



FUNDAMENTALS OF MANAGEMENT

Ninth Edition

DONNELLY

GIBSON

IVANCEVICH

FUNDAMENTALS *of* MANAGEMENT

Ninth Edition

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To

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Jeanne M. Servais, Dianne Gibson,

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Preface

Each of us continues to be gratified that both students and teachers of management find our book a useful and valuable resource. They have found both the content and the structure of the book to be “instructor- and student-friendly” for many editions. It is with this sense of gratification that we introduce the ninth edition of *Fundamentals of Management*. On every dimension, we continue to be pleased by the recognition of our efforts.

- *Fundamentals of Management* has been identified by management faculty as one of the best management textbooks in the country. It is particularly rewarding for us to hear that our book “has changed the way the introductory management course is taught.”
- The supplementary resources that accompany our text have been rated among the best available.
- Style, organization, and content features that we introduced many editions ago are copied and imitated by competitors, which is the highest form of flattery we can receive.

Recognition serves as an incentive to continue to improve our book. Every revision of *Fundamentals of Management* is a major revision and this edition is no exception. We believe our constant attention to the field and practice of management and our continual updating, revising, and restructuring have been important to the success of the book. The present edition bears little resemblance to the first; however, the rationale remains the same as for previous editions. Management, we believe, will be practiced better by individuals who have had access to high-quality, challenging management textbooks.

To be effective, a textbook must serve two groups well: those who teach the course and those who take the course.

Pledge to Management Faculty A textbook of high quality will never compromise the integrity of the field it explores. We pledge to provide a text which in every respect is a quality work of management scholarship that we as academicians can be proud of.

Pledge to Management Students A textbook of high quality never loses sight of its ultimate purpose—to help students learn. We pledge to always strive to make our textbook the most contemporary, comprehensive, challenging, readable, and exciting management textbook available today.

The Development of the Ninth Edition

As with previous editions, developing this edition required extensive market research, interviews with faculty, extensive and comprehensive reviews by a group of commissioned instructors, as well as class testing. The vast amount of information gleaned from this process enabled us to determine which features of the book were effective and which features required revision.

Based on this research, we have made several important changes. Because the ability to make sound decisions pervades all management processes, the chapter on Managing in a Global Environment was moved to the front of the text; previously found in Part V, it is now in Part I. Part IV has been changed from the previous edition. It now includes three chapters. Chapter 18 is now Production and Inventory Planning and Control. This edition has 21 chapters—one less chapter than the previous edition.

Because of the importance of certain topics—globalization, quality, competitiveness, managing a culturally diverse workforce, teamwork, ethics, and entrepreneurship—we have emphasized their relevance throughout the text in chapter-opening vignettes, examples, the Management Focus feature, and the chapters themselves. Each of these topics is also covered in depth throughout the book.

Finally, we have added new chapter-ending cases, created new discussion and review questions, and updated references in each chapter. We are both current and accurate in our use of citations. We do not subscribe to the approach used by many textbook authors of disregarding the originator of an idea, theory, or practice for the sake of having only current references. Instead, we use both the original and updated references when they are relevant.

Our Standards for a High-Quality Textbook

We believe a high-quality management textbook should possess several key characteristics. It should be comprehensive, systematic, scientific, practical—and exciting.

Comprehensive This text is comprehensive because it covers the major management topics affecting students, teachers, and practitioners. Research has indicated that our book is being used to cover American Assembly of Collegiate Schools of Business (AACSB) common body of knowledge requirements for both Organizational Behavior/Organization Theory and Production/Operations Management. The materials selected for this book reflect our contacts with teaching colleagues, students, practicing managers, accrediting agencies such as AACSB, and professional societies such as the Academy of Management and the American Management Association.

Systematic In studying management, a beginning student can easily be overwhelmed by the vast number of concepts, theories, and topics. The systematic approach of *Fundamentals of Management* helps overcome this tendency. In each chapter's subject matter, readers are able to see where they have been, where they are, and where they will be going.

This book is divided into five parts. And each part is structured around three fundamental managerial tasks common to all organizations: managing work and organizations, managing people, and managing production and operations.

Scientific *Fundamentals of Management* presents concepts and theories that have been the subject of extensive research. However, our textbook does not attempt to teach social or behavioral science, or operations management. It provides bases for applying many relevant contributions from numerous scientific disciplines to management.

Practical To become an effective manager, a student must learn to analyze management problems and then solve them by applying relevant management theory. *Fundamentals of Management* stresses a practical approach to learning these vital skills. Subject matter is reinforced with descriptions of how actual managers in real organizations have applied the concepts to solve problems. In addition, case applications and experiential exercises bring the chapter material to life in real-world situations.

Exciting Since the practice of management is exciting, a management textbook should follow suit. We try to convey this excitement to our readers. Every chapter, except for Chapter 1, begins with an account of an organization or individual manager facing a particular management problem or real-life situation that will be discussed in the following pages. In addition, each chapter contains at least three contemporary examples of real-world applications of concepts discussed in the chapter. Important points are illustrated and summarized in each chapter.

An Emphasis on Learning

In addition to the features retained and updated from previous editions, several new features have been strengthened and updated when necessary.

Learning Objectives Clear, attainable goals are spelled out at the start of each chapter. In each chapter, the student learns to define, describe, discuss, compare, and identify essential issues affecting modern management.

Management in Action To stimulate reader interest, we continue to use exciting chapter-opening vignettes taken from real-life situations to orient students to concepts and problems discussed in the text.

Management Focus A series of timely, relevant, real-life examples is drawn from large and small organizations around the world. These examples illustrate problems modern managers confront daily, and they appear at exact points in the discussion where the concept or theory is being discussed.

Cases A variety of cases is included in the book. *First*, each chapter has two short cases, many of which are new to this edition. Those cases retained from the previous edition have been updated or revised. They feature a variety of types and sizes of organizations and include problems at all levels of management. They are designed to illustrate practical applications of concepts in the chapter. *Second*, comprehensive real-world cases appear at the end of Parts II, III, and IV. Analysis of these cases requires comprehension of relevant aspects of the entire part.

End of Chapter Features Every chapter concludes with a concise "Summary of Key Points," a point-by-point summary of key topics. In addition, "Discussion and Review Questions" are included in every chapter. New questions, which address the major issues explored, have been added to each chapter. Finally, every chapter includes "Additional References" to give students initial sources for writing projects. Except for an occasional classic work, these references have been updated for all chapters to include some of the latest available work.

Experiential Exercises Experiential exercises are included at the end of each chapter. We included these learning methods in the previous edition, and we received positive reactions to these exercises—so new ones have been added here. They move the material from “seeing” and “hearing” to “doing.” The understanding of management concepts is greatly enhanced when students can actively join the learning process. More and more contemporary students seek out courses that include opportunities to learn from experience.

Support for Instructors and Students

We are fortunate to have a complete coordinated and integrated system of support for both teacher and student. As mentioned earlier, the supplementary materials available with *Fundamentals of Management* have been rated the best available. Our goal was to make them even better for the ninth edition.

Support for Instructors

Lecture Resource Manual We believe that even the most experienced and dedicated teacher will find useful hints and insightful ideas in this unique guide. From a pedagogical perspective, we believe this is the real strength of our instructional support system. We encourage those interested in teaching management to examine this element of the system because we believe there is nothing available that approaches its quality and innovativeness. Over 190 sources were used to develop the material.

Instructor's Manual Far more than the traditional instructor's manual, ours is organized to follow each chapter in the text and includes chapter objectives, chapter synopsis, chapter outline with tips and ideas, answers to end-of-chapter cases, answers to discussion and review questions, 10 additional end-of-chapter questions (along with answers) per chapter, suggested transparencies, term paper topics, analyses of experiential exercises, and transparency masters. It is a complete manual in every respect.

Transparencies A complete set of high-quality, four-color transparencies has been developed specifically for our instructional support system. These transparencies are a separate element in addition to the transparency masters included in the Instructor's Manual and those included in the Lecture Resource Manual.

Test Bank This examination resource contains a wide variety of materials such as true/false, multiple-choice, short answer, and essay questions. Items are categorized by type of question.

Irwin's Computerized Testing Software This advanced-feature test generator allows you to add and edit questions; save and reload tests; create up to 99 different versions of each test; attach graphics to questions; import and export ASCII files; and select questions based on type, level of difficulty, or keyword. Irwin's computerized testing software provides password protection of saved texts and question databases and can run on a network. The versions available are 3.5" IBM and 5.25" IBM.

Support for Students

Study Guide This innovative supplement is far more than a review for students. It includes articles from *The Wall Street Journal* related to each chapter, experiential exercises, a reference guide showing how to write to key people in corporations and

other organizations, and a guide for how to do company and industry research. It is truly instructional support for students. Also included is standard fare for such supplements: chapter previews; key terms; chapter outlines; study questions, including true/false, matching, multiple-choice, short answer, and discussion questions. We have found that because of the innovative content of the guide, many instructors use it as an active part of the class rather than as something students use alone to help them prepare for examinations. In fact, many instructors have commented that it is as much a workbook or “practice set” as it is a study guide.

Allison Industries: A Management Simulation by Charles Stephen White This exciting simulation enables students to work either individually or in teams as representatives of different firms in the microcomputer industry. Working in a dynamic environment, students will get hands-on experience in the day-to-day managerial decisions that must be made to successfully run a company.

Skills for Managers in Organizations by Laird W. Mealiea This unique volume brings the dynamics of the real world into the classroom. The exercises, cases, role-plays, group discussions, and projects that are included give students an opportunity to use the tools that successful managers in the 21st century will be expected to have.

Acknowledgments

Scores of people have made important suggestions over the years that have substantially improved the book. We especially want to thank Dr. Geoffrey Gordon of Northern Illinois University for his contribution to this edition. In addition, we want to publicly thank and acknowledge the contributions of reviewers of previous editions and of the present edition. Their ideas and suggestions are reflected throughout our book, and they have contributed much to its success.

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Our thanks to Libby Rubenstein for finally becoming a full-fledged part of the Irwin development team on *Fundamentals of Management*. We hope that working with us was painless, productive, and positive.

We would like to pay a special note of appreciation to the individuals who listen, attempt to read scribbled notes, are magical wizards with word processing, and dig out facts, databases, and statistics that authors sometimes use. Jacque Francos and Ginger Roberts, the quality control gatekeepers, helped us make this edition possible.

We owe each person cited in the prefaces and the hundreds of thousands of students across the world who have used *Fundamentals of Management* a great intellectual debt because they have helped make our book fulfilling to each of us. And we believe that together we have provided you with another edition of an educationally rigorous but very readable management textbook. Thank you for selecting and using our book.

James H. Donnelly, Jr.

James L. Gibson

John M. Ivancevich

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