of the chapter and enables students to see how they respond to situations and challenges typically faced by real-life managers. A second “Know Yourself” within each chapter provides an additional opportunity for students to understand their management abilities. These short questionnaires provide feedback to the students that compares their responses to those of their classmates and gives students insight into how they would function in the real world of management. “Remember This” bullet-point summaries at the end of each major chapter section enable students to quickly review the key points and concepts covered in that section. The end-of-chapter questions have been carefully revised to encourage critical thinking and application of chapter concepts. The end-of-chapter “Engagement Exercise” has been enhanced with an “In-Class/Online Application.” This feature and the “Small Group Breakout” exercises give students the opportunity to apply concepts while building teamwork skills. Ethical dilemma scenarios, cases for analysis, and MindTap activities help students “think like a manager” and sharpen their diagnostic skills for management problem solving.

CHAPTER CONTENT

Within each chapter, many topics have been added or expanded to address the current issues that managers face. Every chapter includes at least one real-life example related to the extraordinary challenges that the COVID-19 pandemic created for managers around the world. The text has also been tightened and sharpened to provide greater focus on the key topics that count the most for management today. The essential elements concerning operations and information technology—subject matter that is frequently covered in other courses—have been combined into an appendix for students who want more information about these topics.

Chapter 1 includes a discussion of the leading-edge management competencies that have become so critical to the success of organizations today and will remain so into the future. This introductory chapter discusses the trend toward bossless organizations, introduces

the basic functions and skills of management, and gives students an idea of what the manager's job entails. It also describes the challenges involved in making the leap from being an individual contributor in the organization to becoming a manager and getting work done primarily through the efforts of others. The chapter touches upon the skills and competencies needed to manage organizations effectively, including issues such as managing one's time, maintaining appropriate control, and building trust and credibility.

Chapter 2 provides solid coverage of the historical development of management and organizations. It begins with an overview of the historical struggle within the field of management to balance the machinery and the humanity of production. The chapter includes sections on managing the technology-driven workplace and managing the people-driven workplace; it ends with a consideration of artificial intelligence (AI) and nudge management as possible answers to the human-machine struggle. The section on managing the technology-driven workplace includes information on big data analytics, the Internet of Things (IoT), and new platform-based organizations. Managing the people-driven workplace includes discussions of the trend toward radical decentralization and using engagement to manage Generation Z and Millennial employees.

Chapter 3 contains an updated view of current issues related to the business environment and corporate culture, including a discussion of organizational ecosystems, the growing importance of the international environment, and trends in the sociocultural environment, including shifting social views on issues such as same-sex marriage and alternative lifestyles. The chapter also describes the use of social media analytics for boundary spanning, the growing challenges to large tech companies related to privacy and security issues, and the current widespread concern about how some companies with strong cultures have handled sexual harassment and misconduct. The chapter closes with a discussion of how managers can shape a high-performance culture as an innovative response to a shifting environment.

Chapter 4 takes an updated look at the changing international landscape, including the growing clout of China and India and what this development means for managers around the world, including a broader and more complex array of political risks. The chapter looks at the shifting geography of the *Fortune* Global 500 companies, describes the importance of cultural intelligence (CQ) and a global mindset, and considers communication challenges, including a discussion of the role of implicit communication. The chapter also discusses the bottom-of-the-pyramid (BOP) concept, and describes changes in the European Union and the new U.S.–Mexico–Canada Agreement (USMCA).

Chapter 5 makes the business case for incorporating ethical values into the organization and considers how managers can create an ethical organization using both a values-based approach and a structure-based approach. It includes an updated discussion of the state of ethical management today, the pressures that can contribute to unethical behavior in organizations, the difference between “giving” and “taking” corporate cultures, and criteria that managers can use to resolve ethical dilemmas. The chapter considers corporate social responsibility issues as well, including the recent approach of assessing performance on environmental, social, and governance (ESG) dimensions, the Business Roundtable's new “Statement on the Purpose of a Corporation,” the growth of the green movement, and the increasing interest in benefit corporations.

Chapter 6 has been thoroughly revised and updated to include the most current thinking on entrepreneurship and small business management. It describes the impact of entrepreneurial companies both in the United States and internationally, examines the state of small businesses owned by women and members of underrepresented groups, and takes a look

at the importance of immigrant-owned businesses in the United States. The chapter also examines some of the typical characteristics of entrepreneurs, describes social entrepreneurship, and explains the process of launching a start-up, including tools and techniques such as knowing when to pivot, using crowdfunding, and participating in incubators or coworking facilities.

Chapter 7 delves into the overall planning and goal-setting process, including the importance of aligning goals and plans and the use of strategy maps for aligning goals. The chapter describes the socially constructed nature of goals and provides frameworks and techniques for managing goal conflict. It also outlines the criteria for effective goals and explores the value of key performance indicators. The chapter covers some of the benefits and limitations of planning and goal setting, and includes a discussion of using management by means (MBM) as a way to lessen the problem of too much pressure to attain goals. The final section describes planning approaches for use in a turbulent environment, including contingency and scenario planning, the use of stretch goals, and crisis planning.

Chapter 8 focuses on the basics of formulating and implementing strategy, including levels of strategy, the elements of competitive advantage, and Michael E. Porter's competitive strategies. It includes a section on SWOT analysis, a discussion of the biggest barriers to strategy execution, and the various strategic options for global business. In addition, the chapter updates the Boston Consulting Group (BCG) matrix and diversification strategy, looking at how managers may use unrelated diversification, related diversification, or vertical integration as strategic approaches in shifting environments. The final section of the chapter provides an updated discussion of how managers effectively execute strategy, including the importance of embeddedness and alignment.

Chapter 9 gives an overview of managerial decision making, including decision-making models, personal decision styles, and a revised and updated discussion of biases that can cloud managers' judgment and lead to bad decisions. The chapter includes an examination of the use of AI in programmed decision making, a section on quasirationality, an expanded discussion of ambiguity and conflict, and a short discussion of the 5 Whys technique. The final section looks at innovative group decision making, including the concept of evidence-based decision making, ways to avoid groupthink and escalating commitment, and pre-mortems and postmortems (also called after-action reviews).

Chapter 10 discusses basic principles of organizing and describes both traditional and contemporary organizational structures in detail. The chapter includes an expanded discussion of outsourcing and the virtual network structure and looks at the essential role of coordination and collaboration in today's digitally advanced organizations. It provides an overview of the strengths and weaknesses associated with each structural approach, looks at the trend toward decentralization, and highlights experiments with bosslessness.

Chapter 11 focuses on the critical role of managing innovation and change in today's business environment. The chapter includes a revised and expanded discussion of disruptive innovation, including self-disruption. The content on the ambidextrous approach has been enhanced with a discussion of exploration and exploitation in the innovation process. The chapter also describes the bottom-up approach to innovation, ways to encourage corporate intrapreneurship, and the use of innovation contests. The section on collaboration and open innovation has been enhanced with a discussion of the growing use of internal crowdsourcing and in-house ventures. The final sections of the chapter examine the reasons why many people resist change and provide a three-stage model for effectively implementing change.

Chapter 12 has been thoroughly revised to reflect the shifting role of human resource management (HRM) in today's turbulent environment. The chapter includes expanded discussions of aligning HR strategies with the organization's strategic direction, new approaches to interviewing, new training challenges, and new types of benefits. It also takes a look at the gig economy and the shadow workforce, examines the use of AI and virtual approaches to recruiting and hiring, and looks at the shift from performance evaluation to performance management.

Chapter 13 has been completely updated to reflect the most recent thinking on today's complex organizational diversity issues. The chapter includes an updated discussion of demographic and social changes occurring in the domestic and global workforce and how organizations are responding to these shifts. Expanded sections explore the challenges that women and members of underrepresented groups face in organizations, including a deeper discussion of the problem of implicit or unconscious bias and the challenge of reaching the "first rung" of the management ladder. The chapter also delves into the importance of using new recruiting approaches, establishing sponsor relationships, providing personal coaching and feedback, and encouraging employee resource groups as ways to support underrepresented employees and create an inclusive environment.

Chapter 14 maintains its solid coverage of the basics of understanding individual behavior, including personality, attitudes, perception, and emotions. In addition, the chapter now includes an expanded section on the value and difficulty of self-awareness, techniques for enhancing self-awareness and recognizing blind spots, and brief discussions of positive and negative attributions, grit, negativity bias, and emotional contagion. The chapter also describes self-management and gives a step-by-step guide to time management. The section on stress management has been enhanced with a discussion of resilience, the distinction between challenge stress and threat stress, and strategies that both individuals and organizations can implement to help people develop resilience and combat the harmful effects of too much stress.

Chapter 15 examines contemporary approaches to leadership, including Level 5 leadership, authentic leadership, servant leadership, and interactive leadership. The chapter also discusses the difference between management and leadership, formal versus informal leadership, charismatic and transformational leadership, task versus relationship leadership behaviors, gender differences in leadership, the importance of leaders discovering and honing their strengths, and the crucial role of followers. The section on leadership power describes the differences between *hard* versus *soft* power and outlines various interpersonal influence tactics that leaders use.

Chapter 16 covers the foundations of motivation and incorporates sections on positive versus negative approaches to motivating employees and the use of intrinsic versus extrinsic rewards. The chapter also describes using reinforcement for motivation, the job characteristics model, and leading-edge motivational methods such as empowering people to meet their higher-level needs and giving meaning to people's work through engagement.

Chapter 17 which explores the basics of good communication, has been updated to incorporate the use of new communication and collaboration platforms in today's organizations. The chapter includes discussions of purpose-driven communication, giving feedback, communicating with candor, the importance of listening and asking questions, and the role of nonverbal communication. Sections also focus on communicating to persuade and influence, using internal and external social media, using new communication tools for team collaboration, and the role of personal networks and the grapevine.

Chapter 18 takes a fresh look at the contributions that teams make in organizations. It acknowledges that work teams are sometimes ineffective and explores the reasons for their shortcomings, including such problems as free riders and lack of trust. The chapter differentiates between putting together a team and building teamwork, defines the types of teams, and describes the stages of team development. In addition, it examines some of the challenges faced by today's remote workers and virtual teams, and explores the role of team leadership and technology in these situations. The chapter includes a discussion of the growing use of self-managed and agile teams, describing the characteristics of such teams. It also considers how factors such as team diversity, member roles, norms, and team cohesiveness influence effectiveness. Finally, the section on negotiation and managing conflict offers an explanation of task versus relationship conflict and suggests different ways of expressing and managing conflict.

Chapter 19 provides an overview of financial and quality control, including the importance of control, the feedback control model, use of the balanced scorecard, and total quality management techniques such as Six Sigma, quality partnering, benchmarking, and *kaizen*. The chapter explores the difference between decentralized and hierarchical control, the dilemma of using algorithmic control, the use of zero-based budgeting, and basic concepts of budgetary and financial control.

In addition to the topics listed previously, this text integrates coverage of the Internet, social media, and new technology into the various topics covered in each and every chapter. I have also incorporated management responses to the challenges brought about by the COVID-19 pandemic in every chapter of this revision.

ORGANIZATION

The chapter sequence in *Management* is organized around the management functions of planning, organizing, leading, and controlling. These four functions effectively encompass both management research and the characteristics of the manager's job.

Part 1 introduces the world of management, including the nature of management, issues related to today's chaotic environment, historical perspectives on management, and the technology-driven workplace.

Part 2 examines the environments of management and organizations. This section includes material on the business environment and corporate culture, the global environment, ethics and social responsibility, and the environment for small businesses and entrepreneurship.

Part 3 presents three chapters on planning, including organizational goal setting and planning, strategy formulation and execution, and the decision-making process.

Part 4 focuses on organizing processes. These chapters describe dimensions of structural design, the design alternatives that managers can use to achieve strategic objectives, structural designs for promoting innovation and change, the design and use of the human resource function, and the significance of the approach to managing diverse employees for the organizing function.

Part 5 is devoted to leadership. This section begins with a chapter on understanding individual behavior, including self-awareness and self-understanding. This exploration paves the way for subsequent discussions of leadership, motivation of employees, communication, and team management.

Part 6 describes the controlling function of management, including TQM's basic principles, the design of control systems, and the difference between hierarchical and decentralized control.

INNOVATIVE TEXT FEATURES

A major goal of this book is to offer better ways of using the textbook medium to convey management knowledge to the reader. To this end, the book includes several innovative features that draw students in and help them contemplate, absorb, and comprehend management concepts. Cengage Learning has brought together a team of experts to create and coordinate color photographs, beautiful artwork, and supplemental materials for the best management textbook and package on the market.

Chapter Outline and Objectives. Each chapter begins with a clear statement of its learning objectives and an outline of its contents. These signposts provide an overview of what is to come and can be used by students to guide their study and test their understanding and retention of important points.

Know Yourself Self-Assessments. At the beginning of each chapter, a self-assessment questionnaire grabs students' attention immediately by giving them a chance to actively participate in the chapter content. Students answer personal questions related to the topic and score the assessment based on their answers. These self-assessments provide insight into what to expect and how students might perform in the world of the new manager. An additional "Know Yourself" feature strategically located within each chapter invites students to "Take a Moment" to respond to another self-assessment questionnaire that relates to the concepts being discussed.

Creating a Greener World. Many of today's students are gravely concerned about the damage being done to the world's natural environment. The "Creating a Greener World" feature in each chapter highlights how managers in a specific company are innovatively addressing issues of sustainability and environmental responsibility. Companies spotlighted in these boxes include Koninklijke DSM, LoyaltyOne, Fig Loans, Sunrun, Target, Nestlé, the government of China, BMW, Nike, Coca-Cola, Apple, PepsiCo, HSBC Bank, Cargill Foods India, Burt's Bees, Enel, Acciona, Deutsche Post DHL Group, and Subaru.

Concept Connection Photo Essays. A key feature of the book is the use of photographs accompanied by detailed photo essay captions that enhance learning. Each caption highlights and illustrates one or more specific concepts from the text to reinforce student understanding of the concepts; collectively, they also convey the vividness, immediacy, and concreteness of management events in today's business world.

Snapshot Examples. Every chapter contains numerous "Snapshot" examples of management incidents. These features are placed at strategic points in the chapter and are designed to illustrate the application of concepts to specific companies. The in-text examples—indicated by red lettering and an icon in the margin—include well-known U.S. and international organizations, including Netflix, Twitter, Siemens Gamesa, Airbus, TikTok, Didi Chuxing, Facebook, Nike, Boeing, Snapchat, Xiaomi, Volkswagen, Uber, Goya Foods, Haier, Synchrony Financial, Publix, Instagram, Zara, Toyota, Academy of Motion Picture Arts and Sciences, Popeye's, Huawei, Google and Alphabet, Amazon, National Foods Limited, General Electric (GE), and Unilever, as well as lesser-known companies and not-for-profit organizations, including Girl Scouts of the USA, SCA (Svenska Cellulosa Aktiebolaget), Dialpad, Second Harvest Food Bank, Plante Moran, Taulia, Earl's Kitchen

+ Bar, Simple Green Smoothies, Buurtzorg, Junior League, Adient Lerma, Sadler's Wells Theatre, Sweetgreen, Godrej & Boyce, Carilion Clinic, and the San Diego Zoo. The Snapshots put students in touch with the real world of organizations so that they can appreciate the value of management concepts.

Manager's Shoptalk. A "Manager's Shoptalk" feature in each chapter addresses a specific topic straight from the field of management that is of special interest to students. In this edition, several of these features highlight examples of bossless organizations, while others describe a contemporary topic or problem that is relevant to the chapter content or contain a special example of how managers handle a problem. These features are designed to heighten students' interest in the subject matter and provide an auxiliary view of management issues not typically available in textbooks.

Exhibits. Several exhibits have been added or revised in this edition to enhance student understanding. Many aspects of management are research-based, and some concepts tend to be abstract and theoretical. The many exhibits throughout this book enhance students' awareness and understanding of these concepts. These exhibits consolidate key points, indicate relationships among concepts, and visually illustrate concepts. They also make effective use of color to enhance their imagery and appeal.

Remember This. At the end of each major section of a chapter is a "Remember This" bullet-point summary of the key concepts, ideas, and terms discussed in that section. This feature gives students an easy way to review the salient points covered in the chapter. The short summaries also include one or more of the examples from the section to remind students how the concepts were applied in a real organization.

Glossaries. Learning the vocabulary of management is essential to understanding contemporary management. This process is facilitated in three ways in this book. First, key concepts are boldfaced and completely defined where they first appear in the text. Second, brief definitions are set out at the end of each major section in the "Remember This" lists for easy review and follow-up. Third, flashcards are found in the MindTap "Study It" folder.

Discussion Questions. Each chapter closes with discussion questions that will enable students to check their understanding of key issues, to think beyond basic concepts, and to determine areas that require further study.

Apply Your Skills Exercises. End-of-chapter exercises called "Apply Your Skills: Engagement Exercise" and "Apply Your Skills: Ethical Dilemma" provide self-tests for students and opportunities to experience management issues in a personal way. These exercises take the form of questionnaires, scenarios, and activities. An "In-Class/Online Application" has been added to each "Engagement Exercise" in this edition.

Small Group Breakout Exercises. "Small Group Breakout" exercises at the end of each chapter give students a chance to develop both team and analytical skills. Completing the small-group activities will help students learn to use the resources provided by others in the group, to pool information, and to develop a successful outcome together. The "Small Group Breakouts" provide experiential learning that leads to deeper understanding and application of chapter concepts.

Case for Critical Analysis. Also appearing at the end of each chapter is a brief but substantive case that offers an opportunity for student analysis and class discussion. These cases are based on real management problems and dilemmas, but the identities of companies and managers have been disguised. They allow students to sharpen their diagnostic skills for management problem solving.

MINDTAP'S INNOVATIVE DIGITAL FEATURES

Today's leading digital platform, MindTap, gives you complete control of your course—equipping you to craft unique learning experiences that challenge students, build confidence and elevate performance.

Use MindTap as-is or customize it to meet your specific needs. You can even integrate it easily into your institution's Learning Management System (LMS). A MindTap presents complex concepts using a blend of engaging narrative and media assets clearly linked to assessments. So, students can start applying concepts to real-world situations from the beginning of your course with content that progresses from understanding core concepts to critical thinking and, ultimately, application.

Product Features

MindTap's outcome-based learning design propels students from memorization to mastery. It's the only platform today that gives you complete ownership of your course. With MindTap you can challenge every student, build confidence and empower today's learners to be unstoppable.

Anchor Learning With Improved Learning Path Design.

MindTap helps students focus by dividing the Learning Path into groups of bite-size activities that are anchored to a single concept.

Access Everything You Need In One Place.

Cut down on prep with preloaded, organized course materials in MindTap. Teach more efficiently with interactive multimedia, assignments, quizzes and focused resources all on one screen.

Control Your Course, Your Content.

Only MindTap gives you complete control of your course. You have the flexibility to reorder textbook chapters, add your own notes and embed a variety of content, including OER. Personalize course content to your students' needs by editing question text or answer choices. They can even read your notes, add their own and highlight key text to aid their progress.

Count On Our Dedicated Team, Whenever You Need Them.

MindTap is not simply a comprehensive tool—it's a network of support from a personalized team eager to further your success. We're ready to help—from setting up your course to tailoring MindTap resources to meet your specific objectives. You'll be ready to make an impact from day one. And, we'll be right here to help you and your students throughout the semester—and beyond.

MINDTAP TABLE OF CONTENTS

MindTap brings together quality learning and convenience through seamless, LMS integrated access to a curated set learning tools designed intentionally for the Principles of Management learner. Each MindTap follows a “Learn It, Apply It, Study It” structure that guides students through bite sized learning exercises, followed by authentic scenario-based application opportunities and then gives them the necessary tools to prepare for quizzes and exams.

Why Does [This Topic] Matter To Me?

Each major part of the course is introduced in MindTap with a “Why Does [This Topic] Matter to Me?” to help showcase relevance and applicability of the material students are about to learn — in an engaging, fun format.

Chapter-Level Ebook

Dynamic eBook brings the value, concepts and applications of the printed text to life. Students open an active learning experience as each chapter provides opportunities to interact with content using the approach that’s best for the individual learner.

Self-Assessments

Online questionnaires ask students to answer questions related to the topic and automatically scores the assessment and provides feedback based on their answers. These self-assessments provide insight into what to expect and how students might perform in the world of the new management.

Learn It Activities

New “Learn It” modules aligned to each learning objective and are designed to help students learn the basics of theories and concepts presented in a chapter through digestible summaries and randomized questions that help check their comprehension of the chapter material.

Apply It

- “Apply It” Chapter Assignments and Case Activities bridge the understanding of concepts with their real-world applications in the practice of management.

Study It

- The “Study It” module for each chapter includes Practice Tests powered by A+ Test Prep, a student-powered practice exam tool that allows them to tailor practice tests to fit their needs, and receive immediate feedback and links back to the material they need to review. The “Study It” module also contains digital flashcards to help students practice key terminology and a student-facing version of the PowerPoint slides that accompany the text.

Additional Resources

- Concept Clips: These short concept videos bring to life concepts from the text.
- On the Job Videos: These videos enhance the learning experience by giving students the chance to hear from real-world business leaders so they can see the direct application of the management theories they have learned.

You Make The Decision

You Make the Decision mini-simulation activities build critical thinking and decision-making skills by challenging students to use what they know about concepts and theories in the context of a scenario as it unfolds. Throughout the scenario, the student would be provided with information and subsequently faced with decisions. The scenario can change dynamically based on the decisions the students make throughout the short simulation, resulting in different end points that showcase the consequences of the decisions made along the way.

OF SPECIAL INTEREST TO INSTRUCTORS

Instructors will find a number of valuable resources available on our online instructor resource center, accessed through your Cengage instructor account. These include the following:

Instructor's Manual. Designed to provide support for instructors new to the course, as well as innovative materials for experienced professors, the Instructor's Manual includes activities and assessments for each chapter and their correlation to specific learning objectives, an outline, key terms with definitions, a chapter summary, and ideas for engaging with students—such as discussion questions, ice breakers, case studies, and social learning activities that may be conducted in an on-ground, hybrid, or online modality.

Cengage Learning Testing Powered by Cognero. Cognero is a flexible online system that allows you to author, edit, and manage test bank content from multiple Cengage Learning solutions; create multiple test versions in an instant; and deliver tests from your LMS, your classroom, or wherever you want.

PowerPoint Lecture Presentation. The PowerPoint Lecture Presentations are closely tied to the Instructor Manual, providing ample opportunities for generating classroom discussion and interaction. They offer ready-to-use, visual outlines of each chapter, which may be easily customized for your lectures.

Guide to Teaching Online. This guide presents technological and pedagogical considerations and suggestions for teaching the Management course when you can't be in the same room with students.

Transition Guide. This guide highlights all of the changes in the text and in the digital offerings from the previous edition to this edition.

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Ramapo College of New Jersey

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Pima Community College

I'd like to pay special tribute to my longtime editorial associate, Pat Lane. I can't imagine how I would ever complete such a comprehensive revision on my own. Pat provided truly outstanding help throughout every step of writing this edition of *Management*. She skillfully drafted materials for a wide range of chapter topics, features, and cases; researched topics when new sources were lacking; and did an absolutely superb job with the copyedited manuscript and page proofs. Her commitment to this text enabled us to achieve our dream for its excellence. I also express my gratitude to DeeGee Lester for drafting material for the "Creating a Greener World" features and for several of the cases in this edition.

Finally, I want to acknowledge the love and support from my daughters—Danielle, Amy, Roxanne, Solange, and Elizabeth—who make my life special during our precious time together. Thanks also to B. J., Kaitlyn, Kaci, Matthew, Nelson, Samantha, Phoenix, Roman, Reed, and Brielle for their warmth and smiles that brighten my life during our times together.

Richard L. Daft
Nashville, Tennessee

Leading Edge Management



CHAPTER OUTLINE

Management Competencies for Today's World

Leading-Edge Management Competencies
The Trend Toward Bosslessness

The Basic Functions of Management

Planning
Organizing
Leading
Controlling

Organizational Performance

Management Skills

Technical Skills
Human Skills
Conceptual Skills
When Skills Fail

Challenges Facing New Managers

What Is a Manager's Job Really Like?

Manager Types
Manager Activities
Manager Roles

Managing in Nonprofit Organizations

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

1. Explain five management competencies and the trend toward bosslessness in today's world.
2. Define the four management functions and the type of management activity associated with each.
3. Explain the difference between efficiency and effectiveness, as well as their importance for organizational performance.
4. Describe technical, human, and conceptual skills and their relevance for managers.
5. Identify the personal challenges faced by new managers and ways of overcoming them.
6. Define the management types and roles that managers perform in organizations.
7. Explain the unique characteristics of the manager's role in nonprofit organizations.

Take a Moment: Know Yourself

Manager Achievement

Welcome to the world of management. Are you ready for it? This questionnaire will help you see whether your priorities align with the demands placed on today's managers.

INSTRUCTIONS: Rate each of the following items based on your orientation toward personal achievement. Read each item and, based on how you feel right now, check either Mostly True or Mostly False.

	Mostly True	Mostly False
1. I enjoy the feeling I get from mastering a new skill.	_____	_____
2. Working alone is typically better than working in a group.	_____	_____
3. I like the feeling I get from winning.	_____	_____
4. I like to develop my skills to a high level.	_____	_____
5. I rarely depend on anyone else to get things done.	_____	_____
6. I am frequently the most valuable contributor to a team.	_____	_____
7. I like competitive situations.	_____	_____
8. To get ahead, it is important to be viewed as a winner.	_____	_____

SCORING AND INTERPRETATION: Give yourself one point for each “Mostly True” answer. In this case, a *low* score is better. A high score means a focus on personal achievement separate from others, which is ideal for a specialist or individual contributor. However, a manager is a generalist who gets things done through other people. Spending time building relationships is key. A desire to be an individual winner may cause you to compete with your people, rather than to develop their skills. You would not succeed as a lone achiever who does not facilitate and coordinate others, which is the primary job of a manager. If you checked 3 or fewer as “Mostly True” answers, your basic orientation is good. If you scored 6 or higher, your focus may be on being an individual winner. You will want to shift your perspective to become an excellent manager.

“In the late 1980s, it seemed inconceivable that Bon Jovi would last five years,” wrote one music historian. Yet more than three decades after the rock group was founded, it is still one of the world’s top-selling bands. Bon Jovi has been inducted into the Rock and Roll Hall of Fame, and Jon Bon Jovi regularly shows up on *Forbes* list of “America’s Wealthiest Celebrities.” The band has been so successful partly because its lead singer and namesake is a consummate manager. For example, as the group prepared for the launch of a recent tour, Jon Bon Jovi was hidden away in the arena for days, managing a tightly coordinated operation similar to setting up or readjusting a production line for a manufacturing business. Yet Bon Jovi is also performing other management activities throughout the year—planning and setting goals for the future, organizing tasks and assigning responsibilities, influencing and motivating band members and others, monitoring operations and finances, and networking inside and outside the organization. “Jon is a businessman,” said former comanager David Munns. “He knows how to have a great-quality show, but he also knows how to be efficient with money.”¹



Being efficient with money is one of the many management skills Bon Jovi also applies as chairman of the JBJ Soul Foundation, a nonprofit he formed in 2006 to combat hunger and homelessness. At the JBJ Soul Kitchen restaurants in New Jersey, people can either make a minimum donation or perform work at the restaurant in exchange for a meal. Bon Jovi implemented procedures to make sure no one knows which diners are paying guests and which are working for their meal. One regular says Bon Jovi and his wife run the place like it's their own kitchen and pitch in to do whatever needs to be done when they come to the restaurant. "They're like everybody else, except with better hair," he said. During the COVID-19 pandemic in 2020, the restaurants shifted to carry-out orders only for people in need, and Bon Jovi's help was needed even more because of the limited number of volunteers. JBJ Soul Kitchen

posted a photo on Instagram of Jon washing dishes, with the caption, "If you can't do what you do . . . do what you can!"²

Good managers are needed in all types of both business and nonprofit organizations. The nature of management is to motivate and coordinate others to cope with diverse and far-reaching challenges. Managers set up the systems and conditions that help other people perform well. But managing is not easy, and many new managers are surprised by the quantity, variety, and scope of difficulties they encounter. Management missteps can damage an organization.



For example, Travis Kalanick, co-founder and former CEO of Uber, helped the company expand rapidly by applying his bold and competitive management style. However, the aggressive and combative corporate culture that this style instilled ultimately hurt Uber. Deception of government authorities and defiance of regulations around the world, accusations of theft of a rival's technology, and charges of discrimination and sexual harassment damaged Uber's public reputation. Inside the company, workers and managers were fighting against one another rather than working together for the good of the organization. Uber began losing significant market share to competitors in the United States and ceased operating in several countries. In 2018, Dara Khosrowshahi replaced Kalanick as CEO, with one of his primary goals to build a more collaborative culture and repair Uber's reputation.³ Khosrowshahi faces a tough challenge in maintaining Uber's bold competitiveness while also instilling positive values of caring for and collaborating with others.

The field of management is undergoing a transformation that asks managers to do more with less, to engage employees' hearts and minds as well as their physical energy, to see change rather than stability as natural, and to inspire a vision and cultural values that allow people to create a truly collaborative and productive workplace. This textbook introduces and explains the process of management and the changing ways of thinking about the world that are critical for managers.

Good management matters, as substantiated by a McKinsey Global Institute study. In collaboration with the Centre for Economic Performance at the London School of Economics and partners from Stanford and Harvard Universities, McKinsey collected data over a dozen years from roughly 14,000 organizations in more than 30 countries. The data show that well-managed companies have higher productivity, higher market value, and greater growth, as well as a superior ability to survive difficult conditions.⁴ Companies such as Apple, Amazon, and Microsoft amply demonstrate that good management creates and sustains good organizations.⁵

By reviewing the actions of some successful and not-so-successful managers, you can learn the fundamentals of management. By the end of this chapter, you will recognize some

of the skills that managers use to keep organizations on track, and you will begin to understand how managers can achieve astonishing results through people. By the end of this book, you will understand the fundamental management skills for planning, organizing, leading, and controlling a department or an entire organization.

1-1 Management Competencies for Today's World

Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources, as Jon Bon Jovi does for his rock band and as chairman of the Jon Bon Jovi Soul Foundation. You will learn more about these four basic management functions later in this chapter.

1-1A LEADING-EDGE MANAGEMENT COMPETENCIES

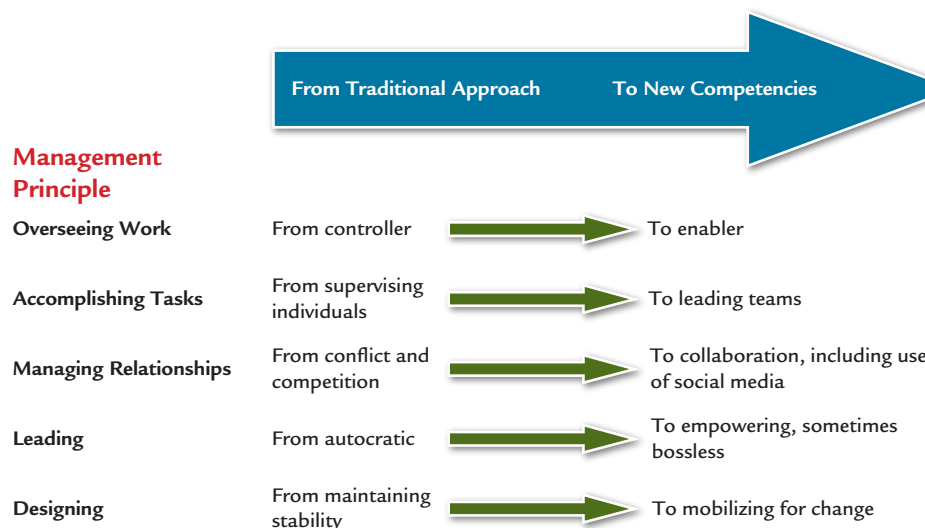
Certain elements of management are timeless, but environmental shifts also influence the practice of management. In recent years, rapid environmental changes have caused a fundamental transformation in what is required of effective managers. Technological advances such as social media and mobile apps, the move to a knowledge/information-based economy, the rise of artificial intelligence, global market forces, the growing threat of cybercrime, and shifting employee and customer expectations have led to a decline in organizational hierarchies and more empowered workers, which calls for a new approach to management that may be quite different from managing in the past.⁶ Exhibit 1.1 shows the shift from the traditional management approach to the new management competencies that are essential in today's environment.

Instead of being a *controller*, today's effective manager is an *enabler* who helps people do and be their best.⁷ Managers shape the cultures, systems, and conditions of work and then give people the freedom to move the organization in the direction

"I was once a command-and-control guy, but the environment's different today. I think now it's a question of making people feel they're making a contribution."

—JOSEPH J. PLUMERI,
FORMER CHAIRMAN AND CEO OF WILLIS
GROUP HOLDINGS

EXHIBIT 1.1 Management Competencies for Today's World



it needs to go. They help people get what they need, remove obstacles, provide learning opportunities, and offer feedback, coaching, and career guidance. Instead of “management by keeping tabs,” they employ an empowering leadership style. Much work is done in teams rather than by individuals, so team leadership skills are crucial. Managing relationships based on authentic conversation and collaboration is essential for successful outcomes.

Also, as shown in Exhibit 1.1, today’s best managers are “future-facing.” That is, they design the organization and culture to anticipate threats and opportunities from the environment, challenge the status quo, and promote creativity, learning, adaptation, and innovation. Industries, technologies, economies, governments, and societies are in constant flux, and managers are responsible for helping their organizations navigate through the unpredictable with flexibility and innovation.⁸



Managers in all types of organizations are learning to apply the new management skills and competencies, and you will encounter some of them throughout this textbook. For example, today’s sports teams reflect the shift toward new management ideas. **In 2018, the New York Mets, the Washington Nationals, and the Boston Red Sox all replaced their team managers with younger, gentler leaders who demonstrated an ability to connect personally with players and to create a positive, nurturing, relationship-oriented environment. “It speaks to the importance of the personal qualities—communication, collaboration—as opposed to just what’s going on on the field,” said Mets’ former general manager Sandy Alderson, who is now a senior advisor with the Oakland A’s. Alderson emphasizes that for today’s team managers, a commitment to fostering relationships is “one of the most important aspects of the job description.” Seattle Mariners manager Scott Servais agrees. Servais made a commitment to speak individually with each player every day, usually about something other than baseball. Many teams are also doing away with the traditional approach of yelling at players in favor of a softer, more caring method of motivation and correction.**⁹

A similar approach is also being used more often in other types of organizations. Research has found that the “drill sergeant approach” doesn’t go over well with many of today’s employees, so managers in all types of organizations are using a softer, more collaborative style of management.

The shift to a new way of managing isn’t easy for traditional managers who are accustomed to being “in charge,” making all the decisions, and knowing where their subordinates are and what they’re doing at every moment. Even more changes and challenges are on the horizon for organizations and managers. This is an exciting and challenging time to be entering the field of management. Throughout this book, you will learn much more about the new workplace, about the new and dynamic roles that managers are playing in the twenty-first century, and about how you can be an effective manager in a complex, ever-changing world.

1-1B THE TREND TOWARD BOSSLESSNESS

A few organizations are even experimenting with a bossless design that turns management authority and responsibility over to employees. At least 18 organizations around the world, including French automotive components manufacturer FAVI; tomato processor Morning Star, based in Woodland, California; and Spain’s diversified Mondragon Corporation, are operated as primarily bossless workplaces.¹⁰ Although some management and human resource (HR) professionals and scholars question whether the bossless trend will last for long,¹¹ it is interesting to note that some of these companies have been operating without traditional bosses for decades. When Jean-François Zobrist took over as CEO of FAVI in 1983, he eliminated two things: the personnel department and the bosses. At FAVI, team spirit and autonomy are leading goals, and people on the front lines work directly with one another and with customers without someone looking over their shoulders.¹²

One reason for the trend toward bossless design is that how and where work gets done has shifted in major ways now that new technology enables people to work from home or

other locations outside a regular office. Many bossless companies, such as Valve Corporation, a leader in the PC gaming market, and Peakon, a maker of human resources and employee engagement software, operate in technology-related industries. Even so, companies as diverse as W.L. Gore & Associates (best known for Gore-Tex fabrics), Whole Foods Market (supermarkets), and Semco (diversified manufacturing) have succeeded with bossless structures.¹³

One particularly interesting example of bosslessness is tomato processor Morning Star. Many people are surprised to learn that the world's largest tomato processor is a company that has no titles or promotions, no hierarchy, and no managers. Morning Star, where 400 or so employees (called colleagues) produce more than \$700 million in annual revenue, relies on contract-style agreements called Colleague Letters of Understanding (CLOUs). If someone needs an expensive piece of equipment to fulfill her CLOU, she can buy it without seeking permission. Similarly, if a colleague needs an additional worker, he can go ahead and hire one. People negotiate responsibilities and compensation with their peers and are expected to consult widely with colleagues before making major decisions. Everyone goes through training to learn how to work effectively as part of a team; how to handle the responsibilities of “planning, organizing, leading, and controlling” that are typically carried out by managers; how to balance freedom and accountability; how to understand and effectively communicate with others; and how to manage conflicts. “Around here,” one colleague said, “nobody’s your boss and everybody’s your boss.”¹⁴

A bossless work environment can have many advantages, including increased flexibility, greater employee initiative and commitment, and better and faster decision making. However, bossless work environments also present new challenges. Costs may be lower because of reduced overhead, but money must be invested in ongoing training and development for employees so that they can work effectively within a bossless system. The culture also must engage employees and support the nonhierarchical environment.¹⁵

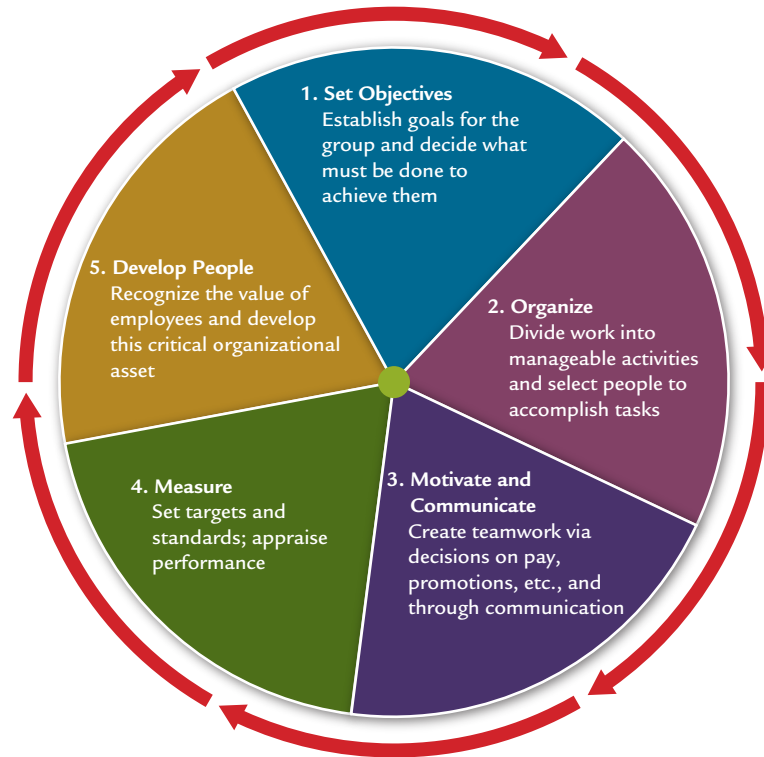


Remember This

- Managers get things done by coordinating and motivating other people.
- **Management** is defined as the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources.
- Turbulent environmental forces have caused a significant shift in the competencies required for effective managers.
- Traditional management competencies include a command-and-control leadership style, a focus on individual tasks, and a standardization of procedures to maintain stability.
- New management competencies include being an enabler rather than a controller, using an empowering leadership style, encouraging collaboration, leading teams, and mobilizing for change and innovation.
- Several Major League Baseball teams, including 2019 World Series champions the Washington Nationals, have hired new managers who demonstrate some of the new management competencies.
- A number of companies are experimenting with a bossless organization design that turns authority and responsibility over to people throughout the organization.

1-2 The Basic Functions of Management

Every day, managers solve difficult problems, turn organizations around, and achieve astonishing performances. To be successful, every organization needs good managers. The famed management theorist Peter Drucker (1909–2005), often credited with creating the modern

EXHIBIT 1.2 What Do Managers Do?

SOURCE: Based on "What Do Managers Do?", *The Wall Street Journal Online*, <http://guides.wsj.com/management/developing-a-leadership-style/what-do-managers-do/> (accessed August 11, 2010), article adapted from Alan Murray, *The Wall Street Journal Essential Guide to Management* (New York: Harper Business, 2010).

“Good management is the art of making problems so interesting and their solutions so constructive that everyone wants to get to work and deal with them.”

—PAUL HAWKEN,
ENVIRONMENTALIST, ENTREPRENEUR, AND
AUTHOR OF *NATURAL CAPITALISM*

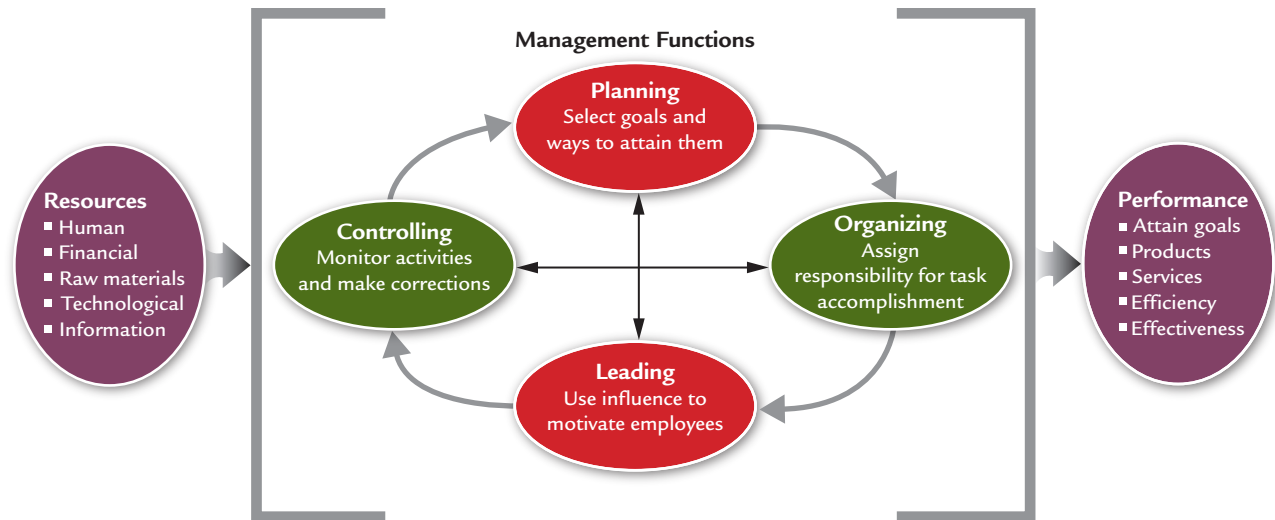
study of management, summed up the job of the manager by specifying five tasks, as outlined in Exhibit 1.2.¹⁶ In essence, managers set goals, organize activities, motivate and communicate, measure performance, and develop people. These five manager activities apply not only to top executives such as Jeff Bezos at Amazon, Mary Barra at General Motors, and Kenneth Frazier at Merck, but also to the manager of a restaurant in your hometown, the leader of an airport security team, a supervisor at a Web hosting service, and the director of sales and marketing for a local business.

The activities outlined in Exhibit 1.2 fall into four fundamental management functions: planning (setting goals and deciding activities), organizing (organizing activities and people), leading (motivating, communicating with, and developing people), and controlling (establishing targets and measuring performance). Depending on their job situation, managers perform numerous and varied tasks, but they all can be categorized within these four primary functions.

Exhibit 1.3 illustrates the process in which managers use resources to attain organizational goals through the functions of planning, organizing, leading, and controlling. Chapters of this book are devoted to the multiple activities and skills associated with each function, as well as to the environment, global competitiveness, and ethics that influence how managers perform these functions.

1-2A PLANNING

Planning means identifying goals for future organizational performance and deciding on the tasks and use of resources needed to attain them. In other words, managerial planning defines where the organization wants to be in the future and how to get there. A good

EXHIBIT 1.3 The Process of Management

example of planning comes from General Electric (GE), where managers sold divisions such as plastics, insurance, and media to focus company resources on four key business areas: energy, aircraft engines, health care, and financial services.¹⁷

**Concept Connection**

John Stonecipher finds that as the president and CEO of Guidance Aviation, a high-altitude flight school in Prescott, Arizona, his job involves all four management functions. Once he's charted the course for the operation (**planning**) and put all the necessary policies, procedures, and structural mechanisms in place (**organizing**), he supports and encourages his 50-plus employees (**leading**) and makes sure that nothing falls through the cracks (**controlling**). Thanks to his strengths in all of these areas, the U.S. Small Business Administration named Stonecipher a National Small Business Person of the Year.



Don Bartlett/Getty Images

1-2B ORGANIZING

Organizing typically follows planning and reflects how the organization tries to accomplish the plan. **Organizing** involves assigning tasks, grouping tasks into departments, delegating authority, and allocating resources across the organization. The "Creating a Greener World" feature describes how the Coca-Cola Company is allocating some of its resources to benefit communities and help preserve the natural environment. **As an another example, GE used to relocate senior executives every few years to different divisions so that they developed a broad, general expertise. In line with the strategic refocusing described earlier, the company now keeps people in their business units longer so they can gain a deeper understanding of the products and customers within each of the four core businesses.**

