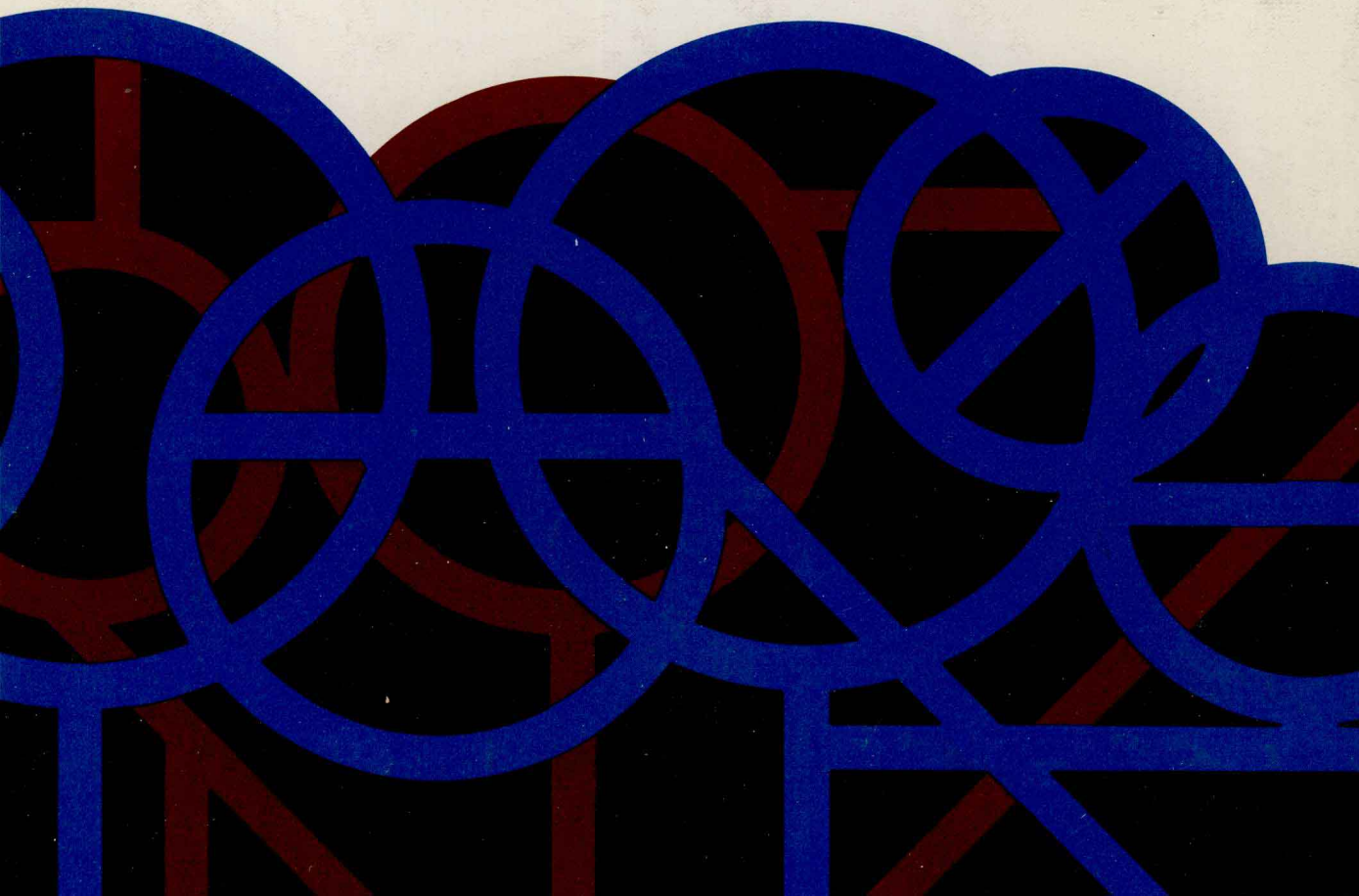


AN INTRODUCTION TO MANAGEMENT

JOSEPH A. LITTERER



An Introduction to Management

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Dr. Litterer's work has as its focus, management practices and organizations. He is the author of a number of books including, *The Analysis of Organizations*, *Organizations: Structure and Behavior*, *Organizations: Systems, Adaptation, and Growth*, and *Managing for Organizational Effectiveness*. *Analysis of Organizations* received the Organization Development Council Medal for the best book in Organizations in 1965.

Dr. Litterer has been President of the Academy of Management and Chairman of the College on Organizations of the Institute of Management Science.

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Preface

This introductory book brings a different perspective to the study of management. It looks at managers operating organizations—that is, at managers actually *managing*. It examines managers as persons, the circumstances they deal with in their jobs, and the way they go about handling the problems they face.

This perspective contrasts sharply with the view of management as an abstract process that guides and develops organizations. Books with that view often contain extensive and elegant models of how management is thought to operate. The abstractions can have great meaning for those familiar with the reality from which they are drawn. However, for those not familiar with the muscle and sweat of management, the elegant models remain just what they are—abstractions studied more or less for their own sake. This book has one fundamental bias: abstractions are meaningless unless we know first the reality from which they are abstracted.

By looking over managers' shoulders as they do their work, we cover the topics included in the typical introductory book on management, but we cover these topics from a different point of view and with a different mode of organization. In so doing we sacrifice some of the neatness of the logical ordering of topical headings, but what we gain is far more important.

First, we deal with real people coping with real problems. I believe this focus on reality makes the material far more interesting and relevant. Most books on management in recent years have stressed the system and contingency nature of management. Because these books are organized on linear, topical bases, their emphasis on these aspects of management is somewhat labored. With the approach taken in this book, however, the system and contingency nature of management becomes obvious naturally, as we look at management through the eyes of the manager.

In addition to the standard introductory management subjects, this book also covers topics rarely found: the social and economic backgrounds of managers, the pattern of their careers, their values, their health, and above all their life at work.

One difficulty in studying management lies in the definition of the word itself. It can be used in at least three different ways. It can refer to the act or practice of directing or controlling something, usually a task or an organization performing a task. Hence, a surgical operation or a business firm with good management succeeds. It can also mean the skills, techniques, and knowledge used to bring about these successful results. Thus, PERT analysis, budgetary planning, delegation techniques, and methods for establishing control, are all part of management. Lastly, it can mean the person or group of persons who do the managing.

Some books on management focus on the functions that must be performed if an enterprise is to be managed. Others focus on the rich and growing technology that composes the body of knowledge about how to carry out these functions. Many books do both, presenting an analytical framework of func-

tions together with the technologies useful in carrying them out. Relatively little attention, however, is given to the people who manage, either as individuals or as a group. We miss the drama and excitement of their lives as they face problems and opportunities, and experience frustrations and successes. If we deal only with functions and technologies, we lose sight of the fact that these represent only a partial knowledge of what management is all about, and we can easily forget, or never learn, that much of management is still art locked in inexact, undescribed, and poorly understood skills practiced by people.

This book uses all three perspectives on management. To provide integration and to help select and order the material covered, management is viewed as an important institution in today's world. The book asks and attempts to answer such questions as: "Why is management important in today's world?" "What does it do for our society?" "Who are the people who carry out management tasks?" "What do they do and why?"

In pursuing answers to these questions, we cover a wide range of material. Our intent is to give the reader an understanding of the scope of the field. The dynamic, synthesizing, contingent nature of the manager's work is continually stressed and offers an organizing focus for material presented. Frameworks that help order and place this material are also presented. In dealing with individual subjects, the guiding criterion has been to give enough material so that the reader can understand how a technique might be used, rather than how to do the work. Thus a major theme of the book is that the manager is a user of many different, complex resources that are to be integrated into a desired end result.

The book is intended for several different groups of people. Beginning students in management can examine the general field of study in the larger scheme of things and can also identify and integrate their interests in specialized areas of management, e.g. personnel, management science, etc. The book will also help students in other areas of business to understand the important business function of management and will thereby help complete their overall knowledge of business. Lastly, the book will be useful to those readers who have a general interest in today's world, and to those who particularly want to know more about how management operates and about the people who compose this powerful institution.

The topics of many chapters of this book are the subjects of whole courses or even sequences of courses. To attempt in the relatively few pages of a chapter to present any workable knowledge of these topics is obviously futile. We can, however, give some understanding of what these topics include and how they fit into the overall subject of management. For example, we will cover the general approach used in management science and examine what it can do and what it cannot do. The reader, dealing at a later time with a management science specialist, will be better prepared to draw upon this resource as an intelligent consumer of specialist knowledge. Or, perhaps on learning this much about the field the reader may be stimulated to further study in this specialized area of management.

In addition to the text, two other items have been prepared.

Management: Concepts and Controversies represents an effort on my part to

bring together some of the best professional thinking on the topics under discussion in order to explore the more controversial issues surrounding the manager's job.

Secondly, the instructor's manual has been prepared by David A. Gray, of the University of Texas at Arlington. It is the objective of this manual to provide the instructor with a rich, thoughtful bank of related teaching material so that the first course will be an even more satisfying experience for instructor and student.

Although it would have been infinitely easier to develop the manuscript in isolation, good management practice called for the involvement of others. I am particularly pleased to offer my thanks to the following management educators for their useful comments on the various drafts of the manuscript:

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Gary L. Aitchison, Iowa State University

The author admits to being fascinated by management and managers—not because of a partisan view, for or against, but because the subject is both intrinsically interesting and important. He hopes to share successfully some of this interest with the reader.

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Part One

Introduction

Chapter 1

Management as a Social Necessity

OBJECTIVES

In chapter 1 we show that management is a necessary social function. In order to understand managers we need to know something about what they manage (organizations), what knowledge and skills (technology) they use to manage them, and how they look at the world and themselves and think about problems (culture). These three components are the basic framework of this book. We also show how managerial thinking differs from that in other professions such as science, medicine, and the humanities.

THE PROBLEM WITH MANAGEMENT IS . . .

Not long ago a Boston newspaper ran an article analyzing why a new county administration building initially intended to cost 5 million dollars eventually cost 30 million and ran four years past the scheduled completion date. Readers expecting another exposé of political corruption were disappointed. The article revealed in convincing detail a long sequence of errors, oversights, duplications, and bottlenecks that led to confusion, waste, and delay. Although not claiming that corruption was nonexistent, the article emphasized that the excessive cost and long delay resulted from poor planning of the project and an almost total absence of coordination among architects, engineers, contractors, and public officials. Too often decisions had been made from a particular point of view without considering the overall building or needs of the community, and there had been no control of the decisions, commitments and activities involved. In short, the project had been badly managed, or, more accurately, there had been little, if any, real management exercised.

This sad tale brings out some important problems with the study of management. The first is that we are most likely to be aware of management when it is absent and we have had to suffer the consequences of this lack. Regrettably, even then we do not see this absence and instead we blame some tangible, physical things close by, usually some person or persons. We are not quite sure what they did wrong. We simply assume that the evil result mirrors some aspects of them, so we accuse them of being corrupt, indifferent, lazy, irresponsible, or incompetent. Needless to say, at times such accusations are true,

but often both the individuals accused and the accusers are merely ignorant of one of the most important and least understood social forces in our society.

Management is a social function that gets things done. It takes us from some condition or state of affairs we do not want to one that we do want. Management does this by facilitating goal setting and integrating human and material resources to achieve goals.

A great deal of our thinking and training focuses on the end points. Many of the social sciences, many social critics, novelists, playwrights, and artists focus on our present state and what it means for man. Philosophers, statesmen, theologians, and other writers describe and analyze where we might be, what the world should be like, how people should live, and how we should feel. We grow up exposed to and often trained in one or perhaps both of these areas of thought. It becomes easy to move from an examination of where we are to a speculation or perhaps even specification of where we should be. It becomes so easy, in fact, that we fail to notice that we are slipping by the important question of how we are to get there.

This question opens up a whole new area of thought and, most importantly, of action. Thinking in action terms is sufficiently different to be difficult for those who typically think in terms of states of events. One's mind has to function in a different way, take into account different things, and deal with accommodations, compromises, and ambiguities. Hence, it is not only easy to slip by this area but it is more comfortable to do so. Consequently, it is easy for management to become curiously invisible, even though we live in a society where its impact has been singularly profound.

HISTORICAL SHIFT FROM AUTONOMOUS TO INTERDEPENDENT LIVING

Like it or not, we live in a managed world. This is a relatively recent condition for man. A century and a half ago, most people in this country lived on farms, usually family farms. Another large portion lived in small towns and villages. People then lived on a day-to-day basis in very small groupings that were stable and not too highly differentiated. They could do many things for themselves. When they needed the help of others, those persons were usually close at hand, well known, and willing to cooperate. Hence, people could feel independent in many areas and confident that help was available when necessary.

This situation has changed drastically in less than a century. Today most of us work and live in very large collections of people. Furthermore, while we may do some things very well individually, there are a great many things we cannot do for ourselves and must depend on other people to do. Some of these other people we know, but many, perhaps most, are unknown—part of that anonymous mass of people we call *the system*, *the establishment*, or just *they*.

Most of us are specialists in an enormous web of specialties. Often this arrangement works so well that we do not stop to speculate as to who the distant, faceless others are upon whom we are depending until there is a power failure, a strike in a large industry, or some social problem like river pollution that frustratingly eludes solution. These snags and tears in our web of depen-

dency are being brought more frequently and forcefully to our attention. Many feel powerless, exposed, and helpless.

The problem is becoming more, not less, acute. Many people today cannot do their work until some preceding task performed by some one else is completed. Others find their labors undone by those who contribute later to a process or project. Some find their hard work wasted because someone started them off on a superb solution to the wrong problem.

What has happened in the last 150 years is that we have become specialized and thereby interdependent on a massive scale, and our efforts and those of others need to be coordinated and integrated. When we are not very specialized and are interdependent with a small number of people most of whom we can see, the problems of coordination and integration are relatively simple. People can usually see the problems, the individuals involved, and the means to solution. However, when the degree of specialization becomes very great, when the overall task is broken up into numerous subparts involving many individuals some of whom are widely separated, the task of bringing about integration and coordination becomes extremely difficult. It is management's role in getting things done for collections of people about which we are most concerned.

MANAGEMENT AS A RESPONSE

The view we have been presenting is that management becomes a necessary social function as interdependent people become incapable of directly regulating, integrating, and controlling their activities. The need for and the emergence of management occurred when people became interdependent and at the same time could not spontaneously provide the coordination they needed. Let us pause for a moment to examine the difference between spontaneous and explicit management.

We have all at times been part of an effort, perhaps a picnic or a team sport, when everyone seemed to know exactly what to do and worked together smoothly. People anticipated what had to be done next so effortlessly that until we made a special effort to examine what went on we did not appreciate how smoothly and unconsciously the group coordinated its efforts. This can happen when everyone is committed to what is going on, pays attention to the progress being made, can determine what is needed next, and has the capacity to do that needed thing. But when any of these conditions is missing, which can happen when small projects become large or complex, this spontaneous coordination breaks down.

Separation of Management from Other Activities

Consider several people running a store as a team of equals. There are many tasks—serving customers, noting that stock of a particular item is low and ordering more, receiving and unpacking new shipments, paying bills, placing stock on shelves—to name some of the more obvious. With a few dedicated

people, it is possible for all to do any of these tasks as the need for them arises; things operate well and everyone has a wonderful feeling of being an integral part of a good thing. But add a few more people, or let business become rushed and stockouts will be overlooked or forgotten, incoming materials will not be checked against invoices, stock will not be put on shelves. In one of a thousand ways things will become snarled and confused. At this point the spontaneous execution and coordination of work breaks down and requires explicit, conscious attention: management becomes separated from execution.

This separation can occur in several ways. One person can specialize in handling the “business end” of the operation, while the others concentrate on selling and perhaps keeping stock on the shelves. Or everyone can stop selling for a while and handle managerial matters as a group. In either event, the function of management will be separated out either by specialized assignment or time allocation, and a single source of authority will be created for providing the required coordination that cannot be provided spontaneously. This, it might be added, is true not only for business firms (Herbst), but for any type of collective effort, even hunting and building operations in primitive societies (Udy).

Management for a long time was something people discovered and developed a knowledge of as needed. Regrettably what one or a few men learned was often largely lost when they died or left. Management as a topic of formal study and training is of fairly recent origins. Historically formal knowledge of management concepts and practices appeared first in military and government organizations. Only later, with the advent of the industrial revolution when business firms began increasing in size, did a really systematic study of management begin.

For the first period following the industrial revolution, most business firms remained fairly small. A plant seldom exceeded 100 employees. The railroad, however, changed this. Railroads quickly became large organizations that employed thousands, sometimes tens of thousands of persons, usually scattered over enormous geographical areas making the need for management very great. Then, following the Civil War, manufacturing firms started to grow very large, and some soon dwarfed even the large railroads. The size of the operations has continued to increase and as activities expanded from the relatively simple operations of the railroad to the much more complex operations of the fully developed manufacturing firm, the problems needing attention also grew and changed. This made it necessary for management to expand and adapt.

Today our knowledge of how to manage is extensive, so extensive that many specialties have grown within the management field. As a result the number of people working in managerial positions has grown very large. The pattern we see here, and it is an important one, is that management arises as a response to a need in the collective affairs of people. As problems change or grow, so must management. Hence, while always developing, it is in some ways or places always behind.

The Spread of Organizations and the Growth of Management

During much of this earlier period the large organizations that developed touched only a portion of our society directly. Most people still worked and lived on farms or in small villages outside of these influences. Gradually our economy turned from being essentially agricultural to industrial, and the largest part of the work force moved into organizations where the relationships between people were governed by different social forms than had been experienced earlier.

In an even more recent change, the largest number of people are now employed in the service sector (Bell). Admittedly, many of the people in the service industries are self-employed or in very small businesses. Nonetheless, larger organizations are appearing with great rapidity in this area. Some of the organizations traditionally in the service sector of the economy have become very large indeed. Schools and universities have reached enormous sizes with campuses of 30 and 40 thousand students being not at all uncommon. Even at the grammar school level, the one-room school house is a thing of the past and most students go to complexes of several hundred and often several thousand students. The same increase in size has occurred in hospitals, nursing homes, window cleaning firms, insect eradicators, theatrical companies, libraries and so on. The trend is toward forming organizations that rapidly grow larger.

It seems accurate therefore to say that the bulk of people today work in organizations and consequently experience quite directly the effects of management. Management has had to respond not only to organizational expansion but also to new and different demands put upon it.

Growing Demands on Management.

At one time firms could be operated as profit-making instruments, permitting the owners to say, as Vanderbilt did, "the public be damned." That has changed. A host of labor laws influence how members of an organization will be handled. The public demands products more in response to its needs and tastes. The general community has come to expect the business firm, or for that matter any other organization, not to damage the community. The current issues concerning ecology are one facet of this demand. Today organizations, whether a business, a service, or a government agency, have to respond to a much broader array of issues and concerns than a generation ago, and they must do so more quickly and subtly. These demands have generated enormous internal problems, and management has had to develop still further responses.

MANAGEMENT AS A TECHNOLOGY AND AS A CULTURE

Managers faced with problems in conducting the affairs of organizations have developed a wide array of solutions that have been used repeatedly. This knowledge of how to handle a particular organizational problem constitutes a