



# MANAGING

A Contemporary Introduction

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*Fifth Edition*

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Joseph L. Massie / John Douglas

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# **MANAGING**

## **A Contemporary Introduction**

**Fifth Edition**

**Joseph L. Massie**

Alumni Professor and Professor of Business Administration  
University of Kentucky

**John Douglas**

Raymond E. Gos Professor of Business  
Miami University, Oxford, Ohio



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# Preface

Never has the field of management been so exciting and challenging. There is worldwide evidence that a nation's management talent is one of the most important factors in the growth and survival of its economy and society. There is also evidence that, as we enter the twenty-first century, the problems will be complex.

Daily events remind us that the contemporary world is complicated and changing. We face such persistent topics as: How do we improve the vitality of American industry? Can we effectively compete with Japan, Europe, and other nations? What responsibility do American corporations have in protecting the environment and providing jobs for a diverse world population? Is total quality management possible in all of our organizations? Are labor unions outdated in the American scene? Must the introduction of new technology adversely affect the quality of work life?

Our text is an introduction to the field of management. We begin with a managerial perspective of the field that includes information about the contemporary manager's world, the roots of management, the present international challenge, and why ethics and social responsibility are important. In Part Two, we explain the fundamentals of management. We address the important area of the behavioral sciences in Part Three before turning to the contemporary challenges in management information systems and operations management. Because we believe that the truth about effective managing comes from many sources, we end our book with insights and lessons learned from the experience of practicing managers and companies.

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## SPECIAL FEATURES

To effectively communicate the scope of management, we have created a number of special features, which should add to the readability of the text.

### ***Learning Objectives***

The objectives listed at the beginning of each chapter state what is to be learned and how the material is organized. At the end of a reading assignment, the student can check to see if the objectives were reached.

### ***Opening Cases***

These real situations set the stage for chapter materials and give students a reference and a starting point for what follows. If the instructor so desires, students may do library research to update these cases.

### ***Key Terms***

We haven't introduced professional and technological language to impress our readers. In fact, we have avoided unnecessary academic jargon. However, in



learning a new language, a new athletic game, or any other subject, one must understand certain words. In management there are key words that have a common meaning among managers. These words have been placed in the margin and defined.

### ***Glossary/Index***

As a means of educational reinforcement and student convenience in searching for terms, all key words are defined in the margin, at the end of each chapter, and in the glossary/index.

### ***Margin Questions***

The margin questions indicate the relevance of the adjacent text discussion. Many paragraphs contain the answers to questions that we have just asked in the margin. In some cases, however, the marginal question is meant to stimulate the students' search for answers and the answer will not be found in the text.

### ***Application and Issue Boxes***

In the first eighteen chapters, we highlight **management applications**, **global applications**, and **ethics issues** so that students may see the relevance these topics have to particular chapters. In most instances, these boxes contain examples from very recent sources to give each chapter a contemporary flavor.

### ***Select Photos***

Relevant photos are included for each opening case to add to the sense of reality. In addition, photos with related captions appear at appropriate spots throughout all chapters to add a visual example of text material.

### ***Study Assignments***

The study assignments for each chapter serve as minitests for student review of selected and important ideas from chapter materials.

### ***Cases for Discussion***

At least one and often two cases are placed at the end of each chapter to provide students the opportunity to demonstrate their ability to apply concepts and skills. These actual situations reinforce many of the ideas developed in each chapter.

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## **SUPPLEMENTARY MATERIALS**

- ***ABC News/Prentice Hall Video Library for Managing, 5th ed.*** Prentice Hall and ABC News have joined forces to create the best and most comprehensive video materials available for the management course. From ABC News' wide range of award-winning programs such as *Nightline*, *Business World*, *This Week with David Brinkley*, *World News Tonight*, *20/20* and *Prime Time Live*, we have selected one feature-length, documentary-style video per chapter to help emphasize the relation of management concepts to the world of work. Complete teaching notes are in the *Instructor's Resource Manual with Video Guide*.
- ***Management Live! The Video Book.*** This video-based experiential workbook supplement is available at a discounted price when shrinkwrapped to this text. The

companion *Video Collection* is free upon adoption of the shrinkwrapped package, **one per department**. An *Instructor's Manual to Management Live* is also available.

- **Acumen Edition.** Acumen is a professional managerial assessment and development program (for IBM PCs) used in many world-wide organizations. The *Educational Version* is available, in both 3.5" and 5.25" disks, at a discounted price when shrinkwrapped to the text.
- **Instructor's Resource Manual with Video Guide.** This manual provides annotated lecture outlines with a cross-reference to the color transparencies, answers to the text's study assignments and case questions, and a video guide for using the ABC News/Prentice Hall Video Library with the text.
- **Transparency Masters.** Full-page black and white transparency masters are available for all text figures.
- **PH Color Transparencies for Management—Series C.** Over 150 full color, full-page color transparencies from sources outside the text. Each transparency is accompanied by an interleaf with an extended explanatory caption.
- **Test Item File.** A comprehensive test bank with over 2,000 objective questions, keyed as to level of difficulty, whether factual or applied and text page reference. It is also available in computerized format (*PH DataManager*) for the IBM-PC.
- **Management and Organizational Behavior: A Contemporary View.** Prentice Hall and the New York Times brings today's business into your classroom through these specially-designed dodgers containing articles related to topics discussed in the text. This supplement is available free to students upon adoption of the text.
- **Student Guide.** Pre-tests, review questions, post-tests and application exercises to reinforce student learning.
- **Management Applications: Exercises, Cases & Readings** by John Samaras. This for-sale student supplement provides additional exercises, cases and readings to extend key concepts in *Managing*, 5th ed. A separate *Instructor's Manual* is available.
- **Readings in Management** by Philip DuBose. Background readings organized by management functions.
- **Managing an Organization: A Workbook Simulation** by Garry Oddou. A non-computerized, team-oriented simulation with *Instructor's Manual*.
- **Modern Business Decisions** by Richard Cotter and David Fritzsche. A computerized, team-oriented decision-making simulation for the IBM-PC which consists of a *Player's Manual*, *Student Decision Disk*, *Professor Program Disk* and *Instructor's Manual*.
- **Micromanaging Site License.** These Lotus-based software exercises help students better understand how microcomputers apply to the process of management.
- **Hypercard Simulation Site License.** For MacIntosh users, a simulation called "Desktop Order" shows students how such software can help managers manage their desks.

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## ACKNOWLEDGMENTS

This fifth edition represents our continued efforts to bring the many new developments in the field of management to the beginning student in a concise and readable manner. Many people have helped in these efforts; many students have used past editions and have provided useful feedback to the authors; professors throughout the country have supplied helpful suggestions. We particu-

larly want to remember faculty reviewers of previous editions who contributed lasting ideas.

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Key people at Prentice Hall deserve special mention. Executive Editor Alison Reeves was able to bring another edition to fruition, and we believe this edition is her best effort; Judy Winthrop served well in her role as Production Editor, as did Teri Stratford as researcher for the photographs, Anne Graydon as Coordinating Production Editor, and Tom Nery as designer.

To all who helped, we say thanks and realize that the best reward is knowing that students will gain from our combined efforts.

**John L. Massie**

**John Douglas**



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JANUARY 28, 1986. As families, schoolchildren, NASA staff, reporters, the nation, and the world watched, stunned, the Space Shuttle Challenger lifted off from the Kennedy Space Center and exploded.

The “first teacher in space,” Christa McAuliffe, and the astronauts—Judy Resnik, Greg Jarvis, Mike Smith, Ron McNair, Ellison S. Onizuka, Dick Scobee—were killed.

The subsequent investigation by the Rogers Commission, NASA, and others determined that the cause of the explosion and loss of the crew and spaceship was the failure of the O-rings. (The O-rings were the flexible synthetic rubber, doughnut-shaped seals that were supposed to prevent the passage of gases that occurred during ignition. Without the O-rings, the containers holding the rocket fuel could not withstand the tremendous forces involved in the ignition and liftoff. The O-rings failed, the gases leaked out, and the Shuttle exploded.)

Morton-Thiokol, the primary contractor for the Space Shuttle and the company responsible for the O-rings from start to finish, had known for over a year that there was a problem with the O-rings. Morton-Thiokol knew that such a failure would result in the loss of the crew and the Space Shuttle. They knew that it would cost \$350 million to “fix the problem.” That money was not in the budget. They also knew that for over thirteen years, they had held a monopoly on the contract from NASA and that the monopoly could be jeopardized if anyone—particularly anyone from Congress—found out about the design flaw. Their contract was up for renewal at the end of 1986. Loss of the contract

would be devastating to the corporation, its management, its employees, and the city of Wasatch, Utah. Management did not want to jeopardize this contract renewal by exposing their problems.

Still, engineers at Morton-Thiokol—Roger Boisjoly, Allan McDonald, and Arnold Thompson—tried to get NASA to postpone the launch. They were alarmed by the record cold temperature at the launch site—only 18 degrees Fahrenheit—which they felt sure would have an adverse impact on the O-rings. They strongly recommended that NASA wait until temperatures reached at least 53 degrees before launching. For the first time in the history of the Space Shuttle launches, the engineers refused to give their approval to the launch. They were, of course, overruled by Morton-Thiokol management, who gave their approval.

NASA was having its own problems. NASA had been one of the first victims of Congress’s attempts to reduce the federal deficit. Its budget cuts had eliminated staff and some safety practices and had

led to the cannibalization of the Space Shuttles. (One reason that Challenger’s launch had been delayed was to give the NASA staff time to pull used parts off the Space Shuttle Columbia, which had just completed a mission and landed in California, and put them into Challenger.) What staff remained generally worked twelve-hour days and had not taken a day off in months. Everyone was exhausted. NASA was on an ambitious schedule, and they were failing to stay on schedule. The Challenger flight was only the twelfth at a time when NASA should have been launching number 23.

The pressure to launch was strong. NASA needed to prove to Congress that it was productive, that it could carry cargo into space for business concerns





and perhaps someday be self-supporting. In the meantime, NASA needed money from Congress to survive. Any more flight delays would be worse than just embarrassing—they would prove to Congress that NASA was not worth the investment.

The potential O-ring problem was considered an “acceptable risk” and the launch was approved.<sup>1</sup> ■

The Challenger tragedy provides an opening for this first chapter on managing. All parties to that episode intended for things to go right. There is no evidence of sabotage, no evidence that people deliberately worked against the project. The NASA objectives had the support of the American people—space exploration at that point captured the imagination of most. But the disaster highlights the world that today's managers face. Good intentions, committed people, and an excited population are not sufficient ingredients for the successful completion of projects. Not all the managerial problems you will face will be life-threatening, nor will they have the same impact and consequences if failure occurs. But the managerial problems of today are truly complex and difficult, and you'll see the evidence when you read Chapters 3 (The International Challenge) and 4 (Ethics and Social Responsibility). While it is easy to assign blame and to criticize the highly publicized failures of management, it is not as easy to suggest remedies. Never before has management faced such serious challenges and dilemmas. It is crucial that the managers of the future learn as much as possible about the field of management—theory and practice—so that they can handle these challenges and dilemmas as well as possible.

This book is a contemporary introduction to the fundamentals of managing. We offer you the opportunity to learn some of the language of management—a language that will enable you to converse with practicing managers of organizations. You'll also have the opportunity to add to what you already know about managers. For example, you may know something about managers of manufacturing firms like John Deere or General Electric but not about managers of service institutions like a Children's Hospital or the University of Virginia. You may have knowledge of management in large firms—for example, General Motors—but not small firms like Becker's Neighborhood Lawn Care Service. You may be familiar with the management of profit-making organizations like Chrysler and McDonald's but not with the management of nonprofit entities like the Red Cross and the Girl Scouts. By depicting management in a very broad context, we intend the coverage to be as complete and real as possible. This first chapter describes the setting in which managers perform their activities. It provides an overview of the business environment of the 1990s, in which managers have increased in importance.

What do managers do?

## MANAGERS: A GENERAL DESCRIPTION

**Managers** The people in an organization who are primarily responsible for seeing that work gets done through the efforts of others.

**Managers** see to it that work gets done. This very simple and broad statement includes all kinds of managers—the president of a large steel corporation, a football coach, the director of a day-care center, and the administrator of an educational institution.

In most instances, the work of managers differs markedly from the work of nonmanagers. The president of a steel firm does managerial work; such a per-