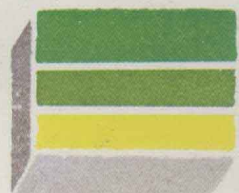
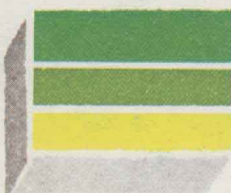
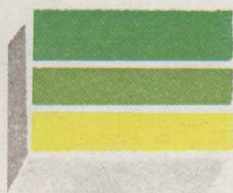
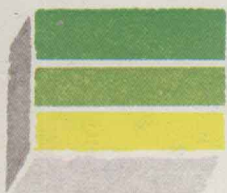
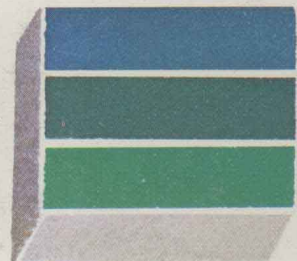
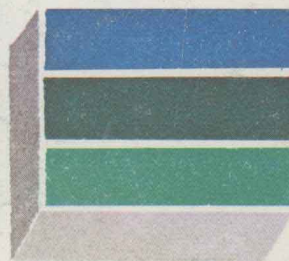
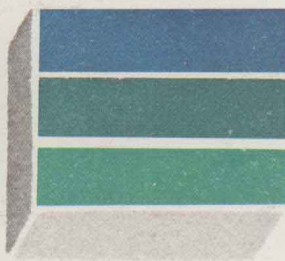
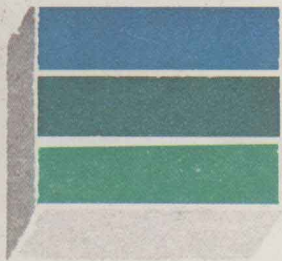
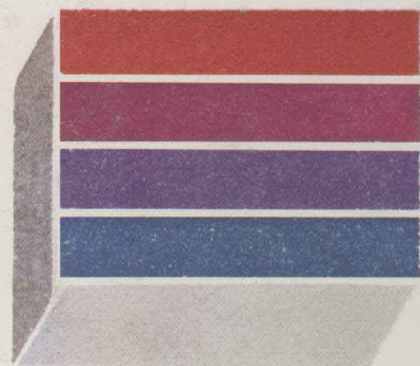
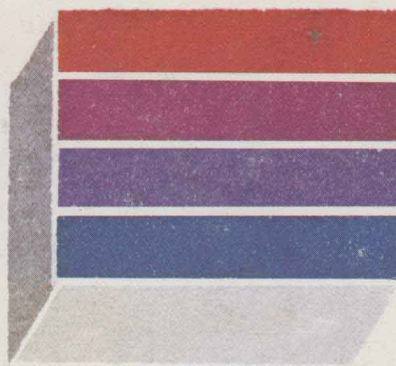
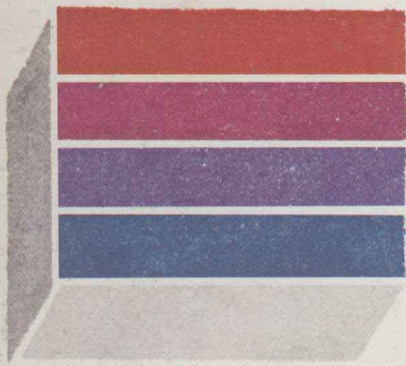


SEVENTH EDITION

# Management

KOONTZ  
O'DONNELL  
WEIHRICH



# Management

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**Seventh Edition**

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## **Management**

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# Preface

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This book presents the basics of an operational theory and science of management. While we would not pretend to put in one volume all the knowledge that might be useful to a practicing manager, we hope to present the most important portions of this knowledge in an organized and useful way. In doing so, we emphasize the essentials of management that are pertinent to the effective work of practicing managers and show how in various areas these must be looked upon as a system. We demonstrate that managing itself is a part of a larger system interacting with a manager's total environment—economic, technological, social, political, and ethical. This book also stresses that what managers do in practice must both reflect and be modified by the actual situations in which they operate and the realities they face.

While long emphasizing concepts, theory, principles, and techniques of management, beginning with the first edition in 1955, we have taken the position that managing is an art. This means that to achieve the best kind of practice, managers must apply science—the underlying organized knowledge of management—to the realities of any situation. As every practicing manager knows, there is no universal “one best way” of doing

things in all instances, and the practical application of management theory and science has always recognized the importance of the realities or contingencies in a given situation. This is normal for all arts. Practicing engineers, for example, may use generally known and accepted knowledge of physics, electronics, hydraulics, or other sciences in their design of an instrument, a piece of machinery, or a building. But the actual products of their design will differ in appearance and content depending on the situations they are intended to serve.

In developing a framework in which management knowledge can be organized in a useful and practical way, we have chosen, as a primary classification, to use the functions of managers—planning, organizing, staffing, leading, and controlling. Each function, in turn, is dealt with by further breakdowns of knowledge pertaining to it. Experience has proved that any new knowledge, whether from the behavioral or quantitative sciences or from the innovations of practice, can be placed within this framework. It is hoped in this way to make a start toward developing a true management science—organized knowledge—that puts new developments into a proper perspective and makes this science useful to those who must apply it, as practitioners, to reality.

In our attempt to develop classifications of knowledge, we recognize these classifications as being nonexclusive and as requiring a systems approach. The functions of managers represent an interlocking, interacting system. Each functional area has within it a number of systems and subsystems. With eclectic inclusion of pertinent knowledge and techniques from other areas of scientific inquiry, we likewise recognize the need for interconnecting elements between these and the task of the manager. Moreover, it should be strongly emphasized that this book does not look at any enterprise and the manager's role within it as a closed social system. Even though the primary stress of the text is on the role of managers in creating and maintaining an internal environment for performance, it would be foolish indeed for managers (or the authors) not to consider their need to interact with the entire external environment in which every manager operates.

As we did in previous editions, we would like again to make certain aspects of our position clear at the outset. While we recognize that managers seldom, if ever, spend all their time and talents in managing, it is our conviction that the functions of a manager, as manager, are essentially the same whether the person is a first-level supervisor or the top executive of an enterprise. The reader will therefore find no basic distinction made among managers, executives, administrators, or supervisors. To be sure, the environment of each may differ, the scope of authority held may vary, and the types of problems dealt with may be considerably different; a person in a managerial role may also act as a salesperson, an engineer, or a financier. But the fact remains that, as managers, all who obtain results by establishing an environment for

effective and efficient performance of individuals operating in groups undertake the same basic functions.

Moreover, the fundamentals related to the task of managing apply to every kind of enterprise in every kind of culture. The purposes of different enterprises may vary, but all that are organized do rely on effective group operation for efficient attainment of whatever goals they may have. It is true that many of the case examples and techniques used in this book are drawn from actual business enterprises. However, we have no intention of overlooking the fact that the same fundamental truths are applicable elsewhere.

In this edition, as in the sixth edition, we have dropped the term "principles" from the title, not because we believe that principles do not exist or are not important to management, but rather because some instructors and readers have erroneously gained the impression that the book is primarily an enumeration of principles. The book has always been more, even though identification of principles has been, and still is, regarded as a means of abstracting certain truths from an immensely complicated body of knowledge. In this new edition, in order to make much clearer the treatment of a broad science and practice of management, attempts are made throughout to identify systems elements in the field and to relate the many techniques and elements of theory to a contingency, or situational, approach.

However, we would not wish the reader to lose sight of the importance of theory and principles. Principles are used here in the sense of fundamental truths applicable to a given set of circumstances that have value in predicting results. They are thus descriptive and predictive and not prescriptive as so many have erroneously believed. An attempt has been made to cast most of these fundamental truths in the form of propositions with independent and dependent variables. In a few cases, principles are very little more than concepts. In other instances, concepts and basic truths are introduced without being elevated to the status of major principles. In any event, however, an attempt has been made to recognize the indisputable fact that clear concepts are the initial requirement of science and understanding. The structure of major principles emphasized, to the extent that they reflect fundamentals in a given area, may be referred to as "theory"—a body of related principles dealing systematically with a subject. Even though principles and theory are referred to throughout the book, the reader must not gain the impression that they are impractical. If accurately formulated and properly used, principles and theory should be eminently practical. The real test of their validity is in the crucible of practice.

There are those who object to using the term "principles" for fundamental truths not supported by elaborate and complete verification of their validity. Such persons would prefer to see these principles characterized as hypotheses. Perhaps, strictly speaking, many are. How-

ever, even far more statistically verified principles in the so-called exact sciences are virtually always regarded as subjects for further verification. Moreover, we are completely aware that the formulation of many principles made here represents essentially a preliminary attempt to codify a number of basic truths and, by their being placed in a framework believed to be logical, an attempt to move toward a theory of management. Being preliminary, these summaries are not intended as a final scheme of a theory of management. But they are believed to be a convenient and useful way of packaging some of the major truths that experience and research have found to have a high degree of credibility and predictability.

In this seventh edition, as in those preceding it, attempts have been made to respond to several major influences. One is the continuing help from comprehensive surveys of teachers and scholars who have used past editions of this book at various levels of academic and practical management education in a wide variety of universities and operating enterprises. The input of those using the English version of the book has been supplemented by that of the many others who use its fifteen foreign-language editions. Another major influence to which we have attempted to respond is the burgeoning volume of research, new ideas, and advanced techniques, especially those being applied to management from the behavioral, social, and physical sciences.

In this revision, considerable new material has been added. Many chapters have been largely or completely rewritten. In order to introduce new findings from recent research and experience, certain older material has been deleted or compressed so as to limit the length of the book. New material has been included on managing by objectives, organization development, managing the human factor, control techniques, and other topics. In the realm of theory, we discuss positive tendencies indicating possible future coalescence of the varied approaches to management.

Largely new chapters have been written on comparative and international management, strategies and policies, the nature and purpose of staffing, the selection of managers, manager and organization development, managing and the human factor, and communication. All these chapters reflect the latest findings, techniques, and thinking in their subject areas.

We have also made a number of changes to better reflect modern thinking and teaching. Part 5 is now called "Leading" instead of "Directing and Leading." We now include chapter objectives at the beginning of each chapter. Also, the cases have been placed at the end of the part to which their subject matter refers, and leading questions are placed at the end of each case. The glossary of management terms and concepts has been expanded to include many more terms of interest to students and practitioners of management.

As might be expected with a text of this kind, we are indebted to so many persons who have helped us over the quarter-century of the book's

existence that a complete acknowledgment would be encyclopedic. Some scholars and managers are acknowledged in footnotes and other references to their contributions. Many managers with whom we have served in business, government, education, and other enterprises have contributed by word and deed. Thousands of managers at all levels in all kinds of enterprises in the United States and many countries throughout the world have allowed us to test ideas in executive training seminars and lectures. To the executives of various companies and other organizations with which we have been privileged to work as directors or consultants, we are grateful for the opportunities to continue the clinical practice of management. Nor should we forget the searching questions and criticisms of many of our academic colleagues throughout the world who have helped us sharpen our thinking.

In previous editions, special appreciation was expressed to a number of individuals who contributed in many important ways to the content of the book. While they are not again named here, their contributions, by shaping many parts of earlier editions, have also been important to this edition. For this edition, in particular, we would like to express our great appreciation to certain individuals who went through the sixth edition in detail and made a number of very helpful suggestions. These are Professor Keith Davis of Arizona State University, Professor Fred Luthans of the University of Nebraska, Professor Arthur G. Bedeian of Auburn University, and the late Professor Barry Richman of the University of California, Los Angeles. We wish also to acknowledge the very great assistance given us by Professor Leon C. Megginson of the University of Southern Alabama.

We wish also to thank Ms. Carol Pincus and Ms. Betty Preddy for their conscientious and intelligent work in preparing the manuscript of this edition for publication.

It is with deep regret that the senior author notes the lamented death of his respected colleague and coauthor for more than two decades, Dr. Cyril O'Donnell, who passed away in February of 1976.

Harold Koontz  
Heinz Weihrich



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# 1

# The Basis of Management Theory and Science

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Presentation of basic management theory, science, and techniques is the purpose and focus of this book. This presentation is based on the concept that the task of all managers is to design and maintain an environment conducive to the performance of individuals who are working together in groups toward the accomplishment of some preselected objective. This book attempts to organize and present in a practical way the fundamental knowledge underlying managing. What is said in this book is intended to apply to managers at every level in every kind of enterprise in any kind of society. Although it is recognized that the environment of managing may differ between large and small businesses, between businesses and other kinds of organized enterprises, and between differing cultures or areas of economic and social development, and therefore that many problems may vary, it is the authors' conviction that the essentials of managing are the same.

As many scholars and managers have found, the analysis of management knowledge is facilitated by a useful and clear organization of that knowledge. In this book, as a first order of classification, management knowledge is organized around the basic functions of managers—



planning, organizing, staffing, leading, and controlling. Thus, the concepts, principles, theory, and techniques are organized, as a first order, around these functions. While others might prefer a slightly different major classification, the one used here has the advantage of being comprehensive, of being divisible into enough parts to permit logical analysis, and of being practical in the sense that it portrays functions as most perceptive managers see them. Moreover, in this book this classification sharply distinguishes managerial tasks from nonmanagerial ones, such as finance, production, and marketing, and permits concentration on the basics of the job of managers, as managers.

Part 1, then, is an introduction to the science and practice of management. Chapter 1 is intended to lay the groundwork for an understanding of the nature and importance of managing as an art and of management as a developing and important science. This chapter emphasizes the difference between art and science and takes the position that managing itself is an art, but that like other practices it is an art whose practitioner will do best if he or she has an understanding of the science—organized knowledge—underlying this art. Another key point emphasized in this chapter is that all managers in all kinds of enterprises must be guided by a “surplus” goal. In other words, whatever a manager’s particular objectives or mission may be, that manager has another logical and socially desirable goal—to manage so as to accomplish an objective or mission with the least inputs of material and human resources, including in the latter human dissatisfaction, or to accomplish as much of an objective or mission as possible with the resources available.

Chapter 2 is devoted to a summary of the emergence of management thought. While only a limited view of the history of management thought can be presented in a single chapter, it is hoped that the chapter will give the reader an appreciation of what earlier thinkers and researchers in the area of management said, thought, and did. Although the importance of management was recognized from earliest times as group effort became important, the major contributions to management have occurred only in the twentieth century and even more particularly in the past three decades. Even though there were many precursors to Frederick Taylor, who is credited with being the father of scientific management, he and his followers, thinking and writing early in the twentieth century, did whet the appetites of many business and government managers for more efficient operations through attempts to replace “rules of thumb” with scientific analyses and methods.

A contemporary of Taylor, the French industrialist Henri Fayol, took a different tack in his analysis of management. Fayol was the first to look on management as a total and universal activity separate from the nonmanagerial activities of a business or government agency. Because he attempted to distill basic knowledge of management, largely from his own experience, and classified that knowledge according to the functions of