

**THE**  
**MANAGEMENT**  
**OF**  
**ORGANIZATIONS**

**BEHAVIOR**  
**STRUCTURE**  
**BEHAVIOR**

**Barney/Griffin**



**THE**  
**MANAGEMENT**  
**OF**  
**ORGANIZATIONS**

STRATEGY  
STRUCTURE  
BEHAVIOR

J A Y B . B A R N E Y

*Texas A & M University*

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*Texas A & M University*

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*To Bill Ouchi, from whom I began to learn about  
real organizations.*

—J.B.B.

*To the memory of my grandmother, Mattie  
Robinson, who taught me to read and to write.*

—R.W.G.

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## Preface

In 1953 George Terry published a textbook entitled *Principles of Management*. He organized his book around a set of basic managerial functions. Under the further influence of Harold Koontz and Cyril O'Donnell's *Principles of Management: An Analysis of Managerial Functions* (1955) and Terry's second edition (1956), professors and researchers in the field came to settle on a pedagogical framework of four basic managerial functions that were thought to comprise the field of management—planning, organizing, directing, and controlling. Almost forty years later, virtually every major survey of management textbook is still organized according to that same basic framework. While there is little empirical research to support this perspective, many authors and instructors still find it effective.

At the same time, however, there is growing disenchantment with this viewpoint. Some instructors argue that the functional approach fails to capture the true essence of managerial work. Others point out that newer topics such as ethics, international management, and stress do not fit easily into the basic functional framework. Still others are concerned with meeting AACSB guidelines and the new imperatives for management education sparked by the Porter and McKibbin report. Perhaps most importantly, the traditional management text is not appropriate for use in the growing number of schools of business that offer combined management and organizational behavior courses.

These concerns about traditionally organized management texts prompted us to write *The Management of Organizations: Strategy, Structure, Behavior*. In particular, our goal was to approach the study of management from a more contemporary and meaningful perspective. Our work together started in 1988 when we visited London, Paris, Munich, Venice, and Geneva with our fami-

lies and thirty-three undergraduates. In the course of many late-night conversations, we came to agree that the time had come for a new textbook that would respond to the current thinking about management as well as to current trends in management curricula.

### Organization of the Book

Rather than focusing on previously defined functions of management (planning, organizing, directing, controlling), we decided to concentrate on how organizations really work. We started by carefully analyzing recent research about organizations. We also consulted extensively with colleagues about their views of how organizations are managed. We studied course outlines from dozens of colleges and universities to see how principles of management courses are taught. From these various sources of inquiry, we were able to discern a clear pattern: many people in the management field conceive of management as being comprised of three fundamental sets of issues—those related to strategy, those related to structure, and those related to behavior. These issues form the framework around which the book is organized.

In *The Management of Organizations*, the topics of strategy, structure, and behavior (covered in Parts II, III, and IV respectively) are given equal weight. This results in a book with greater emphasis on strategy, and fuller coverage of behavior, than virtually any other principles of management textbook. The content of the five parts of the text are outlined in the following paragraphs.

Part I introduces students to organizations and management. This three-chapter part first characterizes the world of organizations, then summarizes

the history and theory of organizations, and concludes by identifying important contemporary challenges faced by all organizations. Part II, consisting of six chapters, focuses on the organization's relationship with its environment by discussing the strategic management of organizations. This part first describes environments within which organizations function and then discusses how managers make decisions. Goals and planning are discussed next, followed by in-depth coverage of strategy formulation and implementation. This part concludes with a discussion of individual creativity and organizational innovation.

Part III, also six chapters long, deals more specifically with the organization itself, how it is configured and managed, and especially how it is structured and designed. We first discuss the basic concepts and issues associated with organization structure and design. We then discuss control and information systems. We also describe the management of human resources and of operations management in the last two chapters of Part IV.

In Part IV, we look inside the organization and include six chapters on a variety of issues associated with human behavior in organizational settings. Separate chapters are devoted to individual behavior, motivation, leadership, group dynamics, communication, and conflict and stress. Finally, in Part V we devote separate chapters to areas that serve to integrate strategy, structure, and behavior—ethics and social responsibility, organization change and development, and entrepreneurship and small business management.

## Features of the Book

Several carefully planned features of *The Management of Organizations* add to the text's value and to the integrity of its purpose.

- The organizational focus of the book. While we cover virtually all of the basic topics and concepts found in a traditional principles of management book, we cover them from the point of view of the organization rather than that of the individual manager.

- The integration of international management content throughout the book—in textual material, examples, boxed inserts, cases, and photos. We chose to do this rather than relegate international coverage to a single chapter.
- Up-to-date information and examples (along with historical and background information where necessary).
- Most major points are illustrated with real-world examples from today's business press in order to help students apply the knowledge they gain.

A variety of both proven and innovative features serve to make the book both informative and interesting. In Chapter 1 we present the strategy-structure-behavior framework around which the book is organized. A contemporary design also conveys in a visual sense the sophistication of the book. Each part opens with a text introduction that highlights its purpose and contents for the student.

Within each chapter there are several features that enhance its effectiveness. Each chapter begins with a set of learning objectives for students and an outline of chapter contents. An opening vignette then draws the reader into the text discussion. Throughout the text, key terms are boldfaced and major points are highlighted in margin notes. An attractive program of figures and tables, combined with striking photographs with content-driven captions, add visual appeal to the chapters.

Each chapter also has three boxed inserts. One boxed insert, The Global Challenge, highlights an international issue or example. A second boxed insert, The Entrepreneurial Challenge, focuses on start-up and entrepreneurial examples. The Environmental Challenge, the third type of boxed insert, deals with the environment of organizations, often taking an ethical or social responsibility slant.

Each chapter concludes with a learning summary that recalls the key points of the text. Other end-of-chapter learning aids include three types of questions. Review questions ask the student to recall basic points from the chapter. Analysis questions then ask the student to interpret, extend, or synthesize the material from the text. Thus, they assess higher levels of learning. Application exercises then ask the student to use the material in an experiential or applied fashion. The chapters end with two



cases. The first focuses on a domestic organization, while the second explores an international organization.

Taken together, the pedagogical framework for the text provides a superior learning package for students.

## Instructional and Educational Support Materials

*The Management of Organizations: Strategy, Structure, Behavior* is accompanied by a substantial ancillary package that facilitates the presentation and testing of the text material for the teacher, and that promotes learning for the student.

**Instructor's Resource Manual** For each chapter, the Instructor's Resource Manual provides a chapter summary; a list of learning objectives; a lecture outline; answers to review, analysis, and application questions; a case summary followed by answers to the case discussion questions; and lecture enhancement materials. Also included in the IRM are course outlines, a list of film and video resources by chapter, and approximately 120 transparency masters. The Instructor's Resource Manual is written by Mary Coulter of Southwest Missouri State University.

**Test Bank** Written by Robert Wagley of Wright State University, the Test Bank includes over 2,000 multiple-choice, true/false, and essay questions. An item information column in the Test Bank specifies details about each question—the correct answer, the relevant learning objective number, the learning level (knowledge or understanding), and the page number in the text on which the answer is found.

**Microcomputerized Test Bank** A microcomputerized version of the printed Test Bank is available on diskette for use on IBM-compatible personal computers. Instructors can generate tests using items of their choice as well as items that they compose themselves.

**Transparencies** The instructional package includes 100 color transparencies.

**Study Guide** The Study Guide, written by Robert Wagley of Wright State University, assists stu-

dents in learning, reviewing, and integrating chapter content. The Study Guide includes the learning objectives, a chapter outline, a list of key terms, and multiple-choice, true/false, and matching questions for each chapter. Also provided are answers to all of the questions in the Study Guide, annotated to explain both correct and incorrect answers.

**Microcomputerized Study Guide** A microcomputerized version of the printed Study Guide is available on diskette for use on IBM-compatible personal computers.

## Acknowledgments

Although the names Jay Barney and Ricky Griffin appear on the cover of this book, there are many other people who played important roles in its creation. First of all, we want to thank the individuals who helped us refine the strategy-structure-behavior framework for application in a survey of management text. Dozens of conversations, telephone calls, informal chats, and formal meetings with colleagues from around the country helped us direct and focus our thinking as we arrived at this approach.

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J. B. B.  
R. W. G.



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