PART

I

BECOMING A MANAGER

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1 THE EVOLUTION OF MANAGEMENT THOUGHT

CHAPTER LEARNING OBJECTIVES

After studying this chapter, you should be able to:

1.1 Define the concept of management.

1.2 Explain the management process: planning, organizing, leading, and controlling.

1.3 Trace the development of management theory, noting key milestones for each decade.

1.4 Demonstrate understanding of managerial roles by providing examples.

1.5 Explain the three types of managerial behaviors.

1.6 Define the three skills managers need to be successful today.

1.7 Identify the framework for this textbook.

EVOLUTION OF MANAGEMENT: STARBUCKS & HOWARD SCHULTZ

The story of Starbucks, the world's largest coffeehouse company, reads like American folklore. The company began in 1971 as a coffee roaster and seller in a small shop adjacent to Seattle's Pike Place Fish Market. The store's three founders, Jerry Baldwin, Zev Siegl, and Gordon Bowker, were college friends who, among other things, shared a love of dark-roast coffee, something they wanted to bring to Seattle.[1] To launch this business, the three friends each scraped together $1,350 and borrowed $5,000 from a bank,[2] setting in motion their new business, "Starbucks." At this single small location, they specialized in roasting and selling high-quality dark-roast coffee, using Peet's Coffee and Teas as a benchmark for their shop and selecting Peet's as their initial green coffee bean supplier.[3] In the beginning, only one of these three friends, Zev Siegl, was actually paid to work at shop, while the other two took jobs elsewhere.[4] Like many good businesses, Starbucks started small but with a solid plan and a clear vision. The founders developed key relationships with vendors and managed staffing issues and financial constraints effectively. From the beginning, the Starbucks story has been a narrative about management.

The company continued its growth and refined its coffee roasting. In 1981, when a product rep for one of Starbucks's coffee equipment suppliers, Howard Schultz, made a fateful visit to an actual Starbucks store for the very first time, he was astounded by the unique quality and taste of Starbucks roasted coffee. By 1982, Schultz moved across the country to Seattle to accept a job as the director of operations and marketing for Starbucks.[5] The impact Schultz has had on the Starbucks brand and business cannot be overstated. In March 2023, Schultz finally stepped down from his role as CEO of Starbucks, a role he had held three times since 1987. From the beginning, Schultz urged Starbucks to move beyond roasting and selling whole coffee beans and coffee-making equipment. Shultz envisioned that a visit to Starbucks would be a coffeehouse experience featuring a wonderful ambience and delicious espresso drinks, reminiscent of the pleasurable experiences he had enjoyed in coffeehouses across Italy.[6] However, in his early years with Starbucks, Schultz struggled to convince the owners to expand in such a direction. Although Schultz left Starbucks in the mid-1980s to pursue his vision in a coffee chain he named Il Giornale,[7] Schultz was back with Starbucks by 1987, this time as CEO. In that same year, Schultz's Il Giornale coffee chain bought out the remaining original Starbucks owners and founders for $3.8 million,[8] entering Starbucks into a new season of development. In the four years following this buyout, Schultz's Starbucks grew from fewer than 20 stores to more than 100 stores.[9] By 1992, when Schultz led Starbucks through an initial public offering to take the company public, Starbucks had more than 140 stores and revenues of approximately $73.5 million.[10] By 1996, Starbucks crossed the 1,000-store threshold and began opening stores outside the United States.[11]

The 52-year journey of Starbucks testifies to the power of effective management. Through its planning and strategy development, Starbucks has used *specialization* to differentiate its products and its brand. It has relied on *standardization* and quality control both in its aggressive rollout of thousands of stores with the unique Starbucks look and feel and in its product offerings, where it wins over customers with its performance consistency. Starbucks has been able to attract investors through consistent profitability, and it has leveraged profits to incorporate technology and digital technology in innovative ways and to extend benefits to part-time workers in an industry where this is not typical.[12] As Starbucks has grown, its management has also evolved, enabling the company to take on greater challenges. Today, the Starbucks headquarters is still in Seattle, but the company now boasts a global workforce of 402,000[13] and 35,000 stores worldwide, where it creates 300 million customer experiences per week.[14] From the initial launch of Starbucks as a single-store coffee roaster to its subsequent evolution into a worldwide coffeehouse serving a broad array of beverages, food, and merchandise, the Starbucks journey illustrates the transformational power of effective management.

Discussion Questions

1. In considering Starbucks's history, where do you see the influences of *planning, organizing, controlling*, and *leading*?
2. Consider the role that *specialization* and *standardization* have played in Starbucks's success. What are some lessons that managers can take from this?
3. Starbucks's growth exemplifies the requirement that management must evolve in response to changing circumstances. What skills might Schultz have used to position Starbucks for success? Where do you see signs of *management evolution* in the Starbucks journey?

Case created by Dr. Kelly Nyhoff, University of Wisconsin-Madison.

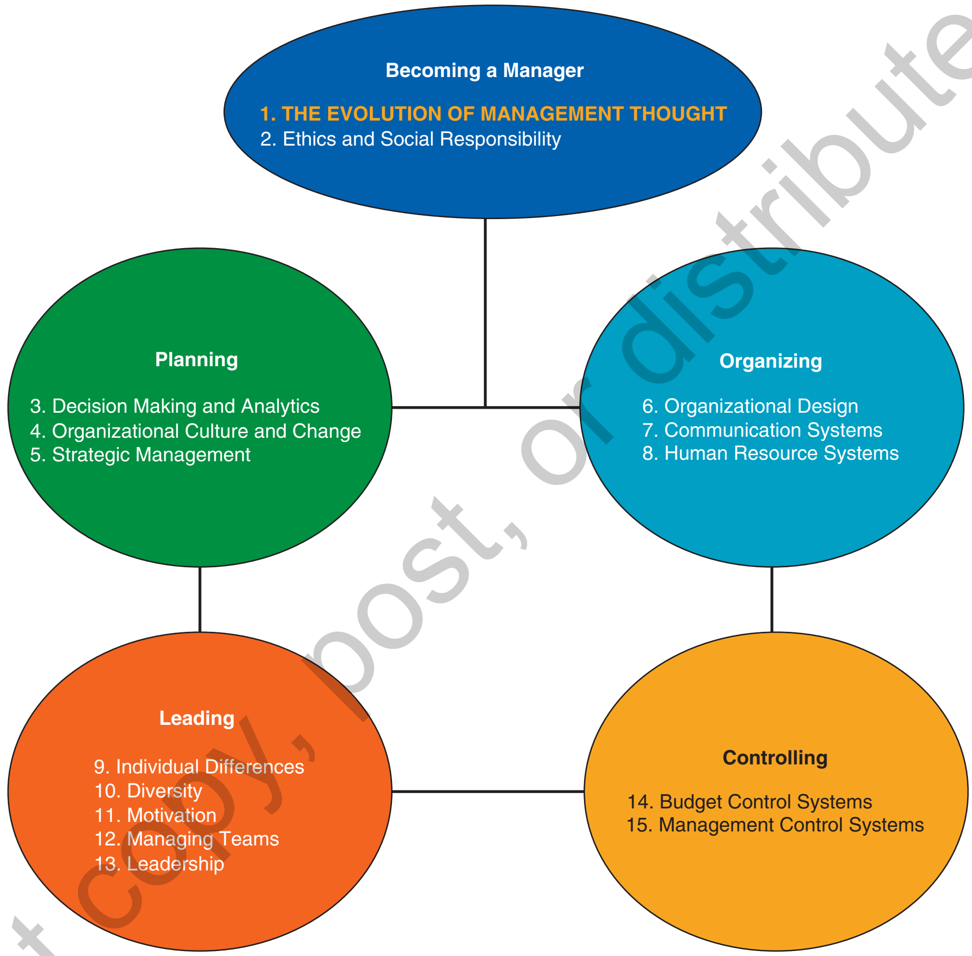
CAREER CHALLENGES OF YOUNG MANAGERS

Young managers face several challenges when then enter the workforce. Linda Hill interviewed new managers and reported that they "had no real idea of what they had gotten themselves into."[15] They were shocked by the level of demands suddenly placed on them. The management role was very different from being in college or their prior work experience. They were suddenly asked to be in power, to be an authority figure, to be an expert. Understanding the complexity in a new management job can be formidable while learning the ropes. These challenges include the following[16]:

- *Being too passive*. Not understanding the political environment is sometimes due to the new manager not asking enough questions. When the boss delegates a task, the new manager must clarify the expectations and whether the boss wants a recommendation or solution. The boss may just want the new manager to solve the problem and then be informed of the solution.
- *Being overly loyal*. Most bosses expect their followers to be loyal. They expect new managers to follow orders and not make the boss look bad. That said, too much loyalty can result in blind obedience when the follower can't question the boss's actions—even when they're wrong. This is a dilemma young managers must grapple with: Follow the boss, or be honest and point out potential mistakes?
- *Stress*. Young managers inevitably confront experiences in their new job that are at odds with what they expected. Suddenly, the freedom they experienced during college is eroded and they're expected to follow someone else's orders. New managers may experience stress and worry when they realize they're dependent on others to be successful and must rely on their peers.
- *Ethics*. No one starts their career intending to be unethical. However, pressures to perform may give rise to putting monetary gain before doing the right thing. Peers and bosses may be engaging in shady practices to get ahead, and the young manager must decide whether to go along with it—or find a position in another organization.

As the list above suggests, the tasks of a manager are varied and challenging. This list is a great start to understanding the challenges faced by young managers. This book will discuss these issues in every chapter and offer solutions (Figure 1.1). By studying these lessons, you will overcome such challenges. Your approach to managing others will be grounded in the most important and current research conducted on management. First, it's important to understand what management is. Thoughts on what it means to be a manager have evolved over time.

FIGURE 1.1 ■ Textbook Organization



WHAT IS MANAGEMENT?

LEARNING OBJECTIVE

1.1 Define the concept of management.

Management is defined as efficiently and effectively coordinating the planning, leading, organizing, and controlling of an organization so that goals and objectives are met. **Efficiency** can be thought of as "doing things right" with respect to using resources to the maximum to attain goals. To be efficient means to use resources (e.g., people, money, raw materials) wisely and cost-effectively. **Effectiveness** has to do with "doing the right things." To be effective means to make the right decisions and to successfully carry them out to achieve goals. In other words, the organization must have a **mission**, or overall goal. For example, an organization could efficiently produce an obsolete product that no one wants to buy. However, this is not effective, because no one wants to buy the product. Effectiveness is the concern of the top management team, and efficiency is typically the responsibility of managers on the front line. Managers attain the mission through planning, organizing, leading, and controlling, and these are described next.

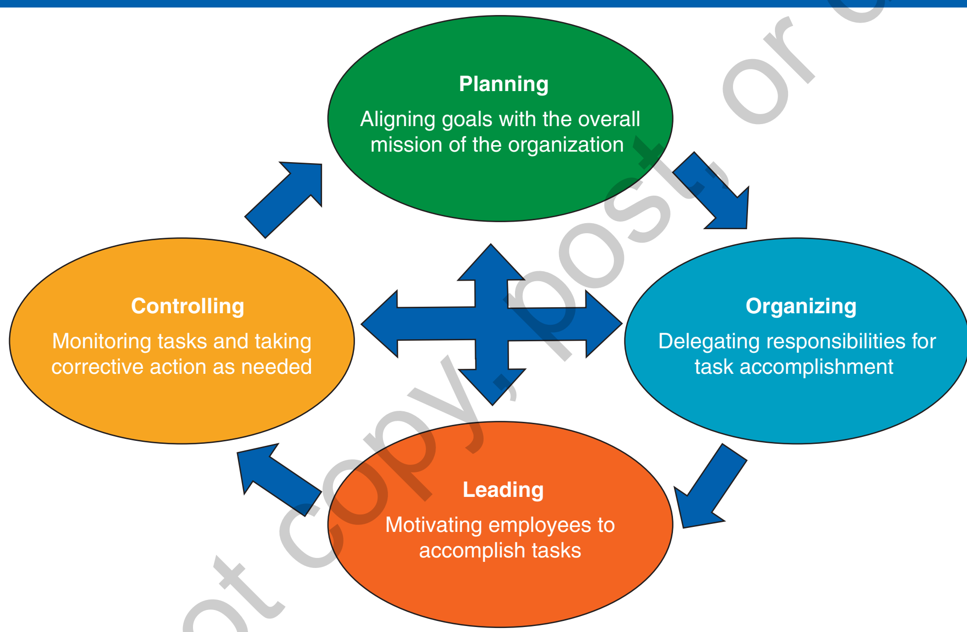
THE MANAGEMENT PROCESS

LEARNING OBJECTIVE

1.2 Explain the management process: planning, organizing, leading, and controlling.

Originally identified by Henri Fayol as a five-part process comprising planning, organizing, command, coordination, and control,[17] management is now commonly viewed as encompassing four essential management functions: planning, organizing, leading, and controlling (*command* and *coordination* have been combined into *leading*). This process is summarized in Figure 1.2. This textbook is organized around these four functions of management.

FIGURE 1.2 ■ The Management Process



Source: Adapted from Fayol, H. (1948). *Industrial and general administration.* Pitman. (Original work published 1916).

Planning

One of a manager's chief roles is developing plans to meet organizational goals. This involves knowing how to allocate resources and delegate responsibilities, but also having the ability to set realistic goals and timelines. Planning requires managers to continually check on their team's progress and adjust when necessary while still maintaining a sense of the big picture (mission) of the organization. The **planning** function consists of working to determine which responsibilities must be given to which employees, setting priority levels for certain tasks, and creating timelines for task completion.[18] However, communication with others also plays an important role. For example, managers must plan to discuss short-term and long-term goals each time they meet with their top management team. They also communicate the specifics of new projects to their team. They conduct periodic check-ins to ensure project goals are being met on time.

Organizing

Following the planning phase, a manager's **organizing** skills are essential in making sure the organization runs smoothly. These skills involve managing activities, such as assigning employees or teams to specific tasks and keeping everything on track throughout daily operations. Organizing is one of the most important functions of management.

The organizing function isn't just about making sure employees have what they need to accomplish their jobs. Managers also need to be able to respond to change. For example, a project deadline may need to be adjusted. Another example is reallocating certain tasks from one team to another. Some changes are larger, such as significant reorganization of departments. You will learn more about the organizing function in the chapter on organizational structure, which will include new forms of network structures.

Leading

The **leading** process occurs when managers direct their team, not only through daily tasks but also during periods of significant change. It involves projecting a strong sense of direction when setting goals. Managers communicate to their followers about new processes, products, services, or policies. Leadership can manifest itself in several ways, from recognizing when employees need praise for good work to providing rewards. Leading involves distributing praise and rewards fairly. While leadership entails a focus on the big-picture mission of the organization, it also includes providing one-on-one attention by supporting and encouraging each follower.

Controlling

To ensure that the organization runs smoothly and that work is done optimally, managers constantly monitor employee performance, team performance, and operational success. The **controlling** process relates to the efficiency part of management mentioned above. Quality control ensures the goals of the organization are being met, and managers must take corrective action when they are not. Controlling involves comparing the team's work to standards and addressing any corrections that need to be made. The controlling function also includes monitoring the financial health of the organization through budgetary, management, and technical controls.

A BRIEF HISTORY OF MANAGEMENT THEORY

LEARNING OBJECTIVE	
1.3	Trace the development of management theory, noting key milestones for each decade.

Figure 1.3 shows a timeline indicating some of the big ideas that radically changed management practice. While many other theories emerged during the time shown, the figure highlights one key idea per decade to provide an idea of the shifts taking place in management thought. Management historians need time to assess the influence of management theories on practice, a process that may take decades. That said, the second-to-last shift was disruptive change, and this idea continues today. The most recent disruption was the shift to remote work during the pandemic, and this has altered the way in which employees view the need to be in the office. As this brief history will show, the field started with "management as science" and then evolved to "management as art" with the recognition that human behavior is an important consideration in understanding what motivates followers.

Early Management Theories

As shown in Figure 1.3, management theory began with an analytical approach known as **scientific management**. This approach was the study of how workers moved as they performed their work to improve productivity. In the 1880s, a mechanical engineer named Frederick Taylor began timing

FIGURE 1.3 ■ Milestones in Management Theory

1880	1932	1946	1954	1960	1978	1990	1995	2000	2020
Scientific Manage-ment	Hawthorne Studies	Organizational Development	Needs Hierarchy	Theory X and Y	Organizational Culture	Learning Organiza-tion	Ethics	Disruptive Change	Sustainability
Frederick Taylor	Elton Mayo	Kurt Lewin	Abraham Maslow	Douglas McGregor	Tom Peters	Peter Senge	Linda Treviño	Clayton Christensen	Tom Kuhlman & John Farrington

Sources: Clark, D. (2016). *A timeline of management and leadership.* http://www.nwlink.com/~donclark/history_management/management.html; Kirby, J. (2010). The decade in management ideas. *Harvard Business Review.* https://hbr.org/2010/01/the-decade-in-management-ideas.

workers at the Midvale Steel company near Philadelphia, Pennsylvania, to assess their rate of output. Taylor became one of the first management consultants and focused on the efficiency of production. Taylor summed up his techniques in his 1914 book *The Principles of Scientific Management*,[19] which many management scholars consider to be the most influential management book of the 20th century.[20] During this period, managers were elevated in status and the role of workers' individual responsibility was minimized. Other scientific management theorists followed and extended Taylor's work, including Frank and Lillian Gilbreth, who focused on time-and-motion studies of workers.

Management practices became known as "Taylorism," which continued to study how work could be designed to make production (particularly on assembly lines) more efficient.[21]

Mary Parker Follett was a key organizational theorist during the early development of management thought. She was educated at the University of Cambridge and Radcliffe, and her thesis was published in 1896. She later applied to Harvard but was denied admittance because she was a woman.[22] She was the first to write about integration across management functions in hierarchical organizations. This work later led to the development of matrix organizations, which you will learn about in Chapter 6. Instead of believing authority to be granted by bureaucracy, as advocated by the German theorist Max Weber, Follett considered authority to be based on expertise. In other words, she argued that a person can gain power in an organization by becoming an expert rather than being limited by their rank in the organization. You might notice this in places you work, or even in your student groups. Just because somebody has a title doesn't necessarily mean they're the "expert" or the person people go to for help and information. Follett is the "mother of modern management."[23] She promoted the idea of reciprocal relationships in understanding interactions between people in organizations. She believed in "integration," or noncoercive power sharing, as her basis for the concept of "power with" rather than "power over."[24]

Mary Parker Follett, the mother of modern management.

Following the work of early organization theorists such as Taylor and Follett, the human relations movement[25] was ignited by studies conducted between 1927 and 1932. The human relations approach led to a focus on the role of human behavior in organizations.

The Hawthorne studies were two studies conducted by Australian-born psychologist Elton Mayo at the Western Electric Company near Chicago.[26] Mayo spent most of his career at Harvard University and was interested in how to increase productivity in assembly lines. The first study was designed to examine the effects of lighting in the plants on worker productivity. Although quite simple by today's standards, the study produced some unexpected findings. Productivity increased rather than decreased, even though the lights were being dimmed. Perplexed by this finding, the research team interviewed the workers and learned that the workers appreciated the attention of the research team and felt they were receiving special treatment. In another unexpected twist, productivity declined after the researchers left the plant. This has been called the **Hawthorne effect** and refers to positive responses in attitudes and performance by employees when researchers or other observers pay attention to them. Do you find that you perform better in class when the teacher pays attention to you or compliments you on a good answer?

The second Hawthorne study was designed to investigate a new incentive system. Once again, the results took the researchers by surprise. Instead of the incentive system increasing workers' production, social pressure from peers took over and had more impact on worker productivity than pay increases. Workers formed into small groups and set informal standards for production, requiring coworkers to reduce their production so pay was more equal among the group members.

Thus, the Hawthorne researchers concluded that the human element in organizations was more important than previously thought, and they learned that workers want attention. As a student in the 21st century, you might not be terribly impressed by these findings. Ironically, that understandable reaction can be viewed as evidence of the Hawthorne studies' impact on the working world. The importance of human factors in the workplace is now viewed as common sense, but this was not the case at the time of the studies. Employment as we know it today was in its relative infancy in 1924. In the centuries leading up to the Hawthorne studies, voluntary, organization-based employment competed with serfdom, slavery, indentured servitude, subsistence farming, and other labor systems that generally viewed workers in the way we now view machines. Even as these gave way to more humane employment arrangements, it took the Hawthorne studies to help society break its old habits.

The phrase "there is nothing as practical as a good theory" has been attributed to social psychologist Kurt Lewin. Lewin's work gave rise during the 1940s to the field of **organizational development (OD)**, in which theories from psychology are applied to the workplace to help managers solve problems. Lewin's work on **field theory** emerged as an important framework for the implementation of organizational change and remains in use today. Field theory examines the forces driving change and then compares them to the forces restraining change. For example, competition from another company for an organization's products might drive change. Customers may want new products that require an upgrade to factory equipment. This change will also reduce training time and maintenance costs. However, restraining forces may be the cost of overtime and employees' resistance to change due to fear of the new technology needed.

During the 1950s, an important idea was developed by Abraham Maslow known as the hierarchy of needs.[27] You will learn more about this theory of motivation in Chapter 11.

In the 1960s, as the field of management was developing, researchers began to examine the basic assumptions managers hold regarding their employees. This research resulted in two fundamental orientations managers may have toward their followers—Theory X and Theory Y. The next section provides an overview of this approach to understanding managers' underlying beliefs and what impact these beliefs have on their management style.

Theory X and Theory Y

Managers have a strong influence on employees. But some managers engage in behaviors that decrease employee performance. One of the reasons managers do this is that they hold subconscious assumptions regarding employees' willingness to work hard. An important theory on this topic emerged in the 1960s, suggesting that managers' assumptions regarding their followers' motivation affect the way they treat them. If managers assume followers are lazy and will perform poorly, they will treat them in ways that control their behavior and decrease creativity. In contrast, if managers assume followers are smart and motivated, they will allow them to participate in decisions and give them goals that stretch their talents. This theory describes two sets of leader behaviors related to these assumptions—Theory X and Theory Y.

One of the most influential books in management is *The Human Side of Enterprise* by Douglas McGregor.[28] This book is important because it presented the idea that leader behaviors are influenced by fundamental assumptions and beliefs about human nature. Most managers are not aware of their underlying assumptions; thus, their influence on behavior is pervasive, yet hard to detect. Have you ever entered a situation expecting certain behaviors from certain people, and did that influence how you behaved and treated those around you?

These assumptions are divided into pessimistic (Theory X) and optimistic (Theory Y) views of human nature. **Theory X** leaders assume people are basically lazy, don't like to work, and avoid responsibility. Related manager behaviors include being directive, engaging in surveillance, and being coercive. In contrast, **Theory Y** leaders assume people are internally motivated, like to work, and will accept responsibility. Related manager behaviors include allowing discretion, inviting participation, and encouraging creativity on the job.

Although McGregor proposed Theory X and Y over 55 years ago, most quantitative research on his thinking did not emerge until relatively recently. However, research on these managerial assumptions is interesting. For example, one study showed that Theory Y assumptions are more related to participative decision-making by leaders. In other words, if you believe your employees enjoy work and take responsibility, you will ask for their input in organizational decision-making. Further, participative decision-making is perceived as a threat by Theory X managers because it reduces their power. Theory Y managers view participation differently and see it as a positive influence on their power and effectiveness.[29]

Another study of 50 military leaders and 150 of their followers found that the Theory Y management style was significantly and positively associated with subordinates' satisfaction with the leader, organizational commitment, and organizational citizenship behaviors. The Theory X management style had a significantly negative impact on subordinates' satisfaction with the leader but no significant impact on commitment to the organization and organizational citizenship behaviors (that is, behaviors that employees engage in that go above and beyond their job descriptions).[30] The findings of this study in the military environment are interesting because they suggest that Theory Y relates to satisfaction but may not always relate to commitment and performance. The authors concluded that Theory X/Y assumptions provide unique insights into leadership behavior and outcomes.

In this textbook, you will be challenged to think critically about the theories and approaches presented. Theory X/Y is no exception. Over the years Theory X/Y has been criticized for being too simple and not considering the situation leaders and followers find themselves in.[31] For a long time, research was also hindered because good measures of Theory X/Y did not exist. However, Richard Kopelman and his associates have developed a measure of Theory X and Theory Y that shows promise for the valid assessment of these diverse management philosophies.[32] Despite its critics, McGregor's book *The Human Side of Enterprise* was voted the fourth most influential management book of the 20th century in a poll of top management scholars.[33] McGregor's theory continues to hold an important position in management theory due to the implication that it's important for leaders to understand their subconscious fundamental assumptions about how human beings relate to work.

Behavioral Aspects of Management

The Hawthorne studies had a significant impact on the field of management and are considered the beginning of the application of psychology and social psychology to management problems. The 1970s saw continued growth of the human relations movement, and the field of organizational behavior emerged as a separate discipline in business schools. **Organizational behavior (OB)** is defined as the study of individuals and their behaviors at work. Behavioral aspects of management became an important focus of management research as OB scholars began to study employees' reactions to their work, such as job satisfaction. Many managers believed "a happy worker is a productive worker."

The field of organizational behavior is multilevel, drawing from applied psychology, cultural anthropology, communications studies, behavioral economics, and sociology. Some theories focus on the individual in the organization (e.g., in terms of diversity). Others focus on the group level (e.g., teams). Finally, there are theories that focus on the organization level (e.g., organizational design). This textbook will examine management from these various levels of analysis.

Organizational culture was brought to executives' attention with the publication of a 1978 book written by Tom Peters and Robert H. Waterman Jr.: *In Search of Excellence: Lessons From America's Best Run Companies*. This book is a bestseller and considered a classic. To understand excellence, Peters and Waterman interviewed executives of excellent companies such as the Walt Disney Company and

Procter & Gamble. They identified patterns these organizations had in common in terms of employees being loyal to core values. These values follow.

1. A bias for action—active decision-making and problem-solving
2. Closeness to the customer—learning from people served by the business
3. Autonomy and entrepreneurship—fostering innovation and nurturing ideas
4. Productivity through people—treating employees as a source of quality
5. A hands-on, value-driven management philosophy that guides everyday practice; management demonstrates commitment to this philosophy
6. "Sticking to the knitting"—staying with the business you know best
7. Simple form, lean staff; excellent companies have minimal headquarters staff
8. Simultaneous loose-tight properties—autonomy in shop floor activities plus centralized values[34]

There is a distinction between strong organizational cultures and weak ones. In a strong organizational culture, employees throughout the organization think and behave similarly according to a set of principles. Southwest Airlines has a strong organizational culture. Its core values include having a "Warrior Spirit," a "Servant's Heart," and a "Fun-LUVing attitude" (its stock ticker is LUV). Southwest's employees are hardworking but have lighthearted fun in all they do. Employees are selected based on their attitudes, and a great deal of skills training is provided for them once they're hired. There are internal awards for high performance. Real employees are featured in Southwest's advertising and onboard magazine. Fun and creative events such as parties, chili cook-offs, and rallies are part of the culture.[35]

Tom Peters became one of the first "management gurus," a phenomenon that continues today. *In Search of Excellence* led to further study of organizational cultures and how they influence organizational performance through employee commitment to core values.

The Learning Organization

At the start of the 1990s, Peter Senge published a book titled *The Fifth Discipline*, which focused on systems thinking (using experience to help understand the causes of problems, or wins, and their impact, or effect, on the whole system) and how it relates to an employee's ability to learn. In other words, if you see what the pizza looks like when it's finished and fresh from the oven, you can better visualize and learn what goes into making a successful pizza and what might need to change next time.

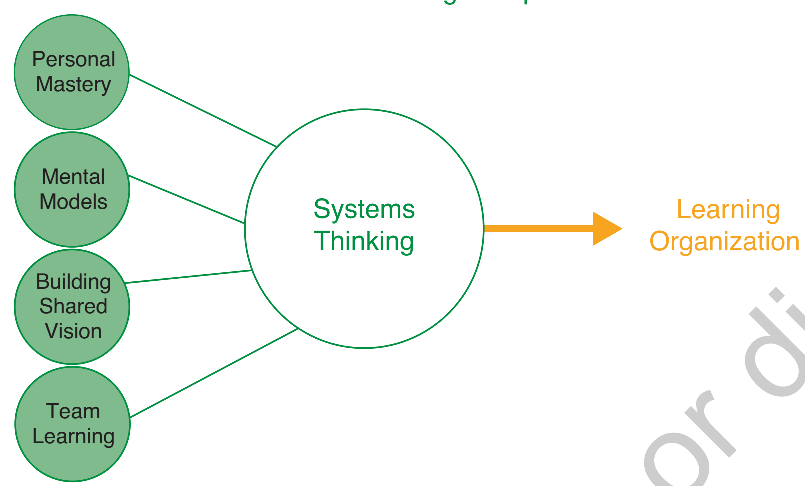
As the above example illustrates, organizations must be able to visualize the future and help employees execute change. By creating what is known as a **learning organization**, leaders can facilitate organizational change by having a workplace that is flexible and innovative.[36] Learning organizations are defined as "organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together."[37] A learning organization acquires and transfers knowledge and is adept at changing employees' behaviors when such knowledge creates new insights.[38]

The five disciplines in learning organizations are shown in Figure 1.4 and described here:

- **Personal mastery** is competence plus the discipline of continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively.
- **Mental models** are deeply ingrained assumptions, generalizations, or even pictures and images that influence how we understand the world and how we take action.
- **Building shared vision** is the sharing of a long-term view of the future that is uplifting and encourages experimentation and innovation.

- **Team learning** is aligning and developing teams to generate the results they want. People on the team act and learn together. They grow rapidly from team interactions.
- **Systems thinking** is learning from experience—understanding cause and effect. This component integrates all the others and is the fifth discipline.

FIGURE 1.4 ■ The Learning Organization



Source: Adapted from Senge, P. M. (2018). *The fifth discipline: The art and practice of the learning organization.* Broadway Business.

Learning organizations are adept at five major activities that facilitate the acquisition and transfer of knowledge and enable employees to change their behaviors based on new insights:

1. *Systematic problem-solving.* To find solutions to their problems, learning organizations employ the scientific method. This method relies on data—not guesses, assumptions, or hunches—to assess problems and determine adequate solutions. By employing simple statistical tools (correlations, histograms, etc.), a company can organize and display data to make logical inferences. Systematic problem-solving is an objective activity that relies on quantifiable, measurable data rather than subjective decision-making.
2. *Experimentation.* Experimentation is an activity guided by systematic inquiry; companies must seek and test new knowledge and opportunities. This activity requires risk-taking and the freedom to think beyond the status quo to expand an organization's horizons. There are two approaches to this activity: (1) ongoing programs that focus on incremental knowledge and (2) one-time demonstration projects that test out large-scale holistic changes.
3. *Learning from experience.* Learning organizations must critically reflect on past outcomes. What methods worked well? Which ones failed spectacularly? By systematically reviewing their successes and shortcomings, companies can document what they've learned and share these findings with employees. At the heart of this approach is the expectation that some ideas will fail and that employees should learn from failures. For example, case studies can be created from failures. Companies can also enlist the help of faculty and students at universities. Students' internships and case studies provide opportunities for them to gain experience and increase their own learning.
4. *Learning from others.* Sometimes the best ideas come from looking outside the organization. Smart managers know that examining the practices of successful organizations can provide good ideas. This seeking out and identifying of best practices is known as **benchmarking**.

Other methods of learning from others include listening to customers and hiring consultants to provide new perspectives. Listening is a key element of learning organizations. Managers must be open to hearing criticism and bad news.

5. *Transferring knowledge.* Once knowledge is generated through problem-solving, experimentation, and learning from others, it must be shared throughout the organization. Reports are one of the most common ways knowledge is shared in organizations. Knowledge transfer is also achieved through education and training programs. Written reports are often supplemented by video communications. Learning organizations also employ training and education programs to share knowledge with employees.

In learning organizations, ongoing programs are designed to prioritize continuous experimentation. These types of tests are commonly found in workshop environments. For example, a company that produces floor wax may regularly experiment with the chemical formula to improve the product. To ensure a successful ongoing experimentation program, organizations must:

- Prioritize a steady stream of new ideas and innovations
- Incentivize risk-taking to get buy-in from employees
- Ensure that managers are trained in providing structure for experiments while simultaneously encouraging and rewarding creativity

One-time demonstration projects typically pilot a dramatic change at one site with plans to later adopt it universally. For example, imagine that a social media platform decides to overhaul its process for reviewing posts that users have reported. A one-time demonstration project could test this large-scale change with one team in one location before implementing the new process company-wide.

These types of projects are intended to set precedent and establish guidelines for later projects. However, these experiments also present opportunities for course correction and trial and error. Without a clear plan for transferring knowledge or expanding the program, a one-time demonstration can fail to have an impact on the organization at large.

You may have noticed that Senge's model reflects a focus on teams and systems thinking, and the learning organization has become a metaphor for organizations that are agile and respond to rapid change. By creating a learning organization, managers can prepare employees for the challenge of change.

Ethics

In the 1980s, trading on insider information, procurement scandals in the defense industry, and the savings-and-loan crisis began to focus the world's attention on unethical business activities. A business ethic based on social Darwinism, also known as "survival of the fittest," was pervasive in business culture. This gave business executives license to "win at all costs."[39]

The separation of the core values of business decision-makers from ethical principles resulted in risky activities that often produced corporate scandals. In response to continued corporate ethics scandals, scholars began to examine the ethical practices of businesses. Linda Treviño's work on business ethics exemplifies this research.[40] Her work began with the publication of research articles on business ethics, starting in 1986. In 1995, she published a book with Katherine Nelson, *Managing Business Ethics: Straight Talk About How to Do It Right*,[41] which became a key textbook for teaching undergraduates, MBAs, and business executives about ethical decision-making. In the introduction to the book, the authors write:

> This textbook examines ethical decision-making at all levels. It describes the influences on the ethical decisions of individuals, and then examines their decisions as managers. Finally, the organizational context is considered since some organizations have cultures that encourage unethical behavior. For example, organizational leaders may encourage managers to "cheat" by falsifying numbers on sales reports to make it look like the organization is reaching its targets.

Treviño and Nelson's book, now in its fifth edition, continues to help managers focus on what's important with respect to ethical decision-making and understand what may influence their ethical behavior. Dr. Treviño's work on business ethics and her textbook had a significant impact on top management teams, corporate legal counsels, human resource directors, and managers at all levels.

Dr. Treviño's work continued after the turn of the century with the development of a measure of and research on ethical leadership.[42] Her research in the 2000s also focused on cheating in academic institutions.[43] Her review of the research concluded that cheating is prevalent and had increased dramatically in the last 30 years. However, an institution's academic integrity programs and policies, such as honor codes, can have a significant influence on students' behavior.

Corporate ethics scandals, of course, continued after the 1990s, one of the most prominent being the Enron scandal. Enron's former president and chief executive officer (CEO) Jeffrey Skilling encouraged an organizational culture that put employees under pressure to perform. "Do it right, do it now and do it better" was his motto. A *Harvard Business Review* case study on Enron contains employee quotations such as "You were expected to perform to a standard that was continually being raised," "The only thing that mattered was adding value," and "It was all about an atmosphere of deliberately breaking the rules."[44] The Enron culture rewarded unchecked ambition, which produced strong earnings, and Enron was admired on Wall Street. But over time it became more difficult to produce results, and employees engaged in more and more unethical conduct. Enron needed to keep borrowing money and pumping up its earnings reports to keep investors satisfied so they wouldn't sell their stock and drive the stock price down. To avoid this, Enron entered a deceiving web of partnerships and employed increasingly questionable accounting methods to maintain its high credit rating. The company was built on a house of cards that ultimately collapsed, and investors lost millions.[45] The Enron case highlights the continued importance of ethical decision-making for managers, and you will learn more about ethics and social responsibility in Chapter 2.

Disruptive Change

As the need for rapid organizational change has become the norm in many industries, organizations increasingly require visionary transformational leaders. Research on organizational change thus emerged as a central theme following the year 2000 and continues today. One of the best-known approaches addresses the need to go beyond rapid change and understand **disruptive change**. In an important book, *The Innovator's Dilemma*, Clayton Christensen describes disruptive change as change that alters the markets for an organization's products.[46] He provides the example of digital computers that dominated the market for minicomputers but missed the personal computing (PC) market, and failed.[47] He developed a framework for organizations to follow to meet the challenges of disruptive change by assessing and aligning an organization's resources, processes, and values.[48] Resources relate to *what* the company is able to do. Processes refer to *how* the organization does what it does (interaction, communication, coordination, and decision-making). Finally, values refer to the standards by which employees set priorities that enable them to judge and prioritize decisions. For example, values help guide an employee in deciding whether an employment offer is attractive or unattractive.

Disruptive change continues today. Researchers at Princeton University examined disruptive change in the taxi industry as a result of UberX.[49] Their analysis found that UberX drivers have higher productivity than taxi drivers when the share of miles driven with a passenger in the car is used to measure capacity utilization. On average, the capacity utilization rate is 30% higher for UberX drivers than taxi drivers when measured by time and 50% higher when measured by miles (the study was conducted using data from major cities that had utilization data available: Boston, Los Angeles, New York, San Francisco, and Seattle). The study found that four factors likely contributed to the higher capacity utilization rate of UberX drivers: (1) UberX's more efficient driver-passenger-matching technology, (2) the larger scale of UberX compared to taxi companies, (3) inefficient taxi regulations, and (4) the greater ability of UberX's flexible labor supply model and surge pricing to match supply with demand throughout the day. The emergence of UberX and Lyft has created a crisis for the taxi industry from which it may not recover.

UberX created a disruptive change in the taxi industry.

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In response to organizational change, the late 20th century saw a rise in studies of visionary, or transformational, leadership. Given the rate of change, employees needed leaders who could articulate a new vision for the organization and enact organizational transformation. By the end of the decade, Bernard Bass's full-range model of leadership had emerged as the best researched of these approaches. You will learn more about transformational leadership in Chapter 13.[50]

The idea of transformational leadership dates to a groundbreaking 1978 book by James MacGregor Burns titled *Leadership*.[51] Bass's full-range model brought the idea of a transformational leader to prominence and sparked much research on transformational leadership. In essence, transformational leadership is about motivating followers through the influence created by their admiration as well as through inspirational motivation, intellectual stimulation, and consideration for followers as individuals.[52]

Sustainability

Al Gore's 2006 documentary *An Inconvenient Truth* advanced the hypothesis that human activity, particularly human activity organized on a large scale, can cause environmental damage on a global level. This sparked a widespread social discussion of how large corporations may be contributing to deterioration of the environment. The first 10 years of the 21st century will be remembered as the decade that businesses "went green."

The concept of **sustainability** became popular in the 2010s, but it is based on a 1987 report from the United Nations World Commission on Environment and Development that defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."[53] In 2010, Tom Kuhlman and John Farrington published an article titled "What Is Sustainability?," which serves as a benchmark of the arrival of the concept in the mainstream. The authors write, "Sustainability is concerned with the well-being of future generations and in particular with irreplaceable natural resources—as opposed to the gratification of present needs which we call well-being."[54] Sustainability not only focuses on environmental impact but also consists of three dimensions—"environment," "economy," and "social well-being"—for which society needs to find balance.[55] Sustainability calls upon large corporations to have consciousness about the preservation of the planet in their decision-making.

In recent years, major efforts have been made to induce organizations to reduce their carbon footprints and other environmental impacts. For example, many organizations have implemented recycling programs to collect paper and plastic trash and move it to local recycling centers. These efforts have been effective in terms of public relations, but it remains to be seen what impact they will have on the environment.

This is now the decade of sustainability. The idea of preserving the environment existed prior to today, of course, but this was the decade it really took hold on organizational decision-makers and found a name in *sustainability*.[56] Many large corporations have created a top-management-team position of chief sustainability officer (CSO) to ensure the organization is engaging in best practices with respect to the environment. According to Harvard Business School professor George Serafeim, "companies are monitoring the impact they're having environmentally and on society, and the appointment of the CSO reflects an underlying need for companies to not only monitor but also improve their performance."[57] Although the CSO role is typically related to environmental issues such as water and energy use, some companies are going further. Sustainability may now focus on improving working conditions in countries that supply raw materials and products and creating environmentally safe products.

Of course, numerous other important management ideas have emerged throughout the decades, and they will be discussed in subsequent chapters of this textbook. The timeline outlined in this section serves to highlight some of the more important ideas that shifted thinking in management.

MANAGERIAL ROLES

LEARNING OBJECTIVE

1.4 Demonstrate understanding of managerial roles by providing examples.

An important framework for understanding the nature of managerial work emerged from the work of Henry Mintzberg,[58] who observed and analyzed the activities of the managers of five private and semi-public organizations in Canada. His goal was to focus on the day-to-day reality of what managers do. To describe the work of a manager, Mintzberg first identified six characteristics of the job:

1. Managers process large, open-ended workloads under tight time pressure—a manager's job is never done.
2. Managerial activities are relatively short in duration, varied, fragmented, and often self-initiated.
3. Managers prefer action and action-driven activities and dislike paperwork.
4. Managers prefer verbal communication through meetings and phone conversations.
5. Managers maintain relationships primarily with their subordinates and external parties.
6. Managers' involvement in the execution of the work is limited, although they initiate many of the decisions.

One of the most important frameworks for understanding management is knowing the roles managers must play. These roles are covered in the following section. Toolkit Activity 1.3 provides you with the opportunity to learn the degree to which real-world managers play these roles in their work.

These roles are described in the following sections.

Interpersonal Roles

Interpersonal roles are managerial roles that involve providing information and ideas.

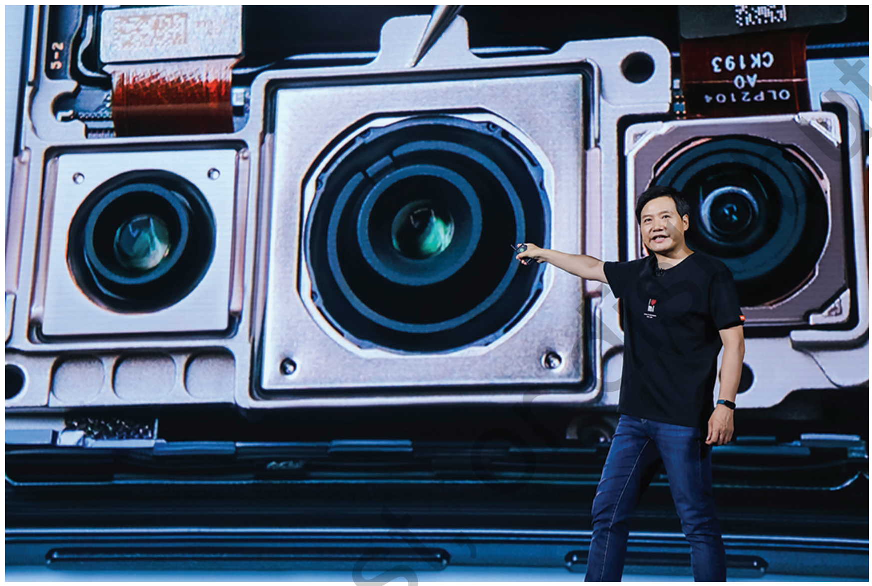
- **Figurehead**. Managers have social, ceremonial, and legal responsibilities. They're expected to be a source of inspiration. People look up to a manager as someone with authority and as a role model. For example, the CEO of a company may appear in a commercial for an organization's products.
- **Leader**. This is where managers provide leadership for their team, their department, or perhaps their entire organization, and it's where they manage the performance and responsibilities of everyone in the group. For example, a manager might provide performance appraisals to their direct reports.
- **Liaison**. Managers must communicate with internal and external contacts. They need to be able to network effectively on behalf of their organization. For example, a manager might attend a networking event at their alma mater to make business contacts.

Informational Roles

Informational roles are managerial roles that involve processing information.

- **Monitor** (also known as the **nerve center**). Managers regularly seek out information related to their organization and industry, looking for relevant changes in the environment. They also monitor their team in terms of both their productivity and their well-being. For example, a manager might attend a trade show to learn about new and competing products in her organization's industry.

- **Disseminator**. Managers must communicate key information to their colleagues and their team. For example, after learning about innovation in a course, a manager might share best practices for brainstorming new ideas with his team.
- **Spokesperson**. Managers must often speak for their organization. In this role they are responsible for transmitting information about the organization and its goals to the people outside it. For example, a manager might organize a press conference to release a new product and demonstrate its benefits.



Lei Jun, CEO and cofounder of Xiaomi, playing the spokesperson role as he celebrates the company's 10th anniversary.

© Visual China Group/Getty Images

Handout photo by Xiaomi Corporation/VCG via Getty Images

Decisional Roles

Decisional roles are managerial roles involving the use of information.

- **Entrepreneur**. Managers create and lead change within the organization. This means solving problems as well as generating and implementing new ideas. For example, a manager might make a presentation to their team about an upcoming company reorganization.
- **Disturbance handler**. Managers must take charge when an organization or team hits an unexpected roadblock. They also need to help mediate disputes within it. For example, a manager might meet with two employees who have been arguing to resolve the conflict.
- **Resource allocator**. Managers need to determine where organizational resources are best applied. This involves allocating funding as well as assigning staff and other organizational resources. For example, a manager might create and submit a yearly budget for approval to the finance office.
- **Negotiator**. Managers need to engage in important negotiations within their team, department, or organization. For example, a manager in an automobile company might negotiate a contract for car door handles with an overseas supplier.[59]

Throughout this textbook, you will have the opportunity to study the research on management and complete activities that will help you develop skills related to the entire management process. While some of the above functions and roles of management can be learned through experience, you will be at an advantage by learning them before you become a manager.

In a study of 225 managers at different hierarchical levels and in different functional areas,[60] the leader role emerged as the one universally required role for all managers. This makes sense; because managerial work consists of getting things done through other people, it is logical that this role would be required to a high extent by all managers. The liaison role was the second-highest required managerial role, since managers have to link their department's activities to those of others in the organization. The disturbance handler role was also highly ranked, as might have been expected due to the brevity, variety, and fragmentation that Mintzberg found inherent in managerial work.

A research study examined managerial roles 30 years after the publication of the original research and found that the main differences were a much larger workload, a contact pattern to a larger degree oriented toward subordinates in team settings, a greater emphasis on giving information, and less preoccupation with administrative work.[61] Another study found the framework was useful in describing the work of entrepreneurs.[62] Mintzberg reflected on his own work some years later and commented that managers should be "well-rounded" and need to "think, link, lead, and do."[63] A manager who overthinks a situation may not be able to link it to others through leadership and may not get anything done. Since leading is central to being an effective manager, managerial leadership skills will be discussed next.

MANAGERIAL BEHAVIORS

LEARNING OBJECTIVE

1.5 Explain the three types of managerial behaviors.

The managerial behaviors approach offers an alternative way to categorize the work of managers. This perspective complements the functions and roles discussed in this chapter. A large-scale review of research on management and leadership[64] revealed that managerial behaviors can be grouped into three broad categories: **task behavior**, **relations behavior**, and **change behavior**. These skills are summarized in Table 1.1. Much research in leadership has demonstrated that managers must initiate structure by clarifying the activities their followers must perform. Managers also need to show consideration for their followers by supporting them and providing personal attention.[65] More recently, research in management has focused on the need for managers to address the disruptive change described in Christensen's research discussed above in the timeline of management theory. Managers must scan the environment for market disruptions and encourage followers to innovate and take risks to address the change.

TABLE 1.1 ■ Managerial Behaviors

Task Behavior
• Plan short-term activities
• Clarify task objectives and role expectations
• Monitor operations and performance
Relations Behavior
• Provide support and encouragement
• Provide recognition for achievements and contributions
• Develop member skill and confidence
• Consult with members when making decisions
• Empower members to take initiative in problem-solving

(Continued)

TABLE 1.1 ■ Managerial Behaviors (*Continued*)

Change Behavior
● Monitor the external environment
● Propose an innovative strategy or new vision
● Encourage innovative thinking
● Take risks to promote necessary changes

Source: Yukl, G., Gordon, A., & Taber, T. (2002). A hierarchical taxonomy of leadership behavior: Integrating a half century of behavior research. *Journal of Leadership and Organizational Studies*, 9(1), 15–32.

Managerial leadership combines analytic skills and "soft skills." Analytic skills relate to the tasks that need to be performed to meet the organization's goals. Soft skills focus on the relationships managers develop with followers to motivate them to attain goals and provide for their satisfaction and well-being at work. Change skills are a combination of analytic and soft skills. The external environment of the organization must be monitored and analyzed, but managers must also inspire a shared vision and encourage innovation for the organization to change.

A study of 1,412 managers asked them to rate the relative importance of 57 managerial tasks to their jobs. Their choices included "Of utmost importance," "Of considerable importance," "Of moderate importance," "Of little importance," "Of no importance," and "I do not perform this task." Using these importance ratings, researchers statistically identified seven major factors or groups of management tasks: managing individual performance, instructing subordinates, planning and allocating resources, coordinating interdependent groups, managing group performance, monitoring the business environment, and representing staff.[66]

CAREERS IN MANAGEMENT

WHAT DOES A RESTAURANT MANAGER DO?

We all go to restaurants to enjoy a meal with friends or family. Have you ever wondered how your food is prepared and served? Who coordinates all of this? Behind the scenes is the important position of the restaurant manager. In a small business such as a café, this is often the owner of the restaurant. In larger restaurants and franchises like Shake Shack, the manager is hired by the organization to run the business. Daily, restaurant managers do a lot of different things. Let's look at some of the things they do.

Hiring and Firing

Restaurant managers hire new staff for the kitchen and dining room. Of course, the manager must also train the staff, provide performance evaluations, and terminate employees who have low performance. It is very important that the servers who interact with customers have a high level of performance. In larger restaurants, back-of-house (kitchen) positions may be filled by and the kitchen staff trained by the head chef or sous-chef (each of whom has managerial responsibilities on top of their cooking duties) rather than the manager. Likewise, some restaurants hire dining room managers (or even a separate manager for each of several dining rooms) whose job includes overseeing and training the front-of-house (dining room) employees in their respective sections and jumping in to take over any front-of-house work at times when the servers are overloaded.

Ordering Inventory

A restaurant manager may order food for preparation. Inventory also includes dining room items such as paper napkins, cleaning supplies, and restaurant dishware. Managers may also do the orders for liquor, beer, and wine for the restaurant. In larger restaurants, there is a bar manager or head bartender who covers this ordering. Also in larger restaurants, the head chef orders the food for the restaurant, since they create menus and supervise the cooks. No matter who does the ordering, however, the restaurant manager must oversee the orders, ensure they're within the budgets, and verify that all temperature-sensitive ingredients arrive at and are maintained in safe environmental conditions. Also, expiration dates on food must be watched carefully. At least one member of the restaurant team, often a back-of-house employee, must also hold a certification as a food protection manager trained in these and other sanitary and health-related details. No matter who oversees the food or liquor ordering, a restaurant manager signs off on the orders to maintain safety standards and budget control.

Staff Scheduling

Many restaurants operate several shifts that can include breakfast, lunch, and dinner, which often lasts well into the night. Some restaurants are open 24 hours, such as Waffle House. A restaurant manager arranges the weekly schedule to make sure all shifts are staffed. Managers often prefer to put their best employees on the schedule during the busiest times. They may staff trainees during slow periods, when there is more time for them to learn from their more seasoned colleagues. Managers must pay close attention to staff scheduling, as payroll expenses are often one of the largest budgetary considerations facing restaurants. Managers also approve requests for days off and ensure fairness in how much time off employees receive.

A restaurant manager briefs his staff.

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Event Planning

Many restaurants also provide catering. A restaurant manager may be in charge of planning the schedule, working out the details of the catering venue and customer's off-site needs, assigning waitstaff and kitchen staff to the event, and ensuring that sufficient staff remain at the restaurant to continue ordinary operations during the catered event. If a catering operation is large, a restaurant may have a catering manager to cover these tasks. Some restaurants deliver food, and the manager arranges for vans to deliver orders or—more commonly these days—contracts with and monitors the service of third-party partners such as Uber Eats and DoorDash to provide delivery. Likewise, if a restaurant does a lot of delivery and takeout business, the manager's responsibilities will include hiring additional staff, such as a food runner or expo (expediter) to serve an in-between role, ensuring that food prepared in the kitchen is plated or boxed properly for its intended recipient. It's not uncommon for the addition of such workers to require the manager to make changes to compensation models such as salary structures and tip sharing.

Customer Service

As you know, poor service can break a restaurant. The restaurant manager ensures that customers receive excellent service. They are responsible for training the staff to provide a great experience before, during, and after the meal. A manager's job includes making sure customers leave happy. In many cases, managers collect information on survey cards, follow-up emails, or other digital means to learn about the customer experience. Customers often choose to voluntarily provide feedback on open forums such as the restaurant's Google profile, Yelp, TripAdvisor, and HappyCow. On most of these platforms, restaurant managers are offered the opportunity to provide a single response to each reviewer, and many managers use that opportunity to ensure that both the reviewer and anyone reading the exchange are aware of the restaurant's commitment to quality and care. The manager shares survey results and both positive and negative reviews with employees during staff meetings. In some restaurants, motivational systems are put in place in which the manager provides rewards, such as cash or meals, for outstanding customer service mentioned in the surveys.

Marketing and Advertising

In many cases, restaurant managers create advertising. They manage the advertising budget, place ads in local periodicals or on relevant local websites, create mailings or email lists that keep customers up-to-date on any goings-on at the restaurant and may include coupons, and post about the restaurant on social media such as Instagram, Twitter, and Facebook (and encourage customers to do so). They may also implement promotions such as happy hour specials, two-for-one deals, or holiday specials that they communicate through these various channels.

Bookkeeping

In a small business, the restaurant manager takes care of the books and makes the bank deposits. Even in a small business, it's good practice to have a separate person track and reconcile bank accounts. One of the biggest problems for restaurant management is theft, so having checks and balances in place is important.

Qualifications

Qualifications required for restaurant managers include both people skills and business skills. Depending on the size of the restaurant and how formal it is, managers may need to have a business or hospitality management degree.

Managers are essential to the success of a restaurant. They run the daily functions of the kitchen and dining room. They are constantly working behind the scenes and sometimes greet customers or handle complaints. A restaurant manager must have excellent organizational, communication, and problem-solving skills.

Discussion Questions

1. What part of the restaurant manager's job do you feel is the most challenging? Why?
2. What specific "people and business" skills does a restaurant manager need to have? What managerial roles does the restaurant manager need to exhibit based on Mintzberg's managerial roles?
3. Give examples of the managerial leadership skills the restaurant manager must have (task, relations, and change behavior).

Source: Adapted from Mealey, L. (2017). *What does a restaurant manager do?* https://www.thebalance.com/what-does-a-restaurant-manager-do-2888854.

SKILLS MANAGERS NEED TODAY

LEARNING OBJECTIVE

1.6 Define the three skills managers need to be successful today.

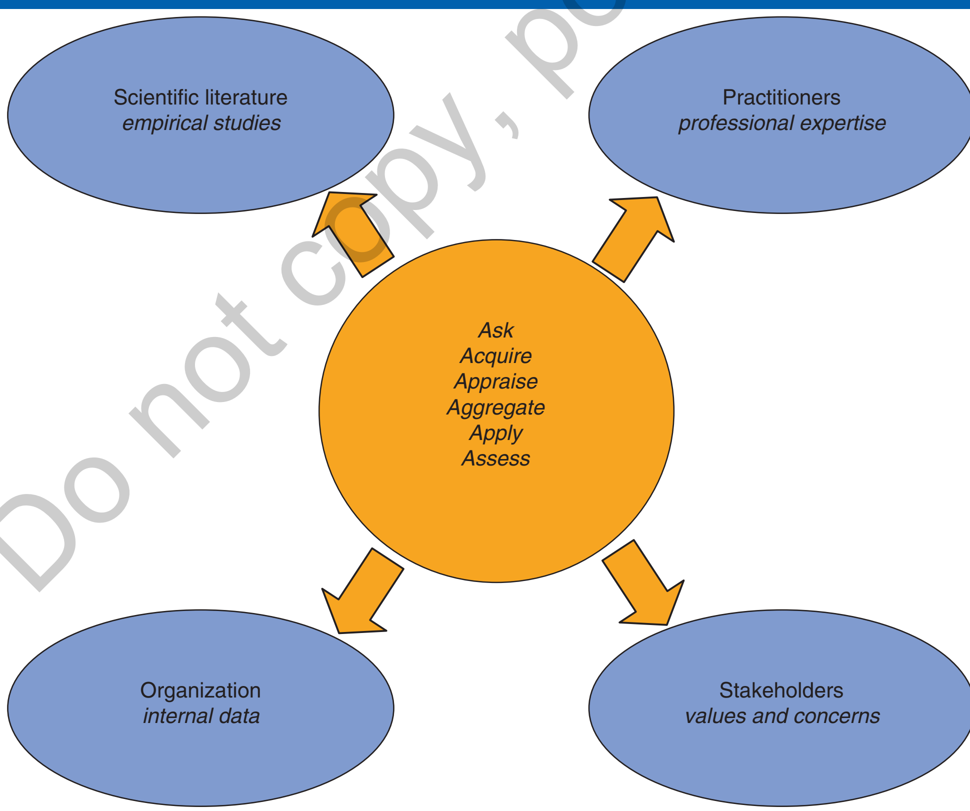
The manager's job has been evolving, and there are new sets of skills managers need to be effective. These skills involve the ability to solve problems using evidence, critical thinking, and analytics. These important skills will be discussed in the following sections as well as reinforced throughout this textbook. For example, the textbook is based on theories and research in the field of management (that is, evidence based). You will be encouraged to apply critical-thinking skills by answering the critical-thinking questions in the textbook. Finally, in the Appendix to this textbook, you will have the opportunity to learn analytic techniques, which you will apply to solve problems in the Toolkit exercises.

Evidence-Based Management

The ability to translate research to practice has been termed **evidence-based management (EBM)**. The term *evidence based* was originally employed in the field of medicine to guide how doctors make decisions regarding patient care. EBM improves a leader's decisions through disciplined application of the most relevant and current scientific evidence. Although many definitions of EBM are available, this is the most frequently quoted and widely used: "EBM means making decisions about the management of employees, teams, or organizations through the conscientious, explicit, and judicious use of four sources of information."[67] The four sources referred to are shown in Figure 1.5 and listed here:

1. *Scientific literature empirical studies*—for example, research published in management journals
2. *Organization internal data*—for example, interviews or surveys completed by people in an organization
3. *Practitioners' professional expertise*—for example, the expert opinions of managers
4. *Stakeholders' values and concerns*—for example, the findings of groups that focus on whether the organization employs environmentally friendly practices.[68]

FIGURE 1.5 ■ Sources of Information Used in EBM



Source: Barends, E., Rousseau, D. M., & Briner, R. B. (2014). *Evidence-based management: The basic principles.* https://www.cebma.org/wp-content/uploads/Evidence-Based-Practice-The-Basic-Principles-vs-Dec-2015.pdf.

To use these sources of evidence to make better decisions and increase the likelihood of a favorable outcome, managers need to follow the process shown in the center of Figure 1.5. This process involves the following steps:

1. *Asking:* Translating a practical issue or problem into an answerable question
2. *Acquiring:* Systematically searching for and retrieving the evidence
3. *Appraising:* Critically judging the trustworthiness and relevance of the evidence
4. *Aggregating:* Weighing and pulling together the evidence
5. *Applying:* Incorporating the evidence into the decision-making process
6. *Assessing:* Evaluating the outcome of the decision taken[69]

To implement EBM, managers must have ability (basic skills and competencies), motivation (behavioral beliefs, behavioral control, and normative beliefs), and opportunity (support that overcomes organizational barriers).[70] For example, EBM was applied to an operational problem in a hospital. Researchers tracked the process through interviews. An EBM decision process was implemented by a physician manager. This research concluded that the "fit" between the decision-maker and the organizational context enables more effective, evidence-based processes.[71] Managerial involvement at all levels is essential for EBM to work in practice[72] as well as in collaboration with researchers.[73] That said, managers should adopt a healthy skepticism of new management ideas.[74] Cynicism could be reduced by presenting ideas that have been able to "stand the test of time," such as the ones shown in the timeline presented earlier in this chapter. Some new ideas aren't really new at all and may be overstated.[75]

In making important organizational decisions, a manager may include information gathered from one or all of the four sources described previously in the definition of EBM. This can result in a lot of information. How can a leader sort through it all and determine what is most relevant to the problem at hand? The answer lies in critical thinking, a process that has been developed for over 2,500 years, beginning with the ancient Greeks and the Socratic method, which is the process of learning by questioning everything. Critical-thinking skills are applied to sort through all the information gathered and then prioritize it (and even discard evidence that appears to be invalid or irrelevant to the problem).

FACT OR FICTION?

DO YOUNGER EMPLOYEES PREFER REMOTE WORK?

The time when the world of work stopped will be etched in the memories of younger employees for the rest of their lives. The COVID-19 pandemic will no doubt be a generation-defining moment for them. Within days, everything pivoted to online—students were taking courses remotely and workers were suddenly meeting online. Daily interactions with coworkers vanished. A survey of U.S. workers conducted by Smartsheet showed that 95% of younger employees are less productive and less satisfied when they work from home. It will be years before research indicates the full impact of the pandemic on a generation, but data are emerging that show how the abrupt transition to "shelter in place" and working remotely affected younger workers. They missed the interaction with their peers, lunches together, and happy hours after work. Organizations canceled networking opportunities. There were some efforts to do these activities online, but it just wasn't the same for younger employees. Younger workers want work that fosters development and meaning. Working remotely prevents face-to-face interactions and leads to feeling disconnected from work. Highly engaging environments and social connections are very important to the productivity of members of younger generations, and offices help support face-to-face collaborative moments. Also, younger workers value the opportunity to develop social skills at the workplace.

This contrasted with the findings for older generations. These employees viewed remote work as an opportunity to be more flexible, spend time with family, and not take so long commuting to work. In some ways, they preferred to work remotely, and current surveys show they still want to do so post-pandemic—at least a few days per week.

But for younger employees, remote work was a lonely experience and resulted in a sense of loss and concern regarding how the lack of interaction with peers and bosses would affect their careers. The ability to touch base with mentors and get clarification on job assignments and office politics stopped. Sixty percent of U.S. employees state they have felt less informed about what's going on within their organization since they started working from home, and younger workers report feeling this the most. Younger workers report that getting status updates on projects is more difficult when working remotely.

Research indicates that younger workers prefer being at the office. They want to engage less on Zoom and have more in-person connections. This is perhaps surprising, since the younger generations are the most technologically savvy generation ever. But videoconferencing feels awkward to them. Spontaneous interactions with others at work reduce the anxiety and stress experienced by younger workers navigating early-career issues. The overarching concern is that the disruption of the pandemic stalled their careers and limited their opportunities for professional development. Although training was offered online, they prefer to attend classes in person so they can interact with their peers and ask questions of the experts. The experience of "Zoom burnout" is real; paying attention to material is more difficult when interactions are held online. This is supported by research indicating that remote work is linked to lower productivity and lower work engagement.

Organizations need to rethink how to create a workplace that encourages collaboration and productivity between younger workers and older workers who serve as mentors. The best companies use office space effectively to recruit and retain the younger generations, who seek highly engaged environments and social connections. Research indicates that managing remote work goes far beyond simply connecting people and teams through technology. Smartsheet CEO Mark Mader concludes, "To be effective, people need to stay deeply connected to their work and the work of their teams. They also need context, structure, tracking, and visibility into their work. Providing those things is more important now than ever."

Discussion Questions

1. Explain how remote work may limit opportunities for professional development.
2. Why did remote work during the pandemic affect the younger generation more than others?
3. Would you prefer to work remotely or work in an office? Would you prefer a hybrid arrangement where you spend a few days at home and a few days at work? Explain your preferences.
4. What else can organizations do to support younger workers who experienced stress due to the pandemic?

Sources: Becker, K. L. (2021). We want connection and we do not mean Wi-Fi: Examining the impacts of COVID-19 on Gen Z's work and employment outcomes. *Management Research Review, 45*(5), 684–699; Galanti, T., Guidetti, G., Mazzei, E., Zappalà, S., & Toscano, F. (2021). Work from home during the COVID-19 outbreak: The impact on employees' remote work productivity, engagement, and stress. *Journal of Occupational and Environmental Medicine, 63*(7), 426–432; Rikleen, L. S.. (2020, June 3). What your youngest employees need most right now. *Harvard Business Review.* https://hbr.org/2020/06/what-your-youngest-employees-need-most-right-now; Smartsheet. (2020). *Over 90% of young workers having difficulty working from home, survey finds.* https://www.smartsheet.com/content-center/news/over-90-young-workers-having-difficulty-working-home-survey-finds.

Critical Thinking

Critical thinking is defined as "persistent effort to examine any belief or supposed form of knowledge in the light of evidence that supports it and the further conclusions to which it tends."[76] Critical thinking is a mode of thinking about a problem in which the problem-solver improves the quality of the process by taking control of it and applying rigorous standards. The process has been described as having three interrelated parts:

1. The elements of thought (reasoning)
2. The intellectual standards that are applied to the elements of reasoning
3. The intellectual traits associated with a cultivated critical thinker that result from the consistent and disciplined application of the intellectual standards to the elements of thought[77]

Students' critical-thinking skills predict grade point average.

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Critical thinking involves using justification; recognizing relationships; evaluating the credibility of sources; looking at reasons or evidence; drawing inferences; identifying alternatives, logical deductions, sequences, and order; and defending an idea. Critical thinking requires the decision-maker in an organization to apply a complex skill set to solve the problem at hand. A set of guidelines for critical thinking is shown in Table 1.2.[78] Critical thinking is, in short, self-directed, self-disciplined, self-monitored, and self-corrective thinking. It requires rigorous standards of problem-solving and a commitment to overcome the inclination to think we have all the answers.[79] A recent study demonstrated that students' attitudes toward and beliefs about critical-thinking skills are related to their GPA, due to their bearing on effective argumentation and reflective thinking.[80]

TABLE 1.2 ■ Critical-Thinking Skills

Skill	Examples
Using data to make decisions	• Remaining objective • Analyzing data
Being aware of preconceived ideas	• Knowing our preferences • Recognizing our assumptions and biases
Self-control	• Paying attention to emotions • Not overreacting when challenged
Creative problem-solving	• Developing alternatives • Considering other views
Due diligence	• Paying attention to details • Collecting additional data when needed
Decision-making	• Deferring judgment • Remaining open to changing course

To think critically, a manager must ask questions to gather information. But what questions should a manager be asking? When it comes to asking questions, some of the best ideas come from a book by Ian Mitroff called *Smart Thinking for Crazy Times: The Art of Solving the Right Problems*.[81]

A good start is the following list of examples.

- What businesses are we in?
- What businesses should we be in?
- What is our mission?
- What should our mission be?
- Who are our prime customers?
- Who should our customers be?
- How should we react to a major crisis, especially if we are, or are perceived to be, at fault?
- How will the outside world perceive our actions?
- Will others perceive the situation as we do?
- Are our products and services ethical?

Analytics

The term **analytics** often conjures up images of powerful computers, complicated mathematics, and cryptic outputs only a scientist could love. Although somewhat outdated, those images are not entirely inaccurate. The types of analytics used by modern businesses do require powerful computers and complicated mathematics. Their outputs do take some training to interpret and use in the decision-making process.

Some interesting things have happened in recent years, however:

- The powerful computers needed to analyze all but the largest data sets have become quite common. You most likely have one on your desk, in the bag you carry around campus, even in your pocket.
- It is helpful to understand the mathematical logic that underlies analytic techniques, but there is no need to memorize formulas or crank through tedious calculations. Modern software does nearly all the heavy lifting for you and has become increasingly user-friendly.
- Analytics is no longer the realm of highly trained scientists. You can learn how to interpret the most used analytic output even if you have had no previous training. In fact, this chapter will teach you to do just that.

In Chapter 2, you will learn the importance of decision-making in a manager's job. Analytics are used to facilitate and improve managers' decision-making processes in many ways. For example, managers use analytics to quantitatively assess employee motivation tactics, evaluate resource allocation decisions, test the security of their computing networks, and design customer-friendly websites. Because our topic is managers, we will primarily focus on the use of analytics in some of the most fundamental aspects of managerial decision-making. In later chapters you will read about the importance of analytics in the controlling aspects of management.

To fully understand how data analytics help managers make decisions, it is important to realize their connection to the notion of critical thinking, which is another key management skill. In fact, if used properly, analytics are simply mathematically assisted critical-thinking exercises. To see how this is true, recall that we defined critical thinking as a mode of thinking about a problem in which the problem-solver improves the quality of the process by *taking control of it and applying rigorous standards*.

Through analytics, a problem-solver takes control of the thought process by quantifying the variables at play and applying the rules of statistics. Standards don't get much more rigorous than that! More specifically, analytics facilitate critical thinking in two key ways:

1. They require that decision-makers apply scientific logic to the questions or problems they are trying to solve. This involves clearly identifying the problem, developing logical explanations and/or solutions, and then testing those explanations and solutions. It is true that the analytical element—the actual math, in other words—doesn't come into play until the testing phase. Translating an abstract problem (poor employee morale or performance, for example) into analytical terms, however, requires us to impose the objectivity and deferred judgment (recall these terms from Table1.2) of logic on the problem. This helps us structure our thinking in a way that reduces the impact of perceptual bias and other detriments to critical thinking. More often than not, we can even structure analyses to quantify and remove these factors.
2. Beyond helping problem-solvers to think critically, analytics help us see if we have actually succeeded in doing so. It may be more accurate to say they provide evidence that we have or have not succeeded in thinking critically. For example, if a manager is absolutely convinced that younger employees learn faster than older employees but the data consistently tell a different story, it may be that some untested or irrational assumptions have found their way into the manager's thought process. This is, of course, not always true. No analytical technique is perfect, just as no decision-maker is perfect. When combined, however, critical thinking and analytics maximize the likelihood of an optimal solution by blending the knowledge and experience of individual decision-makers with the discipline and predictive value of statistics.

PLAN FOR THIS TEXTBOOK

LEARNING OBJECTIVE

1.7 Identify the framework for this textbook.

Numerous challenges face managers. Most organizations are experiencing rates of change unlike anything we have seen in the past.[82] External pressures have been created from mergers, downsizing, restructuring, and layoffs as organizations strive to remain competitive or even survive. Other external forces include global competition, product obsolescence, new technology, government mandates, and diversity in the workforce. The changes organizations have undergone have resulted in followers who are filled with cynicism and doubt about their leaders and organization.[83] Ethics scandals in business have fueled the perception that leaders are unable to lead their organizations in a principled way.

By now, you have realized that management is a problem-focused discipline aimed at making organizations more effective. Your ability as a manager will be enhanced through knowledge of the theory and applications of management research. Each chapter will review the essential and most current theory and research and relate it to how you can develop your leadership skills. At the end of each chapter, there are tools for your "Toolkit," where you will directly apply the theories through cases and activities. Your first management challenge is to get on the path toward thinking about your career in management by completing Toolkit Activity 1.1. It is important to begin with the end in mind, so this activity will ask you to create your definition of success.

This textbook will cover the four aspects of the management process—planning, organizing, leading, and controlling. EBM, critical thinking, ethics, and analytics are themes that run throughout the textbook, each chapter concluding with activities and case studies where you will apply what you have learned about management. This introductory chapter has provided an overview of management and how management thought has evolved over time. Part 1 also includes Chapter 2 on ethics and social responsibility, which are a key aspect of becoming an effective manager. Part 2, Planning, will cover decision-making and analytics (Chapter 3), organizational culture and managing change (Chapter 4), and strategic management (Chapter 5). Following this, Part 3, Organizing, will include discussions of organizational design (Chapter 6), communication systems (Chapter 7), and human resource systems (Chapter 8). Managers are leaders, and the Leading section, Part IV, includes chapters on individual differences (Chapter 9), diversity (Chapter 10), motivation (Chapter 11), teams (Chapter 12), and leadership approaches (Chapter 13). Finally, in the Controlling section, Part V, budget control (Chapter 14) and management control systems (Chapter 15) are covered.

As you read this book, refer to the figure at the start of each chapter as a map of how to organize the vast amount of theory and research on management that has been generated for decades. It won't seem so overwhelming if you can place the material in the four broad groupings shown in the figure—planning, organizing, leading, and controlling.

MANAGERIAL IMPLICATIONS

This chapter has provided an overview of management and traced the development of the concept over time. Here are key takeaway points:

- The concept of management has evolved over time, from engineering time-and-motion studies in the late 1800s to present-day thinking, which has added the behavioral aspect to management. This history helps you see how the field has progressed to being focused on people and how your behaviors and theirs play the biggest role in an organization's success.
- Management consists of planning, organizing, leading, and controlling functions (and this book is organized around these roles).
- It's important for managers to understand their underlying assumptions about people—Theory X versus Theory Y. These assumptions emerged as a key idea in the 1960s.
- By the 1980s, frameworks for understanding human behavior in organizations had become prominent. Theories of psychology were applied to organizations. Also, organizational culture became an important area of study.
- Employees in organizations need to develop the ability to solve problems and learn from mistakes. The concept of a learning organization as a mechanism to creating more nimble organizations emerged in the 1990s with the work of Peter Senge.
- During the 1990s, the study of business ethics took a central role because of the ethics scandals of the two prior decades. Also, due to disruptive organizational change, it became important for managers to exhibit transformational leadership skills.
- Managers exhibit certain behaviors as they do their work, which fall into three categories: task, relations, and change behaviors.
- Managers today need three important skills. They need to understand evidence-based management (EBM) and apply critical thinking to solve problems in their organization. They also need a firm grasp of how to use analytics to make decisions.

Now that you understand the evolution of management thought, we turn in the next chapter to the planning phase, with a discussion of decision-making and the use of analytics.

KEY TERMS

analytics
benchmarking
building shared vision
change behavior
controlling
critical thinking
decisional roles
disruptive change
disseminator
disturbance handler

effectiveness
efficiency
entrepreneur
evidence-based management (EBM)
field theory
figurehead
Hawthorne effect
informational roles
interpersonal roles
leader
leading
learning organization
liaison
management
mental models
mission
monitor *or* nerve center
negotiator
organizational behavior (OB)
organizational culture
organizational development (OD)
organizing
personal mastery
planning
relations behavior
resource allocator
scientific management
spokesperson
sustainability
systems thinking
task behavior
team learning
Theory X
Theory Y

YOUR MANAGEMENT TOOLKIT

Toolkit Activity 1.1 What Does It Mean to Be Successful?

Success is a loaded word. It can conjure up all sorts of associations, from opulent lifestyles to business empires.

How do you define success? Sometimes definitions of success can be too narrow and specific. For this activity, think about success as a concept rather than associating it with specific goals or sets of goals (e.g., "buy a home in a desirable neighborhood" or "become the top salesperson in the department"). Develop a definition of success that is applicable in a variety of scenarios, such as in the workplace, at home, and in social settings with friends or family.

Write your initial definition of success in the box below.

Then answer the following questions. Remember, don't simply set a goal or identify a task you can check off a list.

Discussion Questions

1. Why do you want to be successful?
2. What are some ways to achieve success?
3. What would people say about you if you were successful?
4. How would success enable you to contribute to or positively impact other people's lives?
5. Take a few moments to imagine yourself as successful. What does success feel like? What habits or behaviors have led to your success?
6. Reevaluate the definition of success you wrote to answer question 1. In the box below, revise it based on your answers to these questions.

Source: Adapted from White, R. (2014). *Connecting happiness and success.* http://connectinghappinessandsuccess.com/wp-content/uploads/2013/09/Defining-Success-12_30_12.pdf.

Toolkit Activity 1.2 Management Challenge

A major crisis occurred when a paramedic team failed to arrive on time to a rescue due to confusing directions from the dispatcher. Confronted with this situation, the head of the paramedic team formed a task force to examine what precipitated the failure. Their mandate was to identify and understand the communication problems experienced by the team. The goal was to provide corrective action to ensure this would not occur in the future.

Discussion Questions

1. How can the team leader employ evidence-based management to understand the causes of the failure? What types of data will the team need to collect and analyze?
2. Describe the EBM steps the team should follow in their investigation.
3. How might the paramedic team partner with the dispatch team to become a learning organization culture that would help prevent future communication problems?

Toolkit Activity 1.3 Learning About Managerial Roles

For this activity, you will interview a manager (this can be a parent, a friend's parent, a university administrator—just be sure the person you interview manages other people as a key part of their job). The objective of this activity is to learn the degree to which Mintzberg's managerial roles (Table 1.3) are played by a specific manager on a weekly basis. Tell the manager you selected that this is for a class project and you don't need to report their name or the company they work for. Write down the industry (e.g., retail, accounting, manufacturing, education) and the size of the organization (number of employees) the manager works for.

Industry: ____________________________________

Organization size (number of employees): _________

Next, tell your chosen manager that "roles are defined as organized sets of behaviors belonging to identifiable offices or positions." Then ask your interviewee to rate the degree to which they engage in the roles shown in the table using the following scale:

0 1 2 3 4 5 6 7+ times/week

|--|

Never Sometimes Frequently Daily or more

TABLE 1.3 ■ The Nature of Mintzberg's Managerial Roles

Category	Role	Nature of Role
Interpersonal roles	Figurehead	Demonstrating authority, performing duties in public (e.g., making an inspirational speech to employees)
Interpersonal roles	Leader	Motivating followers and providing direction
Interpersonal roles	Liaison	Being an important link in organizational communication networks
Informational roles	Nerve center	Being the source for important information and receiving such information
Informational roles	Disseminator	Sharing appropriate information with followers
Informational roles	Spokesperson	Sharing appropriate information with groups and persons outside the organization

(Continued)

TABLE 1.3 ■ The Nature of Mintzberg's Managerial Roles (*Continued*)

Category	Role	Nature of Role
Decisional roles	Entrepreneur	Creating and implementing organizational change
Decisional roles	Disturbance handler	Resolving conflicts between employees or groups in the organization
Decisional roles	Resource allocator	Allocating scarce resources
Decisional roles	Negotiator	Bargaining with persons outside the organization (e.g., vendors and unions) to optimize the organization's benefits

Discussion Questions

1. What were the roles most frequently played by the manager you interviewed? Were you surprised by this result?
2. Were there any roles the manager you interviewed never or rarely played? If so, why do you think this was the case?
3. Do you think your results might be different if you interviewed a manager in a different industry? Why or why not? Compare your results with those of members of the class who interviewed managers from different industries and organization sizes. Discuss the similarities and differences.

Case Study 1.1 Management Thought in Health Care and Cocreation of New Knowledge

The Cleveland Clinic is one of the most popular health care institutions in the health care space today.[84] Having been in operation for over 100 years, this health care organization was one of the first fully integrated systems and currently services nearly every kind of health care need. Its specialty departments include pain management, a cancer center, a children's clinic, dermatology, plastic surgery, a digestive diseases institute, emergency services, endocrinology, an eye institute, a heart, vascular, and thoracic institute, neurology, OB-GYN and women's health, a respiratory institute, urology, a kidney institute, and wellness and preventive medicine. Furthermore, Cleveland Clinic has made headlines for its coronary artery bypass surgery breakthroughs as well as for being one of the first to perform a face transplant in the United States. With such a wide array of services on offer, integration of the clinic's records and information systems is vital in servicing the health care needs of individuals with multiple conditions. Integrating new methods to help address patients' needs stands as one of the clinic's managerial strong points. Tania Pearce and colleagues discuss what the cocreation of new knowledge looks like in the health care space,[85] and Cleveland Clinic appears to be operating within this context.

One of the newest innovations the Cleveland Clinic has initiated for its patients is the My Chart tool. This technology provides a private space where patients can communicate with their health care professionals electronically, helping to save time in delivering services. My Chart accessibility aligns with the goal of meeting the fast-changing needs of the client base as well as providing services on a wider scale to reach more patients in less time. Telehealth opportunities such as virtual doctor/patient visits, telephone visits as follow-up appointments instead of in-person office visits, and callback systems all work to help improve the communications between health care professionals and their clients.

However, with the utilization of the newest technology, cutting-edge research, and state-of-the-art procedures, thus aligning the Cleveland Clinic with the cocreation-of-new-knowledge approach discussed by Tania Pearce and colleagues, one group of patients continues to be left in the balance. The more management streamlines its processes and incorporates today's technological advances, the more many older populations are being left behind.

On the surface, the Cleveland Clinic seems well suited to serving older patients, whose health care needs are increasing and becoming more varied. Management continues to benefit from the convenience of the latest technology, expecting all their patients to be fluent in the technology space and able to get their needs met. However, as brilliant, effective, and efficient technologies increase, those with little to no technological skills can't keep up. Many older patients have no computer experience or knowledge of how to use the many updated technologies in use today, especially among Gen Zers, millennials, and Gen Xers, who tend to be more technologically fluent and navigate easily through the chats, Zoom meetings, and apps that have become so popular. Octogenarians, nonagenarians, and centenarians are often severely handicapped when it comes to telemedical appointments and My Chart communications. Furthermore, many of the managerial decision-makers are from younger generations and give little or no thought to how to help older populations easily navigate their systems. Older adults who previously picked up the telephone for all their communication may spend several days just trying to reach a health care professional, as staff who answer phones have been severely cut. Therefore, the only way certain patients know how to communicate is essentially obsolete, causing them great turmoil when they try to make doctor appointments or find out about lab results and follow-up recommendations. It seems the ones who need the most health care are inherently built out of the system due to the increased use of technology and the way operations are managed accordingly.

Case Questions

1. What do you think health care organizations can do to further assist older or marginalized patient groups in ways that help them navigate technological operations?
2. What can we do to help our older populations and marginalized groups receive their health care services in ways that meet their needs?
3. How can managers, especially younger ones, better help their clients become comfortable and fluent in the use of the latest technologies?
4. Have you thought about how some of the technological conveniences you are familiar with might be difficult for others in the general population? How can you find ways to help others learn to navigate the technology spaces that are so popular in today's health care industries?
5. Research other health care providers to discover what other cutting-edge technology they use to help their patients communicate with the health care institutions.

Case created by Dr. Lisa Knowles, St. Thomas University.