

21

CHALLENGES IN THE 21ST CENTURY

2ND EDITION

M A N A G E M E N T

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MANAGEMENT

Challenges in the 21st Century

Second Edition

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MANAGEMENT

Challenges in the 21st Century

*To my family—for your unwavering support of
my efforts.*

PSL

*To Cynthia and Whitney—for the joy you
continue to bring into my life each day.*

SHG

*To Jim—for your love and confidence in me;
to my students, who challenge me to be an
effective educator.*

PMF

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PREFACE

Approaching the 21st Century

As we move closer to the 21st century, you are about to begin studying one of the most important and interesting disciplines of business: the field of management. This continues to be an exciting time to be a student of management! Times are continuing to change and so are the functions and roles of the manager. It is still imperative that tomorrow's managers be prepared to meet the challenges of a highly dynamic and rapidly changing business environment. Our overriding objective in developing this book was to capture the excitement and challenge of management in the business environment of the 21st century.

Change is coming from all directions: quality management has radically changed the way many organizations do business; the global marketplace has redefined the competitive structure of many industries; and the increasing predominance of entrepreneurial and service-based organizations has altered the structure of our economy. Diversity in the workforce has become the rule rather than the exception; organizations are being restructured and redesigned to be lean, flexible, and adaptable to change; and managers in all areas and at all levels of the organization are expected to be proactive, team-oriented, and focused on results. Succeeding as a manager in the organization of today and tomorrow requires a special set of management skills and competencies.

One of the first things you were told in the preface to the first edition of this book was that this was an exciting time to be a student of management, for tomorrow's managers will need to be prepared to meet the challenges of a highly dynamic and rapidly changing business environment. In the few short years since that first edition was prepared, much has happened in the business environment that needed to be captured in this new edition. As authors, we also have had to adapt to change. While the theoretical content of the chapters remains true to the first edition, significant changes have been made in each chapter.

New to this Edition

- The well-received *Managerial Incident* that opens each chapter and its corresponding closing *Managerial Incident Resolution* have been changed to provide fresh illustrations of situations or problems, and how they were dealt with within the realm of the content and theory of the chapter.
- The boxed material (highlighted examples) in each chapter has been replaced with updated or new illustrations and applications of contemporary management practice. These highlighted examples fall into the categories of *Managing for Excellence*, *Global Perspective*, *Entrepreneurial Approach*, *Meeting the Challenge*, *Managerial Incident*, *Information Technology: Insights and Solutions*, *Video Case*, and *Case*.
- Every chapter has been updated to reflect the numerous changes that have occurred in the business world during the past few years. Along with the major new features noted above, many new illustrative examples have been woven into the fabric of each of the chapters.

- A timely and exciting new feature at the end of each chapter is called *Information Technology: Insights and Solutions*. This feature consists of a set of information technology exercises. These exercises give students the opportunity to use the Internet to search for information in some area related to the materials in the chapter, and to use the latest technology in spreadsheet, word processing, and presentation software to present the information to the class.

In all, over 70 new company situations and scenarios have been developed to accompany the theoretical content of the chapters, as well as numerous additional company examples interspersed through the text.

TEXT HIGHLIGHTS

This book includes a number of features designed to prepare students to be managers in the year 2000. These features focus on: (1) meeting the challenges inherent in a dynamic, rapidly changing business environment, (2) developing the competencies and skills that managers will need in the future, and (3) responding to the contemporary management trends that will affect both organizations and managers in the 21st century.

- *Meeting the Challenge*. The underlying, integrating theme that forms the foundation of this book is meeting the challenge on the eve of the new century. Contemporary managers will be challenged continually to respond to opportunities and threats that arise in the dynamic, global environment of business. As competitive pressures continue to escalate and consumers around the globe demand increasing levels of quality, managers must strive for excellence in all facets of their organizations. Our focus in this book is on meeting these challenges as they affect the functions of management and the roles and activities of the manager.
- *Competencies and Skills*. Beyond our theme of meeting the challenge, we have developed this book with an emphasis on the competencies and skills needed by contemporary managers. Students of management must be prepared to translate theory into practice as they move into the workplace. To do so, they will need to develop fully their skills in such important areas as teamwork, critical thinking, problem solving, communication, and adapting to change.
- *Theory and Practice*. This text bridges the gap between management theory and practice by using an interdisciplinary, applied approach to the material in the text. Because managers come from all areas of an organization (e.g., production departments, finance and accounting departments, sales and marketing departments), it is important to understand how the concepts of management are applied in the various functional areas of organizations of all sizes. Further, an interdisciplinary approach to the study of management is essential given the blurring of the lines separating the traditional functions of business (e.g., management, marketing, finance, etc.) and the increasing predominance of interfunctional work teams within contemporary organizations.
- *Contemporary Management Trends*. Finally, we have identified and highlighted several contemporary management trends that present challenges for organizations and managers today. They include global management, entrepreneurship, service management, quality, team-based management, ethics, and cultural diversity. Rather than adding a separate chapter on each of these trends, we introduce them very early in the text and then integrate the topics into each and every chapter of the book.

Organization

Part 1 of the text addresses the basic concepts of management, the roles of the manager, and the changing nature of both the contemporary organization and the contemporary manager. The contemporary management trends discussed above are introduced, and a foundation is laid for examining how these trends affect management theory and practice. In addition, the history of management thought is reviewed, and the topics of social responsibility and ethics are addressed in light of their increasing importance in modern organizations.

Part 2 explores the managerial function of planning. This section examines the basic principles of the planning process, as well as planning from a strategic perspective. Strategy is examined as a tool for responding to challenges in today's highly competitive, global business environment and for achieving quality in every aspect of an organization's operations. Further, decision making is addressed as a key managerial responsibility, and a number of tools and techniques for decision making are presented.

Part 3 of the text focuses on the organizing function of management. More specifically, this section addresses the fundamental principles of organizing, as well as the models of organizational design that are appropriate for contemporary, team-oriented organizations. Issues of organizational culture, change, and human resource management are also addressed in this section. Particular emphasis is placed upon organizing to improve flexibility, facilitate change, utilize team management, and respond to the challenges of a diverse and heterogeneous work environment.

Part 4 explores the managerial function of leadership. This section focuses on factors that influence the behavior of people. Separate chapters examine individual and group behavior, what motivates members of the workforce, the nature of leadership, and communicating with others. Special attention is given to developing a leadership style that empowers the members of diverse organizations to excel in everything they do and to work as a team to achieve the goals and objectives of the organization.

Part 5 examines the management function of control. The foundational principles of control are addressed, and specific attention is given to productivity, quality control, and information systems control. Control is presented as a principal tool for achieving quality in the products, services, and processes of the organization, as well as a tool for developing a competitive advantage based on enhanced productivity, increased efficiency, and superior quality.

Applications-Oriented Approach

Consistent with our application-oriented approach to the presentation of contemporary management trends, we have included the following elements, which are designed to help you become a more effective manager:

- **Chapter Overview.** Every chapter opens with a summary that describes the general content of the chapter. This opening summary highlights the primary topics and concepts to be covered in the chapter and explains why the information is important to the manager of the future.
- **Learning Objectives.** Each chapter contains a well-defined set of learning objectives. These objectives focus on the specific topics covered in the chapter and provide a checklist of important points discussed in the chapter.
- **Managerial Incident/Resolution.** There is a Managerial Incident in each chapter that details a real-life organizational problem or situation that is re-

lated to the content of the chapter. This incident is referred to often as the chapter unfolds. At the close of the chapter, a Management Resolution describes how the problem was solved or the situation was addressed using the management concepts discussed in the chapter. This allows the student to see how the concepts and theories presented in each chapter are applied to business situations in actual companies.

- *Information Technology: Insights and Solutions.* A set of information technology exercises is presented at the end of each chapter. These exercises give students the opportunity to use technology to search for information in an area related to the materials in the chapter. Much of the information can be gathered via the Internet, or by phone or fax from the appropriate company sources. Each of these exercises typically has some classroom presentation aspect associated with it, requiring the use of spreadsheet, word processing, and presentation software to arrange and present the information.
- *Ethics: Take a Stand.* An ethical dilemma related to the material presented in the chapter appears at the end of each chapter. Students evaluate various alternative courses of action in terms of their ethical implications and select one that is both ethical and meets the objectives of the organization. The *Ethics: Take a Stand* feature highlights the increasing importance of making managerial decisions founded on strong individual and organizational ethics.
- *Thinking Critically: Debate the Issue.* Each chapter contains a debate topic related to the content of the chapter. Students are asked to work in teams to develop arguments to support a particular position. The instructor selects two teams to present their findings to the class in a debate format. This exercise helps students to develop critical thinking skills, teamwork skills, and oral communication skills.
- *Chapter Video Cases.* At the end of every chapter there is a video case that presents a real organization that uses contemporary management practices. Many of these video cases were produced specifically for use in this book. Cases include an ethics case involving the Bank of Alma and small business cases featuring Rheaco, Inc. and A. C. Petersen Farms, Inc.
- *End-of-Chapter Cases.* In addition to the video case at the close of each chapter, a second case outlines a fictitious situation that provides an opportunity for students to apply the concepts and tools presented in the chapter. These cases are designed to help students develop their analytical thinking skills and to apply the knowledge they gained from the chapter to resolve problems or address situations that often occur in contemporary organizations.
- *Chapter Summary.* Each chapter closes with a summary of the major points presented in the chapter. This overview of the chapter contents provides students with an overall perspective of the topics covered.
- *Review/Discussion Questions.* A set of review and discussion questions is provided at the end of each chapter. The review questions relate directly to the content of the chapter. The discussion questions are application-oriented in that they require students to respond to real-world situations or issues using the knowledge gained from the chapter.
- *Experiential Exercises.* Structured experiential exercises are provided at the close of each chapter. These exercises can be used in either large or small class environments and are designed get students directly involved in the learning process by requiring them to apply management theory to real-world situations. Many of these exercises involve “self-assessment” and will help students gain a greater understanding of their own management competencies and skills.

- *Highlighted Examples.* Throughout the book, organizations that provide examples of contemporary management practices are highlighted. These examples are designed to profile real companies that are confronting management challenges and responding in proactive and innovative ways. Some of these examples are supplemented by video segments. The highlighted examples include:

Managing for Excellence. Companies that have achieved excellence through their management practices are featured in *Managing for Excellence*. Of particular interest are those organizations that have adopted a quality orientation in everything they do.

Global Perspective. Organizations that have pursued international business strategies and compete effectively in the global marketplace are profiled in *Global Perspective*. The focus in these examples is on how management practices must be adapted to cope with the complexities of the international business area.

Entrepreneurial Approach. Businesses both large and small that have succeeded as a function of their entrepreneurial approach to management are profiled in *Entrepreneurial Approach*. These examples highlight the importance of innovative and creative management in today's rapidly changing business environment.

Meeting the Challenge. *Meeting the Challenge* provides an opportunity for students to practice the management principles they have studied. For example, students are given the opportunity to use self-assessment instruments to describe their own personal management styles and organizational assessment skills to evaluate organizations.

- *Integrative Case—IBAX.* Each of the five parts of the book concludes with a comprehensive and integrated case that is supplemented by a 7- to 12-minute video that shows IBAX's real-life executives, managers, and team members employing the contemporary management concepts, tools, and techniques described in that section to facilitate the IBAX turnaround.

Supplement Package

A professor's job is demanding. Because of this, we expect professors to demand a lot in return from the publisher and the authors of *Management*. Both the textbook and the accompanying ancillary materials have been developed to help instructors excel when performing their vital teaching function. For the first edition of *Management*, a variety of supplemental materials was tested and provided. In this edition, we include those supplements instructors found most helpful.

Instructor's Manual with Complete Video Guide and Transparency Masters (ISBN 0-538-87900-9)

The instructor's manual for *Management* was prepared by Bruce R. Barringer of the University of Central Florida and provides important information for each chapter. Each chapter of the manual includes the following information:

- Learning Objectives for each chapter.
- A detailed outline of the chapter material, including appropriate points at which to use the transparency support material.
- An Extended Outline with narratives under each major point to flesh out the discussion and show alternative examples and issues to bring forward.
- Detailed responses to the review questions, discussion questions, Ethics: Take a Stand exercises, cases, video, and experiential exercises.
- Additional Cases with suggested answers are also included in the manual for those instructors who wish to supplement the case material included in the text.

- A Multimedia Guide describing the video cases that accompany each chapter, including questions for discussion and detailed responses.
- A full set of transparency masters.

Test Bank (ISBN 0-538-87901-7)

Special attention was given to the preparation of the test bank because it is one of the most important ancillary materials. Bruce R. Barringer of the University of Central Florida has expanded significantly the original test bank that was prepared by Ned D. Young of Sinclair Community College. The test bank contains over 3,500 multiple choice, true/false, matching, case, and essay questions.

Westest (ISBN 0-538-88042-2)

Westest is the computerized version of the test bank, provides instructors with a convenient means of generating tests. The menu-driven testing package has many user-oriented features, including the ability to edit and add exam questions, scramble questions within sections of the exam, and merge questions. Westest is available for DOS, Windows, and the Macintosh. Call-in testing is also available.

PowerPoint Presentation Slides (ISBN 0-538-88037-6)

Almost 600 electronic slides to be used with PowerPoint, a state-of-the-art presentation graphics program for Microsoft Windows, are provided on 3.5" disks. These slides provide a comprehensive review of each chapter in the book. Using PowerPoint software, instructors can:

- Present the slides electronically in the classroom.
- Edit and change any of the slides, or add new material as needed.
- Animate and present a slide show with transition effects.

All-New Video Program (ISBN 0-538-Assorted)

In this edition we have incorporated 27 new video segments that highlight all aspects of today's management. One video segment ranging from 5 to 30 minutes accompanies each of the 18 chapters and helps to explain the concepts of that chapter. In addition, nine supplemental videos are offered separately to highlight various management practices in modern small and corporate businesses. The videos were selected from Learnet, CNBC, and Blue Chip (Small Business Management).

Management On-Line

Professors will never be out of touch with the changing environment of management with free access to South-Western Publishing and the Internet. You'll receive monthly updates to information in the text, additional annotations for use in lectures, suggested readings, and more through South-Western's electronic bulletin board. More specifically, updates will be provided to cases, the chapter highlighted examples, the ethics feature, and the critical thinking feature. In addition, a Thought Question of the Month will be provided along with two clue based identification challenges: CEO of the Month and Company of the Month.

Transparency Acetates (ISBN 0-538-88041-4)

One-hundred full-color transparency acetates are provided with *Management*. The transparencies were selected from the book and also from materials that do not appear in the book.

INSIGHTS: Inc. Readings in Small Business Management (ISBN 0-538-88036-8)

A readings book prepared by Lynn Bowes-Sperry of James Madison University is available for those faculty who wish to supplement text assignments with articles from the current business press. This soft-cover book contains multi-

ple selections from the popular *Inc. Magazine* that discuss contemporary issues and challenges in small business management.

Student Study Guide (ISBN 0-538-88034-1)

The extended study guide for *Management* was written by George Carnahan of Northern Michigan University. For each chapter, this comprehensive guide includes learning objectives with detailed descriptions; a chapter outline; multiple choice and agree or disagree questions with answers; exercises; and a chapter summary.

Student Notetaking Guide (ISBN 0-538-88035-X)

This unique bound supplement includes selected copies of the transparency masters for students to use while taking notes during lectures. Detailed outlines are also provided for each chapter of the book.

ACKNOWLEDGMENTS

A book such as this does not come to fruition solely by the hands of the authors. Many individuals have had significant involvement with this project, and their contributions must not go unrecognized. Many reviewers made insightful comments and valuable suggestions on the preliminary drafts of this book. Although criticism is sometimes a bitter pill to swallow, we can now look back and agree that the reviewer comments led to modifications that greatly strengthened the final product. We would like to express our gratitude to each of the following reviewers:

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