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MANAGEMENT: THEORY AND PRACTICE

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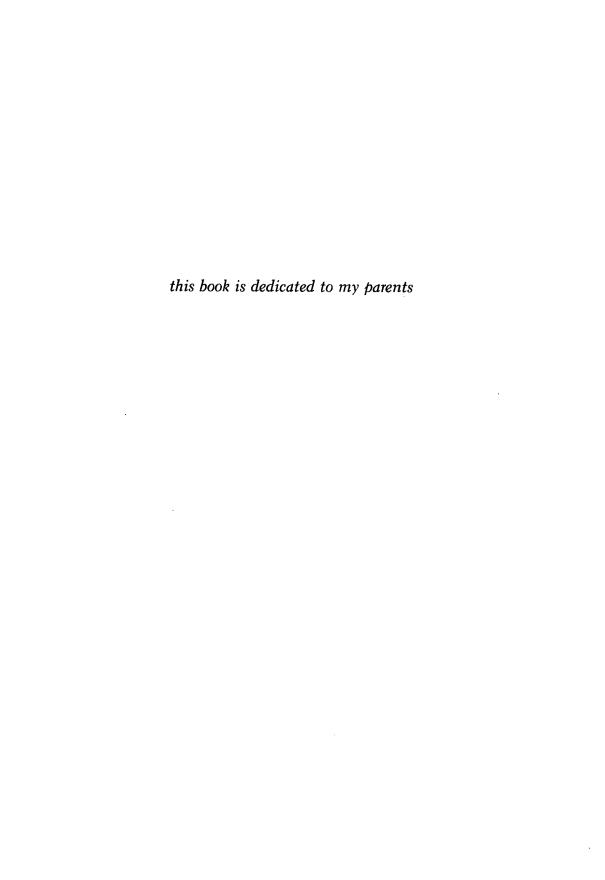
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PREFACE

The aim of this book is to provide the reader with a realistic knowledge of management—not only of the theories and techniques, but of the ways in which they work out in practice, with examples drawn from real situations in industry today. Although the emphasis here is on business management, the theories and techniques discussed may also be applied to most other types of organization.

One of the developments of recent years has been the growing acceptance of "contingency management," of the idea that theories and techniques must be modified in the light of the situation the manager is dealing with, rather than applied in the same way in all cases. This is an approach this book has always advocated, although earlier editions did not use the word "contingency" but spoke rather of "eclectic" use of the various theories and, in the case of organization, of "comparative" organization. In this edition, however, an effort has been made to explain this theory more directly and to show how and why it is applicable to various management functions.

Another change has been to include the more recent developments in the trends that were identified in earlier editions. For example, the growing interest in behavioral science has prompted a number of companies to utilize behavioral theories in actually structuring parts of their organizations, and cases of this kind are described in the text. Practical use of behavioral findings in planning an organization structure was rare only a few years ago, particularly among large companies. This is not true today.

The third edition also pointed out the growing impact of public opinion on business decisions, and this trend has intensified since that edition appeared and has given rise to new government regulations, the most important of which are explained in the text.

Another trend noted earlier was the increasing use of computers, and this trend not only continues but has taken a new direction: toward the incorporation of computers in products, even consumer products. Possible consequences of this incorporation are considered in one of the later chapters.

A number of other developments are reported on in this edition, and many new case stories and review questions are included. As in earlier editions, the questions are designed to help students

determine whether or not they have grasped the salient points in each chapter, and the case stories are included to help them apply what they have learned.

The book is designed as an introductory textbook, but at the same time it contains material of sufficient sophistication to make it suitable for more advanced students and for practicing managers who may wish to gain an overall view of the field.

The author wishes to express his appreciation to William F. Hamilton of the Management Science Center, Wharton School, University of Pennsylvania for many helpful discussions and for comments on the material on operations research. He is also indebted to Edward B. Shils of the Department of Industry, Wharton School, University of Pennsylvania, for encouragement and advice.

In addition, he wishes to acknowledge his deep indebtedness for his intellectual training to the late Sir Dennis Robertson, the great monetary economist of Cambridge University, who wrote an outstanding work on management (*The Control of Industry*, Cambridge University Press, London, 1960); to Lord Keynes, who was both a great thinker and a practitioner of management; and to Francis Leavitt Impey, who was the author's first boss, for whom he served as assistant in manufacturing, marketing, and accounting at the Kalamazoo Loose Leaf Equipment Company in England and South America.

A number of colleagues read portions of the manuscript, and the author would like to thank them for their many helpful suggestions: Keith Davis, Arizona State University; G. Vaughn Johnson, University of Nebraska, Omaha; Ralph Todd, American River Junior College; and James M. Wilson, Pan American University.

Special thanks are due Professor Charles A. Meloy of St. Peter's College, Jersey City, N.J., for many ideas and suggestions and for a number of the case stories; also to Alice Smith, who did a great deal of the research and the revision of the chapters and who was particularly helpful to the author in making complex ideas intelligible.

The author would appreciate receiving comments for further improvement from readers of this book.

Ernest Dale

NOTE: Since the English language lacks a pronoun that may refer to either sex and the constant use of "he or she" is awkward and would make the text more difficult to read, this book follows the older custom of using "he" to mean either "he" or "she." In addition, the word "man" has occasionally been used to mean "human being." This practice also was adopted in the interest of smoother reading, since either "person" or "human being" is awkward in some contexts. In no case should this usage be understood to mean that an executive or an employee is necessarily a man and not a woman.

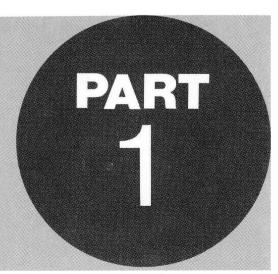
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MANAGEMENT AND ITS ENVIRONMENT

The first chapter of this section presents an analysis of the management job—definitions of the various functions a manager performs when he is actually managing rather than working on one of the specialties many managers spend part of their time on. This division of the subject into different functions facilitates understanding of it since there are both theories and techniques useful in handling each one, and not all theories and techniques are applicable to all the functions.

But a manager is never free to operate exactly as he might choose to. What he can do is circumscribed by the internal and external environment of the organization in which he works.

The internal environment depends on a number of factors, of course, including the attitude of the managers at the top. But there is one feature of it that is common to most companies except very small ones:

the corporate framework. This is described in the second chapter of this section.

Even more far-reaching constraints are imposed by the external environment, over which a company has little or no control. These are explained in the third chapter.

WHAT IS MANAGEMENT?

Under any social order from now to Utopia a management is indispensable and all-enduring. . . . The question is not: "Will there be a management elite?" but "What sort of elite will it be?" Sidney Webb

To determine what a manager needs to know and what skills he should possess, it is necessary to analyze the management job. What, exactly, does a manager do?

One answer is that a manager organizes the resources available to him (which include people, money, and other assets such as land and equipment) for the achievement of certain objectives, and usually his job includes setting the objectives as well.

This definition is accurate enough, but it is too general to provide guidance for the student of the subject. Fortunately much more helpful definitions exist, definitions that break the management job down into its components. Such a breakdown facilitates study of the subject, since there are both theories and techniques applicable to each component.

It is true that there is some disagreement over both theories and techniques, and sometimes proponents of one school of thought have tended to insist that the proponents of another are entirely wrong. More recently, however, there has been an encouraging recognition of the fact that no one theory or technique is applicable in all circumstances. A great many of those currently teaching the subject have begun to promote the view that theories and techniques must be used eclectically, the choice among them depending on the situation. That is, they have been advocating what is now called *contingency management*, a system which recognizes that although one course of action may produce good results in one situation, acting on a quite different theory or using an entirely different technique may be wiser under other circumstances. How contingency management is used in handling the various management functions will be explained in later chapters, but first it is necessary to list the management functions themselves.

THE MANAGEMENT FUNCTIONS

One useful breakdown of the management job is that suggested by Luther Gulick back in the 1930s. Gulick coined the word POSDCORB from the initial letters of these seven functions: planning, organizing, staffing, directing, coordinating, reporting, and budgeting. (The extra "O" is there merely to make the word pronounceable.) This—with some modifications—is the basis of the breakdown used in this book, in which the management functions will be identified as planning, organizing, staffing, direction, control, innovation, and representation.

Planning

The manager's first job is to decide what he wants to accomplish: to set short- and long-range goals for his organization. In order to do this, he

¹ "Notes on the Science of Administration," in Luther Gulick and Lyndall Urwick (eds.), Papers on the Science of Administration, Institute of Public Administration, New York, 1937, p. 13.