

management in the world today: a book of readings

hellriegel

slocum

MANAGEMENT IN THE WORLD TODAY

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PREFACE

Managers of today's organizations are increasingly the subject of conversation, evaluation, and oftentimes harsh criticism. In part, this is probably due to the increased awareness of the pervasive impact that managerial decisions and behavior can have on our lives as employees, consumers, and citizens. This "center-of-attention" role of managers also may be influenced by the rising expectations of the population for more efficient and effective management of our scarce resources, that is, people, money, machines, and buildings. A third factor is the increasing interest and willingness of some managers to introduce new philosophies, strategies and practices of management. The introduction of such changes is inevitably accompanied by risk and uncertainty, since their effects are never truly known until after they have been implemented.

OBJECTIVES

The primary objective of this book is to introduce the reader to a wide range of current and developing managerial concepts, issues, and practices. Accordingly, *Management In the World Today* is designed to focus on the *application* of new concepts and practices, as well as current and emerging issues and problems in management.

To meet these primary objectives, we have tried to realize several subobjectives in the selection of the readings. First, we believe virtually all of the contemporary issues and problems discussed in the readings are relevant for future and present managers, regardless of

organization level, functional specialty (such as finance, marketing, personnel, or production managers), or type of industry (such as automobile, construction, food, or steel industries). Moreover, while the readings focus on profit-making organizations, many of the readings are applicable to not-for-profit organizations (such as educational institutions, hospitals, and government agencies).

A second subobjective was to select readings which illustrate the application of new and innovative managerial practices and strategies for coping with some of the issues and problems confronting managers. The new practices and strategies being described in the readings are probably *not* widely utilized in organizations; but they are felt to be representative of efforts by more progressive managements. We believe two purposes are served in highlighting these organizational practices and strategies. First, it helps to overcome the widespread sense of futility which often accompanies the encounter of new problems. This sense of futility can be represented in the often-heard expression "Why worry about it? There's nothing we can do anyway." A second purpose is to suggest practices and strategies which may be worthy of consideration for adoption in other organizations. However, we are not suggesting any simplistic prescription, that what is good for one organization is necessarily good for another.

A third subobjective was to select readings that could be comprehended with reasonable effort and would be of practical benefit for anyone aspiring to or engaged in a managerial role. Thus, this book does not assume any prior formal course work or experience in management.

USES

There are three primary markets for this book. Since each of these markets may benefit equally from the objectives outlined above, it would be incorrect to suggest a priority in its usage.

One major market for the use of this book is as a supplement to virtually any of the textbooks being utilized in the basic management course being taught in junior colleges, colleges, and universities. We have found the selections in this book of considerable value in providing practical examples of the concepts, theories, and approaches which pervade management textbooks. The applications and practices discussed in this book help demonstrate the relevance and utility of many of the more abstract textbook presentations. Also, the

slightly more conceptual readings are useful in updating and expanding upon the textbooks frequently used in the basic management course. However, even in the readings that have a conceptual orientation, there is strong emphasis on the implications and significance of the concepts for managerial practice. At the back of this book, a cross-reference matrix is presented which "keys" the readings to appropriate chapters in nineteen basic management textbooks.

A second major market is use of this book by new managers. It can provide them, in a relatively concise manner, with a sensitivity and understanding of contemporary managerial issues and problems, as well as an awareness of emergent practices and approaches.

A third major market is use of the book by the established specialized manager. This might be an individual who has considerable expertise in the technical and managerial aspects of his specialty. However, this individual has not had time to keep abreast of issues and new practices in the various domains of management.

ORGANIZATION

This book is arranged in parts and sections that reflect a number of the major areas frequently identified as components and concerns of general management. Of course, these parts and sections can be separated only in an analytical sense. In reality, there are many interrelationships and interdependencies between these parts and sections. In some instances, a reading might "fit" into a section other than the one in which we placed it. We encourage the reader to think creatively about the possible interrelationships between the various parts and sections.

APPRECIATION

Our deepest appreciation to the many publishers and authors who have granted us permission to use their articles and materials. Of course, we are ever grateful to the professional secretarial assistance provided by Sharalyn Bowersox, Nancy Hillard, Marie Straka, and Ildiko Takacs. Our thanks also go to Kirk Downey (University of Kentucky) for preparing the cross-reference matrix at the end of this book.

*State College, Pennsylvania
September 1974*

Don Hellriegel
John W. Slocum, Jr.

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PART ONE / INTRODUCTION

Part One is designed to provide the setting for the entire book. Various implications of the issues, approaches, and problems suggested in this part reoccur throughout the book.

EXTERNAL ENVIRONMENT

This section presents some of the problems, issues, and examples of the relationship between organizations and their environment. The ties between organizations and the components of their environment (such as government agencies, customers, and competitors) are becoming increasingly complicated. Moreover, these ties often can serve to increase and/or decrease the freedom available to management.

The first article, "America's Growing Antibusiness Mood," reports on the views of a sample of over 4,000 persons toward the profits, prices, and policies of the largest corporations in America. A trend toward a negative view of virtually all types of institutions is noted. The need for organizations to dispel, through their actions, the current level of distrust and the continuing pressure for a more broadly conceived sense of accountability are two of the major suggestions in this article.

One organization's strategy for analyzing the organization-environment turmoil, which is so characteristic of contemporary America, is presented in the paper "The Business-Society Relationship: Emerging Major Issues." This paper discusses General Electric's formal process for identifying and evaluating external pressures. The concerns of one of the discussants at the conference, where this paper was presented, are included.

1 / AMERICA'S GROWING ANTIBUSINESS MOOD

Business Week

Since the mid-1960s, Americans have been turning sour on America—on its dreams, its promises, its leaders. Every major poll of public opinion has shown that. Now, in increasing numbers, Americans are focusing their new, European-style cynicism on the profits, prices, and policies of the country's largest corporations and on the workings of the entire economy.

Big corporations "face the worst attitude climate in a decade," says Opinion Research Corp. of Princeton, N.J., reporting on a national sampling that measured the views of 4,059 persons, a large cross section by pollsters' standards. And implicit in this recent report by ORC Public Opinion Index, a bimonthly publication targeted at prestigious corporate subscribers—as well as in dozens of other ORC surveys over the past two years—is a blunt warning: Corporations are under severe pressure to dispel the public distrust that threatens their prosperity.

The implications of this antibusiness mood have not been lost on anti-establishment, populist candidates George S. McGovern and George C. Wallace during the long Democratic primary campaign. Both have thrived on the public's rising protest against the rich and powerful.

ORC's surveys document the suspicion that there is a major political issue in complaints against "the system"—and possibly

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against business itself. Since 1965, ORC points out, the share of the U.S. public expressing low approval for business has climbed from 47% to a clear-cut majority of 60%. Even more worrisome, perhaps, the ranks of the traditionally strong supporters of business—Republicans, professionals, managers, college graduates, the affluent, and “initiators” (thought leaders and people most active in public affairs)—have been cut in half. “The whole point of our surveys, especially the measurement of initiators’ attitudes, is to serve as an early-warning system for business,” says Thomas W. Benham, president of ORC, a McGraw-Hill subsidiary.

“Through direct action and communication,” says Kenneth Schwartz, the ORC Index’s editorial director, “corporations must overcome misconceptions about their activities while correcting abuses for which they are accountable.”

MYTHS

Misconceptions about business clearly abound. Not only does the public at large believe that the after-tax profits of corporations average 28¢ on a dollar of sales—against the actual figure of 4¢—but even company stockholders deliver a far-out overestimate of 23¢. Strangely enough, the average man considers 10¢ a fair return.

It is not at all surprising, then, that:

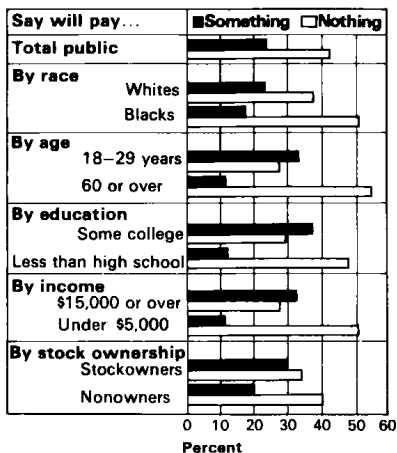
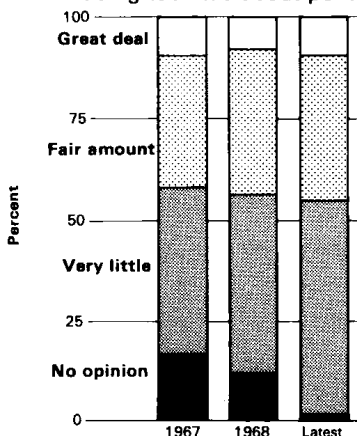
- Corporate price increases rank only second in ORC polls to the Vietnam war as the major cause of inflation.
- Even stockholders (6 out of 10) believe competition cannot be counted on to keep prices at fair levels and government controls are necessary.
- One-third of the public believes Washington should set ceilings on profits.
- Another one-third believes the most practical way for workers to improve their standard of living is for them to get more of the money companies are making rather than for the workers to increase their productivity.

The public’s chagrin at business cuts even closer on matters that corporations really can do something about, and here a dominant theme is consumerism. One ORC poll found some 21% of the public

People want industry to clean up the environment

They think companies are doing too little about pollution

The public is unwilling to pay for the cleanup

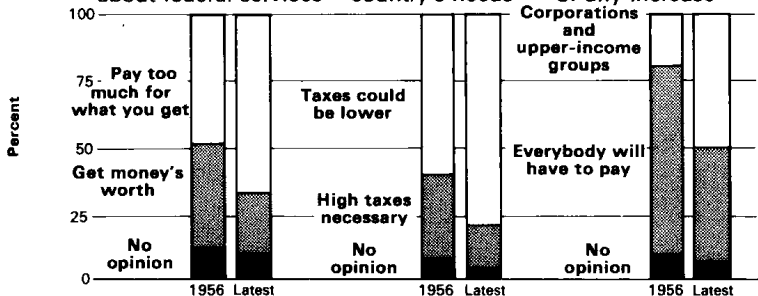


People are sore about taxes—naturally

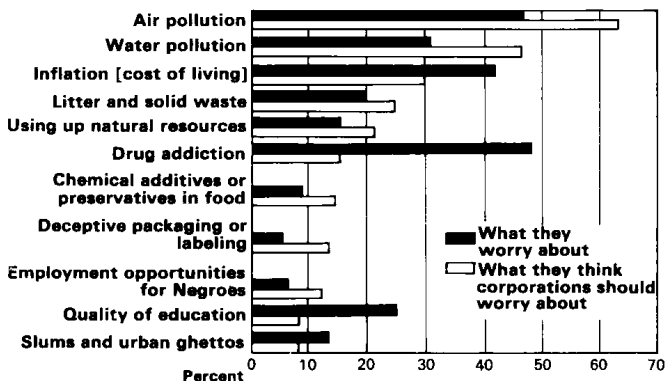
They are unhappy about federal services

Taxes could be cut and still meet country's needs

Companies and the rich should pay more of any increase

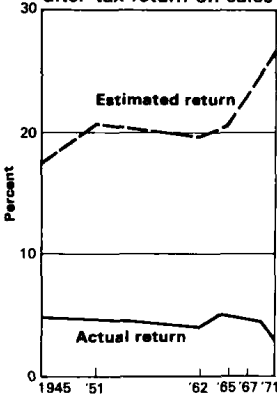


The people state their priorities

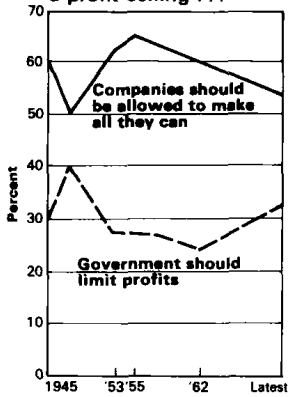


People are skeptical of corporate profits

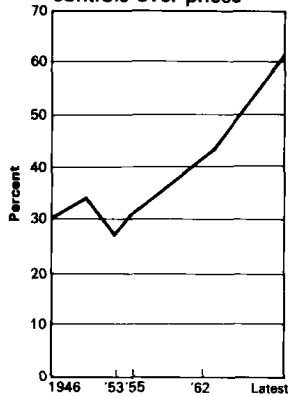
They overestimate the after-tax return on sales



A growing number favor a profit ceiling ...

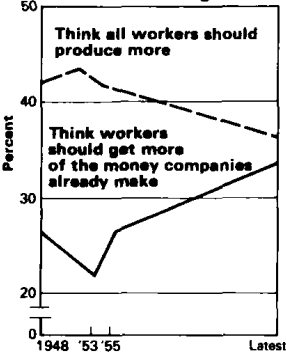


... and government controls over prices



People want more for less

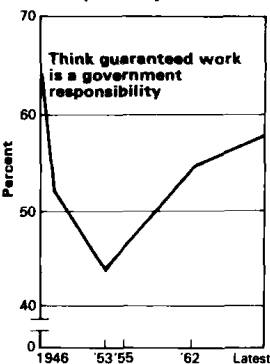
They will not work harder to increase their standard of living ...



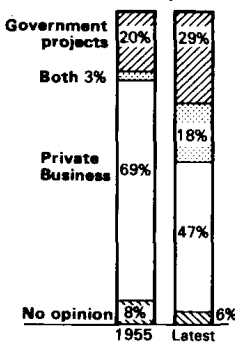
... but they say they could produce more each day if they tried

	Yes	No
Total public.....	57%	43%
Professionals & businessmen ..	70	30
White collar	70	30
Manual workers.....	54	46
Farmers.....	51	49
18-29-year-olds ..	72	28
30-49-year-olds ..	59	41
50 & over	43	57

They think government should guarantee everyone a job ...

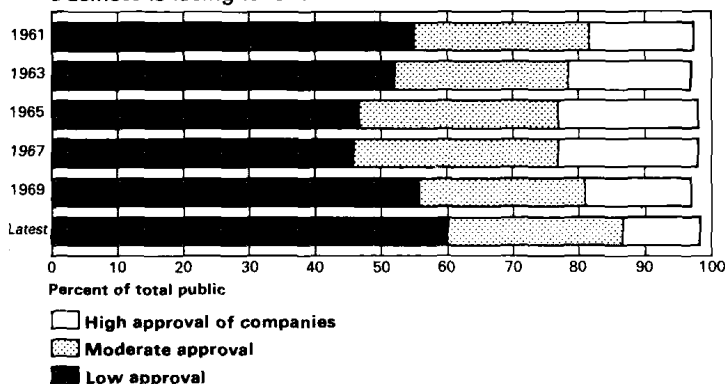


... because they are losing faith in industry's ability to do it alone
Who should create jobs

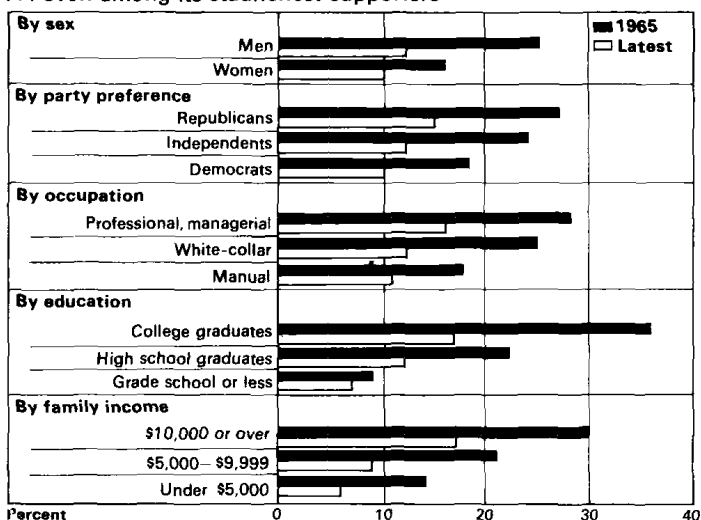


People have turned against big companies

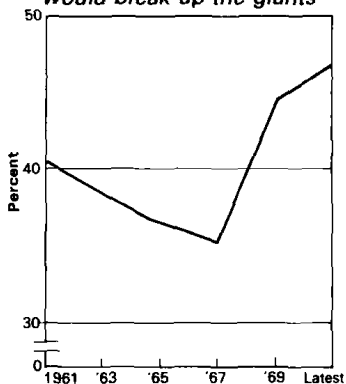
Business is losing favor . . .



. . . even among its staunchest supporters



Nearly one-half of the public would break up the giants



Their belief in the leaders of all institutions has fallen

Percent with 'a great deal' of confidence			
	1966	1971	
Banks, financial institutions	67%	36%	-31%
Big companies	55	27	-28
Local retail stores	48	24	-24
Scientific community	56	32	-24
Mental health, psychiatry	51	35	-16
Medicine	72	61	-11
Education	61	37	-24
Organized religion	41	27	-14
Organized labor	22	14	-8
The military	62	27	-35
Congress	42	19	-23
Executive Branch of Government	41	23	-18
Supreme Court	51	23	-28
The press	29	18	-11
Advertising	21	13	-8
Television	25	22	-3