

Fundamentals of

# Management

THIRD EDITION

ESSENTIAL CONCEPTS AND APPLICATIONS



STEPHEN P. ROBBINS  
DAVID A. DECENZO

**Essential Concepts and Applications**

# Fundamentals of **MANAGEMENT**

**THIRD EDITION**

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**Stephen P. Robbins**

San Diego State University

**David A. DeCenzo**

Towson University

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# Preface

Welcome to the third edition of *Fundamentals of Management*. In the first two editions of this book, we said we thought there was a market for a “different” kind of management textbook. Not different just for the sake of being different but a book that was truly reflective of the contemporary trends in management and organizations. To us, that meant a book that focused on the foundations of management—covering the essential concepts in management, providing a sound foundation for understanding the key issues, offering a strong practical focus, and yet also covering the latest research studies in the field. It should also be able to be completed in a one-term course. In essence, we wanted to create a book that provided significant value both in relevance and cost to its readers. We believe our first two editions fulfilled these goals. We think this revision continues this tradition.

We use this preface to address three critical questions:

- 1 What assumptions guided the development of this book?
- 2 What’s new in this revision?
- 3 How does the book encourage learning?

## What Were Our Assumptions in Writing This Book?

Every author who sits down to write a book has a set of assumptions—either explicit or implicit—that guide what is included and what is excluded. We want to state ours up front.

Management is an exciting field. The subject matter encompassed in an introductory management text is inherently exciting. We’re talking about the real world. We’re talking about why Amazon.com is revolutionizing the book-selling industry; how SiloCaf, a coffee bean-processing plant, uses sophisticated technologically based controls to enhance productivity and ensure consistent quality in their work; why companies like London Fog are struggling to survive; how teams at Hewlett-Packard redesigned a production process, cut waste, controlled costs, and increased productivity; and what techniques can make a university more efficient and responsive to its students. A good management text should capture this excitement. How? Through a crisp and conversational writing style, elimination of nonessential details, a focus on issues that are relevant to the reader, and inclusion of examples and visual stimuli to make concepts come alive.

It’s our belief that management shouldn’t be studied solely from the perspective of “top management,” “billion-dollar companies,” or “U.S. corporations.” The subject matter in management encompasses everyone from the lowest supervisor to the chief executive officer. The content should give as much attention to the challenges and opportunities in supervising a staff of 15, some of whom may be telecommuting, as those in directing a staff of MBA-educated vice presidents. Similarly, not everyone wants to work for a Fortune 500 company. Readers who are interested in working in small businesses, entrepreneurial ventures, or not-for-profit organizations should find the descriptions of management concepts applicable to their needs. Finally, organizations operate today in a global village. Readers must understand how to adjust their practices to reflect differing cultures. Our book addresses each of these concerns.

Before we committed anything to paper and included it in this book, we made sure it met our “so what?” test. Why would someone need to know this fact? If the relevance isn’t overtly clear, either the item should be omitted or its relevance should be directly explained. In addition, content must be timely. We live in dynamic times. Changes are taking place at an unprecedented pace. A textbook in a dynamic field such as management must reflect this fact by including the latest concepts and practices. Our does!

This book is organized around the four traditional functions of management—planning, organizing, leading, and controlling. It is supplemented with material that addresses current issues affecting managers. For example, we take the reader through Managing in Today’s World (Chapter 2), Understanding Work Teams (Chapter 9), and Leadership and Trust (Chapter 11). We also integrate throughout the text such contemporary topics as work process engineering, empowerment, diversity, and continuous improvements. There are a total of 14 chapters, plus 3 modules that describe the evolution of management thought, focus on popular quantitative techniques used in business today, and provide some special information to students regarding how to build their management careers.

*Fundamentals of Management*, third edition, is lean and focused. To get down to 14 chapters, we had to make some difficult decisions regarding the cutting and reshaping of material. We were assisted in this process by feedback from previous users. The result, we believe, is a text that identifies the essential elements students need in an introductory management course.

## What’s New in This Third Edition?

Several features and content topics have been added or expanded in this revision.

**New and relevant topics** We continue to present material that is current and relevant. These include:

- Management competencies (Chapter 1)
- Knowledge workers (Chapter 2)
- Electronic commerce and e-business (Chapter 2)
- Six sigma (Chapter 3)
- Labor–management cooperation (Chapter 6)
- Workplace violence (Chapter 6)
- Internet job searches (Career Module)
- Internships (Career Module)
- Emotional intelligence (Chapter 8)
- Motivating professionals (Chapter 10)
- Visionary leadership (Chapter 11)
- Building Trust (Chapter 11)
- Team leadership (Chapter 11)
- Technology transfer (Chapter 14)
- Supply chain management (Chapter 14)
- Project management (Chapter 14)

**A skill-focused approach** It’s not enough to know about management. Today’s students want the skills to succeed in management. So we expanded on our skill component in this edition. You’ll see this in the Management Workshop at the end of each chapter.

The Management Workshop is designed to help students build analytical, diagnostic, team-building, investigative, Internet, and writing skills. We address these skill areas in several ways. For example, we include experiential exercises to develop team building skills; cases to build diagnostic, analytical, and decision-making skills; suggested topical writing assignments to enhance writing skills; and Internet search exercises to develop Internet research skills.

## Management Workshop

### Team Skill-Building Exercise

#### Individual versus Group Decisions

**Objective:** To contrast individual and group decision making.

**Time:** 15 minutes.

**Step 1:** You have 5 minutes to read the following story and individually respond to each of the 11 statements as either true, false, or unknown.

**The Story:** A subway car had just turned off the lights in the store when a man appeared and demanded money. The owner opened a cash register. The contents of the cash register were scooped up, and the man sped away. A member of the police force was notified promptly.

**STATEMENTS about the story:**

1. A man appeared after the owner had turned off his store lights. True, false, or unknown?
2. The robber was a man. True, false, or unknown?
3. The man did not demand money. True, false, or unknown?
4. The man who opened the cash register was the owner. True, false, or unknown?
5. The store owner scooped up the contents of the cash register and ran away. True, false, or unknown?
6. Someone opened a cash register. True, false, or unknown?

**Step 2:** After the instructor has given you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

**Step 3:** Your instructor will give you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

**Step 4:** After the instructor has given you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

**Step 5:** After the instructor has given you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

**Step 6:** After the instructor has given you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

**Step 7:** After the instructor has given you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

**Step 8:** After the instructor has given you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

**Step 9:** After the instructor has given you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

**Step 10:** After the instructor has given you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

**Step 11:** After the instructor has given you the actual correct answers, how many correct answers did you get at the conclusion of step 1? How many did your group achieve at the conclusion of step 2? Did the group outperform the average individual? The best individual? Discuss the implications of these results.

as an important vehicle for premeeting discussions with participants.

- **Consult with participants before the meeting to ensure proper participation.** Let all participants know that their input is valuable and that you welcome their speaking up at the meeting when they have something to offer.
- **Establish specific time parameters for the meeting,** usually when it will start and end. This step helps keep the meeting on time and focused on the important matters.
- **Maintain focused discussion during the meeting.** Items not on the agenda should not be given substantial time during the meeting. If an issue is important, maybe another meeting, with its own agenda, should be held to address that issue.
- **Encourage and support participation by all members.** If you have done a good job in the second step, participants should come prepared to talk but still may need some encouragement at the meeting. Sometimes, direct questions about what they think will get them to talk.
- **Encourage the clash of ideas.** Remember you want as much information about a topic to surface as possible. Disagreements are fine. They indicate that different voices are being heard. Better to work the differences out now than to have them surface later.
- **Discourage the clash of personalities.** Disagreements can enhance the process, but they should be substantive disputes. Differences caused by personal issues are a disaster in a meeting.
- **Bring closure by summarizing accomplishments and allocating follow-up assignments.** This step lets participants understand what occurred in the meeting and what they may have to do before the next meeting. This is, in essence, planning.

### Practicing the Skill

**CONDUCTING A MEETING**

You manage a group of six skilled technicians in the radiology department of a large hospital. You need to meet with them all to discuss the hospital's unpopular new vacation policy and to devise your department's vacation schedule for the coming year. In keeping with the new policy, only one person will be allowed to take vacation at any given time.

**A Case Application**

**Developing Your Diagnostic and Analytical Skills**

**BEATRICE INTERNATIONAL HOLDINGS**

Research over the past few decades has shown us the need for understanding the sociocultural factors among people from different countries. Individuals from countries whose power distance is high, for example, are frequently accustomed to societies composed of "haves" and "have-nots." The Haves possess significant power to make decisions. Yet, when these Haves have the support of their homeland, they too often must make some adjustments in their decision-making styles. That's precisely what Loida Nicolas-Lewis did.

Loida grew up in the Philippines. She was born into a politically well-connected family that still operates the country's largest and most successful furniture company. Her early years were filled with all the privileges and amenities associated with high society: the best schools, the finest homes, the most exclusive social circles.

**A practicing perspective** Our experience has led us to conclude that students like to see and read about people who have made a contribution to their organization and use the management techniques we discuss. So we've included "One Manager's Perspective" boxes. Managers from all types of organizations contribute their perspective on how they use one or more tools discussed in the relevant chapter.

## One Manager's Perspective

**Alisa Owens** Director, Business Development and Strategic Sales, Versaware, Inc.

Versaware, a growing e-publisher, is only four years old but employs 250 people internationally, with offices in New York and California, research and development (R&D) in Jerusalem, and production facilities in India. Its organization is a cross between divisional and functional structure. For instance, R&D and production are organized by specialties (functional structure), while sales and marketing are organized by division.

According to Alisa Owens, director of business development and strategic sales for the educational and professional division, this hybrid structure offers both advantages and disadvantages. Among the advantages are the fact that specialized production tasks can be done where skilled labor is available (for instance, in India there are many people skilled in digitizing books), and this gives the company the ability to respond quickly to market needs and competitive challenges. One disadvantage is that communication between the functional areas sometimes suffers, a problem Versaware is working to correct.

Having spent its first two years primarily as a research and development company, Versaware now



looks to a future focused on product output and improvement. That, says Owens, will lead to a divisional structure to strengthen accountability, project planning, and fulfillment. R&D, however, will likely remain a functional area, to benefit from specialization and allow innovations to be shared across divisions.

**How have we encouraged understanding with in-text learning aids?** Just what do students need to facilitate their learning? We began to answer that question by pondering some fundamental issues: Could we make this book both "fun" to read and pedagogically sound? Could it motivate students to read on and facilitate learning? Our conclusion was that an effective textbook could and should teach, as well as present ideas. Toward that end, we designed this book to be an effective learning tool. Let's specifically describe some of the pedagogical features—in addition to what we've

mentioned previously—that we included to help students better assimilate the material.

**Learning outcomes** Before you start a trip, it's valuable to know where you're headed. That way, you can minimize detours. The same holds true in reading a text. To make learning more efficient, we open each chapter of this book with a list of outcomes that describe what the student should be able to do after reading the chapter. These outcomes are designed to focus students' attention on the major issues within each chapter. Each outcome is a key learning element for readers.

**Chapter summaries** Just as outcomes clarify where one is going, chapter summaries remind you where you have been. Each chapter of this book concludes with a concise summary organized around the opening learning outcomes.

**Review and discussion questions** Every chapter in this book ends with a set of review and discussion questions. If students have read and understood the contents of a chapter, they should be able to answer the review questions. These "Reading for Comprehension" review questions are drawn directly from the material in the chapter.

The discussion questions go beyond comprehending chapter content. They're designed to foster higher-order thinking skills. That is, they require the reader to apply, integrate, synthesize, or evaluate management concepts. The "Linking Concepts to Practice" discussion questions will allow students to demonstrate that they not only know the facts in the chapter but also can use those facts to deal with more complex issues.

## Supplements Package

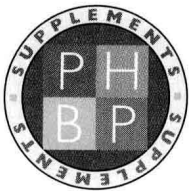
*Fundamentals* comes with a complete, high-tech support package for faculty and students. This includes a comprehensive instructor's manual and test bank; a dedicated Web site <[www.prenhall.com/robbins](http://www.prenhall.com/robbins)>; inclusion on PHLIP (Prentice Hall Learning on the Internet Partnership), a faculty-support Web site featuring Instructor's Manual, PowerPoint slides, current news articles, and links to related Internet sites; an on-line student study guide; electronic transparencies; and the Robbins Self-Assessment Library, which provides students with insights into their skills, abilities, and interests.

**Instructor's Manual with Video Guide** Designed to guide the educator through the text, each chapter in the instructor's manual includes learning objectives, chapter contents, a detailed lecture outline, questions for discussion, and boxed materials.

**Instructor's Resource CD-ROM** This all inclusive multimedia product is an invaluable asset for professors who prefer to work with electronic files rather than traditional print supplements. On this single CD-ROM, instructors will find the Instructor's Manual, the complete set of PowerPoint slides, the Test Item File, and the Prentice Hall Test Manager program.

**Test Item File** Each chapter contains true/false, multiple choice, short answer/essay questions, and situation-based questions. Together the questions cover the content of each chapter in a variety of ways providing flexibility in testing the students' knowledge of the text.

**Windows/Prentice Hall Test Manager** Contains all of the questions in the printed TIF. Test Manager is a comprehensive suite of tools for testing and assessment. Test Manager allows educators to easily create and distribute tests for their courses, either by printing and distributing through traditional methods, or by on-line delivery via a Local Area Network (LAN) server.



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**PowerPoint Electronic Transparencies with Teaching Notes** A comprehensive package, these PowerPoint transparencies are designed to aid the educator and supplement in-class lectures. To further enhance the lecture, teaching notes for each slide are included both electronically, and as a printed, punched, and perforated booklet for insertion into a three-ring binder, allowing the educator to customize the lecture.

**Color Transparencies** Designed to aid the educator and enhance classroom lectures, 100 of the most critical PowerPoint electronic transparencies have been chosen for inclusion in this package as full-color acetates.

**The Video Package** offers two different options for enhanced learning:

**Skills Videos** Five videos (one for each part of the text) offer dramatizations that highlight various management skills. The videos provide excellent starting points for classroom discussion and debate. These videos are available on VHS for classroom presentation.

**Company Videos** Additional videos focus on the management practices at small and medium-size companies. These videos are from the *Small Business 2000* series (as seen on PBS). Video notes are found in the Instructor's Manual, and offer a summary of each video with discussion points and suggested responses.

**WebCT On-Line Course** This third edition offers a fully developed on-line course for management.

**Study Guide** Designed to aid student comprehension of the text, the study guide contains chapter objectives, detailed chapter outlines, review, discussion, and study questions.

**Self-Assessment Library CD-ROM** Free as a value pack, this valuable tool includes 45 individual self-assessment exercises, organized around individuals, groups, and organizations. Each exercise can be taken electronically and scored immediately, giving students individual feedback.

**PHLIP/CW Web Site** *Fundamentals* is supported by PHLIP (Prentice Hall Learning on the Internet Partnership) the book's companion Web site. An invaluable resource for both instructors and students, PHLIP features a wealth of up-to-date, on-line resources at the touch of a button! A research center, current events articles, an interactive study guide, exercises, and additional resources all combine to give you the most advanced text-specific Web site available.

## Acknowledgments

Writing a textbook is often the work of a number of people whose names generally never appear on the cover. Yet, without their help and assistance, a project like this would never come to fruition. We'd like to recognize some special people who gave so unselfishly to making this book a reality.

First are our friends at Prentice Hall. Specifically, we want to thank Melissa Steffens, David Shafer, Judy Leale, Cindy Spreder, Michael Campbell, Jim Boyd, Natalie Anderson, Sandy Steiner, Diane Peirano, Cheryl Asherman, Teri Stratford, Irene Hess, and Samantha Steel. We appreciate their support and efforts to make this book successful.

We also want to thank our previous users and students who provided us with a number of suggestions for this revision.



## Reviewers

Artegal R. Camburn	Buena Vista University
David W. Hart	Mary Washington College
Edward A. Johnson	University of North Florida
Barbara McIntosh	University of Vermont
Marta Mooney	Fordham University
C. Dewitt Peterson	Burlington County College
Jerry L. Thomas	Arapahoe Community College
Mark Youndt	University of Connecticut

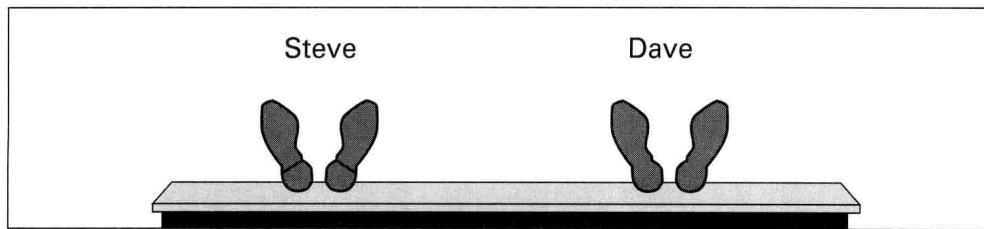
Their constructive comments and suggestions have made this a much better book.

Finally, we'd like to add a personal note. Each of us has some special people we'd like to recognize.

From Steve's corner: I want to thank Laura Ospanik, Dana Murray, and Jennifer Robbins. My wife, Laura, continues to be a source of ideas and support. And my daughters, Dana and Jennifer, provide a rich source of suggestions on how to make my texts more relevant and student accessible.

From Dave's: I have given a lot of thought to what I'd like to say to my family that I haven't said before. And the more that I think about it, I keep coming back to the realization that the key word in all of my thoughts is "family." Through life's struggles, we often don't understand that there's always one constant—the love that a family has. To my wife Terri, you have an inner strength that is unequalled. We are all lucky to have you in our lives. To Mark, getting ready for that senior year in high school is amazing. It's been a pleasure to watch you grow into such a terrific young man. Keep your focus and you'll go far in life. To Meredith, you continue to teach us how to deal with difficult situations, to stand up for what you know is right, and have the conviction to make this world a better place. You are more beautiful today and an honor to have as a daughter. To Gabriella, the Mouse, you bring sunshine to everyone around you. If only I had one tenth of your energy. There's never a rainy day when I'm around you. And Natalie, you keep me in line. Keep up with that bubbling personality and the world is your's. I know my life is better because you are in it! Thanks again to all of you for making me who I am.

## A Short Note To Students



Now that our writing chores are over, we can put our feet up on the table and offer a few brief comments to those of you who will be reading and studying this book. First, this text provides you exposure to the fundamentals of management. As you'll see in our first chapter, *fundamentals* implies coverage of the basic functions of management. We've made every effort to give you the essential information a student will need to solidly build a knowledge foundation. A knowledge base, however, is not easily attained unless you have a text that is straightforward, timely, and interesting to read. We have made every effort to achieve those goals with a writing style that tries to capture the conversational tone that you would get if you were personally attending one of our lectures. That means logical reasoning, clear explanations, and lots of examples to illustrate concepts.

A book, in addition to being enjoyable to read and understand, should help you learn. Reading for reading's sake, without comprehension, is a waste of your time and effort. So, we've done a couple of things in this book to assist your learning. We've introduced major topic headings in each chapter. These green underlined heads provide exposure to a broad management concept. Most of these leading heads are followed by questions. Each "question" heading was carefully chosen to reinforce understanding of very specific information. Accordingly, as you read each of these sections, material presented will address the question posed. Thus, after reading a chapter (or a section for that matter), you should be able to return to these headings and respond to the question. If you can't answer a question or are unsure of your response, you'll know exactly what sections you need to reread or where more of your effort needs to be placed. All in all, this format provides a self-check on your reading comprehension.

We've added other check points that you should find useful. Our review and discussion questions (called Reading for Comprehension and Linking Concepts to Practice, respectively) are designed to reinforce the chapter outcomes from two perspectives. First, review questions focus on material covered in the chapter. These are another way to reinforce your comprehension of the important concepts in the chapter. The discussion questions require you to go one step further. Rather than asking you to recite facts, discussion questions require you to integrate, synthesize, or apply a management concept. True understanding of the material is revealed when you can apply these more complex issues to a variety of situations.

There is another element of this text that we hope you'll enjoy. These are the Management Workshop sections at the end of each chapter. Managing today requires sound competencies—competencies that can be translated into specific skills. These sections are designed to help you enhance your analytical, diagnostic, investigative, team-building, Internet, and writing skills. We hope that you find them useful and use them as a source of self-development. You'll also find step-by-step skill guidance to help you learn such skills as how to build a power base, interview candidates, build trust, and provide performance feedback. We encourage you to carefully review each of these, practice the behaviors, and keep them handy for later reference.

We conclude by extending an open invitation to you. If you'd like to give us some feedback, we encourage you to write. Send your correspondence to Professor Dave DeCenzo at the College of Business and Economics, Towson University, Towson, Maryland 21252-0001. Dave is also available on e-mail <ddecenzo@towson.edu>.

Good luck this semester and we hope you enjoy reading this book as much as we did preparing it for you.

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