

N I N T H   E D I T I O N

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**MANAGEMENT**

**Harold Koontz**  
(Deceased)

University of California, Los Angeles

**Heinz Weihrich**  
University of San Francisco

**McGraw-Hill Book Company**

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## MANAGEMENT

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# About the Authors

HEINZ WEIHRICH is Professor of Management at the University of San Francisco. He received his doctorate degree from the University of California, Los Angeles (UCLA), where he conducted the first research study on management by objectives as a comprehensive, integrated management system. Weihrich taught at Arizona State University, the University of California at Los Angeles, and in Europe, and was a visiting scholar at the University of California at Berkeley. He has published several books, including *Management Excellence: Productivity through MBO*; *Essentials of Management*, fourth edition, with Professors Harold Koontz and Cyril O'Donnell; and *Executives Skills: A Management by Objectives Approach*, with Professors George S. Odiorne and Jack Mendleson. Three of his books have been translated into several other languages. Over eighty of his articles have been published in the United States and abroad. Weihrich is a member of the core faculty at Eastman Kodak Company, and his business and consulting experience in the United States and abroad includes work with firms such as Volkswagen and Hughes Aircraft Company. He is listed in *International Businessmen's Who's Who*, *Men of Achievement*, and *Who's Who in the West*.

The late HAROLD KOONTZ was active as a business and government executive, university professor, company board chairman and director, management consultant, worldwide lecturer to top management groups, and author of many books and articles. From 1950 he was Professor of Management and from 1962 Mead Johnson Professor of Management at the University of California, Los Angeles; from 1978 to 1982 he was World Chancellor at The International Academy of Management. He was author or coauthor of nineteen books and ninety journal articles, and his *Principles of Management* (now in its ninth edition as *Management*) has been translated into sixteen languages. His *Board of Directors and Effective Management* was given the Academy of Management Book Award in 1968. After taking his doctorate at Yale, Professor Koontz served as Assistant to the Trustees of the New Haven Railroad, Chief of the Traffic Branch of the War Production Board, Assistant to the Vice President of the Association of American Railroads, Assistant to the President of Trans World Airlines, and Director of Sales for Convair. He acted as management consultant for, among others, Hughes Tool Company, Hughes Aircraft Company, Purex Corporation, KLM Royal Dutch Airlines, Metropolitan Life Insurance Company, Occidental Petroleum Corporation, and General Telephone Company. Professor Koontz's honors included election as a Fellow of the American and the International Academies of Management, and a term of service as President of the American Academy of Management. He received the Mead Johnson Award in 1962 and the Society for Advancement of Management Taylor Key Award in 1974 and is listed in *Who's Who in America*, *Who's Who in Finance and Industry*, and *Who's Who in the World*. Harold Koontz passed away in 1984.

# PREFACE

This is an invitation to the reader of this book to become more effective as a person and as a managerial leader by applying the principles, concepts, and theories discussed in these pages. The book prepares men and women for an exciting, challenging, and rewarding career in managing.

The ninth edition of *Management*, whose prior editions and translations into sixteen languages have been well received by readers and educators around the world, is an up-to-date and comprehensive introduction to managing.

## Who Will Benefit from This Book?

All persons who work in enterprises will benefit from learning about managing. They include, for example, aspiring managers, those who already possess managerial skills and who want to become more effective, and other professionals who want to understand the organization in which they work. This book is relevant not just to business firms but to nonbusiness organizations as well: government, health care, and educational institutions, and other not-for-profit enterprises.

The functions of managers, as managers, are essentially the same whether they are first-line supervisors, middle managers, or top executives. To be sure, there may be considerable variation in environment, scope of authority, and types of problems dealt with. But all managers undertake the same basic functions to obtain results by establishing an environment for effective and efficient performance of individuals operating in groups.

## Organization of the Book

Managerial knowledge is classified according to the functions of planning, organizing, staffing, leading, and controlling. A systems model, shown on the inside cover, integrates these functions into a system and links the enterprise with its environment.

Part 1 covers the basis of management theory and practice, main contributions to management thought, and the patterns of management analysis. Parts 2 through 6 focus on the managerial functions of planning, organizing, staffing, leading, and controlling. Part 7 discusses challenges in the domestic and international environment, including social responsibility and ethics, as well as comparative and international management. These topics are placed in the last part because they are the basis of the courses on business and society, as well as international business management, that are taught at many colleges and universities after students have learned about the principles of management.

### Revision Work in This Edition

This is one of the most comprehensive revisions since the book was first published in 1955. We have retained material that was well received over the years and have added much new information. For example, we have built on the strong characteristics of the eighth edition—its breadth and depth, its use of examples and cases—identified in the textbook survey published in the *Academy of Management Review* (July 1986), while at the same time adding modern features, ideas, and techniques. Some structural changes have also been made.

In this and earlier editions, we have responded to two major influences. One is the valuable feedback from teachers, scholars, and students who have used past editions at various levels of academic and practical management education in a wide variety of universities and operating enterprises. The other is the great volume of research, new ideas, and advanced techniques, especially those being applied to management from the behavioral, social, and physical sciences. The emphasis is on managerial practice based on sound theory.

Although not all changes can be mentioned here, certain revision work should be pointed out. All chapters have been updated, and their number has been reduced (from twenty-nine) to twenty-five in this edition. For example, the old chapters “The Emergence of Management Thought” and “Patterns of Management Analysis” have now been combined as Chapter 2. A great deal of material from the chapter “Premising: Essential Step in Planning” in the previous edition is now included in Chapter 5, “Strategies, Policies, and Planning Premises.” Similar changes, indicated in the titles, have been made in chapters dealing with organizing and controlling.

While some material has been condensed, other topics have been expanded. For example, a separate chapter is now devoted to the topic of management and society, discussing the external environment, social responsibility, and ethics. Similarly, a new chapter on comparative and international management covers managerial practices in both Asian and European countries.

**New topics.** These are some of the new topics in this edition:

- Identification of characteristics of excellent companies (Chapter 1)
- The importance of the role of women in managing (see, for example, Chapters 1, 12, and 25)

- McKinsey's 7-S framework, which was the conceptual framework for the book *In Search of Excellence* by Peters and Waterman (Chapter 2)
- Porter's generic competitive strategies (Chapter 5)
- Decision support systems (Chapter 6)
- Entrepreneurship and intrapreneuring (Chapter 7)
- Organization culture (Chapter 11)
- Strategic career management (Chapter 14)
- Self-motivation (Chapter 17)
- Equity theory (Chapter 17)
- Argyris's double-loop learning (Chapter 19)
- The role of microcomputers, computer networks, telecommuting, and the office of the future (see especially Chapter 21)
- Productivity of knowledge workers for gaining a competitive advantage (Chapter 22)
- Computer-aided design (CAD), computer-aided manufacturing (CAM), and manufacturing automation protocol (MAP) (Chapter 22)
- A model for ethical decision making (Chapter 24)
- A code of ethics for government service (Chapter 24)
- Managing in various countries (Chapter 25)

***New or expanded features.*** Here are some other new or expanded features:

- Many examples are given from companies such as Compaq, Eastman Kodak, General Electric, General Motors, IBM, Lufthansa, McDonald's, 3M Company (Post-It Notes), and Volkswagen.
- Two cases are presented at the end of each chapter. Almost all cases describe real situations, many of them based on our consulting experience. Sometimes company names are disguised to protect confidentiality, but other cases reveal the names of such firms as People Express, Honda, IBM, and McDonald's, as well as the University of California and the country of South Africa.
- Many real-life situations illustrate managerial concepts and theories throughout the book.
- Boxed inserts called "Perspectives" provide additional insights.
- Each chapter has two recommendations for "Exercises/Action Steps" to encourage student involvement in the subject.
- Many new figures and tables have been added. For example, Table 2-2 compares McKinsey's 7-S framework with the chapters in this book.

- There are frequent references to nonbusiness organizations.
- An organization and product index has been added to the comprehensive name and subject indexes.
- New terms have been added to the already comprehensive glossary.

### Learning Aids

Each chapter begins with learning objectives and concludes with discussion questions and the new “Exercises/Action Steps” section. Then, as mentioned above, there are two cases for each chapter, giving a total of 50 cases. “For Further Information” suggests sources for additional study and/or preparation of term papers.

Parts 2 through 6, dealing with the five managerial functions—planning, organizing, staffing, leading, and controlling—are each summarized by a list of principles, or guides.

### Instructional Aids

Because this text has been successfully used for over 30 years and has been updated with each revision, several teaching aids have been developed and tested in the classroom.

- *Study Guide* by John Halff.
- *Instructor's Resource Manual* prepared by John Halff.
- *Transparency Masters*.
- *Test Bank* by Thomas Quirk.

### Acknowledgments

It is noted with very deep regret that Dr. Harold Koontz passed away in 1984. He is sorely missed by those who knew him. At the memorial session at the Academy of Management meeting in 1984, Professor Ronald Greenwood stated that Howdy Koontz was many years ahead of his time. Indeed, his inspiration and guidance popularized the classification of management knowledge according to the managerial functions, a framework now used around the world. He will always be remembered for his contributions to management and for his many books, especially the first edition of this book, with Cyril O'Donnell, originally published as *Principles of Management* in 1955 and continuously updated ever since.

As might be expected in a book of this kind, we are indebted to so many persons that a complete acknowledgment would be encyclopedic. When appropriate, scholars, writers, and managers are acknowledged through references in the text. Managers with whom we have served in business, government, education, and other enterprises have contributed by word and precept. Thousands of managers in all kinds of enterprises in various countries have honored us over



the years by allowing us to test our ideas in executive training classes and lectures. Especially helpful were the Eastman Kodak managers around the world who generously shared their international experiences. To the executives of all these companies with whom we have been privileged to work as directors or consultants, we express special appreciation for the opportunity to gain the clinical practice of managing.

Many colleagues, scholars, managers, and students have contributed their ideas and suggestions to this book. My good friend Professor Keith Davis, at Arizona State University, was particularly helpful with his advice. One of my mentors at UCLA, Professor George S. Steiner, has done much to stimulate my interest in the area of planning. Professors Peter F. Drucker, George S. Odiorne, and Gene Seyna, to whom my book *Management Excellence: Productivity through MBO* has been dedicated, have sharpened my thinking about goal-driven management systems and managerial productivity.

We are indebted to those who reviewed this edition and offered valuable suggestions. They include Matt A. Amano, Oregon State University; Richard D. Babcock, University of San Francisco; Allen Bluedorn, University of Missouri—Columbia; James C. Carver, Iowa State University; Doug Elvers, University of North Carolina—Chapel Hill; G. B. Giglioni, Mississippi State University; Dr. Nell Hartley, Robert Morris College; Timothy Hinkin, University of Virginia—Charlottesville; Pravin C. Kamdar, Cardinal Stritch College; James C. McElroy, Iowa State University; Dr. Alfred J. Modica, Mercy College; Andrew J. Papageorge, California State College; Thomas Quirk, Principia College; Dr. Mary Thibodeaux, North Texas State University; and John Villarreal, California State University—Hayward.

We wish to thank the many people at McGraw-Hill who contributed to this edition, especially Kathleen L. Loy and Laura D. Warner. We also appreciate the conscientious and diligent work of Robin Scroggins and Elizabeth Demesa in typing the manuscript.

Finally, my wife, Ursula, has helped greatly with her patience and critique. To her and Mary Koontz this book is dedicated.

Heinz Weihrich

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