



**CRITICAL
INCIDENTS IN
MANAGEMENT**

DECISIONS AND POLICY ISSUES
FIFTH EDITION

JOHN M. CHAMPION
JOHN H. JAMES

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*Dedicated to our colleagues who wrote critiques
for the incidents included in this edition.*

Preface

The first edition of *Critical Incidents in Management* was published in 1964. Since that time, the value of incidents as an experiential tool in management development has become widely recognized. The related use of critiques, or commentaries, written by outstanding academicians from leading universities throughout the country remains a unique feature of this book. Analysis and discussion of issues raised in each incident and its accompanying critiques stimulate students in all stages of professional development. While the students' level of professional maturity and background may vary from situation to situation, the purpose of incident analysis remains the same. As we complete the materials for this fifth edition, the rationale for its development is as follows.

First, one of the most characteristic tasks of any manager is decision making and the consideration that must be given to policy implications associated with those decisions. The typical manager is often confronted with decisions for which there are no precedents, no policies, no formulas, no procedural manuals, no established principles, and few, if any, factual premises. These decisions call for a knowledge of managerial principles as well as a philosophy of thought, a personal system of values, a professional code of ethics, and a view of what constitutes business morality. Thus, in a method of instruction which incorporates this book, students of the management process are encouraged to develop their own perspective, frame of reference, or method of thinking necessary to cope effectively with the value premises needed in making managerial decisions, formulating policies, and implementing those policies. In effect, each reader is motivated to formulate a personal "philosophy" of management.

Second, experience indicates that greater student interest in assigned reading materials and increased classroom participation can be achieved when theoretical concepts are related to practical situations that are likely to confront a manager in day-to-day operations. Therefore, in this book, a series of managerial incidents that are behavioral or human resource oriented is presented, each involving some management principle, issue, or practice. For most of the incidents, there are two critiques written by

university professors of management or related disciplines. Their critiques address the incident's basic issues and usually express some position regarding decisions made, decisions to be made, relevance of operational or functional level policies, and problems associated with policy implementation. In most instances, the critiques present differing views and opinions. Conflicting expressions were not discouraged because they encourage students to develop their own philosophies of management and to exercise their own judgment in an environment of uncertainty, and they lead students to form a decision making, policy formulating, and policy implementation position. Comprehensive reading lists are included for incidents that are accompanied by critiques. Supplementary assignments in books and professional journals can be drawn from these lists. Students will be intrigued by both the issues covered in the incidents and by the views expressed in the critiques, and they will find the materials necessary to justify their positions to be stimulating reading.

In this fifth edition, as with preceding editions, suggestions from university instructors and industrial trainers who had experience with the fourth edition were incorporated. A revised introduction acquaints readers with the rationale basic to the book's usage, with the skills and values to be accrued from its contents, and with suggested ways to use the book. All of the incidents were revised, with some incidents deleted and others added. Those familiar with the fourth edition should be alerted to the fact that some of the incidents retained in the fifth edition have new titles. This incorporates the suggestion that titles be changed to reflect issues raised in the incidents: A Power Cage Protest to Assembly Line Protest, Absentee Office Force to Resistance to Change, Chiefland Memorial Hospital to Dual Lines of Authority, Decision by the Group to Quality Circle Consequence, Decision for the Board to Questionable Purchasing Practices, Determined Lifeguards to Perceived Pay Inequity, Fired for Moonlighting to Moonlighting Policy, Fiery Provocation to Equal Employment Reaction, Joe Lamb to Policy under Pressure, Litson Company to Employee Raiding, Locks versus Lives to Contradictory Staff Advice, Motown Slowdown to Production Slowdown, No Comment to Public versus Private Interests, Riverside Academy to Conflict of Interest, Subversive Employee to Security Clearance Denial, Unexpected Relief to Unexpected Reassignment, and Wireweave, Inc. to Workforce Reduction Policy.

The total number of incidents remains essentially the same and is drawn from a variety of organizational settings including business, government, health care, and education. Thirty-nine of the 51 incidents are accompanied by a total of 78 critiques. All of the critiques were returned to their writers for possible revision, some critiques were deleted, and new critiques have been added. The incidents and critiques introduce readers to a variety of current issues ranging from employee resistance to sexual harassment. Suggested reading lists have been completely revised and updated and include

only the latest editions of books and most recent articles in professional journals. Finally, 12 incidents have been included without analytical critiques and reading lists to give the reader incidents unstructured by the formal analysis of other persons. Eight of those 12 were subjected to revision and carried over from the fourth edition. Again, some of the titles were changed in order to more nearly reflect the major issue raised in the incident. Frank Jones: Supervisor was changed to Failure to Delegate, Linear Electronics to Supervisor Training Program, No-Win Situation to Policy Implementation Problems, and Suggestion System Problems to Suggestion System Policies. Four new incidents are included in the 12 found in this section of the book.

Critical Incidents in Management: Decisions and Policy Issues can be used as a basic text with assigned readings from the reading lists or as a supplement to some standard textbook. It can easily be adapted for use in any course concerned with management development, but is particularly useful in such courses as Principles of Management, Strategy and Policy, Personnel Administration, Organizational Behavior, and Industrial Psychology. It may be especially relevant in instances where no cases or incidents are included in the textbook being used, where the instructor is not happy with the cases in the adopted textbook, where it is desirable to emphasize the behavioral problems a typical manager can expect, where policy formulation and implementation are emphasized in human resource management, or where the instructor desires to utilize the pedagogical power of analytical critiques of the incidents prepared by outstanding professionals in the field. Additionally, businesses conducting management training programs have found an application for this book. Whether the student is a business trainee or in college, the study of incidents provides experience in diagnosing managerial situations, making decisions, formulating policies, and implementing strategies.

The presentation of these concepts leaves us indebted to many people. In particular, we are grateful to those who so enthusiastically responded when asked to write and revise critiques for the incidents. The incidents are based on situations we have encountered in our consulting activities or on situations related by managers who have participated in various management development programs that we have either conducted or attended. Names have been changed to avoid the possibility of association with actual persons or organizations. The critiques were contributed by 78 distinguished university professors from many of the leading universities and colleges throughout the United States. Most are professors of management, and most are instructing courses in such diverse disciplines as management, business policy, organizational behavior, economics, health care administration, psychology, sociology, labor relations, strategic management, industrial engineering, and business ethics. Some hold administrative positions in their respective universities, and a few are retired from their previous academic

positions but remain active as consultants. All have written and published widely, and most have consulting and management experience. Without their depth of insight, the basic philosophy in this book's approach to education for the management process could not have been achieved. Biographical information for each contributor appears in a special section at the end of this book. To them we dedicate this fifth edition.

John M. Champion
John H. James

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Introduction

Even though the first edition of *Critical Incidents in Management* was published in 1964, it remains a unique book. Therefore, a few remarks in addition to those found in the preface are in order. The basic unit in this book consists of (1) the description of a managerial incident, (2) two or more critiques or commentaries expressing the views of knowledgeable academicians regarding the decisions, actions, and issues in the incident, (3) statements indicating some observations, (4) comprehensive lists of suggested readings from leading textbooks and professional journals, and (5) thought-provoking questions for discussion.

INCIDENT ANALYSIS

Any review of basic management textbooks will probably reveal the emphasis currently placed on the manager's role as a decision maker. In their attempt to define management, many authors take the position that decision making is one of the manager's most characteristic tasks, particularly those decisions relating to actions to be taken, policies to be formulated, and strategies to be implemented. It follows that managerial development programs should provide for both the comprehension of established principles and concepts of professional management and the development among participants of the perspective, mental set, method of thinking, and skills needed to cope effectively with the value premises present in most executive decisions. For many of the decisions that a manager must make daily, there exist no precedent, no formula, no procedural manual, no ten tried and true principles. Yet a manager's ability to cope with such situations effectively may largely determine his or her status and progress in an organization.

Decisions of this type require both a knowledge of managerial principles and concepts and a philosophy of thought or a personal system of values. Attempts to instill in the student of management an appreciation for a self-developed philosophy concurrent with the comprehension of managerial principles and concepts through the traditional lecture method are not always successful.

In recent years, attempts have been made to supplement the lecture approach to management development with visual aids, role-playing exercises, case discussions, computer-scored simulated games and in-basket techniques. This book presents students with a series of managerial situations, or incidents, each involving some management principle, issue, concept, or topic. Along with most of the incidents, the student is given two or more critiques written by recognized university professors. These critiques provide scholarly views and recommended actions relative to the issues involved in the incident. For most incidents, comprehensive reading lists are provided from which reading assignments can be drawn.

Students read the incident and the accompanying critiques. Then, based on assigned supplementary readings, they are required to give their own decisions, views, and recommended courses of action regarding each incident. Students are encouraged to focus attention on good management practices, to suggest steps that can be taken to avoid similar incidents, to formulate policies as guides for future behavior, and to recommend strategies for policy implementation. Thus, an incident dealing with policy violation provides the basis and incentive for a study of basic concepts of policy formulation, written versus verbal policies, flexible versus nonflexible policies, and so on. The failure of a subordinate to assume his or her responsibilities provides an excellent beginning for a study of organizational principles and practices.

The increased acceptance and use of critical incidents in managerial instruction and development has coincided with the emergence of situational and contingency theories of management. Contingency theories explicitly recognize that organization designs, models of leadership, and other management-related concepts become appropriate or inappropriate in relation to the situation in which they are applied. Contingency approaches to management include methods for identifying, classifying, and weighting those dimensions of the situation that are significant for managerial decisions. Through exposure to incidents and critiques, students should improve their ability to analyze situations, balance conflicting requirements, identify and combine options, select from alternative courses of action, and design plans for effectively implementing desired actions. Faced with the realities of specific job situations in an incident, students recognize that any theory must be adapted to the specific needs of each situation. Thus, the incident approach brings realism to situational and contingency theories of management, provides opportunities for students to practice situational analysis,

and develops managerial skills for making decisions and taking decisive action.

Students almost unanimously acclaim the use of incidents and critiques as an instructional approach that attracts their attention, holds their interest, and stimulates reading and study. Students often say that exposure to the incidents and their accompanying critiques creates a new interest in orthodox textbook material. The incidents require decision making, and sound decision making requires basic knowledge and factual information. An instructor using this approach to management development should always require students proposing certain actions to justify their decisions. This justification provides the basis for careful preparation and stimulating classroom discussions and analyses. Students, intrigued by the incidents and critiques, enjoy reading assigned material that assists in the formulation and defense of their own views and recommendations. Students without a strong background in management are forced to read and prepare themselves extensively or else admit that they cannot justify their recommendations. This approach is a means of holding students' attention throughout the discussion of basic concepts necessary for developing a perspective that will serve them well when confronted with "real" incidents.

Student participation in the learning process can be further increased by dividing members of the class according to their views and conducting debates, by assigning readings for oral reports, and by culminating discussion of an incident in a role-playing exercise. The incidents can be used with any instruction method that emphasizes class discussion and participation, and where the objectives are the comprehension of professional management subject matter, awareness of subject matter sources (textbooks, journals, periodicals, leading authors), and skill in the art of management. Also, the incidents and critiques have been effectively used at both graduate and undergraduate levels depending on the instructor's and the students' knowledge of the subject matter. In certain instances, an incident is more usable than a case because of its brevity and more interesting because of the decision-making situation that has been established.

INCIDENTS

The incidents, based on actual situations, are short, generally three or four paragraphs, but so precisely stated that, in most instances, decisions can be made from the information given. The typical incident begins with a brief history of the situation, immediately develops a decision-making environment, and then focuses the responsibility for making a decision on the reader and a central figure in the incident. This is usually followed by the recogni-