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Brief Contents

Preface xvii

PART 1 Introduction to Modern Management

1 Introducing Modern Management: Concepts and Skills 1
2 Management and Entrepreneurship: Handling Start-Ups and New Ventures 24

PART 2 Modern Management Challenges

3 Society, Ethics, and Sustainability 42
4 Management and Diversity 67
5 Managing in the Global Arena 93
6 Creativity and Innovation 119

PART 3 Planning

7 Plans and Planning Tools 143
8 Making Decisions 169
9 Strategic Planning: Strategies, Tactics, and Competitive Dynamics 190

PART 4 Organizing

10 Fundamentals of Organizing 214
11 Responsibility, Authority, and Delegation 236
12 Human Resource Management 257
13 Changing Organizations: Stress, Conflict, and Virtuality 279

PART 5 Influencing

14 Influencing and Communication 304
15 Leadership 328
16 Motivation 356
17 Groups and Teams 381
18 Building Organization Culture 407

PART 6 Controlling

19 Controlling, Information, and Technology 430
20 Production and Control 455

Appendix 1 Managing: History and Current Thinking 484

Glossary 507
Author Index 519
Subject Index 529
Contents

About the Authors xv
Preface xvii

PART 1
Introduction to Modern Management

1 Introducing Modern Management: Concepts and Skills 1
Management Skill and Your Career 1

**CHALLENGE CASE:** Coke’s New CEO Battles a Changing Market 2

A Manager’s Task 3
The Role of Management 5
Defining Management 5
The Management Process: Management Functions 5

Management Process and Organizational Resources 6
Management and Organizational Resources 7

**PRACTICAL CHALLENGE:** ATTAINING GOALS: Michael Hoffman Achieves User Satisfaction at New York Passport Agency 7

The Universality of Management 9
Management Skill: The Key to Management Success 9
Defining Management Skill 10
Management Skill: A Classic View 10

**STEPS FOR SUCCESS:** Developing Human Skills 11
Management Skill: A Contemporary View 11
Management Skill: A Focus of This Book 12

Management Careers 13
A Definition of Career 13
Career Stages, Life Stages, and Performance 14
Promoting Your Own Career 15

**TIPS FOR MANAGING AROUND THE GLOBE:** Making the Most of International Experience 15
Special Career Issues 16

**CHALLENGE CASE SUMMARY** 18
Class Preparation and Personal Study 19
Management Skills Exercises 20

2 Management and Entrepreneurship: Handling Start-Ups and New Ventures 24
Entrepreneurship Skill and Your Career 24

**CHALLENGE CASE:** Professor Becomes Restaurateur 25

Fundamentals of Entrepreneurship 26
Types of Opportunities 27
Opportunity Identification 28
Opportunity Evaluation 29

**STEPS FOR SUCCESS:** Testing Business Ideas 30
Opportunity Exploitation 30
Financing Exploitation 32

Corporate Entrepreneurship 32

**PRACTICAL CHALLENGE:** Raising Funds: Bohemian Guitars Tests the Waters of Crowdfunding 33

Social Entrepreneurship 34
How Do Commercial and Social Entrepreneurship Differ? 34

**TIPS FOR MANAGING AROUND THE GLOBE:** Taking a Global View of Opportunities: One Earth Designs 35
Success Factors in Social Entrepreneurship 35

**CHALLENGE CASE SUMMARY** 36
Class Preparation and Personal Study 37
Management Skills Exercises 38

PART 2
Modern Management Challenges

3 Society, Ethics, and Sustainability 42
Social Responsibility Skill and Your Career 42

**CHALLENGE CASE:** IKEA Builds on Its Commitment to the Environment 43

Fundamentals of Social Responsibility 44
Areas of Social Responsibility 44
Varying Opinions on Social Responsibility 45
Conclusions about the Performance of Social Responsibility Activities by Business 46
Social Responsiveness 47
Determining Whether a Social Responsibility Exists 47
Social Responsiveness and Decision Making 48
TIPS FOR MANAGING AROUND THE GLOBE: China Focuses on Agricultural (Ag) Sustainability 48
Approaches to Meeting Social Responsibilities 49
The Social Audit Challenge 50
The Philanthropy Challenge 51
The Sustainable Organization Challenge 52
Defining Sustainability 52
Defining a Sustainable Organization 52
Why Sustainability? 53
Steps for Achieving Sustainability 54
PRACTICAL CHALLENGE: ACHIEVING SUSTAINABILITY: Mars 54
Managers and Ethics 56
A Definition of Ethics 56
Why Ethics Is a Vital Part of Management Practices 56
A Code of Ethics 57
Creating an Ethical Workplace 57
STEPS FOR SUCCESS: Creating an Ethical Work Environment 59
Following the Law: Sarbanes-Oxley Reform Standards 59
CHALLENGE CASE SUMMARY 60
Class Preparation and Personal Study 62
Management Skills Exercises 63
Management and Diversity 67
Diversity Skill and Your Career 67
CHALLENGE CASE: Diverse Employees Contribute to GE Lighting's Bright Future 68
Defining Diversity 69
The Social Implications of Diversity 69
Advantages of Diversity in Organizations 70
Gaining and Keeping Market Share 70
Cost Savings 70
Increased Productivity and Innovation 71
Better Quality Management 71
Challenges That Managers Face in Working with Diverse Populations 72
Changing Demographics 72
Multigenerational Workforce 73
Ethnocentrism and Other Negative Dynamics 73
PRACTICAL CHALLENGE: SETTING DIVERSITY TARGETS: Pinterest Sets Hiring Goals for a More Diverse Workforce 74
Negative Dynamics and Specific Groups 75
Strategies for Promoting Diversity in Organizations 77
Promoting Diversity through Hudson Institute Strategies 77
Promoting Diversity through Equal Employment and Affirmative Action 78
Promoting Diversity through Organizational Commitment 79
Promoting Diversity through Pluralism 80
TIPS FOR MANAGING AROUND THE GLOBE: Deloitte UK “Hides” College and University Degrees 81
How Managers Promote Diversity 82
Planning 82
Organizing 82
Influencing 83
Controlling 83
STEPS FOR SUCCESS: Generation Z Members and Their Challenges 83
Management Development and Diversity Training 84
CHALLENGE CASE SUMMARY 86
Class Preparation and Personal Study 87
Management Skills Exercises 88
Managing in the Global Arena 93
Global Management Skill and Your Career 93
CHALLENGE CASE: KFC Opens a Store a Day in China 94
Fundamentals of International Management 95
Categorizing Organizations by Level of International Involvement 97
Domestic Organizations 97
International Organizations 97
Multinational Organizations: The Multinational Corporation 97
Multinational Corporations 98
Complexities of Managing the Multinational Corporation 98
PRACTICAL CHALLENGE: GROWING AN INTERNATIONAL ONLINE BUSINESS: Amazon's International Expansion 100
Risk and the Multinational Corporation 100
The Workforce of Multinational Corporations 100
Types of Organization Members Found in Multinational Corporations 101
Workforce Adjustments 101
Adjusting to a New Culture 101
Repatriation 101
Management Functions and Multinational Corporations 102
Planning in Multinational Corporations 102
The Responsibility for Making Organizational Decisions  172

TIPS FOR MANAGING AROUND THE GLOBE: Shaw Industries Paves the Way for Good Decisions  172

Elements of the Decision Situation  173

The Rational Decision-Making Process  174
Identifying an Existing Problem  175
Listing Alternative Solutions  175
Selecting the Most Beneficial Alternative  176
Implementing the Chosen Alternative  177
Gathering Problem-Related Feedback  177
Bounded Rationality  177

PRACTICAL CHALLENGE: IMPLEMENTING DECISIONS: Ford Invests $700 Million in Michigan Plant  177

Decision Making and Intuition  178
Decision-Making Heuristics and Biases  178
Decision-Making Conditions: Risk and Uncertainty  178

Decision-Making Tools  179
Probability Theory  179
Decision Trees  180

Group Decision Making  181
Advantages and Disadvantages of Using Groups to Make Decisions  181

STEPS FOR SUCCESS: Facilitating Group Decisions  182
Processes for Making Group Decisions  182
Evaluating Group Decision-Making Processes  183

CHALLENGE CASE SUMMARY  184
Class Preparation and Personal Study  185
Management Skills Exercises  186

Strategic Planning: Strategies, Tactics, and Competitive Dynamics  190

Strategic Planning Skill and Your Career  190

CHALLENGE CASE: Facebook Positions Itself to Stay Relevant  191

Strategic Planning and Strategy  192
Strategic Management Process  193

Environmental Analysis  193
The General Environment  194
The Industry Environment  196
The Internal Environment  197

Establishing Organizational Direction  197
Determining Organizational Mission  198
Developing a Mission Statement  198
The Importance of an Organizational Mission  198
The Relationship between Mission and Objectives  198

Strategy Formulation: Tools  198

STEPS FOR SUCCESS: Ask the Right Questions  199
Critical Question Analysis  199
SWOT Analysis  199

Business Portfolio Analysis  200
Strategy Formulation: Types  202
Sample Organizational Strategies  202

Strategy Implementation  203

TIPS FOR MANAGING AROUND THE GLOBE: Ryanair Utilizes Cost Leadership Strategy  204

Strategic Control  204
Tactical Planning  204
Comparing and Coordinating Strategic and Tactical Planning  205

Competitive Dynamics  205

PRACTICAL CHALLENGE: COMPETITIVE DYNAMICS FOR RETAILERS: Stores Take on Amazon  206

CHALLENGE CASE SUMMARY  207
Class Preparation and Personal Study  209
Management Skills Exercises  210

PART 4
Organizing

Fundamentals of Organizing  214
Organizing Skill and Your Career  214

CHALLENGE CASE: Microsoft Tries to Program Unity with Its New Structure  215

Definitions of Organizing and Organizing Skill  216
The Importance of Organizing  216
The Organizing Process  217
Classical Organizing Theory  218

Weber’s Bureaucratic Model  218
Division of Labor  219
Advantages and Disadvantages of Division of Labor  219
Division of Labor and Coordination  219

PRACTICAL CHALLENGE: COORDINATION: How the MBTA Moved Forward with Security  220
Follett’s Guidelines on Coordination  220

Structure  220
Informal Organizational Structures  220
Vertical Dimensioning  221
Horizontal Dimensioning  223

Types of Departmentalization  223
Departments Based on Function  223

TIPS FOR MANAGING AROUND THE GLOBE: France Bans E-Mails after Work  224
Departments Based on Product or Service  225
Departments Based on Geography  226
Departments Based on Customer  226
Departments by Matrix  227

STEPS FOR SUCCESS: Managing in a Matrix Structure  227

Class Preparation and Personal Study  209
Management Skills Exercises  210
Responsibility, Authority, and Delegation 236

Responsibility and Delegation Skill and Your Career 236

CHALLENGE CASE: Autonomy at Hy-Vee Supermarkets 237

Responsibility and Job Descriptions 238

STEPS FOR SUCCESS: Tips for Delegating Tasks 238

Dividing Job Activities 239
The Functional Similarity Method 239
Functional Similarity and Responsibility 239
Clarifying Job Activities of Managers 240
Management Responsibility Guide 240

Authority 241
Authority on the Job 241
Acceptance of Authority 242
Types of Authority 242
Accountability 245

Delegation 245

PRACTICAL CHALLENGE: ACCOUNTABILITY: How Extended Stay America Eased the Sting of Accountability 245
Steps in the Delegation Process 246
Obstacles to the Delegation Process 246
Eliminating Obstacles to the Delegation Process 247

Centralization and Decentralization 247
Decentralizing an Organization: A Contingency Viewpoint 248

PRACTICAL CHALLENGE: FUNDAMENTAL OF CHANGING AN ORGANIZATION: Decentralizing for Diverse Markets: The Four Seasons Example 249
Decentralization at Massey-Ferguson: A Classic Example from the World of Management 249

CHALLENGE CASE SUMMARY 250
Class Preparation and Personal Study 252
Management Skills Exercises 252

Human Resource Management 257

Human Resource Management Skill and Your Career 257

CHALLENGE CASE: Netflix Revamps Its Human Resources 258
Defining Appropriate Human Resources 259

Recruitment 259
Knowing the Job 259
Knowing Sources of Human Resources 260
Sources Outside the Organization 263

PRACTICAL CHALLENGE: MANAGING AROUND THE GLOBE: European Companies Need Women on Their Boards 264
Knowing the Law 264

Selection 265
Testing 265
Assessment Centers 266

Training 267
Determining Training Needs 267
Designing the Training Program 268
Administering the Training Program 268
STEPS FOR SUCCESS: Tips for Being an Effective Interviewer 269
Evaluating the Training Program 270

Performance Appraisal 270
Why Use Performance Appraisals? 271
Multisource Feedback 271

PRACTICAL CHALLENGE: FINDING TALENT: How Home Depot Streamlined the Application Process 271
Handling Performance Appraisals 272
Potential Weaknesses of Performance Appraisals 272

CHALLENGE CASE SUMMARY 272
Class Preparation and Personal Study 274
Management Skills Exercises 275

Changing Organizations: Stress, Conflict, and Virtuality 279

Organizational Change Skill and Your Career 279

CHALLENGE CASE: How Huntington Hospital Introduced Electronic Health Records 280

Fundamentals of Changing an Organization 281
Defining Changing an Organization 281
Change versus Stability 282

Factors to Consider When Changing an Organization 282
The Change Agent 282
Determining What Should Be Changed 283
The Kind of Change to Make 283
Individuals Affected by the Change 286
Evaluation of the Change 287

PRACTICAL CHALLENGE: MANAGING AROUND THE GLOBE: Try Change in One Country First: Avon’s Experience 288

Change and Stress 288
Defining Stress 288
The Importance of Studying Stress 289
PART 5
Influencing

14 Influencing and Communication 304
Communication Skill and Your Career 304

CHALLENGE CASE: How Evernote’s Phil Libin Keeps Communication Flowing 305

Fundamentals of Influencing 306
Defining Influencing 306
The Influencing Subsystem 306

Emotional Intelligence 308

PRACTICAL CHALLENGE: Google’s Emotional Intelligence Course 308

Communication 309
Interpersonal Communication 310

TIPS FOR MANAGING AROUND THE GLOBE: Cross-Cultural Communication 312

STEP FOR SUCCESS: Crafting an Elevator Speech 316

Interpersonal Communication in Organizations 316
Formal Organizational Communication 317
Informal Organizational Communication 318

Encouraging Organizational Communication 320

CHALLENGE CASE SUMMARY 321

Class Preparation and Personal Study 323
Management Skills Exercises 323

Motivation 356
Motivation Skill and Your Career 356

CHALLENGE CASE: How Disney Motivates Its Employees 357

Defining Motivation 358

Process Theories of Motivation 358
The Needs-Goal Theory of Motivation 358
The Vroom Expectancy Theory of Motivation 359
Equity Theory of Motivation 360
The Porter-Lawler Theory of Motivation 361

Content Theories of Motivation: Human Needs 361
Maslow’s Hierarchy of Needs 362
Alderfer’s ERG Theory 362

PRACTICAL CHALLENGE: DEVELOPING REWARDS: How The Home Depot Recognizes Employees 363
Agyris’s Maturity-Immaturity Continuum 363
McClelland’s Acquired Needs Theory 364
CONTENTS

Importance of Motivating Organization Members 364
Strategies for Motivating Organization Members 365
Managerial Communication 365
TIPS FOR MANAGING AROUND THE GLOBE: Motivating Employees from Other Cultures 366
Theory X and Theory Y 366
Behavior Modification 369
Likert’s Management Systems 370
STEPS FOR SUCCESS: Tips for Disciplining Employees Effectively 371
Monetary Incentives 372
Nonmonetary Incentives 372

CHALLENGE CASE SUMMARY 373
Class Preparation and Personal Study 374
Management Skills Exercises 375

17 Groups and Teams 381
Team Skill and Your Career 381
CHALLENGE CASE: Better Teamwork Makes Numerica Credit Union a Winner 382
Groups 383
Kinds of Groups in Organizations 383
Formal Groups 383
STEPS FOR SUCCESS: Leading Group Development 388
Informal Groups 388
Managing Work Groups 389
Determining Group Existence 389
Understanding the Evolution of Informal Groups 390
Teams 391
Groups versus Teams 391
Types of Teams in Organizations 392
PRACTICAL CHALLENGE: PUBLIC RECOGNITION: How Momchil Kyurkchiev Builds Teams at Leanplum 392
Stages of Team Development 394
Forming 394
Storming 394
Norming 394
Performing 394
Adjourning 394
Team Effectiveness 395
Trust and Effective Teams 396
TIPS FOR MANAGING AROUND THE GLOBE: Establishing Trust in International Teams 397
Collaboration and Effective Teams 397
CHALLENGE CASE SUMMARY 398
Class Preparation and Personal Study 400
Management Skills Exercises 401

18 Building Organization Culture 407
Organization Culture Skill and Your Career 407
CHALLENGE CASE: Zappos Doesn’t Sell Shoes—It “Delivers WOW” 408
Fundamentals of Organization Culture 409
Defining Organization Culture 409
The Importance of Organization Culture 409
Functions of Organization Culture 410
Types of Organization Culture 411
Building a High-Performance Organization Culture 413
PRACTICAL CHALLENGE: BUILDING A STRONG ORGANIZATION CULTURE: Southwest Airlines Celebrates Its Organization Culture 415
Keeping Organization Culture Alive and Well 416
Establishing a Vision of Organization Culture 416
Building and Maintaining Organization Culture through Artifacts 418
STEPS FOR SUCCESS: Tips for Writing a Values Statement 420
Integrating New Employees into the Organization Culture 421
Maintaining the Health of Organization Culture 422
CHALLENGE CASE SUMMARY 423
Class Preparation and Personal Study 424
Management Skills Exercises 425

PART 6
Controlling

19 Controlling, Information, and Technology 430
Controlling Skill and Your Career 430
CHALLENGE CASE: Domino’s Goes High-Tech with Easy Order 431
The Fundamentals of Controlling 432
Defining Control 432
The ControllingSubsystem 432
The Controlling Process 432
Measuring Performance 432
Comparing Measured Performance to Standards 433
Taking Corrective Action 435
Power and Control 436
A Definition of Power 436
Total Power of a Manager 437
Steps for Increasing Total Power 437
About the Authors

Dr. Samuel C. Certo is presently Emeritus Dean and Steinmetz Professor of Management at the Roy E. Crummer Graduate School of Business at Rollins College. Over his career, Dr. Certo has received many prestigious awards, including the Award for Innovative Teaching from the Southern Business Association, the Instructional Innovation Award granted by the Decision Sciences Institute, and the Charles A. Welsh Memorial Award for outstanding teaching. He has also received the Bornstein and Cornell Awards for teaching and global recognition of his scholarship.

Dr. Certo has also authored or co-authored several highly regarded textbooks, including Modern Management: Concepts and Skills, Strategic Management: Concepts and Applications, and Supervision: Concepts and Applications. His textbooks have been translated into several languages for distribution throughout the world.

His newest popular-market book, Chasing Wisdom: Finding Everyday Leadership in Business and Life, recommends combining business and biblical principles to build successful organizations. His podcast program emphasizing the chasing wisdom concept is available on iTunes. The number of its listeners is growing, and it now has listeners in over 200 countries.

A past chairperson of the Management Education and Development Division of the Academy of Management, he has had the honor of being presented with the group’s Excellence in Leadership Award. Dr. Certo has also served as president of the Association for Business Simulation and Experiential Learning, an associate editor for Simulation and Games, and as a review board member of the Academy of Management Review. His consulting experience has been extensive and includes notable participation on boards of directors in both public and private companies.

Letter from the Authors

Dear Colleague,

Thank you for taking the time to review our book. If you are reading this right now, you likely agree with our (perhaps biased) opinion that Management is one of the most important courses that students will take in their academic careers. Regardless of their majors, management will likely be in your students’ futures. Whether your students graduate to become salesforce members, financial analysts, or supply chain specialists, they will undoubtedly work for managers. This book will help students understand how managers work. Moreover, the concepts in this text will help students prepare for their own future management positions.

It is hard to believe that this management textbook, now in its fifteenth edition, is over 35 years old. While a little younger than companies such as Apple and Microsoft, it is amazing to think that our book is older than companies like Alphabet (Google), Costco, Amazon, Lockheed Martin, and Netflix. Like these leading companies, our book has advanced over the years, relying on one constant theme: innovation. We created a product that resonated with the academic community, and we continuously innovated over the decades that followed. Specifically, over the years we have continued to integrate leading-edge research on individuals, teams, and organizations with pedagogical techniques designed to enhance students’ performance, their ability to obtain employment, and ultimately their careers.

The unique approach of our book is that each chapter in our comprehensive text helps students develop a specific management skill. The content specifically focuses on how students can be more strategic and more creative, work as team members, become successful leaders, and more. We designed our chapters to build these skills (and others) to fulfill the objective of this book: To help students both obtain employment and flourish in the workplace.

The work on the pages that follow is largely the result of our interactions with the many instructors around the globe who use our book. Thank you! If we can help, please do not hesitate to email us!

Sincerely,

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Preface

Build students’ management confidence by helping students not only learn management concepts but also develop a target skill in each chapter.

Applying Management Concepts

Each chapter opens with a Challenge Case that presents a company facing a particular challenge relevant to the topic of the chapter.

CHALLENGE CASE

Diverse Employees Contribute to GE Lighting’s Bright Future

Despite the common assumption that manufacturing jobs are disappearing, manufacturing companies face hiring challenges. As experienced workers retire and technology advances, businesses need bright, hard-working employees who are comfortable with technology. GE Lighting is tapping the potential of the "millennial generation," workers born between 1982 and 2000. According to general manager Ron Wilson, the share of millennials among his manufacturing engineers and managers has doubled. The company is smoothing the way by preparing these employees to succeed. Its two-year leadership training program gives operations employees challenging assignments and brings them into contact with senior management. At the level of factory floor workers, the company partners with local com-

At the end of each chapter is the Challenge Case Summary, where students read about how the company manager(s) used the concepts presented in the chapter to address the challenge.

and building cooperation, are important at all levels of management.

More recently, management skills have been viewed in terms of the challenges carried out by managers.

Quincey and other managers typically perform task-related, people-related, and change-related activities. Task-related activities require skills in short-term planning, clarifying objectives, and monitoring performance. People-related activities require skills in encouraging employees, providing recognition for accomplishments, developing skills in others, consulting others when making decisions, and empowering employees to solve problems. Change-related activities require skills in monitoring the organization's environment, proposing new ideas, encouraging innovation, and taking necessary risks.

The Challenge Case describes how John Quincey has progressed through his career in management and the challenges of being a top manager. A career is a sequence of work-related positions over the course of a person's life. Also, in his progression to the top position at Coke, he has embodied the six management employability skills. He has demonstrated his expertise in communication, critical thinking, creativity, collaboration, knowledge application, and ethics and social responsibility. We have not yet seen the end of Quincey's career, but his path so far illustrates how a hardworking, goal-oriented person can develop skills by successfully taking on challenging positions that offer opportunities to learn more about a company's products, customers, and
Tips for Managing Around the Globe, Steps for Success, and Practical Challenge callouts highlight practical applications of management concepts.

TIPS FOR MANAGING AROUND THE GLOBE

Making the Most of International Experience

People assume that international experience will open up opportunities for managers. Certainly, if employees and customers live in different countries, familiarity with those cultures should be a big plus. For example, Andrew Gamertsfelder credited his marketing internships in Brazil with helping him land a job working for Stryker Orthopaedics in Brazil after he graduated from the University of Pittsburgh. And when the staffing firm Robert Half surveyed chief financial officers in the United States, 82 percent said international experience is important for accounting and financial managers.

Steps for Success

Developing Human Skills

At SAS America, Thomas Lynch’s management career had stalled. Lynch, who specializes in sales support, had an excellent record of helping customers solve problems, but he was not getting key assignments or promotions. He brought the issue to his superiors, who pointed to his human skills: Although he was a great problem solver and well liked, he came across as lacking ambition. With coaching and practice, Lynch learned to pick opportunities to offer his expertise.

As Lynch learned, looking for the ability to set priorities, a positive attitude, and the ability to function well as part of a team. Here are some ways to build human skills:22
- Ask colleagues what you do well and what behaviors they would like to see improve.
- Learn to control your emotions. Notice what triggers a reaction, and practice ways to be calm in those situations.
- Get expert advice—seek help from a career coach.

Practical Challenge: Attaining Goals

Michael Hoffman Achieves User Satisfaction at New York Passport Agency

To see how managers can contribute to attaining goals, consider Michael Hoffman, who works for the State Department as regional director of the New York Passport Agency. The busy facility he directs, on Hudson Street in New York City, is one of only 17 where people may pick up their passports if they are traveling within 14 days. Therefore, many clients are under stress; perhaps an emergency came up overseas, or they discovered at the airport that the passport had expired. Hoffman’s goal is to serve clients efficiently, fulfilling their requests to the extent allowed.

Hoffman uses the resources under his control. He organizes waiting rooms and plans the flow of clients for maximum efficiency. He must use the State Department’s software but has discretion to promote and discipline agents according to their performance. Strong leadership builds dedicated staff members who are committed to helping clients, even working in unheated offices after Hurricane Sandy in 2012. Hoffman’s goal-oriented management has helped create an agency that scores 4.5 out of 5 stars on the Yelp consumer ratings website, far ahead of other government agencies.16
Each chapter references assignable exercises in MyLab Management like branching, scenario-based **Try It! Mini Sims** and **Watch It! Videos** about real companies to provide even more opportunities for students to apply the concepts they are learning to real-world situations.

**MyLab Management Try It**

If your instructor has assigned this activity, go to www.pearson.com/mylab/management to complete the Mini Sim.

**Older Workers**   Older workers are a significant and valuable component of the workforce. Approximately 16 million Americans over 55 years of age are employed or looking for work. Older workers are becoming an important labor force component. From 2002 to 2007, progressively fewer younger employees were available for hire because of the slow population growth between 1975 and 1985. During this same period, the pool of older workers available for hire increased faster than that of any other age segment and comprised more than 19 percent of the labor market.  

Anticipating this simultaneous shortage of younger workers and increase in the number of older workers in the labor market, many managers have recommended that now is the time to start recruiting older workers. Successful tactics for recruiting older workers include asking for referrals from current employees, using employment agencies, contacting local senior citizens community groups, and surveying members of various churches.  

Advantages of hiring older workers include their willingness to work nontraditional hours, their ability to serve as mentors, and their strong work ethic. Disadvantages of older workers might include their lack of technology experience and possible increase in ethical costs to the organization due to their health-care needs. Once hired, management must focus on meeting the needs of older workers. For example, management must understand that issues such as job preferences and that the personal needs of older versus younger workers are normally different. As a result, management may have to take steps to meet the needs of the two different groups of workers, however, and will help management retain older workers and encourage older workers to be productive as possible.

**Stereotypes and Prejudices**   Older workers face some specific challenges because of managers’ views of older people. Stereotypes and prejudices linger about their reliability, inexperience, and lack of worth in the labor market. Jeffrey Sonnenfeld, expert on senior executives and older workers, compiled research findings for an article on older employees. He found that managers view older workers as “wood” and seek to “weed them out” through pension incentives, biased performance reviews, and other methods.  

Sonnenfeld’s compilation of research indicates that even though older managers are more cautious, less likely to take risks, and less open to change than younger managers, many are high performers. Studies that tracked individuals’ careers over the long term conclude that a peak in performance occurs at about age 45 to 50, and a second peak occurs at about age 55 to 60. Performance in some fields (e.g., sales) either improves with age or does not significantly decline.

somewhat effective despite being inefficient if demand for the finished goods is so high that the manager can get an extremely high price per unit sold and thus absorb inefficiency costs. Thus, a manager can be effective without being efficient, and vice versa. To maximize organizational success, however, both effectiveness and efficiency are essential.

**MyLab Management Watch It**

If your instructor has assigned this activity, go to www.pearson.com/mylab/management to complete the video exercise.

As an example of achieving efficiency and effectiveness, consider Telstra Corporation, Australia’s largest telecommunications company. Like its counterparts around the world, Telstra faces the challenges of a changing industry in which mobile phones are fast becoming more popular than the landline business on which Telstra built its fortunes. To survive, Telstra is scrambling to create a nimble management team and prune the bureaucracy that slows down decision-making and internal operations. In a recent reorganization of his executive team, Telstra CEO David Thodey created four groups—customer sales and support, product and marketing innovation, operations, and corporate support—all focused on effectiveness: getting more competitive while also attracting and retaining customers.
Personal Inventory Assessments, assignable in MyLab Management, are recommended by the authors in every chapter. These assessments provide immediate results to develop professionalism and awareness of oneself and others, giving students the skills necessary for their future career.

Developing Management Skills

Target Skill and Skill and Your Career at the opening of each chapter focus on managerial skills that employers most value in job candidates. Students can develop these skills by completing specially designed, innovative learning activities, which appear both in the text and through MyLab Management.

Management Skills Exercises provide additional discussion questions to dig into the Challenge Case and a second, short case to help students better understand how concepts apply to companies and their challenges.
Three **Experiential Exercises** are featured at the end of each chapter. The first type helps students use active learning, frequently in groups, to develop knowledge and skills specific to chapter content. The second, **You and Your Career**, is an exercise that asks students to reflect on chapter content to help them better understand how to manage their careers. The third type, **Building Your Management Skills Portfolio** activities, use real company examples and data points to help students demonstrate the management knowledge and skill acquired in that chapter.
What’s New to This Edition

NEW! Management Skill and Your Career
Helps students understand the relationship between each chapter’s Target Skill and future employability.

UPDATED! Reorganized Table of Contents
Reflects the changing importance placed on Entrepreneurship and Creativity and Innovation due to research on what companies are seeking in applicants.

- Management and Entrepreneurship chapter (formally Appendix 2) is now Chapter 2.
- Creativity and Innovation chapter (formally Appendix 3) is now Chapter 6.

NEW! Employability & Employability Skills
Consistent with our traditional pragmatic focus on concepts and skills, a new theme has been added on what it means to be employable and developing related skills.

NEW! Chapter-Opening Challenge Cases & Chapter-Ending Challenge Case Summaries
Half of the Challenge Cases and Challenge Case Summaries are new to this edition, including new cases on Netflix, Walt Disney Company, and Domino’s Pizza.

NEW! Chapter-Ending Cases
Half of the Chapter-Ending Cases are new to this edition, including a new case on Fox News and CNN.

NEW! Experiential Exercises
Half of the chapter-ending experiential exercises are new to this edition. Exercises focus on topics like conducting feasibility studies, managing Generation Z, and understanding cultures in other countries.

Half of the highlights are new to this edition. New features focus on topics like P&G’s Integrity Statement, interviewing recruits at Home Depot, and China’s efforts to implement sustainable agricultural practices.

NEW AND UPDATED! Research Updates
Each chapter topic was thoroughly reviewed for timeliness of cited research, with endnotes being modified as necessary. Topics now include, for example, employability, self-managed teams, organization development, and workplace bullying.

Chapter-by-Chapter Changes

Introduction to Modern Management

Chapter 1: Introducing Modern Management: Concepts and Skills
- Updated with new Highlight: Management Skill and Your Career
- New chapter coverage on employability skills and highlights about top-paid executives
- New Challenge Case discusses Coca-Cola’s new CEO, James Quincey
• New end-of-chapter case features Doze Mattresses and the challenges of managing a start-up business
• New Experiential Exercise related to conceptual skills
• New You and Your Career activity delves into managing older generations of workers

Chapter 2: Management and Entrepreneurship: Handling Start-Ups and New Ventures
• New Chapter Placement: Moved to front of book to emphasize entrepreneurship early in course
• New Highlight: Entrepreneurship Skill and Your Career
• New Challenge Case, Professor Becomes Restaurateur, focuses on start-ups
• New Experiential Exercise focuses on conducting a feasibility study
• New You and Your Career looks at hiring decisions
• New Building Your Management Skills Portfolio activity discusses the entrepreneurship process

Modern Management Challenges
Chapter 3: Society, Ethics, and Sustainability
• New Highlight: Social Responsibility Skill and Your Career
• New chapter coverage on tracking sustainability goals
• New Challenge Case addresses how IKEA builds on its commitment to the environment
• New Tips for Managing Around the Globe focuses on China’s efforts to implement more sustainable agricultural practices
• New Steps for Success is about P&G’s integrity statement
• New Practical Challenge emphasizes sustainability at Mars
• New end-of-chapter case on whistle-blowing at Wells Fargo

Chapter 4: Management and Diversity
• New Highlight: Diversity Skill and Your Career
• New chapter coverage on EEOC and related case settlements
• New Tips for Managing Around the Globe that looks at Deloitte UK
• New Steps for Success discusses Generation Z
• New Practical Challenge examines Pinterest’s hiring goals for a more diverse workforce
• New Challenge Case discusses how diverse employees contribute to GE Lighting’s bright future
• New end-of-chapter case on Fox News and CNN’s racial discrimination lawsuits
• New Experiential Exercise explores difficulty of managing Generation Z
• New You and Your Career emphasizes discrimination

Chapter 5: Managing in the Global Arena
• New Highlight: Global Management Skill and Your Career
• New chapter coverage of foreign investment in the United States, U.S. investment abroad, nonverbal gestures and different cultures, and the United Kingdom exiting the European Union
• New Challenge Case discusses the phenomenal growth of KFC in China
• New Experiential Exercise considers understanding other cultures
• New You and Your Career examines moving a firm to Brazil.
• New Building Your Management Skills Portfolio addresses challenges of working abroad

Chapter 6: Creativity and Innovation
• New Chapter Placement: Moved to front of book to emphasize this topic earlier in course
• New Highlight: Creativity and Innovation Skill and Your Career
• New Challenge Case: Olde Peninsula Brings Brewpub Innovation to Kalamazoo
• New end-of-chapter case focuses on autonomous vehicles
• New Experiential Exercise uses student experiences in their principles of management course to gain insight about how creativity and innovation can have an impact on the effectiveness of training environments
• New You and Your Career emphasizes creative ways to enhance résumés
Planning

Chapter 7: Plans and Planning Tools
• New Highlight: Planning Skill and Your Career
• New example illustrates how Mitsubishi Electric constructed a new training facility
• New Steps for Success feature reviews tips for creating a budget
• New end-of-chapter case showcases how Gillette is battling Dollar Shave Club

Chapter 8: Making Decisions
• New Highlight: Decision-Making Skill and Your Career
• New Practical Challenge features Ford deciding to cancel building a Mexican auto factory
• New Building Your Management Skills Portfolio examines the decision making in solving a restaurant problem

Chapter 9: Strategic Planning: Strategies, Tactics, and Competitive Dynamics
• New Highlight: Strategic Planning Skill and Your Career
• New Tips for Managing Around the Globe explores Ryanair’s cost leadership strategy
• New Experiential Exercise focuses on applying Porter’s model to Burger King
• New Building Your Management Skills Portfolio activity examines strategic issues at Newell Brands

Organizing

Chapter 10: Fundamentals of Organizing
• New Highlight: Organizing Skill and Your Career
• New Tips for Managing Around the Globe shows how a French law bans work e-mail after hours
• New You and Your Career explores working in a flat versus tall organization structure
• New Building Your Management Skills Portfolio examines coordination and span of management

Chapter 11: Responsibility, Authority, and Delegation
• New Highlight: Responsibility and Delegation Skill and Your Career
• New Challenge Case examines Hy-Vee Supermarkets and manager autonomy
• New Steps for Success provides tips for delegating tasks
• New end-of-chapter case reviews Warby Parker permitting employees to choose their own projects
• New Experiential Exercise discusses centralization versus decentralization at Dairy Queen
• New You and Your Career emphasizes job descriptions
• New Building Your Management Skills Portfolio illustrates delegation at Etsy

Chapter 12: Human Resource Management
• New Highlight: Human Resource Management Skill and Your Career
• New Challenge Case discusses Netflix revamping its human resource function
• New Steps for Success gives tips for being an effective interviewer
• New Practical Challenge illustrates how Home Depot conducts interviews
• New end-of-chapter case looks at Disney using social media to recruit employees
• New Building Your Management Skills Portfolio illustrates conducting a human resource audit at Gold Star Chili

Chapter 13: Changing Organizations: Stress, Conflict, and Virtuality
• New Highlight: Organizational Change Skill and Your Career
• New chapter coverage of IBM and Yahoo! moving from virtual work arrangements back to traditional office settings
• New Experiential Exercise discusses change agents in a campus organization
• New You and Your Career focuses on stress reduction
Influencing

Chapter 14: Influencing and Communication

- New Highlight: Communication Skill and Your Career
- New Practical Challenge: Google's Emotional Intelligence Course
- New Tips for Managing Around the Globe: Cross-Cultural Communication
- New Steps for Success: Crafting an Elevator Speech
- New end-of-chapter case: Houston Zoo Improves Internal Communication
- New You and Your Career discusses the use of mobile devices across different generations
- New Building Your Management Skills Portfolio examines Radisson Hotels

Chapter 15: Leadership

- New Highlight: Leadership Skill and Your Career
- New Challenge Case: Bain & Company's CEO, Bob Bechek, Leads the Team
- New Tips for Managing Around the Globe: Adapting Your Leadership Style in Other Cultures
- New Steps for Success: Tips for Establishing a Coaching Program
- New Practical Challenge: How Mary Barra, GM's CEO, Meets the Leadership Challenge
- New Experiential Exercise explores leaders consulting with employees when making decisions
- New Building Your Management Skills Portfolio discusses Don Blankenship, former president of the Upper Big Branch Mine, losing 29 miners in an industrial accident

Chapter 16: Motivation

- New Highlight: Motivation Skill and Your Career
- New Challenge Case focuses on how Disney motivates employees
- New Practical Challenge: How The Home Depot Recognizes Employees
- New Tips for Managing Around the Globe: Motivating Employees from Other Cultures
- New Steps for Success: Tips for Disciplining Employees Effectively

Chapter 17: Groups and Teams

- New Highlight: Team Skill and Your Career
- New chapter coverage on collaboration and effective work teams
- New Practical Challenge: How Momchil Kyurkchiev Builds Teams at Leanplum
- New You and Your Career exercise focusing on cross-functional teams

Chapter 18: Building Organization Culture

- New Highlight: Organization Culture Skill and Your Career
- New Steps for Success: Tips on Writing a Values Statement
- New Practical Challenge: Southwest Airlines Celebrates Its Organization Culture
- New You and Your Career feature focusing on an ideal organization culture

Controlling

Chapter 19: Controlling, Information, and Technology

- New Highlight: Controlling Skill and Your Career
- New Challenge Case highlighting how Domino's uses technology
- New end-of-chapter case emphasizes how Metal helps buyers try on clothes with virtual models
- New Experiential Exercise illustrates controlling instructional programs in organizations by having students reflect on personal experiences in their principles of management courses
PREFACE

- New You and Your Career emphasizes the role of information and technology in career building

Chapter 20: Production and Control
- New Highlight: Production Skill and Your Career
- New Challenge Case on Tesla increasing production while improving quality
- New end-of-chapter case examines new layout strategy at Cheddar’s restaurant
- New Experiential Exercise illustrates calculating a break-even point
- New You and Your Career explores production versus service environments
- New Building Management Skills Portfolio focuses on material controls in a manufacturing setting

Appendix 1
Managing: History and Current Thinking
- New Highlight: Comprehensive Management Skill and Your Career
- New Challenge Case focuses on Alan Mulally emphasizing innovation at Ford Motor Company
- New Practical Challenge highlight discusses how Bank of America redesigned work areas
- New Steps for Success highlights tips for better understanding employees
- New Tips for Managing Around the Globe describes crowdfunding at IBM
- New end-of-appendix case focuses on managing UPS in an Internet economy

MyLab Management

Reach every student by pairing this text with MyLab Management
MyLab is the teaching and learning platform that empowers you to reach every student. By combining trusted author content with digital tools and a flexible platform, MyLab personalizes the learning experience and improves results for each student. Learn more about MyLab Management at www.pearson.com/mylab/management.

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  - The Study Plan gives students personalized recommendations, practice opportunities, and learning aids to help them stay on track.

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- Improve student results: When you teach with MyLab, student performance improves. That’s why instructors have chosen MyLab for over 15 years, touching the lives of over 50 million students.
Instructor Teaching Resources

This program comes with the following teaching resources:

<table>
<thead>
<tr>
<th>Supplements available to instructors at <a href="http://www.pearsonhighered.com">www.pearsonhighered.com</a></th>
<th>Features of the Supplement</th>
</tr>
</thead>
</table>
| Instructor’s Resource Manual authored by Julie Boyles from Portland State University | • Chapter-by-chapter summaries  
• Chapter outlines with teaching notes  
• Additional individual assignments and group exercises  
• Case discussion notes  
• Solutions to all questions and exercises in the book |
| Test Bank authored by Carol Heeter from Ivy Tech Community College | 1,890 multiple-choice, true/false, and essay questions with these annotations:  
• Learning Objective  
• AACSB learning standard (Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork; Diverse and Multicultural Work Environments; Reflective Thinking; Application of Knowledge)  
• Difficulty level (Easy, Moderate, Challenging)  
• Classification (Critical Thinking, Concept, Application, Analytical, or Synthesis) |
| TestGen® Computerized Test Bank | TestGen allows instructors to:  
• Customize, save, and generate classroom tests  
• Edit, add, or delete questions from the Test Bank  
• Analyze test results  
• Organize a database of tests and student results |
| PowerPoint Presentation authored by Rusty Juban from Southeastern Louisiana University | Presents basic outlines and key points from each chapter  
Slides meet accessibility standards for students with disabilities. Features include but are not limited to:  
• Keyboard and Screen Reader access  
• Alternative text for images  
• High color contrast between background and foreground colors |

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