

INTERNATIONAL EDITION

MANAGEMENT



*Leading
People
and
Organizations
in
the
21st
Century*

GARY DESSLER

MANAGEMENT

To Natalie Anderson

Preface

Bill Gates recently discovered that Microsoft's basic focus on providing operating software for small computers was becoming dangerously outmoded. Users were increasingly using the Internet for computer assistance, and investors, seeing the Internet's popularity, briefly depressed Microsoft's stock while boosting Netscape's. In response, Gates tapped the enormous intellectual capital and flexibility of his huge firm. In less than a year he reoriented his company's strategy around the Internet, reorganized around new Internet-product oriented teams, and led a corporate transformation that virtually recreated his huge company and its product line, triggering a firestorm of opposition from competitors and regulators in the process.

Microsoft's transformation is one example of the changes in managing organizations taking place today. Globalization, deregulation, and technological advances mean that today's organizations must respond quickly to change if they are to thrive in intensely competitive environments. To achieve this responsiveness and competitiveness, new management methods and philosophies have emerged, such as boundaryless organizations, team-based structures, scenario planning, transformational leadership, and commitment-building to supplement conventional control devices. Managing—leading people and organizations in 21st century businesses—will depend on maintaining open, communicative, and responsive organizations, in large part by relying on the firms' human capital. It is this point of view that provides the foundation for this book.

This book provides students with a practical and concrete explanation of the management concepts and techniques they will need to manage today's new organizations. It is intended for use in undergraduate or graduate courses in management or in courses that combine management and organizational behavior. Adopters will find that the book's outline follows the familiar "planning, organizing, leading, controlling" process format, and that its contents and continuing themes stress the leading-edge management concepts and techniques that students will need to manage today's and tomorrow's organizations.

THEMES OF THE TEXT Within the planning, organizing, leading, and controlling framework of this text, we emphasize leading-edge management concepts and techniques by focusing on six themes. These themes, which are woven into each chapter, are:

1. **OB Is Part of Managing.** Particularly with today's emphasis on being responsive, managers like Bill Gates cannot separate their behavioral responsibilities from their managerial ones. Thus planning requires setting and getting acceptance of goals, and recreating the organization and product line of a firm like Microsoft requires enormous leadership and motivational skills. Because human capital is so important to managing change today, this book contains one to two more OB (organizational behavior) chapters than competing texts, as well as two to three **Organizational**

Behavior in Action features in every chapter to show how managers use OB in practice.

2. **Managing Requires Vision and Strategy.** With employees operating more autonomously today, managers like Bill Gates know it's important to formulate a vision for their firms, one that helps keep all employees focused in the same direction. Our book uses **Strategy in Action** features within most chapters, and a **Strategy Case** at the end of every chapter to illustrate the importance of vision and strategy as a touchstone for all the decisions a manager makes.
3. **Managing Change Is Crucial.** Understanding how to manage under conditions of rapid change is crucial today. Managing change is, therefore, a central theme of our book, implemented through special chapters such as "Designing Organizations to Manage Change" (chapter 8) and through **Managing Change** features in most chapters.
4. **Entrepreneurship Is Important.** Most college graduates today will go to work for smaller firms. Managing in a small business is, thus, our book's fourth theme. Although small business examples are sprinkled throughout the text, this theme is implemented primarily with an **Entrepreneurs in Action** box in each chapter, and with an end-of-chapter **Entrepreneurial Case**. In addition, all the features related to KnitMedia (videos, video cases, "You Be the Consultant" mini-cases, and Internet exercises) provide an in-depth look at an exciting, entrepreneurial company on a continuing basis throughout this book. (See "A Note to the Student on KnitMedia" on page xxx for more information.)
5. **Managing Is Cross-Functional.** Today's team-based managers have to take a cross-functional view at work, a fact recognized by the Business Schools accrediting agency (the AACSB) in its emphasis on encouraging more cross-functional teaching of courses. Our book uses several devices including **The Business Team, Inc.**, a continuing cross-functional case, to show how production, accounting, HR, and marketing have to work together within a small consulting firm.
6. **Diversity Must Be Managed.** As the workforce becomes increasingly diverse, it is important for managers to recognize that diversity is a positive force rather than a negative one. You will, therefore, find a portion of chapter 3 devoted to this topic, as well as numerous examples and a **Diversity Case** at the end of each chapter illustrating the need for techniques of effectively managing diversity.

MANAGERS MANAGE GLOBALLY Few changes in the past ten years have had more impact on managers than globalization, and this trend will no doubt continue into the 21st century. This text covers the impact of globalization with a full chapter right up front (chapter 2), to give students an early introduction to global issues. But because today's managers need to see all aspects of business and management from a global perspective, we also weave numerous discussions and examples of globalization into every chapter. Here are just a few of the many examples of the international/globalization material throughout the text:

Chapter 1 discusses the impact on management of changing political systems around the world, including the explosive opening of new markets with hundreds of millions of potential customers.

Chapter 2 is entirely devoted to the impact on managing of globalization. It covers the reasons companies expand operations abroad and their strategies for doing so; economic, legal, political, and other factors that influence a manager's decision to expand abroad; and how doing business internationally affects the way managers plan, organize, lead and control.

Chapter 3 discusses ways that ethics codes can help enable top management to expand globally, secure in the knowledge that even in subsidiaries far removed from the firm's home base, local managers will be more likely to adhere to the company's code of ethical practices.

Chapter 4 recognizes that, to some extent, a manager's approach to making decisions is culturally based, with examples describing why terms like "devil's advocate" or "loyal opposition" have no place in a Japanese auto manufacturing facility in Michigan.

Chapter 5 profiles how Shell Oil Company, a multinational corporation, uses scenario planning to better anticipate geopolitical changes and international economic changes that might impact the plans it makes.

Chapter 6 discusses how companies, like the one that publishes *The Wall Street Journal*, achieve above-average growth rates by aggressively expanding into new geographic markets, both domestic and overseas.

Chapter 7 includes a feature on how Cirque du Soleil organizes its 1,200 employees worldwide in seventeen different countries.

Chapter 8 discusses how multinationals such as Toyota establish team-based organizational structures abroad, as at the Camry facility in Lexington, KY.

Chapter 9 offers an extensive example of how Japan's Mazda Corporation uses employee selection techniques to help establish factories that are capable of maintaining high quality and productivity under conditions of rapid change.

Chapter 10 discusses the effective leadership skills of people like former British Prime Minister Margaret Thatcher, GE's Jack Welch, and India's Mahatma Gandhi.

Chapter 11 includes examples of how to build total quality-oriented cultures like those consistent with the International Standards Organization's ISO 9000 and Japan's Deming Award.

Chapter 12 shows how multinationals like Scandinavian Air Systems and Pratt & Whitney use empowerment to motivate employees.

Chapter 13 emphasizes that cross-cultural communication is a fact of business life, and it illustrates how to communicate in a culture not your own.

Chapter 14 offers examples of how companies use transnational teams, which are work groups composed of multinational members whose activities span many countries.

Chapter 15 discusses Sony CEO Idei's most "un-Japanese" way of sweeping Sony movie studio executives out of office and installing a new team of industry veterans with a mandate to fix Sony's movie business.

Chapter 16 points out that managing a globally dispersed workforce requires a particularly effective control system, in order to avoid problems such as the misbehavior of a rogue trader in Singapore that recently ruined a British banking firm.

Chapter 17 discusses total quality management programs that are used in a similar fashion in companies around the world, from the United States to Europe to Asia, to implement continuous improvement through people and through innovative manufacturing techniques.

Chapter 18 shows how many companies today are using information technology to compete in a global marketplace, and why most firms would find it almost impossible to compete globally without such technology.

PEDAGOGICAL AIDS The pedagogical elements of this text have been carefully designed to reinforce the major themes of the text described above, and to encourage active learning for the student.

Management on the Web Each chapter opens with a featured Web site that offers opportunities to explore online for more information about the chapter's topics.

Organizational Behavior in Action Each chapter features two to three Organizational Behavior in Action sections that emphasize the importance of the "human" or behavioral aspects of managing. For example, chapter 4 includes an Organizational Behavior in Action feature on "How One Company Uses Teams to Make Better Decisions" (page 128). See page xvii for a complete list of all Organizational Behavior in Action features in this text.

Strategy in Action Most chapters include a Strategy in Action feature that illustrates the importance of vision and strategy as a framework for all decisions a manager must make. For example, chapter 3 includes a section on "The Ethical Foundations of a Company's Strategy" (page 88). See page xix for a complete list of all Strategy in Action features.

Managing Change Most companies today face the challenge of managing under conditions of rapid change. That's why we've included a section in most chapters called Managing Change, such as the one in chapter 6 on "The Virtual Corporation" (page 188). See page xix for a full list of Managing Change features.

Entrepreneurs in Action Each chapter includes at least one box on Entrepreneurs in Action to emphasize the increasing significance of smaller companies in today's business environment. Chapter 4, for example, includes a box on USWeb, a 46-employee company that offers Web design franchises. See page xx for a full list of Entrepreneurs in Action features. *Questions listed for this feature on the Dessler Web site at <www.prenhall.com/desslermgmt> permit using each Entrepreneurs feature as a case assignment.*

Cases Five different cases at the end of each chapter encourage students to apply that chapter's concepts to specific scenarios. The cases focus on the following issues:

- **Diversity Case** focuses on a different company, issue, or manager in each chapter, and emphasizes issues of diversity in today's workforce.
- **Strategy Case** profiles the strategic challenge facing a different company in each chapter, in the context of that chapter's topic.
- **Entrepreneurial Case** focuses on a different small business or entrepreneurial venture in each chapter, applying that chapter's topic to the business.
- **The Business Team, Inc.** is a continuing case that focuses on a small consulting firm started by recent college graduates. Each member of the team brings a different area of expertise, including accounting, finance, sales, pro-

duction, and human resource management to the partnership. The team confronts different challenges in each chapter.

- **You Be the Consultant** is a continuing case that focuses on KnitMedia, a music and entertainment company (see “A Note to the Student on KnitMedia” on page xxx for more information on this company). Students are asked to put themselves in the place of KnitMedia managers, and make decisions regarding the future direction of the company.
- **Entrepreneurs in Action** Questions listed for each Entrepreneurs in Action feature on the Dessler Web site at <www.prenhall.com/desslermgmt> permit use of each feature as a case assignment.

Self Test Ten true/false and ten multiple-choice questions at the end of each chapter allow students to test their comprehension of each chapter’s concepts.

Critical Thinking Exercises Two scenario-based questions per chapter encourage students to think more deeply about each chapter’s concepts.

Experiential Exercises Two end-of-chapter exercises promote active learning on either an individual or a team basis.

Chapter Summary A concise summary reviews each chapter’s major concepts.

Key Terms Key terms appear in bold within the text and are defined when used. The terms are also listed at the end of each chapter, and are defined again in the glossary at the end of the text.

Video Cases “On Location at KnitMedia” is a six-part, integrative video case that focuses on KnitMedia, a music and entertainment company. The cases correspond to video clips that were custom-filmed at KnitMedia’s offices and edited specifically for use with this text. The video cases appear at the end of each major part of the text. The KnitMedia video clips are also available on the CD-ROM that accompanies this book.

SUPPORT MATERIALS

Instructor’s Manual The *Instructor’s Manual* has been designed to be an indispensable teaching tool. For every chapter it includes a topic introduction, learning objectives, an annotated outline that includes space for instructors’ own notes, answers and suggestions for all in-chapter elements, and answers to all end-of-chapter materials. It also contains a video guide section that summarizes the accompanying ABC News video clips and the custom KnitMedia videos; and it provides suggestions for tying videos to the chapter content.

Instructor’s Manual on Disk The *Instructor’s Manual* is also available on disk in ASCII files for instructors who would like to tailor the material to their own teaching needs.

Test Item File The *Test Item File* contains over 100 questions per chapter, including multiple-choice, scenario-based, true/false, and discussion questions. Every question is page referenced to the text and is labeled easy, moderate, or challenging to satisfy all classroom needs.

Computerized Testing The *Test Item File* is designed for use with *PH Custom Test*, a computerized package that allows users to custom design, save, and generate tests. Instructors can add and delete questions. The *PH Custom Test* is available in either Windows or Macintosh format.

Video Cases: On Location at KnitMedia This customized video, shot and edited specifically for this text, focuses on a music and entertainment company

called KnitMedia. The five video segments correspond to five integrative end-of-part video cases in the text, with an additional video segment that introduces students to KnitMedia. For more information on KnitMedia, see the section on page xxx on “A Note to the Student on KnitMedia.”

ABC News/Prentice Hall Video Library Seventeen video clips from various ABC News programs like *World News Tonight, 20/20, Prime Time Live* and *Nightline* complement the topics of the text. Video notes that tie the clips to the text are found in the *Instructor's Manual*.

Color Transparencies Full-color acetates (100) based on key exhibits and concepts from the text add a visual element to your lectures. Teaching notes accompany all acetates to further enhance their ease of use.

Electronic Transparencies PowerPoint disks allow access to over 200 figures, exhibits, and text materials.

Study Guide Available for sale to students, this manual has been designed to reinforce key concepts of the text as well as to enhance understanding and application of the concepts. The *Study Guide* is also accessible online at the Dessler Web site at no charge to users.

Web Site The Dessler Web site is found at <www.prenhall.com/desslermgmt>. It offers information about the author, Internet exercises, an online *Study Guide*, and a link to PHLIP (Prentice Hall's Learning on the Internet Partnership). PHLIP provides links to additional management Web sites, up-to-date news articles that are page referenced to the text, and faculty support materials like PowerPoint slides and *Instructor's Manual* chapters (the faculty materials are password protected).

CD-ROM To encourage students' use of technology and the Internet to enhance their classroom experience, each copy of this text includes a free CD-ROM. The CD-ROM contains the full text of the book in Adobe Acrobat files; custom video clips from KnitMedia; and an Internet connection to the Dessler Web site, where students will find an interactive study guide, links to additional management Web sites, and up-to-date news articles that are page referenced to the text.

ACKNOWLEDGMENTS Creating this book required an exceptionally intensive effort from an extraordinarily dedicated team of Prentice Hall professionals, and I would be remiss if I did not acknowledge their extraordinary contributions. Natalie E. Anderson was, as usual, a gem, and as Management Editor had the vision and confidence to commit to the project, the intelligence and market knowledge to help set the direction of the book, and the energy and eye for detail when a partner was needed in the final stages of manuscript production, although by that time she was also adjusting to her new title as Editor-in-Chief. Along with Natalie, I benefited enormously at the early stages of this project from recommendations of a group at Prentice Hall comprised of Stephanie Johnson, then Marketing Manager and now Management Editor, who has continued to do an exceptional job of keeping this project on track; Sandy Steiner, President of the Business Publishing Division; Steve Rigolosi, Managing Editor for Development; Jim Boyd, Editorial Director; and Bill Oldsey, then President of the Business Publishing Division and now President of Silver Burdett Ginn. I would like to thank Brian Kibby, the Director of Marketing, Tamara Wederbrand, the Marketing Manager, Eve Adams, the Advertising Art Director, and Janet Ferruggia, the Marketing Communications Director, for their creativity and energy in promoting this book. I am also indebted to Elisa Adams, Development Editor, for the good humor, intelligence, and creativity with which she worked with me to make this a much better book than it might have been; Pat

Smythe, the Design Manager, Ann France, the Senior Designer, and Lorraine Castellano, the Designer, for their extraordinary work on the interior and cover design for this book; and Dee Josephson, Managing Editor, and Margaret Pinette at GTS Graphics, for an exceptional job of creating the final product and keeping it on schedule. Last but certainly not least, I am deeply grateful to all of the professionals in the Prentice Hall sales force, who have enthusiastically promoted my human resource management text over seven editions. The success of *Management: Leading People and Organizations in the 21st Century* rests in their capable hands, and I thank them in advance for their efforts.

The quality of this book has been vastly improved by the contributions of our reviewers, and I would like to thank and acknowledge them here:

Professor Clarence Anderson, Walla Walla College
Dr. James Bell, Southwest Texas State University
Professor Aleta Best, Texas A&M University
Professor Barbara Boyington, Brookdale Community College
Professor Monica Briedenbach, Devry Institute of Technology
Professor James H. Browne, University of Southern Colorado
Dr. John Carmichael, Union County College
Professor Bonnie Chavez, Santa Barbara City College
Professor R. J. Dick, Missouri Western State
Professor Paul Fadil, Valdosta State University
Professor Janice Feldbauer, Austin Community College
Professor Kevin McCarthy, Baker University
Professor Mike Peng, University of Hawaii
Professor Preston Probasco, San Jose State University
Professor Rajib Sanyal, The College of New Jersey
Mr. Tim Weaver, SVP Corporate Banking

At Florida International University I appreciate the moral support I received from all of my colleagues including Enzo Valenzi, Jan Luytjes, Earnest Friday, Mary Ann Von Glinow, and Bill Taggart as well as Bill Jerome's wise, practical, and always enthusiastic advice, and the support and advice of Richard Hodgetts.

I am grateful to Michael Dorf, CEO of KnitMedia, and his staff for giving us access to a fascinating business enterprise so that we could create the videos, video cases, Internet exercises, and You Be the Consultant features for this text. My thanks also to Dr. d. t. ogilvie of Rutgers University for her excellent work in helping to craft the KnitMedia videos, and for authoring the KnitMedia video cases that appear at the end of each part of this book.

On the home front I want to acknowledge the support of my wife, Claudia, and her willingness to tolerate my disappearance for more evenings and weekends than I should have been gone while I wrote this book. However, when all the acknowledgments are said and done, if there can be a single inspiration for a book entitled *Management: Leading People and Organizations in the 21st Century*, it was my son Derek, for whom I wrote this book in as practical and useful a way as I could, and whose unswerving support was the only motivation I needed.

A Note to the Student on KnitMedia

You are not going to learn how to be a manager by reading this book. You know that you can't learn how to do anything—play golf, do calculus problems, or make fine furniture—just by reading about it. Instead, you have to actually *apply* what you read; you have to *practice*. As one famous commentator once replied when asked how to get to Carnegie Hall, “Practice, practice, practice.”

By the time you've completed this book, we'd like you to have had an opportunity to step into a manager's shoes, and to practice what it's like to plan, organize, lead, and control (in other words, to manage) an organization. To help you do this, we've created a number of features that focus on a company called KnitMedia.

I personally find the nature of KnitMedia's business interesting, and I hope that you will, too. KnitMedia is an alternative music and entertainment company whose businesses include an independent record label, and the Knitting Factory—a live music club in New York City that specializes in alternative jazz. As you move through the book you'll see that KnitMedia is involved in other businesses, too, including radio, TV, and Internet and video-conference interactive performances.

Understanding and explaining how to manage a huge enterprise like IBM or General Motors requires quite a stretch of the imagination for most of us, and by *us*, I mean myself and many of the students and professors who will be using this book. On the other hand, most of us can relate more easily to and “get our hands around” the sort of small business that Michael Dorf, the founder and president, is building in KnitMedia. Here are some of the features you'll find in this book that focus on KnitMedia.

You Be the Consultant (found at the end of each chapter) is a continuing case that focuses on different aspects of KnitMedia from chapter to chapter. As a result, you're going to become very familiar with just about everything about KnitMedia, its competitors, its strengths and weaknesses, its financial situation, and its managers' hopes and dreams. That way, you'll be able to make your decisions not in a vacuum but within the context of what you know about the company. For instance, you'll be able to propose a technique to help the president of the company, Michael Dorf, control his increasingly far-flung enterprise, in the context of what you know about his motives and how he likes to manage.

Integrative Video Cases (found at the end of each major part of the book) let you apply your knowledge of what you've learned from the preceding chapters. The cases are designed to help you think about management the way managers actually have to, in a more integrated, “it's all related” fashion.

KnitMedia Videos correspond to the end-of-part integrative cases, and will let you see and hear how KnitMedia's managers and employees are actually managing their company on a day-to-day basis. These videos can be accessed on the CD-ROM that you'll find at the back of your textbook.

Internet Exercises let you apply what you've learned in each chapter to KnitMedia, whose managers, products, services, and competitive situation will become very familiar to you. You can use Internet resources to research your solutions to the assigned exercises—such as zipping electronically across the Atlantic to learn more

about what competition the Knitting Factory nightclub and its managers will face as they expand into London and beyond. You'll find the Internet Exercises on our Web site (www.prenhall.com/desslermgmt).

The multimedia nature of this KnitMedia component should provide you with a more realistic and concrete way to learn about making management decisions and managing companies. You'll be able to use the text, videos, CD-ROM, and Internet to read about KnitMedia, to actually see the participants at work, to interact with some of them, and to research your answers to the exercises. And, depending upon how your professor sets up your assignments, you may even be able to interact with others in your group electronically via the Internet, to develop realistic answers to the group assignments.

I hope and believe that this integrated package will provide you with an opportunity to apply in practice what you've learned, and thus to actually see what it's like to be a manager. After all, how do you become a manager? Practice, practice, practice.

About the Author

GARY DESSLER is Professor of Business in the College of Business Administration at Florida International University in Miami. He has a Bachelor of Science Degree from New York University, a Master of Science Degree from Rensselaer Polytechnic Institute, and a Ph.D. in Business Administration from the Bernard M. Baruch School of Business of the City University of New York.

In addition to *Management: Leading People and Organizations in the 21st Century*, Dr. Dessler has authored numerous other books, including, most recently, *Winning Commitment: How to Build and Keep a Competitive Workforce*, and *Human Resource Management*, Seventh Edition. He wrote the syndicated "Job Talk" column for the Miami Herald for 10 years and has written numerous articles on organizational behavior, leadership, and quality improvement. His recent consulting assignments have involved strategic planning, executive and management recruiting, establishing human resource management systems, and negotiating multinational joint ventures.

Brief Table of Contents

Preface xxiii

A Note to the Student on KnitMedia xxx

PART 1 Introduction to Managing 1

CHAPTER 1 **Managing in the 21st Century 1**

CHAPTER 2 **Managing in a Global Environment 43**

CHAPTER 3 **Managing Ethics, Diversity, and Social Responsibility 75**

PART 2 Planning 107

CHAPTER 4 **Making Decisions 107**

CHAPTER 5 **Planning and Setting Objectives 143**

CHAPTER 6 **Strategic Management 175**

PART 3 Organizing 211

CHAPTER 7 **Fundamentals of Organizing 211**

CHAPTER 8 **Designing Organizations to Manage Change 249**

CHAPTER 9 **Staffing and Human Resource Management 281**

PART 4 Leading 329

CHAPTER 10 **Being a Leader 329**

CHAPTER 11 **Influencing Organizational Culture and Shared Values 365**

CHAPTER 12 **Influencing Individual Behavior and Motivation 391**

CHAPTER 13 **Influencing Interpersonal and Organizational Communication 435**

CHAPTER 14 **Leading Groups and Teams 463**

CHAPTER 15 **Leading Organizational Change 491**

PART 5 Controlling 527

CHAPTER 16 **Controlling and Building Commitment 527**

CHAPTER 17 **Managing Operations and Services: Combining Technology and People 563**

CHAPTER 18 **Managing Change with Information Technology 613**

ANSWERS TO CHAPTER TESTS 647

ENDNOTES 649

GLOSSARY 673

PHOTO CREDITS 684

NAME INDEX 685

SUBJECT INDEX 690

Contents

Preface xxiii

A Note to Students on KnitMedia xxx

PART 1 Introduction to Managing 1

CHAPTER 1 Managing in the 21st Century 1

Management on the Web: Office of the American Workplace 2

Managing in an Era of Change 2

What Managers Do 9

The Behavioral Side of Management 12

The Future Is Now: Snapshots of the Modern Organization 19

Summary 25

End-of-Chapter Skills and Study Material 26

Cases

Diversity Case—What Is the Future of Trend Micro? 28

Strategy Case—United We Own, Divided We Lose 28

The Business Team, Inc.—Their First Assignment 29

You Be the Consultant—Knitting Music Is Up and Running 30

Appendix: Foundations of Modern Management 31

CHAPTER 2 Managing in a Global Environment 43

Management on the Web: International Business Resources on the WWW 44

Understanding International Business 44

Types of International Strategies 49

The Business Team in a Global Economy 53

The Global Manager 57

The Manager in an International Environment 60

The Process of International Management 65

Summary 68

End-of Chapter Skills and Study Material 69

Cases

Diversity Case—Dealing with Diversity Abroad 71

Strategy Case—Blockbuster Video 71

Entrepreneurial Case—Rafael's Bodegas Goes Global 72

The Business Team, Inc.—Starr Filter Corp. 73

You Be the Consultant—Going Global with Michael Dorf and KnitMedia 73

CHAPTER 3 *Managing Ethics, Diversity, and Social Responsibility* 75

Management on the Web: Institute for Business and Professional Ethics 76

The Ethical Challenge at Work 76

What Determines Ethical Behavior at Work? 77

Ethics Programs in Practice 86

Social Responsibility at Work 89

Managing Diversity 93

Summary 97

End-of-Chapter Skills and Study Material 98

Cases

Entrepreneurial Case—Apex Fuel Oil's Battle Against Drugs 100

Diversity Case—Business Revolutionaries in a Difficult Environment 101

Strategy Case—Did Basing Its Strategy on Being Socially Responsible Bankrupt
Ca-Ce-Len? 102

The Business Team, Inc.—Diversity at Texaco 102

You Be the Consultant—Ethics and ConEdison 103

PART 1—VIDEO CASE: On Location at KnitMedia Managing in an Era
of Rapid Change and Globalization 104

***PART 2 Planning* 107**

CHAPTER 4 *Making Decisions* 107

Management on the Web: Group Decision Making 108

Understanding Decision Making 108

How Managers Make Decisions: The Limits to Rationality 116

Decision Making in Practice: Bounded Rationality 120

How to Make Better Decisions 121

Using Groups to Make Better Decisions 126

Summary 132

End-of-Chapter Skills and Study Material 132

Cases

Diversity Case—Kentucky Fried Chicken 135

Strategy Case—Belly-Up at Palm Island Bank? 135

Entrepreneurial Case—Dilbert Finds His Own Way 136

The Business Team, Inc.—Can Women's Professional Basketball
Be Successful? 136

You Be the Consultant—Identifying Top Talent 137

Appendix: Quantitative Decision-Making Aids 138

CHAPTER 5 *Planning and Setting Objectives* 143

Management on the Web: Competitive Intelligence Guide 144

The Nature and Purpose of Planning 144

The Management Planning Process 146

How to Set Objectives 149

Using the Management by Objectives Goal-Setting Technique 157

Techniques for Developing Planning Premises 158

Planners in Action 164

Summary 168

End-of-Chapter Skills and Study Material 169

Cases

Diversity Case—Margaret F. Gonzales and Achieving Goals 172

Strategy Case—The Class Issues of Toys 172

Entrepreneurial Case—Cin-Made, Inc. 173

The Business Team, Inc.—Planning for the Family Futures 173

You Be the Consultant—KnitMedia Plans to Expand 174

CHAPTER 6 Strategic Management 175

Management on the Web: Corporate Reputations: 1997 176

The Strategic Management Process 176

Situation Analysis 181

Types of Strategies 185

Implementing the Strategy 197

Summary 203

End-of-Chapter Skills and Study Material 204

Cases

Diversity Case—Strategic Management at Amigos Canning Company 206

Strategy Case—From Small Regional Airline to Global Company 206

Entrepreneurial Case—Harrison Products and the Question of Alliances 207

The Business Team, Inc.—Can Pepsi Win? 207

You Be the Consultant—KnitMedia's Strategies for Growth and Expansion 208

**PART 2—VIDEO CASE: On Location at KnitMedia Planning and Decision Making
in a Risky Environment 209**

PART 3 Organizing 211

CHAPTER 7 Fundamentals of Organizing 211

Management on the Web: Organizational Knowledge Management and Organizational
Learning 212

What Is Organizing? 212

Creating Departments 214

Achieving Coordination 225

Authority in Organizations 231

Tall and Flat Organizations and the Span of Control 239

Summary 243

End-of-Chapter Skills and Study Material 244

Cases

Diversity Case—Monsanto Chemical Group 246

Strategy Case—The New Visa Organization 246

Entrepreneurial Case—The Design and Desires of St. Luke's 247

The Business Team, Inc.—The New Medical Marketplace 247

You Be the Consultant—Organizing KnitMedia 247