

# MANAGEMENT FOR PRODUCTIVITY

SECOND EDITION

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John R. Schermerhorn, Jr.

**MANAGEMENT**

**FOR**

**PRODUCTIVITY**

*To the Student:* A Study Guide for the textbook is available through your college bookstore under the title Study Guide to Accompany *Management for Productivity*, 2nd edition by John R. Schermerhorn, Jr. The Study Guide can help you with course material by acting as a tutorial, review, and study aid. If the Study Guide is not in stock, ask the bookstore manager to order a copy for you.

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# ABOUT THE AUTHOR

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JOHN R. SCHERMERHORN, JR., is Professor of Management in the College of Business and Administration at Southern Illinois University at Carbondale. Dr. Schermerhorn teaches graduate and undergraduate courses in management and previously served as Chairperson of the Department of Management, and Associate Dean of the college. He earned a Ph.D. in Organizational Behavior from Northwestern University and has taught at Tulane University, the University of Vermont, and the Chinese University of Hong Kong. Highly concerned with helping the discipline of management serve the needs of practicing managers, he has written *Management for Productivity* to help others bridge the gap between the theory and practice of management.

Dr. Schermerhorn has prior work experience in business and hospital administration, and re-

mains professionally active in management training and consultation with a variety of organizations in the United States. He is committed to the international dimensions of our world, and has professional experience in China, Egypt, Indonesia, the Philippines, Poland and Tanzania, among other countries.

A member of the Academy of Management, where he is past chairperson of the Management Education and Development Division, Dr. Schermerhorn is known to educators and students alike as senior co-author of *Managing Organizational Behavior*, second edition (John Wiley & Sons, 1985). His published research appears in the *Academy of Management Journal*, *Academy of Management Review*, *Journal of Management*, *Journal of Management Development* and *Group and Organization Studies*, among other scholarly journals.

# PREFACE

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Managers in today's dynamic and ever-changing world are challenged to help organizations and their members make worthwhile performance contributions to contemporary society. *Management for Productivity*, second edition, directly addresses the need to achieve high productivity through good management. For the student, this book presents the essentials of management theory in a systematic and thorough way, while keeping the discussion interesting and practical. For the instructor, it offers complete coverage of the basic functions of management, with special attention to decision making and problem solving in an environment where improving productivity is a major concern. Within this framework, the student's exposure to the full scope of management theory and management skills as specified by AACSB accreditation guidelines is ensured. Chapters on production and operations management, managerial ethics and social responsibility, labor-management relations, budgets and management information systems, management in an international arena, and managing conflict, change, and development add depth to the traditional, functional coverage. Concrete examples used frequently throughout the book increase its relevancy and value for students seeking managerial careers in a wide variety of occupational settings.

The writing style of this edition of *Management for Productivity* is designed to appeal to the student's interests without sacrificing rigor or substance. The book is thoroughly researched and current in both the theory and practice of management. Over 50 reviewers from U.S. colleges and universities have helped create a textbook that is both intellectually sound and a pleasure for students to use. Several special features help make this a most timely, substantive, and exciting textbook serving the needs of students and instructors in introductory principles of management courses.

## SPECIAL FEATURES

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The first goal of this textbook is to cover the right topics in sufficient depth and breadth that the student gains a solid exposure to the fundamentals of management theory as they apply in the contemporary environment. The second goal—which is necessary for the first to succeed—is for the book to attract and hold the reader's interest. The following unique features of *Management for Productivity*, second edition, combine to offer just such a pleasurable and captivating reading experience:

- *State-of-the-art design* The design format of the book communicates a professional character most appropriate to the practice of management. The format creates a stimulating visual orientation to the subject matter that is not only attractive in design, but also mature and professional in its approach.
- *Creative and custom-designed illustrations* Incorporated in the book are over 300 illustrations, charts, photographs, and tables that highlight major topics, concepts, and issues in a way that further communicates the substance of the book to the reader. These illustrations complement text explanations to facilitate student understanding of key points.
- *Lively and conversational writing style* The text is written by an experienced and successful author who gives careful attention to making the material captivating for the reader. Instructors and students using the first edition enthusiastically report that the author transforms the substance of an academic discipline into an interesting and applied perspective of great appeal to the career-oriented student.
- *Numerous real-world examples* Frequent examples are used to communicate how theories and concepts apply to the real world of management. The book, however, does more than

merely relate examples to the reader. It presents them in a way that causes the reader to think seriously about how he or she would act in the situation depicted. *Newslines*, a regular chapter feature, also offer excerpts from actual newsmagazine and newspaper reports relevant to topics under consideration. They enhance the professional quality of the book by encouraging the reader to stay abreast of the news and become an informed manager conversant in day-to-day current events.

- *Thorough coverage of management in all types of organizations operating in domestic and international settings* Throughout the book, examples, apply the practice of management to organizations of all types and sizes operating in a wide variety of environments. Illustrative cases and *Newslines* interspersed throughout provide the reader with exposure to management in small businesses, large businesses, not-for-profit organizations, and international businesses. In-text examples and end-of-chapter features further illustrate how chapter material applies in the various organizational settings within which a student's career orientation may lie.
- *Fully integrated emphasis on careers* The book requires students to think seriously about how the field of management relates to their future careers. Examples in each chapter present management applications in a full spectrum of occupational choices. Each chapter concludes with a *Career Perspective*, a special segment that helps the reader to think seriously about his or her career aspirations and consider how chapter topics relate to career opportunities and success.

## A PROFESSIONAL LEARNING INSTRUMENT

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*Management for Productivity*, second edition, is a professional learning instrument that offers an integrated and effective educational experience for the student. The overall learning potential of the book is enhanced by the following design elements.

- *Part and Chapter Openers* Highlight provocative real-world experiences or situations that attract reader interest and set key topics in the context of day-to-day management practice.
- *Planning Ahead* Introduces the major topics to be covered in the chapter and establishes a framework for targeted reading.
- *Chapter Summary* Immediately follows the last section of a chapter and overviews major chapter themes.
- *Thinking Through the Issues* Ten questions that stimulate the reader to review major issues relating to chapter content.
- *The Manager's Vocabulary* Lists key terms of the chapter as a reminder and reading check.
- *Career Perspective* A short vignette that helps the reader consider a career application or opportunity relevant to chapter material.
- *Case Application* A real-world experience or situation that requires the student to analyze and solve a managerial problem or explore a managerial opportunity.
- *Class Exercise* A quick-hitting exercise, easy to use in both large and small classes, that engages students in a learning situation requiring personal reflection, sharing with others, and focused class discussion.
- *References* Notes directing the reader's attention to sources used by the author in developing chapter topics.
- *Part Integrating Cases* Two comprehensive cases at the conclusion of each book part that require students to apply in an integrated fashion their learning from all chapters in the part.
- *Glossary* A list at the end of the book that contains definitions of key terms and cross references them with the chapters in which they are presented.

As you can see, the new edition of *Management for Productivity* offers a comprehensive blend of design features that create a truly enriching learning experience for the reader. The Career Perspectives, Case Applications, Class Exercises, and Part Integrating Cases, in particular, provide a variety of instructional materials that make the book a self-contained learning instrument for student and instructor alike. It stands as a complete

instructional resource that does not require the separate purchase of costly supplements such as case and exercise books.

## ORGANIZATION OF MATERIAL

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*Management for Productivity*, second edition, is organized in a part and chapter sequence consistent with the traditional treatment of management principles. However, this traditional coverage is firmly grounded in today's complex and dynamic environment. It also clearly focuses attention on productivity as a basic criterion of managerial and organizational success. The book thus develops the fundamentals of management with sensitivity for the contemporary real world settings in which readers will be asked to function as managers. Although traditional in substance, the new edition of *Management for Productivity* is both provocative and very current in its treatment of the fundamentals of management.

Part One of the book, *Introduction*, sets the stage for a directed study of management. It contains three chapters introducing management as a scientific discipline, the history of management thought, and the basic challenges of managerial decision making and problem solving. The next four parts of the book follow a traditional sequence: Part Two, *Planning for Productivity*; Part Three, *Organizing for Productivity*; Part Four, *Leading for Productivity*; and Part Five, *Controlling for Productivity*. Within each part, the initial chapter presents fundamentals of the management function under study. Subsequent chapters develop and extend aspects of the function in greater depth. Chapters within each part are designed to be used in any order or combination at the instructor's discretion.

Part Six, *Productivity in the Contemporary Environment*, examines the fundamentals of management in the context of major issues representing the environment within which modern managers function. Separate chapters address the application of management theories in an environment that challenges the modern manager to achieve success in managing change, conflict, and development, managing labor-management relations, managing in an international arena, and managing with ethics and social responsibility.

For the instructor's convenience, these chapters are written for use in any sequence or combination. They may also be separately assigned in conjunction with chapters from other parts of the book.

Part Seven of the book, *Conclusion*, provides a futuristic look at management. It highlights a fast-changing modern world of complex social trends, advanced technology, high stress, and dynamic career opportunities. The final chapter encourages students to look ahead into the exciting world of the late 1980s and 1990s, and move into this world with the desire and confidence to successfully master great challenges and opportunities.

The appendix provides additional material on basic quantitative decision techniques. Use of this appendix will round out the introduction to the field of management science/operations research presented in chapter discussions. It also complements the material on production and operations management in Chapter 16.

## COMPLETE INSTRUCTIONAL SUPPORT PACKAGE

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*Management for Productivity*, second edition, is supported by a comprehensive learning package that further assists the instructor in creating a motivating and enthusiastic educational environment. This package of supplementary resources has been developed, tested, and carefully refined by a number of experienced educators. It offers a variety of easy and creative ways for the instructor to provide students with an innovative and complete learning experience. The specially designed and expanded instructional support package for the new edition of *Management for Productivity* groups the supplements in an easy to use fashion. The first group contains the *core* instructional support items; the second group contains *enhancement* instructional support materials.

### *Core Instructional Support*

- Student Learning Guide.
- Instructor's Resource Manual.
- Color Transparency Acetates.
- Transparency Master Book.

- Test Bank (print and computerized).
  - Computerized Grading Record.
  - *Student Learning Guide* Specifically developed by Patrick Kroll of the University of Minnesota, this study guide assists students in assimilating the subject matter and in identifying its practical applications. Included for each text chapter is a set of learning objectives, a chapter overview, a programmed learning drill, and a self-test procedure. Available for each book part are career applications, simulation exercises, personal assessments, and supplementary readings. The learning guide is a comprehensive resource for the student that complements the substance and pedagogical style of the textbook. A special microcomputer version of the student guide is available as *Microtutor* (for IBM pc and Apple II).
  - *Instructor's Resource Manual* Prepared by Joseph F. Mictitsch of Southern Illinois University at Edwardsville, this is a unique, comprehensive integrating guide to building a *system of customized instruction*. The manual begins with helpful sections on the philosophy and design of the text, sample course outlines, and a guiding matrix covering how to best use the supplements, along with a discussion on using the microcomputer in the classroom. Following this overall introduction to the text and supplements, lecture outlines for each chapter are clearly presented. Each outline assists the instructor in organizing lecture contents, choosing materials from other text supplements, bringing in outside examples, and otherwise taking full advantage of text discussion. Special emphasis is placed on how major chapter points can be reinforced—through transparencies, discussion questions, newlines, etc. Answers to questions in Thinking Through the Issues, responses to Career Perspective and Case Application questions, procedures for utilizing Class Exercises to full advantage, analyses of Part Integrating Cases, plus many other instructional support items and opportunities are also available on a chapter-by-chapter and part-by-part basis. The manual has been developed in conjunction with an instructional design expert, and the author to ensure maximum usefulness for the instructor.
  - *Color Transparency Acetates* This creative instructional supplement provides over 100 multicolor transparency acetates ready for classroom use. Developed by professional media designer Dale Brown of Southern Illinois University at Carbondale, in consultation with the author, these acetates highlight key features and concepts from the text. They are an engaging means of presenting major topics in class lectures and discussion.
  - *Transparency Master Book* Over 200 transparency masters are contained in a separate booklet. These include masters for 100 key figures from the text as well as 100 masters also designed by Dale Brown to augment textbook illustrations for unique classroom presentations. Many masters have separate lecture notes to guide the instructor. They are also accompanied by companion masters that can be used to prepare student handouts showing a small reproduction of the figure and including room for taking notes as each transparency is shown.
  - *Test Bank* Over 2,000 multiple-choice and true/false questions are contained in a printed test bank prepared by Joseph Dobson of Washington University working closely with the author. The same test items are also available in microcomputer formats (IBM pc or Apple II). Additionally, a write-in and phone-in test service is provided for adopters who do not have computer facilities available. Simply fill out a request form, or call us, and within 48 hours from receipt, you will receive a printed exam, ready for duplication.
  - *Computerized Grading Record: GRADISK* A computerized grading program that allows students' grades to be maintained and computed on microcomputer records. This grading record allows the instructor to use a variety of weighting schemes and also mix tests, quizzes, cases, projects and other graded assignments as desired.
- Enhancement Instructional Support**
- Advanced Instructional Modules (AIM).
  - Leadership Video Exercise.
  - Electronic In-Basket Exercise.
  - Management Simulation Game.
  - New Management Magazine.

- Career Discovery Workbook.
- Profiles of Managers and Management Scholars.

*Advanced Instructional Modules (AIM)*. This highly innovative supplement, prepared and newly-updated by subject-matter experts, allows the instructor to accent any of the following special topics in a manner complementary to text coverage.

1. *Women in Management*, by V. Jean Ramsey, Western Michigan University
2. *Microcomputers in Management*, by Edward M. Knod, Jr., Western Illinois University
3. *Management and the Quality of Working Life*, by Michael A. Gurdon, University of Vermont
4. *Management in the Not-for-Profit Sector*, by Curtis P. McLaughlin, University of North Carolina at Chapel Hill
5. *Small Business Management*, by Harold K. Wilson, Southern Illinois University at Carbondale

*AIM* is designed to provide one week of hands-on teaching material for extended study in each of these five areas of special management application. The *AIM* authors have prepared for each topic two supplementary class lectures, individual and group student project assignments, class exercises and case assignments, additional readings, and test items. These materials allow the interested instructor to pursue *AIM* topics in class with confidence and ease.

- *Video Exercise: BUILDING LEADERSHIP SKILLS* This unique videotape classroom exercise is made available to instructors with the compliments of the professional management training and development firm, Wilson Learning Corporation. Specifically targeted for the chapters in Part Four on Leading for Productivity, this video presents dramatized case scenarios of managers facing the leadership challenges of dealing with high, marginal, and low performing subordinates. This complimentary videotape allows adopters of *Management for Productivity* to easily intersperse high-impact video demonstrations and related class discussions throughout the leadership segments of the introductory management course. A separate in-

structor's guide, prepared by William Gardner of Southern Illinois University at Carbondale, fully describes the video segments and offers a wide variety of options for using them as in-class demonstrations and focal points for lectures or discussions.

- *Electronic In-Basket: MANAGEMENT FOR PRODUCTIVITY* Created by James Schreier and Timothy Dondlinger of The University of Wisconsin, this interesting and timely set of integrated micro-computer exercises simulate the typical day-to-day problem-solving and decision-making activities of a manager. For each in-basket exercise (coinciding with the business functions covered in the textbook), students act as managers facing a variety of tasks requiring them to solve problems and make decisions. Unique to this exercise is a built-in procedure for familiarizing students with computer-based productivity tools. This occurs as they are required to use mini-spreadsheet, mini-word processor, and mini-database manager software to assist in problem-solving and decision-making.
- *Management Simulation Game: MICROTRONICS, INC.* Developed by J. Bernard Keys and Robert Wells of Georgia Southern College, this computer game gives students hands-on experience in the simulated management setting of a dynamic consumer electronics company. The students make a variety of decisions that apply the full range of management functions. The computer simulation creates a real-world context in which they experience and must deal successfully with the consequences of their decisions. The experienced author team has created a simplified total enterprise game with an integrated set of behavioral incidents that have a productivity focus. This gives Microtronics, Inc. a special appeal for those instructors choosing to use a computer simulation game in the introductory management course.
- *New Management Magazine* Edited by James O'Toole, University of Southern California, this special reprint of articles from *New Management* magazine addresses successful innovations and change in corporate enterprise. A separate segment in the Instructor's Manual presents ideas for classroom utilization of this series of articles.
- *Career Discovery Workbook* A career planning

supplement, prepared by Dale Brown of Southern Illinois University at Carbondale, to integrate student career thinking with the introductory study of management. This personal and professional development workbook offers guidelines, techniques, and assignments that help students analyze personal capabilities, goals, and needs in the context of alternative managerial careers. A special section on internship development is especially useful to students in need of career-oriented work experience prior to graduation.

- *Profiles: Managers and Management Scholars* This series of biographical profiles introduces contemporary managers as well as scholars who

have made important historical contributions to the field of management. Bound in one volume, these profiles can be used as handouts or as lecture supplements to enrich topics being studied.

*Management for Productivity*, second edition, with its package of instructional supplements clearly offers the instructor a way to create an exciting, interesting, and in-depth learning experience for students. A truly comprehensive and self-contained learning instrument, this book was written for today and tomorrow, and for both instructor and student. Use it with enthusiasm and great success!

# ACKNOWLEDGMENTS

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*Management for Productivity*, second edition, was made possible through the extraordinary support provided me by many fine people. My gratitude goes to John Lawler of the University of Illinois, Ron Teichman of Pennsylvania State University, and Greg White of Southern Illinois University at Carbondale whose efforts in the first edition as subject matter experts on labor management relations, budgets and management information systems, and production/operations management, and management science, respectively remain important influences on these presentations.

Special thanks are also due to the persons whose efforts led to the exceptional package of supplementary instructional materials that accompany the text: Patrick Kroll (University of Minnesota) whose contributions resulted in a fine student learning guide; Joseph F. Mieltsch (Southern Illinois University at Edwardsville) whose exceptional efforts with the *Instructor's Manual* are greatly appreciated; Dale Brown (Southern Illinois University at Carbondale) whose expertise resulted in the career supplement and fine transparency package; Michael A. Gurdon (University of Vermont), Edward M. Knod, Jr. (Western Illinois University), Curtis P. McLaughlin (University of North Carolina at Chapel Hill), V. Jean Ramsey (Western Michigan University), and Harold K. Wilson (Southern Illinois University at Carbondale), the authors of the unique *Advanced Instructional Modules (AIM)*; James W. Schrier and Timothy D. Dondlinger (Marquette University) who prepared the innovative *Electronic In-Basket Exercise*; J. Bernard Keys and Robert Wells (Georgia Southern College) who developed the manager simulation game *Microtronics, Inc.*; to Wilson Learning Corporation and William Gardner (Southern Illinois University at Carbondale) for their joint efforts in creating the fine video exercise *Building Leadership Skills*; Joseph Dobson (Washington University)

who helped prepare a comprehensive test bank; and to Jo-Anne Naples, Shirley Moore, Judy Bleicher, Beverly Pavler, and Joyce Miller at Naples Editing Services also gave expert help to the project.

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While speaking about the sacrifices of text-

book writing, there's another person who unknowingly helps me along the way—Willie Nelson. I don't know how good a manager you are, Willie, but there are days when "Little Things," "Good Times," "Yesterday's Wine," and many others sure help a lot. If there's a little nostalgia in all this, it's real. Writing a book is lonely work that entails many "Sweet Memories"—some of

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VENTURA COLLEGE

James Genseal  
JOLIET JUNIOR COLLEGE

Edward Giermak  
COLLEGE OF DUPAGE

moments lost forever, and others of those to be found again.

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ST. MARY'S COLLEGE

**JOHN R. SCHERMERHORN, JR.  
CARBONDALE, ILLINOIS**

# MEMORANDUM TO THE READER

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**TO:** The Reader  
**FROM:** John Schermerhorn  
**SUBJECT:** *Management for Productivity, Second Edition*

This book is written for you, someone who now is or one day will be a manager. Being a manager is a special type of challenge because it involves working in a position of supervisory responsibility. The field of management offers a body of scientific knowledge that can help you fulfill this responsibility successfully and in a way that benefits you, the persons with whom you work, the organization for which you work, and society as a whole. The many learning opportunities contained in this book should help prepare you to be an effective manager in each of these respects.

## THE BOOK IN PERSPECTIVE

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Two points about this book and my goals in writing it for you are especially important. First, managers exist in all types of organizations. The issues, concepts, theories, and insights of this book are useful no matter where you plan to work—in business, education, government, health services, or social services. Second, my personal commitment has been to provide an active learning opportunity filled with practical insights and useful knowledge that will benefit you in the work setting. Although there is a lot of theory in this book, the theory is explained, illustrated, and applied in ways that should help you perform more effectively in a management capacity.

To take full advantage of the book, however, you must read carefully and stay involved each step of the way. Keep in mind that *Management for Productivity*, second edition, is written

1. To apply management theory to the practice of management in all types of organizations and occupational settings.
2. To emphasize the practical application of the-

ory and help you perform more effectively as a manager.

3. To make you an active participant in a self-contained experience as a way of increasing your learning.

## KEY FEATURES OF THE BOOK

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Special features make this a reader-oriented book. They are briefly introduced here so you can use them as they appear throughout the text. The features are two types: (1) practical reference points and (2) study aids.

## PRACTICAL REFERENCE POINTS

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It is important for you to know what is happening in the real world of management. My task is to acquaint you with a knowledge base that you can use to analyze work situations and systematically choose and implement good responses. This decision-making and problem-solving capability requires you to be familiar with many management concepts and theories that most textbooks simply present to the reader. *Management for Productivity* does more. It explains and applies them with the assistance of the following features.

*Part-Opening Headlines* Newspaper or news magazine headlines that reflect the real-world significance of the central theme of chapters in each part of the book.

*Part-Opening Perspectives* Commentary developed from speeches, essays, or newspaper reports relevant to the major theme addressed by chapters in each part of the book.

*Chapter Openers* Short vignettes at the beginning of each chapter to provoke your interest in topics to be presented.

*Newslines* Excerpts from newspaper and news-magazine articles that show how text material is reflected in the day-to-day "problems" and "opportunities" of practicing managers.

*Illustrative Cases, Examples, and Activities* Special cases, practical examples, and in-text learning activities which can help you consider the meaning of key terms and concepts.

*Career Perspectives* End-of-chapter career situations for you to think about and respond to as part of your developing familiarity with opportunities in the field of management.

*Case Applications* End-of-chapter short cases that ask you to step into management situations and take and defend appropriate managerial actions based on an application of chapter content.

*Class Exercises* End-of-chapter exercises designed to examine your perspectives on chapter content and relate them to the perspectives held by others in the class.

*Part Integrating Cases* Comprehensive cases at the end of each major part of the book that offer an opportunity to apply the theories and concepts to actual management situations in an integrated way.

When you encounter these features in your reading, consider them carefully. All are representative of the realities of day-to-day management practice.

## Study Aids

This book has an important academic side. You must read about and study the field of management if you are to benefit from the knowledge base when facing the wide variety of problems and opportunities that occur in managerial situations. To help you achieve this understanding,

the second edition of *Management for Productivity* provides these additional study aids.

*Planning Ahead* Specific statements at the beginning of each chapter that highlight the key topics to be discussed.

*Summary* An overview at the end of each chapter that briefly outlines the major themes introduced in the reading.

*Thinking Through the Issues* Ten end-of-chapter questions that stimulate your thinking on major issues relating to chapter content.

*The Manager's Vocabulary* An end-of-chapter list of key terms introduced in the chapter.

*Glossary* A list at the end of the book that defines all key terms referenced in each Manager's Vocabulary and notes the chapter in which each was originally introduced.

These features were chosen to help you learn more when reading this book. Planning Ahead, for example, should be especially useful when you read a chapter for the first time. The Summary, Thinking Through the Issues, and the Manager's Vocabulary are additional chances to review chapter material and consider whether or not you have covered it sufficiently. Finally, the Glossary of key terms and definitions combines with the other features to help you study for exams and maximize your learning.

## A FINAL COMMENT BEFORE YOU BEGIN

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*Management for Productivity*, Second Edition, will involve you in a learning process. Think seriously as you read. Think about yourself, the work experiences you have had, and your career aspirations. Think about other people, their feelings, and how their work experiences compare with your own. Think about how important the field of management is to your education and your career. And finally, read enthusiastically and enjoy reading as you learn!



## **PART ONE**

# **INTRODUCTION**

**Perspective:** The Traditional Manager Is on the Way Out 1

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